UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. SBM INVESTMENT CERTIFICATES, INC., f/k/a 1ST ATLANTIC GUARANTY CORP., SBM CERTIFICATE COMPANY, GENEVA CAPITAL PARTNERS, LLC and ERIC M. WESTBURY Defendants.	:	Civil Action No. 06-866-DKC

COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission") alleges for its complaint as follows:

SUMMARY

1. This matter concerns two on-going, related frauds; the first involves a fraud against investors in two face-amount certificate companies, SBM Certificate Company ("SBM") and SBM Investment Certificates, Inc. f/k/a 1st Atlantic Guaranty Corp. (1st Atlantic); and the second against the District of Columbia Department of Banking and Financial Institutions/Credit Enhancement Fund ("D.C. Dept of Banking" or the "District"), an investor in and client of Geneva Capital Partners, LLC ("Geneva").

2. At the center of both frauds is Eric M. Westbury ("Westbury"), the Chairman of the Board, Chief Executive Officer and President of SBM and of 1st Atlantic, and 100% owner of Geneva. Westbury controls these entities and their actions.

3. Over 2,000 investors, mostly individuals who have invested less than $10,000, have a total of approximately $33 million invested in 1st Atlantic and SBM face-amount certificates and since, at least January 2003, 1st Atlantic and SBM have failed to maintain the statutorily required minimum certificate reserves in cash or qualified investments on their outstanding face-amount certificates. As a result, if investors attempt to redeem their investments in the normal course, neither SBM nor 1st Atlantic has or will have adequate reserves to pay back their invested capital.

4. A separate but related fraud is ongoing at Geneva. Based on material misrepresentations and omissions, and without being apprised of serious conflicts of interest, the District invested with Westbury and Geneva over $21 million of District of Columbia and federal funds earmarked for the D.C. charter school Credit Enhancement Fund.

5. The Credit Enhancement Fund program provides loans and guaranties to charter schools to improve their creditworthiness so that commercial financial institutions will be more willing to make loans to, and/or participate in bond issues for, the particular charter school's capital improvements.

6. Rather than invest the funds in accordance with the terms of the offering documentation, Westbury and Geneva "invested" almost all of the money in Westbury-related and controlled companies; and, in an effort to conceal their fraud, Westbury and Geneva have continued to make material misrepresentations and omissions to the District, in account statements and other documentation.

7. By knowingly or recklessly engaging in the conduct described in this Complaint, defendants 1st Atlantic and SBM have violated, and unless restrained and enjoined will continue to violate, Sections 28(a) and 28(b) of the Investment Company Act of 1940 (the "Investment Company Act") [15 U.S.C. § 80a-28(a) and 28(b)].

8. By knowingly or recklessly engaging in the conduct described in this Complaint, 1st Atlantic, SBM, Westbury and Geneva have violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R.§ 240.10b5], thereunder.

9. By knowingly or recklessly engaging in the conduct described in this Complaint, Westbury and Geneva have violated and unless restrained and enjoined will continue to violate, Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-6(1) and 80b-6(2)].

10. The Commission brings this action seeking to preliminarily and permanently enjoin the defendants from engaging in the wrongful conduct alleged herein. The Commission also seeks a final judgment ordering the defendants to disgorge any ill-gotten gains and to pay prejudgment interest thereon, and ordering the defendants Geneva and Westbury to pay civil money penalties.

JURISDICTION AND VENUE

11. The Commission brings this action pursuant to Sections 20(b) and (d) of the Securities Act [15 U.S.C. § 77t(b) and (d)], Sections 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and (e)], Section 42(d) of the Investment Company Act [15 U.S.C. § 80a-42(d)], and Sections 209(d) and (e) of the Advisers Act [15 U.S.C. §§ 80b-9(d) and (e)], to enjoin such acts, transactions,

practices, and courses of business; obtain disgorgement and civil penalties; and for other appropriate relief.

12. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], Section 44 of the Investment Company Act [15 U.S.C. § 80-44] and Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

13. Venue is proper because the defendants are found, inhabit or transact business in the District of Maryland, and/or acts or transactions constituting the violations alleged herein occurred within the District of Maryland.

14. In connection with the conduct alleged in this Complaint, the defendants directly or indirectly made use of the means or instruments of transportation or communication in interstate commerce, or the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange.

THE DEFENDANTS

15. **1st Atlantic Guaranty Corporation** (now named SBM Investment Certificates, Inc.) has been a Maryland corporation since 1997 and has its principal place of business in Bethesda, Maryland. 1st Atlantic has been registered with the Commission as a face-amount certificate company since January 1991.

16. **SBM Certificate Company** is a Maryland corporation with its principal place of business in Bethesda, Maryland. SBM has been registered with the Commission as a face-amount certificate company since December 1997. SBM is wholly owned by SBM Financial LLC, which is wholly owned by SBM Financial Group, a holding company owned by Geneva.

17. **Geneva Capital Partners, LLC** is a Delaware corporation with its principal place of business in Silver Spring, Maryland. Geneva is an unregistered entity that is wholly owned by Geneva Financial Holdings, LLC, a holding company, which is wholly owned by Westbury.

18. **Eric M. Westbury**, a resident of Silver Spring, Maryland, is currently Chairman of the Board, chief executive officer and president of both SBM and 1st Atlantic. He is the sole owner of Geneva. Prior to Geneva's acquisition of the stock of 1st Atlantic, Westbury served as President of SBM and Executive Vice-President of 1st Atlantic.

FACTS

A. Face Amount Certificate Companies and Their Reserve Requirements

19. A face-amount certificate company is a specialized type of investment company. 1st Atlantic and SBM are both face-amount certificate companies registered under Section 8(a) of the Investment Company Act.

20. Face-amount certificate companies issue fixed-income debt securities; these companies agree to pay the principal amount of the instruments (the "face-amount") plus accrued interest on maturity. The profitability of face-amount certificate companies depends upon the difference between the return they generate on their investment portfolios and the expenses incurred from selling and satisfying certificate obligations.

21. 1st Atlantic and SBM certificate holders can lock in interest rates for a stated guarantee period and, at the end of each period, the holder can either allow the certificate to roll-over for a guaranteed period of equal length, not to exceed the maturity date, or can redeem the certificate.

22. If 1st Atlantic and SBM certificate holders withdraw some or all of the principal investment before the end of the guarantee period, they are assessed early withdrawal charges. Certificate

holders can choose to receive interest on the certificates on a quarterly, yearly or compounded annual basis.

23. SBM maintains outstanding face-amount certificates that have fixed guarantee periods of three, five, seven, and ten years. Three of its four certificates have a maturity of 30 years; the seven year guarantee periods have a maturity of 28 years. 1st Atlantic's outstanding certificates have guarantee periods of one, three, five and ten years. All 1st Atlantic certificates mature in 20 years.

24. In accordance with Sections 28(a) of the Investment Company Act, face-amount certificate companies such as 1st Atlantic and SBM are required to establish reserves equal to the surrender value of the certificates issued plus interest, plus capital stock of not less than $250,000 that is paid for in cash.

25. Section 28(b) of the Investment Company Act requires that such companies maintain cash or "qualified investments" having a value not less than the aggregate amount of the capital stock requirement and the maturity amount of the outstanding certificates when due and, to insure the liquidity required for payments and withdrawals, Section 28(b) defines the type of "qualified investments" (also referred to as "qualified assets") that must be used to satisfy reserve requirements.

26. Under Section 28(b) of the Investment Company Act, qualified assets are defined as "investments of a kind which life insurance companies are permitted to invest in or hold under the provisions of the Code of the District of Columbia."

B. SBM Did Not Maintain Adequate Reserves and Qualified Assets.

27. As of December 31, 2005, SBM's financial statements reflected that it was below the Section 28(b) reserve requirement, with total claimed qualified assets of $30,288,180 and certificate liabilities of $30,883,385.

28. At the time of the Commission's last examination of its books and records, SBM's books and records revealed obstacles to the company ever becoming compliant with Sections 28(a) and (b), among them:

(a) SBM's year-end financials for 2002, 2003, and 2004 show losses of approximately $1.6 million, $1.8 million, and $3.3 million, respectively, preventing SBM from increasing the amount of its qualified assets to meet the reserve requirement under Section 28(b) and eroding SBM's current level of qualified assets.

(b) Delinquent mortgage loans in SBM's portfolio represent a significant portion of SBM's total qualified assets, contributing to SBM's continuing losses and increasing the risk of illiquidity.

(c) Geneva has contributed millions of dollars in cash and securities to SBM in an attempt to help SBM comply with Section 28 and, without these contributions, SBM does not have the necessary assets to continue as a viable investment company.

(d) The majority of SBM's total investments are unqualified, meaning that they violated the restrictions and limitations in the D.C. Code, as described above.

29. Over $6.0 million of the reserve assets on SBM's books, which purport to be loans to charter schools, do not exist and represent only an effort by Geneva and Westbury to conceal the sale of SBM assets, to meet obligations Geneva and Westbury had to the D.C. Dept of Banking.

30. Westbury is the Chairman of the Board, President, Chief Executive Officer, and Chief Investment Officer of SBM; he controlled this entity and its investment purchases, causing SBM to purchase unqualified assets and to fall below the minimum certificate reserve requirement. In some cases, Westbury personally approved these transactions, outside of the company's own policies and procedures, which were intended to assure that assets purchased were qualified.

C. 1st Atlantic Did Not Maintain Adequate Reserves and Qualified Assets.

31. According to its December 31, 2005 unaudited financial statements, 1st Atlantic also did not meet the statutory reserve requirements, with total claimed qualified assets of $1,339,441 and certificate liabilities of $2,160,980.

32. This deficiency places 1st Atlantic in violation of Section 28, as well as in violation of the December 8, 2003 Final Judgment entered by this Court, which, among other things, permanently enjoined 1st Atlantic from such violations.

33. According to the financial documents examined by the Commission's staff, 1st Atlantic has been in violation of Section 28 since, at least, January 2003. Accordingly, the affidavit filed with this Court by 1st Atlantic's Chief Financial Officer, on or about December 12, 2003, which purported to confirm 1st Atlantic's compliance with Section 28 and the December 8, 2003 Final Judgment, misrepresented the true condition of the company's assets.

34. At the time of the Commission's last examination of its books and records, the same types of obstacles to compliance present at SBM also existed at 1st Atlantic, for example:

(a) 1st Atlantic's unaudited financial statements reflected a net loss of hundreds of thousands of dollars, which losses prevent it from increasing the amount of its qualified assets to meet the requirements of Section 28(b) and erode 1st Atlantic's qualified assets, threatening the ability to repay current face-amount certificates as they become due.

(b) At the time of the Commission's last review of its books and records, almost half of 1st Atlantic's portfolio consisted of unqualified investments, rendering it noncompliant with Section 28(b), as well as the previously entered injunction order.

(c) At the time of Commission's last review of its books and records, six out of 1st Atlantic's last ten investment purchases, were not qualified, amounting to 98% of the total value of the purchases made during that time period.

D. SBM and 1st Atlantic failed to make accurate discloses about their financial condition to their investors.

35. SBM and 1st Atlantic are obliged, under Section 30(e) of the Investment Company Act, to provide their existing investors with accurate financial information at least semi-annually.

36. In addition, although neither company is currently authorized to issue new certificates, SBM and 1st Atlantic continue to sell securities to existing investors. By the terms of the face-amount certificates, SBM and 1st Atlantic investors are, periodically, given the opportunity either to redeem their certificates or to roll them over based on the then-current interest rate.

37. SBM and 1st Atlantic have failed to disclose to these face-amount certificate investors any of the foregoing information relating to the failing financial condition of SBM and 1st Atlantic, the unqualified nature of much of the underlying investment portfolios of these companies, the nonperforming nature of many of the otherwise qualified assets, and the wholly fictional assets on SBM's books.

38. Rather, investors facing the decision of whether to redeem or roll over their investment, receive correspondence from SBM and 1st Atlantic describing their face-amount certificate as providing "a safe investment vehicle, excellent earnings, and flexibility."

39. SBM investors also have not been informed that Westbury, together with Geneva, has used as collateral for his transactions with the D.C. Dept of Banking, assets purchased by SBM and listed on SBM's schedule of "qualified" assets.

E. The D.C. Dept of Banking Investments with Westbury and Geneva

40. Geneva issued two investment notes to the D.C. Dept of Banking: Investment Note 227507 dated August 28, 2003, in the amount of $10,000,000; Investment Note 227509 dated July 9, 2004, in the amount of $5,666,370.

41. Eric Westbury signed the investment notes on behalf of Geneva.

42. To pay for these notes, the D.C. Dept of Banking used District and federal funds earmarked for the D.C. charter school Credit Enhancement Fund, which provides loans and guaranties to charter schools to improve their creditworthiness so that commercial financial institutions will be more willing to make loans to, and/or participate in bond issues for, the particular charter school's capital improvements.

43. In addition to the funds deposited with Geneva for which the investment notes were issued, the D.C. Dept of Banking also deposited approximately $5 million more with Geneva, approximately $2.5 million in cash and about the same amount in securities, all from assets and monies earmarked for the D.C. charter school Credit Enhancement Fund.

44. According to the private offering memoranda ("POM") issued in connection with the offer of the $10 million "fixed-rate investment note" between Geneva and the District, the D.C. Dept of Banking would make "a single payment to [Geneva] in exchange for its promise to pay the amount you have invested ("Principal amount"), plus accrued interest, on a fixed future date ("Maturity Date")." According to the POM, "the Investment Notes are fixed income securities that are backed solely by the assets of [Geneva]."

45. The POM contemplates that the D.C. Dept of Banking is an "institutional accredited investor within the meaning of subparagraphs (a)(1), (2), (3), or (7) of Rule 501 under the 1933 Act." However, by the terms of the cited statute, the District does not meet the identified definition.

46. The POM further provided that Geneva intended to use up to $5 million of the net proceeds from the sale of the investment note to acquire 1st Atlantic, with the balance to be invested by Geneva and Westbury in certain types of investments delineated in the POM.

47. According to the documentation describing the transactions between Geneva and the District, it was contemplated that Geneva would function in the role of a banker for the District. In an effort to create a form of endowment for the charter school program, the D.C. Dept of Banking invested funds with Geneva, which, in turn, was to make and manage investments for the District, so as to generate income.

48. When a Credit Enhancement Fund loan to a charter school was approved, the District, through a revolving line of credit secured by the investment note, would borrow money from Geneva to make the loan, and the District paid interest to Geneva on those borrowed monies.

49. The monies loaned from Geneva to the District, in turn, would be used to make loans through the charter school Credit Enhancement Program to a charter school within the program.

50. Through the above-described process, approximately $10 million has been loaned by the D.C. Dept of Banking to support the financial development of charter schools.

F. <u>The Truth About Geneva's Purchase of 1st Atlantic was Not Disclosed to the District.</u>

51. Although undated, the POM appears to have been issued concurrently with Investment Note 227507, for $10 million, on or about August 28, 2003. The application for the note purchases, which included a disclosure statement, was completed in connection with each of the note purchases and specifically confirms the District's receipt of the POM.

52. At that time, according to the Commission's examination, neither SBM nor 1st Atlantic was compliant with Sections 28(a) or (b) and therefore, their certificate liabilities exceeded their qualified reserves.

53. The fact of 1st Atlantic's non-compliance was never revealed to the D.C. Dept of Banking in the POM or otherwise, nor was the fact that 1st Atlantic was then the subject of a Commission enforcement action based on that non-compliance.

54. Rather, the POM disclosures provided no financial information whatsoever about 1st Atlantic – the company being purchased with $5 million of investment note proceeds – and described the Commission enforcement action almost solely in terms of Lawbaugh's fraud against the company.

55. The POM describes the prospects of 1st Atlantic by noting that "[a]ccording to management, 1st Atlantic and SBM have stabilized in the near term and SBM has developed plans for the companies to enhance operations over the long term." However, the POM fails to identify Eric Westbury as a member of the senior management SBM and 1st Atlantic.

56. Thus, Westbury and Geneva failed to inform the District that its money was going to be used to buy – for Westbury and Geneva – the problem-plagued entities that Westbury, himself, was operating.

G. Westbury's Unauthorized Use of the District's Money

57. Geneva and Westbury failed to disclose the fact that Geneva and Westbury "invested" most of the D.C. Dept of Banking monies in Westbury-related companies, in a losing effort to keep them afloat.

58. Geneva and Westbury "invested" these District charter school Credit Enhancement Fund monies in SBM and 1st Atlantic, and Geneva and Westbury used these same funds to make interest and redemption payments to SBM and 1st Atlantic certificate holders and to purchase assets to help these companies to meet their reserve requirements.

59. Moreover, rather than functioning as a banker, and lending the D.C. Dept of Banking funds to make charter school loans, so that the District's own money could remain invested and continue to grow, Westbury and Geneva loaned the D.C. Dept of Banking its own money, and charged the District interest on those loans.

H. Additional Undisclosed Conflicts of Interest

60. Neither Geneva nor Westbury disclosed to the D.C. Dept of Banking certain conflicts of interest, which also were not disclosed to the District and/or to federal funders of the Credit Enhancement Program.

61. Among them, Geneva and Westbury failed to disclose that the financial manager of the Credit Enhancement Fund had received a substantial loan from SBM, in connection with an unrelated commercial real estate project of his own.

62. In addition, Geneva and Westbury failed to disclose that the Fund's General Counsel, was also an SBM board member.

63. These two individuals were the very people on whom the District relied for advice and counsel relating to matters like its investments and the documentation attendant to its investments.

I. Fictional Assets on SBM's Books

64. When the time came to make loans to charter schools, rather than borrow money from Geneva, in accordance with the revolving credit line, Geneva and Westbury lent the D.C. Dept of Banking the District's own money, and then charged the District interest for those loans.

65. To make a charter school Credit Enhancement Fund loan when requested, Westbury would sell assets owned by SBM, which assets had been purchased with District monies "invested" in

SBM, and, pursuant to instructions from the District, transfer the funds from SBM to the appropriate charter school.

66. Then, in an effort to conceal the mounting reserve deficits and make it appear as though SBM was investing, rather than losing, money, Westbury would fabricate a loan as having been made by SBM to that same charter school.

67. At least four fictional charter school loans, amounting to more than $6.0 million, appear on SBM's books.

68. Westbury and Geneva even sent the fabricated paperwork to SBM's bank, so that some of these loans appear as assets on the SBM's custodial statements.

69. SBM's custodial statements also continue to list among SBM's current assets, investments that already had been sold.

J. The Fraudulent Collateral Agreement

70. After the D.C. Dept of Banking was merged into the DC Office of Finance and Treasury, in connection with that restructuring, in June 2005, a review was commenced of the documentation relating to these transactions and the District began requesting information from Westbury, Geneva, and SBM.

71. In an effort to quiet concerns, as well as to meet the D.C. Dept of Banking's request for collateral for the investment certificates, on July 22, 2005, Westbury, Geneva, SBM and the D.C. Dept of Banking entered into an "Authority To Pledge Collateral Agreement" ("Collateral Agreement").

72. The request for collateral was an effort by the D.C. Dept of Banking to comply with provisions of the D.C. Code, which require collateral in connection with assets not otherwise qualified for the investment of District monies. See D.C. Code § 47-351.08.

73. By the Collateral Agreement, Westbury, Geneva, and SBM pledged as collateral four real estate investments; all four of which were SBM assets listed among SBM's reserve investments, used to secure the obligations owed under the face-amount certificates.

74. The Collateral Agreement failed to disclose that the listed assets were assets only of SBM and not Westbury or Geneva (the only party liable for payment under the POM) and, thus, neither Geneva nor Westbury owned any of the listed assets to pledge.

75. Westbury and Geneva also failed to disclose, in the Collateral Agreement or otherwise, that one of the listed SBM assets "pledged" already had been sold and, therefore, even SBM had no such asset to pledge.

76. In addition, Westbury and Geneva did not disclose, in the Collateral Agreement or otherwise, that another of the SBM assets "pledged" was a non-performing note payable to SBM, already placed in default and, thus, of questionable value.

77. Finally, in connection with his efforts to mollify the District, on October 28, 2005, Westbury wrote a letter purporting to restructure the arrangement between Geneva and the D.C. Dept of Banking, by which he claims to have, essentially, set off from the amounts the District invested with Geneva, the amounts borrowed by the District from Geneva for charter school loans, terminating the revolving line of credit.

78. Under these new terms, Westbury advises that, effective October 1, 2005, the new fee structure for Geneva's management of the District's investments would be 1.5% of assets under management.

K. The District's Securities Are Liquidated Without Its Knowledge.

79. Other apparently false information also appears on the D.C. Dept of Banking's account statements. Specifically, the District deposited certain government and mortgage-backed securities with Geneva, with instructions that the securities should not be liquidated, since they were pledged in connection with certain charter school related obligations.

80. Although the District's account statements from Geneva consistently show these securities, valued at approximately $2 million, as remaining intact, Geneva's own financial statements show the depletion of these assets over time.

81. The December 2005 Geneva balance sheet shows $1.5 million in government and mortgage-backed securities. So, it would appear that almost $500,000 of these securities have been liquidated, contrary to the D.C. Dept of Banking's instructions and without its knowledge.

82. The D.C. Dept of Banking recently demanded the return of its remaining assets from Geneva and Westbury; however, Geneva and Westbury were unable to comply with that request.

CLAIMS FOR RELIEF

Violations of Section 28(a) and 28(b) of the Investment Company Act

Against Defendants 1st Atlantic and SBM

83. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 82, inclusive, as if the same were fully set forth herein.

84. From at least January 2003 and continuing to the present, 1st Atlantic and SBM failed to maintain the minimum certificate reserves in cash or qualified investments on all of their outstanding face-amount certificates. Some of the assets that SBM has represented comprise its reserves are completely fictional.

85. Over 2,000 investors have a total of approximately $33 million invested in 1st Atlantic and SBM certificates. Although neither 1st Atlantic nor SBM is offering face-amount certificates to new investors, both companies continue to sell securities by permitting existing investors to "roll over" their invested capital without disclosing the foregoing violations of Sections 28(a) and 28(b) of the Investment Company Act.

86. By reason of the foregoing, defendant 1st Atlantic and SBM have violated and, unless restraining and enjoined, will continue to violate Section 28(a) and 28(b) of the Investment Company Act, 15 U.S.C. 80a-28(a) and 28(b).

Violations of Section 17(a) of the Securities Act,
Section 10(b) of the Exchange Act and Rule 10b-5 thereunder

Against Defendants 1st Atlantic, SBM, Geneva and Westbury

87. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 86, inclusive, as if the same were fully set forth herein.

88. Based on the above-described conduct, in relation to investors in 1st Atlantic, SBM, and Geneva, from at least January 1, 2003 and continuing through the present time, 1st Atlantic, SBM, Geneva, and Westbury, knowingly or recklessly, in connection with the offer, purchase, or sale of securities, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce, or the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

(a) employed devices, schemes or artifices to defraud;

(b) obtained money or property by means of, or made, untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

(c) engaged in acts, transactions, practices, or courses of business that operated as a fraud or deceit upon offerees, purchasers, and prospective purchasers of securities.

89. By engaging in the foregoing conduct, 1st Atlantic, SBM, Geneva, and Westbury have violated, and continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R.§ 240.10b-5], thereunder.

THIRD CLAIM FOR RELIEF

Violations of Sections 206(1) and 206(2) of the Advisers Act

Against Geneva and Westbury

90. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 89, inclusive, as if the same were fully set forth herein.

91. Defendants Geneva and Westbury acted as investment advisers to the D.C. Dept of Banking. For compensation, they engaged in the business of managing the investments of the District and, thus, advising the District, directly and through publications and writings, as to the value of securities and as to the advisability of investing in, purchasing, or selling securities.

92. From at least August 2003, and continuing through to the present time, defendants Geneva and Westbury made use of the means and instrumentalities of interstate commerce and of the mails while acting as investment advisers.

93. From at least August 2003, and continuing through to the present time, defendants Geneva and Westbury directly or indirectly, by use of the mails and means and instrumentalities of interstate commerce, employed devices, schemes, and artifices to defraud investment advisory clients, and

engaged in transactions, practices and courses of business which operated as a fraud and deceit upon such clients.

94. By reason of the foregoing, defendants Geneva and Westbury have violated Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently restrain and enjoin defendants 1st Atlantic, and SBM, and their agents, officers, servants, employees, attorneys, and those persons in active concert or participation with them, directly or indirectly, singly or in concert, from violating Section 28(a) and 28(b) of the Investment Company Act, 15 U.S.C. 80a-28(a) and 28(b).

II.

Permanently restrain and enjoin defendants Geneva, Westbury, 1st Atlantic, and SBM, and their agents, officers, servants, employees, attorneys, and those persons in active concert or participation with them, directly or indirectly, singly or in concert, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R.§ 240.10b5], thereunder.

III.

Permanently restrain and enjoin defendants Geneva and Westbury, and their agents, officers, servants, employees, attorneys, and those persons in active concert or participation with them, directly or indirectly, singly or in concert, from violating Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

IV.

Order defendants Geneva, Westbury, 1st Atlantic, and SBM to account for and to disgorge any and all ill-gotten gains, together with prejudgment interest, derived from the activities set forth in this Complaint, in accordance with a plan of disgorgement acceptable to the Court and to the Commission.

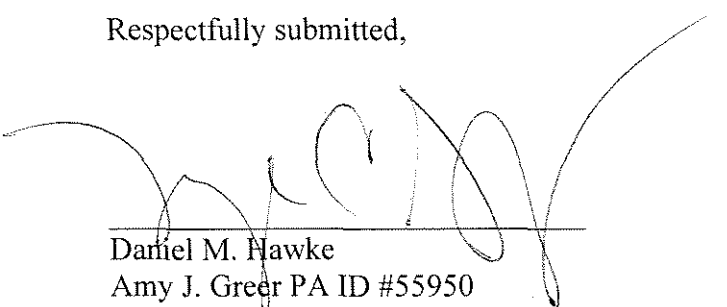
V.

Order defendants Geneva and Westbury to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C.§ 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C.§ 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)], in an amount to be determined by the Court.

VI.

Grant such other and further relief as the Court may deem just and appropriate.

Respectfully submitted,



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