

SEC Halts Ponzi Scheme Aimed at Seniors and Small Business Owners

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The Securities and Exchange Commission filed an emergency action and obtained a temporary restraining order and asset freeze against Neil Burkholz of Boca Raton, Florida, and Frank Bianco, of Pembroke Pines, Florida, through their companies Palm Financial Management LLC and Shore Management Systems LLC, in connection with an alleged \$6 million Ponzi scheme.

Burkholz and Bianco allegedly defrauded at least 55 investors, many of whom are senior citizens or small business owners. According to the SEC's complaint, they solicited investors by falsely representing that their proprietary options trading strategies were highly profitable.

According to the SEC, they actually invested less than half of investor funds, which resulted in near-total losses. The complaint alleges that the defendants misappropriated the remaining funds by using them to repay other



investors and by transferring approximately \$880,000 of investor funds to themselves and their spouses for personal use.

The SEC alleges that the defendants sent false reports to investors through Palm Financial Management LLC and Shore Management Systems to conceal their fraudulent conduct and give the investors the false impression they were generating positive returns. The complaint also names Burkholz's wife, Rhoda Burkholz, and Bianco's wife, Suzanne Bianco, as relief defendants.

"The SEC's emergency action is intended to protect prospective investors from future harm by halting what we allege is a brazen ongoing fraud that targeted many senior citizens and small business owners," said Carolyn M. Welshhans, associate director in the SEC's Division of Enforcement. "Among other things, this emergency relief prohibits the defendants from soliciting new investors, freezes their assets, and orders them to provide a sworn accounting of their assets."

The SEC's complaint charges the defendants with securities fraud and seeks certain emergency relief as well as permanent injunctions, return of allegedly ill-gotten gains with prejudgment interest, and civil penalties.

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