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**UNITED STATES DISTRICT COURT**  
**EASTERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**-against-**

**SHIMON ROSENFELD, ESQ.,**

**Defendant.**

**COMPLAINT**

**21 Civ. \_\_\_\_\_ ( )**

**JURY TRIAL DEMANDED**

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendant Shimon Rosenfeld, Esq. (“Rosenfeld”), alleges as follows:

**SUMMARY**

1. Between May 2014 and March 2018, Rosenfeld defrauded at least five investors of approximately \$6 million by lying to them when soliciting their investments, and then misappropriating investor funds for personal securities trading.

2. Rosenfeld told investors that he would use their funds to invest in real estate. Specifically, Rosenfeld said that he would pool their investment funds and use those funds to purchase and then resell real estate properties for a profit.

3. In reality, Rosenfeld did not use any investor funds for real estate. Instead, Rosenfeld transferred most of the funds to his personal brokerage account and used them to trade securities. His securities trading was unsuccessful, and he lost everything.

4. In total, Rosenfeld obtained approximately \$7 million from investors through his lies. While Rosenfeld returned approximately \$1 million to investors, he lost the remaining funds through his undisclosed and unsuccessful securities trading.

### **VIOLATIONS**

5. By virtue of the foregoing conduct and as alleged further herein, Defendant Rosenfeld has violated Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 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].

6. Unless Defendant is restrained and enjoined, he will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

### **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

7. The Commission brings this action pursuant to the authority conferred upon it by Securities Act Sections 20(b) and 20(d) [15 U.S.C. §§ 77t(b) and 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)].

8. The Commission seeks a final judgment: (a) permanently enjoining Defendant from violating the federal securities laws this Complaint alleges he has violated; (b) ordering

Defendant to disgorge all ill-gotten gains and/or unjust enrichment received as a result of the violations alleged here and to pay prejudgment interest thereon, pursuant to Exchange Act Sections 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)]; (c) ordering Defendant to pay civil money penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and (d) ordering any other and further relief the Court may deem just and proper.

### **JURISDICTION AND VENUE**

9. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa].

10. Defendant, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

11. Venue lies in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa]. Defendant may be found in, is an inhabitant of, or transacts business in the Eastern District of New York, and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District, including Rosenfeld's solicitation of investments.

### **DEFENDANT**

12. **Rosenfeld**, age 59, is a resident of Brooklyn, New York. He is an attorney admitted to practice law in New York. On January 25, 2021, Rosenfeld was charged in a criminal complaint involving the same underlying facts as alleged in this complaint. *United States v. Rosenfeld*, 21-cr-236 (KAM) (E.D.N.Y.) ("Criminal Action"). On May 20, 2021, Rosenfeld pled guilty to one count of wire fraud in the Criminal Action. He is currently

scheduled to be sentenced in the Criminal Action in November 2021.

## FACTS

### **I. ROSENFELD DEFRAUDS INVESTORS OF APPROXIMATELY \$6 MILLION**

13. Between May 2014 and March 2018, Rosenfeld solicited investments totaling approximately \$7 million from at least five individuals.

14. According to the investors, who were all friends of Rosenfeld at the time they invested with him, Rosenfeld offered investments in which he would pool their funds to purchase and then resell real estate for a profit.

15. The investments Rosenfeld offered to the investors qualified as investment contracts and, therefore, were securities.

16. Among other things, Rosenfeld told investors: that their funds would be placed into escrow; the investments were 100% safe; and that the real estate transactions would close within three-to-six months.

17. Rosenfeld also told investors that profits from the resale of the properties would be split between Rosenfeld and the investors.

18. Rosenfeld further told investors that they would receive between 25% and 100% returns on their investments.

19. As a result of Rosenfeld's solicitations, investors provided Rosenfeld with a total of approximately \$7 million for the proposed real estate transactions.

20. Contrary to what he told investors, however, Rosenfeld never placed investor funds into escrow, and never purchased any real estate.

21. Instead, Rosenfeld transferred most of the funds to his personal brokerage account and used them to trade securities.

22. Rosenfeld's securities trading was unsuccessful.

23. While Rosenfeld returned approximately \$1 million to two investors, his undisclosed and unsuccessful securities trading resulted in the loss of the remaining \$6 million of investor funds.

## II. ROSENFELD ADMITS TO DEFRAUDING INVESTORS

24. In April 2018, Rosenfeld admitted to one investor that, rather than using the investment funds to purchase real estate as he had promised, Rosenfeld had used the money to trade securities in his personal brokerage account.

25. Also in April 2018, Rosenfeld confessed to another investor that he had lost all of that investor's money by trading in securities.

26. That investor would not have invested money with Rosenfeld if he had known that Rosenfeld would use investor funds to trade securities.

27. According to the investors generally, they invested with Rosenfeld because he was their friend and an attorney, they had known him for a long time, and they trusted him.

28. On May 21, 2021, Rosenfeld pled guilty in the Criminal Action to one count of wire fraud.

29. Rosenfeld admitted during his plea allocution that he lied to investors when he told them that he "would use their money for real estate investments" because he "instead invested their money in the stock and commodities markets."

30. Rosenfeld also admitted that he knew what he did was wrong and had deceived investors: "By investing the money this way, I know that what I did was wrong and that I deceived investors."

**FIRST CLAIM FOR RELIEF**  
**Violations of Securities Act Section 17(a)**

31. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 30.

32. Defendants, directly or indirectly, singly or in concert, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, (1) knowingly or recklessly have employed one or more devices, schemes or artifices to defraud, (2) knowingly, recklessly, or negligently have obtained money or property by means of one or more untrue statements of a material fact or omissions of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (3) knowingly, recklessly, or negligently have engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

33. By reason of the foregoing, Defendant, directly or indirectly, has violated and, unless enjoined, will again violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

**SECOND CLAIM FOR RELIEF**  
**Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder**

34. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 30.

35. Defendants, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly have (i) employed one or more devices, schemes, or artifices to defraud, (ii) made one or more untrue statements of a material fact or omitted to state one or more material facts

necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

36. By reason of the foregoing, Defendants, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Exchange Act Section 10(b) [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 enjoining Rosenfeld and his agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Securities Act Section 17(a) [15 U.S.C. §§ 77q(a)], and Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

#### **II.**

Ordering Defendant to disgorge all ill-gotten gains and/or unjust enrichment received directly or indirectly, with pre-judgment interest thereon, as a result of the alleged violations, pursuant to Exchange Act Sections 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)];

#### **III.**

Ordering Defendant to pay civil monetary penalties under Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and

**IV.**

Granting any other and further relief this Court may deem just and proper.

**JURY DEMAND**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff demands that this case be tried to a jury.

Dated: New York, New York  
July 9, 2021

RICHARD BEST

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Date: 2021.07.09 11:28:05 -04'00'

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