

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

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|-----------------------------------|---|--------------------------------------|
| <b>SECURITIES AND EXCHANGE</b>    | : |                                      |
| <b>COMMISSION,</b>                | : |                                      |
|                                   | : |                                      |
| <b>Plaintiff,</b>                 | : | <b>C. A. No. 2:19-cv-17213 (MCA)</b> |
| <b>v.</b>                         | : |                                      |
|                                   | : |                                      |
|                                   | : |                                      |
| <b>BRENDA SMITH, BROAD REACH</b>  | : |                                      |
| <b>CAPITAL, LP, BROAD REACH</b>   | : |                                      |
| <b>PARTNERS, LLC, and BRISTOL</b> | : |                                      |
| <b>ADVISORS, LLC,</b>             | : |                                      |
|                                   | : |                                      |
| <b>Defendants.</b>                | : |                                      |

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**PRELIMINARY INJUNCTION FREEZING ASSETS AND  
GRANTING OTHER RELIEF**

Having considered the Ex Parte Motion for a Temporary Restraining Order Freezing Assets, Granting Other Relief, and Order to Show Cause filed by plaintiff Securities and Exchange Commission (“Commission”), as well as the Complaint, the Commission’s memorandum of law and accompanying evidentiary materials, the Notice of Defendants’ Failure to Show Cause, and the hearings on August 27, 2019 and September 10, 2019, the Court finds that the Commission has made a proper prima facie showing that: (i) Defendants Brenda A. Smith (“Smith”), Broad Reach Capital, LP (“Fund”), Broad Reach Partners, LLC (“Partners”), and Bristol Advisors, LLC (“Bristol”) (collectively “Defendants”) directly or indirectly

engaged in the violations alleged in the Complaint; (ii) there is a reasonable likelihood that these violations will be repeated; (iii) unless restrained and enjoined by Order of this Court, Defendants may dissipate, conceal or transfer from the jurisdiction of this Court assets that could be subject to an order of disgorgement or an order to pay a civil monetary penalty in this action; and (iv) entry of a preliminary injunction, asset freeze, and order for other equitable relief as set forth below is necessary and appropriate.

Based on the foregoing, the Court finds that the Commission has made a proper *prima facie* showing, as required by Section 20(b) and 20(d)(1) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77t(b), (d)], Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78u(d)], and Section 209(d) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. § 80b-9(d)], for the relief granted herein, for the following reasons:

1. This Court has jurisdiction over the subject matter of this action and over Defendants and venue properly lies in this District.
2. The Commission has made a substantial showing of likelihood of success in proving at trial on the merits that Defendants, and each of them, directly or indirectly, have engaged in, and unless preliminarily enjoined by order of this Court, will continue to engage in, acts, transactions, practices, and courses of business constituting the violations charged in the Complaint. It appears from the

evidence presented that Defendants violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by making material misrepresentations and omissions and engaging in other fraudulent conduct in the offer and sale of limited partnership interests in a the Fund. It further appears from the evidence presented that Defendants Smith and Bristol were acting as investment advisers in the course of this misconduct, and therefore violated Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

3. Unless preliminarily enjoined by this Court, Defendants may dissipate, conceal, or transfer assets from the jurisdiction of this Court. An order freezing Defendants' assets (known and unknown) including, but not limited to, Defendants' real property, money, crypto currency, stocks, bonds, options, and Defendants' bank and brokerage accounts and any bank or brokerage account for which any Defendant has signatory authority, including but not limited to the assets and accounts identified in Appendix A, is necessary to preserve the status quo, protect nonparties, and to protect this Court's ability to award relief in the form of disgorgement of illegal profits from the violations, prejudgment interest, and civil penalties.

4. An order permitting Plaintiff to conduct written discovery as to third parties pursuant to Federal Rule of Civil Procedure 45 prior to the Rule 26(f)

conference is appropriate to determine the nature and location of Defendants' assets to effectuate the asset freeze.

5. Alternative service is appropriate to allow the Commission to expeditiously serve Defendants and third parties with this Order and to allow the Commission to obtain documents from third-parties pursuant to Rule 45 of the Federal Rule of Civil Procedure.

6. An order prohibiting Defendants and their agents from destroying, altering, or concealing records of any kind, including documents concerning the allegations in the Complaint or the assets, finances, or business operations of Defendants, is necessary to ensure compliance with the asset freeze imposed and to protect the integrity of this litigation.

**NOW THEREFORE, IT IS HEREBY ORDERED** that the Motion is **GRANTED**, as set forth more fully below.

**I. ORDER PRELIMINARILY ENJOINING DEFENDANTS FROM VIOLATING SECTION 17(A) OF THE SECURITIES ACT OF 1933**

**IT IS FURTHER ORDERED** that Defendants and each of their agents, servants, employees, attorneys, entities under his control, and those persons or entities in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, and each of them, are hereby preliminarily enjoined from, directly or indirectly, in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and in the offer or sale of any security, by

the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

- A. employing any device, scheme or artifice to defraud;
- B. obtaining money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- C. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

**II. ORDER PRELIMINARILY ENJOINING DEFENDANTS FROM VIOLATING SECTION 10(b) AND RULE 10b-5 OF THE SECURITIES EXCHANGE ACT OF 1934**

**IT IS FURTHER ORDERED** that Defendants and each of their agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily enjoined from, directly or indirectly, in violation of 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], and in connection with the purchase or sale of securities, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange:

- A. employing any device, scheme or artifice to defraud;
- B. making any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- C. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

**III. ORDER PRELIMINARILY ENJOINING DEFENDANTS SMITH AND BRISTOL FROM VIOLATING SECTIONS 206(1) AND 206(2) OF THE INVESTMENT ADVISERS ACT OF 1940**

**IT IS FURTHER ORDERED** that Defendants Smith and Bristol and each of their agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily enjoined from, directly or indirectly, in violation of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. § 80b-6(1), (2)] by the use of the mails or means or instrumentality of interstate commerce:

- A. employing any device, scheme, or artifice to defraud any client or prospective client;
- B. engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or

- C. engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative.

**IV. ORDER PRELIMINARILY ENJOINING DEFENDANTS SMITH AND BRISTOL FROM VIOLATING SECTIONS 206(4) OF THE INVESTMENT ADVISERS ACT OF 1940 AND RULE 206(4)-8 THEREUNDER**

**IT IS FURTHER ORDERED** that Defendants Smith and Bristol and each of their agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are preliminarily enjoined from, directly or indirectly, in violation of Sections 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], by the use of the mails or means or instrumentality of interstate commerce:

- A. making untrue statements of material facts or omitting to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, to investors or prospective investors in a pooled investment vehicle; or
- B. engaging in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to investors or prospective investors in a pooled investment vehicle.

**V. ASSET FREEZE**

**IT IS FURTHER ORDERED** that all funds, accounts, real property, personal property, and other assets held, managed, owned, or controlled, whether directly or indirectly, by Defendants, including, but not limited to, assets identified in Appendix A, and all money, stocks, bonds, options, real property, personal property, interests, any assets acquired after the date of this Order and all assets within bank or brokerage accounts for which any Defendant has signatory authority, are hereby frozen.

Defendants and each of their agents, servants, employees, attorneys, depositories, banks, brokers, dealers, and those persons in active concert or participation with any one or more of them, who receive actual notice of this Order or of the terms of the asset freeze provisions contained herein, by personal service, mail, facsimile transmission, email, or otherwise, shall hold and retain funds and other assets of Defendants and presently held by them for their direct or indirect benefit, under their direct or indirect control or over which they exercise actual or apparent investment or other authority (including assets held in the name of or for the benefit of Defendants or in the name or for the benefit of any entity controlled by any Defendant), in whatever form such assets may presently exist and wherever located, and shall prevent any withdrawal, sale, payment (including, but not limited to, any charges on any credit card or draws on any other credit arrangement),



transfer, dissipation, assignment, pledge, alienation, encumbrance, disposal, or diminution in value of any such funds or other assets, which are hereby frozen, including, but not limited to, assets identified in Appendix A.

All persons who hold or possess funds or assets given to them by Defendants and entities controlled by them in whatever form such funds or other assets may presently exist, who receive actual notice of this Order, by personal service or otherwise, including facsimile transmission, electronic mail, or overnight delivery service, shall hold and retain such funds and assets and shall prevent any withdrawal, sale, payment (including, but not limited to, any charges on any credit card or draws on any other credit arrangement), transfer, dissipation, assignment, pledge, alienation, encumbrance, disposal, or diminution in value of any such funds or other assets, which are hereby frozen.

Any bank, brokerage or financial institution, or other person or entity subject to this Section V shall provide to counsel for the Commission identified below, within five (5) days of receiving a copy of this Order, a statement setting forth:

- A. the identification number of each and every account or asset titled in the name, individually or jointly, of, or held on behalf of, or for the benefit of, any Defendant for the direct or indirect benefit, or under the direct or indirect control of Defendants or over which defendants exercise actual or apparent investment or other authority (including assets in the name of Defendants);
- B. the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served; and

- C. a list of all transactions involving the asset or account which have occurred within the last 90 days; and
- D. if requested by the Commission, copies of all records or other documentation pertaining to such accounts or assets, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs.

For the purposes of this section, service on counsel for the Commission shall be by overnight courier service or email directed to John V. Donnelly III and Mark R. Sylvester, Senior Trial Counsels, and Scott A. Thompson, Assistant Regional Director, United States Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103, DonnellyJ@sec.gov, SylvesterM@sec.gov, and ThompsonS@sec.gov.

Any bank, brokerage or financial institution, or other person or entity subject to this Section V that provided the information called for by Section V to the Commission in response to the Temporary Restraining Order Freezing Assets, Granting Other Relief, and Order to Show Cause dated August 27, 2019, need not provide the same information again. However, such entity or person shall provide the required information for any account or asset for which it has not previously provided the information called for by Section V.

**VI. ALTERNATIVE SERVICE ON DEFENDANTS**

**IT IS FURTHER ORDERED** that a copy of this Order and the supporting papers shall be served on Defendants by transmitting one copy to Defendant Smith via mail to Essex County Correctional Facility where she is housed and her residence and by email.

**VII. ALTERNATIVE SERVICE ON NONPARTIES**

**IT IS FURTHER ORDERED** that this Order shall be served on the financial institutions and other parties identified in Appendix A, and any other financial institution, person, or entity that may have possession, custody, or control of any of Defendants' assets or assets under the control of any Defendant, and any person who holds or possesses funds or assets given to them by Defendants and/or entities controlled by Defendants, by any means reasonably calculated to provide actual notice, including personal delivery, facsimile, overnight courier (no signature required), email or first-class mail.

Likewise, this Order may be served by any means reasonably calculated to provide actual notice, including personal delivery, facsimile, overnight courier (no signature required), email or first-class mail, upon any entity or person that may have possession, custody, or control of any documents or other records of the Defendants, or that may be subject to any provision of this Order, and that

representatives of the Commission are specially appointed by the Court to effect service.

### **VIII. ORDER PROHIBITING DESTRUCTION OF RECORDS**

Defendants and each of their agents, servants, employees, attorneys, depositories, banks, brokers, dealers, administrators, and those persons in active concert or participation with any of them who receive actual notice of this Order, are preliminarily enjoined from, directly or indirectly, destroying, deleting, mutilating, concealing, altering, disposing of, or otherwise rendering illegible in any manner, any books, records, documents, correspondence, ledgers, contracts, agreements, assignments, statements, tape recordings, electronic files, computers, media, or any other property or data of any kind, and wherever located or stored: (A) pertaining in any way to any matter described in the Complaint; (B) pertaining in any way to the purchase or sale of securities by, or on behalf of, the Fund; or (C) relating to the assets or operations of Defendants. These documents and data are collectively referred to here as “Evidence.”

Such Evidence includes both “hard copy” versions and electronically stored information, in any Defendant’s possession, custody or control (or in the possession, custody or control of any of Defendants’ agents, servants, employees, attorneys, depositories, banks, brokers, dealers, administrators, and those persons in active concert or participation with any of them who receive actual notice of this

Order), including text files, data compilations, word processing documents, spreadsheets, e-mail, voicemail, text messages, data bases, calendars and scheduling information, logs, file fragments and backup files, letters, instant messages, memoranda, notes, drawings, designs, correspondence or communications of any kind. Evidence that is stored electronically may be maintained on shared network files, computer hard drives, servers, cloud-based services, DVDs, CD-ROMs, flash drives, thumb drives, laptops, digital recorders, netbooks, PDA, or other handheld/smartphone devices.

Defendants and Defendants' agents, servants, employees, attorneys, depositories, banks, brokers, dealers, administrators, and those persons in active concert or participation with any of them who receive actual notice of this Order are ordered to act affirmatively to prevent the destruction of Evidence. This duty may necessitate quarantining certain Evidence to avoid its destruction or alteration or discontinuing the recycling of backup tapes or other storage media and the deletion of emails, "trash," "recycling," "drafts," "sent," or "archived" folders.

Defendants and Defendants' agents, servants, employees, attorneys, depositories, banks, brokers, dealers, administrators, and those persons in active concert or participation with any of them who receive actual notice of this Order shall also take steps to preserve any Evidence in the possession or custody of any

third party, such as an internet service provider or a cloud computing provider, if such Evidence is within their control.

Defendants and Defendants' agents, servants, employees, attorneys, depositories, banks, brokers, dealers, administrators, and those persons in active concert or participation with any of them who receive actual notice of this Order are directed not to run or install any drive cleaning, wiping, deleting, encrypting, or defragmenting software on hard disks of computers, or cloud-based storage services that may contain Evidence.

#### **IX. DISCOVERY**

**IT IS FURTHER ORDERED** that, pursuant to Rule 26(d)(1), Plaintiff may conduct written discovery as to third-parties pursuant to Federal Rule of Civil Procedure 45 prior to the Rule 26(f) conference, each of which shall produce documents requested by the Commission within seven (7) days of service of such request.

Service of the aforementioned subpoenas, including on nonparties, may be accomplished by any means reasonably calculated to provide notice, including but not limited to personal delivery, facsimile, overnight or express courier (no signature required), email, or first-class mail.

The seven day requirement is subject to modification. If Plaintiff and the subpoena recipient are unable to agree on a response date, the SEC shall request a conference as soon as practicable.

All written responses to the Commission's discovery requests shall be delivered to John V. Donnelly III and Mark R. Sylvester, Senior Trial Counsels, and Scott A. Thompson, Assistant Regional Director, United States Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103, email: DonnellyJ@sec.gov; SylvesterM@sec.gov; ThompsonS@sec.gov, or such other place as counsel for the Commission may direct in writing, by overnight delivery.

**X. PRESERVATION OF RIGHTS AND PRIVILEGES**

Nothing in this Order shall be construed to require that any Defendant abandon or waive any constitutional or other legal privilege which she or it may have available, including Defendant Smith's Fifth Amendment privilege against self-incrimination. In turn, nothing in this Order shall prevent the SEC from opposing or challenging any assertion by any Defendant of any Fifth Amendment privilege against self-incrimination, or any other constitutional or other legal privilege.

**XI. FORCE AND EFFECT**

**IT IS FURTHER ORDERED** that this Order shall be, and is, binding on Defendants and any of their agents or representatives and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise. Moreover, nothing in this Order shall extinguish any obligations of Smith or others to comply with any provisions of the TRO, or deadlines set by the TRO, or any discovery requests previously served on Defendants or third parties pursuant to the TRO.

**Dated:** Sept 10-19

  
Hon. Madeline Cox Arleo, U.S.D.J.



## APPENDIX A

| <b>Entity</b>                               | <b>Financial Institution</b>    | <b>Account Number</b> |
|---|---------------------------------|-----------------------|
| Ardleigh Investment Advisory Services Ltd.  | PNC Bank NA                     | ██████9342            |
| Awooton Consulting LLC                      | PNC Bank NA                     | ██████5873            |
| BA Smith & Associates LLC                   | Citizens Bank                   | ██████8571            |
| BD of Louisiana, LLC                        | Business First Bank (Louisiana) | ████8879              |
| Brenda A. Smith                             | Citizens Bank                   | ██████8466            |
| Brenda A. Smith                             | Citizens Bank                   | ██████0742            |
| Bristol Advisors LP                         | PNC Bank NA                     | ██████0881            |
| Brenda Ann Smith                            | Banco Santander S.A.            | ██████5206            |
| Broad Reach Capital LP (Fund)               | PNC Bank NA                     | ██████0902            |
| Banco BM&F Bovespa (Brazil)                 | Banco BM&F Bovespa (Brazil)     | ██████0126            |
| Broad Reach Partners, LLC (General Partner) | PNC Bank NA                     | ██████5633            |
| Clearview Distribution Services LLC         | PNC Bank NA                     | ██████5408            |
| CV International Investments Limited        | Cidel Bank & Trust Inc.         | ████5251              |

|   |                            |            |
|---|----------------------------|------------|
| CV International Investments Limited          | Maduro Curiel's Bank<br>NV | ██████1302 |
| CV International Investments PLC              | Barclays Bank PLC          | ██████6840 |
| CV Investments LLC                            | PNC Bank NA                | ██████7419 |
| CV Investments LLC                            | PNC Bank NA                | ██████0111 |
| CV Lending LLC                                | PNC Bank NA                | ██████5474 |
| CV Minerals LLC                               | PNC Bank NA                | ██████5503 |
| FFCC Ventures LLC                             | PNC Bank NA                | ██████6832 |
| Investment Consulting LLC                     | PNC Bank NA                | ██████6851 |
| Joule Power International LLC                 | PNC Bank NA                | ██████1146 |
| Philadelphia Partners LLC                     | PNC Bank NA                | ██████6464 |
| Prophecy Alpha Fund LP                        | PNC Bank NA                | ██████4867 |
| Prophecy Alpha Fund LP (PB 2<br>Trading LTD.) | PNC Bank NA                | ██████4803 |
| Raffle Trading LLC                            | PNC Bank NA                | ██████2483 |
| Rybicki Capital Partners LLC                  | PNC Bank NA                | ██████1149 |
| Seaboard Advisors LLP                         | PNC Bank NA                | ██████5808 |
| Taylor Trading LLC                            | PNC Bank NA                | ██████9588 |
| TBT Energy & Marine, LLC                      | PNC Bank NA                | ██████3763 |

|                                   |                 |                 |
|-----------------------------------|-----------------|-----------------|
| Tempo Resources LLC               | PNC Bank NA     | ██████████ 6338 |
| Iregui LLC                        | Wells Fargo     | ██████████ 9141 |
| Renato Iregui                     | Bank of America | ██████████ 5396 |
| Swiss Allied Capital Partners LLC | Bank of America | ██████████ 1230 |

Real and personal property owned, in whole or in part, by one or more Defendants, including but not limited to, the following:

1. Personal property located at Defendant Smith's residence, 222 West Rittenhouse Square, Penthouse 3, Philadelphia, PA 19103;
2. Personal property located at Defendants' business address, 200 Four Falls Corp., Suite 211, 1001 Conshohocken State Road, West Conshohocken, PA 19428;
3. Any real or personal property owned, in whole or in part, by Defendants or any entities controlled by Defendants, including, but not limited to, property at Davis Road and Adams Road, Parish of Tangipahoa, Louisiana.
4. Any securities purchased by Prico LLC, including but not limited to, securities of LYFT Inc. and Palantir Technologies.