

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF MINNESOTA**

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<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b>	:	
	:	
Plaintiff,	:	
	:	Case No. 14-cv-4834
v.	:	
	:	
<b>LEVI D. LINDEMANN,</b>	:	
	:	
Defendant.	:	
	:	

**COMPLAINT**

Plaintiff United States Securities and Exchange Commission (“SEC”) alleges as follows:

**NATURE OF THE ACTION**

1. From about September 2009 to August 2013, Defendant Levi D. Lindemann, a resident of Minnesota, raised at least \$976,000 from six investors located in Wisconsin, including elderly individuals and a member of his own family.

2. Lindemann told these investors that their money would be used to purchase a variety of purported investments, including: (a) secured notes in Home Path Financial LP (“Home Path”), a Wisconsin-based real estate investment company; (b) notes issued by GWG Life, LLC (“GWG Life”); and (c) interests in a purported “unit investment trust” through Lindemann’s sole proprietorship, Alternative Wealth Solutions (“AWS”).

3. In reality, none of these investments were ever made. Home Path and

GWG Life never received any funds from Lindemann's investors, nor did they ever issue any notes to Lindemann's investors, and investor funds were never used to invest in a unit investment trust.

4. Instead, Lindemann deposited the investor money in various accounts held in his own name and in the name of entities he controls. He spent the funds on himself, his other business ventures and Ponzi-like payments to investors to perpetuate his fraud.

5. To further prolong this scheme, Lindemann provided the AWS investors with fabricated account statements documenting these Ponzi-like investment returns. In the statements, Lindemann fraudulently represented that AWS is a member of the New York Stock Exchange ("NYSE") and the Securities Investor Protection Corporation ("SIPC"), which is a nonprofit membership corporation that guarantees the return of missing customer property up to a certain amount. Lindemann further represented in the statements that "[a]ssets in your AWS account are protected by SIPC up to \$500,000, including \$250,000 for cash claims." In fact, AWS is not, nor has it ever been, a member of NYSE or SIPC and provides no protection whatsoever to AWS investors. Lindemann also furnished investors with bogus Home Path "notes" to give the investments an air of legitimacy.

6. In addition to the \$976,000 discussed above, Lindemann has raised an additional \$3.3 million from individuals for various other ventures, including deposits as recently as August 2014. The SEC is continuing to investigate those other matters. During this time period of his fraud, Lindemann purchased two new cars in

cash, for a total of nearly \$100,000.

7. After Lindemann became aware of the SEC's investigation, he confessed to one elderly investor – his own cousin – that he had never invested any of his money in Home Path as promised. Lindemann stated that he had lied to the investor from the beginning and paid him monthly distributions only to give him the false impression that the investment had been made.

8. Based upon this conduct, Lindemann has engaged in and, unless enjoined, will continue to engage in transactions, practices and courses of business that violate Section 17(a)(1), (2) and (3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)(1), (2) and (3)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

9. The SEC brings this lawsuit to put an immediate stop to Lindemann's ongoing violations of the federal securities laws, to prevent further harm to investors, and to seek disgorgement and civil penalties from Lindemann stemming from his violations of the securities laws, among other remedies.

### **JURISDICTION AND VENUE**

10. The SEC 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)].

11. 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.

12. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Acts, practices and courses of business constituting violations alleged herein have occurred within the jurisdiction of the United States District Court for the District of Minnesota and elsewhere.

13. Defendant 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, and will continue to do so unless enjoined.

#### **DEFENDANT**

14. **Levi D. Lindemann**, age 38, is a resident of West Lakeland, Minnesota. He is a former registered representative previously employed by various broker-dealers between March 2000 and March 2012.

#### **DEFENDANT'S ENTITIES**

15. **Gershwin Financial, Inc.** ("Gershwin") is a private company incorporated under the laws of Minnesota and has its principal office in Edina, Minnesota. Gershwin is not registered with the SEC or the State of Minnesota as a broker-dealer or investment adviser. Lindemann controls and operates Gershwin.

16. **Alternative Wealth Solutions**, located in Oakdale, Minnesota, is a sole proprietorship owned by Lindemann that purports to specialize in investment

diversification according to its website. AWS is not registered with the SEC or the State of Minnesota as a broker-dealer or investment adviser.

### **OTHER RELATED ENTITIES**

17. **Home Path Financial LP** is a real estate investment company incorporated in the state of Wisconsin. Home Path is in the business purchasing distressed properties and then later selling those properties for a profit. Lindemann fraudulently represented to investors that he was a broker raising funds from investors on behalf of Home Path in connection with a secured note offering. Lindemann never invested the solicited funds in Home Path.

18. **GWG Life, LLC** is a Delaware company based in Minneapolis, Minnesota that offers services based in the secondary market for life insurance. From mid-2009 through mid-June 2011, GWG offered investment products called LifeNotes. LifeNotes were secured by the assets of GWG Life, consisting primarily of life insurance policies. Lindemann fraudulently represented to at least one investor that he would use the investor's funds to purchase LifeNotes. He instead misappropriated the money.

### **FACTS**

19. From about September 2009 to August 2013, Lindemann, through his businesses, raised approximately \$976,000 from six investors located in Wisconsin. As discussed below, instead of using investor money for the purported investments, Lindemann deposited investor money in various accounts held in his own name and in the name entities he controls. He spent the money on himself and to pay his taxes,

his other business ventures, and to make Ponzi-like payments to investors to perpetuate his fraudulent scheme.

### **HOME PATH SECURED NOTES**

20. From about September 2009 through May 2011, Lindemann fraudulently raised approximately \$276,000 from three elderly investors for the purchase of purported Home Path secured notes.

21. Lindemann told investors that he was a broker raising funds on behalf of Home Path in connection with a secured note offering. He informed investors that Home Path was in the business of buying distressed properties, refurbishing them and selling them to pre-qualified buyers. He further stated to investors that Home Path secured notes were safe investments that provided monthly dividend payments of nine percent.

22. To raise the funds, Lindemann encouraged one elderly investor to cash an annuity and invest approximately \$115,000 in proceeds. He convinced another to invest his entire lifesavings – amounting to approximately \$59,000. Lindemann instructed the investors to write their checks to Home Path. But Lindemann never invested any of the solicited funds in Home Path. Instead, he deposited the funds in his personal bank accounts.

23. The investors received purported dividend payments in the form of cashier's checks drawn from bank accounts controlled by Lindemann. In some instances, Lindemann instructed the bank to identify the remitter of the cashier's checks as Home Path.

24. At least one investor received these dividend payments from December 2009 to January 2013, after which the payments stopped. Another investor stopped receiving payments in December 2012. To explain the discontinuation of these distributions, Lindemann informed investors that there was a risk that new tax laws might result in double taxation.

25. In 2009, when he was a broker-dealer, Lindemann had requested and obtained from Home Path offering materials and blank copies of the secured notes. Lindemann used these blank forms to counterfeit the Home Path secured notes. He provided them to investors as purported proof of their investment.

26. Instead of using the investor money to purchase the secured notes, Lindemann spent the money on himself, his other business ventures and to make payments to other investors. For example, Lindemann transferred at least \$118,000 in Home Path investors' money to himself in the form of cashier's checks, transfers to his personal accounts, and cash withdrawals. He also used investor funds to make distributions back to Home Path investors and to fund Lindemann's other ventures.

27. On November 4, 2014, after becoming aware of the SEC's investigation, Lindemann confessed to one elderly investor that he had never invested any of his money in Home Path, as he had promised. Lindemann stated that he had lied to the investor from the beginning, and paid him monthly distributions to give him the false impression that the investment had been made.

**GWG LIFENOTES**

28. In December 2010, Lindemann fraudulently raised at least \$500,000 from an investor in connection with the sale of purported securities called GWG LifeNotes.

29. GWG LifeNotes are life insurance policy-backed notes sold by GWG Life. According to the GWG Life, the LifeNotes “provide current income returns and growth investment opportunities across a series of notes.”

30. The investor wrote the check to “GWG Life/Levi Lindemann,” which Lindemann deposited in his personal bank account. Lindemann did not use any of the investor’s money to purchase LifeNotes.

31. Lindemann, feigning interest in LifeNotes as an investment opportunity, procured LifeNotes offering materials from GWG Life, which he then used in furtherance of his scheme to lure his victims. GWG Life never received any funds from Lindemann, the entities he controls, or from the investor who made the \$500,000 investment.

32. Instead of using the \$500,000 to purchase the GWG LifeNotes, Lindemann misappropriated the funds which he used to pay himself, to pay his taxes, and for other business ventures and Ponzi-like payments to investors to perpetuate the fraud.

**UNIT INVESTMENT TRUST**

33. Lindemann’s sole proprietorship, AWS, purports to specialize in investment diversification. Lindemann raised funds from at least two investors, a



married couple, who believed the money they gave to AWS would be used to purchase an interest in a “unit investment trust.”

34. Between July 2011 and August 2013, Lindemann solicited a total of \$200,000 from these investors, which he deposited in bank accounts held in the name of AWS.

35. These funds were misappropriated by Lindemann. For example, on August 28, 2013, Lindemann deposited \$100,000 from one of these investors into the AWS bank account. Over the course of the three days that followed, Lindemann withdrew approximately \$80,000 of the investor’s money to make payments to himself and Gershwin, and to make Ponzi-like payments to other investors to perpetuate his fraud.

36. Lindemann provided AWS account statements to these investors. According to these statements, the two accounts purportedly held a total of \$246,054 in assets as of May 2014, all of which were allocated to a single investment identified as a “unit investment trust.”

37. Lindemann fraudulently represented in the statements that AWS is a member of SIPC, NYSE and “other principal exchanges.” The statements further represented that “[a]ssets in your AWS account are protected by SIPC up to \$500,000, including \$250,000 for cash claims.”

38. In reality, AWS is not, nor has it ever been, a member of SIPC or NYSE.

**LINDEMANN CONTINUES TO DEFRAUD INVESTORS**

39. Lindemann appears to be continuing his fraudulent schemes. He has raised an additional \$3.3 million from investors – as recently as August 2014 – for various other ventures. The SEC is continuing to investigate those other matters. During the time period of his fraud, Lindemann purchased two new cars in cash, for a total of nearly \$100,000.

**COUNT I**

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

40. Paragraphs 1 through 39 are realleged and incorporated by reference as though fully set forth herein.

41. By engaging in the conduct described above, Defendant, 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, has employed devices, schemes and artifices to defraud.

42. Defendant intentionally or recklessly made the untrue statements and omissions and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

43. By reason of the foregoing, defendant violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**COUNT II**

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

44. Paragraphs 1 through 39 are realleged and incorporated by reference as

though fully set forth herein.

45. By engaging in the conduct described above, Defendant, 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, has:

- 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.

46. Defendant made the untrue statements and omissions of material fact and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

47. By reason of the foregoing, defendant has violated Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2)-(3)].

### **COUNT III**

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

48. Paragraphs 1 through 39 are realleged and incorporated by reference.

49. As more fully described in paragraphs 1 through 39 above, Defendant, 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.

50. Defendant knew, or was reckless in not knowing, of the facts and circumstances described in paragraphs 1 through 39 above.

51. By reason of the foregoing, Defendant violated 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].

### **RELIEF REQUESTED**

**WHEREFORE**, the SEC respectfully requests that this Court:

#### **I.**

Issue findings of fact and conclusions of law that Defendant committed the violations charged and alleged herein.

#### **II.**

Enter a Temporary Restraining Order and Orders of Preliminary and an Order of Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining Defendant, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with defendant who receive actual notice of the Order, by personal service or otherwise, and each of them from, directly or indirectly, 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)(1), (2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1), (2) and (3)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

**III.**

Issue an Order requiring Defendant to disgorge the ill-gotten gains received as a result of the violations alleged in this Complaint, including prejudgment interest.

**IV.**

With regard to the Defendant's violative acts, practices and courses of business set forth herein, issue an Order imposing upon defendant appropriate civil 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)].

**V.**

Retain jurisdiction of this action in accordance with the principals 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 appropriate emergency relief to prevent further secretion or dissipation of assets purchased with investor funds.

**VII.**

Grant such other relief as this Court deems appropriate.

**JURY DEMAND**

The SEC hereby requests a trial by jury.

Dated: November 24, 2014

**UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION**

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