

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**HVIZDZAK CAPITAL
MANAGEMENT, LLC; HIGH
STREET CAPITAL LLC; HIGH
STREET CAPITAL PARTNERS,
LLC; SHANE HVIZDZAK; and
SEAN HVIZDZAK,**

Defendants.

SEALED DOCUMENT

No. 1:20-cv-154

COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC” or “Commission”), for its Complaint against Defendants Hvizdzak Capital Management, LLC (“HCM”); High Street Capital LLC (“HSC”); High Street Capital Partners LLC (“HSCP”), Shane Hvizdzak (“Shane”), and Sean Hvizdzak (“Sean”), alleges as follows:

INTRODUCTION

1. Since at least November 2019, Defendants have fraudulently raised and subsequently misappropriated millions of dollars from the sale of limited partnership interests in High Street Capital Fund USA, LP (“the Fund”), a Fund they claimed would invest in digital asset for the benefit of Fund investors. In soliciting investments, Defendants misrepresented key information to potential investors about the Fund’s past performance and assets, and provided investors and/or their representatives with false financial statements and a forged audit report for

the Fund. Once invested, Defendants, without investor knowledge or consent, moved millions of dollars of investor funds from Fund accounts into the personal bank accounts of Shane and Sean, where Defendants further dissipated investor funds into personal digital asset accounts.

2. By engaging in the conduct described in this Complaint, Defendants violated Section 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and unless restrained and enjoined will engage in further violations of these provisions.

3. The Commission respectfully requests, as emergency and preliminary relief to preserve the *status quo*, an order temporarily freezing Defendants’ assets and prohibiting Defendants from destroying or altering documents. The Commission further requests an emergency order permitting the Commission to conduct expedited discovery and requiring Defendants to provide an accounting identifying the amount and location of all Fund assets. Finally, the Commission requests the Court issue an order to show cause why a preliminary injunction should not issue halting Defendants’ fraudulent conduct pending a trial on the merits.

4. At the conclusion of the litigation, the Commission respectfully requests, among other things, that the Court permanently enjoin Defendants from committing further violations of the federal securities laws as alleged in this Complaint, and order Defendants to pay disgorgement, plus prejudgment interest, civil penalties, and other appropriate and necessary equitable relief.

JURISDICTION AND VENUE

5. The Court has jurisdiction over this action pursuant Sections 21(d), 21(e), and 27(a) of the Exchange Act, 15 U.S.C. §§ 78u(d)-(e) & 78aa(a), and Sections 20(b)-(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b)-(d) & 77v(a).

6. Venue is proper in the Western District of Pennsylvania 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. Among other things, most of the Defendants, including the Hvizdzaks, reside in this District, and the Defendants conducted much of the activity alleged in this Complaint from their entities located in this District.

7. Defendants have, directly and indirectly, made use of the means or instrumentalities of interstate commerce and/or of the mails, including the use of email, telephone, and the internet in connection with illegal acts alleged in this Complaint, certain of which occurred within this District. In addition, Defendants have solicited investors in several states, including Pennsylvania, California, and Florida, to purchase limited partner interests in the Fund.

DEFENDANTS

8. **Hvizdzak Capital Management LLC** (“HCM”), is a Pennsylvania limited liability company with its principal place of business in Bradford, Pennsylvania. Shane and Sean Hvizdzak are HCM’s sole members, and jointly had signatory authority over HCM’s bank account. HCM is not registered with the Commission in any capacity.

9. **High Street Capital LLC** (“HSC”) is a Pennsylvania limited liability company with its principal place of business in Bradford, Pennsylvania. HSC is the investment management company for the Fund. HSC is not registered with the Commission in any capacity.

10. **High Street Capital Partners, LLC** (“HSCP”) is a Pennsylvania limited liability company with its principal place of business in Bradford, Pennsylvania. HSCP is the general partner of the Fund. HSCP is not registered with the Commission in any capacity.

11. **Shane Hvizdzak** (“Shane”), 32, resides in Bradford, Pennsylvania, and is the Co-Manager and Principal Trader for the HSC.

12. **Sean Hvizdzak** (“Sean” and, collectively with “Shane,” the “Hvizdzak Brothers”), 34, resides in St., Marys, Pennsylvania, and is the Co-Manager and Operations Director for the HSC. Sean appears to be an attorney licensed in Pennsylvania. Shane and Sean are brothers.

OTHER RELEVANT ENTITIES

13. **High Street Capital Fund USA, LP** (“the Fund”) is a limited partnership established on March 26, 2019 with its principal place of business in Bradford, Pennsylvania. The Fund filed a notice of exempt offering of securities on Form D on May 30, 2019.

FACTUAL ALLEGATIONS

I. The Fund And The Fund Defendants

14. On March 26, 2019, the Hvizdzak Brothers formed the Fund to invest “in a wide variety of cryptocurrency investments.” As stated in the Fund’s Private Placement Memorandum (“PPM”), the Fund operated as a “pooled investment vehicle through which the assets of its General Partner and the Limited Partners” were “invested in a wide variety of cryptocurrency investments.” The PPM further explained that the investment vehicle was an “algorithmic quant fund that intends to take advantage of the volatility of the cryptocurrency market,” and its “primary investment objective is to achieve capital appreciation with above-average returns” for its limited partners using various predictive indicators.

15. According to the Fund's operative documents, including the PPM and the limited partnership agreement ("LPA"), HSCP was the Fund's General Partner and was exclusively responsible for the Fund's management.

16. Pursuant to an investment management agreement between the Fund and HSC, HSC agreed to serve as the Fund's Investment Manager, responsible for providing "advice and services . . . to manage the Investments and operate the Partnership."

17. The Hvizdzak Brothers solely owned and controlled both HSC and HSCP and thus were alone responsible for the operations and management of the Fund and its investments. Hereinafter, the Commission refers collectively to Defendants HSCP, HSC, Shane, and Sean as the "Fund Defendants."

18. As compensation for managing the Fund, HSC and HSCP were entitled to (1) "Management Fees" equal to approximately 1.5 percent annually of each limited partner's share of the Fund's net asset value, paid monthly, and (2) a "Performance Allocation" equal to 30 percent of each limited partners' net profit each quarter, subject to certain limitations. HSC and HSCP were entitled to use Fund assets to pay certain operating expenses, including marketing expenses and third-party service fees, but the Fund did not pay HSC's day-to-day expenses.

19. The Fund's LPA required that the Fund maintain proper custody of Fund assets. Pursuant to the LPA, Defendant HSC could open bank and other financial accounts in the Fund's name, and "to the extent that funds are not invested, to deposit and maintain such funds in the name of the [Fund] in such accounts," as well as invest in short-term investments, "provided, however, that the Partnership funds shall not be commingled with the Funds of any other Person."

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