SEC Charges Former Investment Adviser Principal with Defrauding Clients

ADMINISTRATIVE PROCEEDING
File No. 3-21842

February 2, 2024 – The Securities and Exchange Commission today announced settled charges against David Bodner for defrauding investment adviser clients of a reinsurance and investment advisory business known as Beechwood, and for being a cause of investment adviser Platinum Partners' fraud on Platinum's clients.

According to the SEC's order, from 2013 to 2016, Bodner participated in a series of conflicted transactions involving Beechwood and Platinum Partners. Throughout this period, Bodner and two other individuals held, through family trusts they controlled, substantial ownership interests in the entities comprising the Beechwood enterprise, including an investment adviser and two affiliated reinsurance entities. At the same time, Bodner was a principal of Platinum and held, through entities he owned and/or controlled, substantial ownership interests in Platinum's management entities, as well as interests in the private funds managed by Platinum and certain portfolio companies in which those funds invested. Bodner also played a role in Beechwood's investment process and helped cause Beechwood's clients to invest assets both in Platinum and in other investments in which he had personal interests. The SEC order finds that Bodner did not take steps to ensure that Beechwood disclosed to clients the conflicts presented by those transactions, as well as the fact that Bodner and another individual had a role in the investment process at Beechwood while having a criminal and regulatory history.

In addition, according to the SEC's order, Bodner also participated in certain transactions by which Beechwood clients provided liquidity to Platinum funds and related fund portfolio companies and helped those entities avoid defaults on existing loans issued by Beechwood clients. Bodner knew that some of those transactions involved using Beechwood clients' own funds to service the debt owed to them. Bodner did not take steps to ensure that Beechwood disclosed to its clients the purpose of and source of funds used for these transactions.

Finally, the SEC's order finds that Bodner did not take steps to ensure that Platinum disclosed to its investors that the Beechwood investments that provided much needed liquidity to Platinum had been obtained through disclosure failures to Beechwood clients.

The order finds that as result of his conduct Bodner willfully violated Advisers Act Sections 206(1) and 206(2) and caused Platinum's violations of Advisers Act Sections 206(1), (2) and 206(4) and Rule 206(4)-8 thereunder. Without admitting or denying the findings in the order, Bodner consented to a cease-and-desist order and agreed to a collateral industry bar with a right to reapply after three years and to pay $2,066,006.98 in disgorgement, $208,459.77 in prejudgment interest, and a civil money penalty of $180,000.

Previously, the SEC charged Moshe "Mark" Feuer, Scott A. Taylor, and Murray Huberfeld in connection with the same underlying conduct.

The investigation was conducted by Danielle Sallah, Jess Velona, Kenneth Byrne, and Adam Grace, under the supervision of Associate Director Sheldon L. Pollock, of the New York Regional Office.

Related Materials

- Order - Bodner

Modified: Feb. 2, 2024