IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **BERNARD M. PARKER,** **Defendant.**	Civil Action No. Judge Jury Trial Demanded

COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission") alleges as follows:

SUMMARY

1. From 2008 through 2014, Defendant Bernard M. Parker ("Parker") conducted an unregistered and fraudulent offering of securities that raised more than $1.2 million from at least 22 investors through Parker Financial Services ("Parker Financial"), a company controlled by Parker and operated out of his home in Indiana, Pennsylvania.

2. At all relevant times Parker was a registered representative associated with a dually-registered broker-dealer and investment adviser. Parker induced investors – the majority of whom were his longstanding brokerage customers – to purchase these unregistered and fraudulent securities by making materially false and misleading statements and omissions concerning, among other things, the actual use of investor funds.

3. Parker told prospective investors that their investments were to be used to purchase tax liens placed by municipalities on properties, primarily in Florida, Arizona and Colorado.

4. However, Parker only used a small amount of the funds he raised to purchase tax liens and instead used the overwhelming majority of the funds to remodel his house, pay his father-in-law's medical bills and other personal expenses, and to make interest payments to earlier investors to ensure that his scheme was not discovered.

5. By knowingly or recklessly engaging in the conduct described in this complaint, Defendant Parker violated, and unless enjoined will continue to violate, Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and 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].

JURISDICTION AND VENUE

6. The Commission brings this action pursuant to Section 20(b) and 20(d) of the Securities Act [15 U.S.C. § 77t(b) and 77t(d)], and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], to enjoin such acts, transactions, practices, and courses of business, and to obtain disgorgement, prejudgment interest, civil penalties, and such other and further relief as the Court may deem just and appropriate.

7. This Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

8. Venue in this District is proper 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]. Among other things, certain of the acts, transactions, practices, and courses of business constituting the violations alleged herein occurred within the Western District of Pennsylvania.

DEFENDANT

9. **Bernard M. Parker**, age 54, resides in Indiana, Pennsylvania. During all relevant times, Parker was a registered representative associated with a dually-registered broker-dealer and investment adviser. He holds Financial Industry Regulatory Authority ("FINRA") Series 6, 7 and 63 licenses.

RELEVANT ENTITY

10. Parker Financial Services was a company based in Indiana, Pennsylvania that purportedly invested in tax liens. Parker was the founder, principal and sole employee of Parker Financial. Parker Financial was an alter ego of Parker that existed in name only and that Parker operated out of his home.

FACTS

A. Parker Financial

11. In 2008, Parker began raising money from investors for the purported purpose of investing in real estate tax liens, primarily those offered by municipalities in Florida, Arizona and Colorado.

12. The purchase of tax liens generally occurs as follows: Local governments place tax liens on properties whose owners fail to make their property tax payments. Once the government places a lien on the property, the property owner is required to pay the taxes plus interest and penalties, or face foreclosure. Local governments then sell the liens to private parties at auction. The auction winner, as the lienholder, has the right to collect the tax payments (plus interest) and, depending on municipality, penalties assessed. If the property holder does not make the tax payments, after a certain period of time, the lienholder may foreclose on the property.

13. Parker claimed to invest in the tax liens through his company, Parker Financial. However, throughout the time period of the fraud, Parker used only a small portion of the funds raised from investors to purchase tax liens.

B. Parker's False and Misleading Statements

14. Parker solicited investors who were primarily his longstanding brokerage customers, many of whom lived in Pennsylvania and Virginia. Parker told prospective and existing investors that he would use their funds to purchase tax lien certificates. When investors inquired further about the tax lien program, Parker showed them computer printouts of vacant lots or homes, and falsely told them that Parker Financial held liens on those properties. Investors gave Parker amounts ranging from $3,500 to $50,000.

15. Parker only provided investors a simple one page contract. These contracts, on "Parker Financial Services" letterhead and titled "Investors Contract," stated the investor's name, amount invested, and the date of the investment. The contracts provided that Parker would pay the specified investor an annual interest rate (ranging between six and nine percent), and provided the interest payment schedule (quarterly, semi-annual or annual payments), as well as the expiration date (two or three years from the date of the investment). In addition, the contract stated that, at expiration, Parker Financial would repay the principal and interest in full. Parker did not have a website or any written marketing materials, and he did not provide account statements to investors.

16. As the purported "Investment Contracts" approached expiration, Parker told investors that they had the option to "roll over" their interest and/or principal into a new investment. Ultimately, all of the investors chose to roll over their principal, and most investors chose to roll over their interest payments as well. Many investors invested multiple times.

17. Parker made the following additional material misrepresentations to investors: (a) Parker falsely stated to at least one investor that he had taken a class in tax lien certificate investments; (b) Parker falsely stated to at least one investor that Parker Financial had hired a portfolio manager to oversee the investments; and (c) Parker falsely stated to multiple investors that their investments in Parker Financial were tax-free.

18. Parker also took steps to conceal the operations of Parker Financial from his employer. As a condition of his employment he was required to report to the brokerage firm any outside business activities. However, despite collecting more than $1.2 million from 2008 to 2013, Parker lied to his employer and failed to disclose the existence of Parker Financial.

19. In July 2013, the brokerage firm confronted Parker and asked whether he solicited funds for investment through Parker Financial. Parker admitted that he invested in tax liens through Parker Financial but lied about the amount invested, claiming that he had only raised $20,000. Parker also falsely stated to the firm that the investment program began in 2012, and that he had only earned $332.12 from it that year. In truth, Parker commenced the solicitation of tax lien investments in 2008 and raised over $300,000 in 2012.

C. Parker Misused Investor Funds

20. Parker pooled all of the investor money he raised in several bank accounts. After receiving checks from investors, Parker routinely deposited a portion of the funds into a bank account and took the remainder in cash. During the period from 2008 to 2014, Parker withdrew over $650,000 in investor funds in cash from teller transactions, ATM withdrawals, and checks cashed at local supermarkets.

21. Of the remaining investor funds, Parker used approximately $197,000 on point of sale transactions, $150,000 on personal checks, and $169,000 on online bill payments. Among

other things, he used investor funds to pay for his father-in-law's health expenses, renovations on his house, car payments, insurance payments, and other day-to-day expenses.

22. Parker also paid approximately $188,000 in purported interest payments to investors who did not "roll over" their interest into new investments.

23. In November 2014, when questioned by law enforcement, Parker admitted his fraudulent conduct, including the use of investor funds for personal expenses.

CLAIMS FOR RELIEF

FIRST CLAIM

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

24. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 23, inclusive, as if they were fully set forth herein.

25. By engaging in the conduct described above, Defendant Parker, directly or indirectly, made use of the means and instruments of transportation or communication in interstate commerce or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to be carried through the mails or in interstate commerce for the purpose of sale or for delivery after sale.

26. No valid registration statement has been filed with the Commission or has been in effect with respect to any offering or sale alleged herein.

27. By engaging in the foregoing conduct, Defendant Parker violated, and unless enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

SECOND CLAIM

Violations of Section 17(a) of the Securities Act

28. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 27, inclusive, as if they were fully set forth herein.

29. By engaging in the conduct described above, Defendant Parker, knowingly or recklessly, in the offer or sale of securities, directly or indirectly, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

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

b. obtained money or property by means of an untrue statement of a material fact or an omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

c. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

30. By engaging in the foregoing conduct, Defendant Parker violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM

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

31. The Commission realleges and incorporates by reference each and every allegation in paragraphs 1 through 30, inclusive, as if they were fully set forth herein.

32. By engaging in the conduct described above, Defendant Parker, knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by the use of any means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

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

b. made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

33. By engaging in the foregoing conduct, Defendant Parker 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].

PRAYER FOR RELIEF

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

I.

Permanently restraining and enjoining Defendant Parker from violating Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

II.

Ordering Defendant Parker to disgorge any and all ill-gotten gains derived from the activities set forth in this complaint, together with prejudgment interest thereon;

III.

Ordering Defendant Parker to pay civil penalties under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)];

IV.

Granting such other and further relief as this Court may deem just and appropriate; and

V.

Plaintiff demands a jury trial.

Respectfully submitted,

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