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10  
11 **UNITED STATES DISTRICT COURT**  
12 **CENTRAL DISTRICT OF CALIFORNIA**

13  
14 **SECURITIES AND EXCHANGE**  
15 **COMMISSION,**

16 **Plaintiff,**

17 **vs.**

18 **ROBERT HODDES JACOBS,**

19 **Defendant.**  
20  
21

Case No.

**COMPLAINT**

**DEMAND FOR JURY TRIAL**

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

24 **JURISDICTION AND VENUE**

25 1. This Court has jurisdiction over this action pursuant to Sections 20(b)  
26 and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b), and  
27 77v(a)] and Sections 21(d), 21(e), 21A, and 27 of the Securities Exchange Act of  
28 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d), 78u(e), 78u-1, and 78aa].



1 a duty of trust and confidence that Jacobs owed to his former colleague or in breach  
2 of a duty of trust and confidence that Jacobs owed to a public company client of  
3 Jacobs Consulting and that client's shareholders.

4 8. Jacobs conducted his illicit trading in brokerage accounts in his name, as  
5 well as in brokerage accounts held in the name of his wife, in the name of one of his  
6 sons, and in the name of his brother.

7 9. By engaging in the conduct described above, Jacobs violated  
8 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the  
9 Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5]  
10 promulgated thereunder, and unless enjoined will continue to engage in transactions,  
11 acts, practices, and courses of business similar to those alleged in this complaint.

12 10. Pursuant to Sections 20(b) and 20(e) of the Securities Act [15 U.S.C.  
13 §§ 77t(b) and 77t(e)] and Sections 21(d), 21(e), and 21A of the Exchange Act  
14 [15 U.S.C. §§ 78u(d), 78u(e), and 78u-1], the Commission seeks a final judgment  
15 enjoining Defendant from future violations, barring Defendant from serving as an  
16 officer or director of a public company, and ordering the imposition of a civil money  
17 penalty against Defendant.

18 **DEFENDANT**

19 11. Defendant Robert Hoddes Jacobs, age 68, is a United States citizen and  
20 presently resides in Redding, California. From at least April 2016 to June 2018,  
21 Jacobs resided in Pacific Palisades, California, within this judicial District.

22 **RELEVANT ENTITIES**

23 12. Bel Fuse, Inc. is a New Jersey corporation headquartered in Jersey City,  
24 New Jersey. Bel Fuse manufactures and designs electronic components, including  
25 connectors, integrated connector modules, cable assemblies, aviation spares, liner  
26 transformers, and power line products. During the relevant time, Bel Fuse's common  
27 stock was registered with the Commission pursuant to Section 12(b) of the Exchange  
28 Act [15 U.S.C. § 78l(b)] and was listed on the NASDAQ Stock Market, LLC under

1 the symbols “BELFA” and “BELFB.”

2 13. American Shared Hospital Services (“ASHS”) is a California  
3 corporation headquartered in San Francisco, California. ASHS provides stereotactic  
4 radiosurgery services, finances medical technology, and leases medical equipment to  
5 hospitals and medical centers. During the relevant time, ASHS’ common stock was  
6 registered with the Commission pursuant to Section 12(b) of the Exchange Act  
7 [15 U.S.C. § 78l(b)] and traded on the NYSE American stock exchange under the  
8 symbol “AMS.”

9 14. RF Industries, Ltd. (“RF Industries”) is a Nevada corporation  
10 headquartered in San Diego, California. RF Industries designs and manufactures  
11 communication components, cable assemblies, jumpers, and wiring harnesses.  
12 During the relevant time, RF Industries’ common stock was registered with the  
13 Commission pursuant to Section 12(b) of the Exchange Act [15 U.S.C. § 78l(b)] and  
14 was listed on the NASDAQ Stock Market, LLC under the symbol “RFIL.”

15 15. Jacobs Consulting Corporation is a one-person public relations firm  
16 started by Jacobs in 2012. During the relevant time, it provided financial public  
17 relations services to certain public company clients, including RF Industries.

18 **FACTUAL ALLEGATIONS**

19 16. For several years, Jacobs worked with a colleague at a small investor  
20 relations firm, where they performed financial public relations work for various  
21 companies. Their work included assisting public companies with drafting earnings  
22 releases and preparing accompanying financial results tables that the companies  
23 would then use to announce their financial results. As a consequence, Jacobs and his  
24 colleague were regularly in possession of companies’ financial results before the  
25 results were disclosed to the public.

26 17. Accordingly, in connection with their financial public relations work,  
27 Jacobs and his colleague regularly and necessarily shared confidential, nonpublic  
28 information. In sharing such information, they engaged in a history, practice, and

1 pattern of sharing confidential information, such that Jacobs knew or reasonably  
2 should have known that when his colleague communicated the material, nonpublic  
3 information he expected Jacobs to maintain its confidentiality.

4 18. In 2012, Jacobs left the firm and started his own, one-man investor  
5 relations firm, Jacobs Consulting. Nevertheless, from time to time he continued to do  
6 financial public relations work for his former colleague, as a “for fee” consultant,  
7 including assisting his former colleague with preparing earnings releases and related  
8 documents for public companies to use to announce their financial results.

9 19. As a consequence, Jacobs and his colleague continued to regularly be in  
10 possession of public companies’ material, nonpublic information, including the  
11 companies’ financial results, before the information was disclosed to the public, and  
12 Jacobs and his former colleague continued their history, pattern, and practice of  
13 sharing material, nonpublic information.

14 20. Between at least February 2016 and March 2018, Jacobs, with scienter,  
15 and on the basis of material, nonpublic information, repeatedly traded in the securities  
16 of public companies that were clients of his former colleague’s investor relations firm  
17 or of Jacobs Consulting. At times, as alleged below, Jacobs received the material,  
18 nonpublic information from his former colleague, in order to assist his former  
19 colleague with his public financial relations work, and in those instances Jacobs  
20 traded in breach of a duty of trust or confidence Jacobs owed to his former colleague.  
21 At other times, as alleged below, Jacobs received the material, nonpublic information  
22 from a public company client of Jacobs Consulting, in order to provide the company  
23 with financial relations work, and Jacobs then traded in breach of a duty of trust and  
24 confidence that he owed to the public company client and to its shareholders.

### 25 **Jacobs’ Specific Violative Trading**

26 21. On February 4, 2016, Jacobs’ former colleague emailed Jacobs a  
27 nonpublic draft forecast of Bel Fuse’s results for its fiscal fourth quarter of 2015, so  
28 that Jacobs could assist his former colleague in preparing a Bel Fuse earnings release.

1 The forecast contained material and negative news about Bel Fuse, including that Bel  
2 Fuse had net sales of \$135.4 million for the quarter, compared to net sales of \$148.7  
3 million in the same quarter the previous year.

4 22. Jacobs assisted his former colleague in preparing the earnings release,  
5 and, on February 5, 2016, Jacobs sent the release directly to a Bel Fuse executive.

6 23. On February 17, 2016, Jacobs sold an aggregate of 2,000 shares of Bel  
7 Fuse common stock in a brokerage account held in the name of his wife.

8 24. At the time he sold the Bel Fuse common stock, Jacobs knew, was  
9 reckless in not knowing, or consciously avoided knowing, that the Bel Fuse  
10 information that he had received from his former colleague to assist him in his work  
11 was material, nonpublic information and that trading on the basis of that information  
12 breached a duty of trust and confidence that Jacobs owed to his former colleague.

13 25. On February 18, 2016, Bel Fuse released its earnings results, and its  
14 stock price decreased approximately 7 percent from the previous day's close, closing  
15 at \$14.06 per share.

16 26. Jacobs' unlawful sale of Bel Fuse common stock on February 17, 2016  
17 resulted in losses avoided of approximately \$2,300.

18 27. On February 23, 2016, RF Industries' Chief Financial Officer ("CFO")  
19 sent Jacobs an e-mail asking Jacobs for feedback and assistance in preparing the  
20 company's earnings release for the first quarter of 2016.

21 28. Jacobs had a long-standing relationship with RF Industries. The  
22 company had been a client of the small financial public relations firm where Jacobs  
23 had worked with his colleague, and, during the time that Jacobs worked there, Jacobs  
24 did financial public relations work for RF Industries. Also, RF Industries' Chief  
25 Executive Officer at the time was a friend of Jacobs, and, from 1997 to 2010, Jacobs  
26 served on the company's board of directors.

27 29. When Jacobs started Jacobs Consulting in 2012, RF Industries became a  
28 client of his new firm. Jacobs Consulting contracted with RF Industries, to, among

1 other things, provide “assistance with the writing and dissemination of financial press  
2 releases.” The contract recognized the confidential, material, and nonpublic nature of  
3 the company’s information that Jacobs would receive in connection with that  
4 assistance, providing that Jacobs Consulting “agrees not to release any information on  
5 behalf of, or otherwise concerning, [RF Industries] until such information has been  
6 reviewed and approved by [the company’s] president or other corporate officer  
7 designated by the president.” Jacobs executed the contract as “President, Jacobs  
8 Consulting.”

9 30. The February 23, 2016, email to Jacobs from the RF Industries CFO  
10 attached a nonpublic draft forecast of the company’s earnings results for the first  
11 quarter of 2016 containing material and negative news, including that the company  
12 had a net loss of \$500,000 (or 5 cents per share) for the quarter, compared to net  
13 income of \$265,000 (or 3 cents per share) in the same quarter of the previous year.

14 31. Jacobs drafted a release based on this material, nonpublic information  
15 and sent it to the CFO via email on February 29, 2016.

16 32. Between March 2, 2016 and March 15, 2016, on the basis of the  
17 material, nonpublic information that he had received from the company, Jacobs sold  
18 an aggregate of 11,757 shares of RF Industries common stock in a brokerage account  
19 held in his name and in a brokerage account held in the name of his wife. The sales  
20 completely liquidated the RF Industries equity position in Jacobs’ wife’s account.

21 33. Jacobs owed a duty of trust and confidence to RF Industries and to its  
22 shareholders to use the information provided to him only for the company’s corporate  
23 purposes and not for his own benefit.

24 34. At the time he sold the RF Industries common stock, Jacobs knew, was  
25 reckless in not knowing, or consciously avoided knowing, that the information he  
26 possessed regarding RF Industries’ financial results was material, nonpublic  
27 information and that trading on the basis of that information breached a duty of trust  
28 and confidence that he owed to RF Industries and to its shareholders.

1           35. On March 21, 2016, RF Industries released its earnings results. The  
2 company's stock price decreased approximately 13.4 percent from the previous day's  
3 close, closing at \$3.03 per share.

4           36. Jacobs' illicit sales of RF Industries common stock from March 2, 2016  
5 to March 15, 2016 resulted in aggregate losses avoided of approximately \$12,500.

6           37. On March 7, 2016, Jacobs' former colleague emailed Jacobs ASHS'  
7 nonpublic earnings results for its fiscal fourth quarter of 2015, so that Jacobs could  
8 assist his former colleague in preparing an ASHS earnings release. The results  
9 contained in the email were material and positive, including that ASHS had net  
10 income of \$277,000 (or 5 cents per share) for the quarter, compared to net income of  
11 \$58,000 (or 1 cent per share) in the same quarter the previous year.

12           38. In his email, Jacobs' former colleague stated: "Not too bad in Q4."

13           39. Jacobs assisted his former colleague with preparing the ASHS earnings  
14 release, including making arrangements for an earnings call. Jacobs' former  
15 colleague sent the draft earnings release to ASHS' Controller via email on March 8,  
16 2016.

17           40. On March 28, 2016 on the basis of the material, nonpublic information  
18 that he had received from his former colleague, Jacobs purchased an aggregate of  
19 1,500 shares of ASHS common stock in a brokerage account held in the name of his  
20 wife.

21           41. At the time he traded, Jacobs knew, was reckless in not knowing, or  
22 consciously avoided knowing, that the information regarding ASHS' financial results  
23 was material, nonpublic information that he had received from his former colleague  
24 to assist his former colleague in his work and that trading on the basis of that  
25 information breached a duty of trust and confidence that Jacobs owed to his former  
26 colleague.

27           42. On March 29, 2016, ASHS released its earnings results. ASHS' stock  
28 price increased approximately 10.6 percent from the previous day's close, closing at



1 \$2.19 per share.

2 43. Jacobs' unlawful purchase of ASHS common stock on March 28, 2016  
3 resulted in profits gained of approximately \$300.

4 44. On July 23, 2016, Jacobs' former colleague sent Jacobs an email that  
5 contained a draft of ASHS' nonpublic earnings results for its fiscal second quarter of  
6 2016, so that Jacobs could assist his former colleague in preparing an ASHS earnings  
7 release. The earnings results contained material and positive news about ASHS,  
8 including that ASHS had net income of \$93,000 (or 2 cents per share) for the quarter,  
9 compared to a net loss of \$1,970,000 (or 36 cents per share) in the same quarter the  
10 previous year.

11 45. Jacobs assisted in preparing an ASHS earnings release and  
12 accompanying financial results tables, and on August 9, 2016, Jacobs emailed the  
13 release and accompanying tables directly to ASHS' Controller.

14 46. Between July 28, 2016 and August 9, 2016, on the basis of the material,  
15 nonpublic information that he had received from his former colleague, Jacobs  
16 purchased an aggregate of 31,738 shares of ASHS common stock in a brokerage  
17 account held jointly with his wife and in a brokerage account held in his wife's name.

18 47. At the time he traded, Jacobs knew, was reckless in not knowing, or  
19 consciously avoided knowing, that the information he received from his former  
20 colleague to assist him in his ASHS work was material, nonpublic information and  
21 that trading on the basis of that information breached a duty of trust and confidence  
22 that he owed to his former colleague.

23 48. On August 10, 2016, ASHS released its earnings results. ASHS' stock  
24 price increased approximately 8.2 percent from the previous day's close, closing at  
25 \$2.90 per share.

26 49. Jacobs' unlawful purchases of ASHS common stock between July 28,  
27 2016 and August 9, 2016 resulted in aggregate profits gained of approximately  
28 \$2,000.

1           50. On October 26, 2016, Jacobs' former colleague sent Jacobs an email that  
2 contained a draft of ASHS' nonpublic earnings results for its fiscal third quarter of  
3 2016, so that Jacobs could prepare financial results tables to accompany an earnings  
4 release drafted by his former colleague. The draft earnings results contained material  
5 and positive news about ASHS, including that ASHS had net income of \$334,000 (or  
6 6 cents per share) for the quarter, compared to net income of \$43,000 (or 1 cent per  
7 share) in the same quarter the previous year.

8           51. Jacobs prepared the financial results tables and sent them to his former  
9 colleague. Jacobs' former colleague then sent the release and accompanying  
10 financial results tables to ASHS on October 27, 2016.

11           52. On November 1, 2016 on the basis of the material, nonpublic  
12 information that he had received from his former colleague, Jacobs purchased an  
13 aggregate of 200 shares of ASHS common stock in a brokerage account held jointly  
14 with his wife.

15           53. At the time he traded, Jacobs knew, was reckless in not knowing, or  
16 consciously avoided knowing, that the information that he received from his former  
17 colleague regarding ASHS' financial results was material, nonpublic information and  
18 that trading on the basis of that information breached a duty of trust and confidence  
19 that he owed to his former colleague.

20           54. On November 10, 2016, ASHS released its earnings results. ASHS'  
21 stock price increased approximately 15.8 percent from the previous day's close,  
22 closing at \$3.30 per share.

23           55. Jacobs' unlawful purchase of ASHS common stock on November 1,  
24 2016 resulted in profits gained of approximately \$100.

25           56. On February 28, 2017, the CFO of RF Industries sent Jacobs an email  
26 that contained a nonpublic draft quarterly Report on Form 10-Q for the company's  
27 fiscal first quarter of 2017. In the email, the CFO asked Jacobs to draft an earnings  
28 release for that quarter. The draft quarterly Report on Form 10-Q contained material

1 and positive news about RF Industries, including that the company had a net loss of  
2 \$194,000 (or 2 cents per share) for the quarter, compared to a net loss of \$265,000 (or  
3 4 cents per share) in the same quarter the previous year.

4 57. Jacobs drafted a release regarding the company's earnings, and on  
5 March 2, 2017, Jacobs sent the release to the CFO via email.

6 58. On March 6, 2017, on the basis of the material, nonpublic information  
7 that he had received from the company, Jacobs purchased 4000 shares of RF  
8 Industries common stock in a brokerage account held in the name of his brother.

9 59. At the time he traded, Jacobs knew, was reckless in not knowing, or  
10 consciously avoided knowing, that the information regarding RF Industries' financial  
11 results was material, nonpublic information and that trading on the basis of that  
12 information breached a duty of trust and confidence that he owed to RF Industries  
13 and to its shareholders.

14 60. On March 15, 2017, RF Industries released its earnings results. The  
15 company's stock price increased by approximately 10.3 percent from the previous  
16 day's close, closing at \$1.60 per share.

17 61. Jacobs' unlawful purchase of RF Industries shares on March 6, 2017  
18 resulted in profits gained of approximately \$450.

19 62. On April 26, 2017, Jacobs' former colleague received an email from  
20 ASHS that contained a nonpublic draft of ASHS' earnings results for its first fiscal  
21 quarter of 2017, so that Jacobs' former colleague could assist ASHS in preparing an  
22 earnings release. Jacobs' former colleague sent the draft earnings results to Jacobs  
23 via email that same day, so that Jacobs could assist his former colleague by preparing  
24 financial tables to accompany the earnings release. The draft earnings results  
25 contained material and negative news about ASHS, including that revenue from the  
26 company's Gamma Knife product was \$3,619,000 in the first quarter of 2017,  
27 compared to \$4,125,000 in the same quarter the previous year.

28 63. In his email, Jacobs' former colleague stated: "OK, but I had hoped for

1 better. Evidently the loss of that one [Gamma Knife] machine made a huge  
2 difference.”

3 64. Jacobs prepared financial results tables to accompany the earnings  
4 release. Jacobs’ former colleague then sent the earnings release and accompanying  
5 financial tables to ASHS via email on April 28, 2017.

6 65. On May 1, 2017, on the basis of the material, nonpublic information that  
7 he received from his former colleague, Jacobs sold 3000 shares of ASHS common  
8 stock in a brokerage account held jointly with his wife.

9 66. At the time he traded, Jacobs knew, was reckless in not knowing, or  
10 consciously avoided knowing, that the information he received from his former  
11 colleague regarding ASHS’ financial results was material, nonpublic information and  
12 that trading on the basis of that information breached a duty of trust and confidence  
13 that he owed to his former colleague.

14 67. On May 15, 2017, ASHS released its earnings results. ASHS’ stock  
15 price decreased approximately 13 percent from the previous day’s close, closing at  
16 \$3.85 per share.

17 68. Jacobs’ unlawful sale of ASHS shares on May 1, 2017 resulted in losses  
18 avoided of approximately \$1800.

19 69. On July 26, 2017, Jacobs’ former colleague received an email from  
20 ASHS that contained ASHS’ nonpublic financial earnings results for its second fiscal  
21 quarter of 2017, so that Jacobs’ former colleague could assist the company in  
22 preparing an earnings release. The earnings results contained material and negative  
23 news about ASHS, including that ASHS had net income of \$42,000 (or 1 cent per  
24 share) for the quarter, compared to net income of \$93,000 (or 2 cents per share) in the  
25 same quarter the previous year.

26 70. Jacobs’ former colleague sent the results to Jacobs via email that same  
27 day, so that Jacobs could prepare financial tables to accompany the ASHS earnings  
28 release. In that email, Jacobs’ former colleague stated: “I told them that these results

1 will be considered disappointing, down from Q1 and from Q4 – despite higher  
2 revenue.” On July 27, 2017, Jacobs responded to his former colleague via email,  
3 stating, “Definitely disappointing. Yes, the stock will take a hit.”

4 71. Jacobs prepared financial tables to accompany an ASHS earnings release  
5 for the quarter. Jacobs’ former colleague sent the release and accompanying financial  
6 tables to ASHS via email on July 28, 2017.

7 72. On July 31, 2017, on the basis of the material, nonpublic information  
8 that he had received from the company, Jacobs sold an aggregate of 1000 shares of  
9 ASHS common stock in a brokerage account held in the name of his brother.

10 73. At the time he traded, Jacobs knew, was reckless in not knowing, or  
11 consciously avoided knowing, that the information he had received from his former  
12 colleague regarding ASHS’ financial results was material, nonpublic information and  
13 that trading on the basis of that information breached a duty of trust and confidence  
14 that he owed to his former colleague.

15 74. On August 10, 2017, ASHS released its earnings results. ASHS’ stock  
16 price decreased approximately 9 percent from the previous day’s close, closing at  
17 \$3.05 per share.

18 75. Jacobs’ unlawful sale of ASHS shares on July 31, 2017 resulted in losses  
19 avoided of approximately \$700.

20 76. On August 29, 2017, Jacobs received an email from RF Industries’ CFO  
21 that contained a nonpublic draft quarterly Report on Form 10-Q for the company’s  
22 fiscal third quarter of 2017 and that asked Jacobs to prepare an earnings release for  
23 that quarter. The draft quarterly Report on Form 10-Q contained material and  
24 positive news about RF Industries, including that the company had net income of  
25 \$192,000 (or 2 cents per share) for the quarter, compared to a net loss of \$597,000 (or  
26 7 cents per share) in the same quarter the previous year. Jacobs drafted a release, and  
27 on August 31, 2017, he sent the release to the RF Industries CFO.

28 77. On September 11, 2017, on the basis of the material, nonpublic

1 information that he had received from the company, Jacobs purchased 2500 shares of  
2 RF Industries common stock in a brokerage account held for the benefit of one of his  
3 minor sons.

4 78. At the time he traded, Jacobs knew, was reckless in not knowing, or  
5 consciously avoided knowing, that the information regarding RF Industries' financial  
6 results was material, nonpublic information and that trading on the basis of that  
7 information breached a duty of trust and confidence that he owed to RF Industries  
8 and to its shareholders.

9 79. On September 12, 2017, RF Industries released its quarterly earnings  
10 results. The company's stock price increased approximately 14.3 percent from the  
11 previous day's close, closing at \$2.00 per share.

12 80. Jacobs' unlawful purchase of RF Industries common stock on  
13 September 11, 2017 resulted in profits gained of approximately \$450.

14 81. On October 30, 2017, Jacobs' former colleague received an email from  
15 ASHS that contained a nonpublic draft of ASHS' earnings results for its fiscal third  
16 quarter of 2017, so that Jacobs' former colleague could prepare an ASHS earnings  
17 release. Jacobs' former colleague sent the draft results on to Jacobs via email that  
18 same day, so that Jacobs could prepare financial results tables to accompany the  
19 release. The draft earnings results contained material and negative news about  
20 ASHS, including that ASHS had net income of \$99,000 (or 2 cents per share) for the  
21 quarter, compared to net income of \$334,000 (or 6 cents per share) in the same  
22 quarter the previous year.

23 82. In his email, Jacobs' former colleague stated: "[H]orrible. [Company  
24 executive] tells me that proton was doing about 15 fractions a day in Q3, but this has  
25 improved to 25 a day so far in Q4. Still we've completely run out of steam as far as  
26 our story is concerned, and there is nothing new to report re additional proton  
27 systems. And presumably better Q4 won't be announced till March! To coin a phrase:  
28 sad." Jacobs responded with a one-word email: "OUCH!"

1           83.     Jacobs prepared the financial results tables to accompany the ASHS  
2 earnings release. Jacobs' former colleague then sent the release and accompanying  
3 tables to ASHS via email on November 2, 2017.

4           84.     Between November 7, 2017 and November 8, 2017, on the basis of the  
5 material, nonpublic information that he had received from his former colleague,  
6 Jacobs sold 3000 shares of ASHS common stock in a brokerage account held jointly  
7 with his wife.

8           85.     At the time he traded, Jacobs knew, was reckless in not knowing, or  
9 consciously avoided knowing, that the information that he received from his former  
10 colleague regarding ASHS' financial results was material, nonpublic information and  
11 that trading on the basis of that information breached a duty of trust and confidence  
12 that he owed to his former colleague.

13           86.     On November 13, 2017, ASHS released its earnings results. ASHS'  
14 stock price decreased approximately 6.7 percent from the previous day's close,  
15 closing at \$2.80 per share.

16           87.     Jacobs' unlawful sale of ASHS shares between November 7, 2017 and  
17 November 8, 2017 resulted in losses avoided of approximately \$600.

18           88.     On February 26, 2018, Jacobs received an email from RF Industries'  
19 CFO that contained a nonpublic draft quarterly Report on Form 10-Q for the  
20 company's fiscal first quarter of 2018 and that was intended to assist Jacobs in the  
21 preparation of an RF Industries earnings release for that quarter. The draft quarterly  
22 Report on Form 10-Q contained material and positive news for RF Industries,  
23 including that the company had net income of \$454,000 (or 5 cents per share) for the  
24 quarter, compared to a net loss of \$194,000 (or 3 cents per share) in the same quarter  
25 the previous year.

26           89.     Jacobs drafted an earnings release for the quarter, and on February 28,  
27 2018, he emailed the release to RF Industries' CFO.

28           90.     Between February 26, 2018 and March 1, 2018, on the basis of the

1 material, nonpublic information that he had received from the company, Jacobs  
2 purchased an aggregate of 23,500 shares of RF Industries common stock in a  
3 brokerage account held in his name, in a brokerage account held jointly with his wife,  
4 and in a brokerage account held in the name of his wife.

5 91. At the time he traded, Jacobs knew, was reckless in not knowing, or  
6 consciously avoided knowing, that the information he had received from RF  
7 Industries regarding its financial results was material, nonpublic information and that  
8 trading on the basis of that information breached a duty of trust and confidence that  
9 he owed to RF Industries and to its shareholders.

10 92. On March 14, 2018, RF Industries released its earnings results. The  
11 company's stock price increased approximately 37.7 percent from the previous day's  
12 close, closing at \$4.75 per share.

13 93. Jacobs' unlawful purchases of RF Industries common stock between  
14 February 26, 2018 and March 1, 2018 resulted in profits gained of approximately  
15 \$39,500.

## 16 **FIRST CLAIM FOR RELIEF**

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

18 94. The SEC realleges and incorporates by reference paragraphs 1 through  
19 93 above.

20 95. When Jacobs sold securities, as set forth above, on the basis of material,  
21 nonpublic information that he had received from his former colleague as part of their  
22 history, pattern, and practice of sharing confidences, he knew, recklessly disregarded,  
23 or consciously avoided knowing that he was in possession of material, nonpublic  
24 information, and that he owed a duty of trust and confidence to his former colleague  
25 not to misappropriate the information for his own benefit.

26 96. When Jacobs sold RF Industries common stock, as set forth above, on  
27 the basis of material, nonpublic information that he had received from RF Industries  
28 for the purpose of assisting that company with its financial reporting and public



1 relations, he knew, recklessly disregarded, or consciously avoided knowing that he  
2 was in possession of material, nonpublic information, and that he owed a duty of trust  
3 and confidence to RF Industries and to its shareholders not to use the information for  
4 his own benefit.

5 97. By engaging in the conduct described above, Jacobs, in the offer or sale  
6 of securities, by the use of means or instruments of transportation or communication  
7 in interstate commerce or by use of the mails, directly or indirectly, employed  
8 devices, schemes, or artifices to defraud.

9 98. Jacobs acted with scienter.

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

## 12 **SECOND CLAIM FOR RELIEF**

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

14 100. The SEC realleges and incorporates by reference paragraphs 1 through  
15 93 above.

16 101. When Jacobs traded securities, as set forth above, on the basis of  
17 material, nonpublic information that he had received from his former colleague as  
18 part of their history, pattern, and practice of sharing confidences, he knew, recklessly  
19 disregarded, or consciously avoided knowing that he was in possession of material,  
20 nonpublic information, and that he owed a duty of trust and confidence to his former  
21 colleague not to misappropriate the information for his own benefit.

22 102. When Jacobs traded RF Industries common stock, as set forth above, on  
23 the basis of material, nonpublic information that he had received from RF Industries  
24 for the purpose of assisting that company with its financial reporting and public  
25 relations, he knew, recklessly disregarded, or consciously avoided knowing that he  
26 was in possession of material, nonpublic information and that he owed a duty of trust  
27 and confidence to RF Industries and to its shareholders not to use the information for  
28 his own benefit.



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V.

Retain jurisdiction of this action in accordance with the principles 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 such other and further relief as this Court may determine to be just and necessary.

Dated: September 21, 2020

**DEMAND FOR JURY TRIAL**

Plaintiff hereby demands a jury trial.

/s/Amy J. Longo

Dean M. Conway (*pro hac vice motion pending*)

Amy J. Longo (Cal. Bar No. 198304)

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# Complaints and Other Initiating Documents

[2:20-cv-08604 Securities and Exchange Commission v. Jacobs](#)

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

## Notice of Electronic Filing

The following transaction was entered by Longo, Amy on 9/21/2020 at 6:37 AM PDT and filed on 9/21/2020

**Case Name:** Securities and Exchange Commission v. Jacobs

**Case Number:** [2:20-cv-08604](#)

**Filer:** Securities and Exchange Commission

**Document Number:** [1](#)

### Docket Text:

**COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attorney Amy J Longo added to party Securities and Exchange Commission(pty:pla))(Longo, Amy)**

**2:20-cv-08604 Notice has been electronically mailed to:**

Amy J Longo longoa@sec.gov, irwinma@sec.gov, kassabguir@sec.gov, LAROFiling@sec.gov

**2:20-cv-08604 Notice has been delivered by First Class U. S. Mail or by other means BY THE FILER to :**

The following document(s) are associated with this transaction:

**Document description:**Main Document

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8834c61ef292c8109de3d571e823360ed9ed81260a36d410809b49fba7698]]