

**ANTONIA M. APPS  
REGIONAL DIRECTOR  
Joseph G. Sansone  
Lindsay S. Moilanen  
Christopher J. Dunnigan  
Cynthia A. Matthews  
Attorneys for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
100 Pearl Street, Suite 20-100  
New York, New York 10004-2616  
(212) 336-0061 (Dunnigan)  
dunnigancj@sec.gov**

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**-against-**

**TRAVIS TREUSCH,**

**Defendant.**

**COMPLAINT**

**24 Civ. 01050**

**JURY TRIAL DEMANDED**

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendant Travis Treusch (“Treusch”), alleges as follows:

**SUMMARY**

1. From at least August 2020 through January 2022 (the “Relevant Period”), Treusch helped perpetuate a sophisticated fraudulent scheme from which he and others obtained illicit profits of at least \$2 million at the expense of a broker-dealer firm (“Broker A”).

2. Treusch knowingly or recklessly helped Eduardo Hernandez (“Hernandez”) and Christopher Flagg (“Flagg”) and, with Hernandez, “Principals”)—all three of whom reside or resided during the Relevant Period in Copiague, New York—engage in a sophisticated version of

a traditional “free riding” scheme. The Principals, with Treusch’s assistance, essentially stole “instant deposit” credits extended by Broker A and by other broker-dealers that provided similar instant credits (“Similar Brokers”) and then abandoned the accounts that received the credits.<sup>1</sup>

3. The scheme operated as follows: The Principals converted these instant deposit credits into cash for themselves, by using a trading strategy that involved executing matched trades in illiquid options between unfunded loss-bearing “loser” accounts (“Loser Accounts”) at Broker A (and Similar Brokers) and profit-taking “winner” accounts (“Winner Accounts”) at other broker-dealers. Because the Principals controlled both sides of these matched trades, they were able to execute these trades at artificial prices and repeatedly generated trading profits in the Winner Accounts and trading losses in the Loser Accounts held at Broker A and Similar Brokers.

4. This matched trading strategy guaranteed profits at the expense of Broker A and Similar Brokers. For example, at the Principals’ direction, the Loser Accounts at Broker A were never funded by the account holders, despite those account holders representing to Broker A they had sufficient funds in linked bank accounts. The Principals’ strategy generally allowed them to exhaust the instant deposit credits in the Loser Accounts at Broker A, before Broker A learned of the insufficient funds in the linked bank accounts.

5. When Broker A or Similar Brokers subsequently restricted trading in the Loser Accounts, the Principals (or their proxies) abandoned the Loser Accounts -- leaving Broker A and Similar Brokers with the losses generated by the trading in these Loser Accounts, using the instant

---

<sup>1</sup> The Commission filed a complaint, naming Hernandez, Flagg, and two other individuals as defendants and alleging that they committed securities fraud, in a related enforcement action, *SEC v. Hernandez et al.*, No. 23-civ.-8110 (SIL) (E.D.N.Y.).

credits the accounts had received. The Principals (or their proxies) then simply opened new Loser Accounts in which they continued to conduct the free-riding scheme.

6. In approximately August 2020, after the scheme had been running since approximately November 2018, the Principals recruited Treusch to the scheme.

7. Treusch opened at least one Loser Account at Broker A to be used in the scheme and recruited others to open additional brokerage accounts at Broker A or Similar Brokers to be used as Loser Accounts in the scheme.

8. Treusch recruited individuals to open brokerage accounts for use in the scheme by posting screenshots of Hernandez's and Flagg's profitable trading, alongside offers for people to make quick, easy money, to social media outlets, such as Instagram. Treusch targeted individuals who would agree to open new accounts or provide access to existing accounts at Broker A or Similar Brokers for a nominal sum (the "Recruits").

9. Treusch knew or recklessly disregarded that the Principals used these Loser Accounts in connection with their trading scheme.

10. Treusch directed each of his Recruits to open a Loser Account at Broker A or Similar Brokers and to link the brokerage account to a bank account that would purportedly supply funding. At the Principals' direction, however, and as the Principals had warned him, Treusch warned the Recruits not to leave any money in their linked bank accounts, so that there would be no money to be transferred to the Loser Accounts to fund those accounts' unprofitable trading.

11. Once the Recruits opened new accounts at Broker A or Similar Brokers, Treusch gave their account log-in credentials to the Principals, so that the Principals could access and control the accounts and trade in the Recruits' names. The Principals paid Treusch

approximately \$300 to \$500 for each Loser Account that he supplied them, which they represented was a portion of the trading profits generated in the Winner Accounts.

12. The Principals used brokerage accounts in their own names as well as brokerage accounts in the names of unsophisticated friends or family members (the “Nominees”) as Winner Accounts. Treusch also assisted in the scheme by recruiting two Nominees (the “Treusch Nominees”) to open accounts to use as Winner Accounts, as part of the scheme.

13. All told, during the Relevant Period, Treusch knowingly or recklessly enabled the scheme by opening at least one Loser Account at Broker A, recruiting dozens of Recruits to open additional Loser Accounts at Broker A and recruiting the two Treusch Nominees to open Winner Accounts through which the Principals conducted the trading scheme.

14. Treusch was compensated for each account that he secured for use in the scheme.

### **VIOLATIONS**

15. By virtue of the foregoing conduct and as alleged further herein, Defendant aided and abetted the Principals’ violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)], in violation of Exchange Act 20(e) [15 U.S.C. § 78t(e)].

16. Unless Defendant is restrained and enjoined, he will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

### **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

17. The Commission brings this action pursuant to the authority conferred upon it by Exchange Act Section 21(d) [15 U.S.C. § 78u(d)].

18. The Commission seeks a final judgment: (a) permanently enjoining Defendant from violating Exchange Act Section 10(b) and Rule 10b-5 thereunder; (b) imposing a conduct-based injunction prohibiting Defendant from opening a brokerage account without first providing to the relevant brokerage firm(s) a copy of the Commission's filed complaint in this matter and any judgment that the Commission may obtain against him in this matter; (c) ordering Defendant to pay disgorgement and prejudgment interest pursuant to Exchange Act Sections 21(d)(3), 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5) and 78u(d)(7)]; (d) ordering Defendant to pay civil money penalties pursuant to Exchange Act Section 21(d)(3) [15 U.S.C. § 78u-1(d)]; and (e) ordering any other and further relief the Court may deem just and proper.

#### **JURISDICTION AND VENUE**

19. This Court has jurisdiction over this action pursuant to Exchange Act Section 27(a) [15 U.S.C. § 78aa].

20. Among other things, Defendant, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails or of the facilities or a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged herein.

21. Venue lies in this District under Exchange Act Section 27 [15 U.S.C. § 78aa]. Certain of the acts, practices, courses of business and transactions constituting the violations alleged herein occurred within this District, including that Defendant was a resident of this District during all of the time that he engaged in the fraudulent scheme, that he sent text messages within, to and from, this District in connection with the scheme, including to the Principals and to his Recruits and that he withdrew from and/or deposited cash into branches of financial institutions located within this District in connection with the fraudulent scheme.

**DEFENDANT**

22. **Treusch**, age 25, is a resident of Copiague, New York. He is Flagg's cousin.

**OTHER RELEVANT INDIVIDUALS**

23. **Hernandez**, age 33, is a resident of Lindenhurst, New York. In 2023, *SEC v. Hernandez*, Hernandez was charged with securities fraud in violation of Exchange Act, Section 10(b) and Rule 10b-5 thereunder. He was also charged criminally in *U.S. v. Hernandez*, 23 CR 428 (Brown, J.) (E.D.N.Y.).

24. **Flagg**, age 28, is a resident of Copiague, New York. He is Treusch's cousin. In *SEC v. Hernandez*, Flagg was charged with securities fraud in violation of Exchange Act, Section 10(b) and Rule 10b-5 thereunder. He was also charged criminally in *U.S. v. Hernandez*, 23 CR 428 (SIL) (E.D.N.Y.).

**FACTS**

**A. Background**

25. As described in the Summary section above, the Principals engaged in a sophisticated and complex free-riding scheme that took systematic advantage of the instant deposit credit at Broker A, and other broker-dealers with similar instant deposit credits, to fund the Principals' guaranteed-to-be-profitable matched trading at the expense of Broker A, and Similar Brokers, during the Relevant Period.

26. As described in more detail below, by free-riding on the instant deposit credit at, for example, Broker A, to fund the trades matched with the trades in the Winner Accounts, the Principals were able to essentially transfer the instant deposit credit to the Winner Accounts that they controlled.

27. The Principals were limited in the amount of profit they could obtain from any

one Loser Account to the maximum instant deposit credit extended it, for example \$5,000 at Broker A, as described below.

28. Once the instant deposit credit was exhausted, the account was useless, because the Principals had no intention of funding the account and because Broker A, and Similar Brokers, upon learning there were insufficient funds available to fund the trading, generally froze the account, ultimately closing it entirely.

29. Accordingly, in order to perpetuate the scheme and the flow of profits, the Principals needed more Recruits to open new Loser Accounts in which to trade.

**B. Treusch Helps Establish Winner and Loser Accounts to Facilitate Free-Riding Scheme**

**1. Treusch Helps Establish Loser Accounts at Broker A**

a. Broker A's Account Types and Instant Deposit Credit

30. Broker A's instant deposit credit feature gave account holders, upon initiating the transfer of sufficient funds from their linked bank account to their Broker A account, immediate access to trading funds in the form of a credit. Absent the instant deposit credit, these account holders ordinarily would have had to wait for the transfer of such funds to clear before they could trade. The instant deposit credit was essentially a loan to the account holder to trade with, while waiting for the funding of the account to be completed.

31. During the Relevant Period, Broker A offered Broker A Gold ("Gold"), a subscription service that provided account holders with a portfolio value of up to \$10,000, the option to open margin accounts and an instant deposit credit equal to the amount of the funds requested to be transferred into the account, up to \$5,000.

32. Broker A's instant deposit credit became available to the account holder as soon as they linked a bank account in their name to their Broker A account and initiated an ACH

funds transfer deposit from the linked bank account to their Broker A account. The account holder could initiate the transfer of funds from their bank account to their Broker A account as soon as the two accounts were linked. The initiation of the funds transfer triggered Broker A's deposit of the instant credit, in the amount of the transfer request, into the account holder's Broker A account, allowing the account holder to trade while the transfer was pending, a process that could ordinarily take up to five business days to complete.

b. Broker A Account Opening and Account Holder Representations

33. Broker A account holders made several representations in connection with opening a Broker A account, pursuant to Broker A's customer agreement ("Customer Agreement"). As the account application process was online and conducted through mobile applications, prospective account holders agreed to abide by the conditions of the Customer Agreement by tapping or clicking the "Submit Application" button on their phones or other devices, which functioned as the electronic equivalent of the account holder's signature.

34. Among other things, by entering into the Customer Agreement, Broker A account holders, with respect to accounts Broker A opened on their behalf as owner of the account ("My Account(s)"), represented and warranted to Broker A that:

- "[T]here are sufficient funds in My External Account... ["an account I own at another institution"] ... to cover the amount of the deposit to My Account."
- "I am solely responsible for keeping My Account numbers and PINS ... ["PINS shall mean My username and password"] ... confidential and will not share them with third parties."
- "[T]he information contained in this ... [Customer] Agreement, the account application, and any other document that I furnish to ... [Broker A] ... in connection with My Accounts is complete, true and correct," ... and "knowingly giving false information for the purpose of inducing [Broker A] to extend credit is a federal crime."
- "I ... agree not to allow any person to trade for My Account unless a trading authorization for that person has been received and approved by [Broker A]."



c. Recruitment of Account Holders and Opening of the Loser Accounts at Broker A by Treusch

35. Because the Principals' fraudulent scheme relied on taking advantage of Broker A's instant deposit credit, opening numerous Loser Accounts was a critical part of the scheme.

36. The Principals directly, or through Treusch and other recruiters, solicited the Recruits, individuals who had little trading experience and did not ask many questions.

37. First, Treusch opened a Loser Account at Broker A himself, to assist in the scheme. The Principals recruited Treusch by offering him an opportunity to make "easy money" if he opened a Broker A account for them to trade in. Treusch agreed to open the account and did so.

38. The Principals then directed Treusch to set up and link a bank account to that Broker A account, which he did. The Principals specifically warned Treusch to make sure there were no funds in the linked bank account, so that Broker A could not receive money from that account.

39. The Principals directed Treusch to provide them his Broker A account login credentials; Treusch did as directed, and was paid approximately \$500 to do so, purportedly as a percentage of the profits the Principals made trading through the account.

40. Treusch subsequently received notice from Broker A that his Broker A account balance had dropped to roughly -\$4,000 and that Broker A planned to terminate the account. The Principals told Treusch not to worry, that they had discovered a "loophole" in Broker A's systems, that Broker A would eventually terminate the account and that it would all eventually "blow over."

41. Next, and shortly thereafter, Treusch began recruiting others to open Loser Accounts at Broker A, for the Principals to use to perpetrate the scheme.

42. During the Relevant Period, Treusch recruited dozens of people to open Loser Accounts at Broker A and link these Loser Accounts to online bank accounts.

43. Treusch frequently used social media outlets, like Instagram, to seek out new Recruits with promises of easy money, soliciting them by posting screenshots of profitable brokerage statements that he received from a Principal, alongside offers to make quick, easy money. People responded to the posts and agreed to give their existing Broker A accounts to, or to set up new accounts at Broker A for, Treusch and the Principals, in exchange for a purported nominal percentage of the profits.

44. In addition to directing Recruits to set up Broker A accounts, Treusch directed Recruits to link their Broker A account to a bank account and assisted them in doing so when necessary. Linking bank accounts to the Broker A accounts was essential to obtaining access to the instant deposit credit. As Treusch had been directed to do by the Principals, Treusch in turn warned Recruits not to leave any money in their linked bank accounts.

45. Treusch knew, or was reckless in not knowing, the nature of the representations required of account holders to open accounts, having opened a Broker A Loser Account in his own name as described above.

46. Treusch knew, or was reckless in not knowing, the Principals intended to use the Broker A Loser Accounts as part of their trading scheme.

47. Treusch's role in opening new Broker A Loser Accounts provided substantial assistance to the Principals by, among other things, allowing them to take advantage of the instant deposit credit.

d. The Principals' Control and Use of the Broker A Loser Accounts

48. Treusch then provided the Principals with the account login information for

accounts in the names of the individuals he had recruited for this purpose.

49. In order to access the Broker A accounts, the Principals obtained the account login information – usernames and passwords for the accounts – both directly, and from Treusch and other recruiters, who had obtained it from the Recruits. Further, the Principals directly, or indirectly through Treusch and/or other recruiters, changed the passwords and/or associated emails to those of their own choosing, so as to maintain control of the accounts, while concealing the extent of that control.

50. By giving the Principals the Recruits' account login credentials, and therefore control over the Broker A Loser Accounts, Treusch and other recruiters provided the Principals with substantial assistance in executing their free riding scheme.

51. After obtaining control of the account, the Principals converted most of the Broker A accounts that they controlled to Broker A Gold accounts, allowing them to obtain generally up to \$5,000 in credit on each account. The Principals initiated directly, or indirectly through Treusch and other recruiters, the funds transfer requests that triggered the instant deposit credit.

52. The majority of Broker A accounts used in the scheme initiated wire transfers of funds from linked bank accounts approximating the \$5,000 Broker A Gold limit.

## **2. Treusch Helps Establish Winner Accounts at Other Broker-Dealers**

53. The Principals used online brokerage accounts in their own names as Winner Accounts for the scheme. These accounts were generally held at broker-dealers other than Broker A, or other instant credit-extending broker dealers at which the Principals controlled the Loser Accounts, in order to conceal the nature and extent of the Principals' and Treusch's roles in the scheme and to evade detection by Broker A, or other instant credit-extending broker dealers at which the Principals controlled the Loser Accounts.

54. The Principals solicited Nominees, directly and indirectly through Treusch and other recruiters, to open Winner Accounts in their own names for the Principals to trade in. Using Nominees further disguised the Principals' and Treusch's roles in the free-riding scheme.

55. Treusch solicited at least two Nominees (collectively the "Treusch Nominees") to open brokerage accounts for Hernandez to trade in. Specifically, Hernandez, along with Treusch, told each Treusch Nominee that Hernandez would deposit his own funds into their accounts and use those accounts to execute profitable trades -- each would receive a percentage of the profits and Hernandez would receive the rest. Hernandez also paid Treusch what he represented to Treusch was a portion of the profits earned trading in the Treusch Nominee accounts.

56. The Treusch Nominees had no trading experience and understood generally that Hernandez was a legitimate trader who traded in their accounts. Each agreed to and did, with the assistance of Hernandez and Treusch, set up accounts and cede control of them to Hernandez, and each provided their account login credentials to Hernandez, so that Hernandez could trade in their respective accounts.

57. Hernandez conducted at least some of his trading in the Treusch Nominee accounts while Treusch, and sometimes the Treusch Nominee, was present.

**C. The Principals Engage in Matched Trading to Take Advantage of Instant Deposit Credit**

58. The Principals generally began to trade in the Loser Accounts at Broker A, for example, within days after an account was opened and almost immediately after the instant deposit credit was available in the Loser Account.

59. Once trading began, they traded continuously until they had essentially exhausted the instant deposit credit. In most instances, in order to use the full instant deposit credit, the

trading began and ended on the day it started, before Broker A, or other instant credit-extending broker dealers, learned there were insufficient funds in the linked bank account to fund the brokerage account.

60. In order to maximize profits in their scheme, the Principals primarily traded in stock options. A stock option, commonly referred to as an “option,” gives its purchaser-holder the right to buy or sell shares of an underlying stock at a specified price (the “strike price”) prior to the expiration date. Options are generally sold in “contracts,” which give the option holder the opportunity to buy or sell 100 shares of an underlying stock. The 100 shares underlying a stock option contract can serve to provide leverage and the potential for greater profits than simply purchasing the stock.

61. “Put” options are another form of options. A “put” option gives the purchaser-holder of the option the right, but not the obligation, to sell a specified amount of an underlying security at a specified price within a specific time-period. Selling, or “writing,” “put” options for purchase by another market participant is one method of profiting when the writer believes that the underlying stock price will rise in value. If the price of the underlying stock rises above the put option’s strike price, the option will be “out of the money” and cannot be exercised for a profit. The writer of the put option keeps the money paid for the put option and profits from the transaction.

62. The Principals sold illiquid put options at highly inflated prices from the Winner Accounts they controlled, to the Loser Accounts set up by the Recruits, in what appeared to be arms-length transactions. However, the Principals controlled both sides of the trades.

63. Often the underlying options were in the stock of companies that were the subject of merger or takeover offers, which caused the price of existing options to initially rise or fall but

then typically trade within a narrow range after the announcement of the merger or takeover. This allowed the Principals to select put options to trade that were out of the money by a large margin and for which there was limited liquidity. This in turn allowed the Loser Accounts and the Winner Accounts to “match” trades at prices at which no rational market participants would trade.

64. After completing the initial sale of the out of the money put options from the Winner Accounts to the Loser Accounts, the Principals then bought the options back from the Loser Accounts to the Winner Accounts at a lower, non-inflated price. This allowed the Winner Accounts to reap the profits of the trade, while the Loser Accounts took the loss.

65. In connection with the scheme, a typical matched trading transaction worked as follows: a Winner Account would post a limit order on an exchange, offering to “sell to open,” or short, several contracts in a particular series of put options.

66. A limit order allows the trader to set the minimum price at which they will sell (or the maximum price for which they will buy) the options contracts.

67. The selected put options were thinly-traded and were usually deep out of the money. Deep out of the money options generally trade at very low prices because they have minimal chance of ever becoming in the money or obtaining any meaningful value.

68. Further, most of the securities’ issuers had been previously announced as merger or takeover targets and thus those stocks would typically trade in a very narrow range between the time the deal was announced and when the deal closed. Options with these characteristics usually sold for around \$0.05-\$0.10 per contract.

69. The Principals typically used the Winner Accounts to set the limit order at a price far above normal market prices but within the allowed price range of the exchange-imposed bid-ask spread,<sup>2</sup> for options that generally sold in the \$0.05-\$0.10 range.

70. At the inflated price, the option would not typically sell, particularly given the low volume of the selected option series and the minimal chance that the underlying stock's price would fall enough to allow the put options to become valuable.

71. At the same time as the Winner Account's "sell to open" limit order was listed by the exchange, the Principals used the Loser Account to place an order to buy ("buy to open") the exact same put option series at, or slightly higher than, the limit price of the Winner Account's sell to open order.

72. Because no market participants were selling at lower prices, and no legitimate market participants were interested in buying for such a high price, the exchange would automatically match the trades placed by the Winner and Loser Accounts in a transaction, filling the sell order from the Winner Account with the buy order from the Loser Account, giving the Winner Account a credit for the trade.

73. The Winner Account would then typically cover the established short option position at or near the more favorable, lower, market price to generate a quick profit.

74. To close out the open options position, the Loser Account would place an offer to sell those options contracts ("sell to close") at or near market price, while at the same time, the Winner Account would post a bid to buy ("buy to close") the same number of contracts, from the same options series, also at or near market price.

---

<sup>2</sup> Exchanges typically require as much as a \$5.00 spread (*i.e.*, \$0.10 - \$5.10) to be maintained by designated market makers who made markets in those option contracts.

75. The exchange would again automatically match the trades placed by the Winner and Loser Accounts, closing out the positions for both accounts.

76. These round-trip trades locked in the profits of the trade for the Winner Accounts and the losses, in the same amount, for the Loser Accounts.

77. The Principals coordinated the trading in the Winner and Loser Accounts, deliberately structuring the pricing and quantity of the trades, in order to exhaust the instant deposit credit they received in the Loser Accounts, up to \$5,000, for example, at Broker A.

78. To further conceal their scheme, the Principals traded the same options series between multiple accounts and multiple options series between single accounts. In other words, the Principals matched trades between a single or several issuers in one Winner Account and multiple Loser Accounts, or between multiple Winner Accounts and one Loser Account, until the Loser Account had exhausted the credit.

**D. The Principals and Treusch Deceive Broker A**

79. The Principals and Treusch deceived and extracted money from Broker A, by essentially taking the instant deposit credit extended to the Loser Accounts at Broker A and transferring this credit to the Winner Accounts by executing matched trades between the Winner and Loser Accounts.

80. The Principals and Treusch intentionally deceived Broker A by soliciting and directing the Recruits to open Loser Accounts at Broker A in their own names, in order to conceal the Principals' and Treusch's identity and involvement in the accounts' activity.

81. The Principals and Treusch also intentionally deceived Broker A when Treusch, at the Principals' direction, opened a Broker A account in his own name, in order to conceal the Principals' identity and involvement in Treusch's Broker A account activity.



82. The Principals and Treusch also intentionally deceived Broker A directly, and indirectly through the Recruits, by making representations to Broker A in connection with opening the accounts that the Principals and Treusch knew to be false: specifically, that (1) the Recruits would have sufficient funds in their linked bank accounts to repay the instant deposit credit Broker A had extended, when the Principals and Treusch directed the Recruits to make sure there were no funds in the linked bank accounts to repay that credit; (2) the Recruits would obtain Broker A's approval and authorization before allowing others to trade in their accounts, when the Principals and Treusch directed the opening of Broker A accounts with the intent of the Principals trading in and controlling the accounts, under the guise of trading as the respective Recruits; and (3) the Recruits would keep their usernames and associated emails confidential and not share them with third parties, when the Principals and Treusch directed the Recruits to provide their usernames to them and the Principals' changed the associated emails to those of their own choosing so as to maintain control, while concealing the extent of that control.

83. The Principals and Treusch, along with others, also intentionally deceived Broker A by churning through hundreds of Broker A accounts, all in the names of others, to perpetuate the scheme.

**CLAIM FOR RELIEF**  
**Aiding and Abetting Violations of Exchange Act Section 10(b)**  
**and Rule 10b-5(a) and (c) Thereunder**

84. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1-82 of this Complaint.

85. As alleged above, Hernandez and Flagg violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] thereunder.

86. Defendant Treusch, by specifically recruiting Recruits to open Loser Accounts at

Broker A, for example, and Nominees to open Winner Accounts for Hernandez to trade in, both for use in the scheme, directly or indirectly, singly or in concert, knowingly and/or recklessly provided substantial assistance to these violations by Hernandez and Flagg.

87. By reason of the foregoing, Defendant Treusch is liable pursuant to Exchange Act Section 20(e) [15 U.S.C. § 78t(e)], for aiding and abetting Hernandez's and Flagg's violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)] and unless enjoined, Defendant Treusch will again aid and abet these violations.

### **PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

#### **I.**

Permanently enjoining and restraining Defendant and his agents, servants, employees and attorneys and all persons in active concert or participation with him from violating, directly or indirectly, Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5];

#### **II.**

Imposing a conduct-based injunction prohibiting Defendant from opening a brokerage account without first providing to the relevant brokerage firm(s) a copy of the Commission's filed complaint in this matter and any judgment that the Commission may obtain against him in this matter;

#### **III.**

Ordering Defendant to disgorge his ill-gotten gains received directly or indirectly, as a

result of the conduct alleged in this Complaint, plus prejudgment interest thereon, pursuant to Exchange Act Sections 21(d)(3), 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5) and 78u(d)(7)];

**IV.**

Ordering Defendant to pay civil monetary penalties pursuant to Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and

**V.**

Granting any other and further relief this Court may deem just and proper.

**JURY DEMAND**

The Commission demands a trial by jury.

Dated: New York, New York  
February 9, 2024

*Christopher J. Dunnigan*

---

ANTONIA APPS  
REGIONAL DIRECTOR  
Joseph G. Sansone  
Lindsay S. Moilanen  
Christopher Dunnigan  
Cynthia A. Matthews  
Attorneys for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
100 Pearl Street, Suite 20-100  
New York, NY 10004-2616  
(212) 336-0061 (Dunnigan)  
dunnigancj@sec.gov