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SEC Charges Connecticut Insurance Executive and Two Companies with Securities Offering Fraud

Litigation Release No. 24028 / January 11, 2018

Securities and Exchange SEC v. David S. Haddad, et al., Civil Action No. 3:18-cv-00055 (District of Connecticut, January 11, 2018)

The Securities and Exchange Commission today charged Connecticut resident David S. Haddad and two companies he operates in connection with a fraudulent scheme to raise funds from retail investors. Haddad and the two companies have offered to settle the case by, among other things, agreeing to pay a total of over \$1 million, which includes disgorgement of money Haddad took in from investors and used for his own personal purposes.

[► SEC Complaint](#)

The SEC's complaint alleges that Haddad operated two companies in the re-insurance industry, Trafalgar Square Risk Management, LLC and New England RE, LLC. Haddad allegedly began raising money from investors through the offer and sale of unregistered securities in Trafalgar in or before 2012. He began offering unregistered New England RE securities to investors in late 2014 and, through the Trafalgar and New England RE offerings, raised at least \$2.5 million from at least 29 separate investors. The SEC's complaint alleges that, while making these offers and sales, Haddad, individually and on behalf of Trafalgar and New England RE, made various misleading claims to investors about the use of their funds. According to the SEC's complaint, Haddad led investors to believe that their funds would be used to build and grow Trafalgar and New England RE when, in fact, Haddad diverted a significant portion of the investors' money for his own purposes, including the purchase of multiple homes, art and antiques, entertainment, and expenses of a dog rescue charity founded by Haddad. Haddad also used some investors' money to make Ponzi-like payments to other investors. The complaint alleges that the money Haddad used to support his lifestyle far exceeded Trafalgar's revenues.

The SEC's complaint, filed in federal court in Connecticut, charges Haddad, Trafalgar, and New England RE with violating Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Without admitting or denying the allegations of the complaint, Haddad, Trafalgar, and New England RE have consented to the entry of final judgments permanently enjoining them from violations of these laws. Haddad and Trafalgar also have agreed to pay, jointly and severally, a total of \$619,382.43 in disgorgement plus prejudgment interest of \$25,131.83. Haddad and New England RE have agreed to pay, jointly and severally, a total of \$269,080 in disgorgement, plus prejudgment interest \$2,592.66. In addition, Haddad has agreed to pay a civil monetary penalty of \$181,071 and has consented to the imposition of a permanent bar prohibiting him from acting as an officer or director of a publicly-traded company. Haddad further has consented to a permanent injunction prohibiting him from providing information to, soliciting, or accepting investments or funds from any investor or potential investors regarding the offer or sale of any securities issued by any entity that he directly or indirectly owns, controls, consults for, or is employed by, unless he first provides such person with a written disclosure regarding his prior regulatory history and maintains written records of such disclosures.

The SEC's investigation was conducted by Ellen B. Moynihan, Deena R. Bernstein, Sofia T. Hussain, and Kevin B. Currid of the Boston Regional Office.

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