

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH CAROLINA  
FLORENCE DIVISION**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**v.**

**M. MARK McADAMS and  
R. DANE FREEMAN,**

**Defendants.**

**Civil Action No.**

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

The Securities and Exchange Commission (“Commission”), plaintiff in this action, alleges:

**SUMMARY**

1. This action involves fraudulent offers and sales of securities by defendants M. Mark McAdams (“McAdams”) and R. Dane Freeman (“Freeman”). During approximately the first nine months of 2008, McAdams and Freeman raised over \$3.5 million from approximately 35 investors through a fraudulent high-yield investment scheme.

2. To entice investors, the defendants promised that their firm, Global Holdings LLC (“Global Holdings”), or a German entity would generate returns as high as 4900% in two months by trading AA & AAA rated bonds and/or medium term notes.

3. The defendants also misrepresented that Global Holdings would itself invest \$3 million in the bonds and/or medium term notes and that they had earned hundreds of millions of dollars in such trading.

4. At the time of the offering, McAdams was an attorney at a prestigious South Carolina law firm who was using his firm's email system and letterhead, without the firm's knowledge, to communicate with investors and to conduct Global Holding's business.

5. Neither Global Holdings nor the German entity ever purchased or sold bonds and/or medium term notes with the investors' money or generated any returns for investors. Similarly, Global Holdings never invested in the program.

6. In fact, Freeman misappropriated investor money and diverted it to his family, to a colleague's girlfriend, to paying his debts, and to other investors.

7. Global Holdings ceased raising money in September 2008 and was dissolved in October 2008.

8. By engaging in this conduct, the defendants have violated, and unless restrained and enjoined are likely to continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder. The Commission seeks permanent injunctions, disgorgement, prejudgment interest and civil penalties against each of the defendants.

#### **JURISDICTION AND VENUE**

9. The Commission brings this action pursuant to authority conferred on it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d)(1) of the

Exchange Act [15 U.S.C. § 78u(d)(1)] to enjoin the defendants from engaging in transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object, for disgorgement of illegally obtained funds and other equitable relief, and for civil money penalties.

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(e) and 78aa].

11. The defendants, directly or indirectly, have made use of the mails and the means and instrumentalities of interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

12. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa], because certain of the transactions, acts, practices and courses of business constituting violations of the Securities Act and Exchange Act have occurred within the District of South Carolina. Among other things, defendant McAdams resides and/or resided within the District of South Carolina, and conducted the offer and sales of securities set forth herein from the District of South Carolina. Furthermore, investors in the District of South Carolina have been solicited to purchase, and have purchased securities investments by or through one or both of the defendants.

### **DEFENDANTS**

13. Defendant McAdams 37, of Myrtle Beach, South Carolina, was admitted to the South Carolina bar in 1998. By 2007, McAdams was a shareholder at a South

Carolina law firm. He was a founding member of Global Holdings and served as its first managing member. His activities at Global Holdings led to his resignation from his law firm in August 2008, after which McAdams opened his own law firm.

14. Defendant Freeman, of Flat Rock, North Carolina, was associated with a series of several broker dealers and investment advisers between 1997 and 2005. Freeman either resigned or was terminated from many of those positions for reasons such as failing to pay a debit balance, failing to comply with a policy regarding borrowing money from a customer, or failing to attend a required compliance seminar. In 2004, Freeman opened an account into which he and McAdams directed investors to wire money that was to be used to purchase bonds and/or medium term notes to that account.

#### **FACTS**

15. Global Holdings was organized by McAdams as a South Carolina limited liability company (“LLC”) in the fall of 2007. McAdams was the LLC’s original managing member. Global Holdings ceased raising money in August 2008 and was dissolved in October 2008.

16. During approximately the first nine months of 2008, McAdams and Freeman raised approximately \$3.5 million from approximately 35 investors through a fraudulent high-yield investment scheme.

17. McAdams and Freeman told investors orally and/or in writing that Global Holdings was “in the business of locating and securing high return investment opportunities for investors on international trading platforms.”

18. Most of the Global Holdings’ investors executed a joint venture agreement that was prepared by McAdams and signed by either McAdams or Freeman.

19. These joint venture agreements represented that Global Holdings would utilize those funds “for the purpose of buying and selling Standard and Poor’s AAA or AA rated bonds and/or Medium Term Notes” on an “overseas trading platform.”

20. Some of the joint venture agreements represented that investors who invested \$20,000 would receive \$1,000,000 after 60 days, a return of 4,900%.

21. At least one joint venture agreement stated that an investor’s \$500,000 would grow to \$1,500,000 after 60 days, for a 200% rate of return.

22. Investors were told that these fantastic returns could be achieved by buying bonds or notes directly from the issuer at a discount and quickly reselling them for a profit.

23. Most investors, if not all of them, never received either profits or a return of their principal.

24. Many of the joint venture agreements represented that the German entity would trade the bonds or notes.

25. Later versions of the joint venture agreements represented that Global Holdings would do the trading.

26. Of the \$3.5 million total investor funds raised for Global Holdings and deposited in an account controlled by Freeman, \$2.1 million was supposed to be transferred to the German entity, according to representations made by the defendants to the investors.

27. Bank records show, however, that only \$1.3 million of the \$2.1 million was transferred to the German entity.

28. Bank records also show that Freeman commingled the remaining investors' funds with his personal funds; transferred investor money to accounts controlled by him and his family and used investor money for purposes other than the investment described in the joint venture agreements.

29. For example, over \$500,000 was transferred to accounts controlled by Freeman and his family; \$150,000 was used to pay a personal debt owed by Freeman; \$93,000 was transferred to a colleague's girlfriend; \$48,000 was given to another promoter of Global Holdings; and \$10,903 was transferred to a friend of Freeman.

30. Moreover, neither the German entity, nor Global Holdings, ever bought or sold any bonds or notes with investor funds.

31. McAdams and Freeman also misrepresented that Global Holdings itself would become an investor in the venture.

32. For example, one investor's joint venture agreement, which was prepared and signed by McAdams, represented that "[u]pon the execution of this Agreement, Investor will deposit the sum of Five Hundred Thousand (500,000) Dollars and Global will deposit the sum of Three Million and No/100 (\$3,000,000) dollars in a bank account designated by Global." All of that money was to be used for the purchase and sale of bonds and/or medium term notes described in the agreement.

33. The investor deposited \$500,000, and those funds were transferred to an account controlled by the German entity. However, Global Holdings never deposited the \$3 million as represented in the agreement.

34. McAdams and Freeman continued to solicit investors even after initial investors failed to receive their promised returns.

35. The initial joint venture agreements for the first Global Holdings investors (who had collectively invested a total of \$1.45 million) promised to return the principal and 200% returns on or about June 15, 2008.

36. Global Holdings never made these payments to the investors. Nevertheless, McAdams and Freeman continued to raise investments for Global Holdings, raising approximately \$970,000 from 18 investors between approximately June 16, 2008 and July 31, 2008.

37. The joint venture agreements for these investors, prepared by McAdams, and signed by Freeman and/or McAdams, falsely represented that the investors would receive their principal and as much as 4900% in returns in 60 days. The defendants did not disclose that prior investors had not received the promised returns.

38. McAdams received many questions about the high yield investment program from the outset, from investors and his own family members, to whom McAdams vouched for the existence and legality of the global trading platforms that supposedly would generate such outlandish returns.

39. McAdams and Freeman misrepresented the success of the program. For example, Freeman told one potential investor that the members of Global Holdings had invested a total of \$2 million of their own funds in the trading program, had made at least \$200 million, had distributed \$50 million to themselves and had reinvested the rest. Those statements were false.

40. To substantiate his false claim that he had received a substantial distribution from Global Holdings, Freeman sent the potential investor a document that ostensibly showed that Freeman had \$11 million in a trust account, which, according to

Freeman, represented his share of the proceeds from that distribution.

41. In reality, the trust account was established by Freeman's parents and did not contain any proceeds from the Global Holdings program. Moreover, the true value of the assets in that trust account was \$1.34 million, rather than \$11 million that the document provided by Freeman claimed.

42. In soliciting another \$500,000 investment after June 15, 2008, McAdams falsely misrepresented to another potential investor that Global Holdings had participated in hundreds of similar transactions that had already produced hundreds of millions of dollars for dozens of investors. That representation was not a true statement.

**COUNT I--FRAUD**  
**Violations of Section 17(a)(1) of the Securities Act**  
**[15 U.S.C. § 77q(a)(1)]**

43. Paragraphs 1 through 42 are hereby realleged and are incorporated herein by reference.

44. At various times from at least January 2008 through at least September 2008, defendants McAdams and Freeman, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

45. The defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

46. In engaging in such conduct, the defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

47. By reason of the foregoing, the defendants McAdams and Freeman, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**COUNT II--FRAUD**  
**Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act**  
**[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]**

48. Paragraphs 1 through 42 are hereby realleged and are incorporated herein by reference.

49. At various times during the period from at least January 2008 through at least September 2008, defendants McAdams and Freeman, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a) obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

b) engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

50. By reason of the foregoing, the defendants McAdams and Freeman, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

**COUNT III--FRAUD**  
**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]**  
**and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]**

51. Paragraphs 1 through 42 are hereby realleged and are incorporated herein by reference.

52. At various times from at least January 2008 through at least September 2008, defendants McAdams and Freeman, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- a) employed devices, schemes, and artifices to defraud;
  - b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
  - c) engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities,
- all as more particularly described above.

53. The defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, the defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

54. By reason of the foregoing, the defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15

U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff Commission respectfully prays for:

**I.**

Findings of Fact and Conclusions of Law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that the defendants named herein committed the violations alleged herein.

**II.**

Permanent injunctions enjoining the defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, whether as principals or as aiders and abettors, from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

**III.**

An order requiring the defendants to pay disgorgement of all ill-gotten gains and/or unjust enrichment, along with prejudgment interest thereon, to effect the remedial purposes of the federal securities laws.

**IV.**

An order pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] imposing civil penalties against the defendants.

V.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Respectfully submitted,

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