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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
Plaintiff,	:	
	:	**17 Civ. _____ (___)**
- against -	:	
	:	**COMPLAINT**
JUSTIN D. MEADLIN and HYALINE CAPITAL MANAGEMENT, LLC,	:	**ECF CASE**
Defendants.	:	
	:	**JURY TRIAL DEMANDED**
	:	

Plaintiff Securities and Exchange Commission (the "Commission"), for its complaint against Justin D. Meadlin ("Meadlin") and Hyaline Capital Management, LLC ("Hyaline") (together, "Defendants"), alleges as follows:

SUMMARY OF ALLEGATIONS

1. This case arises out of a scheme by Meadlin, an investment adviser, and Hyaline, the advisory firm he co-founded and managed, to induce clients, and prospective investors and clients, to invest funds with them through fraudulent misrepresentations and omissions of material fact.

2. First, beginning in September 2012 and continuing through April 2013, Meadlin disseminated dozens of emails to prospective investors and clients, in which he materially inflated Hyaline's assets under management ("AUM"). Although Meadlin knew or recklessly disregarded that Hyaline never managed more than $5.5 million during that time period, he falsely claimed in his emails to be managing, variously, between $17 million and $25 million in AUM.

3. Then, beginning in January 2013 and continuing to at least June 2014, Meadlin began touting a purported "quantitative" trading strategy and a fictitious "Hyaline Capital Quantitative Fund" ("HCQF") in email solicitations to more than two dozen prospective investors and in subscription hedge fund databases. Meadlin claimed HCQF had as much as $25 million in assets, and he published consistently positive historical performance returns for it dating back to 2009 that were purportedly from a "proprietary" algorithm that Defendants had acquired. But as Meadlin knew or recklessly disregarded, none of this was true: HCQF did not exist, and never had. Neither Hyaline nor Meadlin had ever acquired or created any "proprietary" algorithm. Nor had they achieved the touted historical returns. Rather, the touted returns were those generated by an unaffiliated trader, who told Meadlin that he had generated them almost entirely from "paper" or "demo" trading (that is, trading without any actual capital under management), according to an algorithm he never shared with Meadlin. And in the materials he disseminated, Meadlin inflated even those secretly-appropriated, hypothetical returns by approximately 20%.

4. Defendants succeeded in inducing one Chicago-based investment adviser ("Investor A") to invest with Defendants based on the foregoing misrepresentations. Investor A opened an account managed by Defendants in July 2013, to which he initially transferred approximately $1 million. Meadlin then fraudulently induced Investor A to transfer the funds in that account (and additional funds, eventually totaling approximately $2.6 million) into investments in a new entity he had set up in Bermuda, Hyaline Capital Holdings, Ltd. ("HCHL").

5. Meadlin claimed that HCHL had more than $20 million in AUM, and that he was "moving most of current fund members over" to that entity. But as Meadlin knew or recklessly disregarded, HCHL had no investor assets – Investor A's assets would be the first investment. And as no fund existed, there were no "fund" investors for Meadlin to move into HCHL –nor were there any other clients of Hyaline moving any monies into HCHL. Investor A lost substantial sums after investing with Defendants.

6. Similarly, another investor, located in California, invested $250,000 with Defendants in November 2013, after reading Defendants' fraudulent marketing materials on a hedge fund database, and after Meadlin told him, falsely, that the historical performance reported on the hedge fund database resulted from the quantitative algorithm.

VIOLATIONS

7. By virtue of the conduct alleged herein:

(A) Meadlin, directly or indirectly, has engaged, and unless restrained and enjoined will continue to engage, in conduct, acts, practices, and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4)], and Rule 206(4)-8 [17 C.F.R. § 275.206(4)-8] thereunder, and has aided and abetted, and unless restrained and enjoined, will continue to aid and abet, violations of Rule 206(4)-1(a)(5) [17 C.F.R. § 275.206(4)-1(a)(5)] thereunder; and

(B) Hyaline directly or indirectly, has engaged, and unless restrained and enjoined will continue to engage, in conduct, acts, practices, and courses of business that constitute violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5(b)], and Sections 206(1), 206(2) and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2) and 80b-6(4)], and Rules 206(4)-1(a)(5) and 206(4)-8 [17 C.F.R. §§ 275.206(4)-1(a)(5) and 275.206(4)-8] thereunder.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

8. The Commission brings this action pursuant to the authority conferred on it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)], seeking to permanently restrain and enjoin Defendants from engaging in the conduct, acts, practices, and courses of business alleged herein, and for such other equitable relief as may be appropriate or necessary for the benefit of investors.

9. The Commission also seeks a final judgment ordering Defendants to disgorge their ill-gotten gains and pay prejudgment interest thereon and to pay civil money penalties 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 Sections 209(e) and 209(f) [15 U.S.C. §§ 80b-9(e) and 80b-9(f)] of the Advisers Act.

JURISDICTION AND VENUE

10. This Court has jurisdiction over this action, and venue lies in this District, pursuant to Sections 20(b), 20(d), and 22 of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), 77v], Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa], and Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)]. Defendants, directly or indirectly, have made use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein. Some of these transactions, acts, practices and courses of business occurred in the Southern District of New York.

DEFENDANTS

11. **Justin D. Meadlin,** age 39, resides in New York, NY and at all relevant times was a co-founder and managing member of Hyaline. According to Hyaline's promotional materials, Meadlin was Hyaline's chief operating officer and chief financial officer, and was responsible for Hyaline's compliance program and its day-to-day operations.

12. **Hyaline**, a Delaware limited liability company with a primary place of business in New York, NY, was formed in April 2012. Hyaline was registered with the Commission as an investment adviser from May 2014 until August 2015, when Meadlin withdrew the registration. Hyaline is wholly owned by Meadlin and another member.

FACTS

A. Background

13. Meadlin formed Hyaline with his counterpart (the other member of Hyaline) in April 2012, to provide investment advice to the only client it then intended to manage, Hyaline Capital Opportunity Fund, LP, ("Opportunity Fund"), a hedge fund. According to its promotional materials, Opportunity Fund would employ a "highly liquid, transparent, top-down, macro-driven long/short equity strategy with a focus on the consumer, retail, industrial and financial sectors."

14. From its inception in July 2012 through July 2013, Opportunity Fund had four investors, consisting of Meadlin's counterpart, and three friends and family members, with total investment assets of $2,300,000. Of this sum, Meadlin's counterpart contributed $1,650,000. Hyaline charged Opportunity Fund a 2% management fee and a 20% incentive fee. After

approximately twelve months of negative performance, Meadlin's counterpart liquidated Opportunity Fund in July 2013 and returned the remaining funds to its investors on a *pro rata* basis.

15. In addition, from November 2012 through September 2013, Hyaline and Meadlin's counterpart managed a separately managed account ("SMA") for a trading software provider ("Investor B") that initially held $2 million, in return for Hyaline's free use of Investor B's electronic trading platform. By February 2013, Investor B's account had declined to approximately $1.7 million; and by April 2013, to approximately $1 million.

B. Meadlin Misrepresents Hyaline's AUM in Dozens of Emails to Prospective Clients and Investors.

16. Beginning in September 2012 and continuing into April 2013, Meadlin misrepresented Hyaline's AUM in dozens of emails to prospective investors and clients, in an effort to induce additional investments into the Opportunity Fund, and/or SMAs to be managed by Hyaline. During this period of time, Hyaline managed through the Opportunity Fund no more than approximately $3.6 million (including the initial total investments of $2.3 million plus securities purchased using margin), and, through Investor B's SMA, no more than $2 million. At no time in this period did Hyaline manage more than $5.5 million in total. Although Meadlin's emails represented varying amounts of AUM during this period (and with different supporting explanations), his emails typically misrepresented that Hyaline was managing between $17 million and $25 million.

17. For example, in a September 13, 2012 email, Meadlin claimed to a prospective client that "our current AUM is 25M," and on September 18, 2012 stated to another prospective

client that "we have 25M in AUM currently." On January 30, 2013 Meadlin responded to a prospective client's email inquiry about AUM, by claiming "[w]e currently manage 17.75M; with 5M coming in Feb and another possible 5-10M for March." And on March 2, 2013, in response to a prospective client's email about the current assets in HCQF and managed accounts, Meadlin replied by email that "[m]y other strategy has 17.75MM. Do you have a specific threshold?" These statements were false: As Meadlin knew or recklessly disregarded, Hyaline's AUM never exceeded $5.5 million between September 2012 and April 2013.

18. In addition to materially misrepresenting Hyaline's then-current AUM, Meadlin also made materially false statements concerning anticipated AUM. For example, he drafted and sent an email in November 2012 to one prospective client that stated, "[o]n the asset front, we are currently going through the operational/back office account opening process with two SMAs totaling $15M, we just approved terms for a third last Friday, and are awaiting paperwork from another FoF [Fund of Funds] for $5M which will get us to [approximately] $30M in AUM by the end of the year." These statements, as Meadlin knew or recklessly disregarded, were false.

19. Defendants acted with scienter in making the above material misrepresentations and omissions to prospective investors and clients. Meadlin knew, or recklessly disregarded, that these representations were false.

C. Meadlin Fraudulently Markets His "Quantitative" Trading Strategy.

20. Beginning in January 2013 and continuing to at least June 2014, Meadlin engaged in a fraudulent scheme to induce prospective and actual investors and clients to invest in his purported "quantitative" trading strategy. Meadlin conducted his fraudulent marketing campaign

by sending emails to targeted prospective investors and clients, including funds of funds, pension funds and managed account platforms, the names of which he obtained from a marketing consultant. Some of these emails also included one-page "fact" sheets that also claimed the quantitative trading strategy was conducted through a fund, HCQF. Meadlin also posted similar claims about "HCQF" on subscription hedge fund databases through at least June 2014, and distributed HCQF information to at least one hedge fund placement agent.

21. In these materials, Meadlin:

(A) Touted the existence of HCQF as a Delaware limited partnership and Meadlin as its co-founder, CIO and CEO, and identified outside firms as the administrator, auditor, and legal counsel;

(B) Claimed that Hyaline had acquired and was implementing a "proprietary long/short equity algorithm";

(C) Reported historical performance returns for his "quantitative" strategy on a monthly and annual basis dating back to October 2009, with year-to-date returns that far exceeded market indices. For example, Meadlin touted in his February 2013 email solicitations that he had achieved compounded returns from October 2009 through January 2013 of 307.78%, while the S&P 500 achieved compounded returns for the same period of only 44.47%; and

(D) Claimed in early 2013 that HCQF and its quantitative strategy had an AUM ranging from $2 million to $2.75 million and then, beginning no later than March 2013 and continuing to at least June 2014, claimed AUM of $25 million.

22. As Meadlin knew or recklessly disregarded, each of these claims was materially false, and omitted material facts necessary in order to make those claims not misleading. First, HCQF did not exist, and never had existed – much less had an outside administrator, auditor or legal counsel as sources of independent review, oversight and advice.

23. Second, Meadlin's AUM claims were materially false. Before July 2013, Defendants had no assets under management at all in their purported quantitative trading strategy (fund or otherwise). And even after July 2013, they never managed more than $3.3 million in AUM in the strategy.

24. Third, Meadlin knew or recklessly disregarded that his claims regarding the acquisition or use of a "proprietary long/short equity algorithm" were materially false. Defendants never created, acquired or even had access to any "proprietary" algorithm. Rather, another individual who was not affiliated with Hyaline and had no prior work experience in the securities industry ("Trader A") provided Meadlin in December 2012 with spreadsheets that purported to reflect investment returns dating back to October 2009 as a result of an algorithm Trader A claimed to have created. Despite Meadlin's requests, Trader A never provided or sold the algorithm to Defendants.

25. Meadlin simply appropriated Trader A's purported 39 months of performance data (which he then updated after December 2012 periodically when Trader A sent Meadlin his purported performance) and presented them as his own in the materials he disseminated to clients and prospective investors and clients – but not before he also altered the results for certain months to boost the overall performance data by an average of 20%. And once Meadlin later

succeeded in obtaining client funds for the strategy , Meadlin would depend on Trader A (who, as Meadlin knew, had a criminal record that impeded his ability to market his strategy directly) to provide him with stock picks supposedly generated by the algorithm each month. Meadlin omitted these material facts in his emails, brochures and in his communications with clients and prospective investors and clients.

26. Moreover, as Meadlin also knew or recklessly disregarded, Trader A's historical "performance" figures did not even reflect real performance with actual capital under his management. Rather, they consisted almost entirely of hypothetical "paper" or "demo" trades supposedly tracked by Trader A. From email exchanges with Trader A in January 2013, Meadlin knew that of the 39 months of "historical" data Trader A initially provided Meadlin, Trader A had traded with actual capital for only nine of those months (and in amounts ranging only between $100,000 and $200,000), and for those nine months, Trader A had not even followed the purported algorithm: When Meadlin noted in a January 16, 2013 email to Trader A that the account statements Trader A gave him for those nine months "don't correlate with the numbers that are shown" in his "historic" spreadsheet, Trader A explained that he had departed from the algorithm's parameters in managing those accounts for those months.

27. Meadlin disclosed none of the foregoing material facts to clients or prospective investors and clients, and instead deceived them by providing materials that contained false statements and omitted material information.

28. For example, in an email exchange in February 2013 with a prospective client, Meadlin falsely claimed that actual capital was traded "almost every month" during the 39-month

period used to advertise historical returns. He further claimed that AUM in the strategy peaked at $2 million, and that back-testing had been done on $100 million to prove "scalability." As Meadlin knew or recklessly disregarded, almost none of the historical returns reflected trading with actual capital, his claim of "peak" AUM inflated reality by more than ten times, and no back-testing of the algorithm had been done at all, let alone on $100 million to prove "scalability." Meadlin repeated these materially false claims in an email exchange with another prospective client in February 2013.

29. In a different email exchange with a different prospective client in March 2013 (*see* ¶ 17, supra), Meadlin falsely claimed that his purported quantitative strategy had AUM of $2.75 million, and that his "other strategy" had $17.75 million. The only "other" strategy Defendants had was the Opportunity Fund managed by Meadlin's counterpart, but (as discussed above) it had nowhere near $17.75 million in AUM.

30. These misrepresentations and omissions were material, as Meadlin knew. In an email exchange with Trader A in March 2013, for example, Trader A asked Meadlin whether he thought that the fact that "there isn't enough months to show real capital trading" is the "main hurdle" in getting "the algo funded," to which Meadlin replied "I think that is the main factor. Anything live is better than nothing."

31. Meadlin also concealed his misconduct from his Hyaline counterpart. Meadlin did not disclose his purported "quantitative" strategy or his marketing materials to his counterpart, and falsely assured him that his management of SMAs did not involve the use of Hyaline's name. To ensure that his counterpart did not discover his conduct, Meadlin also

diverted to his personal bank account all management and incentive fees he received from the SMAs he succeeded in inducing clients to let him manage. (*See* Section D, *infr*a.)

32. Defendants acted with scienter in making the above material misrepresentations and omissions to prospective investors and clients.

D. Meadlin Fraudulently Induces Investments From at Least Two Clients.

33. Meadlin's efforts to solicit investors and clients using the false performance and AUM data succeeded in gaining two clients. Investor A, a Chicago-based investment adviser, contacted Defendants after reviewing Meadlin's false claims of HCQF's performance and AUM of $25 million on a hedge fund database in June 2013.

34. In response to Investor A's interest in the quantitative fund, Meadlin told Investor A that they "only trade the quant strategy via SMAs," and after Meadlin explained the transparency and liquidity advantage of SMAs, Investor A agreed to open an SMA account to be managed by Defendants, in July 2013. At that time, Investor A invested approximately $1 million with Defendants, to which he added approximately another $260,000 over the next few months. At no time before Investor A's investment with Defendants did Meadlin disclose that Defendants had no assets under management at all in the "quantitative" strategy and that Investor A would be their first client to invest in the strategy. Nor did Meadlin ever disclose to Investor A that the performance data Meadlin had provided to Investor A reflected "paper" or "demo" trading, or that Defendants had neither created nor acquired the "proprietary" algorithm that purportedly drove the strategy.

35. Similarly, another investor ("Investor C"), located in California, invested $250,000 with Defendants in November 2013, after reading Defendants' fraudulent marketing materials on a hedge fund database, and after Meadlin told Investor C, falsely, that the historical performance reported on the hedge fund database resulted from the quantitative algorithm.

36. On September 26, 2013, Meadlin, while still advising and managing Investor A's SMA, began soliciting Investor A to invest in "a new product we are offering, [HCHL]," which he described as "basically the exact same thing as a separately managed account managed the exact same way but with an [sic] reinsurance wrapper." Meadlin knowingly made material misrepresentations to Investor A concerning HCHL. For example, on September 30, 2013, Investor A sent an email asking "[h]ave you had any recent new investors put big money into the fund?" Meadlin replied by email the same day, "We're moving most of current fund members over to [HCHL]." Meadlin also told Investor A at this time that HCHL had approximately $20 million in AUM. In a subsequent email also dated September 30, 2013, Meadlin also assured Investor A that regardless of what the offering documents for HCHL provided, he could redeem Investor A's investment "in a day."

37. These claims, as Meadlin knew or recklessly disregarded, were materially false. Meadlin had no "fund," nor any other investors, much less any investors who were "moving" to HCHL. Finally, HCHL did not have approximately $20 million in AUM; in fact, it had no AUM prior to Investor A's investment.

38. HCHL, in fact, was a holding company incorporated in Bermuda by Meadlin in June 2013 to conduct reinsurance business through its wholly-owned subsidiary, Hyaline Re, Ltd.

("Hyaline Re"), and to manage Hyaline Re's investment portfolio. Meadlin was HCHL's Chairman, and Hyaline was HCHL's investment manager from June 2013 through at least the end of 2014. As Meadlin knew or recklessly disregarded – but did not to disclose to Investor A – Investor A was HCHL's majority investor, and Investor A and one other investor located in the state of Washington were HCHL's only outside investors.

39. Defendants acted with scienter in making the above material misrepresentations and omissions to Investors A and C. They also fraudulently breached their fiduciary duties owed to Investors A and C, who were each advisory clients of Hyaline and Meadlin through their investments in Hyaline SMAs.

40. By the end of 2013, Investor A had not only liquidated his SMA with Defendants and transferred the assets to HCHL, but added additional funds totaling approximately $1.13 million, to which Investor A added approximately $195,000 more in early 2014.

41. Subsequently in 2014, Investor A began requesting redemption of his investment in HCHL, after Investor A had been informed by HCHL's administrator that its AUM were significantly less than Meadlin had represented to Investor A before its investment – and continued to misrepresent to Investor A in 2014. Meadlin simultaneously stalled in redeeming Investor A's investment for approximately two years, resulting in substantial losses to Investor A.

42. Meadlin and Hyaline received more than $150,000 in management and incentive fees directly and indirectly from Investors A and C as a result of fraudulently inducing them to invest in Hyaline SMAs and HCHL.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act
(Both Defendants)

43. The Commission realleges and incorporates by reference as if fully set forth herein paragraphs 1 through 42 of this Complaint.

44. Defendants, in the offer or sale of securities, knowingly, recklessly, or negligently, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly:

(a) employed devices, schemes or artifices to defraud;

(b) obtained money or property by means of untrue statements of material facts, or 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/or

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

45. By engaging in the foregoing conduct, Defendants violated and, unless restrained and enjoined, will continue violating Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF

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

46. The Commission realleges and incorporates by reference as if fully set forth herein paragraphs 1 through 42 of this Complaint.

47. By engaging in the conduct described above, Defendants knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails, or the facilities of a national securities exchange:

(a) employed devices, schemes, or artifices to defraud;

(b) 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; and/or

(c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

48. By engaging in the foregoing conduct, Defendants violated and, unless restrained and enjoined, will continue violating 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.

THIRD CLAIM FOR RELIEF
Violations of Sections 206(1) and 206(2) of the Advisers Act
(Both Defendants)

49. The Commission realleges and incorporates by reference as if fully set forth herein paragraphs 1 through 42 of this Complaint.

50. Defendants, directly or indirectly, knowingly, recklessly or negligently, by use of the mails or any means or instrumentality of interstate commerce, while acting as investment advisers within the meaning of Section 202(11) of the Advisers Act [15 U.S.C. § 80b-2(11)], have: (a) employed devices, schemes, and artifices to defraud a client or prospective client;

and/or (b) engaged in transactions, practices, or courses of business which operate as a fraud or deceit upon a client or prospective client.

51. Defendants knew or were reckless in not knowing of the activities described herein.

52. By reason of the foregoing, Defendants have each violated, and unless restrained and enjoined, will continue violating, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

FOURTH CLAIM FOR RELIEF
Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder
(Both Defendants)

53. The Commission realleges and incorporates by reference as if fully set forth herein paragraphs 1 through 42 of this Complaint.

54. Defendants, while acting as investment advisers to a pooled investment vehicle, by the use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly, knowingly, recklessly or negligently, have engaged in transactions, practices, and courses of business which operate or operated as a fraud or deceit upon the investors in the pooled investment vehicle. Defendants knowingly, recklessly or negligently made untrue statements of material facts and omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, to investors or prospective investors in a pooled investment vehicle.

55. By reason of the foregoing, Defendants violated and, unless restrained and enjoined, will continue violating Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)], and

Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

FIFTH CLAIM FOR RELIEF
Violations of Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(5) Thereunder (Hyaline)

56. The Commission realleges and incorporates by reference as if fully set forth herein paragraphs 1 through 42 of this Complaint.

57. Hyaline, while a registered investment adviser under Section 203 of the Advisers Act, directly or indirectly, published, circulated and distributed advertisements that contained untrue, false and misleading statements of material fact.

58. By reason of the foregoing, Hyaline violated and, unless restrained and enjoined, will continue violating, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)], and Rule 206(4)-1(a)(5) thereunder [17 C.F.R. § 275.206(4)-1(a)(5)].

SIXTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(5) Thereunder (Meadlin)

59. The Commission realleges and incorporates by reference as if fully set forth herein paragraphs 1 through 42 of this Complaint.

60. Meadlin knowingly or recklessly provided substantial assistance to Hyaline's violations of Rule 206(4)-1(a)(5) above.

61. By reason of the foregoing, Meadlin aided and abetted, and unless restrained and enjoined, will continue aiding and abetting, Hyaline's violations of Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)], and Rule 206(4)-1(a)(5) thereunder [17 C.F.R. § 275.206(4)-1(a)(5)].

RELIEF SOUGHT

WHEREFORE, the Commission respectfully requests that the Court grant the following relief:

I.

A Final Judgment finding that the Defendants violated the securities laws and rules promulgated thereunder as alleged against them herein;

II.

A Final Judgment permanently, restraining and enjoining the Defendants and their officers, agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from committing violations and future violations of each of the securities laws and rules promulgated thereunder;

III.

A Final Judgment directing the Defendants to disgorge their ill-gotten gains, plus prejudgment interest thereon;

IV.

A Final Judgment directing Defendants to pay civil money penalties 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 Sections 209(e) and 209(f) [15 U.S.C. §§ 80b-9(e) and 80b-9(f)] of the Advisers Act; and

V.

Such other and further relief the Court deems just and proper.

Dated: April 17, 2017
New York, New York

SECURITIES AND EXCHANGE COMMISSION

By: _____
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Regional Director

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