

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

SECURITIES AND EXCHANGE COMMISSION, )  
)  
Plaintiff, )  
v. )  
)  
E\*HEDGE SECURITIES, INC., )  
and DEVON W. PARKS, )  
)  
Defendants. )  
\_\_\_\_\_ )

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission (the “SEC” or the “Commission”) alleges as follows:

**I. INTRODUCTION**

1. This matter involves the continuing failure by Defendant E\*Hedge Securities, Inc., f/k/a E\*Hedge, Inc. (“E\*Hedge”), a purported Internet investment adviser firm registered with the Commission, and its President, Devon W. Parks (“Parks”) (collectively, the “Defendants”), to produce E\*Hedge’s books and records to the Commission’s Office of Compliance Inspections and Examinations staff (“Exam staff”), as required by Section 204(a) of the Investment Advisers Act of 1940 (the “Advisers Act”), 15 U.S.C. § 80b-4(a), and the Rules thereunder.

2. From at least April 14, 2020 through the present, the Defendants have failed to provide copies of E\*Hedge’s books or records to the Commission in the course of an examination. This marks the second time E\*Hedge and Parks have failed to respond to Commission examination attempts. In addition, E\*Hedge is operating Covid-19-related investment websites.

3. Finally, E\*Hedge does not meet the requirements to be registered with the Commission as an investment adviser under the Internet adviser exemption of Rule 203A-2(e), 17 C.F.R. § 275.203A-2(e), and E\*Hedge is not otherwise qualified for registration with the Commission under Section 203A of the Advisers Act, 15 U.S.C. § 80b-3a, or the Rules thereunder.

4. By engaging in the conduct described in this Complaint, Defendants have violated and continue to violate Sections 203A and 204(a) of the Advisers Act, 15 U.S.C. §§ 80b-3a and 80b-4(a). Unless enjoined, Defendants are reasonably likely to continue to violate the Advisers Act.

## **II. DEFENDANTS**

5. E\*Hedge, an active Florida corporation with its present principal place of business in Miami, Florida, has been registered as an investment adviser firm with the Commission pursuant to the Advisers Act since February 10, 2017. *See* CRD No. 286636, SEC File No. 801-109971. E\*Hedge is registered as an Internet investment adviser, relying on Rule 203A-2(e) of the Advisers Act. At all relevant times, E\*Hedge has been subject to all provisions of the Advisers Act, including Sections 203A and 204(a) and the Rules thereunder.

6. Parks is E\*Hedge's President, Chief Executive Officer, and more than 75% owner, and he resides in Delray Beach, Florida. Parks is not registered with the Financial Industry Regulatory Authority ("FINRA"). Parks also is not registered with the Florida Office of Financial Regulation ("FLOFR"), as required by the Florida Securities and Investor Protection Act. Parks also is listed as the Managing Director and founder of the website, Covid19invest.com.

## **III. JURISDICTION AND VENUE**

7. The Court has jurisdiction over this action pursuant to Sections 209(d) and 214 of the Advisers Act, 15 U.S.C. §§ 80b-9(d) and 80b-14.

8. The Court has personal jurisdiction over E\*Hedge and Parks, and venue is proper in this District because, among other things, E\*Hedge and Parks reside or transact business in this District, and many of the acts and transactions constituting the violations of the Advisers Act alleged in this Complaint occurred in this District.

9. At all relevant times, E\*Hedge and Parks used the mails or means or instrumentalities of interstate commerce in connection with its business as an investment adviser.

#### **IV. BACKGROUND**

10. Section 204(a) of the Advisers Act requires registered investment advisers to provide the records they are required to keep “at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest or for the protection of investors.” 15 U.S.C. § 80b-4(a).

11. The SEC’s Office of Compliance Inspections and Examinations (“OCIE”) conducts exams of registrants for the SEC’s National Exam Program, including the Investment Adviser/Investment Company Exam Program. These exams support the OCIE’s mission to “protect investors, ensure market integrity and support responsible capital formation through risk-focused strategies.”<sup>1</sup>

#### **V. FACTS**

##### **A. E\*Hedge’s Background**

12. On December 30, 2016, Parks caused E\*Hedge, Inc. to file articles of incorporation with Florida, listing its principal place of business and mailing address in Las Vegas, Nevada.

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<sup>1</sup> See “About the Office of Compliance Inspections and Examinations,” *available at* <https://www.sec.gov/ocie/Article/ocie-about.html> (last accessed on June 1, 2020).

13. On February 3, 2017, E\*Hedge, Inc. filed its initial Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Adviser (“Form ADV”) with the Commission. The Form ADV, signed by Parks, stated E\*Hedge, Inc. was a multi-state, Internet investment adviser based in Las Vegas, Nevada, and relied on exemptions allowing such registration under certain prescribed circumstances in Rules 203A-2(d) and (e) of the Advisers Act, 17 C.F.R. § 275.203A-2(d) & (e). E\*Hedge’s registration was deemed effective by the Commission on February 10, 2017.

14. On February 19, 2019, E\*Hedge, Inc. filed articles of dissolution with the Florida Division of Corporations.

15. On May 8, 2019, Parks caused E\*Hedge Securities, Inc. to file articles of incorporation with Florida that listed its principal place of business as Miami, Florida.

16. On May 17, 2019, E\*Hedge filed an annual amendment for 2018 on Form ADV, signed by Parks, that announced changes (a) in the firm’s name, to E\*Hedge Securities, Inc.; (b) in the firm’s principal place of business, to New York, New York; and (c) to the firm’s website, now located at [www.ehedgesecurities.com](http://www.ehedgesecurities.com). The amendment also removed E\*Hedge’s designation as a multi-state adviser under Rule 203A-2(d) of the Advisers Act, 17 C.F.R. § 275.203A-2(d).

17. On January 21, 2020, E\*Hedge filed an other-than-annual amendment on Form ADV, signed by Parks, that stated that it had zero regulatory assets under management and listed its present principal place of business in Miami, Florida. To date, E\*Hedge has failed to file annual amendments on Form ADV for 2019 and 2020.

18. Defendant E\*Hedge currently purports to offer a platform for public offerings and private placements. Below are screenshots from the website.



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### Pre-IPO Convertible Debt Securities

5% Series A, Convertible Debt Securities  
Per-Share Conversion Discount: 25%

Current Reg D 506(c) Offering

[Corporate Notes](#)

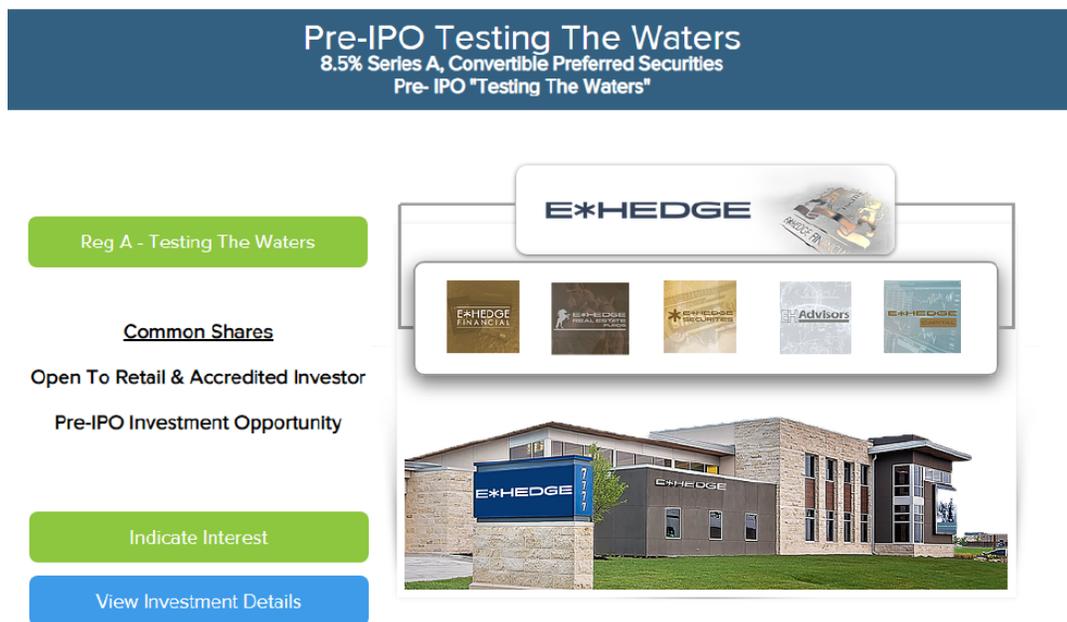
Open To Accredited Investors

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19. E\*Hedge’s website describes a three-step process for potential investors: (1) open an account and select an IPO opportunity that meets the client’s needs; (2) set up an account and provide funding to confirm the client’s order; and (3) receive the allocated shares upon the IPO closing.

20. Recently, beginning at least as early as March 2020, E\*Hedge has attempted to capitalize on potential investor interest in products and treatments for the recent coronavirus, Covid-19. On March 22, 2020, E\*Hedge registered and began operating Covid19invest.com, as well as social media websites relating to Covid-19 (together, the “Covid-19 Websites”). The Covid-19 Websites tout investment opportunities in connection with vaccines, diagnostic tests and other treatments related to Covid-19. Covid19invest.com has a link to E\*Hedge’s website on the top banner of the website.<sup>2</sup> Below are screenshots from Covid19invest.com website.

<sup>2</sup> E\*Hedge also operated a “Covid-19 Invest Challenge” website (<http://covid-19investmentchallenge.azonixtech.com>), which was listed as presented by E\*Hedge and solicited people to “[o]pen an account in 7 basic steps” for Covid-19 investments. However, that website appears to have been taken down sometime in April or May 2020.



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# HEALTHCARE INVESTMENTS

ESPECIALLY RESEARCH AND VACCINE RELATED INITIATIVES



**A CLOSER LOOK**

We help you Invest in research organizations to support the discovery of Covid-19 vaccines, and treatments.

We partner with local organizations to support key initiatives.

**WE BELIEVE IN A CURE**

We can support the greatest causes while investing in research organizations on a national scale.

We work with partners to help you place investments in key initiatives and to develop innovative approaches to deliver health services to populations most in need. The Covid-19 Investment team will continue to invest heavily in developing and supporting clinical programs that provide assistance and solutions to the worlds greatest challenge.

**Make A Difference**

**B. Defendants' Prior Failure to Respond to a Commission Examination Inquiry**

21. From at least October 2017 through at least November 2017, Commission Exam staff from the Los Angeles Regional Office attempted to initiate an examination of the then newly registered E\*Hedge, Inc., as permitted by Section 204(a) of the Advisers Act, but never received

any response from Defendants E\*Hedge or Parks, despite the Exam staff's numerous attempts by telephone to announce the examination. At the time, E\*Hedge was based out of Las Vegas, Nevada, which is a location covered by the Commission's Los Angeles Regional Office.

22. Form ADV requires registered investment advisers to provide contact information, and Form ADVs must be kept updated by filing periodic amendments. In November 2017, the Exam staff attempted to send a document request list to E\*Hedge in Las Vegas, Nevada, as part of that examination, but it was undeliverable despite efforts to update the address and obtain a new delivery address. Thus, the Exam staff was unable to complete its exam.

**C. Defendants' Failure to Provide Required Records to the Commission**

23. Defendants E\*Hedge and Parks also have thwarted attempts by the Exam staff from the Commission's Miami Regional Office to conduct an examination as permitted under Section 204(a) of the Advisers Act, by failing to provide copies of E\*Hedge's books and records, despite having more than 45 days to comply with the Exam staff's requests.

24. On April 14, 2020, the Exam staff first contacted E\*Hedge through Parks via telephone to announce the examination and sent follow-up correspondence regarding the examination to email addresses Parks provided.

25. On April 15, 2020, the Exam staff sent E\*Hedge a WebEx invitation for an April 20 telephone call and an initial request letter (the "Request Letter") pursuant to Section 204 of the Advisers Act, which requested records related to, among other things, client information, compliance policies, advisory agreements, financials, advertisements, brochures, and securities holdings. The Request Letter expressly stated that E\*Hedge should produce responsive documents on or before April 22, 2020.

26. On April 16, 2020, the Exam staff called Parks to determine if E\*Hedge received the Request Letter. Parks said he had been unable to access the secure email due to the Covid-19

pandemic, but he would try to access the secure emails. The Exam staff told Parks that if he was unable to access the secure email, he should call back and provide a mailing address. Parks did not call back or provide a mailing address.

27. On April 17, 2020, the Exam staff received via email an automated “unread” notice indicating that Parks had not accessed the secure email containing the Request Letter from two of the email addresses he provided, but appeared to have opened it from one other email address he provided.

28. On April 20, 2020, Parks accepted the WebEx invitation and participated in a call with the Exam staff. During the call, Parks confirmed he had opened the secure email and the Request Letter, although he said he had not actually read the correspondence. Parks then gave a variety of reasons why he could not cooperate with the examination, including claiming that by doing so, he would risk being in violation of Florida’s stay-at-home order (the “Florida Order”).<sup>3</sup> Parks did not specify how his activities to cooperate with the exam would violate the Florida Order. The only information Parks was willing to provide during the call was (i) E\*Hedge is a developmental stage company; (ii) E\*Hedge has no clients and has not raised funds since its inception; (iii) his personal mobile number, which he said was the best way to contact him; and (iv) notice that he may go to Arizona soon because he and his mother were not doing well.

29. On April 21, 2020, the day before the due date in the Request Letter, Parks emailed the Exam staff to request an extension for the production of documents, reiterating that non-essential businesses were forced to close under the Florida Order. In response, the Exam staff

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<sup>3</sup> See Florida Executive Order 20-91, dated Apr. 1, 2020, *available here*: [https://www.flgov.com/wp-content/uploads/orders/2020/EO\\_20-91-compressed.pdf](https://www.flgov.com/wp-content/uploads/orders/2020/EO_20-91-compressed.pdf).

reached Parks by telephone on April 22, 2020, and agreed to extend the production date to April 29, 2020, which they confirmed in a follow-up secure email.

30. During the April 22, 2020 call, Parks refused to answer any questions. Parks told the Exam staff that if they sent him questions in writing, he would answer them. To accommodate Parks's request, on April 23, 2020, the Exam staff provided twenty written questions to E\*Hedge via secure email, with a due date of April 29, 2020.

31. After receiving additional notices that Parks had not accessed the April 22, 2020 or April 23, 2020 secure emails, the Exam staff left voicemails twice for Parks on his personal mobile phone, directing him to open the secure emails and reminding him of the April 29, 2020 deadlines. Parks never responded.

32. As of May 18, 2020, the Florida Order was lifted.

33. To date, E\*Hedge and Parks have failed to respond, produce any records or communicate further with the Exam staff. Although Parks claimed that the Florida Order prevented him from cooperating with the examination, the Covid19Invest.com website posted new blog posts on April 10, 2020 and April 29, 2020 and hosted a free webinar on May 21, 2020, where participants can "Learn How To Invest In Post Covid-19 Opportunities."

34. The documents E\*Hedge and Parks failed to produce were records E\*Hedge is required to keep and was required to furnish to the Commission pursuant to Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4(a).

35. Due to E\*Hedge's and Parks's failure to comply with the Commission's document requests, the Commission has been unable to conduct a thorough examination of E\*Hedge.

36. Because E\*Hedge has no clients and does not provide investment advice to clients through an interactive website, it does not qualify for the exemption from the prohibition on

Commission registration set forth in Advisers Act Rule 203A-2(e), 17 C.F.R. § 275.203A-2(e). E\*Hedge is therefore ineligible to be a Commission-registered investment adviser but continues to hold itself out as such.

**VI. CLAIMS FOR RELIEF**

**COUNT I**

**Violation of Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4(a) (Against E\*Hedge)**

37. The Commission repeats and realleges Paragraphs 1 through 36 of its Complaint.

38. E\*Hedge failed to furnish to the Commission copies of books and records that E\*Hedge was required to make and keep pursuant to rules prescribed by the Commission, as such records are subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest or for the protection of investors.

39. By reason of the foregoing, E\*Hedge violated and, unless enjoined, will continue to violate Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4(a).

**COUNT II**

**Aiding and Abetting Violation of Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4(a) (Against Parks)**

40. The Commission repeats and realleges Paragraphs 1 through 36 of its Complaint.

41. E\*Hedge failed to furnish to the Commission copies of books and records that E\*Hedge was required to make and keep pursuant to rules prescribed by the Commission, as such records are subject at any time, or from time to time, to such reasonable periodic, special, or other examinations by representatives of the Commission as the Commission deems necessary or appropriate in the public interest or for the protection of investors, and by reason of the foregoing, E\*Hedge violated Section 204(a) of the Advisers Act, 15 U.S.C. § 80b-4(a).

42. Parks knowingly or recklessly provided and, unless enjoined, is reasonably likely to continue to provide substantial assistance to E\*Hedge's violation of Section 204(a) of the Advisers Act, and thus is liable as an aider and abetter under Section 209(d) of the Advisers Act, 15 U.S.C. § 80b-9(d).

### **COUNT III**

#### **Violation of Section 203A(a) of the Advisers Act, 15 U.S.C. § 80b-3a(a) (Against E\*Hedge)**

43. The Commission repeats and realleges Paragraphs 1 through 36 of its Complaint.

44. E\*Hedge registered with the Commission as an investment adviser under Section 203 of the Advisers Act even though it was prohibited from doing so because E\*Hedge is regulated or required to be regulated in the state in which it has its principal place of business and does not fall within any exemption from this prohibition, including the Rule 203A-2(e) exemption for Internet investment advisers.

45. By reason of the foregoing, E\*Hedge violated and, unless enjoined, will continue to violate Section 203A(a) of the Advisers Act, 15 U.S.C. § 80b-3a(a).

### **COUNT IV**

#### **Aiding and Abetting Violation of Section 203A(a) of the Advisers Act, 15 U.S.C. § 80b-3a(a) (Against Parks)**

46. The Commission repeats and realleges Paragraphs 1 through 36 of its Complaint.

47. E\*Hedge registered with the Commission as an investment adviser under Section 203 of the Advisers Act, but was not permitted to do so because E\*Hedge is regulated or required to be regulated in the state in which it has its principal place of business and does not fall within any exemption from this prohibition, including the Rule 203A-2(e) exemption for Internet investment advisers, and by reason of the foregoing, E\*Hedge violated Section 203A(a) of the Advisers Act, 15 U.S.C. § 80b-3a(a).

48. Parks knowingly or recklessly provided and, unless enjoined, is reasonably likely to continue to provide substantial assistance to E\*Hedge's violation of Section 203A(a) of the Advisers Act, and thus is liable as an aider and abetter under Section 209(d) of the Advisers Act, 15 U.S.C. § 80b-9(d).

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests the Court find the Defendants committed the violations alleged, and:

**A. Preliminary and Permanent Injunctions**

Issue a Preliminary Injunction and a Permanent Injunction enjoining Defendants E\*Hedge and Parks, and their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating, or aiding and abetting the violation of, Sections 203A and 204(a) of the Advisers Act, 15 U.S.C. §§ 80b-3a and 80b-4(a).

**B. Records Preservation, Production, and Expedited Discovery**

Issue an Order directing Defendants E\*Hedge and Parks to preserve any records related to the subject matter of this lawsuit that are in their custody, possession or subject to their control; to produce to the Commission all records requested by the Commission in its Request Letter to E\*Hedge, dated April 15, 2020; and to respond to discovery on an expedited basis.

**C. Civil Monetary Penalties**

Issue an Order directing Defendants E\*Hedge and Parks to pay civil money penalties pursuant to Section 209(e) of the Advisers Act, 15 U.S.C. § 80b-9(e).

**D. Further Relief**

Grant such other and further relief as may be necessary and appropriate.

**E. Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action and over Defendants in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

**VII. DEMAND FOR JURY TRIAL**

The Commission hereby demands a trial by jury on any and all issues in this action so triable.

Dated: June 3, 2020

Respectfully submitted,

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