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U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 20220 / August 1, 2007

Securities and Exchange Commission v. Global Asset Partners, LLC, et al., Case No. CV 07-1188 RSL (W.D. Wash. filed August 1, 2007)

SEC Charges Global Asset Partners and Joseph C. Lavin For Defrauding Investors In \$5 Million Ponzi Scheme

The Securities and Exchange Commission today filed fraud charges against Joseph C. Lavin and his company, Global Asset Partners, LLC ("GAP"), a purported Seattle-based investment fund manager, accusing them of misappropriating at least \$5 million from over 100 investors nationwide. According to the Commission, Lavin, 41, of Woodinville, Wash., promised investors extraordinary returns of 18 to 36 percent per year from the GAP investments. Far from producing the promised returns, the Commission's complaint alleges that Lavin used investor funds to pay for personal expenses for himself and his friends, including lavish trips, automobiles, a Seattle Mariners luxury skybox, and real estate in Costa Rica. Lavin also diverted investor funds to a now-bankrupt Texas real estate project known as Wildflower Resort Company.

The complaint alleges that Lavin told investors that their money would be placed into funds managed by GAP, where it would be invested in foreign currencies and asset-backed securities. Instead, Lavin converted the investors' money to his own use. In addition, as in a classic Ponzi scheme, Lavin used money raised from new investors to pay purported returns to previous investors. The Commission further claims that Lavin sent false account statements to GAP's investors showing ever-increasing account balances based upon accumulation of the promised returns. In reality, according to the complaint, the GAP funds never made any money and Lavin fabricated the account balances on the statements to fool investors into believing their investments were profitable and to induce them to make additional investments.

The Commission's complaint, filed in federal district court in Seattle, seeks to enjoin Lavin and GAP from future violations of the antifraud provisions of the federal securities laws [Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Investment Advisers Act]. The Complaint also requests that the district court order Lavin and GAP to disgorge their ill-gotten gains, plus prejudgment interest and to impose a civil monetary penalty.

► [SEC Complaint in this matter](#)

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