

IN THE MATTER OF GLOBAL ASSET PARTNERS AND JOSEPH LAVIN

On August 1, the Commission filed a civil injunctive action in U.S. District Court in Seattle, Washington against Joseph C. Lavin and his company, Global Asset Partners, LLC (GAP), a purported Seattle-based investment fund manager. In its Complaint, the Commission alleges that Lavin and GAP engaged in fraudulent conduct in connection with the offer and sale of pooled investment funds that GAP managed. Between 2002 and 2005, GAP and Lavin raised 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 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 charges Lavin and GAP with violating 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 of 1940. The Commission is seeking against each of the defendants a permanent injunction prohibiting future violations of the securities laws, disgorgement of ill-gotten gains, prejudgment interest, and civil penalties.

The Commission acknowledges the assistance of the United States Attorney's Office for the Western District of Washington, Federal Bureau of Investigation, Internal Revenue Service and Commodity Futures Trading Commission in the Commission's investigation, which is continuing. [SEC v. Joseph C. Lavin and Global Asset Partners, Civil Action No. CV 07-1188 RFL, USDC, WD Wash., Seattle Division] ([LR-20220](#))