

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WISCONSIN**

United States Securities
And Exchange Commission,

Plaintiff,

v.

No. 3:23-cv-54

Anthony B. Liddle,

JURY DEMANDED

Defendant.

COMPLAINT

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

1. From at least June 2019 through May 2022, Defendant Anthony B. Liddle (“Liddle”) engaged in a fraudulent scheme and misappropriated approximately \$1.9 million from clients of Prosper Wealth Management, LLC (“PWM”), an investment adviser which Liddle controlled and which was then registered with the State of Wisconsin. Liddle also made material misrepresentations about the use of client funds and the risk of client investments to at least 13 advisory clients, many of whom are senior citizens. He made the misrepresentations to clients in person, through emails and in telephone calls.
2. Liddle falsely claimed that investments that the clients had in portfolios had become less safe, and offered to invest client funds in other securities he claimed were lower risk. Based on Liddle’s misrepresentations, clients liquidated securities holdings and

also sent funds to PWM, intending to invest as Liddle advised. Liddle then confirmed he had made the recommended investments, including in written statements. In reality, Liddle never purchased any of the securities. Instead Liddle misappropriated the clients' funds and used a small portion of client funds to uphold the ruse through purported "interest returns" on their investment that were, in fact, from co-mingled victim funds.

3. The SEC brings this civil law enforcement action to protect investors from future harm and to hold Liddle accountable for his wrongdoing.

JURISDICTION AND VENUE

4. The SEC brings this action pursuant to Section 20(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77t(b)], Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78u(d) and 78u(e)], and Section 209(d) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-9(d)].

5. 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], Section 214 of the Advisers Act [15 U.S.C. § 80b-14], and 28 U.S.C. § 1331.

6. 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 Western District of Wisconsin and elsewhere.

7. 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

8. **Defendant Anthony B. Liddle**, age 40, is a resident of Wausau, Wisconsin. Liddle has worked in the securities industry since 2008 and has worked as an investment adviser since at least 2011, and held several licenses conferred by Financial Industry Regulatory Authority (“FINRA”). Between June 2019 and May 2022, Liddle was an investment adviser representative, broker representative and registered representative associated with two SEC-registered firms that are each dually registered as a broker-dealer and investment adviser. On June 14, 2022, FINRA barred Liddle from associating with any FINRA member. On August 4, 2022, the Wisconsin Department of Financial Institutions, Division of Securities (“WI DFI”) issued a summary order permanently barring Liddle from registering with the WI DFI in any capacity. Liddle filed a voluntary petition for Chapter 7 bankruptcy in the Western District of Wisconsin. *In re Liddle*, No. 22-BK-11829 (Bankr. W.D. Wis. Nov. 16, 2022).¹

RELATED ENTITY

9. **Prosper Wealth Management, LLC**, is a now-defunct Wisconsin limited liability company that had its principal place of business in Wausau, Wisconsin. From June 2019 through May 2022, PWM was in the business of providing financial advisory services, and was then registered as an investment adviser with the State of Wisconsin. PWM had approximately three employees. Liddle was the owner and managing member of

¹ Notwithstanding the Defendant’s bankruptcy filing, the statutory governmental exception to the automatic stay, 11 U.S.C. § 362(b)(4), explicitly provides for the institution and continuation of the SEC’s action against the Defendant including entry of a money judgment.

the firm, controlled the firm's operations, and had control over its bank accounts.

10. **GWG Holdings, Inc.** is a public company that has its principal executive offices in Dallas, Texas. GWG's common stock was delisted from the Nasdaq Stock Market on May 17, 2022. Before 2018, GWG, through its various subsidiaries, acquired life insurance policies in the secondary market. In 2018 and 2019, GWG's business changed to focus on providing liquidity and other services to investors holding illiquid alternative assets. GWG sold L Bonds that were unrated, illiquid, high risk, and potentially speculative ("L Bonds"). GWG temporarily ceased its sale of L Bonds in April of 2021 until November 5, 2021 ("the GWG 2021 Suspension") because it was unable to file its 2020 Form 10-K. On November 5, 2021 in its annual Form 10K filing GWG publicly disclosed that its auditor had issued a going concern qualification to their audited financial statements for 2020 due to serious concerns about the viability of the company. Shortly thereafter, on January 10, 2022 GWG suspended further sales of L Bonds due to an inability to make interest payments on the L Bonds ("the GWG 2022 Suspension"). On April 20, 2022, GWG filed for Chapter 11 bankruptcy. *In re GWG Holdings, Inc., et al.* 22-BK-90032 (Bankr. S.D. Tex.).

FACTS

Summary

11. Liddle received his first securities license in 2008. From 2011 until May 2022, Liddle was a registered representative and investment adviser representative associated, or seeking to become associated, with various SEC and state-registered broker-dealers and investment advisers, including PWM. He provided advice to clients and

potential clients about investments in securities. Liddle received compensation for his investment advice from commissions on products he sold to clients, and from advisory fees calculated as a percentage of the assets Liddle managed for his clients.

12. In approximately December 2016, Liddle established PWM in Rhineland, Wisconsin. PWM offered securities and advisory services through a broker-dealer registered with the SEC and was an investment adviser registered with the State of Wisconsin. After forming PWM, Liddle acted as an investment adviser and provided investment advice to more than 150 advisory clients. PWM received a share of the commissions and advisory fees that PWM's clients paid. Liddle, in turn, took compensation from PWM.

13. Beginning in at least June 2019 and continuing through May 2022, Liddle conducted a fraudulent scheme that defrauded at least 13 of his advisory clients, most of whom were senior citizens. As part of the scheme, Liddle also made misrepresentations to advisory clients. Liddle followed a common pattern during the scheme.

14. First, Liddle misrepresented the risk of GWG L Bonds and other similar investments, and claimed the offered security was lower-risk than existing client investments. Based on Liddle's misrepresentations, certain of his advisory clients were induced to sell, or directed Liddle to sell, existing securities holdings. Then, Liddle directed clients to send their newly available funds, including some who held funds not managed by PWM, to PWM directly, under the guise that Liddle would use the funds to purchase the new, allegedly lower-risk security on the clients' behalf.

15. Instead, Liddle misappropriated the approximately \$1.9 million clients sent directly to PWM, never purchasing any investments as they requested. Further, in order to maintain the scheme, Liddle fabricated statements and made “interest payments” purporting to be returns on client investments, but were in fact made by Liddle using client funds.

Liddle’s Lies to Advisory Clients About Investment Risks

16. Beginning in at least June 2019 through May 2022, Liddle recommended that certain advisory clients sell existing securities or other investment vehicles using various lies to convince them he was seeking lower-risk investments on their behalf. For example, in approximately middle of 2020, Liddle called clients and alerted them to securities markets volatility in the wake of the COVID-19 pandemic. Liddle told clients, many of whom who were senior citizens, to sell then-held securities so that they could enter “safer” lower-risk investments when in reality he sought liquid assets as the first step in his fraudulent scheme.

17. Beginning in at least March 2020, Liddle lied to many of his advisory clients about the risk of GWG L Bonds. Liddle knew, or was recklessly unaware, that GWG disclosed in their offering document used for the fourth L Bond offering (the “2020 Prospectus”) that investing in L Bonds involved a “high degree of risk, including the risk of losing [one’s] entire investment[,]” and an L Bond investment “may be considered speculative.” GWG further disclosed on the second page of the 2020 Prospectus, “**L Bonds are only suitable for persons with substantial financial resources and with no need for liquidity in this investment.**” (emphasis in original.)

18. Liddle knew this through his work for, and association with, SEC registered broker-dealers, where he obtained the GWG marketing materials he ultimately provided his clients. Further, Liddle knew that the GWG 2021 Suspension was in effect between April and November 2021, and knew of the GWG 2022 Suspension in January 2022.

19. Despite knowing since at least the release of the March 30, 2020 GWG Prospectus that GWG L Bonds were not low-risk, Liddle regularly made oral, written and electronic statements to his advisory clients and advised clients that the L Bonds were low-risk .

20. For example, in December 2021 Liddle went to a nursing home to meet with a client where he handwrote notes outlining her investment plan. In those discussions he guaranteed the safety of the L Bonds and wrote that the client could rely on a monthly interest payment—from the L Bond—on the first of every month. Liddle took a check for the L Bond investment from this client for \$110,000, and never invested her money.

21. During both the GWG 2021 Suspension and the GWG 2022 Suspension, Liddle lied to certain advisory clients about the availability of GWG L Bonds.

22. In one example, in May 2021, one month after the GWG 2021 Suspension began, and despite his knowledge L Bonds were not available for sale, Liddle continued to actively recommend GWG L Bonds to his senior citizens advisory clients. One such client, taken with Liddle's false promises that GWG L Bonds were available and low-risk, filled out an application to buy the bonds and wrote "Safe Money Acct" on the memo line of the May 2021 check she sent to Liddle and PWM to fund the investment.

23. Throughout the scheme, Liddle verbally and in writing also falsely guaranteed that the GWG L-Bond and other securities would provide clients with monthly interest payments.

24. For example, in approximately June 2021, Liddle lied to an 81 year old advisory client when he told her that her \$40,000 was used to invest in GWG L Bonds, during the GWG 2021 Suspension of L Bond sales. Liddle never bought the L Bonds. However, following Liddle's payment of purported \$185 monthly investment return payments, that in fact came from co-mingled victim funds, Liddle advised the same client in approximately April 2022 to exit an annuity due to high risk and invest it again in a "similar opportunity" to the L Bonds. The client, as a result of Liddle's lies, withdrew from the annuity policy in April 2022 and had to pay an early withdrawal penalty of nearly 20% of the policy's value.

**Liddle's Lies to Advisory Clients
About the Use of Their Funds**

25. Beginning in at least June 2019 and through May 2022, Liddle falsely told his advisory clients that they were invested in securities products that provided regular, periodic returns, including but not limited to, the GWG L Bonds. In order to make these investments, Liddle directed clients to send money, either by wire transfer or check, to PWM. Liddle told clients he would then purchase the new investment on their behalf.

26. However, Liddle knew that PWM did not maintain custody of advisory client funds and that there was no legitimate reason for clients to send funds directly to PWM.

27. Several advisory clients wrote on the memo line of their checks the specific security Liddle had recommended and that the client thought Liddle had purchased on their behalf.

28. As earlier described in paragraphs 14 through 15, despite his promises, Liddle never bought the recommended securities or other products for his clients. In order to continue his scheme without detection, Liddle set up periodic transfers to client bank accounts, and falsely told his clients they were receiving interest payments from investments that had never been made.

29. In June 2019, the same month the scheme began, Liddle opened a new bank account in PWM's name; Liddle hid this account from the other two employees of PWM. Liddle used this new, secret bank account to deposit these advisory client funds that he had no intention of investing.

30. Liddle used co-mingled funds from his advisory clients' purported investment principal in this newly created PWM account to transfer these false interest payments. These clients had no idea Liddle was using their own or other defrauded advisory clients' money to deceive them into believing Liddle had invested their money. All the while, Liddle was stealing their principal.

31. Additionally, Liddle provided certain advisory clients with forged PWM client statements stating that they were invested in GWG L Bonds or other similar investments and the payments they were receiving were interest off these investments. In at least one instance, in January 2022 Liddle emailed a client ensuring her that her GWG investment was secure and available for withdrawal. This client, happy with what Liddle

had represented were interest payments from her invested L Bonds (purportedly purchased in July 2021, during the GWG 2021 Suspension) sent more money to Liddle to purchase additional L Bonds in January 2022 – during the GWG 2022 Suspension. He never did purchase the L Bonds for this client. Rather, he stole this second investment money, too.

32. Liddle’s lies led many of the defrauded clients to believe they were receiving regular and reliable returns from their investment portfolios. The sobering truth was that – month in and month out – their principal was gone and what little interest they received was a lie to cover Liddle’s theft.

33. To hide this scheme from others at PWM, between June 2019 and May 2022, Liddle used the secret account to set up the purported interest payments to his victims, to pay personal expenses, and to transfer the money into the main PWM business account where Liddle took a salary and his own personal account in order to finance his lifestyle.

34. In May 2022, when Liddle’s lies were exposed by one of his advisory clients, he attempted to cover his theft by drafting promissory notes between his victims and PWM, backdating the documents and forging his clients’ signatures. However the falsified PWM account statements Liddle had previously given to clients showed the client-victims were invested in GWG or other securities—not loaning money to PWM.

35. Liddle violated the trust of the defrauded clients when he used their funds to finance his life, business, and fraudulent scheme. As a result of his fraud, clients sent approximately \$1.9 million to be invested in low-risk investments by an investment adviser they trusted. Liddle caused them devastating, and perhaps unrecoverable, losses.

COUNT I

Violations of Section 17(a) of the Securities Act

36. Paragraphs 1 through 35 are realleged and incorporated by reference as though fully set forth herein.

37. 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) employed devices, schemes and artifices to defraud; (b) obtained money and property by means of untrue statements of material fact and by omitting to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, and courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

38. Defendant acted knowingly, or with extreme recklessness, in engaging in the fraudulent conduct described above.

39. Defendant also acted negligently in engaging in the conduct described above.

40. By engaging in the conduct described above, defendant violated Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(1), 77q(a)(2), and 77q(a)(3)].

COUNT II

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

41. Paragraphs 1 through 35 are realleged and incorporated by reference.

42. As detailed in paragraphs 1 through 35 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.

43. Defendant knew, or was extremely reckless in not knowing, in engaging in the fraudulent conduct described above.

44. Because 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].

COUNT III

Violations of Advisers Act Sections 206(1) and 206(2)

45. Paragraphs 1 through 35 are realleged and incorporated by reference.

46. As detailed in paragraphs 1 through 35 above, at all times alleged in this complaint, defendant, while acting as an investment adviser, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, knowingly,

willfully or recklessly: (i) employed devices, schemes or artifices to defraud its clients or prospective clients; and (ii) engaged in transactions, practices and courses of business which have operated as a fraud or deceit upon its clients or prospective clients.

47. By reason of the foregoing, defendant has violated Sections 206(1) and 206(2) of the Advisers Act. [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently enjoin defendant, his officers, agents, servants, employees, attorneys and those persons in active concert or participation with defendant who receive actual notice of the order of this Court, 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) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j] and Rule 10b-5 [17 CFR § 240.10b-5] thereunder, and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-6(4)].

II.

Set the amount the defendant should disgorge as ill-gotten gains received because of the violations alleged in this Complaint, including prejudgment interest, pursuant to Section 21(d)(3), 21(d)(5) and 21(d)(7) of the Exchange Act [15 U.S.C. §§ 78u(d)(5), and 78u(d)(7)].

III.

Set the amount the defendant should pay in civil 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 Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

IV.

Issue an Order imposing an officer and director bar pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)].

V.

Grant such other relief as this Court deems appropriate.

JURY DEMAND

The Commission hereby requests a trial by jury.

**UNITED STATES SECURITIES
AND EXCHANGE COMMISSION**

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