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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**

Plaintiff,

vs.

Civil No. 1:14-cv-562

**TIMOTHY J. COUGHLIN, OICU LTD., and
OICU INVESTMENTS CORP. (both d/b/a
“Oxford International Credit Union” and/or
“Oxford International Cooperative Union”),**

Jury Trial Demanded

Defendants, and

**AMERICAN QUALITY CLEANING
SERVICES, INC. (d/b/a “Oxford Privacy
Group”), and AVOCALON, LLC,**

Relief Defendants.

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the “Commission”), for its
Complaint against Defendants Timothy J. Coughlin (“Coughlin”), OICU Ltd. and OICU

Investments Corp. (both d/b/a “Oxford International Credit Union or “Oxford International Cooperative Union”), alleges as follows:

SUMMARY

1. The defendants operated a fraudulent securities offering in which investors deposited their funds in an Internet-based, supposedly offshore, “international credit union” called Oxford International Credit Union. In reality, the defendants were conducting a Ponzi scheme. As a result of the defendants’ conduct, thousands of investors collectively suffered millions of dollars in losses.

2. Between June 2007 and December 2009, using the website www.oxfordicu.com, Coughlin and Oxford International Credit Union collected deposits from more than 5,000 investors exceeding \$12.8 million dollars. Beginning in December 2008, Coughlin began operating a successor to Oxford International Credit Union, called Oxford International Cooperative Union, using the website www.oxfordprivacygroup.com.

3. Defendants defrauded investors into believing that the money they deposited into their Oxford International Credit Union and Oxford International Cooperative Union accounts would be pooled with other investors’ funds and invested by Coughlin in high-yield investments on behalf of all members. The credit union, however, was a fiction, and the defendants did not actually make investments with the members’ deposits sufficient to generate the returns they boasted.

4. Instead, to facilitate and further the fraud, the defendants posted false information to members’ online accounts to create the appearance that their deposits were earning exorbitant daily investment returns. The Oxford International Credit Union website, for example, showed investors that their deposits were purportedly earning investment returns that averaged, during

the January 2007 through December 2009 period, 0.471% compounded daily. Oxford International Cooperative Union's website also boasted bogus investment returns from its inception in late 2008 through December 2011.

5. Coughlin and Oxford International Credit Union also falsely claimed that member accounts were insured by a private insurance company. Coughlin posted documents to the Oxford International Credit Union website purporting to evidence an insurance policy and payment of the policy premium. The documents, however, were fakes.

6. As part of the scheme, Coughlin posted written and audio messages to the Oxford International Cooperative Union website in which he made materially false statements to investors about his successes in managing the entity's investments and the status of their accounts.

7. As a result of Coughlin's supposed successes in managing their investments, many people deposited more money into their Oxford International Credit Union and Oxford International Cooperative Union accounts, and investors encouraged friends, relatives and others to deposit money in the entities, as well.

8. Coughlin misappropriated at least \$5.97 million from Oxford International Credit Union and Oxford International Cooperative Union members, using investor money for illegitimate purposes, including personal expenditures and to make payments to other investors in a classic Ponzi-scheme fashion. Of that amount, Coughlin paid \$4.4 million, or approximately 35% of investors' total deposits, to other investors who had requested withdrawals from their Oxford International Credit Union accounts. Coughlin also transferred money from Oxford International Credit Union's accounts to bank accounts he controlled in the names of Relief Defendants American Quality Cleaning Services, Inc. (d/b/a "Oxford Privacy Group") and

Avocalon, LLC, and he also transferred money from Oxford International Cooperative Union to American Quality Cleaning Services, Inc. Coughlin also misappropriated at least \$1.57 million of these investor funds for personal uses.

9. Oxford International Cooperative Union and Coughlin continued to accept deposits and post investment returns on Oxford International Cooperative Union's website through 2011.

10. In late 2008 and 2009, Coughlin began to deny investors' requests for withdrawals from their accounts. To explain his refusal to allow investors to access their funds, Coughlin falsely claimed that American and foreign tax authorities, including the Internal Revenue Service ("IRS"), had frozen Oxford International Credit Union and Oxford International Cooperative Union's accounts. In audio and written messages posted to the Oxford International Cooperative Union website in July 2013, Coughlin told investors that he is preparing to litigate to require the U.S. government to unfreeze the Oxford International Credit Union and Oxford International Cooperative Union accounts and return their money, and as recently as January 2014, Coughlin told investors he was raising money for legal fees.

11. No such asset freeze ever existed, and Coughlin's statements in this regard were, and were intended to be, false and misleading. And, as intended, these statements lulled investors into believing that their investment principal and the earnings remained securely intact, even though they were unable to withdraw their money.

12. The substantial returns investors were led to believe they had earned in their Oxford International Credit Union and Oxford International Cooperative Union accounts were a fiction and never existed. Indeed, most investors lost substantial sums, as Coughlin spent their money to fund personal expenditures, unrelated business expenses, and to pay other investors in

the Ponzi scheme.

13. By knowingly or recklessly engaging in the conduct described herein, the defendants have violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act of 1934 (“Exchange Act”) [*15 U.S.C. § 78j(b)*] and Rule 10b-5 thereunder [*17 C.F.R. § 240.10b-5*], Section 17(a) of the Securities Act of 1933 (“Securities Act”) [*15 U.S.C. § 77q(a)*], and Securities Act Section 5(a) and (c) [*15 U.S.C. §§ 77e(a) and 77e(c)*]. Consequently, the Commission now brings this action to enforce the securities laws, to seek permanent injunctions against each of the defendants, enjoining them from engaging in the transactions, acts, practices, and courses of business set forth herein, disgorgement of all ill-gotten gains, plus prejudgment interest thereon, wrongfully obtained as a result of their illegal conduct, civil penalties, and other relief as set forth herein and as the Court may find just and appropriate.

JURISDICTION AND VENUE

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

15. This Court has jurisdiction over this action pursuant to Section 22 of the Securities Act [*15 U.S.C. § 77v*], Section 27 of the Exchange Act [*15 U.S.C. § 78aa*] and 28 U.S.C. § 1331.

16. Venue is proper in this Court pursuant to Securities Act Section 22(a) [*15 U.S.C. § 77 v*] and Exchange Act Section 27 [*15 U.S.C. § 78aa*], as acts, practices and courses of business constituting violations alleged herein occurred within the Southern District of Indiana.

17. Defendants directly and indirectly 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.

THE DEFENDANTS

18. **Timothy J. Coughlin**, age 63, is a resident of Indianapolis, Indiana. Coughlin is the Director of both Oxford International Credit Union and Oxford International Cooperative Union, and he was responsible for investing the assets of Oxford International Credit Union and Oxford International Cooperative Union on behalf of the entities' membership. Coughlin was also responsible for all the content on the Oxford International Credit Union website (www.oxfordicu.com), and for numerous written and audio statements posted on the Oxford International Cooperative Union website (www.oxfordprivacygroup.com). Coughlin held himself out to Oxford International Credit Union and Oxford International Cooperative Union investors as a veteran of the United States Navy, but he has no record of military service. In 1991, Coughlin pled guilty to one count of bank fraud in violation of 18 U.S.C. § 1344 and was sentenced to 24 months imprisonment, four years of supervised release, and an order of restitution [*United States v. Coughlin*, S.D. Ind. Case No. IP 91-143-CR].

19. **OICU Ltd.** was a corporation formed in February 2007 in the Commonwealth of Dominica. From February 2007 to December 2009, OICU Ltd., at times with OICU Investment Corp., operated and did business as "Oxford International Credit Union" on the Internet through the website www.oxfordicu.com; and from December 2008 to the present, OICU Ltd., at times with OICU Investment Corp., operated and did business as "Oxford International Cooperative Union" on the Internet through the website www.oxfordprivacygroup.com.

20. **OICU Investments Corp.** was a corporation registered in the Republic of Panama in July 2008 and which dissolved in December 2011. From July 2008 to December

2009, OICU Investments Corp., at times with OICU Ltd., operated and did business as “Oxford International Credit Union” on the Internet through the website www.oxfordicu.com; and from December 2008 to the present, OICU Investments Corp., at times with OICU Ltd., operated and did business as “Oxford International Cooperative Union” on the Internet through the website www.oxfordprivacygroup.com.

RELIEF DEFENDANTS

21. **American Quality Cleaning Services, Inc. (d/b/a “Oxford Privacy Group”)** (“OPG”) is an Indiana corporation formed in November 1991 and located in Indianapolis, Indiana. Coughlin was President of OPG. OPG operated on the Internet at the website www.oxfordprivacy.com. OPG purported to provide information about protecting the privacy of individuals’ personal information. OPG also served as an “affinity group” and gateway for membership in Oxford International Credit Union and Oxford International Cooperative Union. Individuals desiring to open an account with Oxford International Credit Union and Oxford International Cooperative Union were required to first join OPG and to pay a membership fee. American Quality Cleaning Services, Inc. received some of the proceeds of members’ investments in Oxford International Credit Union and Oxford International Cooperative Union.

22. **Avocalon, LLC** (“Avocalon”) is an Indiana limited liability company formed in May 2007. Coughlin was the registered agent of Avocalon. Avocalon purported to provide services to people or organizations engaging in political advocacy. Avocalon had no known connection to Oxford International Credit Union or Oxford International Cooperative Union. However, Avocalon received some of the deposits investors made in Oxford International Credit Union. In addition, salaries of Avocalon employees were paid using some of the deposits investors made in Oxford International Credit Union.

FACTUAL ALLEGATIONS

The Fraudulent “Credit Union” and “Cooperative Union” Scheme

23. Since 2007, Oxford International Credit Union operated on the Internet through the website www.oxfordicu.com (“OICU”). OICU claimed to be an “international credit union” that operated as a pooled investment fund. For example, OICU’s website claimed that:

The Credit Union is OWNED by its MEMBERS and it is operated solely for their benefit as the OICU manages member accounts, invests the funds of the OICU, and then shares the growth of those funds with the members according to their proportional position of membership. All revenues generated by the Credit Union from its investments, interest earned on loans, and service fees collected are shared with the members after the administrative overhead is deducted from the revenues.

24. Coughlin was the Director of OICU, and he exercised sole decision-making authority and control over the operations of OICU.

25. Coughlin held himself out as being responsible for advising OICU on investment decisions and for selecting and making investments on behalf of its members. Coughlin claimed that he would pool individual members’ deposits and invest the sums in common projects or other investments that yielded high daily investment returns. Earnings generated through these investments were purportedly reinvested by Coughlin, unless a member requested (and Coughlin specifically approved) a withdrawal. Coughlin was the only person authorized to approve or reject requests by members to withdraw funds from OICU.

26. OICU claimed that it invested members’ money in “FOREX trading opportunities, investment in pre-development real estate ventures, short term auto title loans, short term secured and unsecured loans, secured industrial and commercial new venture loans, [and on the] spot market for commodities.” OICU also purported to generate returns based on loans and services fees to other OICU members. OICU claimed to diversify its investments so

that “no more than 20% of the total fund will be placed in a single vehicle.”

27. In December 2008, Oxford International Credit Union changed its name to Oxford International Cooperative Union and transitioned its operations to the website www.oxfordprivacygroup.com (“OICU2”). The business plan of OICU2 was touted as a continuation and enhancement of OICU, and many OICU members transferred their account balances to investments in OICU2. OICU2’s website claimed that “Both OICU and OICU2 are under the name of OICU Ltd. OICU Ltd. is a Privately Pooled Fund in which you are a participant.” However, the OICU2 model was purportedly a share-based “cooperative union” that claimed to give individuals the ability to allocate their deposits among several investment choices that promised high returns. These investment choices purportedly offered annual rates of returns between 458% and 960%.

28. As with OICU, Coughlin held himself out as the Director of OICU2 and as being responsible for advising OICU2 on investment decisions and for making investments on behalf of its members.

29. Investors deposited money in OICU and OICU2 with the expectation of sharing in the profits the “credit union” and “cooperative union” enterprises generated, based solely on Coughlin’s efforts.

30. The membership interests in OICU and OICU2 that the defendants offered to investors were securities within the meaning of Securities Act Section 2(a)(1) [*15 U.S.C. §77b(a)(1) 3(a)(10)*] and Exchange Act Section 3(a)(10) [*15 U.S.C. §78c(10)*].

31. OICU and OICU2’s offers and sales of securities were not registered with the Commission under Securities Act Section 5(a) or (c) [*15 U.S.C. §§77d(a), 77d(c)*].

32. OICU and OICU2 offered securities to individuals of all levels of financial

sophistication, and without regard to each investor's income and net-worth. Thus, the defendants did not limit investments only to "accredited investors," as that term is defined by Securities Act Section 2(a)(15) [*15 U.S.C. § 77b(a)(15)*].

33. Rather, to qualify to become a member of OICU or OICU2, a person simply had to pay a fee to become a member of OPG, an Indiana corporation located in Indianapolis, which was operated and controlled by Coughlin. The fees paid to OPG were distinct from any fees Coughlin took for purportedly managing investments on behalf of the OICU and OICU2 membership.

34. Even though OICU and OICU2 were incorporated overseas and purported to be "International" pooled investment vehicles, Coughlin operated OICU and OICU2 from Indianapolis, Indiana. The defendants also used the fiction of a "credit union" to create a false appearance of legitimacy. Despite the defendants' representations that OICU was a "credit union," it was not registered and did not operate as a lawful credit union. For example:

- (a) OICU has never registered as a state credit union in Indiana or any other state.
- (b) OICU has never registered as a federal credit union with the National Credit Union Association.
- (c) OICU has never registered as a foreign credit union with the Federal Reserve, the Comptroller of the Currency, or the Federal Deposit Insurance Company.
- (d) OICU was controlled solely by Coughlin and did not loan or invest member funds. In contrast, *bona fide* credit unions are generally not-for-profit financial institutions that are owned and controlled by their members through boards and committees that are elected by their members. Funds held in *bona fide* credit union member accounts are the primary source of funds for operations and are generally used to make loans to other members.
- (e) OICU did not provide traditional credit union services, such as check-writing and ATM access.

- (f) OICU did not hold deposit insurance through either the National Credit Union Share Insurance Fund (“NCUSIF”), a United States government-backed fund used to protect deposits of credit union members, or American Share Insurance, the sole private provider of state-chartered credit union share insurance. Holding share insurance is a legal requirement for all federally-chartered and most state-chartered credit unions.

35. As part of their fraud, the defendants employed the services of at least two technicians to operate the OICU website, both of whom operated from Indianapolis during most of the relevant period. Coughlin directed the technicians to post information to the individual members’ accounts, which members could access via the Internet. The information purported to show the investment returns Coughlin had earned on investors’ behalf and the increasing value of their accounts, but the information was false.

36. Coughlin also made, or had ultimate authority over, all statements made on OICU’s website, including the content he directed the technicians to post on the OICU website. As described herein, nearly all of the information Coughlin posted on OICU’s website was fraudulent.

37. Coughlin also made, or had ultimate authority over, numerous false written and audio statements on OICU2’s website. OICU2 held frequent conference calls for its members originating from within the United States, in which participants located in the United States and abroad listened to Coughlin’s broadcasts. Audio recordings of these calls were posted to OICU2’s website. Coughlin made statements on these calls in which he provided false information about OICU2’s operations and the purported results of his investing activities on behalf of the membership.

38. Between June 2007 and December 2009, OICU collected deposits exceeding \$12.8 million from more than 5,000 investors.

39. Approximately 3,300 of OICU’s investors were United States residents (with

victims residing in all 50 states and the District of Columbia) who, from within the United States, opened their online accounts, agreed to participate in OICU, and transferred money to OICU. OICU, acting solely through Coughlin from within the United States, made the decision to accept or reject each OICU membership application. The terms posted on OICU's website provided that all transactions, deposits and withdrawals would be deemed final, and thus irrevocable liability attached when investors authorized their transactions via the Internet from within the United States.

40. In 2009, many OICU members transferred their funds to OICU2, at which point their accounts migrated from the www.oxfordicu.com website to the www.oxfordprivacygroup.com website.

41. Between at least January 2007 and December 2011, OICU and OICU2 investors funded their accounts via transactions that made use of the means and instrumentalities of interstate commerce and of the mails, including the use of Internet-based money transfer services (also known as "payment processors") and by bank wire transfers.

42. OICU and OICU2 pooled the deposits they had collected from members in their own accounts with various payment processors. However, OICU and OICU2 operated password-protected websites that showed each member's account statements and other information that falsely made it appear as if each investor's funds were kept in a segregated account.

Defendants' Misstatements

Misstatements Regarding Investors' Account Balances

43. OICU, OICU2, and Coughlin fraudulently boasted to investors that Coughlin had achieved outstanding returns on their investments and that their account balances were growing

exponentially. However, Coughlin did not actually invest OICU and OICU2's assets in a way that could have generated the enormous investment returns investors were shown.

44. Nonetheless, to further his fraud, Coughlin periodically created tables of wholly imaginary daily returns that he claimed he had earned by investing OICU and OICU2's assets. Coughlin instructed one of his website technicians to upload the investment returns to OICU and OICU2's websites, which automatically posted them as "earnings" to thousands of individual investor accounts.

45. Earnings posted to OICU members' accounts supposedly compounded on a daily basis. These purported returns averaged 0.471% per trading day over the January 2007 to December 2009 time period, equating to an approximately 356% average annual rate of return over the same period. Thus, when investors logged into their OICU accounts online, they were led to believe that their account balances were growing exponentially.

46. But the earnings shown in members' accounts and their growing account balances were wholly illusory; the returns defendants reported were a fiction. Members' accounts were not growing. In reality, OICU and OICU2's investors were losing money, as Coughlin spent a portion of their investments on personal expenditures, unrelated business expenses, or to fund redemptions by other investors in the Ponzi scheme.

Other Misstatements

47. In addition to the defendants' misstatements regarding individual OICU and OICU investor performance, Coughlin also made numerous written and audio statements regarding OICU and OICU's overall returns on their investments, which were published on OICU's and OICU2's websites. Like the individual return data he published to individual investors' accounts, these statements were a complete fabrication.

48. For example, on January 15 and January 27, 2009, Coughlin falsely stated that he was starting to “cash in” a “big block of equities” and was realizing large profits, which he called a “windfall” for the membership. Coughlin stated that the windfall would be distributed to favor those who invested earlier and who were current with their payment of membership fees, and would disfavor those who requested withdrawals. These statements were false because Coughlin had not made such profitable investments for OICU or OICU2 investors.

49. In addition to the defendants’ false statements regarding the entities’ status as credit unions, discussed above, the defendants also deceived investors as to the security of their investments. From at least May 2007 through at least February 2009, OICU and Coughlin falsely claimed that member accounts were insured by a private insurance company. Coughlin even posted bogus documents to the OICU website purporting to show an insurance policy issued by “Credit Union and Bankers Insurance Company,” including a cancelled check intended to evidence the payment of the policy premium. In truth, no policy ever existed. Indeed, even the supposed insurer was a fiction.

50. In reliance upon the defendants’ apparent successes managing their investments and the mistaken belief that they were investing in a fully-insured credit union, many investors deposited additional money into their OICU and OICU2 accounts and encouraged friends, relatives and others to participate in OICU and OICU2, as well.

51. As part of the defendants’ fraud, Coughlin also lied about his personal history. For example, he failed to tell investors that he had previously been convicted of bank fraud and was sentenced to 24 months in federal prison. The defendants also led investors to believe that Coughlin was a United States Navy veteran, serving meritoriously in Grenada. But like Coughlin’s supposed investing prowess, this representation was also a fiction. Coughlin had

never served in the military.

Defendants' Ponzi Payments and Misuse of Investor Funds

52. Coughlin misused the funds investors deposited in their OICU and OICU2 accounts to enrich himself, fund unrelated businesses, and to make Ponzi-like payments to investors requesting withdrawals.

53. Coughlin had sole discretion to approve or reject requests by OICU investors to withdraw money from their accounts.

54. According to OICU's terms of service, investors could only take withdrawals of investment earnings posted to their accounts, not their original deposits. As OICU and OICU2 did not generate sufficient returns from legitimate investment activity to satisfy the withdrawal requests, investor withdrawals were paid out of money other investors deposited in OICU and OICU2 to fund their accounts.

55. Between June 2007 and December 2008, Coughlin paid \$4.4 million, or approximately 35% of OICU's total funds, as Ponzi payments to investors who had requested withdrawals from their accounts.

56. OICU and OICU2 also transferred money derived from investor deposits into U.S.-based bank accounts controlled by Coughlin. Both OICU and OICU2 transferred investor funds into at least one bank account in the name of OPG, and OICU also transferred investor funds into at least one account in the name of Avocalon. From January 8, 2007 to May 23, 2013, bank accounts owned by OPG and Avocalon received from OICU and/or OICU2 transfers of approximately \$4.2 million, or approximately one-third of OICU's total deposits.

57. Coughlin spent at least \$1.57 million of the money transferred to the OPG and Avocalon accounts on personal expenditures that were clearly unrelated to OICU and OICU2.

These included expenditures for clothing, entertainment, jewelry, mortgage payments, weapons, personal shopping, and entertainment or personal services.

58. Coughlin also spent \$1.43 million of OICU investor deposits on unrelated outside businesses he was operating. For example, he spent approximately \$428,000 on payroll expenses of Avocalon.

59. Coughlin also transferred more than \$450,000 from OICU investor deposits into at least one personal brokerage account to buy securities of a microcap issuer of which he was a director. Coughlin suffered a near total loss of his investment.

Defendants Lied to Investors to Keep Their Scheme from Being Revealed

60. In late 2008 and the first half of 2009, investors demanded the return of their investments. Faced with these redemption demands, Coughlin engaged in a stalling tactic, falsely telling OICU and OICU2 investors that the banks that held their funds had begun to ask for additional account information before they could release the funds.

61. Beginning in March 2010, Coughlin changed his story and began to tell OICU and OICU2 investors that various government and regulatory agencies were to blame for the defendants' refusals to honor investors' withdrawal requests. And, by October 2011, Coughlin began to tell OICU and OICU2 investors that their accounts had been frozen because of a dispute with the IRS and other taxing authorities about payment of taxes. All of these representations were untrue.

62. Coughlin also falsely told investors that he was in settlement negotiations and preparing for litigation with U.S. government agencies over access to OICU and OICU2's assets. He also discussed plans to raise money from investors to fund OICU and OICU2's expenses surrounding these sham discussions.

63. Coughlin also lied to lull investors into believing that their funds were secure, even though they were inaccessible. For example, on March 24, 2009, Coughlin conducted a conference call (which was posted to the OICU2 website) in which he stated that all investor “funds are there, every penny is accounted for.” He added that, “our funds are safe and secure. They are not lost or tied up indefinitely.” These statements are false because they belie the fact Coughlin misappropriated and converted large amounts of money for his personal consumption and unprofitable investments.

64. Even though the investor accounts were supposedly frozen, in June 2011, Coughlin encouraged investors to pay their annual OICU and OICU2 membership fees by awarding “bonuses” to those who were current or who became current with their dues.

65. OICU’s website remained online and accessible to investors through the end of 2011. OICU2 continued to accept new and additional investments through the end of 2011. Coughlin has posted false and fraudulent written and audio statements to the OICU2 website as recently as January 2014.

The Victims of Defendants’ Fraud

66. Over 5,000 people are victims of the defendants’ fraudulent scheme, 3,300 of whom reside in the United States.

67. The defendants primarily preyed on elderly, unsophisticated, and otherwise vulnerable investors. Among the domestic victims of the defendants’ fraudulent scheme are:

- (a) **M.N.** is a 76-year-old retired nurse who invested approximately \$15,000 in OICU after her husband died in December 2007. M.N.’s husband had invested in OICU before his death, and she wanted to continue to build upon the seemingly profitable investment he had started. M.N. used proceeds from her husband’s life insurance policy to invest in OICU, and hoped this would help her save for her retirement. M.N. has been unable to access her money. Her home is in foreclosure and she is living on social security.

- (b) **J.S.** is 70 years old and invested approximately \$11,000 in OICU from 2007 to 2008. He expected to use his OICU account to supplement his retirement income. J.S. made an initial deposit of several hundred dollars, but as he watched his account value grow, he made additional deposits in approximately hundred-dollar increments totaling about \$11,000. J.S. believed that Coughlin's willingness to risk his life as a purported Navy officer made him more trustworthy. J.S. also relied on Coughlin's representation that OICU deposits were insured as a basis for making his investments. Because J.S. has been unable to withdraw money from his OICU account since 2009, he did not have sufficient income in retirement and has gone back to work part-time.
- (c) **C.S.** is 84 years old and invested \$4,900 in an OICU account with his wife. They have continued to invest because of the high investment returns they were shown and because they were told their accounts were insured. They also believed that Coughlin invested his personal money in at least one of the same projects in which he had invested on behalf of OICU2. Eventually, C.S. and his wife invested a total of \$25,000 in OICU, and then transferred a portion of their investment to OICU2. C.S. and his wife listened to Coughlin's audio recordings posted on OICU2's website. C.S. understands from these broadcasts that government authorities are preventing the release of their funds, which they are depending on to help pay retirement expenses.
- (d) **C.B.**, age 48, is among a number of investors from the deaf community to invest in OICU. C.B. invested approximately \$5,000 and was led to believe that her investment earned about 1.2% per day by making investments. C.B. has not had access to her investment principal for more than 18 months. C.B. is relying on her investment in OICU to pay for her son's college expenses.
- (e) **S.K.**, age 83, invested approximately \$57,000 in OICU, and later transferred a portion of those monies to OICU2. S.K. initially invested because he thought he was investing in a credit union which made overseas investments. S.K. believed that his investment principal would be safe because he read on the OICU's website that his deposits were insured. S.K. placed a lot of value on the fact that Coughlin was a retired Navy captain, which he also read on OICU or OICU2's website.

68. The defendants' scheme has cost thousands of investors millions of dollars in real and expected losses.

69. Many investors have relied on the gains they believed they had earned in their OICU and OICU2 accounts to finance their retirement, pay college and other major expenses, or

supplement their incomes.

70. Most investors have also lost their investment principal, as Coughlin spent large portions of their money to fund his personal expenditures, unrelated business expenses, and to pay other investors in the Ponzi scheme. The majority of the investors has not taken withdrawals from their OICU and OICU2 accounts, or has withdrawn less money than they deposited in their accounts.

FIRST CLAIM FOR RELIEF

Violations of Exchange Act Section 10(b) Rule 10b-5 Thereunder (Against All Defendants)

Defendants Employed Devices, Schemes, and Artifices to Defraud, and Engaged in Acts, Practices and Courses of Business, Which Operated As a Fraud of Deceit in Violation of Exchange Act Section 10(b) and Rule 10b-5(a) and (c)

71. The Commission realleges and reincorporates paragraphs 1 through 70 as if fully set forth herein.

72. By reason of the conduct described above, Defendants Coughlin, OICU Ltd., and OICU Investments Corp., in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, directly or indirectly, knowingly or recklessly (1) employed devices, schemes, or artifices to defraud and/or (2) engaged in acts, practices, or courses of business which operates or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

73. By reason of the actions alleged herein, the defendants violated Exchange Act Section 10(b) [*15 U.S.C. § 78j(b)*] and subsections (a) and (c) of Rule 10b-5 thereunder [*17 C.F.R. § 240.10b-5(a) and (c)*].

74. Unless enjoined or otherwise restrained, the defendants will continue to violate

Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and subsections (a) and (c) of Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

Defendants Made Misrepresentations and Misleading Omissions of Material Fact in Violation of Exchange Act Section 10(b) and Rule 10b-5(b)

75. Moreover, Defendants Coughlin, OICU Ltd., and OICU Investments Corp, in connection with the purchase or sale of securities, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange, knowingly or recklessly, made untrue statements of material facts 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.

76. By reason of the actions alleged herein, these defendants have also violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and subsection (b) of Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5(b)] by, for example, at least the following:

- (a) Making false or misleading statements that OICU is a member-owned credit union;
- (b) Making false or misleading statements that investments in OICU are insured;
- (c) Making false or misleading statements that Defendants were and are investing OICU and OICU2 assets, on behalf of investors, to generate significant positive returns;
- (d) Making false or misleading statements to investors regarding the supposed returns in and balances of investors' individual OICU and OICU2 accounts;
- (e) Failing to disclose to investors that OICU and OICU2 are Ponzi schemes in which Defendants financed investor withdrawals by using the deposits of other OICU and OICU2 investors;
- (f) Omitting to disclose that Coughlin used deposits by OICU and OICU2 investors for personal expenditures, unprofitable personal investments, and unrelated business expenditures; and

- (g) Making other false statements regarding the security of investor assets held by OICU and OICU2.

77. Unless enjoined or otherwise restrained, the defendants will continue to violate Exchange Act Section 10(b) [*15 U.S.C. § 78j(b)*] and subsection (b) of Exchange Act Rule 10b-5 [*17 C.F.R. § 240.10b-5(a) and (c)*].

SECOND CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)
(Against All Defendants)

78. The Commission realleges and reincorporates paragraphs 1 through 77 as if fully set forth herein.

79. Defendants Coughlin, OICU Ltd., and OICU Investments Corp. have, directly or indirectly, by use of means of instrumentalities of transportation or communication in interstate commerce or by use of the mails, in the offer or sale of securities: (a) knowingly or recklessly employed devices, schemes or artifices to defraud; (b) knowingly, recklessly, or negligently obtained money or property by means of untrue statements of material fact, or have 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) knowingly, recklessly or negligently engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers of securities.

80. By reason of the actions alleged herein, the defendants violated Securities Act [*15 U.S.C. § 77q(a)*]. More specifically, by employing the fraudulent schemes and other activities described above, the defendants violated Securities Act Sections 17(a)(1) and 17(a)(3) [*15 U.S.C. § 77q(a)(1), (3)*]. And, by obtaining money and property by means of the various materially false and misleading written and audio statements, the defendants violated Securities Act Section 17(a)(2) [*15 U.S.C. § 77q(a)(2)*].

81. Unless enjoined or otherwise restrained, the defendants will continue to violate Securities Act Section 17(a) [*15 U.S.C. § 77q(a)*].

THIRD CLAIM FOR RELIEF
Violations of Securities Act Section 5(a) and 5(c)
(Against All Defendants)

82. The Commission realleges and reincorporates paragraphs 1 through 81 as if fully set forth herein.

83. Defendants Coughlin, OICU Ltd. and OICU Investments Corp., directly or indirectly, singly and/or in concert with others: (1) without having any registration statement in effect as to the securities transactions, (a) made use of the means or instrumentalities of transportation or communication or the mails in interstate commerce to sell securities through the use or medium of a prospectus or otherwise, or (b) carried or caused to be carried such securities for the purpose of sale or for delivery after sale; and (2) made use of the means or instrumentalities of transportation or communication or the mails in interstate commerce to sell or offer to buy through the use or medium of a prospectus or otherwise securities as to which a registration statement had not been filed as to such securities.

84. By reason of the actions alleged herein, the defendants violated Sections 5(a) and (c) of the Securities Act [*15 U.S.C. § 77e(a) & (c)*].

85. Unless enjoined or otherwise restrained, the defendants will continue to violate Securities Act Sections 5(a) and (c) [*15 U.S.C. § 77e(a) & (c)*].

FOURTH CLAIM FOR RELIEF
Unjust Enrichment
(Against Relief Defendant American Quality Cleaning Services, Inc.)

86. The Commission realleges and reincorporates paragraphs 1 through 85 as if fully set forth herein.

87. Relief Defendant American Quality Cleaning Services, Inc. is an Indiana corporation controlled by Coughlin. Defendants transferred money deposited by OICU and OICU2 investors from bank accounts owned by OICU and OICU2 to a bank account in the name of American Quality Cleaning Services, Inc.

88. By reason of the actions alleged herein, Relief Defendant American Quality Cleaning Services, Inc. has no legitimate claim to those funds, and has thus been unjustly enriched under circumstances in which it is not just, equitable, or conscionable for it to retain such profits. Relief Defendant American Quality Cleaning Services, Inc. is a constructive trustee of investor funds and proceeds of the fraud perpetrated by Defendants Coughlin, OICU Ltd., and OICU Investments Corp.

FIFTH CLAIM FOR RELIEF

Unjust Enrichment (Against Relief Defendant Avocalon, LLC)

89. The Commission realleges and reincorporates paragraphs 1 through 88 as if fully set forth herein.

90. Relief Defendant Avocalon, LLC is an Indiana limited liability company controlled by Coughlin. Defendants transferred money deposited by OICU investors into a bank account in the name of Avocalon. In addition, salaries of Avocalon employees were paid using some of the deposits investors made in OICU and OICU2.

91. By reason of the actions alleged herein, Relief Defendant Avocalon, LLC has no legitimate claim to those funds, and has thus been unjustly enriched under circumstances in which it is not just, equitable, or conscionable for it to retain such profits. Relief Defendant Avocalon, LLC is a constructive trustee of investor funds and proceeds of the fraud perpetrated by Defendants Coughlin, OICU Ltd., and OICU Investments Corp.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a judgment:

(a) finding that Defendants violated the antifraud provisions of the federal securities laws as alleged herein;

(b) permanently enjoining each Defendant from violating Securities Act Sections 5(a) and (c), Securities Act Section 17(a), and Exchange Act Section 10(b) and Rules 10b-5 thereunder.

(c) permanently enjoining each Defendant from directly or indirectly, including, but not limited to, through any entity he or it owns or controls, participating in the issuance, purchase, offer or sale of any security, provided, however, that such Order shall not prevent him or it from purchasing or selling securities for his or its own personal account;

(d) ordering each Defendant to disgorge, jointly and severally, all ill-gotten gains, plus prejudgment interest thereon, wrongfully obtained as a result of their illegal conduct;

(e) ordering each Defendant to pay civil penalties pursuant to Securities Act Section 20(d) [*15 U.S.C. § 77t(d)*] and Exchange Act Section 21(d) [*15 U.S.C. § 78u(d)*];

(f) permanently barring Defendant Coughlin, pursuant to Securities Act Section 20(e) [*15 U.S.C. §77t(e)*] and Exchange Act Section 21(d)(2) [*15 U.S.C. §78u(d)(2)*], from serving as an officer or director of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [*15 U.S.C. §78l*] or that is required to file reports pursuant to Exchange Act Section 13 [*15 U.S.C. §78m*];

(g) imposing a constructive trust on Relief Defendant American Quality Cleaning Services, Inc, d/b/a Oxford Privacy Group and ordering it to disgorge all funds transferred to it from OICU and OICU2 and to pay prejudgment interest thereon;

(h) imposing a constructive trust on Relief Defendant Avocalon, LLC and ordering it to disgorge all funds transferred to it from OICU and OICU2 and pay prejudgment interest thereon; and

(i) granting such other relief to the Commission as the Court may deem just and proper.

JURY DEMAND

Pursuant to Rule 39 of the Federal Rules of Civil Procedure, Plaintiff demands that this case be tried to a jury.

Dated: April 11, 2014

Respectfully submitted,

/s/ Stephan J. Schlegelmilch
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