

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRENDA A. SMITH, BROAD REACH CAPITAL,  
LP, BROAD REACH PARTNERS, LLC, and  
BRISTOL ADVISORS, LLC,

Defendants.

Civ. No. 19-cv-17213-MCA-ESK

**ORDER GRANTING LEAVE TO  
INTERVENE AND A STAY**

This matter having come before the Court upon the motion of the United States for an Order: (1) granting the United States leave to intervene in the above-captioned civil action (the “Civil Case”) pursuant to Federal Rule of Civil Procedure 24; and (2) staying the Civil Case pending the conclusion of criminal proceedings in *United States v. Brenda Smith*, Crim. No. 20-475 (MCA), and any related proceedings before the United States District Court, including trial (the “Criminal Case”):

**WHEREAS**, on August 27, 2019, plaintiff Securities and Exchange Commission (the “SEC”) filed the Civil Case against defendants Brenda Smith (“Smith”), Broad Reach Capital, LP (“the Fund”), Broad Reach Partners, LLC, and Bristol Advisors, LLC (collectively, “Defendants”) alleging that the Defendants violated Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**WHEREAS**, the SEC's civil complaint alleges that, among other things, the Defendants raised at least \$100 million from at least 40 investors as part of an investment advisory fraud by lying to investors about how their funds would be invested and the performance of the Fund.

**WHEREAS**, none of the Defendants have answered the SEC's civil complaint, and the parties have not yet exchanged discovery in the Civil Case.

**WHEREAS**, on June 2, 2020, a grand jury, sitting in Newark, New Jersey, returned a seven-count indictment charging Smith with six counts of wire fraud, in violation of 18 U.S.C. § 1343 (Counts One through Six), and securities fraud, in violation of Title 15, United States Code, Sections 78j(b) and 78ff, Title 17, Code of Federal Regulations, Section 240.10b-5, and Title 18, United States Code, Section 2 (Count Seven). *See* Crim. No. 20-475 (MCA).

**WHEREAS**, the Criminal Case arose from an ongoing parallel criminal investigation conducted by the Federal Bureau of Investigation and the United States Attorney's Office for the District of New Jersey and similarly alleges that Smith engaged in a fraudulent scheme to solicit investments in Broad Reach Capital by making material misrepresentations and omissions to investors about how their funds would be invested and the performance of the Fund.

**WHEREAS**, on June 29, 2020, Smith was arraigned before this Court and entered a plea of not guilty to the charges set forth in the Indictment. *See* Crim. No. 20-475 (MCA), ECF No. 20.

**WHEREAS**, there is a significant overlap between the Civil Case and the Criminal Case in that the civil proceeding and the criminal prosecution involve

the same individual defendant (Smith), the same alleged scheme to defraud, and many of the same potential witnesses.

**WHEREAS**, a stay of the Civil Case will cause little to no particularized harm to the SEC, the Defendants, or to the public, and it will likely benefit the parties and the public by reducing the scope of discovery in the Civil Case and by narrowing or eliminating the issues to be decided in the Civil Case.

**WHEREAS**, the United States timely applied to intervene in the Civil Case.

**WHEREAS**, the United States has a sufficient interest in the Civil Case that may be affected or impaired by the disposition of the Civil Case and which is not adequately represented by an existing party in the Civil Case.

**WHEREAS**, the Civil Case and the Criminal Case share common questions of law and fact.

**WHEREAS**, this Court has the inherent authority to stay proceedings in a civil case in the interests of justice when a parallel criminal prosecution is underway.

**WHEREAS**, the SEC is not opposed to staying proceedings in the Civil Case until the Criminal Case has concluded.

**IT IS THEREFORE ON THIS** 12th **DAY OF** May, **2021**,

**ORDERED** that, pursuant to Federal Rules of Civil Procedure 24(a)(2) and 24(b)(1)(B), the United States is granted leave to intervene in the above-captioned matter; and it is further

**ORDERED** that, in the interests of justice, the above-captioned matter is hereby stayed until the Criminal Case is completed; and it is further

**ORDERED** that nothing in this Order impedes the ability of the Securities and Exchange Commission to conduct any investigation of individuals or entities not named as Defendants in the Civil Case; and it is further

**ORDERED** that the Preliminary Injunction (ECF No. 7), including the asset freeze, and the Order Appointing Receiver (ECF No. 22), and any order related to the receivership and all powers granted to the Receiver, shall remain in full force and effect.

*/s/ Edward S. Kiel*  
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Edward S. Kiel, U.S.M.J.