

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

Mark J. Moskowitz (CRD# 2187277) and

Edge Trading, LLC,

Respondents.

**SUMMARY PENALTY AND
CEASE AND DESIST ORDER**

Pursuant to the authority granted to Amy G. Kopleton, Acting Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”) and certain regulations thereunder, and based upon documents and information obtained during the investigation by the New Jersey Bureau of Securities (“Bureau”), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Penalty and Cease and Desist Order (“Order”) against Mark J. Moskowitz and Edge Trading, LLC, and makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

Respondents

1. Mark J. Moskowitz (CRD# 2187277) (“Moskowitz”), residing in Millburn, New Jersey, was registered with the Bureau as an agent of at least four (4) broker-dealers between

August 1991 and October 2007. Moskowitz has not been registered with the Bureau in any capacity since October 2007. Moskowitz transacted business as Edge Trading Partners, L.P., Edge Trading Capital Partners, L.P., Edge Trading LLC [sic], Edge Trading Funds, L.P., Edge Trading Capital Partners Growth and Income Fund, L.P., Edge Trading Growth Fund, LLC, Edge Trading Growth and Income Fund, LLC, Edge Trading Partners Growth Fund, L.P., and Edge Trading, Growth Fund, LLC, all of which were unformed businesses (“Unformed Business Entities”).

2. Edge Trading, LLC (“Edge Trading”) is a Delaware limited liability company formed on or about March 1, 2012. Moskowitz is the founder, president and managing member of Edge Trading. Since June 1, 2015, Edge Trading has not been in good standing with the Delaware Secretary of State due to failure to pay required annual taxes.

3. From at least March 2012 through at least April 2016 (the “Relevant Period”), Moskowitz and Edge Trading, through Moskowitz, engaged in a Ponzi scheme to defraud investors by offering and selling unregistered securities generally in the form of purported limited partnership interests in certain of the Unformed Business Entities (the “Unregistered Securities”).

A. The Training Courses

4. At all relevant times, Moskowitz, through Edge Trading, offered training classes via its website, www.edgetradingllc.com (“Edge Trading Website”), that included: (a) an “Investor Course” that costs \$2,500 and (b) a “Day Trading Course” which is a twelve (12) month program that costs \$5,450 (collectively, the “Edge Trading Courses”).

5. On the Edge Trading Website, Moskowitz and Edge Trading claimed that the “Investor Course” is an effective method for traders to manage risks and profits. It states, “I

have created this Investor Course to teach the exact methodology that I use to make average returns of 26.3% over the last 12 years.”

6. On the Edge Trading Website, Moskowitz and Edge Trading claimed under the “Day Trading Course” that, “I [Moskowitz] have taught hundreds of people my method for consistent and massive profits.”

B. Moskowitz and Edge Trading’s Fraudulent Offer and Sale of Securities

7. Moskowitz and Edge Trading, through Moskowitz, raised at least \$798,000 from the offer and sale of the Unregistered Securities to at least eight (8) investors, including three (3) New Jersey residents. Six (6) of those eight (8) investors had previously signed up and paid for one of the Edge Trading Courses.

8. Moskowitz and Edge Trading, through Moskowitz, solicited investors claiming that investor funds raised through the sale of the Unregistered Securities would generally be used for the purposes of engaging in certain trading strategies for the benefit of the investors. In reality Moskowitz used over 55% of the investor funds for his or his wife’s personal use, and to pay other investors in a Ponzi scheme. Indeed, contrary to Moskowitz’s and Edge Trading’s misrepresentations to investors, no Unregistered Securities could be issued or sold because the Unformed Business Entities did not exist.

9. Moskowitz and Edge Trading, through Moskowitz, offered and sold the Unregistered Securities, generally in the form of limited partnership interests, in purported funds to prospective investors that were held out to be: (1) limited partnership interests in Edge Trading (the “Edge Trading Investment Pool”), (2) limited partnership interests in Edge Trading Capital Partners, L.P. (the “Edge Trading Capital Partners Investment Pool”), (3) limited partnership interests in Edge Trading Growth and Income Fund, LLC (the “Edge Trading

Growth and Income Investment Pool”), (4) a “separately managed account within the Edge Trading, LLC structure.” (“Trading Account”), and (5) limited partnership interests in a “side-pocket” investment in a purported pharmaceutical company, called Pelican Pharmaceuticals (the “Pelican Fund”).

10. The Unregistered Securities are securities as defined in N.J.S.A. 49:3-49(m) of the Securities Law.

11. The Unregistered Securities were not registered with the Bureau and were not federally covered or exempt from registration.

C. Moskowitz and Edge Trading’s Material Misrepresentations

12. Moskowitz and Edge Trading, through Moskowitz, made false and misleading statements and/or omitted material information to investors in connection with the offer and sale of the Unregistered Securities through email communications, private offering memoranda, “Trade Agreements,” and/or other offering documents (collectively, “Offering Documents”) and/or account statements (“Account Statements”). These false and misleading statements include, but are not limited to the following:

a) Edge Trading Investment Pool

- i. Edge Trading LLC “will charge NO management fee” (emphasis in original), unless agreed to by Edge Trading and the investor;
- ii. Edge Trading “will charge 30% of the profits upon withdrawal of the funds;”
- iii. Investors “can withdraw PRINCIPLE [sic] every 6 months after the first 12 months of investment (emphasis in original);”

- iv. Investors “can withdraw PROFITS after each quarter (emphasis in original);” and
- v. Edge Trading would invest funds using a “combination of two Trading Models built by Mr. Moskowitz and Edge Trading, LLC.”

b) Edge Trading Capital Partners Investment Pool

- i. Edge Trading Capital Partners, L.P. is a Delaware Investment Pool Limited Partnership;
- ii. Edge Trading Partners, L.P. would provide a means by which investors could engage in the trading of U.S. and foreign equities, futures contracts and option contracts;
- iii. The business of the partnership includes, but is not limited to, the speculative trading of U.S. and foreign equities, futures and option contracts as well as options on futures contracts through the use of an algorithmic trading model;
- iv. Limited partnership interests in the Partnership “are being offered pursuant to Regulation D under section (4)(2) of the securities act of 1933, as amended [sic];”
- v. The primary investment objective of Edge Trading Capital Partners, L.P. is growth of capital through the use of a computerized model to perform the analysis and subsequent trading of U.S. stocks, foreign stocks, futures, options and options on futures;
- vi. Edge Trading Capital Partners, L.P. will not pay a fee to Edge Trading, LLC;

- vii. Edge Trading will be compensated solely by being paid 30% of all profits generated during the calendar year but “[t]his fee will be paid to the Edge Trading LLC Management Company....;”
 - viii. “Beginning 18 months from the date a Limited Partner is admitted in the Partnership, such Limited Partner shall have the right to withdraw, in whole or part, their closing capital account at the end of each calendar quarter (or at such time the General Partner shall determine) by giving no less than 30 days prior written notice;”
 - ix. “A Statement will be electronically delivered within 14 days of the end of each quarter;”
 - x. Edge Trading Capital Partners, L.P. traded using “a computerized model to perform the analysis and subsequent trading of U.S. Stocks, Foreign Stocks, Futures, Options and Options on Futures;” and
 - xi. As the general partner, Edge Trading was responsible for “implementing and administers the affairs of the Partnership, including investments, accounting and taxes, financial statements and any special statements that the Partnership deems necessary to successfully run the business (sic).”
- c) Edge Trading Growth and Income Investment Pool
- i. Edge Trading Growth and Income Fund, LLC is a limited liability company;
 - ii. Edge Trading Growth and Income Fund, LLC’s “purpose is to provide a combination of growth using US Equities and Income through a combination of credit option strategies, dividends and fixed income ETF’s [sic];”

- iii. “Early investors will have a chance to participate not only in the investment performance of the fund, but also have a share of the Management Company. Each unit will be \$50,000.00 with a maximum number of 20 units available for a total initial investment of \$1,000,000.00. Each unit will be invested fully into the fund and each partner will own 5% of the management company, of course multiple units can be purchased for a larger share;”
- iv. The purported benefits of the purchase included the following:
 - 1. 2% management fee;
 - 2. 20% incentive fee;
 - 3. Non-dilution of structure; and
 - 4. Monthly reporting;
- v. Investors could purchase an ownership stake in the “Management Company” of the Edge Trading Growth and Income Fund, LLC; and
- vi. Moskowitz would personally purchase 10 units and invest \$500,000 in the Growth and Income Fund.

d) Trading Account

- i. The Trading Account was to be a “separately managed account within the Edge Trading, LLC structure . . . opened with Great Point as the broker dealer . . . in the title of ‘Edge Trading, LLC / JP;’”
- ii. “Edge Trading, LLC will use the day trading strategy that [the investor] is familiar with . . . ;”

- iii. Edge Trading would charge a “fee structure” of “10% of the first \$4,000 produced each month and then charge 50% of the profits above \$4,000 upon withdrawal;” and
- iv. The investor would “be able to take periodic distributions of profits once a month or less”

e) Pelican Fund

- i. The investors’ funds would be invested in the “the private equity of Pelican Pharmaceuticals.”

13. The foregoing representations are false and misleading because the Unformed Business Entities did not exist, and Moskowitz and Edge Trading, through Moskowitz, failed to disclose material information to investors, specifically, that investor funds would be misused as described above and not invested as represented.

14. Moskowitz and Edge Trading, through Moskowitz, also made false and misleading statements to certain investors by sending Account Statements that, among other things, falsely represented the purported net return on the investment, the purported total value of the investment, and the purported percentage of fund ownership. For example, an account statement to one investor represented that the current gross value of the investor’s funds was \$189,211 as of July 31, 2015. In reality, Moskowitz’s brokerage accounts reflected a closing balance of \$0 as of June 2015.

15. Moskowitz and Edge Trading, through Moskowitz, also made false and misleading statements to certain investors by sending them inaccurate 1099 tax forms and Schedule K-1 (Form 1065) tax forms that, among other things, falsely represented the purported interest and net gains on the investments. For example, Moskowitz sent an investor a Schedule

K-1 (Form 1065) tax form in 2014 reflecting an ending capital account balance in his brokerage and bank accounts of \$176,069.44. In reality, Moskowitz's brokerage and bank accounts reflected balances of \$21,489.96, significantly less than what was represented in the tax forms.

16. Starting in March 2015, certain investors began requesting disbursements as permitted in the Offering Documents. Moskowitz and Edge Trading, through Moskowitz, made false and misleading statements explaining why they could not provide the requested disbursements. For example, Moskowitz and Edge Trading, through Moskowitz, told certain investors that their money was "tied up" and could not be disbursed. Similarly, Moskowitz and Edge Trading, through Moskowitz, told certain investors that their investor funds had been misallocated to another account through an administrative error. In reality, Moskowitz held insufficient funds in his brokerage and bank accounts to pay the amount requested by these investors.

D. Moskowitz and Edge Trading's Misuse of Funds

17. Moskowitz deposited \$798,000 of investor funds in Edge Trading's TD bank account ending in 6964 (the "Edge TD 6964 Bank Account"). Subsequently, he transferred these funds to a Lightspeed Trading brokerage account (the "ET Brokerage Account"), other accounts owned and controlled by Moskowitz, Moskowitz's wife's personal checking account (the "Moskowitz Personal Wells Fargo 1242 Bank Account"), and the bank accounts of other investors in Ponzi scheme payments.

18. The Edge TD 6964 Bank Account was opened on March 15, 2012, and controlled by Moskowitz, the sole signatory on the account.

19. Of the \$798,000 invested in Edge Trading LLC, Moskowitz lost approximately \$358,000, predominately through trading options, and misused at least \$440,000 as follows:

- i. at least \$96,093.29 was used in the Ponzi scheme to pay purported interest and/or principal payments to investors who purchased the Unregistered Securities;
- ii. at least \$30,000 was used in the Ponzi scheme to repay an individual who had been sold an investment in a “fund” by Moskowitz prior to the Relevant Period;
- iii. at least \$201,890 was transferred to the Moskowitz Personal Wells Fargo 1242 Bank Account and used for personal expenses, including mortgage payments on his home in Milburn, New Jersey;
- iv. at least \$8,126.10 was paid to auto body shops;
- v. at least \$2,074 was paid to retailers such as Best Buy, the Apple Store, and Montblanc;
- vi. at least \$4,000 was transferred to a PayPal account;
- vii. at least \$586.56 was paid to Ticketmaster;
- viii. at least \$4,400 was paid to newspaper/media entities;
- ix. at least \$1,560.63 was paid to B&H Photo Video;
- x. at least \$1,304.99 was withdrawn as cash withdrawals;
- xi. at least \$352.26 was used at an Atlantic City resort/casino; and
- xii. at least \$89,612.17 was used to pay other personal expenses, including to pay for grocery shopping, gas, and restaurant bills.

20. Without the investors' funds, the Edge TD 6964 Bank Account did not have funds sufficient to pay for the transactions described in ¶ 19.

E. Moskowitz and Edge Trading's Material Omissions

21. Moskowitz and Edge Trading, through Moskowitz, omitted material facts to investors in connection with the offer and sale of the Unregistered Securities, specifically, that investor funds would be misused as described above and not invested as represented.

CONCLUSIONS OF LAW

22. The Unregistered Securities are securities as defined by N.J.S.A. 49:3-49(m) of the Securities Law.

MOSKOWITZ AND EDGE TRADING, THROUGH MOSKOWITZ, EMPLOYED A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD IN VIOLATION OF N.J.S.A. 49:3-52(a)

23. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

24. Moskowitz and Edge Trading, through Moskowitz, employed a device, scheme or artifice to defraud investors in violation of N.J.S.A. 49:3-52(a), by among other things: (i) by offering and selling the Unregistered Securities using false and misleading statements in the Offering Documents; (ii) continuing to mislead investors through fabricated Account Statements; and (iii) omitting material information, specifically that investor funds would be misused as described above in ¶¶ 17 through 20 and not invested as represented.

25. Each violation of N.J.S.A. 49:3-52(a) by Moskowitz and Edge Trading, through Moskowitz, upon each investor is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

MOSKOWITZ AND EDGE TRADING, THROUGH MOSKOWITZ, MADE UNTRUE STATEMENTS OF MATERIAL FACT AND/OR 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, IN VIOLATION OF N.J.S.A. 49:3-52(b)

26. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

27. Moskowitz and Edge Trading, through Moskowitz, made materially false and misleading statements and/or omitted to state material facts necessary to make the statements made in light of the circumstances under which they were made, not misleading to investors in connection with the offer and sale of securities, as more fully described in ¶¶ 12 through 21.

28. Each omission or materially false or misleading statement is in violation of N.J.S.A. 49:3-52(b). Each violation of N.J.S.A. 49:3-52(b) by Moskowitz and Edge Trading, through Moskowitz, upon each investor is a separate violation of the Securities Law and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

MOSKOWITZ AND EDGE TRADING, THROUGH MOSKOWITZ, ENGAGED IN ACTS, PRACTICES, OR COURSES OF BUSINESS WHICH WOULD OPERATE AS FRAUD OR DECEIT UPON ANY PERSON IN CONNECTION WITH THE OFFER, SALE OR PURCHASE OF SECURITIES, IN VIOLATION OF N.J.S.A. 49:3-52(c)

29. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

30. Moskowitz and Edge Trading, through Moskowitz, engaged in acts, practices, and courses of business that operated as fraud and/or deceit upon investors, as described in ¶¶ 7 through 21.

31. Each violation by Moskowitz and Edge Trading, through Moskowitz, upon each investor is a separate violation of N.J.S.A. 49:3-52(c), and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**MOSKOWITZ AND EDGE TRADING, THROUGH MOSKOWITZ,
SOLD UNREGISTERED SECURITIES,
IN VIOLATION OF N.J.S.A. 49:3-60**

32. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

33. Moskowitz and Edge Trading, through Moskowitz, offered and sold securities that were not registered with the Bureau.

34. All investments offered and sold by the Moskowitz and Edge Trading, through Moskowitz, are securities that are required to be registered with the Bureau as required by N.J.S.A. 49:3-60.

35. Each offer and sale of unregistered securities constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**MOSKOWITZ ACTED AS AN AGENT WITHOUT REGISTRATION,
IN VIOLATION OF N.J.S.A. 49:3-56(a)**

36. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

37. Moskowitz acted as an agent of Edge Trading, as defined under N.J.S.A. 49:3-49(b), in effecting or attempting to effect transactions in securities in and from New Jersey.

38. Moskowitz was not registered with the Bureau as an agent of Edge Trading.

39. Moskowitz violated N.J.S.A. 49:3-56(a), which requires, among other things, that only persons registered with the Bureau may lawfully act as agents.

40. Each offer and sale of the Unregistered Securities constitutes a separate violation of N.J.S.A. 49:3-56(a), and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1

**EDGE TRADING EMPLOYED UNREGISTERED AGENTS,
IN VIOLATION OF N.J.S.A. 49:3-56(h)**

41. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

42. Moskowitz acted as an agent of Edge Trading, as defined under N.J.S.A. 49:3-49(b), in effecting or attempting to effect transactions in securities in and from New Jersey, without being registered as an agent with the Bureau.

43. By employing an agent who was not registered with the Bureau, Edge Trading acted in violation of N.J.S.A. 49:3-56(h).

44. Each offer and sale of the Unregistered Securities constitutes a separate violation of N.J.S.A. 49:3-56(h), and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

THEREFORE, it is on this 28th day of **MARCH 2017**, hereby **ORDERED** that:

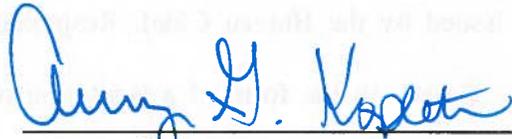
45. Moskowitz and Edge Trading shall cease and desist from violating the Securities Law or any regulation or order under the Securities Law;

46. Moskowitz and Edge Trading shall cease and desist from engaging in the conduct described in the Bureau Chief's findings of fact and conclusions of law;

47. Moskowitz and Edge Trading are jointly and severally assessed and liable to pay civil monetary penalties in the amount of One Million Dollars (\$1,000,000), pursuant to N.J.S.A. 49:3-70.1, for violations of the Securities Law described in this Order, which is immediately due and payable to the "State of New Jersey, Bureau of Securities."

48. All exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) are hereby **DENIED** as to Moskowitz and Edge Trading.

49. All exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g) are hereby **DENIED** as to Moskowitz and Edge Trading.



Amy G. Kopleton
Acting Chief, New Jersey Bureau of Securities

NOTICE OF RIGHT TO HEARING

You are advised that upon service of notice of this Summary Penalty and Cease and Desist Order issued by the Bureau Chief, Respondents shall have up to twenty (20) days to respond to the Bureau in the form of a written answer and written request for a hearing. A request for a hearing must be accompanied by a written response, which addresses specifically each of the reasons set forth in the Order which formed the basis for its entry. A general denial is unacceptable. Within five (5) business days of receiving the written answer and request for a hearing, the Bureau Chief shall either transmit the matter to the Office of Administrative Law for a hearing, or schedule a hearing at the Bureau of Securities. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney. If an applicant fails to respond by filing a written answer and request for a hearing with the Bureau within the twenty (20) day prescribed period, the Order shall become a final order and remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of a final order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.

