

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION,

Plaintiff,

v.

EDWARD L. MOSKOP, and
FINANCIAL SERVICES MOSKOP &
ASSOCIATES, INC.,

Defendants.

No. 10C 7462

JURY DEMANDED

COMPLAINT

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

INTRODUCTION

1. The United States Securities and Exchange Commission ("Commission") brings this enforcement action to halt an ongoing investment fraud spanning more than two decades. From at least 1989 through the present, Defendants Edward L. Moskop and Financial Services Moskop & Associates, Inc. (collectively, "Defendants") have been siphoning away the life savings of at least two elderly investors ("Investors"). Using false promises, phony account statements, and forged documents, Defendants have misappropriated hundreds of thousands of dollars from the Investors. Defendant Moskop said the Investors were among his "premium" clients; he claims to have at least 60 more just like them.

JURISDICTION AND VENUE

2. The Commission brings this action pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

3. 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], and 28 U.S.C. § 1331.

4. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

5. Acts, practices and courses of business constituting violations alleged herein have occurred within the jurisdiction of the United States District Court for the Northern District of Illinois and elsewhere. Victims of Defendants' fraudulent conduct reside in the Northern District of Illinois.

6. The Defendants, 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.

7. The Defendants will, unless enjoined, continue to engage in the acts, practices and courses of business set forth in this Complaint, and acts, practices and courses of business of similar purport and object.

FACTS

Defendants

8. Financial Services Moskop & Associates, Inc. ("M&A") is an Illinois corporation that purportedly offers and sells various financial products to the public.

M&A is not registered with the Commission. At all times relevant herein, M&A acted through Moskop.

9. Edward L. Moskop is, and was at all relevant times, the president and owner of Defendant M&A. He is a resident of Belleville, Illinois. Since at least 1989, Moskop has sold various financial products to investors through M&A. For the past 20 years, he personally solicited and sold or offered to sell numerous securities to the Investors. Moskop is not registered with the Commission, and is not associated with a registered broker-dealer. In 1990, Moskop was barred by the National Association of Securities Dealers (n/k/a the Financial Industry Regulatory Authority) ("FINRA") from association in any capacity with any member of FINRA as a result of a finding that he deposited customer investment funds into an account in which he had a beneficial interest and used the funds for his personal benefit.

The Investors

10. The Investors are husband and wife. The husband is 88 years old, and his wife is 84 years old. The Investors were born in Poland and came to the United States in 1949. The Investors are United States citizens and have resided in Mt. Prospect, Illinois since 2002. Prior to moving to Mt. Prospect, they lived in Cahokia, Illinois.

The Fraud

11. The Investors first met Moskop while they were living in Cahokia. Moskop offered to sell them various financial and insurance products. Beginning in 1989 and continuing through the present, they invested over \$300,000 with Defendants. Throughout this period, Moskop told the Investors that he would use the money they gave him to purchase various financial products, including fixed rate trusts, bond funds,

and certificates of deposit, offered by Massachusetts Financial Services Company (“Mass Financial” or “MFS”), Allianz Life Insurance Company of North America (“Allianz”), and Kemper (n/k/a DWS Investments).

12. Over the course of his 20-plus year relationship with the Investors, Moskop, acting as president of M&A, sent or caused to be sent to the Investors numerous false or forged documents to hide the fact that Defendants were misappropriating their money.

13. For example, Moskop periodically sent the Investors written account statements purporting to identify the various securities Defendants purchased on their behalf, the amounts paid by the Investors, the amount of interest earned, and the total value of all the investments. The most recent account statement, which the Investors received from Defendants through the U.S. mail, is dated February 11, 2010. According to that statement, the Investors owned 16 different investments with a total value of nearly \$600,000. Unbeknownst to the Investors at the time, this account statement, as well as previous account statements mailed to them by Defendants, was false and materially misrepresented the nature and amount of their actual investments.

14. For 20 years, the Investors never sought to redeem any of their investments with Defendants, and Defendants never paid them any money. When a particular investment would mature, Defendants would offer to renew or roll-over the investment. Each time the Investors agreed to reinvest their money with Defendants.

15. In September 2010, the Investors noticed that one of two Allianz certificates of deposits (“CDs”) Moskop sold and delivered to them in 2008 was about to mature, but Defendants had not sent them any paperwork to renew the investments. One

of the Investors contacted Allianz directly to inquire whether they could renew the CDs. Representatives of Allianz informed them that Allianz did not have any record of their accounts, and that Allianz did not sell the types of products purchased by the Investors through Defendants. In fact, Allianz does not sell or issue any CDs. Allianz confirmed that the CDs Defendants sent to the Investors were counterfeit.

16. After the Investors learned that Allianz had no record of their investments, they asked their daughter to help them investigate their accounts with Defendants.

17. On or about September 21, 2010, the Investors' daughter called Moskop and informed him that Allianz had no record of her parents' account or purchase of the CDs. Moskop told her that his firm had underwritten the Investors' investment. He described the transaction as a private offering extended to his premium clients and funded by insurance premiums on policies sold by his firm. Moskop stated that he had used the Allianz logo and form to report the investment, but admitted that he was not permitted to do so.

18. During this conversation, the Investors' daughter informed Moskop that her parents wished to cash out the Allianz CDs immediately. Moskop agreed and said he would send them the funds.

19. Between on or about September 21, 2010 and October 22, 2010, the daughter had several additional phone conversations with Moskop, during which he offered a number of excuses as to why he had not yet sent the money for the CDs.

20. On or about October 22, 2010, the Investors received two checks from Defendants via U.S.P.S. Express Mail, one for \$16,983.07 and one for \$22,008.02. The two checks purportedly represented the proceeds from their CDs.

21. The Investors attempted to deposit the checks at Parkway Bank and Trust, but were subsequently informed by the bank that the checks were returned for insufficient funds.

22. The Investors' daughter contacted Moskop to inquire about the returned checks. Moskop explained that he had written checks to two other clients, which caused the Investors' checks to bounce. The Investors' daughter demanded that Moskop immediately pay to her parents all funds in their accounts.

23. After learning that Allianz had no record of her parents' CDs, the Investors' daughter contacted MFS. According to Defendants' representations, including through the various accounts statements mailed to the Investors, the Investors purportedly had invested over \$250,000 to purchase shares in at least a dozen fixed rate trusts offered by MFS.

24. A representative from MFS confirmed to the Investors' daughter the existence of a single account for the Investors valued at less than \$40,000, all of which was purportedly invested in a government bond fund. MFS has confirmed that it has no records of any other accounts belonging to the Investors.

25. To date, Moskop has not returned any money to the Investors.

26. Moskop represented that the Investors were among his "premium" clients. He recently claimed to have over 60 "premium" clients like the Investors, and over 500 clients in total.

CLAIMS FOR RELIEF

First Claim
Against All Defendants
Fraud in the Offer or Sale of Securities
Violations of Section 17(a) of the Securities Act
[15 U.S.C. § 77q(a)]

27. As a result of the conduct alleged in paragraphs 1 through 26, Defendants Moskop and M&A have, directly or indirectly, with scienter, 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, employed a device, scheme, or artifice to defraud in violation of Section 17(a)(1) of the Securities Act.

28. As a result of the conduct alleged in paragraphs 1 through 26, Defendants Moskop and M&A have, 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, obtained money or property by means of untrue statements of material fact or by omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading in violation of Section 17(a)(2) of the Securities Act.

29. As a result of the conduct alleged in paragraphs 1 through 26, Defendants Moskop and M&A have, 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 which have been or are operating as a fraud or deceit upon the purchasers of securities in violation of Section 17(a)(3) of the Securities Act.

30. Unless restrained and enjoined, Defendants Moskop and M&A will, in the future, violate Section 17(a) of the Securities Act.

Second Claim
Against All Defendants
Fraud in the Purchase or Sale of Securities
Violations of Section 10(b) and Rule 10b-5 of the Exchange Act
[15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]

31. As a result of the conduct alleged in paragraphs 1 through 26, Defendants Moskop and M&A have, directly or indirectly, with scienter, by use of the means or instruments of interstate commerce or by use of the mails, used or employed, in connection with the purchase or sale of securities, a manipulative or deceptive device or contrivance in contravention of the rules and regulations of the Commission or employed devices, schemes, or artifices to defraud, in violation of Section 10(b)(5)(a) of the Exchange Act and Rule 10b-5(a) thereunder.

32. As a result of the conduct alleged in paragraphs 1 through 26, Defendants Moskop and M&A have, directly or indirectly, with scienter, by use of the means or instruments of interstate commerce or by use of the mails, in connection with the purchase or sale of securities, made untrue statements of material fact or 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 in violation of Section 10(b)(5)(b) of the Exchange Act and Rule 10b-5(b) thereunder.

33. As a result of the conduct alleged in paragraphs 1 through 26, Defendants Moskop and M&A have, directly or indirectly, with scienter, by use of the means or instruments of interstate commerce or by use of the mails, in connection with the purchase or sale of securities, engaged in acts, practices, or courses of business which

IV.

Impose upon Defendants appropriate civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

V.

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.

VI.

Grant an Order for any other relief this Court deems appropriate.

The Commission demands a trial by jury on all issues so triable.

November 19, 2010.

Respectfully Submitted,

s/Daniel J. Hayes

Daniel J. Hayes

John D. Mitchell

Attorneys for Plaintiff

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