

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 1:25-cv-20436

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**JURY TRIAL DEMANDED**

DAVID J. FEINGOLD,  
JOSEPH B. BALDASSARRA,  
STEVEN S. BALDASSARRA,  
BROAD STREET GLOBAL MANAGEMENT, LLC, and  
BROAD STREET INC.,

Defendants, and

JOSEPHBENJAMIN, INC., and  
JUST A NICE DAY, INC.

Relief Defendants.

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**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

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

**I. INTRODUCTION**

1. The SEC brings this enforcement action to stop an ongoing offering fraud perpetrated by David J. Feingold, Joseph B. Baldassarra, Steven S. Baldassarra, and the entities they control – Broad Street, Inc. (“BSI”) and Broad Street Global Management (“BSG Management”). Feingold, the Baldassarras, and their entities used deceptive schemes and materially false statements to raise money from investors in Broad Street Global Fund, LLC (“BSG Fund” or the “Fund”), a private equity fund that the Defendants used to raise more than \$1 billion from over a thousand investors. The SEC seeks temporary and preliminary relief,

including an asset freeze and injunctions, as well as the appointment of a receiver, to put a stop to Defendants' misconduct.

2. BSG Fund is divided into numerous Series. BSG Management, which is the investment adviser to the Fund, offered Series in Real Estate Infrastructure, Merchant Cash Advances, Custom Home Building, Hotel Projects, and numerous other specialized areas. Each of these Series is supposed to present an investor with a unique investment opportunity, with its own unique possible profits and risk.

3. However, Defendants engaged in a multi-faceted fraud related to BSG Fund. First, Defendants fraudulently offered and paid inflated returns to investors in at least two major Series, claiming that investments in Merchant Cash Advances – short term and fast funding transactions to small business – generated significant profits when in fact they did not. As a result, Defendants paid millions of dollars in returns to investors that were not supported by actual MCA profits.

4. Second, the Defendants managed the Fund in a way that was inconsistent with what they told investors and that materially increased investors' risk. The Baldassaras and BSG Management told investors that the Fund would follow certain structures and practices to protect their investments: that they would keep the assets and liabilities of each Series separate, that there would not be commingling of funds or assets between the Series, that there would be no cross-liability between Series, and that the Fund would own the investments made with investor funds. In fact, funds were commingled and cross-liabilities created, subjecting investors in one Series to risks in other Series. Moreover, nearly all investor funds were diverted to accounts and assets owned and controlled by BSG Management, the Baldassaras, or BSI. BSG Management made almost no investments on behalf of the BSG Fund.

5. Third, the Baldassaras and BSG Management made numerous false and misleading statements to induce investors to invest with the Fund. In addition to the misstatements noted above, they falsely promised investors that a certain Series – related to Qualified Small Business Stock – would generate tax-free returns, when in fact the funds were not invested as promised and do not qualify for favorable tax treatment. They made false statements about the Fund’s recordkeeping practices and financial statements. And finally, as noted above, they misled investors about the profitability of the MCA investments.

6. Fourth, Defendants engaged in additional deceptive conduct in their operation of the Fund, all of which resulted in fraud on the Fund and its investors.

7. In addition, the Baldassaras and BSG Management are investment advisers to the BSG Fund, and thus have critical fiduciary obligations to their client, including duties of loyalty and care, which impose on them an affirmative duty of utmost good faith, and an obligation to provide full and fair disclosure of all material facts. Through the conduct alleged below, the Baldassaras and BSG Management fell vastly short of these obligations.

8. From the more than \$1 billion that Defendants have raised, the Baldassaras have transferred (or had investors send money to BSG Management directly) approximately \$880 million to BSG Management. From these funds, Feingold and the Baldassaras have transferred approximately \$170 million to the Baldassaras and to entities under the control of Feingold or the Baldassaras.

9. By engaging in the conduct alleged in this complaint, Defendants Feingold, Joseph Baldassarra, Steven Baldassarra, BSG Management, and BSI (collectively “Defendants”) violated the antifraud provisions of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange Act of 1934 (“Exchange Act”) [15

U.S.C. § 78j(b)], and Exchange Act Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)]. In addition, Defendants BSG Management and the Baldassarras, violated the antifraud provisions of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)]. The Baldassarras and Feingold are also liable as control persons over BSG Management and BSI pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

10. In addition, BSG Funds' investment advisers, Defendants BSG Management and the Baldassarras (collectively "BSG Fund's Investment Advisers"), breached the fiduciary duties they owed to the BSG Fund in violation of the antifraud provisions of Sections 206(1) and 206(2) of the Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

11. Furthermore, Relief Defendants Josephbenjamin, Inc. ("Joseph Benjamin"), owned and controlled by Joseph Baldassarra, and Just A Nice Day, Inc. ("Just a Nice Day"), owned and controlled by Steven Baldassarra (collectively, "Relief Defendants") have each received substantial illicit proceeds from the Defendants' fraud to which they have no legitimate claim and under circumstances in which it is not just, equitable, or conscionable for them to retain the funds.

## **II. PARTIES AND RELATED ENTITIES**

### **a. Defendants**

12. David J. Feingold, Esq. ("Feingold"), age 58, is a resident of Aventura, Florida. Feingold is the Chief Executive Officer ("CEO") of BSI and a control person over BSI and BSG Management. The Baldassarras have delegated the management of many, including the largest, business lines funded by BSG Fund, including real estate infrastructure projects and merchant cash advance ("MCA portfolios"), to Feingold. Feingold is an attorney licensed in the state of

Florida. In 1999, the Commission entered an order against Feingold to cease and desist from committing or causing any violations of Section 5 of the Securities Act and Rule 10b-13 of the Exchange Act.

13. Joseph B. Baldassarra, age 48, is a resident of Simpsonville, South Carolina. He is a managing member of BSG Management, the President of BSI, and a control person over BSI and BSG Management. His responsibilities include: acting as investment adviser to the BSGF Fund, along with Defendants BSG Management and Steven Baldassarra; soliciting investors for BSG Fund; and supervising BSI's internal sales staff who, among other things, solicit investors for BSG Fund. Joseph Baldassarra was associated with several registered broker-dealers between 1998 and 2016.

14. Steven S. Baldassarra, age 49, is a resident of Simpsonville, South Carolina. He is a managing member of BSG Management, the chief operating officer ("COO") of BSI, and a control person over BSI and BSG Management. His responsibilities include: acting as investment adviser to the BSG Fund, along with Defendants BSG Management and Joseph Baldassarra; and performing back-office functions for BSG Fund, including overseeing BSG Fund's and BSG Management's bank accounts, and its accounting staff. Steven Baldassarra was associated with several registered broker-dealers between 1998 and 2016.

15. Broad Street Global Management LLC ("BSG Management") is a South Carolina LLC that was formed on or about October 2018. BSG Management is the designated manager of BSG Fund. BSG Management is owned and managed by the Baldassarras and is controlled by the Baldassarras and Feingold. BSG Management (through the Baldassarras) acts as an investment adviser with respect to BSG Fund. BSG Management has received approximately \$9

million directly from investors and more than \$871 million from the bank accounts of BSG Fund and BSG Series CM, LLC's ("BSG CM Series") bank accounts.

16. Broad Street Inc. ("BSI") is a Delaware corporation that was formed on or about June 2022. BSI's voting shares are owned in equal parts by the Baldassarras and Feingold and unanimity by all three is required for shareholder decisions. Since approximately June 2022 through the present, Feingold has been the CEO, Joseph Baldassarra has been the President, and Steven Baldassarra has been the COO, of BSI. Feingold and the Baldassarras control BSI. BSI has received more than \$200,000, an interest in a registered broker-dealer, and ownership over certain real estate assets.

**A. Relief Defendants**

17. Josephbenjamin, Inc. ("Joseph Benjamin") is a South Carolina corporation owned and controlled by Joseph Baldassarra. Through Joseph Benjamin, Joseph Baldassarra received more than \$65 million of illicit proceeds.

18. Just a Nice Day, Inc. ("Just A Nice Day") is a South Carolina corporation owned and controlled by Steven Baldassarra. Through Just a Nice Day, Steven Baldassarra received more than \$50 million of illicit proceeds.

**B. Related Entities**

19. Broad Street Global Fund LLC ("BSG Fund") is a multi-Series Delaware LLC that was formed on or about September 14, 2020. BSG Fund is a private equity fund. BSG Fund has no managing board and thus cannot act for itself. Instead, BSG Fund's operating agreement vests all authority to act for BSG Fund in its manager BSG Management (or its agents). BSG Fund has directly received more than \$868 million from investors in exchange for limited partnership interests in BSG Fund.

20. Broadstreet Global Holdings, LLC (“BSG Holdings”) is a South Carolina LLC. BSG Holdings is owned and managed by the Baldassarras. BSG Holdings receives funds to pay the expenses for BSG Fund, BSG Management, and BSI. BSG Holdings has received more than \$134.5 million from BSG Management.

21. BSG Series CM, LLC (“BSG Series CM”) is a South Carolina LLC that is owned and managed by the Baldassarras. BSG Series CM is related to one or more crypto asset mining Series in the BSG Fund that is offered and sold by BSG Management and BSI. Its bank accounts have received approximately \$199 million from investors.

22. BSG Management, BSI, BSG Fund, BSG Holdings, and BSG Series CM are referred to herein as the “Broad Street Entities.”

### **III. JURISDICTION AND VENUE**

23. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)]; Sections 21(d), 21(e), and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa(a)]; and Sections 209(d) and 214(a) of the Advisers Act [15 U.S.C. §§ 80b-9(d) and 80b-14(a)].

24. Defendants, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation or communication in interstate commerce, the means and instrumentalities of interstate commerce, or of the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

25. This Court has personal jurisdiction over the Defendants and Relief Defendants and venue is proper in the Southern District of Florida pursuant to Section 20(b), 20(d)(1), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)]; Section 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa]; Sections 209(d) and 214(a) of the Advisers

Act [15 U.S.C. §§ 80b-9(d) and 80b-14(a)]; and 28 U.S.C. § 1391(b) because, among other reasons: (a) Defendant Feingold, CEO of Defendant BSI and an undisclosed control person of Defendant BSG Management has resided in this district since at least June 2022; (b) Defendant BSI has additional staff that work on behalf of the Broad Street Entities that reside in this district, some of whom are also shareholders of Defendant BSI; (c) an accounting firm used by Defendants is located in this district; (d) the home builder associated with BSG Fund's custom home sub-Series whose "nerve center" is located in this district has filed for bankruptcy in this District; (e) more than 70 investors that have invested in the BSG Fund reside in this district; (f) a registered broker used to solicit investors and is partially owned by Defendant BSI is located in this district; and (g) many of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this district.

#### **IV. FACTUAL ALLEGATIONS**

##### **A. BSG Fund's Formation, Operation, and Relation to the Broadstreet Enterprise**

###### **i. BSG Fund and the Broad Street Entities**

26. BSG Fund was formed in September 2020 to operate as a private equity fund. In the fourth quarter of 2020, BSG Fund purchased substantially all of the investment assets of Broad Street Global Fund SCSp, a Luxembourg entity, which was a predecessor fund to the BSG Fund.

27. BSG Fund's offering materials claim that it is divided into a number of Series, each of which focuses on a separate and distinct investment opportunity.

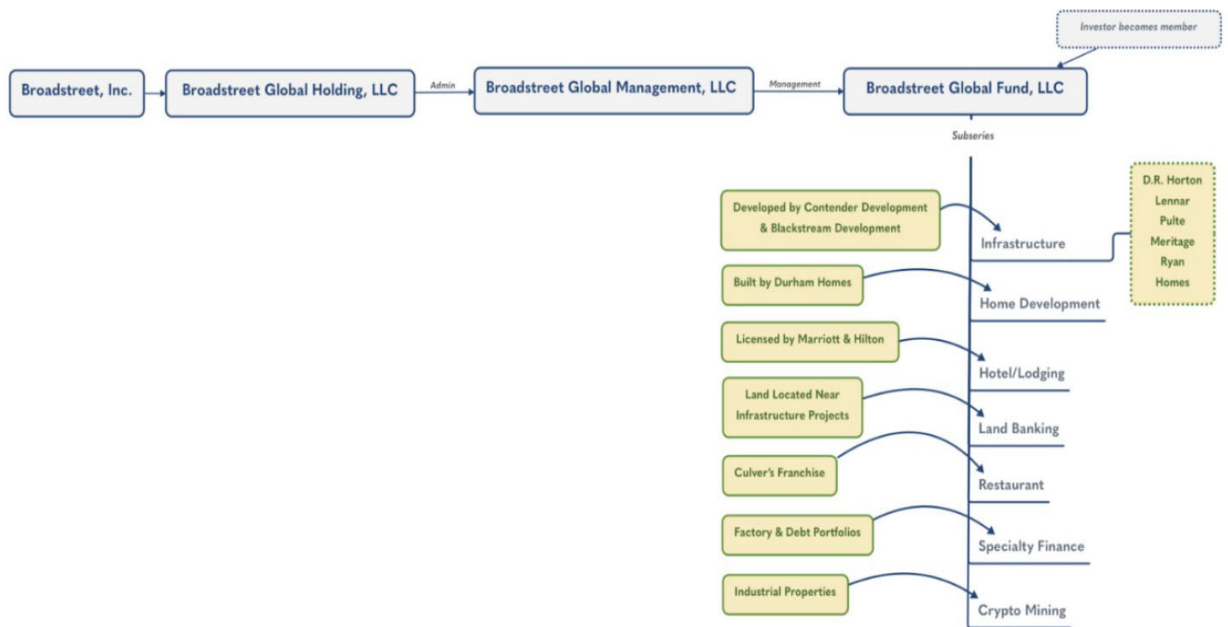
28. BSG Fund is managed by BSG Management, which has authority to manage BSG Fund's activities. Joseph Baldassarra and Steven Baldassarra are the managing members of BSG Management, and BSG Management acts through the Baldassarras. Throughout the Relevant

Period, BSG Management has been controlled by the Baldassarras and since June 2022, as alleged further below, Feingold has also controlled BSG Management.

29. BSG Management is not registered as an investment adviser with the SEC, although as alleged below it acts as an investment adviser with respect to BSG Fund.

30. In or around June 2022, Feingold formed and became the CEO of BSI. Joseph Baldassarra is the President of BSI and Steven Baldassarra is the Chief Operating Officer of BSI. The sales staff that solicits investors for BSG Fund are BSI personnel. BSI owns at least some of the real estate assets acquired with BSG Fund’s funds. BSI oversees assets in which BSG Fund has invested.

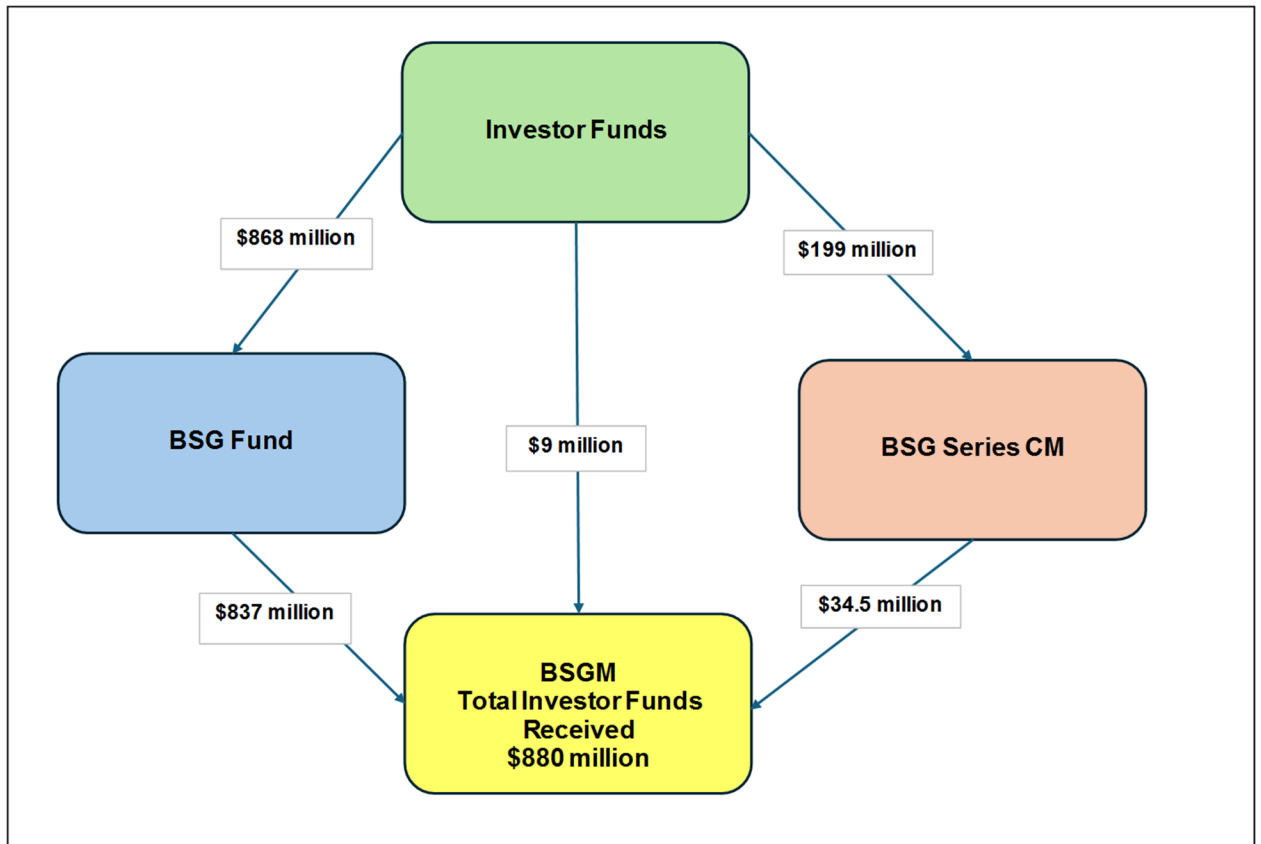
31. From at least July 2022 until the present, BSI’s publicly-available website contains information about certain of the Broad Street Entities, and illustrates the related nature of the Broad Steet Entities and the BSG Fund Series. For example, from approximately July 2022 through approximately March 2024, the following diagram was included on BSI’s website:



**i. BSG Management and BSI Offered and Sold More Than \$1 Billion of Securities.**

32. From October 1, 2020 through the present (“Relevant Period”), investors have deposited more than \$1 billion in the bank accounts of BSG Fund, BSG Series CM, and BSG Management. Of this amount, investors deposited approximately \$868 million in the BSG Fund’s bank accounts, approximately \$199 million in BSG CM Series’ bank accounts, and approximately \$9 million in BSG Management’s bank accounts.

33. From the more than \$1 billion that investors deposited in the above referenced bank accounts, approximately \$880 million has been transferred to (or directly deposited) in BSG Management’s bank accounts and extensively commingled. The chart below demonstrates the flow of investor funds to BSG Management:



34. During the Relevant Period, BSG Management has continuously solicited money from, and offered and sold BSG Fund LLC units in a variety of Series to investors.

35. From approximately October 1, 2020 until approximately May 2022, BSG Management used an internal sales staff to offer and sell BSG Fund LLC units. The internal sales staff was used to, among other things: (a) solicit investors; (b) send out offering materials; (c) prepare closing resolutions; and (d) assist with the preparation of account statements.

36. From approximately June 2022, until at least October 31, 2024, BSG Management and BSI have used an internal sales staff comprised of BSI personnel to offer and sell BSG Fund LLC units. BSI's staff is used to, among other things: (a) solicit investors; (b) send out offering materials; (c) prepare closing resolutions; and (d) assist with the preparation of account statements.

37. In addition, since at least August 2022, BSG Management has utilized registered broker-dealers to sell the offering pursuant to placement agreements.

38. As a result of the solicitation efforts undertaken by BSG Management, BSI, and associated broker-dealers, BSG Management has raised more than \$1 billion on behalf of the BSG Fund from over a thousand passive investors. These investors are located across the United States, including in this district, and abroad.

39. The BSG Fund LLC units that BSG Management offered and sold to investors are securities as defined in Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)]. Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act define "security" to include, among other things, "investment contracts." An investment contract exists where a person invests his or her money,

in a common enterprise, with a reasonable expectation of profits to be derived solely from the efforts of others.

40. Investors in BSG Fund committed funds in cash or via wire transfer to participate in an investment opportunity. They were promised significant returns, which were to be generated from passive business opportunities described in each of the Series' pitch decks.

41. BSG Fund's numerous investors have no ability to influence the management of BSG Fund under its operating agreement and are wholly dependent on the efforts of the Baldassarras and Feingold to select and oversee investments to generate their expected returns.

42. BSG Fund has no way to act independently from BSG Management.

**ii. The Offering Documents**

43. BSG Management typically provides prospective investors with materials that detail the terms of the potential investment, including a subscription agreement, operating agreement, private placement memorandum, and supplemental materials pertaining to specific BSG Fund Series, including Supplemental Series Schedules and pitch decks (the "Offering Documents").

44. BSG Fund's Subscription Agreement reflects that each investor received BSG Fund's operating agreement and private placement memorandum prior to investing.

45. BSG Fund has had at least two operating agreements: a Limited Liability Company Agreement dated as of September 14, 2020 ("Original Operating Agreement"); and an Amended and Restated Limited Liability Company Agreement dated as of May 26, 2022 ("Amended Operating Agreement").

46. These operating agreements set forth certain terms concerning the operation of the BSG Fund.

47. One version of the BSG Fund Confidential Private Placement Memorandum that has been provided to investors is dated October 2020 (“October 2020 PPM”).

48. The private placement memoranda set forth the “terms and conditions of the private offering by [BSG Management] of the membership interests” to investors in the BSG Fund.

49. Both the operating agreements and the private placement memoranda state that supplemental materials about each Series will be made available to investors and to the BSG Fund. For example, the Amended Operating Agreement states that there are “Series Schedule[s]” that “cover terms specific to a particular Series.” Similarly, the October 2020 PPM states that “[a] supplement to the [private placement memorandum] ... in respect of each Series will be created and distributed to prospective investors in such Series.”

50. BSG Management also gave prospective investors access to materials in its internet data room, which, among other things, and at different times, has contained Supplemental Series Schedules with additional terms and conditions of the offering and pitch decks explaining the various investment opportunities.

51. Specifically, pitch decks exist for numerous of BSG Fund’s Series described below. Certain Series have multiple pitch decks or pitch decks that were updated over time.

52. Feingold reviewed the Offering Documents, including the PPM and the Operating Agreements, before they were made available to potential and actual investors.

53. The BSG Fund Offering Documents were reviewed and approved by the Baldassarras before they were made available to potential and actual investors.

54. Further, BSG Fund, as a legal entity, acts through its designated manager, BSG Management, and BSG Management, as a legal entity, acts through its co-managers, Joseph

Baldassarra and Steven Baldassarra. As such, BSG Management and the Baldassarras each have the ultimate authority with respect to the content of any written statements in the BSG Fund Offering Documents that were provided to investors.

55. In addition to the Offering Documents, BSG Management communicates with investors in other ways, including through BSI's website and periodic investor updates, which were issued monthly or quarterly.

56. Periodic investor updates and BSI's website were reviewed and approved by the Baldassarras before they were made available to investors.

**iii. The BSG Fund Series**

57. As alleged above, BSG Fund's Offering Documents claim that it is divided into separate Series, each of which focuses on a different investment opportunity and has different risks. For example, the October 2020 PPM states that BSG Fund "has been established to pursue multiple investment objectives and investment strategies in different Series so investors can select the investment objectives and investment strategies to which the investor wishes to have exposure." It further states that "[a] Series may vary from other Series due to, among other things, investment strategy and objectives, risk and return profile, use of leverage, exposure to particular strategies and other factors."

58. BSG Fund investors must, at the time of purchase, select their LLC units within a particular Series.

59. During the Relevant Period, BSG Fund investors have been offered the opportunity to invest in numerous Series, including the ones listed below. BSG Fund has sometimes used the term Series and sub-Series interchangeably, with sub-Series generally being a further differentiation of a particular Series (for example, as discussed below, where there are

different returns offered in MCA investments or there are investments in different pre-IPO companies, those are referred to as sub-Series).

60. **Merchant Cash Advance** (“MCA”): This Series contains at least three sub-Series that claim to use investor funds to invest in portfolios of MCAs, which are transactions in which a small business can receive quick funding by selling its future receivables at a steep discount. The advance is repaid by debiting a percentage of the business’s daily sales.

61. The Offering Materials describe risks related to MCA investments. For example, an August 2022 MCA pitch deck explains that there is “industry risk, such as defaults and potential future regulation,” and that “merchants are considered higher risk.” The pitch deck claims that the high rates charged to the merchants offset these risks.

62. BSG Fund has promised to pay investors in the MCA Series a fixed annual return of 14%, 15%, or 18%, depending on the sub-Series or, and a 17% return for at least one investor via a side-letter. BSG Management sent funds for these sub-Series to, among other places, MCA Company, which has offices in New York, New York, and Boca Raton, Florida.

63. As of November 2023, BSG Management had raised approximately \$87 million for BSG Fund’s MCA Series.

64. **Real Estate Infrastructure Development** (“Infrastructure”): This Series, BSG Fund’s largest, contains at least nine sub-Series that claim to invest investor funds, as a pool, in the development of raw land into build-ready lots that can be sold to residential home builders.

65. The Offering Materials tout the relative safety of Infrastructure investments. For example, an undated Real Estate Infrastructure Development pitch deck notes existing contracts with numerous national homebuilders, which are “backed by the full faith and credit of the Fortune 500 top publicly traded homebuilders,” and further notes that lots are presold to national

homebuilders before “Broad Street and its affiliates” close on the land in order to “minimize risk.”

66. BSG Fund has promised to pay investors in these sub-Series a preferred annual return of 14.6% or, for one investor, a 16% annual return pursuant to a side letter. BSG Management has sent funds for these sub-Series to, among other places, two real estate development companies, Development Company 1 and Development Company 2.

67. As of November 2023, BSG Management had raised more than \$168 million for BSG Fund’s Infrastructure Series.

68. **Qualified Small Business Stock (“QSBS”)**: This Series claims to invest investor funds in a tax-favored investment in Broad Street Development Corporation (“BSDC”), which is described as “a fully operational technology based real estate development corporation acquiring land, building structures, and utilizing advanced technologies, platforms, skilled workers and techniques to allow for the operation of the entity.”

69. BSG Fund has promised to pay investors in this Series a fixed annual return of 18%. The return is accrued for five years and, when paid, is supposed to be exempt from U.S. income taxes.

70. As of November 2023, BSG Management had raised approximately \$6.2 million for BSG Fund’s QSBS Series.

71. **Pre-IPO securities (“Pre-IPO”)**: This Series contains a number of sub-Series, each of which is focused on acquiring stock of a specific company via forward purchase contracts before that company’s stock can be publicly traded on a securities exchange.

72. BSG Management has promised to either deliver the specific shares acquired with the investor's funds or the proceeds from the sale of those shares after the company goes public or another liquidity event occurs.

73. As of November 2023, BSG Management had raised approximately \$53.5 million for BSG Fund's Pre-IPO Series.

74. **Fixed income securities:** ("Fixed Income"): This Series seeks to provide positive returns by investing in a wide variety of income generating investments in publicly-traded securities that primarily reflect debt, equity, or closed-end funds that have exposure to government agency and/or similar income generating investments.

75. BSG Fund has promised to pay investors in this Series a fixed annual return of 7%.

76. As of November 2023, BSG Management had raised approximately \$2 million for BSG Fund's Fixed Income Series.

77. **Hotel Projects** ("Hotel"): This Series contains at least three sub-Series that claim to invest in the purchase or construction and operation of specific hotel properties, including one Hotel project located in Daytona Beach, Florida.

78. BSG Fund has promised to pay investors in these sub-Series a return based on an ownership share of the hotel's operating income or proceeds from the sale of the property.

79. As of November 2023, BSG Management had raised approximately \$19.4 million for the BSG Fund Hotel Series.

80. **Custom Home Building** ("Home Building"): This Series contains at least four sub-Series that claim to invest in the construction of residential housing communities. BSG Fund

has promised to pay investors in these sub-Series a return based on a profit split with the home builder.

81. On June 20, 2024, BSG Fund's partner in the Home Building Series filed for bankruptcy protection in the United States Bankruptcy Court for the Southern District of Florida, where the partner's "nerve center" is located.

82. As of November 2023, BSG Management had raised approximately \$31.2 million for BSG Fund's Home Building Series.

83. **Crystal Lagoons** ("Crystal Lagoons"): This Series claims to invest in the construction and operation of a resort project in Columbia, South Carolina, featuring a clear-water recreational lagoon with beach-like areas.

84. BSG Fund has promised investors in this Series "Perpetual Income at Rates of Return Never Seen Before" in the form of a fixed annual return of 10% during the first two years of the project, and a fixed annual return of 20% thereafter with additional payments based on a 25% share of the resort's operating profits or 50% of the proceeds from the sale of the property.

85. As of September 2023, BSG Management had raised approximately \$24.2 million for BSG Fund's Crystal Lagoons Series.

86. **Bitcoin Mining** ("Bitcoin Mining"): This Series claims to invest in a "wholly owned [sic] bitcoin mining facility."

87. BSG Fund has promised to pay investors in this Series a targeted annual return of 25%.

88. As of November 2023, BSG Management had raised approximately \$1.9 million for BSG Fund's Bitcoin Mining Series.

89. **Altcoin Mining** (“Altcoin Mining”): This Series claims to “make investments into crypto coin mining machines” that will be used to generate alternative forms of crypto assets other than Bitcoins.

90. BSG Fund has promised to pay investors in this Series a targeted annual return of 28%.

91. As of November 2023, BSG Management had raised approximately \$41.8 million for BSG Fund’s Altcoin Mining Series.

92. **Self-storage facilities** (“Self-Storage”): This Series claims to invest in a collection of self-storage facilities.

93. BSG Fund has promised to pay investors in this Series a fixed annual return of 10% paid quarterly until projects are profitable and can sustain the 10% return based on positive cash flows generated from the self-storage facilities. Thereafter, profit distributions will be based on investor percentage ownership in the sub-Series. BSG Management has told investors that it estimates it will pay 27% annualized returns for this BSG Fund Series.

94. As of November 2023, BSG Management had raised approximately \$16.6 million for BSG Fund’s Self-Storage Series.

**vi. Feingold and the Baldassarras Have Taken More than \$170 Million From the BSG Fund.**

95. From the investor monies that have become assets of the BSG Fund, Feingold and the Baldassarras have, directly or indirectly, received more than \$170 million from BSG Fund.

96. Using BSG Fund’s assets, Feingold and the Baldassarras have purchased an office building through Related Entity 1. More than \$4.7 million of BSG Fund’s assets have been transferred to Related Entity 1.

97. Using BSG Fund's assets, Feingold and the Baldassaras (and a fourth individual) have also acquired an interest in Related Entity 2, an aviation company. More than \$763,000 of the BSG Fund's assets have been transferred to Related Entity 2.

98. More than \$3.19 million of BSG Fund's assets have been transferred to pay personal expenses relating to the individual Defendants, including payments towards yachts.

Steven Baldassarra

99. Through Just a Nice Day, Steven Baldassarra received more than \$50 million of BSG Fund's assets. In addition, more than \$1.9 million of BSG Fund's assets have been transferred to Steven Baldassarra directly.

100. Collectively, from these payments and his proportionate interest in Related Entities 1 and 2 and payments of personal expenses, Steven Baldassarra has received more than \$56.7 million of BSG Fund's assets.

Joseph Baldassarra

101. Through Joseph Benjamin, Joseph Baldassarra received more than \$65 million of BSG Fund's assets. In addition, more than \$300,000 of BSG Fund's assets have been transferred to Joseph Baldassarra.

102. Collectively, from these payments and his proportionate interest in Related Entities 1 and 2 and personal expenses, Steven Baldassarra has received more than \$68.2 million of BSG Fund's assets.

Feingold

103. More than \$36 million of BSG Fund's assets have been transferred to Feingold Related Entity 1, an entity controlled by Feingold that he uses to direct payments he claims are owed to him from the Broad Street Entities.

104. More than \$7 million of BSG Fund's assets have been transferred to Feingold Related Entity 2, an entity owned by him and one of his sons and controlled by Feingold that he uses to direct payments he claims are owed to him from the Broad Street Entities.

105. Collectively, from these payments and his proportionate interest in Feingold Related Entities 1 and 2, and personal expenses, Feingold has received more than \$46 million of BSG Fund's assets.

Other Ways Individual Defendants Received BSG Fund's Assets

106. Feingold and the Baldassarras also have arrangements to obtain money from BSG Fund's assets.

107. For example, in September 2023, BSI acquired a 24.9% ownership stake in one of the broker-dealers that sells BSG Fund LLC units through private placements (the "Broker Dealer"). The Baldassarras and Feingold, through their ownership in BSI, share in the placement fees that the Broker Dealer earns for selling BSG Fund LLC units to investors. In total, approximately \$12.3 million of BSG Fund's assets have been paid to the Broker Dealer.

108. As alleged above, BSG Management sent funds for the MCA Series to MCA Company. MCA Company pays substantial commissions and management fees from Broad Street Entities' MCA investments to Feingold.

109. As alleged above, BSG Management sends funds for the Infrastructure Series to, among others, Development Company 2, of which Feingold or his family members own 35% and he is co-chairman of its board of directors. Development Company 2 has paid, among other things, land acquisition fees and a share of development fees to Feingold or entities under his control.

**B. BSG Management and the Baldassarras Are Investment Advisers.**

110. BSG Management, Joseph Baldassarra, and Steven Baldassarra are each investment advisers within the meaning of Section 202(a)(11) of the Advisers Act. 15 U.S.C. § 80b-2(a)(11).

111. Section 202(a)(11) of the Advisers Act defines an “investment adviser” as a “person who, for compensation, engages in the business of advising others . . . as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.”

112. BSG Management advises BSG Fund with respect to investments in securities. According to the October 2020 PPM, BSG Management may be paid a management fee by the BSG Fund’s Series “for managing the investment and reinvestment of such Series’ assets,” which include investments that are securities as defined by the federal securities laws. Specifically, at least some of the investments in the Pre-IPO securities Series, Fixed Income Series, and QSBS (Qualified Small Business Stock) Series are investments in securities as defined by the federal securities laws.

113. BSG Fund’s October 2020 PPM also holds BSG Management out as an investment adviser, stating that “[f]ees charged by [BSG Management] may be greater or lower than fees charged by other investment advisers for similar services.”

114. As the sole managers and owners of BSG Management, the Baldassarras are also investment advisers to BSG Fund. In their roles at BSG Management, the Baldassarras provide advice about securities for compensation to the BSG Fund and, accordingly, also meet the definition of “investment adviser.”

115. As investment advisers to BSG Fund, Defendants BSG Management, Joseph Baldassarra, and Steven Baldassarra owe a fiduciary duty to BSG Fund. An investment adviser’s fiduciary duty comprises a duty of care and a duty of loyalty. The duty of care requires an

investment adviser to provide investment advice in the best interest of its client. The duty of care also requires BSG Management to operate the BSG Fund in accordance with its Operating Agreements. Under its duty of loyalty, an investment adviser must eliminate or make full and fair disclosure of all conflicts of interest which might incline an investment adviser—consciously or unconsciously—to render advice which is not disinterested such that a client can provide informed consent to the conflict.

**C. Feingold and the Baldassarras Control BSI and BSG Management.**

116. Feingold and the Baldassarras control BSI.

117. Feingold and the Baldassarras are senior executives at BSI. Since approximately June 2022 through the present, Feingold has been the CEO, Joseph Baldassarra has been the President, and Steven Baldassarra has been the COO of BSI.

118. In addition, BSI's voting shares are owned in equal parts by the Baldassarras and Feingold and unanimity by all three is required for shareholder decisions.

119. Feingold and the Baldassarras also control BSG Management.

120. As alleged above, BSG Fund is managed by BSG Management, which has sole authority to manage BSG Fund's activities. Joseph Baldassarra and Steven Baldassarra are the managing members of BSG Management, and BSG Management acts through the unanimous agreement of the Baldassarras.

121. In or around June 2022, when he formed and became the CEO of BSI, Feingold began to control BSG Management and its management of BSG Fund, along with the Baldassarras. Although Feingold is not formally listed as a manager of BSG Management in BSG Fund's PPM or Operating Agreements, he is involved with the management of BSG Management and uses his control over BSI to direct the management of BSG Fund's operations by BSG Management. As CEO of BSI, Feingold is the most senior executive officer of BSI.

122. As alleged above, BSI's website shows the interrelated connected relationships between the Broad Street Entities.

123. In addition, BSG Management, the BSG Fund, BSG Holdings, BSG Series CM and BSI, operate as a single organization.

124. BSG Management, BSG Fund, and BSI, as well as the additional related entities BSG Holdings, and CJS Technology Select Management, LLC ("CJS") prepared unaudited financial statements in which their financial results are consolidated as of December 31, 2022.

125. BSG Management, BSG Fund, and BSI, as well as the additional related entities BSG Holdings, CJS, and BSG CM Series prepared unaudited financial statements in which their financial results are consolidated as of December 31, 2023.

126. For almost two years, from in or around August 2022 to in or around April 2024, BSI did not have its own bank account, but instead paid its operating expenses (including its staff's compensation) through BSG Holdings' bank account, which was funded by a share of the money taken from BSG Fund by BSG Management.

127. As alleged further below, BSG Fund's Offering Documents generically use the terms "Broadstreet," "Broadstreet Global," or "affiliates" without clearly identifying to which entity the materials refer.

128. All of the staff performing back-office roles for BSG Management (on behalf of BSG Fund) are personnel of BSI, some of whom are also shareholders of BSI, including the staff performing the compliance, operations management, and accounting functions. Likewise, the internal sales staff soliciting potential investors for BSG Fund are personnel of BSI. There is no formal separation of duties established between BSI and BSG Management.

129. Certain of BSI and BSG Management staff share the same office space.

130. Feingold is the individual with the most knowledge of and has primary oversight over the most substantial investments managed by BSG Management, including the MCA portfolios held at MCA Company and the Infrastructure projects being developed by Development Companies 1 and 2.

131. Feingold receives weekly, monthly, and quarterly financial reports regarding BSG Fund from BSI staff performing BSG Management's back-office functions (on behalf of BSG Fund). These reports are typically shared with Feingold by Steven Baldassarra.

132. Feingold participates in weekly meetings with BSG Management and BSI staff, in which all matters pertaining to BSG Fund and its business lines are discussed.

133. Feingold and the Baldassarras have daily meetings via phone or video conference. No other persons typically attend these meetings, and all aspects of the Broad Street Entities are discussed.

134. Feingold and the Baldassarras jointly make decisions regarding the investment of certain of BSG Fund's assets, which occurs through BSG Management.

135. Feingold shared in the money taken from the BSG Fund by BSG Management.

136. Feingold has also involved himself in BSG Management's capital-raising activities for BSG Fund by making regular presentations to BSG Fund's potential investors concerning BSG Fund's investments via dinner meetings and on video conference calls, directly answering questions from potential investors, and preparing side letters with BSG Fund investors documenting special investment terms.

**D. Defendants Fraudulently Offered and Paid Materially Inflated Returns to Investors in Two Major BSG Fund Series.**

137. Defendants fraudulently paid at least \$42.9 million in purported returns to investors in two major BSG Fund's Series when a substantial portion of this amount was not profits from BSG Fund's investments.

**i. Actual Returns from MCA Investments Were Below Promised Returns and Deteriorated Over Time.**

138. BSG Fund's MCA and Infrastructure Series are two of BSG Fund's largest Series. As alleged above, as of November 2023, BSG Management had raised approximately \$87 million for BSG Fund's MCA Series, and approximately \$168 million for BSG Fund's Infrastructure Series.

139. MCA Series investors were promised annual returns of between 14% and 18%, depending on the particular sub-Series. These returns were to be generated from profits on MCA investments. For example, an August 2022 MCA pitch deck touted to investors a "14% annual yield" and claimed that the MCA Series "seeks to provide positive returns by investing in a wide variety of income generating investments in the merchant cash advance industry."

140. Infrastructure Series investors were promised an annual preferred return of 14.6% and one investor, through a side letter, was promised a 16% annual return.

141. Through at least September 2023, the Infrastructure projects funded by BSG Fund had not yielded sufficient cash profits (after payment of debt and other expenses) to pay the 14.6% promised to investors. In fact, as of December 13, 2023, Development Companies 1 and 2 had not distributed any profits to the BSG Fund's Infrastructure Series. These returns were to be generated, in part, from profits on MCA investments.

142. Actual profits from the MCA investments made with BSG Fund investors' money were insufficient to cover returns paid to MCA and Infrastructure investors.

143. From the beginning of 2021 through the end of 2023, MCA investors were paid at least \$18.6 million in purported returns. Specifically, MCA investors were paid at least \$9.2 million in cash distributions. Additionally, MCA investors “reinvested” at least \$9.4 million in purported returns, which increases an investor’s capital account balance that the BSG Fund needs to pay to the investor. If an investor did not elect to reinvest, MCA investors would have received a cash distribution.

144. Similarly, from the beginning of 2021 through the end of 2023, Infrastructure investors were paid at least \$24.3 million in purported returns. Specifically, Infrastructure investors were paid at least \$16.1 million in cash distributions. Additionally, Infrastructure investors “reinvested” at least \$8.2 million in purported returns, which increases an investor’s capital account balance that the BSG Fund needs to pay to an investor. If an investor did not elect to reinvest, Infrastructure investors would have received a cash distribution.

145. However, the BSG Fund’s MCA portfolios did not generate sufficient profits to pay the more than \$43 million paid to MCA and Infrastructure Series investors from 2021 through 2023. These portfolios will likely generate no more than \$20 million, even if returns from when the first portfolio first came into existence (which is as early as 2019, two years before the time period here) through the entire life of the portfolio (which extends beyond the time period here) are included. Moreover, as of December 2023, these portfolios will generate no more than \$37 million, even if every MCA investment paid on time and in full, including the accounts that have defaulted or are in collections (and even assuming the same expanded time period).

146. First, MCA Company charged substantial management fees (typically, between 3% to 5% of the amount advanced to the merchant) and commissions (typically, between 10% to

15% of the amount advanced) to participate in the MCA transaction. These management fees and commissions significantly reduced the returns that the Broad Street Entities received from MCA Company. Feingold receives half of all the management fees and 20% of the commissions charged by MCA Company.

147. Second, actual returns on closed MCA deals (deals where no further payments were due from the merchant) from the Broad Street Entities' MCA portfolios have generated less than a 3% annual return.

148. Third, five of the eight Broad Street Entities' MCA portfolios have lost more than \$1.6 million as of July 27, 2024.

149. Lastly, as of July 27, 2024, collectively, the Broad Street Entities' MCA portfolios had not performed pursuant to the terms of the MCA agreements with merchants. These portfolios had large amount of accounts that were in collections or default status. After adjusting for these uncollectible accounts (on average approximately 96% of the amount owed from these accounts will not be collected), the weighted annual average return of these portfolios was less than 2%.

150. The collectability of the MCA portfolios has deteriorated over time, through July 2024, because a greater percentage of accounts are uncollectible. For example, the percentage of MCA's in the Broad Street Entities' MCA portfolios that are in collections and default status has increased from approximately 8% as of the end 2022, increased to approximately 17% as of year end 2023, and further increased to 26% as of July 24, 2024.

151. In addition to the payments to the MCA and Infrastructure Series, from the beginning of 2021 through the end of 2023, investors in other Series, including Altcoin Mining, Crystal Lagoons, Fixed Income, Hotel, QSBS, and Self-Storage, were paid at least \$13.1 million

in cash distributions and “reinvested” at least \$8.8 million in purported returns, which increases an investor’s capital account balance that the BSG Fund will need to pay to an investor. For investors who did not elect to reinvest, they would have received a cash distribution. During this timeframe, some of these Series did not have any operations.

152. After the end of 2023, BSG Fund’s obligations to investors have greatly increased due to returns on the existing investments being rolled over and added to investor’s capital account balances and substantial additional fundraising (approximately \$500,000,000 was raised from investors for the BSG Fund from the beginning of 2024 through October 31, 2024).

**ii. Feingold’s Role in the Scheme**

153. Feingold knew and was severely reckless in not knowing, and should have known, that BSG Fund investors were being paid inflated returns that did not actually represent profits.

154. As alleged above, BSG Management sent funds for the MCA Series to MCA Company. Feingold had primary responsibility for the management of the MCA portfolios funded by BSG Fund at MCA Company. Feingold, through BSI, also oversaw the BSG Fund’s Infrastructure projects under development by Development Companies 1 and 2. Feingold knew that the shortfall needed to pay the promised returns to Infrastructure Series investors was to be paid from purported profits on MCA investments.

155. Despite the limited profits alleged above, Feingold frequently requested cash withdrawals from MCA Company, which were paid to the Broad Street Entities’ bank accounts.

156. Feingold received periodic reports showing the profitability of the MCA portfolios that he requested from MCA Company. MCA Company prepared a weekly performance report titled “Dave’s ROI,” meaning David Feingold’s return on investment. These weekly reports accumulated factor rates – the percentage return a merchant would have to repay

(*i.e.*, a 1.36 factor rate meant that a merchant would have to repay 136% of the amount advanced) – as well as costs, such as origination and management fees, which reduce the amount that the BSG Fund could receive from its MCA investments. MCA Company used this transaction data to calculate a profit percentage for each MCA portfolio. While certain of the “Dave’s ROI” reports state, on their face, a “Year to Date” return on investment, the listed returns are cumulative, which is readily apparent from the reports.

157. Feingold requested, obtained, and reviewed these weekly reports, and extracted information from them to make his own calculation of the average annual return of the MCA portfolios.

158. The data in the “Dave’s ROI” reports shows the profitability of the MCA portfolios. As alleged above, projected profits on open MCA deals were less than 14% annually, and the open MCA deals included accounts in collections and default.

159. Further, the deterioration in the collectability of the MCA portfolios alleged above would have been apparent to Feingold by dividing the cumulative returns shown on the Dave’s ROI reports by the age of the portfolios.

160. In addition, Feingold reviewed a BSG Fund internal stress test analysis performed in late 2022 that showed the anticipated returns from the MCA portfolios would not be sufficient to satisfy all of BSG Fund’s investor obligations.

161. Despite knowing, being severely reckless in not knowing, and being negligent in not knowing the actual profits from the MCA investments, Feingold provided materially overstated MCA performance information to BSG Management and to BSI. This information was incorporated into MCA Series pitch decks and BSG Fund periodic investor updates. These

materials were distributed by BSI's staff to certain of BSG Fund's actual and prospective investors.

162. In addition, Feingold was the source of materially overstated MCA performance information that was incorporated into BSG Fund's unaudited consolidated financial statements for fiscal year 2023 and made available to investors upon request.

163. After its formation in June 2022, Feingold acted in his role as chief executive officer of BSI. After that time, the scienter, negligence, and conduct of Feingold is imputed to BSI.

**iii. The Baldassarras' Role in the Scheme**

164. The Baldassarras should have known that BSG Fund investors were being paid inflated returns that did not actually represent profits.

165. BSG Fund's draft unaudited financial statement and income tax returns in 2020 and 2021, all of which were available to Joseph Baldassarra and Steven Baldassarra (which were signed by Steven Baldassarra), reported multi-million-dollar losses to BSG Fund and identified no income attributed to MCA investments. Despite these documents showing losses, substantial sums were paid from the Broad Street Entities' bank accounts (or were rolled over) to MCA and Infrastructure investors during at least 2021.

166. In addition, Steven Baldassarra reviewed a BSG Fund internal stress test analysis performed in late 2022 that showed the anticipated returns from the MCA portfolios would not be sufficient to satisfy all of BSG Fund's investor obligations.

167. Further, the Baldassarras should have known that BSG Management did not create and maintain Series-level financial statements for BSG Fund reflecting the actual profits of each Series, as required by BSG Fund's Offering Materials. The Baldassarras made no effort

to determine how the purported profits from MCA investments had been apportioned to the various MCA and Infrastructure Series.

168. The Baldassarras authorized, and BSG Management and BSI provided, periodic account statements to investors, including MCA and Infrastructure Series investors, that reported consistent, fixed returns. Specifically, the account statements reflected the principal amount invested less any withdrawals, and earnings based on the investor's promised return (*e.g.*, 14%) multiplied by the account balance. These account statements were not based on actual profits.

169. Despite the above allegations, the Baldassarras authorized, or had the power to authorize, payments to MCA and Infrastructure Series investors. The Baldassarras also authorized, or had the power to authorize, investors rolling over monies that were represented as profits (that the BSG Fund would have otherwise had to pay in cash) into new BSG Fund investments.

170. Further, as managers of the BSG Fund and by reviewing information that went to investors before it was sent out, the Baldassarras should have known that the information being provided by Feingold into the pitch decks, periodic updates, and unaudited financial statements regarding MCA performance was false and misleading.

171. The Baldassarras acted in their role as managers of BSG Management. The negligent conduct of the Baldassarras is imputed to BSG Management.

\* \* \* \* \*

172. In sum, Defendants engaged in fraudulent and deceptive conduct by offering and paying materially inflated returns to investors in at least BSG Fund's MCA and Infrastructure Series that were not based on actual MCA profits. Each Defendant engaged in deceptive acts that furthered the scheme, including:

- a. Feingold provided materially overstated MCA performance information to BSG Management;
- b. BSG Management and the Baldassarras facilitated the incorporation of Feingold's materially overstated MCA performance information into BSG Fund's pitch decks, BSG Fund's periodic investor updates, and the unaudited consolidated financial statements for fiscal year 2023;
- c. BSI, through its employees, and BSG Management, through the Baldassarras, made available BSG Fund's pitch decks and BSG Fund's periodic investor updates to investors and prospective investors;
- d. Feingold requested withdrawals from the MCA portfolios at MCA Company, without limiting such requests to profits, that were used to pay materially inflated returns to BSG Fund investors;
- e. The Baldassarras authorized, and BSG Management made, the payments of materially inflated returns to MCA and Infrastructure Series investors;
- f. The Baldassarras and BSG Management did not prepare or maintain Series-level financial statements for BSG Fund, which would have reflected actual profits of each Series;
- g. The Baldassarras authorized, and BSG Management and BSI provided, periodic account statements to MCA and Infrastructure Series investors that reported consistent, fixed returns that were not based on actual results;
- h. As alleged below, the Baldassarras commingled cash assets and expenses of multiple BSG Fund Series in such a way to make it very difficult to trace the use of each Series' assets; and

- i. Feingold provided the data upon which the unaudited consolidated financial statements for fiscal year 2023 were based, which contained the false claim, alleged below, that the MCA portfolios historically generated 2.87% average monthly returns, and otherwise overstated the returns, assets, and income from the MCA portfolios.

**E. The Baldassarras, Acting Through BSG Management, Made False and Misleading Statements in Violation of the Exchange Act and the Securities Act; the Baldassarras, BSG Management, and Feingold Negligently Obtained Money or Property by Means of False and Misleading Statements in Violation of the Securities Act.**

173. As alleged below, BSG Management and the Baldassarras made various false and misleading statements and BSG Management, the Baldassarras, and Feingold received money or property by means of false and misleading statements in connection with BSG Management's and BSI's offer and sale of BSG Fund LLC units to actual and potential investors.

- i. **Throughout the Relevant Period, the Baldassarras, Acting Through BSG Management, Made False and Misleading Statements that They Would Keep Each Series as a Separate Pool of Assets and Investors Would Invest in the Series of Their Choosing, Would Not Commingle Assets Between Series, and Would Not Create Cross-Liability Between Series; the Baldassarras, BSG Management, and Feingold Negligently Obtained Money or Property by Means of These Statements.**

174. Throughout the Relevant Period, BSG Management and the Baldassarras made false and misleading statements regarding how the funds in each Series would be handled. Each made false and misleading statements that each Series would be a separate pool of assets and that investors would be invested in the Series of their choosing, that there would not be commingling of funds or assets between the Series, and that there would be no cross-liability between Series. These statements were materially false and misleading.

175. The October 2020 PPM states, among other things, that:

- a. “The Fund is divided into separate [S]eries operated in a manner so as to avoid cross-liability between the Series”;
- b. “Each Series is a separate pool of assets with its own investment objective and strategy”;
- c. “The Fund has been established to pursue multiple investment objectives and investment strategies in different Series so investors can select the investment objectives and investment strategies to which the investor wishes to have exposure”;
- d. “Members will have no interest in the assets pertaining to any other Series unless they purchase such other Series. . . . Accordingly, the debts, liabilities and obligations incurred, contracted for or otherwise existing with respect to a particular Series is intended to apply only against the assets of such Series and not against the assets of other Series of the Fund”;
- e. “Separate and distinct records will be maintained for each Series and the assets associated with any such Series will be held and accounted for separately from the other assets of such Series or any other Series”;
- f. “[T]he debts, liability, and obligations incurred, contracted for or otherwise existing with respect to a particular Series is intended to apply only against the assets of such Series and not against the assets of other Series of the Fund”; and
- g. “[C]ash assets pertaining to various classes of Interest (but not assets pertaining to multiple series) may be comingled and not held separately.”

176. The Operating Agreements state, among other things, that:
- a. “In general, each Series shall have a differentiated investment strategy from each other Series.”;
  - b. “[T]he Company shall establish and maintain separate and distinct records for such Series, and shall cause the assets, debts, liabilities, obligations, expenses, profits and losses associated with any such Series to be accounted for separately from the assets, debt, liabilities, obligations, expenses, profits and losses of the Company . . . and each other Series.”;
  - c. “All consideration received by the Company for the issue or sale of Interest in a particular Series, and all other property in which such consideration is invested and reinvested, all income, earnings, profits and proceeds thereof . . . shall irrevocably belong to that Series for all purposes . . . and shall be so recorded upon the books and records of the Company.”;
  - d. “Except as otherwise expressly provided in the [Delaware Limited Liability Company] Act, the debts, obligations and liabilities of the Company or a Series, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company or such Series, as applicable, and not any other Series. . . .”;
  - e. “[T]he debts, liabilities obligations, and expenses of each Series shall be enforceable against the assets of such Series only, and not against the Company generally or against any other Series of the Company. . . .”;

- f. “Notwithstanding any other [provision] of this Agreement, no distribution . . . with respect to . . . the Interest of any Series shall be effected by the Company other than from the assets held with respect to such Series, nor shall any Member of any particular Series otherwise have any right or claim against the assets held with respect to any other Series (except to the extent such Member has such right or claim hereunder as a consequence of holding Interests of such other Series).”

177. A reasonable investor would have understood from these statements that the funds they provided BSG Fund were invested in the specific Series that they had selected, that the assets of that Series would be treated as a separate pool of assets, that the funds and assets of that Series would not be commingled with the funds or assets of the Fund or other Series, and that the funds and assets in that Series would not be subject to liability from any other Series or the Fund.

178. These statements regarding how the funds in each Series would be handled were false and misleading. Since inception, rather than each Series being treated as a separate pool of assets, BSG Management has diverted a large percentage of investor funds from all Series into BSG Management’s commingled bank accounts. After investor funds were placed into BSG Management bank accounts, BSG Management did not maintain records of how much of the investor’s funds contributed to a Series were used by that Series to make investments, to pay fees or other expenses, or to pay redeeming investors. BSG Management did not have adequate systems or internal controls in place to permit tracking of the use of investor funds by Series. BSG Management did not maintain books and records necessary to prepare financial statements for each Series and did not keep separate bank accounts for nearly all of the Series.

179. As a result of this conduct, BSG Management has failed to treat each Series as a separate pool of assets by commingling investor funds. In addition, that commingling has also caused cross-liability between Series. As the October 2020 PPM notes, “such [cross-liability] protection can be lost if certain formalities are not observed, including not commingling assets and maintaining separate books and records for each series.”

180. In addition, the statements regarding how the funds in each Series would be handled were false and misleading for the additional reason that, in December 2022, BSG Management, BSG Fund (via BSG Management), BSI, the Baldassarras, and Feingold entered into an agreement that explicitly created cross-liability between each Series. This agreement, the so-called Tri-Party Agreement Regarding the Broad Street Entities (the “TPA”), was executed by Steven Baldassarra on behalf of BSG Management, BSG Fund, and as an individual guarantor; Joseph Baldassarra as an individual guarantor; and Feingold on behalf of BSI and as an individual guarantor. The TPA was executed in December 2022 but purported to retroactively take effect on June 30, 2022. The TPA creates a lien on the assets of BSG Fund (except as to the Pre-IPO Series), BSG Management, and BSI to the extent necessary to satisfy BSG Fund’s investor obligations. Accordingly, if BSG Fund defaults on any Series, investors in the defaulted Series may seek to recover their losses against assets creating income for other Series in which they did not invest.

181. The statements regarding how the funds in each Series would be handled were false and misleading when made and the Baldassarras knew or were severely reckless in not knowing, and should have known, that the statements were false and misleading. As the managing members of BSG Management and in light their control over that entity and BSG Fund, at all relevant times the Baldassarras knew that the funds in each Series were being

handled in a way that was inconsistent with the disclosures in the October 2022 PPM and the Operating Agreements.

182. The scienter and negligent conduct of Joseph Baldassarra and Steven Baldassarra is imputed to BSG Management.

183. BSG Management and the Baldassarras omitted to state material facts that were necessary to render their statements regarding how the funds in each Series would be handled not misleading. These omissions include that the TPA has been signed and that it contained provisions creating cross liability between Series.

184. The false and misleading statements regarding how the funds in each Series would be handled were material to investors. As alleged above, each Series offered by BSG Fund was marketed as having different areas of concentration with different risks and expected returns. It was important to a reasonable investor to have his or her investment be in the Series that he or she selected and that his or her investment is not commingled with investments and liabilities of Series he or she did not select.

185. Moreover, having selected a Series with a certain investment focus and risk, it was important to investors that they not be subject to the liability of the Series that were not selected. The liens created by the TPA mean if BSG Fund defaults on any Series (besides the pre-IPO Series), investors in the defaulted Series may seek to recover their losses against assets creating income for other Series in which they did not invest. A reasonable investor would want to know that investments in Series in which they specifically did not invest could cause them to lose all or part of their investment or expected returns. This is not a hypothetical or remote risk. For example, the Home Builder constructing residential communities related to BSG Fund's custom home building Series recently filed for bankruptcy. Under the TPA, and contrary to the

above referenced Offering Documents, investor's assets (including those who did not invest in the custom home building Series) could be taken to satisfy investor obligations arising from the custom home building Series if the Home Builder's bankruptcy disrupts those payments.

186. Feingold should have known that the statements regarding the use of investor funds were false and misleading. Feingold reviewed the Offering Documents and had detailed knowledge of the operations of BSG Fund. In addition, Feingold executed the TPA on behalf of BSI and as an individual guarantor.

ii. **From January 2021 through at least September 2023, the Baldassarras, Acting through BSG Management, Made False and Misleading Statements Regarding Investor Funds Being Used to Purchase Assets for the BSG Fund; the Baldassarras, BSG Management, and Feingold Negligently Obtained Money or Property by Means of These Statements.**

187. From January 2021 to September 2023, BSG Management and the Baldassarras made false and misleading statements regarding the use of investor funds. Each made false and misleading statements that BSG Fund investor funds were being used to make investments that BSG Fund owned and controlled. These statements were materially false and misleading.

188. BSG Fund's Offering Documents state, among other things:

- a. The October 2020 PPM states: "Certain Series of the Fund seek to provide positive returns by investing in a wide variety of portfolios in the merchant cash advance industry by purchasing portfolios of or joint venturing with or investing in companies that issue merchant cash advance[s]. . . .";
- b. BSG Fund's PPM states, "Certain Series of the Fund seek to invest in specific real estate projects. . . . Generally, such [S]eries will invest alongside or with third-party real estate developers. . . .";

- c. BSG Fund’s infrastructure Series pitch deck, dated September 2022, states that BSG Fund controls 17,000 acres of land and that “Broad Street Global Fund is invested in all of the infrastructure deals as a pool.”;
- d. BSG Fund’s infrastructure Series pitch deck, dated August 2022, referring to one of the infrastructure deals, states, “Broad Street Global Fund has the rights to 70% of the Bluff at Gap Creek infrastructure project with [a residential home builder].”; and
- e. BSG Fund’s MCA Series pitch deck, dated August 2022, states, “The sub-fund seeks to provide positive returns by investing in a wide variety of income generating investments in the merchant cash advance industry.”;

189. In addition, as alleged and displayed above, BSI’s publicly-available website, from July 2022 until the present has diagrams that shows investor’s funds in each Series being held by BSG Fund.

190. BSG Management and the Baldassarras had ultimate authority over the content of BSI’s website since the Baldassarras, acting on behalf of BSG Management, reviewed and approved the content of the BSI website. In addition, this website is part of the scheme to give the false impression to investors that their funds would remain in BSG Fund or be converted to assets owned by the BSG Fund.

191. A reasonable investor would have understood from these statements regarding the use of investor funds that their funds would remain in BSG Fund or be converted to assets owned by BSG Fund.

192. These statements regarding the use of investor funds were false and misleading because, at least from January 2021 until at least September 2023, nearly all investor funds

raised for any Series of BSG Fund were sent from BSG Fund's bank accounts to BSG Management's bank accounts or deposited into other bank accounts owned by the Baldassarras. The Baldassarras then used their control over those bank accounts to acquire investments ultimately held by BSG Management or BSI, including the infrastructure projects and MCA portfolios.

193. None of the master participant agreements with MCA Company governing BSG Fund's MCA investment were with BSG Fund, and transfers of funds to and from MCA Company were with BSG Management not BSG Fund.

194. Prior to the TPA being created in December 2022, BSG Fund had no legal mechanism to allow it to control, liquidate, or profit from the investments purchased with BSG Fund investor's funds.

195. The statements regarding the use of investor funds were false and misleading when made and the Baldassarras knew or were severely reckless in not knowing, and should have known, that the statements were false and misleading. As the managing members of BSG Management and in light their control over that entity and BSG Fund, at all relevant times the Baldassarras knew that the funds and assets of BSG Fund were not being held by BSG Fund as represented in the Offering Documents and on BSI's web site.

196. The scienter and negligent conduct of Joseph Baldassarra and Steven Baldassarra is imputed to BSG Management.

197. The false and misleading statements regarding the use of investor funds were material to investors. It is important to a reasonable investor that his or her investment be held by BSG Fund so that the assets and profits, if any, are available to repay the investor and so that the investment is not subject to liability of third-party entities.

198. Feingold should have known that the statements regarding the use of investor funds were false and misleading. Feingold reviewed the Offering Documents and had detailed knowledge of the operations of BSG Fund. In addition, certain investor funds were held by BSI, where he was the CEO.

iii. **Throughout the Relevant Period, BSG Management, the Baldassarras, and Feingold Negligently Obtained Money or Property by Means of Statements Regarding the Profitability of BSG Fund's MCA Portfolio.**

199. Throughout the Relevant Period, BSG Management, the Baldassarras, and Feingold negligently obtained money or property by means of statements regarding the profitability of BSG Fund's MCA portfolio. Each received money or property by statements that BSG Fund's MCA portfolio had earned large returns sufficient to pay the returns promised when, in fact, as alleged above, the portfolio was far less profitable and was deteriorating.

200. The August 2022 MCA Series pitch deck states that "Broadstreet": "[p]rimarily does deals with an average factor rate (that means discount of 1.40) and average duration of six months and so the gross effective yield is 80% before defaults and delinquencies." That pitch deck further states, "The average factor rate so far in 2022 has been 1.36 which is a 36% return, assuming a 12-month duration on a deal. Our deals typically have a shorter duration and thereby higher annual percentage rate thus allowing us to pay above market returns to investors."

201. An undated MCA Series pitch deck, titled Supporting Small and Medium Sized Businesses with Broadstreet MCA, states that "[t]he average factor rate so far in 2022 has been 1.36 which is a 36% return, assuming a 12-month duration on a deal. Our deals typically have a shorter duration and thereby higher annual percentage rate thus allowing us to pay above market returns to investors."

202. BSG Fund's periodic updates make similar statements about it generating 34% returns. For example, monthly updates from March and July 2022 and a quarterly update for the third quarter of 2023 states, "The average factor rate for the first half of 2023 was 1.34 which is a 34% return, assuming a 12-month duration on a deal. Our deals typically have a shorter duration and thereby higher annual percentage rate thus allowing us to pay above market returns to investors."

203. The unaudited financial statements for the 2023 fiscal year for BSI, BSG Management, BSG Fund, BSG Holdings, CJS, and BSG Series CM (the "2023 Consolidated Financial Statements"), which were made available to investors upon request, state that the MCA portfolio historically generated average monthly returns of 2.87% and reported \$56,355,806 in profits for the MCA Series.

204. A reasonable investor would have understood from those statements that the BSG Fund's MCA portfolio was generating returns and profits in the amounts indicated.

205. Each of these statements regarding the profitability of the BSG Fund MCA portfolio were false and misleading. As alleged above, during the entire life of the portfolio as of December 2023, the MCA portfolios will likely generate no more than \$20 million and will not generate more than \$37 million. And at all times, including in 2022 and 2023 when the statements were made, the MCA portfolios did not generate 34% annual returns, 2.87% monthly returns, or similar amounts.

206. The statements regarding the profitability of the MCA portfolios were false and misleading when made and Feingold should have known that the statements were false and misleading. Feingold reviewed the Offering Documents and was the sole source of information

for the false and misleading information in the MCA Series pitch decks, and the 2023 Consolidated Financial Statements.

207. In his role as CEO of BSI, Feingold oversaw the MCA portfolios acquired with BSG Fund assets. As more fully alleged above, at his request, MCA Company prepared and sent to Feingold a weekly performance report called “Dave’s ROI,” which Feingold reviewed and extracted information from to prepare his own calculation of the average annual return of the MCA portfolio. As alleged above, these weekly reports made clear that the BSG Fund MCA portfolio was earning less than what BSG Management had told investors. As also more fully alleged above, despite having the information in the weekly Dave’s ROI reports, Feingold provided the false MCA performance data to BSG Management that was incorporated into the MCA Series pitch decks, BSG Fund’s periodic investor updates, and in the 2023 Consolidated Financial Statements.

208. The statements regarding the profitability of the MCA portfolios were false and misleading when made and the Baldassarras should have known that the statements were false and misleading. As alleged above, BSG Fund’s draft unaudited financial statements and income tax returns in 2020 and 2021, all of which were available to Joseph Baldassarra and Steven Baldassarra, reported multi-million-dollar losses to BSG Fund and identified no income attributed to MCA investments. Moreover, Steven Baldassarra reviewed a BSG Fund internal stress test analysis performed in late 2022 that showed the anticipated returns from the MCA portfolios would not be sufficient to satisfy all of BSG Fund’s investor obligations.

209. BSG Management, the Baldassarras, and Feingold omitted to state material facts that were necessary to render their statements regarding the profitability of the MCA portfolios

not misleading. These omissions include, as alleged above, that the profitability of the MCA portfolios was deteriorating.

210. The false and misleading statements regarding the profitability of the MCA portfolios were material to investors because a reasonable investor would want to know that the historical returns were overstated and insufficient to pay them the promised returns.

iv. **Starting in June 2021, the Baldassarras, Acting Through BSG Management, Made False and Misleading Statements Regarding the Qualified Small Business Stock Series; BSG Management and the Baldassarras Obtained Money or Property by Means of These Statements.**

211. From at least June 2021, BSG Management and the Baldassarras made false and misleading statements regarding the QSBS Series. Each made false and misleading statements that the QSBS Series would generate tax-free returns. This statement was materially false and misleading.

212. BSG Management created for the BSG Fund the QSBS Series in June 2021. According to BSG Fund's pitch deck for the QSBS Series, the Series would be making an investment in Broad Street Development Corporation ("BSDC"), which would be "a fully operational technology based real estate development corporation acquiring land, building structures, and utilizing advanced technologies, platforms, skilled workers and techniques to allow for the operation of the entity." The QSBS Series Pitch Deck explained that BSDC would be operated in such a manner as to obtain favorable tax treatment. The QSBS Series Pitch Deck further explained that BSDC was pursuing ten real estate developments, the first being a residential development located on Saluda Dam Road in Easley, South Carolina.

213. The QSBS Series Pitch Deck stated that the QSBS Series would generate an "18% annualized return per year with investor exit after 5[-]year hold for a total return of 90% on the exit with the entire exit qualifying as a QSBS transaction and hereby tax free."

214. A reasonable investor would have understood from these statements in the QSBS Series Pitch Deck that BSG Fund intended to invest in BSDC, which would invest the funds in such a manner that his or her investment would generate a 90% return over five years, and the profits earned on the investment would not be subject to U.S. income tax.

215. The statement that the QSBS Series would generate tax-free returns was false and misleading.

216. As acknowledged in the QSBS Series Pitch Deck, to qualify for tax-free treatment, the QSBS entity must “use 80% of its assets in the active conduct of one or more ‘qualified trade or business’ . . . throughout the stock holding period.”

217. However, the funds raised for the QSBS Series were not provided to BSDC or any other entity that would invest the funds consistent with the pitch deck. Indeed, the unaudited financial statements of BSG Fund do not even mention BSDC. Moreover, BSDC has not made investments that would qualify for tax-free treatment. In fact, BSDC’s bank account reflects virtually no activity, BSDC does not own the Saluda Dam Road project, and BSDC is not registered to do business in South Carolina where the Saluda Dam Road project is located.

218. The statement in the QSBS Series Pitch Deck that an investment in that Series would generate tax-free returns was false and misleading when made and the Baldassarras knew or were severely reckless in not knowing, and should have known, that the statement was false and misleading. As the managing members of BSG Management and in light their control over that entity and BSG Fund, at all relevant times the Baldassarras knew or were severely reckless in not knowing, and should have known, how investor funds were being invested, including in the QSBS Series.

219. The scienter and negligent conduct of Joseph Baldassarra and Steven Baldassarra is imputed to BSG Management.

220. The false and misleading statement in the QSBS Series Pitch Deck that an investment in that Series would generate tax-free returns was material to investors. It is important to a reasonable investor to understand the tax treatment of his or her investment.

v. **Starting in October 2020, the Baldassarras, Acting Through BSG Management, Made False and Misleading Statements Regarding BSG Fund's Recordkeeping and Financial Statements Practices.**

221. Starting in October 2020, BSG Management and the Baldassarras made false and misleading statements regarding BSG Fund's recordkeeping and financial statements practices. Each made false and misleading statements that separate records would be maintained for each Series, that BSG Management would use commercially reasonable efforts to prepare and distribute to investors financial statements in compliance with Generally Accepted Accounting Principles ("GAAP"), and that those financial statements would be audited. These statements were false and misleading.

**Series-Level Recordkeeping from October 2020 Through the Present**

222. Regarding Series-level recordkeeping, the October 2020 PPM states, "Separate and distinct records will be maintained for each Series and the assets associated with any such Series will be held and accounted for separately from the other assets of such Series or any other Series." Likewise, the Operating Agreements, state, "[t]he Company shall establish and maintain separate and distinct records for such Series, and shall cause the assets, debts, liabilities, obligations, expenses, profits and losses associated with any such Series to be accounted for separately from the assets debt, liabilities, obligations, expenses, profits and losses of the Company . . . and each other Series."

223. A reasonable investor would have understood from these statements that BSG Management would maintain separate financial records for each Series.

224. These statements regarding Series-level recordkeeping were false and misleading. The Baldassarras did not cause BSG Management to create or maintain separate and distinct accounting records reflecting the assets and profits of each BSG Fund Series, and BSG Management did not create or maintain such records.

225. These statements regarding Series-level recordkeeping were false and misleading when made and the Baldassarras knew or were severely reckless in not knowing, and should have known, that the statements were false and misleading. As alleged more fully above, the Baldassarras were the managers of BSG Management and, in that role, were familiar with the recordkeeping practices of BSG Fund and each Series.

226. These statements regarding Series-level recordkeeping were material to investors because, as investors understood that they had invested in a particular Series, the profitability of their investment could not be tracked without Series-level recordkeeping.

Preparation of Audited Financial Statements from October 2020  
Through at least September 2023

227. Regarding the preparation of audited financial statements, the October 2020 PPM states, among other things, that:

- a. “The Fund will use commercially reasonable efforts to provide each Member with annual audited financial statements. . . .”;
- b. “The Fund will use commercially reasonable efforts to provide an annual report to Members that will be audited by the Fund’s independent public accountants within one hundred twenty (120) days following the close of each calendar year or as soon thereafter as practicable.”;

- c. “Financial information contained in all reports to the Members will be prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States [GAAP].”; and
- d. “[Accounting Firm A] acts as the auditor for the Fund.”

228. Moreover, the Operating Agreements, among other things, state that:

- a. “[T]he company shall use commercially reasonable efforts to prepare and make available to each Member financial statements of the Company and of the relevant Series, audited by the independent certified public accountant selected by the Manager, within 120 days after the end of each Fiscal Year, or as soon thereafter as practicable.”;
- b. “Unless otherwise specified in this Agreement, all accounting terms used in this Agreement shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP. . .”; and
- c. [T]he Manager . . . shall keep books and records pertaining to the Company’s and each Series’ affairs showing all of its assets and liabilities, receipts and disbursements, gains and losses, Members’ Capital Accounts and all transactions entered into by the Company and its Series.”

229. A reasonable investor would have understood from these statements that BSG Management would take reasonable efforts to have financial statements prepared in accordance with GAAP for each Series and would have those financial statements audited.

230. These statements regarding providing financial statements audited by an independent certified public accountant (“CPA”) were false and misleading. When Steven Baldassarra sought to hire Accounting Firm A for audit purposes for BSG Fund, he, or the

accounting staff under his supervision, ignored the firm's request for financial information (*e.g.*, a trial balance) that would allow it to complete the engagement process and begin audit work. On or about February 25, 2021, Steven Baldassarra terminated BSG Fund's relationship with Accounting Firm A. No other accounting firm has been disclosed to investors as the auditor of the BSG Fund. BSG Management and the Baldassarras did not prepare financial statements for the BSG Fund or its Series in accordance with GAAP to be audited by Accounting Firm A or any other independent CPA.

231. In addition, the 2023 Consolidated Financial Statements were not prepared in accordance with GAAP. Among other reasons, these financial statements were not consistent with GAAP because these financial statements did not include all the financial statements and related party disclosures required by GAAP, assets and income of the MCA Series were overstated, the income statement did not reflect the BSG Fund's significant expenses, and they were not audited by an independent CPA.

232. These statements regarding the preparation of audited financial statements were false and misleading when made and the Baldassarras knew or were severely reckless in not knowing, and should have known, that the statements were false and misleading. As alleged more fully above, the Baldassarras were the managers of BSG Management and, in that role, were familiar with the accounting practices of BSG Fund and each Series.

233. These statements regarding the preparation of audited financial statements were material to investors because, among other things, a reasonable investor would want to know that BSG Fund was not being operated in accordance with its Operating Agreements and was not preparing audited financial statements to allow the profitability of each Series to be assessed.

vi. **BSG Management, the Baldassarras, and Feingold Obtained Money or Property as a Result of Their Fraudulent Conduct.**

234. By means of certain of the false and misleading statements identified in the prior sections, BSG Management, the Baldassarras, and Feingold each, directly or indirectly, obtained money or property from investors. They received money or property from Broad Street Entities' bank accounts, increases in the value of equity owned in projects funded by BSG Fund, and other forms of compensation. In addition, the Baldassarras and Feingold, via BSI, received a portion of the placement fees when BSG Fund securities were sold by Broker-Dealer by means of the false and misleading PPM and Pitch Decks.

F. **BSG Management, BSI, the Baldassarras, and Feingold Engaged in Deceptive Conduct in Violation of the Exchange Act and the Securities Act.**

235. In addition to the false and misleading statements and deceptive acts taken in connection with the payment of materially inflated returns to investors in two major BSG Fund Series identified above, BSG Management, BSI, the Baldassarras, and Feingold engaged in additional deceptive conduct as detailed below.

i. **All Defendants Engaged in Deceptive Conduct in Connection with the Tri-Party Agreement.**

236. BSG Management, the Baldassarras, Feingold, and BSI engaged in additional deceptive conduct in connection with the TPA. As alleged above, all Defendants entered into the TPA, which explicitly created cross-liability between BSG Fund Series, contrary to representations to investors.

237. The TPA was entered into after the SEC issued a subpoena to BSG Fund seeking to verify the ownership of the investments funded by BSG Fund. While the TPA purports to be entered to "protect investors," it does not. The TPA creates a lien on the assets of BSG Fund,

BSG Management, and BSI (not including the pre-IPO Series) to the extent necessary to satisfy BSG Fund's investor obligations.

238. The TPA creates a mechanism for repayment for a portion of BSG Fund Series investments by BSG Management and BSI. However, this mechanism for repayment of BSG Fund assets improperly held by BSG Management, BSI, or other entities owned by the Baldassarras only applies to the assets of the real estate-related Series. The TPA does not transfer ownership of the assets back to BSG Fund.

239. The BSG Fund investors are not parties to the TPA and the TPA has never been distributed to BSG Fund investors. As a result, the TPA can be amended at any time without the consent of or notice to BSG Fund investors.

**ii. All Defendants Caused BSG Fund Assets to be Held by Themselves or Entities They Controlled Instead of BSG Fund.**

240. From at least October 2020 through at least September 2023, the Baldassarras, acting through BSG Management, Feingold, and BSI also engaged in additional deceptive conduct by putting BSG Fund assets into accounts in their names or which they controlled. As alleged more fully above, nearly all the investor funds raised for BSG Fund were sent from BSG Fund's bank accounts to BSG Management's bank accounts or deposited into other bank accounts owned by the Baldassarras. The Baldassarras then used their control over those bank accounts to acquire certain investments ultimately held by them, BSG Management, or BSI.

**iii. The Baldassarras, Acting Through BSG Management, and BSI Disseminated False and Misleading Account Statements.**

241. From the beginning of the Relevant Period through at least March 2023, the Baldassarras, acting through BSG Management, and BSI also engaged in additional deceptive conduct by distributing false and misleading account statements regarding the BSG Fund.

242. With the assistance of outside vendors, BSG Management reported to investors their returns on their BSG Fund investment via account statements. For BSG Fund Series paying fixed returns, the account statements reflected the “ending balance” or the “equity balance” in the account as the amount invested by the investors plus earnings calculated based on the investors’ fixed preferred return percentage multiplied by the account balance less any withdrawals. For example, MCA Series investors who were promised 14% annual returns have received periodic account statements that show their principal amount plus returns calculated assuming a 14% annual return for the duration of their investments less any withdrawals. Based on this undisclosed methodology, these account statements show that the investments in BSG Fund have been profitable.

243. In reality, BSG Management did not maintain Series-level financial statements reflecting that the fixed earnings shown on the investor statements are correct. Moreover, account statements provided to investors do not deduct the substantial amounts taken by Feingold, the Baldassarras, and BSG Management. In addition, when BSG Management pays redemptions to investors, redemptions are paid based on investor’s capital account balance that have not been reduced by the substantial operating expenses and amounts taken by Feingold, the Baldassarras, and BSG Management.

244. From the inception of the BSG Fund through the fourth quarter of 2022, the account statements were compiled from periodic closing resolutions of BSG Fund, which are spreadsheets prepared by BSI’s back-office staff on behalf of BSG Fund that calculate the amounts invested, redemptions, and fixed investor obligations owed. The closing resolutions were reviewed and approved by the Baldassarras.

245. For at least the first quarter of 2023, the investor account statements were sent under the name of BSI and made available to investors through an electronic portal.

**iv. The Baldassarras, Acting Through BSG Management, Engaged in a Variety of Additional Courses of Deceptive Conduct.**

246. First, as alleged more fully above, throughout the Relevant Period, the Baldassarras, acting through BSG Management, also engaged in additional deceptive conduct by placing cash and assets of multiple Series in the same accounts. This commingling was contrary to representations made to investors, made it virtually impossible to trace the use of each Series' assets, and facilitated the fraudulent scheme. Moreover, BSG Management did not maintain records of how much of the investor's funds contributed to a Series were actually used by that Series to make investments that would generate the returns promised to the investor, or whether those funds were used to pay fees or other expenses or paid to redeeming investors. In other words, BSG Management did not have adequate systems or internal controls in place to permit tracking the use of investor funds by Series.

247. Second, BSG Management and the Baldassarras did not date when key documents were executed (relying instead on "effective" dates), such as the Series Schedules, TPA, and various promissory notes with related parties, making it unclear when those documents were actually created or implemented, and they do not have systems in place to track the amount of management fees that BSG Management may charge with respect to each Series, as the applicable fee provisions differ for some Series, including when certain Series LLC units are sold through a placement agent..

248. Third, as alleged more fully above, from approximately June 2021 through the present, the Baldassarras, acting through BSG Management, also engaged in additional deceptive

conduct by failing to invest funds raised for the QSBS Series in a manner that would qualify for tax-free treatment.

249. Fourth, BSG Fund’s Offering Documents generically use the terms “Broadstreet,” “Broadstreet Global,” or “affiliates” without clearly identifying which Broad Street entity the materials are referring to. For example, an August 2022 MCA pitch deck date states: “Broadstreet has a sub-fund focused on investing in the merchant cash advance industry” and “Broadstreet recognizes that the merchant cash advance industry generates above market returns . . .” Another example, in an undated Infrastructure pitch deck, called Passive Investing by Helping Homebuilders Convert Raw Land to Buildable Terrains, states: “Broadstreet Global and its affiliates currently are in process to develop more than 40 large projects.”

**G. BSG Management and the Baldassaras Breached their Fiduciary Obligations Under the Advisers Act.**

250. As alleged above, BSG Management, Joseph Baldassarra, and Steven Baldassarra were each an investment adviser to BSG Fund. As investment advisers, BSG Management, Joseph Baldassarra, and Steven Baldassarra owe their advisory client, the BSG Fund, a duty of loyalty, an affirmative duty of utmost good faith, and are obligated to provide full and fair disclosure of all material facts, have an affirmative obligation to employ reasonable care to avoid misleading their client, and have a duty to act in their client’s best interest.

251. BSG Management and the Baldassaras, in violation of the Advisers Act, breached fiduciary duties they owed to BSG Fund by, among other things, as alleged above: (1) offering and paying inflated returns from BSG Fund’s assets; (2) transferring BSG Fund’s assets to bank accounts controlled by BSG Management, the Baldassaras, or others; (3) misusing BSG Fund’s assets to acquire investments held by their own (and Feingold’s) entities; (4) executing the TPA on behalf of both BSG Management and BSG Fund, which cannot give informed

consent; and (5) failing to operate BSG Fund in accordance with its operating agreements, including by creating cross-liability across multiple Series, commingling Series' assets, failing to properly account for BSG Fund's earnings and assets on a Series-by-Series basis, not preparing and making available financial statements prepared in accordance with GAAP, and not obtaining annual audits.

**H. Relief Defendants Received Proceeds or Own or Maintain Assets from Defendants' Fraud to Which They Have No Legitimate Claim.**

252. As alleged above, Joseph Benjamin is the entity through which Joseph Baldassarra received approximately \$65.7 million in payments from the Broad Street Entities' bank accounts from at least January 1, 2020 through at least October 31, 2024. Joseph Benjamin has no legitimate claim to those funds. As a result, those funds should be returned to defrauded investors and to the BSG Fund.

253. As alleged above, Just A Nice Day is the entity through which Steven Baldassarra received approximately \$53.2 million in payments from the Broad Street Entities' bank accounts from at least January 1, 2020 through at least October 31, 2024. Just A Nice Day has no legitimate claim to those funds. As a result, those funds should be returned to defrauded investors and to the BSG Fund.

**IV. CLAIMS FOR RELIEF**

**First Claim for Relief  
Violations of Sections 17(a)(1) and (3) of the Securities Act  
(Against All Defendants)**

254. The Commission repeats and realleges Paragraphs 1 through 253 of this Complaint.

255. Defendants, directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the

mails, acting with the requisite state of mind: (a) employed devices, schemes, or artifices to defraud and (b) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

256. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)].

**Second Claim for Relief**  
**Violation of Section 17(a)(2) of the Securities Act**  
**(Against BSG Management, Joseph Baldassarra, Steven Baldassarra and Feingold)**

257. The Commission repeats and realleges Paragraphs 1 through 253 of this Complaint.

258. BSG Management, Joseph Baldassarra, Steven Baldassarra, and Feingold, directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, acting with the requisite state of mind obtained money or property by means of untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

259. By engaging in the conduct described above, BSG Management, Joseph Baldassarra, Steven Baldassarra, and Feingold violated, and unless restrained and enjoined will continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. §§ 77q(a)].

**Third Claim for Relief**  
**Violations of Sections 10(b) of the Exchange Act and Rules 10b-5(a) and (c)**  
**(Against All Defendants)**

260. The Commission repeats and realleges Paragraphs 1 through 253 of this Complaint.

261. Defendants, directly or indirectly, in connection with the purchase or sale of a security, and by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, knowingly and severely recklessly: employed devices, schemes, or artifices to defraud and engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

262. By engaging in the conduct described above, Defendants, directly and indirectly, have violated and unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] thereunder.

**Fourth Claim for Relief**  
**Violations of Sections 10(b) of the Exchange Act and Rules 10b-5(b)**  
**(Against BSG Management, Joseph Baldassarra, and Steven Baldassarra)**

263. The Commission repeats and realleges Paragraphs 1 through 253 of this Complaint.

264. Defendants BSG Management, Joseph Baldassarra, and Steven Baldassarra, directly or indirectly, in connection with the purchase or sale of a security, and by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, knowingly and severely recklessly made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

265. By engaging in the conduct described above, BSG Management, Joseph Baldassarra, and Steven Baldassarra, directly and indirectly, have violated and unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)] thereunder.

**Fifth Claim for Relief**

**Violations of Sections 206(1) and 206(2) of the Advisers Act  
(Against BSG Management, Joseph Baldassarra, and Steven Baldassarra)**

266. The Commission repeats and realleges Paragraphs 1 through 253 of this Complaint.

267. Defendants BSG Management, Joseph Baldassarra, and Steven Baldassarra are investment advisers as defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)].

268. Defendants BSG Management, Joseph Baldassarra, and Steven Baldassarra, while acting as investment advisers, directly or indirectly, by use of the mails or means and instrumentalities of interstate commerce, acting with the requisite state of mind: (a) employed or are employing devices, schemes or artifices to defraud clients or prospective clients; and (b) engaged in or are engaging in transactions, practices, or courses of business which operated as a fraud or deceit upon clients or prospective clients.

269. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined, will continue to violate, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

**Sixth Claim for Relief**

**Control Person Liability for BSG Management's and BSI's  
Violations of the Exchange Act  
(Against Feingold, Joseph Baldassarra, and Steven Baldassarra)**

270. The Commission repeats and realleges Paragraphs 1 through 253 of this Complaint.

271. As alleged above, Defendant BSG Management violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Defendant BSI violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder.

272. Defendants Feingold, Joseph Baldassarra, and Steven Baldassarra, directly or indirectly, each controlled Defendants BSG Management and BSI by possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of Defendants BSG Management and BSI through the ownership of voting securities, by contract, or otherwise, which resulted in Defendant's BSG Management's and BSI's primary liability.

273. Defendants Feingold, Joseph Baldassarra, and Steven Baldassarra, directly or indirectly, each exercised actual control over BSG Fund and BSI, by exercising their power to control the general affairs of BSG Fund and BSI, and exercised their power to control or influence the specific corporate policy of BSG Fund and BSI, which resulted in Defendant's BSG Management's and BSI's primary liability.

274. Defendants Feingold, Joseph Baldassarra, and Steven Baldassarra are each liable as a control person under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for BSG Fund's and BSI's violations of the Exchange Act.

275. By engaging in the conduct described above, Defendants Feingold, Joseph Baldassarra, and Steven Baldassarra, each violated, and unless restrained and enjoined, will continue to violate, Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

**Seventh Claim for Relief**

**Disgorgement from Relief Defendants – Pursuant to Section 6501 of the National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283 and Equitable Principles  
(Against All Relief Defendants)**

276. The Commission repeats and realleges Paragraphs 1 through 253 of this Complaint.

277. Each Relief Defendant obtained money, property, or assets that are the proceeds of, or are traceable to, the proceeds of the fraud and violations of the securities laws by Defendants.

278. Each Relief Defendant has no legitimate claim to these illicit proceeds or assets, having obtained the funds under circumstances in which it is not just, equitable, or conscionable for it to retain the funds or assets, and therefore each of them has been unjustly enriched.

**V. PRAYER FOR RELIEF**

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

**A. Injunctions**

Enter an injunction, in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendants and their agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with him or it, who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 17(a) of Securities Act [15 U.S.C. § 77q(a)]; Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder; and Section 20(a) of the Exchange Act; and, as to Defendants BSG Management, Joseph Baldassarra, and Steven Baldassarra, Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

Issue an order permanently enjoining Feingold, Steven Baldassarra, and Joseph Baldassarra, from directly or indirectly participating in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent any of them from purchasing or selling securities for their own personal account.

**B. Disgorgement**

Issue an order directing Defendants and Relief Defendants to disgorge all ill-gotten gains received, directly or indirectly, including prejudgment interest, derived from the acts or courses of conduct alleged in this Complaint. In addition, issue an order finding that Defendants Feingold, Joseph Baldassarra, and Steven Baldassarra, jointly and severally liable for disgorgement ordered against Defendants BSI and BSG Management.

**C. Civil Monetary Penalties**

Issue an order directing Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and, in addition, as to Defendants BSG Management, Joseph Baldassarra, and Steven Baldassarra, 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**

Issue an order retaining jurisdiction over this action and over Defendants in order to implement and carry out the terms of all orders that may be entered, or to entertain any suitable application or motion by the SEC for additional relief within the jurisdiction of this Court.

**DEMAND FOR JURY TRIAL**

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

Respectfully submitted,

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