

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

SEP 11 2013  
CLERK OF COURT

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

PAUL MARSHALL, BRIDGE  
SECURITIES, LLC A/K/A  
BRIDGE FINANCIAL, BRIDGE  
EQUITY, INC. and FOGFUELS,  
INC.,

Defendants.

Civil Action No.

1:13-CV-3032

**COMPLAINT FOR EMERGENCY INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission ("Commission") files this  
Complaint and alleges as follows:

1. Defendants Paul Marshall ("Marshall") and his two investment  
adviser firms, Bridge Securities, LLC a/k/a Bridge Financial ("Bridge Securities")  
and Bridge Equity, Inc. ("Bridge Equity"), have misappropriated significant funds  
from their advisory clients, using those funds to pay for a variety of Marshall's  
personal expenses, including luxury vacations, child support and alimony  
payments, and private school tuition and camps for his children.

2. In addition, Marshall and Defendant FOGFuels, Inc. (“FOGFuels”), a purported alternative energy company controlled by Marshall, have raised funds from at least one of Marshall’s advisory clients through a private placement offering. Rather than use those funds for the company’s business operations, as was represented to the client, Marshall used them instead to, among other things, again, pay his personal living expenses and make payment to a former client.

3. To date, Defendants have misappropriated approximately \$2 million from advisory clients, some of whom are elderly. Some of this misappropriation occurred as recently as July 2013.

4. To conceal their fraud, Marshall and Defendants Bridge Securities and Bridge Equity have provided their clients with fraudulent account statements showing non-existing investments and illusory investment returns.

5. By their conduct, Defendants Marshall, Bridge Securities and Bridge Capital (collectively “the Bridge Entities”) have engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of 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] and Sections 206(1) and (2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. § 80b-6(1) and (2)].

6. By their conduct, Defendants Marshall and FOGFuels have engaged, and unless restrained and enjoined by this Court, will continue to engage, in acts and practices that constitute and will constitute violations of Section 17(a) of the Securities Act of 1933 (“the Securities Act”) [15 U.S.C. § 77e(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].

### **JURISDICTION AND VENUE**

7. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v], Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] and Sections 209 and 214 of the Advisers Act [15 U.S.C. §§ 80b-9 and 80b-14] to enjoin the Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties, and for other equitable relief.

8. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v], Sections 21(d), 21(e), and

27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa] and Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

9. Defendants, directly and indirectly, made use of the mails, the means and instruments of transportation and communication in interstate commerce, and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

10. Venue lies in this Court because all Defendants reside in or have their principal place of business in this District and certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act, the Exchange Act and the Advisers Act occurred within this District, including, among other things, Defendants making misrepresentations to investors in this District.

## DEFENDANTS

11. **Paul Marshall** (“Marshall”), age 48, resides in Marietta, Georgia. Marshall has held Series 7, 8, 63 and 65 securities licenses and was associated with 8 different non-party broker-dealer/investment advisory firms from 1989 to January 2011. Since in or about February 2011, Marshall has been an investment adviser representative associated with his own investment advisory firms, the Bridge Entities.

12. **Bridge Securities, LLC a/k/a Bridge Financial** (“Bridge Securities”) is a Georgia limited liability company formed in or about February 2011, with its principal place of business in Atlanta, Georgia. At all relevant times, Marshall has wholly owned and controlled Bridge Securities, with Marshall serving as its managing member, Chief Compliance Officer, and investment adviser representative. In February 2011, Marshall filed a Uniform Application to register Bridge Securities as an investment adviser with the State of Georgia.

13. **Bridge Equity, Inc.** (“Bridge Equity”) is a Delaware corporation formed in or about December 2010 with its principal place of business in Atlanta, Georgia. At all relevant times, Marshall has wholly owned and operated Bridge Equity, with Marshall serving as its CEO and Secretary and operating the firm as an unregistered investment adviser.

14. **FOGFuels, Inc.** (“FOGFuels”) is a Georgia corporation, formed in or about January 2011 by Marshall, with its principal place of business in Atlanta, Georgia. FOGFuels purports to be an alternative energy company and purports to provide services to municipal, commercial, residential, and military customers. At all relevant times, Marshall has been the majority owner of FOGFuels and has wholly controlled the entity as its Managing Director.

### **FACTS**

#### **Marshall Creates the Bridge Entities and FogFuels.**

15. From 1989 until January 2011, Marshall worked as a registered representative and/or investment adviser representative with at least 8 different registered broker-dealer and investment adviser firms.

16. On or about December 22, 2010, Marshall formed an unregistered investment adviser, Bridge Equity. At all relevant times, Marshall has wholly owned and controlled that entity.

17. In or about January 2011, Marshall separated with the investment adviser firm with whom he was affiliated at the time.

18. In or about February 2011, Marshall formed a Georgia state-registered investment adviser, Bridge Securities. At all relevant times, Marshall has wholly owned and controlled the entity, in addition to serving as its registered investment representative.

19. As of April 2011, Marshall and Bridge Securities had approximately 8 advisory clients, including several elderly individuals, with total assets under management of approximately \$3 million.

20. In connection with operating as an investment adviser with Bridge Securities and/or Bridge Equity, Marshall initially had his clients open brokerage accounts at Trade-PMR, Inc. ("Trade-PMR"), a securities broker-dealer.

21. Defendants Marshall and Bridge Securities advised their clients to invest in various securities, including J.P. Morgan mutual funds and a J.P. Morgan-sponsored CD.

22. On or around August 21, 2012, Trade-PMR ended its relationship with Marshall and Bridge Securities.

23. Marshall responded by misrepresenting to his clients that Bridge Securities had established a relationship with J.P. Morgan. Specifically, by letter dated August 21, 2012, Marshall sent a letter to some of his clients stating:

As you may be aware, Bridge Securities has now completed its transfer to JP Morgan. ...

J.P. Morgan is a leader in financial services, offering solutions to clients in more than 100 countries with one of the most comprehensive global product platforms. . .  
.”

24. Marshall further advised his advisory clients that he was operating under the name of Bridge Equity. “powered by JP Morgan.”

**Defendants Secretly Divert \$2 Million in Investment Funds to Pay For Marshall’s Personal Expenses.**

25. Marshall had certain advisory clients transfer funds from their TradePMR brokerage accounts or other accounts to various bank accounts at JP Morgan Chase Bank, N.A. in the name of Bridge Equity (“JP Morgan Accounts”).

26. Marshall maintained exclusive control over these JP Morgan Accounts.



27. Marshall told these clients that their funds would be used and were used to purchase certain securities, including JP Morgan mutual funds and certificates of deposit.

28. In addition to public securities, at least one of Marshall's advisory clients transferred approximately \$100,000 to one of the JP Morgan Accounts, based on Marshall's recommendation and representation that the funds would be invested in FOGFuels via a private placement.

29. FOGFuels, an entity controlled by Marshall, purports to be seeking to create "an affordable, and clean-burning fuel alternative to traditional crude-oil-based fats."

30. The FOGFuels' offering materials given to the investor stated, among other things, that the proceeds raised from the offering would be used for FOGFuels' corporate purposes, such as for marketing, intellectual property, acquisitions, research and development, and corporate expenses, and that the investment proceeds would be placed in an "Investment Holding Account."

31. At all times, Marshall controlled the information that was contained in the FOGFuels' written offering materials.

32. Far from placing the investors' monies in custodial, brokerage or an "Investment Holding Account," Defendants diverted approximately \$2 million of client funds into the JP Morgan Accounts between April 2011 and July 2013.

33. Rather than invest the investors' funds in the various securities recommended, Marshall used the \$2 million of investor monies deposited into the J.P. Morgan Accounts to pay for various personal expenses, including luxury trips, child support and alimony payments to his former wife, cash transfers to his current wife, and private school tuition and camps for his children.

34. Marshall also used some of the client funds that were supposed to be invested in FOGFuels to pay personal expenses and to make payment to a former Marshall client.

35. To conceal their fraud, Marshall and the Bridge Entities subsequently advised their clients, whether orally or through fictitious periodic account statements on Bridge Securities or Bridge Equity letterhead, that the clients' funds had been used to purchase the recommended securities.

36. Defendant Marshall and the Bridge Entities continue to market and solicit new investors while continuing to "advise" their existing investor clients.

37. Marshall and FOGFuels continue to solicit investments for FOGFuels.

**COUNT I—FRAUD**

**Violations of Section 17(a)(1) of the Securities Act  
[15 U.S.C. § 77q(a)(1)]**

38. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

39. Defendants Marshall and FOGFuels, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes, and artifices to defraud purchasers of such securities, all as more particularly described above.

40. Defendants Marshall and FOGFuels knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud.

41. While engaging in the course of conduct described above, Defendants Marshall and FOGFuels acted with scienter, that is, with an intent to deceive, manipulate, or defraud or with a severely reckless disregard for the truth.

42. By reason of the foregoing, the Defendants Marshall and FOGFuels, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**COUNT II—FRAUD**

**Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act  
[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]**

43. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

44. Defendants Marshall and FOGFuels, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a. obtained money and property by means of untrue statements of material fact and omissions 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, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

45. By reason of the foregoing, Defendants Marshall and FOGFuels, directly and indirectly, have violated and, unless enjoined, will continue to violate 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—FRAUD**

#### **Violations of 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]**

46. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

47. Defendants, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce, and by use of the mails, directly and indirectly:

a. employed devices, schemes, and artifices to defraud;

b. made untrue statements of material facts 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

c. engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

48. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices, and courses of business. In engaging in such conduct, the defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

49. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate 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].

**COUNT IV—FRAUD**

**Violations of Section 206(1) of the Advisers Act  
[15 U.S.C. § 80b-6(1)]**

50. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

51. From at least April 2011 through the present, Defendants Marshall and the Bridge Entities, acting as investment advisers, and using the mails and the means and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes, and artifices to defraud one or more advisory clients and/or prospective clients.

52. Defendants Marshall and the Bridge Entities knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud. In engaging in such conduct, Defendants acted with scienter, that is, with intent to deceive, manipulate, or defraud or with a severely reckless disregard for the truth.

53. By reason of the foregoing, Defendants Marshall and the Bridge Entities, directly and indirectly, have violated, and, unless enjoined, will continue to violate Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

**COUNT V—FRAUD**

**Violations of Section 206(2) of the Advisers Act  
[15 U.S.C. § 80b-6(2)]**

54. Paragraphs 1 through 37 are hereby realleged and are incorporated herein by reference.

55. From April 2011 through the present, Defendants Marshall and the Bridge Entities, acting as investment advisers, and by the use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly, engaged in transactions, practices, and courses of business which would and did operate as a fraud and deceit on one or more advisory clients and/or prospective clients.

56. By reason of the foregoing, Defendants Marshall and the Bridge Entities, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].



## PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully prays for:

### I.

Findings of Fact and Conclusions of Law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that the Defendants named herein committed the violations alleged herein.

### II.

A temporary restraining order, preliminary and permanent injunctions enjoining the Defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, from violating, directly or indirectly, 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]; enjoining Defendants Marshall and the Bridge Entities from violating, directly or indirectly, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. § 80b-6(1) and (2)], and enjoining Defendants Marshall and FOGFuels from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)].

### III.

An order requiring an accounting of the use of investor proceeds described in this Complaint and the disgorgement by Defendants of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

### IV.

An order freezing the Defendants' assets, requiring an accounting, preserving documents, and expediting discovery to preserve the status quo.

### V.

An order 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)] imposing civil penalties against Defendants.

### VI.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: September 11, 2013

Respectfully submitted,

/s/ Paul T. Kim

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