

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No.:

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

SONYA D. CAMARCO,

Defendant,

and

CAMARCO INVESTMENTS, INC. (a/k/a C INVESTMENTS), and
CAMARCO LIVING TRUST,

Relief Defendants.

COMPLAINT

Plaintiff, the United States Securities and Exchange Commission, alleges as follows:

NATURE OF THE ACTION

1. Beginning in approximately 2004 and continuing through at least August 2017, Sonya D. Camarco (“Camarco”), an investment adviser and registered representative of a broker dealer, individually and using her wholly owned company Camarco Investments, Inc. (“Camarco Investments”), misappropriated over \$2.8 million in investor funds from her clients and customers.

2. Camarco used investor accounts to pay hundreds of thousands of dollars in credit card bills, took cash advances on investor accounts, transferred investor funds directly to her

personal bank account, and funneled investor funds through Camarco Investments into her personal bank account. Among other things Camarco spent investor funds on the purchase of a house in the name of Camarco Living Trust and the payment of her personal home mortgage.

JURISDICTION AND VENUE

3. The SEC brings this action pursuant to Section 20(b) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77t(b)] 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)]. The Court has jurisdiction pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)-(e) and 78aa] and Section 209(d) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. § 80b-9(d)]. Camarco, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, the means and instrumentalities of interstate commerce, or of the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

4. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)] because Camarco resides in this District and the acts, practices and courses of business constituting the violations alleged in this Complaint occurred within this District and elsewhere.

DEFENDANT AND RELIEF DEFENDANTS

5. **Sonya D. Camarco**, age 45, resides in Colorado Springs, Colorado. Camarco was a registered and advisory representative of LPL Financial LLC (“LPL”) from February 2004 until her termination on August 9, 2017. Previously, Camarco was registered with Morgan

Stanley between July 2000 and February 2004 and with Merrill Lynch between May 1993 and July 2000. Camarco holds Series 7, 24, 63, and 65 licenses.

6. **Camarco Investments, Inc.**, was incorporated in Colorado in January 2004, and its principal place of business is Camarco's office in Colorado Springs, Colorado. Camarco Investments' sole registered agent is Camarco. At Camarco's direction, and for no apparent consideration, checks and other instruments drawn on investors' accounts and made out to C-Investments were deposited in Camarco Investments' bank account. Camarco Investments has no legitimate claim to such funds.

7. **Camarco Living Trust** is a trust established in 2009. Camarco and her husband are the trustees of the Trust. At Camarco's direction, and for no apparent consideration, the Trust holds assets that appear to have been purchased with investor funds. Camarco Living Trust has no legitimate claim to such funds or assets.

FACTS

8. LPL was incorporated in California, and has its principal place of business in Boston, Massachusetts. The firm is dually registered with the Commission as a broker-dealer and an investment adviser.

9. Camarco was a registered representative and investment advisory representative of LPL from February 27, 2004 to August 9, 2017. As a registered representative, Camarco worked as a general sales representative and sold financial products and services to customers for investment purposes. As an investment advisory representative, Camarco provided investment advice to clients and, for some clients, managed certain investments. As of July 2017, Camarco maintained a portfolio of approximately 100 clients/customers.

10. According to LPL's policies, Camarco was not permitted to access client funds or withdraw money from client accounts without specific and express client/customer authorization prior to withdrawing funds from a client/customer account.

11. Camarco was not an authorized signatory on any of her client/customer accounts at any point in time.

12. From at least 2004 through August 2017, Camarco engaged in a scheme to defraud her LPL clients/customers by, among other things, misappropriating funds from their accounts, and then misleading clients/customers and others about the nature of the withdrawals. As alleged below, in furtherance of that scheme, Camarco knowingly engaged in numerous practices or courses of business that defrauded her LPL clients/customers.

13. On or about July 27, 2017, LPL commenced an investigation into a purported request from one of Camarco's clients for LPL to issue a check drawn on the client's account made payable to an entity called "C Investments." During the course of its investigation, LPL discovered several types of suspicious transactions involving Camarco and Camarco's client/customer accounts that occurred from 2004 through 2017.

14. On numerous occasions, checks made payable to C Investments had been drawn on several different client accounts and mailed to an address in Parker, Colorado. That address is a private post office box rented by Camarco at a UPS Store, not a registered address for any of Camarco's clients.

15. The checks made payable to C Investments and drawn on client accounts appear to have been endorsed by Camarco and were deposited to an account at FirstBank in the name of "Camarco Investments, Inc.," an entity for which Camarco is the sole registered agent and which shares an address with Camarco's office.

16. The C Investment checks of which the Commission is currently aware are from approximately 15 of Camarco's clients' accounts and total over \$2 million. These checks were deposited to the Camarco Investments bank account from September 2010 through May 2017.

17. Camarco appears to have intentionally forged client signatures on check requests directing that checks made out to C Investments be drawn on client accounts. Camarco also intentionally caused investor funds to be misappropriated and deposited into accounts she controlled for her personal use.

18. On many occasions Camarco liquidated securities in her clients' accounts (including stocks and money market fund shares) and used the proceeds to write unauthorized checks on the accounts and make unauthorized payments to accounts she controlled.

19. When investors asked Camarco about withdrawals from their accounts to C Investments, Camarco lied, and told investors that C Investments was a type of outside investment that Camarco made on their behalf. In those conversations, Camarco omitted to tell investors that she was affiliated with C Investments.

20. On more than one instance, Camarco misrepresented to LPL personnel that C Investments was an outside investment held by one of her advisory clients, and that she had no affiliation with C Investments.

21. On several occasions checks drawn on client accounts and made out to the client were mailed to the same Parker, Colorado address. Camarco appears to have forged client signatures on the checks to endorse the checks over to Camarco. The checks then appear to have been subsequently endorsed by Camarco.

22. Camarco appears to have intentionally forged client signatures on check requests directing that checks made out to clients be sent to an address controlled by her. Camarco also

appears to have intentionally forged client signatures on checks made out to clients. Camarco also intentionally caused investor funds to be misappropriated and deposited into her personal accounts for her personal use.

23. Camarco also appears to have used investor funds to pay her personal credit cards. From February 2016 through, at least, August 2017, Camarco directed unauthorized credit card payments of at least \$462,740.

24. Camarco appears to have intentionally caused investor funds to be misappropriated and used to pay her personal credit card bills.

25. Camarco also took cash advances or transfers from client accounts and used those funds for her personal use.

26. Camarco intentionally took the cash advances or transfers from client accounts and intentionally used those funds for her personal use.

27. Camarco spoke to some of her clients by phone at least quarterly. During those conversations Camarco told the investors that their accounts were doing well and that there were no problems. Camarco omitted to tell investors that she was stealing money from investor accounts. In reality, the investors' accounts were not doing well because Camarco was stealing money from those accounts for her own benefit. Camarco knew her statements were false when she made them. It would have been material to investors that Camarco was stealing money from their accounts.

28. On occasion, clients questioned the payments to C Investments, Camarco lied and told investors that the payments were external investments that she made on the investors behalf as part of their holdings at LPL. In reality, C Investments did not exist, and Camarco deposited the money in Camarco Investments' bank account or her own bank accounts to use for her own

personal benefit. Camarco knew her statements were false when she made them. It would have been material to investors that Camarco was not investing their funds, but, rather was stealing them.

29. On some occasions, clients asked Camarco about the decline in their investment accounts. In response, Camarco told at least one investor that she was spending too much. In reality, the cause of the decline in the investor accounts was Camarco's theft of investor funds. Camarco omitted to tell investors this information. It would have been material to investors that the decline in their account balances was due to Camarco's theft of their funds.

30. Camarco Investments is owned and operated by Camarco. She is the sole control person of Camarco Investments, signed bank documents as "President" of Camarco Investments, and may be its sole employee. Camarco's knowledge and intent is imputed to Camarco Investments.

31. The Camarco Living Trust holds five houses used by Camarco and/or her family. At least some of the property was paid for using investor funds and it appears that investor funds were used to pay the mortgages on other property.

32. The Camarco Living Trust was not authorized by investors to receive investor funds and investors received no benefit from Camarco's use of investor funds to pay for real property held by the Camarco Living Trust.

33. From 2004 through August 9, 2017, Camarco was an investment adviser to LPL clients. In exchange for an annual, asset-based fee, Camarco provided her clients with advice as to the investments in their LPL accounts.

FIRST CLAIM FOR RELIEF

**Fraudulent Scheme: Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c)
[15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5]**

34. Paragraphs 1 through 33 are hereby realleged and incorporated by reference.

35. By engaging in the conduct described above Camarco directly or indirectly, acting with scienter, by use of the means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, in connection with the purchase or sale of a security, employed devices, schemes or artifices to defraud and/or engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon another person.

36. By reason of the foregoing, Camarco violated, and, unless restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder.

SECOND CLAIM FOR RELIEF

**Fraudulent Scheme: Section 17(a)(1) of the Securities Act
[15 U.S.C. § 77q(a)(1)]**

37. Paragraphs 1 through 33 are hereby realleged and incorporated by reference.

38. By engaging in the conduct described above, Camarco, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, acting with scienter, employed a device, scheme or artifice to defraud.

39. By reason of the foregoing, Camarco violated and, unless restrained and enjoined, will continue to violate Section 17(a)(1) of the Securities Act.

THIRD CLAIM FOR RELIEF

**Fraudulent Scheme: Section 17(a)(3) of the Securities Act
[15 U.S.C. § 77q(a)(3)]**

40. Paragraphs 1 through 33 are hereby realleged and incorporated by reference.

41. By engaging in the conduct described above, Camarco, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

42. By reason of the foregoing, Camarco violated and, unless restrained and enjoined, will continue to violate Section 17(a) (3) of the Securities Act.

FOURTH CLAIM FOR RELIEF
Fraud by an Investment Adviser:
Section 206(1) of the Advisers Act
[15 U.S.C. § 80b-6(1)]

43. Paragraphs 1 through 33 are hereby realleged and incorporated by reference.

44. By engaging in the conduct described above Camarco, an investment adviser, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, acting with scienter, employed devices, schemes or artifices to defraud her clients.

45. By reason of the foregoing, Sonya Camarco violated and, unless restrained and enjoined, will continue to violate Section 206(1) of the Advisers Act.

FIFTH CLAIM FOR RELIEF
Fraud by an Investment Adviser:
Section 206(2) of the Advisers Act
[15 U.S.C. §§ 80b-6(2)]

46. Paragraphs 1 through 33 are hereby realleged and incorporated by reference.

47. By engaging in the conduct described above Camarco, an investment adviser, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon her clients.

48. By reason of the foregoing, Sonya Camarco violated and, unless restrained and enjoined, will continue to violate Section 206(2) of the Advisers Act.

SIXTH CLAIM FOR RELIEF

Equitable Disgorgement

(Relief Defendants Camarco Investments, Inc. and Camarco Living Trust)

52. Paragraphs 1 through 33 are hereby realleged and incorporated by reference.

53. Relief Defendants Camarco Investments and Camarco Living Trust obtained money, property, and assets as a result of the violations of the securities laws by Defendant Camarco and to which Camarco Investments and Camarco Living Trust have no legitimate claim.

54. Camarco Investments and Camarco Living Trust should be required to disgorge all ill-gotten gains which inured to their benefit under the equitable doctrines of disgorgement, unjust enrichment and constructive trust.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Find that Camarco committed the violations alleged in this Complaint;

II.

Enter an Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Camarco from violating, directly or indirectly, the laws and rules alleged in this Complaint;

III.

Order that Camarco and each of the Relief Defendants disgorge any and all ill-gotten gains, together with pre-and post-judgment interest, derived from the improper conduct set forth in this Complaint;

IV.

Order that Sonya Camarco pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(d)] in an amount to be determined by the Court, plus post-judgment interest;

V.

Grant such other relief as this Court may deem just or appropriate.

JURY DEMAND

The Commission demands a jury in this matter.

Dated: August 23, 2017

Respectfully submitted,

s/ Polly Atkinson

Stephen C. McKenna

Polly Atkinson

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