

## Press Release

---

# SEC Charges Investment Adviser With Defrauding Professional Athlete and His Wife

### FOR IMMEDIATE RELEASE

2017-147

*Washington D.C., Aug. 22, 2017*— The Securities and Exchange Commission today charged investment adviser Jeremy Drake with defrauding two clients, a high profile professional athlete and the athlete's wife, by deceiving them about the investment advisory fees they were paying. The SEC alleges that Drake went to elaborate lengths to conceal his fraud, including creating and sending false documents and masquerading as another person to corroborate his lies.

The SEC alleges that Drake, then with Los Angeles-based HCR Wealth Advisors, deceived the clients for more than three years, telling them that they paid a special "VIP" annual rate of 0.15 to 0.20 percent of their assets under management when in fact they paid 1 percent. Drake's deception led the clients to pay \$1.2 million more in management fees than Drake represented. Drake personally received approximately \$900,000 of incentive-based compensation based on the fees paid by the clients during the course of his deception.

According to the SEC's complaint filed in the U.S. District Court for the Central District of California, Drake repeatedly lied to the clients and their representatives and sent false and misleading emails, deceptive fee reports, and other fabricated documents. The complaint alleges that in June 2016, as one of the clients demanded an explanation about the fees, Drake created the persona of "Ron Stenson," who purportedly corroborated Drake's story. Upon discovery, the complaint alleges that Drake admitted to one of the clients that he had been lying and warned her that reporting his misconduct could result in bad publicity for her husband.

"As alleged in our complaint, these two clients trusted Drake to manage their investments, but all the while Drake was lying to them and then tried to conceal his lies by fabricating documents and even acting as an imposter to back up his claims," said Michele Wein Layne, Director of the SEC's Los Angeles Regional Office.

The SEC charged Drake with violating and aiding and abetting violations of the anti-fraud provisions of the Investment Advisers Act of 1940. The SEC is seeking a permanent injunction, return of Drake's allegedly ill-gotten gains plus interest, and penalties.

The SEC's investigation, which is continuing, has been conducted by M. Lance Jasper and Spencer E. Bendell, and the litigation will be led by Kristin Escalante.

###

## Related Materials

---

- [SEC Complaint](#)