

3. Contrary to his representations, Narvett did not use most of the money raised from the promissory notes for Shield. In reality, Narvett used at least \$690,000 of the money he received from investors to fund trading in his personal brokerage account and to pay for various personal expenses including mortgage payments, legal fees and car payments. He also used at least \$242,000 to make Ponzi-style payments of purported interest to other investors.

4. By virtue of their conduct, Defendants Narvett and Shield have engaged in and, unless enjoined, will continue to engage in transactions, acts, practices and courses of business which violate Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77(q)(a)(1), 77(q)(a)(2) and 77(q)(a)(3)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rules 10b-5(a), (b) and (c) [17 C.F.R. § 240.10b-5(a), (b) and (c)] promulgated thereunder.

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

6. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

7. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

8. Acts, practices and courses of business constituting violations alleged herein have occurred within the jurisdiction of the United States District Court for the Eastern District of Wisconsin and elsewhere.

9. Defendants Narvett and Shield, directly and indirectly, have made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices and courses of business alleged herein.

10. Defendants Narvett and Shield will, unless enjoined, continue to engage in the acts, practices and courses of business set forth in this Complaint, and acts, practices and courses of business of similar purport and object.

DEFENDANTS

11. **Robert Narvett**, age 48, is a resident of Appleton, Wisconsin. At all times relevant to this case, Narvett has been the owner and president of Shield Management Group, Inc.

12. **Shield Management Group, Inc.** is incorporated in Wisconsin and, at all relevant times to this case, was located in, and transacted business in, the Eastern District of Wisconsin. According to its website, Shield purports to be a recruiting agency that specializes in the placement of sales and marketing professionals.

FACTS

A. Narvett and Shield Obtained Money from Investors Through the Sale of Promissory Notes.

13. Beginning in at least March 2010, Narvett and Shield began raising money from investors through the fraudulent offer and sale of promissory notes. As of July 2012, they had raised approximately \$947,580 from at least twenty investors.

14. Bank records show that Narvett continues to receive funds from unknown sources through bank accounts controlled by his family members.

15. Narvett personally solicited investors to purchase the Shield promissory notes. The individuals solicited by Narvett include his family, friends, members of his mother's church located in western Pennsylvania and the church itself. Narvett also solicited investors located in Wisconsin, Illinois, Florida and South Africa.

16. The promissory notes referred to Shield as the "borrower" and the investor as the "lender." The promissory notes stated that Shield would return the principal amount invested and pay an annual interest rate of twenty percent. The promissory notes also typically stated that the payments to investors would consist of four or eight quarterly installment payments of interest, with any outstanding balance on the principal paid at the end of the promissory notes' terms.

17. Narvett personally guaranteed the promissory notes as the president of Shield.

18. The promissory notes were not secured by any real or valuable collateral, nor were they insured.

19. The promissory notes offered and sold by Narvett and Shield are securities.

20. Narvett commingled the funds of all investors in the same bank accounts.

21. Narvett told investors that their money would be used as working capital for Shield's business.

22. Narvett told one investor that he invested in "things" that other people do not invest in and that his investment strategy was "complicated."

23. While, at some point, Narvett's mother, brother and a few friends may have learned that he was using their money for purposes other than Shield's business, he kept other investors in the dark.

24. Narvett told at least one investor that he received a commission for the sale of the promissory notes. As Narvett explained the arrangement, Shield typically earned more than twenty percent through investments that Narvett made on its behalf and Narvett kept as a commission the returns in excess of the twenty percent promised to investors.

25. Narvett provided at least some investors with quarterly statements that reflected the amount invested and the interest payments made. In these quarterly statements, Narvett referred to the investors' "investment[s] with Shield." In at least one of the statements, Narvett suggested that the investments were outperforming the market, specifically stating that the "market went down about 14% and your [sic] still doing well with Shield!"

26. In an email to Narvett, one investor referred to his purchase of a Shield promissory note as an "investment."

27. At least two investors invested with Narvett and Shield because they believed that purchasing the Shield promissory notes would be more profitable than traditional, safe investments.

28. Investors had no control over how their funds would be used by Narvett and Shield.

29. Narvett did not tell investors that he used the money raised from the sale of Shield to fund interest payments for other investors.

30. Narvett made representations to at least two investors, via email, that they could redeem their entire investment upon request at any time.

B. Narvett Misappropriated Investor Funds for His Own Personal Use.

31. Narvett did not use the investor funds he raised through the sale of the promissory notes for Shield's business.

32. Although investors' money was initially deposited into Shield's bank accounts, the money was ultimately transferred to Narvett's personal bank accounts to fund his personal expenses and trading in his personal brokerage accounts.

33. Bank records indicate that Narvett and Shield had no significant source of income other than investor funds during the time period relevant to this case.

34. Between March 2010 and August 2012, Narvett deposited \$461,500 of the investor funds raised through the sale of promissory notes into a brokerage account held at Interactive Brokers LLC in the name of Shield.

35. Narvett's trading in the Shield account consistently resulted in losses. From 2010 to 2012, the Shield brokerage account had a net loss of \$28,060.

36. Given these trading losses, Narvett's trading could not have covered the 20% rate of return that he promised to investors.

37. Further, Narvett withdrew most of the remaining funds in this account, approximately \$433,000, which he transferred to Shield's bank accounts. These funds were ultimately either used to make interest payments to investors or transferred to Narvett's personal bank accounts for his personal use.

38. Narvett used at least \$242,000 of investor funds to make Ponzi-style payments of purported interest to investors.

39. These interest payments to investors created the appearance that the investments were profitable. These interest payments enticed at least four investors to make additional investments with Narvett and Shield.

40. Narvett transferred approximately \$690,000 of investor money to his personal bank accounts, which he used to pay for his own personal expenses and to fund his personal trading activities. Below are examples of how Narvett used some of the investor money:

Amount	Use
\$159,000	Narvett's personal brokerage accounts
\$117,514	Payments to financial institutions, including student loan payments
\$80,364	Mortgage payments
\$56,788	Payments to ex-wife
\$23,743	Shopping and restaurants
\$11,273	Purchase of car
\$10,000	Legal fees

41. Eventually, Narvett's scheme began to fall apart and he fell behind on making interest payments to investors. Narvett has also failed to honor redemption requests made by at least two investors.

C. Narvett Has Refused to Answer Any Questions or Provide Any Documents Relating to His Scheme

42. When confronted with these allegations by Commission staff, Narvett invoked his right against self-incrimination under the Fifth Amendment to the Constitution and refused to testify. Narvett and Shield also refused to produce any documents to the Commission staff.

COUNT I

Violations of Section 17(a)(1) of the Securities Act

43. Paragraphs 1 through 42 are realleged and incorporated by reference as though fully set forth herein.

44. By engaging in the conduct described above, Defendants Narvett and Shield, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have employed devices, schemes and artifices to defraud.

45. Defendants Narvett and Shield engaged in the conducted alleged herein knowingly or with reckless disregard for the truth.

46. By reason of the foregoing, Defendants Narvett and Shield have violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II

Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act

47. Paragraphs 1 through 46 are realleged and incorporated by reference as though fully set forth herein.

48. By engaging in the conduct described above, the Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, have:

- a. obtained money or property by means of untrue statements of material fact or by omitting 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

b. engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

49. Defendants acted at least negligently with respect to the conduct alleged herein.

50. By reason of the foregoing, Defendants Narvett and Shield have violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III

Violations of Section 10(b) of the Exchange Act, and Exchange Act Rules 10b-5(a), (b) and (c)

51. Paragraphs 1 through 50 are realleged and incorporated by reference.

52. As more fully described in paragraphs 1 through 42 above, Defendants Narvett and Shield, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: used and employed devices, schemes and artifices to defraud; made untrue statements of material fact and 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 engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and sellers and prospective purchasers and sellers of securities.

53. Defendants Narvett and Shield engaged in the conduct alleged herein knowingly or with reckless disregard for the truth.

54. By reason of the foregoing, Defendants Narvett and Shield have violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a), (b) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (b) and (c)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment against the Defendants and:

I.

Issue findings of fact and conclusions of law that Defendants Narvett and Shield each committed the violations charged and alleged herein.

II.

Grant an Order of Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining Defendants Narvett and Shield, their officers, agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of the Order, by personal service or otherwise, and each of them from, directly or indirectly, from engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of 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] and Rule 10b-5 [17 CFR § 240.10b-5] thereunder.

III.

Issue an Order requiring Defendants Narvett and Shield each to disgorge the ill-gotten gains that each received as a result of the violations alleged in this Complaint, including prejudgment interest.

IV.

Issue an Order directing Defendants Narvett and Shield each to pay an appropriate civil penalty 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)].

V.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VI.

Grant an Order for any other relief this Court deems appropriate.

Dated: August 16, 2013

Respectfully submitted,

s/ Andrea R. Wood

Andrea R. Wood (woodar@sec.gov)

Natalie G. Garner (garnern@sec.gov)

Charles J. Kerstetter (kerstetterc@sec.gov)

Attorneys for Plaintiff

U.S. Securities and Exchange Commission

Chicago Regional Office

175 West Jackson Blvd., Suite 900

Chicago, Illinois 60604

Telephone: (312) 353-7390

Fax: (312) 353-7398