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10	E-filina							
11	UNITED STATES DISTRICT COURT							
12	NORTHERN DISTRICT OF CALIFORNIA							
13	SAN FRANCISCO DIVISION							
14	DMR							
15	SECURITIES AND EXCHANGE COMMISSION, Case No. CV							
16	Plaintiff, 1288							
17	V.							
18	JAMES MICHAEL MURRAY,							
19	Defendant.							
20								
21	Plaintiff Securities and Exchange Commission (the "Commission") alleges:							
22	SUMMARY OF THE ACTION							
23	1. James Michael Murray, a Marin County investment adviser, defrauded investors of							
24	Market Neutral Trading, LLC, an investment fund he controlled, by providing them a phony audit							
25	report issued by a fictitious audit firm. The phony audit report materially misstated the financial							
26	condition and performance of the fund.							
27	2. By engaging in the acts alleged in this Complaint, Murray violated a Commission rule							
28	prohibiting fraud by investment advisers on investors in a pooled investment vehicle. The							

3

1 Commission seeks an order enjoining Murray from future violations of the securities laws and 2 requiring him to pay a civil monetary penalty.

3

JURISDICTION, VENUE, AND INTRADISTRICT ASSIGMENT

4 3. The Commission brings this action under Section 209(d) of the Investment Advisers 5 Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-9(d)].

6 4. This Court has jurisdiction over this action under Sections 209 and 214 of the Advisers Act [15 U.S.C. §§ 80b-9 and 80b-14]. 7

8 5. Venue in this District is proper under Section 214 of the Advisers Act [15 U.S.C. 9 § 80b-14] because defendant Murray resides in, and a substantial portion of the conduct alleged in 10 this complaint occurred within, the Northern District of California.

11 6. Assignment to the San Francisco Division is appropriate pursuant to Civil Local Rules 12 3-2(c) and 3-2(d) because acts and omissions giving rise to the Commission's claims occurred, 13 among other places, in Marin County.

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- 15

DEFENDANT

7. James Michael Murray, age 42, resides in Larkspur, California and, since 2006, has 16 served as sole member and investment adviser of Market Neutral Trading, LLC. He formerly worked 17 for at least three large brokerage firms. Murray has held Series 7, 63, and 65 securities licenses 18 issued by the Financial Industry Regulatory Authority, or, its predecessor, the National Association 19 of Securities Dealers.

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28

OTHER RELEVANT ENTITIES

21 8. Market Neutral Trading, LLC ("MNT") is a Delaware limited liability company 22 with its principal place of business in San Francisco, California. Its sole member and investment 23 adviser is James Murray. Since at least August 2008, MNT has operated as a fund that purported to 24 invest in securities. Murray has ultimate control over all trading decisions for the fund.

25 9. Jones, Moore & Associates, Ltd. '("JMA") is a Delaware corporation with a 26 purported principal place of business is in Wilmington, Delaware. It purports to provide audit and 27 accounting services.

> SEC V. MURRAY COMPLAINT

2

1	FACTUAL ALLEGATIONS									
2	A.	Murray Formed MNT and, Through MNT and Other Related Entities, Raised								
3		More Than \$4.5 Million.								
4	10.	According to some of its marketing materials, MNT purports to be a hedge fund that								
5	employs "a series of proprietary models and utilizes a broad cross-section of investment styles to									
6	identify investment opportunities," investing primarily in domestic equities.									
7	11.	Murray is the sole member of MNT. He is also the fund's investment adviser,								
8	managing all o	haging all of the fund's assets and making all investment decisions for the fund. For his services,								
9	Murray receives 25% of any profit realized by the fund.									
10	12.	Between July 29, 2008 and December 16, 2008, Murray, on behalf of MNT, raised								
11	approximately	y \$2 million from three investors.								
12	13.	Murray continues to solicit money from new investors. Between March 22, 2011 and								
13	November 18,	2011, Murray, on behalf of a new fund called Market Neutral Trading B, LLC, raised								
14	approximately	* \$2.6 million from seven investors.								
15	B.	Murray Defrauded Investors When He Gave Them a Bogus Audit Report from a								
10		Fictitious Audit Firm.								
16		ratious Adult rinm.								
16 17	. 14.	In 2009, MNT distributed to its investors what purported to be an independent								
17	auditor's repo	In 2009, MNT distributed to its investors what purported to be an independent								
17 18	auditor's repo LLC Financia	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading,								
17 18 19	auditor's repo LLC Financia Audit Report"	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading, l Statements and Independent Auditors' Report," dated December 31, 2008 ("JMA								
17 18 19 20	auditor's repo LLC Financia Audit Report"	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading, I Statements and Independent Auditors' Report," dated December 31, 2008 ("JMA 7). One investor received the report on or about May 27, 2009, and another investor								
17 18 19 20 21	auditor's repo LLC Financia Audit Report" received it on 15.	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading, I Statements and Independent Auditors' Report," dated December 31, 2008 ("JMA). One investor received the report on or about May 27, 2009, and another investor or about June 9, 2009.								
 17 18 19 20 21 22 	auditor's repo LLC Financia Audit Report" received it on 15. statements for	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading, I Statements and Independent Auditors' Report," dated December 31, 2008 ("JMA 2). One investor received the report on or about May 27, 2009, and another investor or about June 9, 2009. According to the JMA Audit Report, JMA conducted an audit of MNT's financial								
 17 18 19 20 21 22 23 	auditor's repo LLC Financia Audit Report" received it on 15. statements for Standards. In	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading, I Statements and Independent Auditors' Report," dated December 31, 2008 ("JMA). One investor received the report on or about May 27, 2009, and another investor or about June 9, 2009. According to the JMA Audit Report, JMA conducted an audit of MNT's financial the period ended December 31, 2008 in accordance with Generally Accepted Auditing								
 17 18 19 20 21 22 23 24 	auditor's repo LLC Financia Audit Report" received it on 15. statements for Standards. In	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading, I Statements and Independent Auditors' Report," dated December 31, 2008 ("JMA). One investor received the report on or about May 27, 2009, and another investor or about June 9, 2009. According to the JMA Audit Report, JMA conducted an audit of MNT's financial the period ended December 31, 2008 in accordance with Generally Accepted Auditing the report, JMA opined that MNT's financial statements conformed with Generally								
 17 18 19 20 21 22 23 24 25 	auditor's repo LLC Financia Audit Report" received it on 15. statements for Standards. In Accepted Acc	In 2009, MNT distributed to its investors what purported to be an independent rt from the firm of Jones, Moore & Associates, Ltd., entitled "Market Neutral Trading, I Statements and Independent Auditors' Report," dated December 31, 2008 ("JMA). One investor received the report on or about May 27, 2009, and another investor or about June 9, 2009. According to the JMA Audit Report, JMA conducted an audit of MNT's financial the period ended December 31, 2008 in accordance with Generally Accepted Auditing the report, JMA opined that MNT's financial statements conformed with Generally ounting Principles ("GAAP").								

1 firm, JMA is merely a Murray-controlled shell company, as is demonstrated by at least the following:

2 (a) JMA purports to operate in the State of Delaware, but it is not registered or
3 licensed by Delaware as an accounting firm. Accounting and auditing firms doing business out of
4 Delaware are required to register with the state.

(b) JMA's website lists twelve professionals with specific educational degrees and
licenses who supposedly work for JMA, but at least five of these professionals do not exist. Among
the fictitious professionals listed are Richard Jones and Joseph Moore, the two named principals of
JMA.

9 (c) Murray attempted to open brokerage accounts in the name of JMA. He
10 identified himself as Chief Financial Officer of JMA on various account documents provided to
11 brokerage firms. Murray also called brokerage firms, falsely claiming to be the principal identified
12 on most JMA documents.

13 (d) Murray's personal brokerage accounts, MNT's brokerage accounts, and JMA's
14 brokerage accounts were accessed from the same computers.

(e) A Murray-controlled entity paid for the "jonesmoore.com" domain name andwebsite.

17 18. Second, the JMA Audit Report distributed to MNT investors falsely conveyed the
18 financial condition of MNT. The JMA Audit Report understated the costs of MNT's investments and
19 thus overstated the fund's investment gains by approximately 90%. In addition, it overstated MNT's
20 income by approximately 35%, member capital by approximately 18%, and total assets by
21 approximately 10%.

22 19. The misrepresentations in the JMA Audit Report were material.

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23 20. At the time MNT distributed the JMA Audit Report to its investors, Murray knew or
24 should have known that the report was materially false and misleading.

CLAIM FOR RELIEF Violation of Adviser Act Section 206(4) and Rule 206(4)-8

27 21. The Commission realleges and incorporates by reference paragraphs 1 through 20.
28 22. By engaging in the acts and conduct alleged above, James Murray directly or

indirectly, through use of the means or instruments of transportation or communication in interstate 1 commerce or of the mails, and while engaged in the business of advising others for compensation as 2 3 to the advisability of investing in, purchasing, or selling securities: (a) made untrue statements of a material fact or omitted to state a material fact necessary to make the statements made, in the light of 4 5 the circumstances under which they were made, not misleading, to investors or prospective investors in a pooled investment vehicle; and (b) engaged in acts, practices, or courses of business that were 6 7 fraudulent, deceptive, or manipulative with respect to investors or prospective investors in a pooled 8 investment vehicle.

9 23. By reason of the foregoing, James Murray has violated and, unless restrained and
10 enjoined, will continue to violate Section 206(4) of the Advisers Act and Rule 206(4)-8 thereunder
11 [15 U.S.C. § 80b-6(4) and 17 C.F.R. § 275.206(4)-8].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently enjoin James Murray from directly or indirectly Section 206(4) of the Advisers
Act and Rule 206(4)-8 thereunder [15 U.S.C. § 80b-6(4) and 17 C.F.R. § 275.206(4)-8];

II.

Order James Murray to pay civil penalties pursuant to Section 209 of the Advisers Act [15
U.S.C. § 80b-9];

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III.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal
Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that
may be entered, or to entertain any suitable application or motion for additional relief within the
jurisdiction of this Court; and

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1					IV	•					
2	Grant such other and further relief as this Court may determine to be just and necessary.										
3											
4	DATED:	March 15, 2012			Respec	tfully S	ubmitted	l,			
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