



SEC

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EDUCATION and ADVOCACY

Before You Invest, **Investor.gov**

Case Study

SEC v. Keystone Capital, et al.

United States Securities and Exchange Commission
Atlanta Regional Office

Graham Loomis and Kristin Murnahan
SEC Trial Counsel

June 2023



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Elements of Deceptive Scheme

- I. Misleading Use of Federal Symbols
- II. Misleading Company Name
- III. Use of “Official” Sounding Titles
- IV. Use of Misleading Email Addresses
- V. Misleading Use of Official Forms
- VI. Efforts to Create Urgency



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Elements of Deceptive Scheme

Misleading Use of Federal Symbols

Defendants Design the Mailers to Look Official



Important Do Not Discard


Annual Federal Benefits Evaluation

SILAS T AIKEN

Agency: NATIONAL PARK SERVICE
Position: PARK RANGER
Plan/Grade: GS 05

the federal government and it is quite possible you have
's Annuity, FEHB, Thrift Savings Plan (TSP), and FEGLI group
ts review, complete the information below, check the box
e form in the prepaid envelope or fax to 866-929-0737.

Yes No
 Yes No
 Yes No
 Yes No
 Yes No
 Yes No

4. Do you know when you are eligible to retire?
5. Do you understand the long-term benefits and costs of your FEGLI insurance?
6. Do you know how to calculate your expected monthly retirement income?
7. What percentage of your salary do you contribute to your TSP? _____ %
8. Do you know what percentage of your TSP contribution is matched by the government? _____ %
9. At what age do you plan to retire? _____

EXHIBIT 905
1:17-cv-02873

Employee Information

Please have a licensed federal benefit counselor contact me to schedule my annual benefits review.

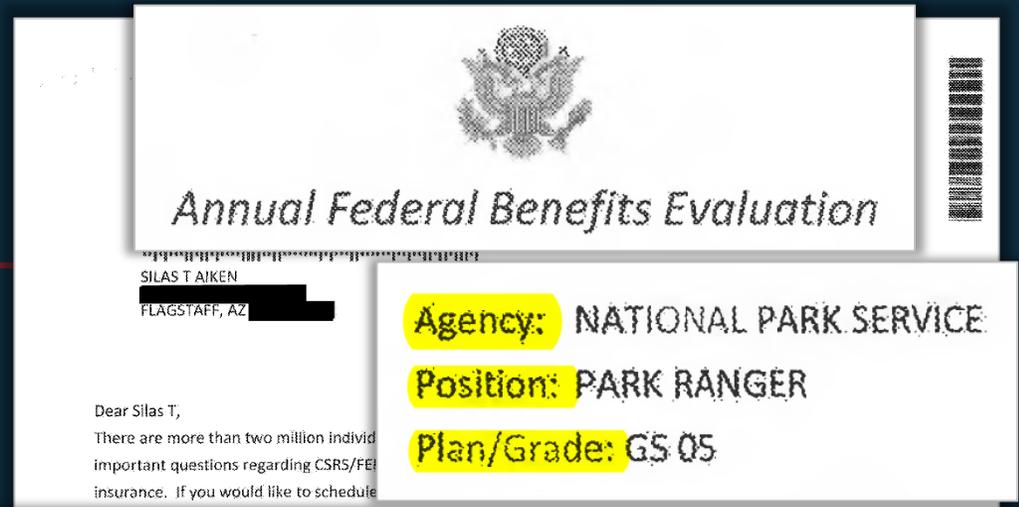
Name: _____ Address: _____
City: _____ State: _____ Zip: _____ Years of Service: _____
Age: _____ Job Title: _____ Work Hours: _____
Phone: _____ Home Work Mobile
Phone: _____ Home Work Mobile

FERS CSRS CSRS Offset

Please return this survey in the postage paid envelope or fax to (866) 929-0737

1247103013
SEC-AMPLIFII-E-0000453

Defendants Design the Mailers to Look Official



Employee Information

Please have a licensed federal benefit counselor contact me to schedule my annual benefits review.

Name: _____ Address: _____

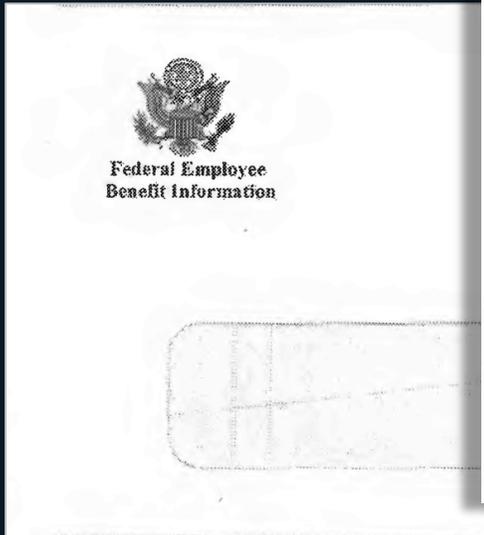
City: _____ State: _____ Zip: _____ Years of Service: _____

Age: _____ Job Title: _____ Work Hours: _____

Phone: _____ Home Work Mobile

Phone: _____ Home Work Mobile

FERS CSRS CSRS Offset



SEC-AMPLIFI-E-0000453



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Elements of Deceptive Scheme

Misleading Company Name



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Misleading Company Name

Federal Employee Benefit Counselors (FEBC) is a national consulting group dedicated to educating federal employees. FEBC's mission is to help federal employees understand and optimize their complex benefits package. Our counselors receive extensive training in the CSRS/FERS pension systems, federal employee group life insurance (FEGLI), Thrift Savings Plan (TSP), federal employee health benefits (FEHB), and all the alternative benefit programs available to federal employees. They follow a very simple and proven **three step process; Educate, Analyze and Optimize.**



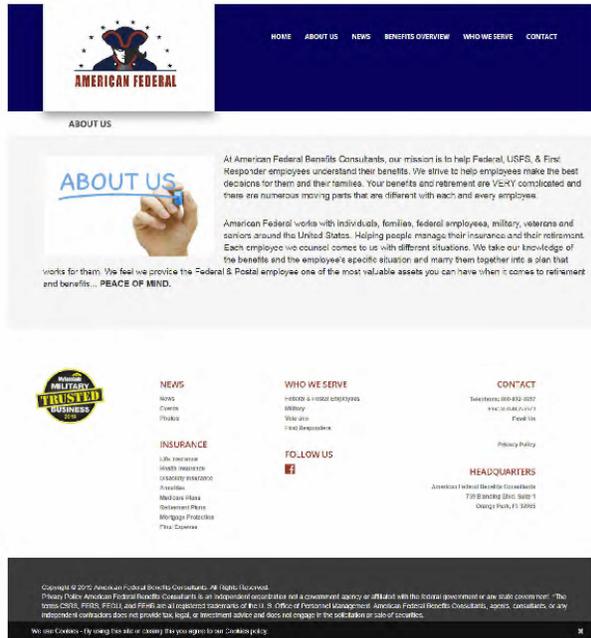
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Other Examples of Misleading Company Names

American Federal



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AMERICAN FEDERAL

ABOUT US

ABOUT US

All American Federal Benefits Consultants, our mission is to help Federal, USPS, & First Responder employees understand their benefits. We strive to help employees make the best decisions for them and their families. Your benefits and retirement are VERY complicated and there are numerous moving parts that are different with each and every employee.

American Federal works with individuals, families, federal employees, military, veterans and survivors around the United States. Helping people manage their insurance and their retirement. Each employee we counsel comes to us with different situations. We take our knowledge of the benefits and the employee's specific situation and marry them together into a plan that works for them. The fact we provide the Federal & Postal employee one of the most valuable assets you can have when it comes to retirement and benefits... PEACE OF MIND.

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- Health Insurance
- Disability Insurance
- Travel
- Medicare Plans
- Government Pensions
- Mortgage Protection
- Fire Coverage

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- First Responders

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American Federal Benefits Consultants
739 BUCKINGHAM DRIVE, SUITE 1
CHERRY HILL, NJ 08002

CONTACT

Telephone: (800) 422-4807
www.AmericanFederal.com
Email Us

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DEFENDANT'S EXHIBIT 4437

Confidential Treatment Requested by Rogers & Hardin LLP

KEY2SEC002412

My Federal Benefits



3/25/2019 Home - My Federal Benefits

REACH US AT 1-800-657-4251 OR [CLICK HERE](#) (HTTP://MYFEDERALBENEFITS.COM/CONTACT-US/)

MY FEDE BENEF

(HTTPS://MYFEDERAL

MY FEDERAL BENEFITS

It is our commitment at My Federal Benefits to provide you a free personalized benefit analysis and help you understand the decisions you'll encounter during your employment and retirement from the federal government. It is important to us that you are prepared to make decisions based on your unique circumstances, know how to avoid pitfalls and make the best choices for you and your family. Remember, if you have questions about YOUR Federal Benefits then you can trust MY Federal Benefits to help you find the answers.

FREE PERSONALIZED SAMPLE ANALYSIS

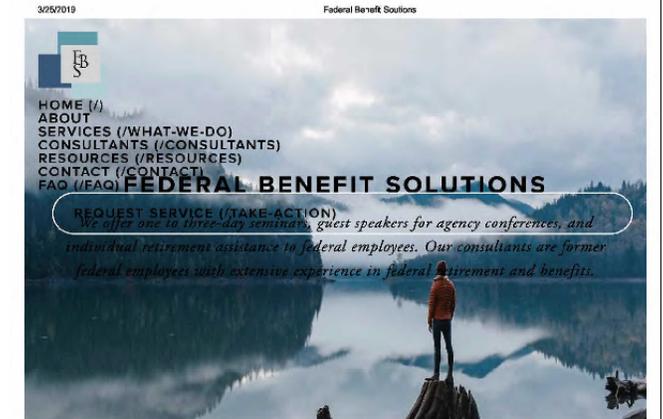
https://myfederalbenefits.com

DEFENDANT'S EXHIBIT 4433

Confidential Treatment Requested by Rogers & Hardin LLP

KEY2SEC002310

Federal Benefits Solutions



3/25/2019 Federal Benefit Solutions

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REQUEST SERVICE (/TAKE-ACTION)

We offer one to three-day seminars, guest speakers for agency conferences, and individual retirement assistance to federal employees. Our consultants are former federal employees with extensive experience in federal retirement and benefits.

Federal Benefit Solutions provides retirement and benefits training specific to federal government employees.

DEFENDANT'S EXHIBIT 4430

(916) 955-2430 PCONARY@FEDBENEFITSOLUTIONS.COM (MAIL TO: PCONARY@FEDBENEFITSOLUTIONS.COM)

https://www.federalbenefitsolutions.com

Confidential Treatment Requested by Rogers & Hardin LLP

KEY2SEC002287



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Elements of Deceptive Scheme

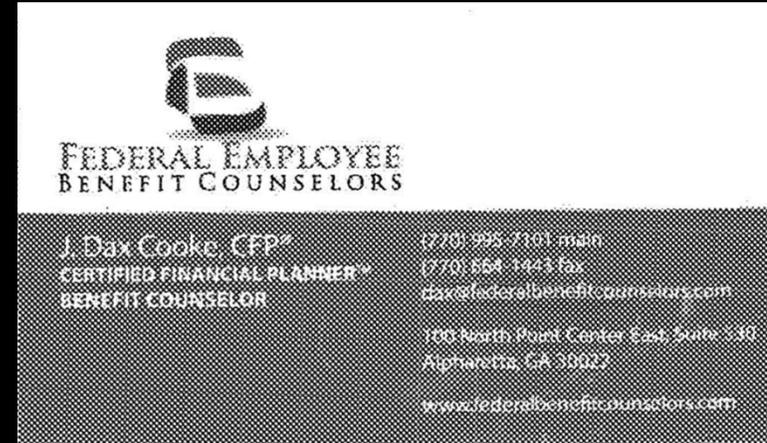
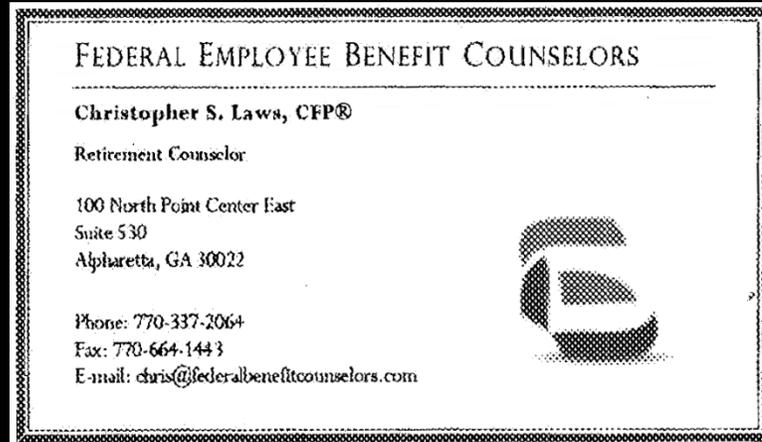
Use of “Official” Sounding Titles

Defendants' Misleading Titles

TSP Counselor
TSP Specialist
Benefits Counselor
**Retirement
Counselor**
**Retirement
Specialist**



Defendants' Misleading Business Cards





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Elements of Deceptive Scheme

Use of Misleading Email Addresses

Ex. 807: Sobsey

From: "J. Dax Cooke" <dax@federalbenefitcounselors.com>
Date: February 21, 2014 at 5:43:10 PM EST
To: "rsob2002@yahoo.com" <rsob2002@yahoo.com>
Subject: TSP Review Meeting Info

Robert,

Per your request, I have prepared the TSP 70 election forms, Jackson Transfer Form (C Transfers), and the TSP report we covered. In order to initiate the conversion, simply print the TSP 70 form and Jackson Transfer, complete the highlighted sections email back to me. In the mean time if you have any additional question, feel free to contact me direct at 866-431-1336. Have a great weekend!

Ex. 990: Hager

From: J. Dax Cooke <dax@federalbenefitcounselors.com>
Date: Fri, Feb 7, 2014 at 10:48 AM
Subject: TSP Election Information
To: <nhager@gmail.com>
CC: <regahra@yahoo.com>

Tony/Nancy,

Nice speaking with the both of you this mooring. Per our conversation, I have prepared the Election forms and updated analysis page with the corrected age. Just as I suspected Jackson came back as most suitable carrier as a result of the answers we plugged into the questionnaire. You will receive a copy of the analysis report later this afternoon. In order to initiate the TSP-75 election you just need to print out the attached forms labeled, "TSP Election Form", complete the highlighted sections and fax back to us at 866-929-0737. Once that is complete, you will receive a contact from a processing specialist that will complete the process. If you need any additional information, feel free to give me a call at my direct number, 404-578-0859.

Ex. 350: Davis

From: "J. Dax Cooke" <dax@federalbenefitcounselors.com>
Subject: TSP Review
Date: February 7, 2014 at 8:48:41 AM PST
To: Lisa Davis <mako254@verizon.net>
Cc: phillip.l.davis@leidos.com

Lisa,

It was nice speaking with you this morning. Per our conversation, I have prepared a the election forms we discussed, as well as the updated TSP Income analysis reflecting an income start date of 62. I will be sending you another email this afternoon with a report of your questionnaire answers. This should tell you how you should be invested based on your answers. The report did come back with Jackson as suspected, so I have pre-populated that information into the forms. All you need to do is enter the highlighted sections. You will need to have the forms notarize, however you can send us a copy of your drivers license with signature and we can notarize them here in the office. The fax number to send the forms is 866-929-0737. If you need anything else you can contact me direct at 404-578-0859.



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Elements of Deceptive Scheme

Misleading Use of Official Forms

TSP-75



TSP-75 Age-Based In-Service Withdrawal Request

April 2012

EXHIBIT _____
WITNESS LAWS
CONSISTING OF _____ PAGES
DATE 9-14-18
BEHMKE REPORTING AND VIDEO SERVICES, INC.



EXHIBIT 18
1:17-cv-02873

TSP Withdrawal Form

Form TSP-75, Withdrawal Request

Thrift Savings Plan

TSP-75 Age-Based In-Service Withdrawal Request

April 2012

Form TSP-75, Page 2 (01/2012)

Form TSP-75, Page 3 (01/2012)

Form TSP-75, Page 4 (01/2012)

Form TSP-75, Page 5 (01/2012)

Form TSP-75, Page 6 (01/2012)

LPL Account Application

LPL Account Application

LPL Financial

Form LPL, Page 2 (01/2012)

Form LPL, Page 3 (01/2012)

Form LPL, Page 4 (01/2012)

Form LPL, Page 5 (01/2012)

Form LPL, Page 6 (01/2012)

Form Defendants Sent Federal Employee

Form TSP-75, Withdrawal Request

Thrift Savings Plan

TSP-75 Withdrawal Request

April 2012

Form TSP-75, Page 2 (01/2012)

Form TSP-75, Page 3 (01/2012)

Form TSP-75, Page 4 (01/2012)

Form TSP-75, Page 5 (01/2012)

Form TSP-75, Page 6 (01/2012)

LPL Account Application



LPL Account Application

The image displays seven pages of an LPL Account Application form, numbered 001 through 007. Each page contains various sections with checkboxes and input fields. At the bottom of each page, there is an FBI Form 1120-100 (Rev. 01-01) stamp with a QR code and the text "02/17/2014 7:55AM GMT-07:00".

This is Section VI of the LPL Account Application form, titled "Account Holder Acknowledgment and Execution". It contains several paragraphs of text, including a "Declaration" section where the account holder agrees to the terms and conditions of the account. The form is signed by Robb S. Chapman on 7/10/14. At the bottom, there is a signature line for Robb S. Chapman, a date field with "7/10/14", and a QR code.





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Elements of Deceptive Scheme

Efforts to Create Urgency

Cooke's Lies Regarding Rate Changes

From: J. Dax Cooke <dax@myfebc.com>
Sent: Friday, October 17, 2014 04:01 PM
To: roger.kuhnle
Subject: TSP-75 rate change
Categories: NotJunk

Mr. Kuhnle,

I wanted to let you know the Jackson TSP-75 plan will be reducing it's rates this next Friday and it will affect the figures I sent you before. In order to lock those rates, you need to get the paperwork in before October 17th at 5:00 EST. If you have any question, you can contact me directly at 404-806-9244.

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Sent: Friday, October 17, 2014 04:01 PM
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1

EXHIBIT 963
1:17-cv-02873

FOIA Confidentiality
Treatment Requested

Keystone 019392

Cooke's Lies Regarding Rate Changes

From: J. Dax Cooke <dax@myferc.com>
Sent: Thursday, February 26, 2015 10:03 AM
To: Brandon Long; Troy Ragan
Subject: Meeting Follow Up

Guys,

Just as a follow up to our meeting yesterday, I would like each of you to go through all of the leads in which you have done 2nd appointments with. Call them all and go through the 3 step process we discussed yesterday:

1. "Automatic notification in system that your paperwork hasn't come back yet, wanted to make sure you recieved it." Pause and let them explain why they haven't sent it back. Try to dig out the objection. If it's just a matter of them not having time, move to step 2. If it's any other reason, try to schedule another review.
2. **Create urgency by mentioning the possible rate changes at the end of the month.**
3. Reschedule another meeting if possible for people that have more questions.

Go get it!

Dax



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Consequences of the Deceptive Scheme

- I. Investors were locked in to the new investment for at least 7 years

- II. Investors Paid Significantly Higher Fees

Fees:

Variable Annuity vs TSP

Customer	Amount	Variable Annuity Annual Fees	TSP Annual Fees
McQuillan, Geraldine M	\$ 470,517.50	\$ 16,968.74	\$ 127.04
Bush Harwell, Acquinette	\$ 90,540.55	\$ 2,806.76	\$ 44.36
Davis Lisa M	\$ 412,620.83	\$ 14,978.14	\$ 202.18
Sobsey, Robert L	\$ 65,720.59	\$ 2,490.81	\$ 32.20
Trawick, Judy A	\$ 478,000.00	\$ 18,403.00	\$ 234.22
Fujii, Sharon M	\$ 480,606.34	\$ 18,503.34	\$ 235.50
Dias, Ronald P	\$ 1,080,651.62	\$ 39,551.85	\$ 529.52
Chapman, Robb S	\$ 400,000.00	\$ 14,334.00	\$ 196.00
Burka, Maria K	\$ 1,299,356.39	\$ 36,901.72	\$ 636.68
Kerrins, Ronni L	\$ 406,716.28	\$ 13,496.88	\$ 199.29

F 911
02873

Fee Comparison 2014-2019

