

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11312 / September 27, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22214

In the Matter of

EVAN H. KATZ

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against Evan H. Katz (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Summary

1. This matter arises out of misrepresentations in the private placement memorandum (“PPM”) and marketing materials for the Crawford Ventures Absolute Return Fund, LP (the “Fund”), a currency trading fund that raised more than \$16 million from investors. The Fund’s PPM and marketing materials claimed that the Fund’s currency trading strategy would mirror a successful strategy previously used by two of the Fund manager’s principals—brothers Akshay and Dev Kamboj (the “Kamboj brothers”)—in Separately Managed Accounts (“SMA”). As proof of the SMA results, prospective investors were provided with an “Audit Report” and a “Performance Audit” purportedly issued by an audit and consulting firm (“the Auditor”) based in Australia. In reality, the Auditor had not audited the SMAs and the Audit Report and the Performance Audit had been forged by the Kamboj brothers. Katz, a co-founder of the Fund, provided to certain prospective investors the forged materials that the Kamboj brothers furnished. While the Kamboj brothers hid their conduct from Katz, he failed to take reasonable steps to confirm the legitimacy of the Audit Report and the Performance Audit in violation of Sections 17(a)(2) and (3) of the Securities Act.

Respondent

2. Katz is a co-founder of the Fund and its Chief Operating Officer and General Counsel. Katz serves as a manager of both the Fund’s general partner, Crawford Ventures GP, LLC (“Crawford Ventures GP”), and its investment manager, Crawford Ventures IM, LLC (“Crawford Ventures IM”). Katz’s wholly-owned company, Crawford Ventures, Inc., holds 25% of Crawford Ventures GP and Crawford Ventures IM. Katz holds Series SIE, 63, and 82 licenses. Katz was a registered representative of a Commission-registered broker-dealer from October 2014 through May 2022, and has been a registered representative of another Commission-registered broker-dealer since May 2024.

Other Relevant Individuals

3. Akshay Kamboj (“Akshay”) is a co-founder of the Fund and its Co-Chief Investment Officer and the Head of Strategy Development. He holds 25% of and serves as a manager of both Crawford Ventures GP and Crawford Ventures IM. Akshay has never held any securities licenses.

4. Dev Kamboj (“Dev”) is a co-founder of the Fund and its Co-Chief Investment Officer and the Head of Research. He holds 25% of and serves as a manager of both Crawford Ventures GP and Crawford Ventures IM. Dev has never held any securities licenses.

Facts

5. In or about May 2021, the Kamboj brothers solicited Katz to assist them with establishing and raising capital for a United States based currency trading fund. Katz had no prior relationship with the Kamboj brothers; they introduced themselves via an unsolicited email. The Kamboj brothers claimed to be experienced currency traders whose strategies had generated

average annual returns on investment of 78.71% between 2018 and 2020 in at least nine SMAs that they controlled, with aggregate assets under management of more than \$30 million.²

6. To support their claims, the Kamboj brothers sent Katz documents including promotional materials, select brokerage account statements, and an audit for the largest SMA account (the “Audit Report”) covering the period 2019-2020. Katz requested the Kamboj brothers have their Auditor prepare a version of the audit report that would show quarterly investment returns since inception in addition to the audited entity’s financial statements (the “Performance Audit”). Both the Audit Report and the Performance Audit were forged by the Kamboj brothers, or persons working at their direction. The Kamboj brothers did not tell Katz that they had forged these documents and, instead, took steps to hide the forgery, including having someone impersonate the individual Australian accountant during a telephone call with Katz.

7. Katz failed to take reasonable steps to verify the Kamboj brothers’ SMA trading track record in light of information available to him. In June 2021, Katz expressed misgivings to the Kamboj brothers about their candor. In addition, the Audit Report did not cover all of the SMAs underlying the claimed performance and the brokerage statements did not reconcile with the equity shown on the Audit Report. Katz’s lack of experience in currency trading, his lack of any prior relationship with the Kamboj brothers, and their having introduced themselves via unsolicited email should have caused Katz to take further steps to verify the Kamboj brothers’ SMA trading track record.

8. Instead, in mid-June 2021, Katz agreed to co-found the Fund with the Kamboj brothers.³ Thereafter, Katz used the Kamboj brothers’ SMA trading record to solicit third-party accolades and to market the Fund to investors. He sent certain prospective investors both the Audit Report and the Performance Audit, which (like the Audit Report) did not cover all of the SMAs, and also presented quarterly equity figures that in most cases did not change throughout each audited year. Katz also vouched for the Auditor and encouraged prospective investors to communicate with the Auditor, even before he himself had spoken to the Auditor.

9. In late 2021, Katz provided a hedge fund analytics and marketing service (“Ranking Service 1”) with the Kamboj brothers’ purported SMA trading record. During a promotional teleconference in which Ranking Service 1 attempted to convince the Fund to subscribe to its analytics product, Ranking Service 1 showed Katz data indicating that the Fund’s strategy had achieved a very high ranking in Ranking Service 1’s database of fund performance, including “#1” in certain categories. Katz incorporated the ranking and Ranking Service 1’s logo into the Fund’s promotional materials, along with screenshots of charts that had been shown by Ranking Service 1

² The Kamboj brothers continued to embellish these claims over time; by December 2021, the Kamboj brothers claimed that their AUM had increased to \$48 million and that their strategy had earned cumulative returns of 6,288% since inception in 2016.

³ Katz arranged for the Fund to retain a large U.S. law firm to prepare all legal documents for the creation of the Fund, Crawford Ventures GP, and Crawford Ventures IM, and the PPM for soliciting investors in the Fund.

during the teleconference. As described above, Katz failed to take reasonable steps to confirm the accuracy of the Kamboj Brothers' track record before providing that information to Ranking Service 1. In addition, Katz failed to take reasonable steps to ensure the accuracy of these representations concerning how that track record had been "ranked" by Ranking Service 1. Among other things, Katz failed to communicate to prospective investors that this "ranking" had been delivered during a promotional meeting in late 2021 and had never been confirmed in writing.

10. In early 2022, Katz caused an associate to provide another hedge fund analytics and marketing service ("Ranking Service 2") with the Kamboj brothers' SMA strategy's purported track record. Ranking Service 2 issues awards to hedge funds based on their reported performance. Based upon the SMA track record, which Ranking Service 2 acknowledged receiving, between February 2022 and August 2022, Ranking Service 2 issued 8 different awards to the Fund, with rankings including #1, #3, Top Ten, and Top Twenty in various categories, six of which were in categories for traders "managing more than \$10M." These awards featured prominently in the Fund's marketing materials for soliciting potential investors. As described above, Katz failed to take reasonable steps to confirm the accuracy of the Kamboj brothers' track record before providing that information to Ranking Service 2.

11. In August 2022, Ranking Service 2 directed the Fund to cease and desist from using the awards, because the returns the Fund had reported were for the SMAs prior to the formation of the Fund. Thereafter, the Fund continued to use Ranking Service 2's awards in the Fund's marketing materials that were provided to the Fund's prospective investors, and Katz continued to reference the awards in communications with investors, without taking reasonable steps to ensure their accuracy. Although the Fund asserted in a "Disclaimer & Legal Notice" page of its marketing PowerPoint that Ranking Service 2 had "sought to withdraw the awards," Katz continued to cite the Ranking Service 2 awards in communications with investors without any disclaimers.

12. During the Fund's operations, Katz's share of incentive compensation and management fees totaled \$98,542.97.

13. On August 30, 2022, the Fund filed a Form D, signed by Katz, with the Commission for an exempt offering of pooled investment fund interests for the Fund. In September, 2022, the Fund accepted investor funds and began trading currencies. By the end of 2023, the Fund had raised approximately \$16 million from approximately 45 investors. In December 2023, the Fund informed its investors that it was planning to voluntarily liquidate as a result of trading losses incurred during fall 2023. At the time, approximately \$12 million in unredeemed investor capital contributions remained outstanding. By April 2024, the Fund had closed all open positions. As of April 2024, the Fund had approximately \$7.9 million in its brokerage account, as against approximately \$12 million in outstanding unredeemed investor interests.

Violations

14. As a result of the conduct described above, Katz violated Section 17(a)(2) and (3) of the Securities Act, which prohibit any person, in the offer or sale of securities, from obtaining money or property by means of any untrue statement of material fact or by any omission of a material fact necessary in order to make statements made not misleading, and from engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser. Negligence is sufficient to establish violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act. *Aaron v. SEC*, 446 U.S. 680, 696-97 (1980).

Katz's Remedial Efforts

15. In determining to accept the Offer, the Commission has considered remedial acts promptly undertaken by Respondent to protect the equity interests of the Fund investors.

Disgorgement and Civil Penalties

16. The disgorgement and prejudgment interest ordered in paragraph IV.B is consistent with equitable principles and does not exceed Respondent's net profits from its violations, and will be distributed to harmed investors to the extent feasible. The Commission will hold funds paid pursuant to paragraph IV.B in an account at the United States Treasury pending distribution. Upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Katz's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Katz cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) and (a)(3) of the Securities Act.

B. Respondent Katz shall, within 14 days of the entry of this Order, pay disgorgement of \$98,542.97 and prejudgment interest of \$5,397.83 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

C. Respondent Katz shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$98,542.97 to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent Katz may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent Kaz may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent Katz may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Evan H. Katz as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sheldon Pollock, Division of Enforcement, Securities and Exchange Commission, Associate Director, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, New York, 10004.

D. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest and penalties referenced in paragraphs IV.B and IV.C above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent Katz agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent Katz's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent Katz agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent Katz, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Katz under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Katz of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary