

SEC Charges Brokerage Firm Co-Owners with Defrauding Investors and Falsifying Records

On May 20, 2015, the SEC announced fraud charges against the co-owners of Manhattan-based broker-dealer, Arjent LLC and its UK-based affiliate, Arjent Limited.

The SEC alleged that in an attempt to keep Arjent LLC and Arjent Limited afloat, co-owners Robert P. DePalo and Joshua B. Gladtko sold overvalued interests in Pangaea Trading Partners, a holding company that held itself out as holding indirect interests in Arjent LLC and Arjent Limited. However, Pangaea did not hold any interests in Arjent LLC until almost a year after the Pangaea offering commenced. DePalo also grossly overstated the value of the interests that Pangaea purportedly held in Arjent LLC and Arjent Limited.

The SEC alleged that Depalo and Gladtko defrauded investors through the offering of Pangaea securities. The allegations further assert that DePalo and Gladtko raided Pangaea investor funds for their own personal benefit and made misrepresentations to SEC examiners. Nearly all of the first \$2.35 million raised through the offering was transferred directly to DePalo's personal bank account instead of being used for operating capital and investments as provided for in the Pangaea offering documents. Further, DePalo misrepresented the use of the Pangaea investor funds to the SEC and made other false statements in an attempt to conceal the fraudulent offering.

The SEC complaint was filed in federal court in Manhattan, and it charges DePalo and Gladtko with violating the antifraud

provisions and books-and-records requirements of the federal securities laws. The SEC is seeking disgorgement of profits and civil money penalties. The New York County District Attorney's Office also announced criminal charges against DePalo and Gladtko.

Click [here](#) for the press release.

Click [here](#) for the complaint.