

SEC Fines Ex-Raymond James Branch Manager for Role in EB-5 Fraud: Enforcement

Elizabeth Festa / September 17, 2018



(Photo:

ThinkAdvisor)

The Securities and Exchange Commission filed charges against a former registered representative and branch manager with Raymond James & Associates for helping facilitate an EB-5 offering fraud perpetrated by a Vermont-based ski resort.

The SEC's [complaint](#) alleges that Joel Burstein, who according to [BrokerCheck](#) was at Raymond James from 2001 to 2016, aided and abetted the ski resort's owner, Ariel Quiros, in misappropriation and misuse of investor money that flowed through various brokerage accounts held at Raymond James.

Burstein, who is Quiros' former son-in-law, managed those accounts. According to the SEC's complaint, Burstein

facilitated Quiros' misappropriation of more than \$21 million of investor funds to acquire the Jay Peak ski resort.

Burstein then assisted Quiros in trying to mask the significant shortfall created in the Raymond James brokerage accounts from the misappropriation. The complaint also alleges that Burstein facilitated Quiros' fraudulent use of more than \$18 million of investor money to pay off Jay Peak's margin debt at Raymond James.

In April of 2016, the SEC filed an [emergency civil action](#) against Quiros, Jay Peak and others for engaging in an offering fraud in which, among other things, Quiros systematically misappropriated and misused investor funds.

The EB-5 program solicits investments from foreigners in exchange for U.S. residency.

In [April of last year, Raymond James agreed to pay \\$150 million](#) and settle all claims tied to the scheme.

Without admitting or denying the SEC's allegations, Burstein consented to the entry of a final judgment ordering him to pay a civil penalty of \$80,000.

Burstein also settled, without admitting or denying the findings, to an SEC order that bars him from association with any broker, dealer, investment advisor, municipal securities dealer, transfer agent, or nationally recognized statistical rating organization, and from participating in an offering of penny stock, with the right to apply for reentry after 10 years.

2 Men Charged With Bilking Oil-and-Gas Investors to Pay for Vacations, Dating Sites

The SEC [charged](#) two Bowling Green, Kentucky-area men with defrauding investors in oil-and-gas securities offerings. The SEC's [complaint](#) alleges that Scott Stacy Phelps and James Michael Harper raised approximately \$611,000 by selling securities to nine investors between February 2015 and March 2016.

Although they told prospective investors that the investment proceeds would be used to drill for oil in Kentucky, the main goal of the offering was to enrich Phelps and Harper.

According to the SEC, they spent the vast majority of the investor funds on themselves and their families, paying themselves generous six-figure salaries, and using the investor funds for rent, vacations, consumer goods, dating and adult websites, entertainment, golf and hotels.

They used a small amount to drill two wells. Neither well was commercially viable. Despite knowing this, the complaint alleges that Phelps and Harper continued soliciting additional funds from investors, purportedly to drill for oil in both wells.

The SEC's complaint seeks permanent injunctions, disgorgement, prejudgment interest and civil money penalties.