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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. CHRISTOPHER W. BASS, SWISS CAPITAL HARBOR-USA, LLC, SWISS CAPITAL HARBOR FUND A PARTNERS, L.P., SWISS CAPITAL HARBOR FUND B PARTNERS, L.P., and SWISS CAPITAL HARBOR FUND C PARTNERS, L.P. Defendants.	10 Civ. _____ **COMPLAINT**

Plaintiff Securities and Exchange Commission ("Commission") brings this action involving the unregistered and fraudulent offerings of securities by defendants Christopher W. Bass ("Bass"), Swiss Capital Harbor-USA, LLC ("SCH"), Swiss Capital Harbor Fund A Partners, L.P., Swiss Capital Harbor Fund B Partners, L.P., and Swiss Capital Harbor Fund C Partners, L.P. (collectively, "the SCH-LPs") (collectively, "the Defendants"), and alleges:

SUMMARY

1. From at least January 2007 through June 2009 (the "relevant period"), Defendants fraudulently obtained approximately $5.9 million from over 400 investors through a Ponzi

scheme. This scheme was orchestrated by Bass, the sole shareholder, President, and CEO of SCH. Bass told investors that he would pool their money and have European money managers invest the funds in various enterprises in Europe, including currency trading accounts and mobile power plants powered by bio-fuel. Bass claimed that these managers historically had generated monthly returns ranging from approximately 2.8 % to 6 %. In fact, the returns claimed by Bass were fictitious, and most investor funds were not sent to Europe.

2. Contrary to Bass's representations to investors, Defendants did not invest investors' money as claimed. Instead, Defendants used most of the funds to pay Bass's personal expenses, to pay the operating expenses of SCH and the SCH-LPs, and to satisfy investors' redemption requests.

3. Defendants failed to disclose, among other things: (1) that the majority of investor funds were not invested as represented by the Defendants; (2) that Defendants were promising and reporting returns of 2.8 % to 6 % per month that were not based in fact; (3) that Bass improperly diverted a substantial amount of investor funds for his own benefit; and (4) that the Defendants used investor principal, including principal of new investors, to make redemptions and interest payments to certain existing investors and to create the illusion that the investments were generating more income than they in fact were generating.

4. Defendants also failed to register with the Commission the securities offered and sold in the scheme.

5. In July 2009, Defendants' Ponzi scheme collapsed, and they stopped paying investors' redemption requests. Bass thereafter falsely told investors that an "audit" by the Commission prevented Defendants from paying redemptions. In fact, the Commission had not

prevented redemptions. Rather, Defendants could not pay redemptions because they had spent all the money and had no funds available with which to pay further redemptions. Of the approximately $5.9 million obtained from investors, only $1.4 million was returned to investors.

VIOLATIONS

6. By virtue of the conduct alleged in this Complaint, the Defendants, directly or indirectly, singly or in concert, have engaged in acts, practices and courses of business that constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

7. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), seeking permanently to enjoin the Defendants from engaging in the acts, practices and courses of business alleged herein.

8. The Commission also seeks a final judgment ordering the Defendants to disgorge their ill-gotten gains, and to pay prejudgment interest thereon, and ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

JURISDICTION AND VENUE

9. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Sections 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(e) and 78aa.

10. Venue is proper in the Northern District of New York pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Certain of the transactions, acts, practices and courses of business constituting the violations alleged herein occurred in the Northern District of New York, including, among other things, the fraudulent offer and sale of securities in the Northern District of New York. In addition, Bass resides in the Northern District of New York and during the relevant period SCH and the SCH-LPs maintained offices in the Northern District of New York.

11. In connection with the conduct alleged in this Complaint, the Defendants made use of the telephone, mail, wires and other means of interstate commerce to offer and sell securities to investors in several states in the United States, including New York, New Jersey, California, and South Carolina.

THE DEFENDANTS

12. **Christopher W. Bass**, age 53, is a resident of Albany, New York. He is the sole shareholder, President and CEO of SCH.

13. **Swiss Capital Harbor-USA, LLC** is a New York corporation, incorporated by Bass in December 2007. During the relevant period SCH had offices in Albany, New York and New York City.

14. **Swiss Capital Harbor Fund A Partners, L.P., Swiss Capital Harbor Fund B Partners, L.P., and Swiss Capital Harbor Fund C Partners, L.P.**, are Delaware limited partnerships formed by Bass in December 2007. SCH is the general partner of each of the SCH-LPs.

FACTS

Bass Fraudulently Induced Investments in Revisco

15. In May 2006, Bass moved from Switzerland to Albany, New York. Shortly thereafter, and by at least January 2007, he began soliciting investors in the Albany area to invest in Revisco Finanz AG ("Revisco"), a Swiss company.

16. Between approximately January and December 2007, Bass made material misrepresentations and omitted material facts in soliciting investors to invest in Revisco. The central misrepresentations concerned Revisco's business and Bass's use of investment funds.

17. Bass told prospective investors that he had personally invested in Revisco for seven years and that he was opening a Revisco office in the United States. Bass informed prospective investors that Revisco would pool investor funds and engage in currency trading and other investments available only to large trading accounts. Bass further told investors that Revisco had historically paid returns of 3 % to 6 % per month and that Bass personally received such returns on his Revisco investment.

18. Bass's representations were false and misleading. In fact, Revisco was not a legitimate business generating actual returns of 3 % to 6 % per month, and Bass had not received from Revisco monthly returns of 3 % to 6 % over the previous seven years as he claimed.

Moreover, Bass omitted to disclose to investors that he would use a large portion of investor funds for his own personal expenses.

19. At least 70 investors gave Bass an aggregate of approximately $790,000 for Bass to invest in Revisco. Bass deposited approximately $50,000 of these funds into his personal account and deposited the remainder into an account controlled by Bass called "Revisco Finance USA." Only about $10,000 of the funds deposited into the Revisco Finance USA account was forwarded to Revisco. Bass withdrew about $210,000 from the Revisco Finance USA account for his personal use. The remainder was later paid into a bank account that Bass opened for SCH.

20. In November 2007, the Swiss Federal Banking Commission declared Revisco bankrupt and ordered its dissolution and liquidation. In December 2007, some of Bass's Revisco investors received letters from the Swiss receiver informing them of the dissolution and liquidation. In January 2008, in response to investors asking Bass about the receiver's letter, Bass falsely told the investors that their investments were secure and that he would transfer their Revisco accounts to SCH.

21. In fact, to the extent that Bass forwarded investor funds to Revisco, those funds had been frozen by the Swiss authorities and no funds were ever subsequently transferred from Revisco to SCH.

22. Bass made the false and misleading statements to his Revisco investors knowing that his statements were false and misleading, or recklessly disregarding whether the statements were true or false. At the time he made these false and misleading statements, Bass knew that: (a) Revisco was not generating actual returns of 3 % to 6 % per month; (b) he had not actually

received from Revisco monthly returns of 3 % to 6 % over the previous seven years; (c) he was using investor funds to pay his personal expenses; and (d) the Revisco funds in Switzerland were frozen and not transferred to SCH.

Bass Fraudulently Induced Investments in SCH and the SCH-LPs

23. In December 2007, Bass incorporated SCH, which he used as a vehicle to solicit investments. In December 2007, SCH formed the SCH-LPs. Beginning on or about October 2008, Bass and the Defendants began to solicit investments through the SCH-LPs. Bass continued to solicit investments in SCH or the SCH-LPs until at least June 2009.

24. Bass told investors that SCH and the SCH-LPs would pool investor funds and invest those funds in Europe through BMB Trust ("BMB"), a Liechtenstein trust, which would act as the asset manager. SCH investors were not permitted to withdraw their principal for one year after investing. The SCH-LPs imposed restrictions on withdrawing principal ranging from one to three years. Although investors were permitted to withdraw the purported profits generated by their investments, Bass discouraged them from doing so.

25. Bass solicited investments directly and through sales agents employed by SCH. In addition, Defendants encouraged investors to solicit new investors and promised to pay a bonus for such referrals.

26. Bass initially told prospective investors that BMB would be able to earn returns for SCH investors as high as or higher than the returns he claimed had been achieved by Revisco. Later, Bass and SCH sent account statements to the SCH and SCH-LPs investors showing monthly returns ranging from about 2.8 % to 4.5 %. Bass and SCH told investors that BMB had

generated these investment returns through investments in, among other things, hundreds of mobile power plants in Europe.

27. In or about October 2008, SCH prepared Confidential Memoranda that offered limited partnership interests in each of the SCH-LPs. Memoranda relating to the offering of limited partnership interests in the SCH-LPs were distributed by the Defendants to prospective investors and stated that the primary objective of the SCH-LPs was "to achieve extraordinary investment returns through a pooled investment position in a proprietary investment model created and operated by BMB Trust Reg., Vaduz, Lichtenstein [sic]."

28. The offering memorandum for Swiss Capital Harbor Fund A Partners, L.P. stated that "an amount of the Monthly Partnership Income, determined by the General Partner from time to time shall be distributed to the Limited Partners in proportion to their respective Capital Accounts . . . with the General Partner anticipating (based on its prior experience with the Investment Manager and with the understanding there is no assurance of achieving such results) a monthly investment return to Limited Partners of no less than 2% on the Limited Partners' total Capital Contributions, with a maximum investment return of 4% per month."

29. The offering memoranda for Swiss Capital Harbor Fund B Partners, L.P. and Swiss Capital Harbor Fund C Partners, L.P. included the same statements, but listed anticipated monthly returns of 2.5 % to 4.5% and 3 % to 5 %, respectively.

30. The offering memoranda for all three SCH-LPs further stated that each Fund would pool all of the investors' capital contributions and invest them with BMB Trust Reg. located in Vaduz, Liechtenstein. The only alternative authorized investments were in "short-term money market funds and United States Treasury securities."

31. The offering memoranda for all three SCH-LPs further stated that the General Partner, SCH, was only permitted to be reimbursed for operating expenses and management compensation out of monthly investment returns on funds invested by the partnership. It was not permitted to divert any investor funds for its own use prior to their investment in the authorized investment vehicles.

32. From January 2008 to June 2009, Bass and SCH collected approximately $5.2 million from investors. Out of this amount, Bass improperly paid himself approximately $600,000 in the form of cash withdrawals or payments to his personal bank account. Defendants also improperly used approximately $1.2 million of investor principal to pay the alleged expenses of SCH and the SCH-LPs, including salaries of Bass and other Bass family members. Defendants paid approximately $1.4 million to make redemptions of interest, and in some cases, principal, to those investors who insisted on withdrawing funds. Only about $2 million of the approximately $5.2 million received from investors was forwarded to Liechtenstein. There is no evidence that any of the remaining funds were invested in short-term money-market funds or United States Treasury securities.

33. Defendants did not file a registration statement with the Commission with respect to their sales and offerings of these securities. No exemption from such registration was otherwise in effect.

34. Defendants' representations to SCH and SCH-LPs investors were materially false and misleading. Contrary to Defendants' representations to investors, Defendants did not invest investors' money as claimed. Instead, Defendants used most of the funds to pay Bass's personal

expenses, to pay the operating expenses of SCH and the SCH-LPs, and to satisfy investors' redemptions requests.

35. Defendants failed to disclose, among other things: (1) that investor funds were being used to meet Defendants' obligations to existing investors; (2) that Defendants could not sustain paying returns of 2 % to 4.5 % per month; and (3) that Bass used investor funds to pay his personal expenses.

36. Defendants made the false and misleading statements to investors knowing that their statements were false and misleading, or recklessly disregarding whether the statements were true or false. Bass knew that: (a) SCH and the SCH-LPs were a Ponzi scheme and not primarily a legitimate business generating actual returns of 2.8 % to 4.5 % per month; and (b) Defendants used at least $600,000 of SCH and SCH-LP investor funds for Bass's personal expenses, $1.2 million of investor funds to pay operating expenses, and $1.4 million of investor funds for redemptions.

37. In July 2009, Defendants' Ponzi scheme collapsed, and they stopped paying investors' redemption requests. Bass thereafter falsely told investors that an "audit" by the Commission prevented Defendants from paying redemptions. In fact, the Commission had not prevented redemptions. Rather, as a result of the Defendants' wrongful diversion and misappropriation of investor funds to their own uses, Defendants had insufficient funds available to honor their obligations to investors, including paying the reported interest allegedly earned and repaying investors' principal. Of the approximately $5.9 million obtained from investors, only $1.4 million was returned to investors and only approximately $10,000 in remaining funds have been identified.

FIRST CLAIM FOR RELIEF

Violations of Sections 5(a) and 5(c) of the Securities Act

38. The Commission realleges and incorporates by reference paragraphs 1 through 37 above.

39. The investments in Revisco, SCH and the SCH-LPs that the Defendants offered and sold to the general public constitute securities as defined in the Securities Act and the Exchange Act.

40. The Defendants, directly or indirectly, singly or in concert, have made use of means or instruments of transportation or communication in interstate commerce or of the mails, to offer to sell or to sell securities through the use or medium of a prospectus or otherwise when no registration statement has been filed or was in effect as to such securities and when no exemption from registration was available.

41. By engaging in the conduct described above, the Defendants have violated, and unless enjoined, will again violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

SECOND CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act

42. The Commission realleges and incorporates by reference paragraphs 1 through 39 above.

43. The Defendants, directly or indirectly, singly or in concert, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce, or by the use of the mails, (a) have employed, are employing, or are about to employ, devices, schemes, or artifices to defraud; (b) have obtained money or property by means of, or has otherwise made untrue statements of material fact, or have omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) have engaged, are engaging, or are about to engage in transactions, practices, or courses of business which operate, operated, or would operate as a fraud or deceit upon the purchasers of securities.

44. By engaging in the conduct described above, the Defendants have violated, and unless enjoined, will again violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

THIRD CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5

45. The Commission realleges and incorporated by reference paragraphs 1 through 42 above.

46. The Defendants, directly and indirectly, singly or in concert, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange: (a) have

employed, are employing, or are about to employ, devices, schemes, or artifices to defraud; (b) have made, are making, or are about to make untrue statements of material fact, or have omitted, are omitting, or are about to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) have engaged, are engaging, or are about to engage in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon other persons.

47. By engaging in the conduct described above, the Defendants have violated, and unless enjoined, will again violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. §240.10b-5.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court grant the following relief:

I.

A Final Judgment permanently restraining and enjoining the Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

II.

A Final Judgment ordering the Defendants to disgorge their ill-gotten gains, if any, plus prejudgment interest thereon.

III.

A Final Judgment ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

IV.

Granting such other and further relief as the Court may deem just and proper.

Dated: May 24, 2010
New York, New York

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