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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION: GENERAL EQUITY  
UNION COUNTY  
DOCKET NO. \_\_\_\_\_

GURBIR S. GREWAL,  
Attorney General of New Jersey,  
on behalf of  
CHRISTOPHER W. GEROLD,  
Chief of the New Jersey Bureau of  
Securities,

Plaintiff,

v.

OWUSU A. KIZITO,  
individually and as Managing Member  
of Investigroup, LLC;  
INVESTIGROUP, LLC,  
a Hawaiian limited liability company,

Defendants,

and

INVESTIGROUP NP A NJ NONPROFIT  
CORPORATION,  
a New Jersey nonprofit corporation,

Nominal Defendant.

Civil Action

**VERIFIED COMPLAINT**

Gurbir S. Grewal, Attorney General of New Jersey, on behalf of Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (the "Bureau Chief" or "Plaintiff"), alleges the following by way of Verified Complaint against the above-named Defendants and Nominal Defendant:

**SUMMARY**

1. From 2016 to 2020 (the "Relevant Time Period"), Defendants Owusu A. Kizito ("Kizito") and Investigroup, LLC ("Investigroup"), through Kizito, fraudulently sold approximately \$2,187,814 of unregistered Investigroup securities to at least fifty-seven investors, including thirty-four New Jersey residents. Contrary to investors' expectations based on Kizito's and Investigroup's misrepresentations and omissions, Kizito misused the investors' money, in part, for unrelated entities and businesses, to repay prior investors and merchant cash advances, and for his own personal benefit, including large cash withdrawals, payments to personal credit cards, payments to his home mortgage and property taxes, and payments for his Maserati.

2. Kizito executed his scheme by selling unregistered securities issued by Investigroup in the form of (1) investment contracts in the form of interests in "Membership Units" of Investigroup ("Membership Units"), and (2) notes issued by Investigroup as agreements purporting to monetize standby letters of credit (the "SBLC Agreements") (collectively, the "Investigroup

Securities").

3. In August 2016, Defendants Kizito and Investigroup, through Kizito, initially offered investment opportunities to clients of Investigroup's consulting, banking, financial analysis, financial planning, tax preparation, and loan modification business. Defendant Kizito informed these investors that he planned to take Investigroup public and promised to return their initial principal, plus 100% interest. Despite Investigroup not going public, Defendants returned certain investors' principal, plus the promised interest, within a year.

4. Subsequently, during the Relevant Time Period, Defendants Kizito and Investigroup, through Kizito, offered prior Investigroup investors, as well as additional Investigroup clients and referrals, the Investigroup Securities.

5. At the time he sold the Investigroup Securities to investors, Kizito failed to disclose Investigroup's significant indebtedness, ongoing litigation, and tax liens against Kizito and Investigroup. He also failed to disclose that only a portion of investors' funds would be deposited into the Investigroup bank account. Kizito deposited at least \$960,500 of investors' money into the bank account of another Kizito-controlled entity known as Investigroup NP, a New Jersey non-profit corporation ("Investigroup NP").

6. Defendants Kizito and Investigroup, through Kizito,

violated the registration and anti-fraud provisions of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89 (the "Securities Law"). Nominal Defendant Investigroup NP benefitted from the diversion of investor funds to Investigroup NP without it having a legitimate claim to such funds, and equity demands that such funds be disgorged by those who were unjustly enriched by this wrongful conduct.

**JURISDICTION AND VENUE**

7. The New Jersey Bureau of Securities (the "Bureau") is the state regulatory agency charged with the administration of the Securities Law.

8. The Bureau Chief brings this action against Defendants Kizito and Investigroup for violations of:

- a. N.J.S.A. 49:3-52(a) (employing any device, scheme, or artifice to defraud, as to Defendants Kizito and Investigroup);
- b. N.J.S.A. 49:3-52(b) (making untrue statements of material fact or omitting to state material facts necessary in order to make the statements not misleading, as to Defendants Kizito and Investigroup);
- c. N.J.S.A. 49:3-52(c) (engaging in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, as to Defendants Kizito and Investigroup);

- d. N.J.S.A. 49:3-56(a) (acting as an unregistered agent, as to Defendant Kizito);
- e. N.J.S.A. 49:3-56(h) (employing or engaging an unregistered agent, as to Defendant Investigroup); and
- f. N.J.S.A. 49:3-60 (selling unregistered securities, as to Defendants Kizito and Investigroup).

9. Jurisdiction is proper over Defendants for violations of the Securities Law that are the subject of this Verified Complaint because each alleged violation originated from this State. Therefore, pursuant to N.J.S.A. 49:3-51, all sales and offers to sell securities originated from New Jersey, whether or not either party was then present in this State.

10. Venue is proper in Union County pursuant to R. 4:3-2(a) because it is the county in which the cause of action arose.

#### **PARTIES**

11. The Bureau Chief is the principal executive officer of the Bureau, with offices at 153 Halsey Street, Newark, New Jersey. This action is brought by Gurbir S. Grewal, Attorney General of New Jersey on behalf of the Bureau Chief pursuant to N.J.S.A. 49:3-69(a)(2).

12. Defendant Kizito is a New Jersey resident who holds himself out as a financial consultant with twenty years of experience in, among other things, consulting, banking, financial analysis, financial planning, tax preparation, and loan

modifications.

13. Kizito claims that he has earned a Bachelor of Science degree in Agriculture Economics from the University of Science and Technology, a Master of Business Administration degree from the Hawaii Pacific University, and a Doctor of Business degree from the University of Phoenix.

14. Defendant Investigroup is a limited liability company incorporated by Kizito in Hawaii on March 6, 2006. Investigroup has been registered as a New Jersey foreign limited liability company since January 31, 2007. Investigroup had a principal place of business at 1282 Liberty Avenue, Hillside, New Jersey 07205 ("Hillside Office") during the Relevant Time Period. Recent correspondence sent by Kizito states Investigroup currently maintains a principal place of business at 1416 Morris Avenue, #206, Union, New Jersey.

15. Kizito has served as Investigroup's managing member and Chief Executive Officer since its incorporation.

16. Nominal Defendant Investigroup NP is a New Jersey domestic non-profit corporation formed by Kizito on March 5, 2007, with a principal place of business located at the Hillside Office.

17. Kizito has served as the Chairman of the Board and as the Chief Executive Officer of Investigroup NP since its inception.

18. Neither Kizito nor Investigroup have been registered with the Bureau in any capacity.

**RELATED NON-PARTY INVESTIGROUP ENTITIES**

19. Investigroup, Inc., was a domestic close corporation formed by Kizito in Nevada on December 7, 2006. The entity status was "permanently revoked" by the Nevada Secretary of State on December 31, 2017. Its last annual report was filed on December 29, 2011. Kizito served as the President and Treasurer of Investigroup, Inc.

**FACTUAL ALLEGATIONS**

**A. The Offer and Sale of the Investigroup Securities**

20. During the Relevant Time Period, Defendants Kizito and Investigroup, through Kizito, sold approximately \$2,187,814 of unregistered securities issued by Investigroup to at least fifty-seven investors, including thirty-four New Jersey residents, through 104 transactions.

21. The unregistered securities were in the form of investment contracts issued as interests in Membership Units of Investigroup, and in the form of notes issued by Investigroup as SBLC Agreements purporting to monetize standby letters of credit.

22. The Membership Units and SBLC Agreements are "securities" as defined in N.J.S.A. 49:3-49(m).

23. Kizito and Investigroup, through Kizito, sold \$1,722,814 of Membership Units to investors and \$465,000 of the SBLC Agreements.

**B. Misrepresentations and Omitted Material Facts in the Investigroup PPM and SBLC Agreements**

24. Kizito and Investigroup, through Kizito, provided Subscription Agreements (the "Subscription Agreements") to at least fifty-three investors to document the sale of the Membership Units.

25. Kizito signed the Subscription Agreements on behalf of Investigroup.

26. The Subscription Agreements reference a Private Placement Memorandum (the "PPM") and states that the PPM was available to investors.

27. Kizito testified he provided the PPM to certain investors in person or by email.

28. Investigroup, through Kizito, stated to investors in the PPM that approximately 76% of the proceeds would be used by Investigroup for: (1) new office buildout; (2) growth marketing; (3) international expansion; (4) strategic partnerships; (5) legal and portal onboarding; and (6) hiring and training. On the contrary, as set forth below, significant funds were instead used to pay for Kizito's personal expenses, to fund cash withdrawals, to pay off merchant cash lenders who had previously provided Investigroup with cash advances, and for other purposes that were not disclosed to investors in the PPM or the Subscription Agreements.

29. Kizito and Investigroup, through Kizito, also falsely stated to investors in the PPM that Investigroup was only involved in one legal proceeding. In reality, as set forth below, Investigroup and Kizito were subject to at least three additional lawsuits.

30. Kizito and Investigroup failed to disclose the following information to the Membership Unit investors or the SBLC Agreement investors in the PPM, Subscription Agreements or SBLC Agreements:

- a. investor funds would be used for Kizito's personal benefit and for other non-business related expenses, including cash withdrawals made by Kizito or transfers made to Kizito and the use of at least one investor's money to pay off a prior investor;
- b. at least \$960,500 of investor funds would be diverted to the account of Investigroup NP, the non-profit entity in which the investors had not invested or received a beneficial interest;
- c. Investigroup had been borrowing significant amounts of money through factoring agreements with merchant cash advance companies, thereby assigning the rights to future account receivables to those companies, which would be withdrawing significant amounts of investor funds from Investigroup accounts to repay those advances;

- d. in 2011, the Internal Revenue Service had assessed taxes, interest, and penalties against Kizito and Investigroup, and ordered them to pay unpaid taxes and interest totaling \$252,367.40 for 2009 and 2010;
- e. there were additional undisclosed pending legal proceedings against Investigroup and Kizito;
- f. the Investigroup Securities were not registered with the Bureau nor exempt from federal or state registration as required by law; and
- g. Kizito was not registered with the Bureau as an agent to sell securities as required by law.

31. These misrepresentations and omissions of material fact are discussed in greater detail below.

i. Misuse of Investor Funds

32. Kizito and Investigroup routinely used investor funds to make payments on Investigroup's past obligations, including payments to satisfy merchant cash advance companies and promised returns to other investors. These uses of funds were never disclosed to investors.

33. Additionally, Kizito also frequently used investor funds to pay for his personal expenses, ranging from routine daily purchases to loan payments on a Maserati driven by Kizito. These uses of funds were also never disclosed to investors.

34. Examples of Kizito's misuse of investor funds are set

forth below.

Investors A and B

35. In August 2018, Investor A invested \$10,000 and Investor B invested \$15,000 in Investigroup by purchasing Membership Units, through Kizito. The funds were deposited into one of Investigroup's bank accounts ("Investigroup 4437 Account"). Subsequently, a series of transfers occurred between the Investigroup 4437 Account and another Investigroup bank account ("Investigroup 5026 Account"). Both accounts had minimal or negative balances, but for the funds from Investors A and B. Out of the \$25,000 received from Investors A and B, the following withdrawals were made by Kizito for purposes unrelated to the business of Investigroup:

- a. \$10,420 withdrawn in cash by Kizito;
- b. \$1,333 paid to Maserati Capital USA c/o Chase;
- c. \$809 paid to American Express; and
- d. \$30 paid to the Vitamin Shoppe.

36. As such, Kizito used at least \$12,593 for purposes that were not disclosed to investors in the Subscription Agreement or the PPM.

Investor C

37. In March 2019, Investor C invested \$15,000 in Investigroup by purchasing Membership Units, through Kizito.

38. On March 7, 2019, Kizito deposited the \$15,000 check from Investor C into the Investigroup 5026 Account, which had a balance of \$856. An additional \$7,087 was also deposited into this account by March 11, 2019, making total deposits of \$22,087 to the account. During the same time period, at least \$19,175 was spent, withdrawn, or transferred from the Investigroup 5026 Account by Kizito, resulting in an account balance of \$3,768 as of March 11, 2019.

39. The spending, withdrawals, and transfers included:

- a. \$2,050 withdrawn in cash by Kizito;
- b. \$4,000 transferred to Stephen Badu Atuahene, Kizito's brother;
- c. \$68 paid to Uber Eats;
- d. \$27 paid to Stop & Shop; and
- e. \$10,000 transferred to a different investor, where, in other words, the funds of a new investor were simply used to repay a previous investor.

40. As such, Kizito used at least \$19,175 for purposes that were not disclosed to investors in the Subscription Agreement or the PPM.

#### Investors D and E

41. In April 2019, Investor D invested \$20,000 and Investor E invested \$10,000 in Investigroup by purchasing Membership Units, through Kizito.

42. On April 3, 2019, Kizito deposited Investor D's and Investor E's checks into the Investigroup 5026 Account, which had a balance of \$19,447 at the time. An additional \$4,875 was deposited into this account by April 11, 2019, making total deposits of \$34,875 into the account, which then had a resulting combined opening balance and overall deposits of \$54,234. During the same time period, at least \$53,556 was spent, withdrawn, or transferred by Kizito from the Investigroup 5026 Account, resulting in an account balance of \$766 on April 11, 2019.

43. The spending, withdrawals, and transfers included:

- a. \$1,300 withdrawn in cash by Kizito;
- b. \$20,000 wire transfer to Stephen Badu Atuahene, Kizito's brother;
- c. \$18,024 wire transfer to Double Plus, which is another company controlled by Kizito in which Investor D was not investing;
- d. \$157 payment to Uber Eats; and
- e. \$270 payment to Amazon.com.

44. As such, Kizito used at least \$53,553 for purposes that were not disclosed to investors in the Subscription Agreement or the PPM.

#### Investor F

45. In May 2017, Investor F invested \$100,000 in Investigroup by purchasing Membership Units through Kizito.

46. On May 16, 2017, Kizito deposited a \$100,000 check from Investor F payable to Investigroup into the Investigroup NP Trust Account ending in 3087 ("Investigroup NP 3087 Trust Account"), which had a \$64,610 balance at the time. An additional \$25,831 was also deposited into this account by July 5, 2017, bringing the total deposits into the account to \$125,831, which then had a resulting combined opening balance and overall deposits of \$190,442. During the same time period, at least \$186,804 was spent, withdrawn, or transferred by Kizito from the Investigroup NP 3087 Trust Account, resulting in an account balance of \$3,637 as of July 5, 2017.

47. The spending, withdrawals, and transfers include the following:

- a. \$15,000 wire transfer to Kizito;
- b. \$2,215 payment to the Township of Hillside;
- c. \$1,200 ATM withdrawals by Kizito;
- d. \$35,218 transfers through Western Union;
- e. \$11,904 transfer to an individual, C.A.;
- f. \$867 payment to hotels, such as the Golden Tulip Hotel and the Holiday Inn;
- g. \$20,000 online transfer to an individual, A;
- h. \$52,000 wire transfer to a different Investigroup company known as Investigroup Limited for a joint venture agreement;

- i. \$1,697 payment to Evcoaching;
- j. \$6,300 online transfers to a Bank of America Investigroup NP checking account ending in 3747 ("Investigroup NP 3747 Account"), of which \$5,827 was spent or withdrawn;
- k. \$504 payment to T-Mobile;
- l. \$2,356 payment to US Bank Home Mortgage;
- m. \$160 payment to siriusxm.com; and
- n. \$2,800 transfer to an individual, W;

48. As such, Kizito used at least \$186,804 for purposes that were not disclosed to investors in the Subscription Agreement or the PPM.

Investor G

49. In August 2019, Investor G invested \$10,000 in Investigroup by purchasing Membership Units, through Kizito.

50. On August 7, 2019, Kizito deposited a \$10,000 check from Investor G into the Investigroup 5026 Account, which had a negative balance of \$33 at the time. An additional \$3,585 was also deposited into this account by August 12, 2019, making total deposits of \$13,585 into the account. During the same time period, at least \$13,036 was spent, withdrawn, or transferred by Kizito from the Investigroup 5026 Account, resulting in an account balance of \$515 as of August 12, 2019.

51. The spending, withdrawals, and transfers included the

following:

- a. \$800 withdrawn in cash by Kizito;
- b. \$11,800 transfer to the Investigroup 4437 Account, of which \$10,176 was subsequently spent or withdrawn;
- c. \$100 wire transfer to Kizito Company Limited; and
- d. \$50 payment to Dunkin Donuts.

52. As such, Kizito used at least \$13,036 for purposes that were not disclosed to investors in the Subscription Agreement or the PPM.

#### Investor H

53. In March 2018, Investor H invested \$25,000 in Investigroup's SBLC Agreement. This SBLC investment is discussed further below.

54. On March 20, 2018, Kizito deposited a \$25,000 check from Investor H into the Investigroup NP 3087 Trust Account, which had a \$60,149 balance at the time. An additional \$29,372 was also deposited into the Investigroup NP 3087 Account by April 11, 2018 making total deposits of \$54,372 into the account for a combined opening balance and overall deposit of \$114,521. During the same time period, at least \$114,521 was spent, transferred, or withdrawn by Kizito from the Investigroup NP 3087 Account, resulting in an account balance of \$0 as of April 11, 2018.

55. The spending, withdrawals, and transfers included the following:

- a. \$700 withdrawn in cash by Kizito;
- b. \$1,067 payment to Trunk Club;
- c. \$800 payment to MCA Recovery, LLC;
- d. \$4,700 payment to Dr. Peter Ikre, the Chief Financial Officer of Investigroup since 2009;
- e. \$3,335 payment to an individual, E.K.G.;
- f. \$12,725 payment to Insurance Auto Auctions, Inc.;
- g. \$20,775 payment to Stephen Atuahene; and
- h. \$18,500 wire transfer to Visconti Industries Incorporation.

56. As such, Kizito used at least \$114,521 for purposes that were not disclosed to investors in the SBLC Agreements or otherwise.

ii. Merchant Service Agreements

57. Kizito, Investigroup, Investigroup Inc., and Investigroup NP entered into at least twenty-six agreements with merchant cash advance businesses since June 2012, which created future repayment obligations for Kizito and Investigroup that were not disclosed to investors.

58. Under these merchant cash advance agreements, the merchant cash lenders agreed to advance cash to Investigroup, Investigroup Inc., and Investigroup NP, against the account receivables of Investigroup, Investigroup Inc., and Investigroup NP.

59. These merchant cash advance companies provided upfront payments of at least \$693,443 to Investigroup, Investigroup Inc., and Investigroup NP, in exchange for the merchant cash advance companies' purchase of at least \$959,298 of Investigroup, Investigroup Inc., and Investigroup NP's future accounts receivables.

60. Merchant cash advance companies made withdrawals of \$202,360 directly from the bank accounts of Investigroup and Investigroup NP on a daily, weekly, or monthly basis through at least February 24, 2020.

61. Neither Kizito nor Investigroup disclosed to investors that the accounts receivables of Investigroup and Investigroup NP were subject to liens, and that the bank accounts of Investigroup and Investigroup NP were subject to automatic withdrawals from the merchant cash advance companies. Furthermore, neither Kizito nor Investigroup ever disclosed to investors that these obligations even existed.

iii. Court Litigation

62. The PPM included a disclosure about one legal proceeding instituted against Investigroup. There were at least three additional ongoing or prior court cases initiated against Investigroup, as listed below, which were not disclosed to investors in the PPM or otherwise:

a. A New York court action filed in or about 2014 where

Kizito and Investigroup were ultimately found to be jointly and severally liable for \$2,750 in compensatory and \$75,000 in punitive damages. The compensatory damages were based on the amount plaintiffs had paid for mortgage modification assistance and tax preparation services. The punitive damages were awarded because Kizito had misrepresented himself as an attorney and Investigroup as a law firm to the plaintiff. Kizito and Investigroup filed a Notice of Appeal on October 30, 2019.<sup>1</sup>

- b. A Superior Court action filed in or about 2016 in which a Final Judgment by Default was entered against Investigroup, Inc. on Jan. 18, 2019 for \$7,000.<sup>2</sup>
- c. A New Jersey Superior Court action filed in August 2018, based on Kizito and Investigroup's failure to abide by the terms of a Stipulation of Settlement entered in May 2017 whereby they had agreed to pay \$12,639 due to their breach of a lease agreement. Kizito and Investigroup later failed to abide by the terms of the stipulation as well, as a result of which plaintiffs applied to court

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<sup>1</sup> Xiu Zhu Tan v. Kizito, No. 700331/2014 (N.Y. Sup. Ct. Queens Cnty. Apr. 25, 2019).

<sup>2</sup> Suarez v. Investigroup, Inc., No. UNN-L-3518-16 (N.J. Super. Ct. Law Div. Jan. 18, 2019).

for a default judgment on August 8, 2018.<sup>3</sup>

iv. Federal Tax Lien

63. Neither Kizito nor Investigroup ever disclosed to investors that, on July 27, 2012, a Notice of Federal Tax Lien was issued for Kizito and Investigroup, for an unpaid assessment balance of \$262,367, as a result of the failure to pay Investigroup's federal tax obligations for the years of 2009 and 2010.

64. Although a Withdrawal Notice of Federal Tax Lien was issued as to Kizito, as a member of Investigroup, three years later on June 22, 2015, and recorded in the Union County Clerk's office on June 22, 2015, the tax lien remained in effect as to Investigroup. None of this information was disclosed to investors in the PPM or the Subscription Agreement.

**C. Investigroup SBLC Agreements**

65. From February 8, 2018 to at least December 21, 2018, Kizito and Investigroup offered and sold securities to investors that purported to offer 20% interest and allowed for the principal balance to be "reinvested or withdrawn" after twelve months. The ostensible purpose of this investment was to monetize standby letters of credit ("SBLCs"). Nine investors invested at least \$465,000 in these securities. At least seven of the investors

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<sup>3</sup> Direct Capital Corp. v. Investigroup, LLC, No. L-3892-16 (N.J. Super. Ct. Law Div. Aug. 8, 2018).

also invested in the Investigroup Membership Units.

66. Certain investors have stated the only document they received while investing in the SBLC Agreements received was a one-page "monetizing SBLC Agreement" which identified the duration and return of an investment in "the monetization of Investigroup LLC's Standby Letters of Credit." The agreements were signed by the investors and Kizito.

67. The SBLC Agreements purported to center on the ability of Investigroup to purchase or otherwise obtain the right to generate proceeds from SBLCs issued by a financial institution, and then monetize those rights by selling or leasing them to a third party at a higher price.

68. On or around January 22, 2018, Kizito claimed to have attempted to "lease" a SBLC worth \$5,000,000 through an intermediary in Thailand named ASICS Group Limited ("ASICS") with a "roll and extension up to \$50,000,000.00" with a leasing fee of "5% of full face value of SBLC (payable after the monetization)" and an "intermediary [sic] fee" of "2% of full face value of SBLC (payable after the monetization)."

69. Kizito claims to have transferred \$50,000 pursuant to an invoice from ASICS, but later contended that Investigroup was defrauded by ASICS.

70. Neither Kizito nor Investigroup ever disclosed to investors that they were allegedly defrauded and unable to complete

the SBLC monetization in the manner described above.

71. Subsequently, Investigroup obtained at least two different SBLCs to allegedly attempt to engage in commercial trade transactions. These SBLC transactions involved Investigroup purchasing SBLCs issued by First American Financial ("First American"). First American issued the SBLCs for the benefit of entities known as Truevine International Import & Export Company ("Truevine") and Ossum International Exports ("Ossum") to guarantee Investigroup's payment on agreements to purchase sugar cane and rice from those beneficiaries of the SBLC. When Investigroup defaulted on its obligations to Truevine and Ossum, First American refused to make payment pursuant to the SBLCs. As one of the several grounds for its refusal to make payment, First American pointed to the illegitimate appearance of the underlying transaction, wherein Investigroup had defaulted and triggered First American's obligation to make payment on the SBLC. In fact, First American's attorneys sent a letter to Investigroup stating that Investigroup and the other two entities appeared to be co-conspirators attempting to improperly extract money from First American.

72. Neither Kizito nor Investigroup disclosed to investors that the First American SBLC had been structured as an illegitimate transaction and was subject to being voidable by First American.

73. In or about April 2019, Kizito began to inform the SBLC investors that their investments in the SBLC Agreements were converted to "long term securities to enable the company to operate and earn dividends." Kizito further informed them that they would receive stock certificates as proof of the conversion and would receive quarterly or semi-annual updates on dividends.

74. In or about June 2019, Kizito began to inform investors about an alleged failed SBLC transaction.

75. Investigroup filed a complaint against First American Financial in federal court for breach of contract and other claims. That case was dismissed in March 2020.<sup>4</sup>

**COUNT I**

**EMPLOYING A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD,**  
**IN VIOLATION OF N.J.S.A. 49:3-52(a)**  
**(AS TO DEFENDANTS KIZITO AND INVESTIGROUP)**

76. Plaintiff repeats and incorporates the allegations in the preceding paragraphs as if fully set forth herein.

77. Pursuant to N.J.S.A. 49:3-52:

It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

. . . .

(a) To employ any device, scheme, or artifice to defraud[.]

78. Defendants Kizito and Investigroup, through Kizito,

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<sup>4</sup> Investigroup, LLC, v. First Am. Fin., et al., No. 2:18-cv-17417-CCC-JBC (D. N.J. Dec. 18, 2018).

employed a device, scheme, or artifice to defraud fifty-seven investors of their \$2,187,814 investment in Investigroup.

79. Defendants defrauded their investors through deceptive means, including:

- a. Misrepresenting and omitting material facts in connection with the offer and sale of the Investigroup Securities;
- b. Diverting at least \$960,500 of investor funds to Investigroup NP;
- c. Misusing investor funds for the personal benefit of Kizito and others; and
- d. Using investor funds in the SBLC Agreements to engage in sham transactions designed to defraud the issuer of the SBLC.

80. Each device, scheme or artifice to defraud is a violation of N.J.S.A 49:3-52(a).

81. Each violation of N.J.S.A. 49:3-52(a) by Defendants Kizito and Investigroup upon each investor is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

COUNT II

MAKING UNTRUE STATEMENTS OF A MATERIAL FACT OR  
OMITTING TO STATE A MATERIAL FACT NECESSARY IN ORDER  
TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE  
CIRCUMSTANCES UNDER WHICH THEY ARE MADE, NOT  
MISLEADING, IN VIOLATION OF N.J.S.A. 49:3-52(b)  
(AS TO DEFENDANTS KIZITO AND INVESTIGROUP)

82. Plaintiff repeats and incorporates the allegations in the preceding paragraphs as if fully set forth herein.

83. Pursuant to N.J.S.A. 49:3-52:

It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

. . . .

(b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading[.]

84. Defendants Kizito and Investigroup, through Kizito, made materially false and misleading statements and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to investors, in connection with the sale of the Investigroup Securities.

85. The materially false and misleading statements included Investigroup's representation, through Kizito, to investors in the PPM that approximately 76% of the proceeds raised in the offering of the Investigroup Units would be used for: (1) new office

buildout; (2) growth marketing; (3) international expansion; (4) strategic partnerships; (5) legal and portal onboarding; and (6) hiring and training.

86. The omitted material facts that were not disclosed to investors include, but are not limited to:

- a. Investor funds would be used for Kizito's personal benefit and for other non-business related expenses, including cash withdrawals made by Kizito or transfers made to Kizito and the use of at least one investor's money to pay off a prior investor;
- b. Investigroup was the subject of multiple lawsuits in addition to the one pending litigation disclosed in the PPM;
- c. At least \$960,500 of investor funds would be diverted to the account of Investigroup NP, the non-profit entity in which the investors had not invested or received a beneficial interest;
- d. Investigroup had been borrowing significant amounts of money through factoring agreements with merchant cash advance companies, thereby assigning the rights to future account receivables to those companies, which would be withdrawing significant amounts of investor funds from Investigroup accounts to repay those advances;

- e. In 2011, the Internal Revenue Service had assessed taxes, interest and penalties against Kizito and Investigroup and ordered them to pay unpaid taxes and interest for 2009 and 2010, totaling \$262,367; and
- f. The Investigroup Securities were not registered with the Bureau nor exempt from state or federal registration as required by law; and
- g. Kizito was not registered with the Bureau as an agent to sell securities as required by law.

87. Each materially false or misleading statement and each omission of a material fact is a violation of N.J.S.A 49:3-52(b).

88. Each violation of N.J.S.A. 49:3-52(b) by each of Defendants Kizito and Investigroup upon each investor is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

### COUNT III

**ENGAGING IN ANY ACT, PRACTICE, OR COURSE OF BUSINESS  
WHICH OPERATES OR WOULD OPERATE AS A FRAUD OR DECEIT  
UPON ANY PERSON, IN VIOLATION OF N.J.S.A. 49:3-52(c)  
(AS TO DEFENDANTS KIZITO AND INVESTIGROUP)**

89. Plaintiff repeats and incorporates the allegations in the preceding paragraphs as if fully set forth herein.

90. Pursuant to N.J.S.A. 49:3-52:

It shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

. . . .

(c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

91. Defendants Kizito and Investigroup, through Kizito, engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon the investors, including by:

- a. Misrepresenting and omitting material facts in connection with the offer and sale of the Investigroup Securities;
- b. Diverting at least \$960,500 of investor funds to the Investigroup NP bank account;
- c. Misusing investor funds for the personal benefit of Kizito and others; and
- d. Using of investor funds in the SBLC transactions in sham transactions designed to defraud the issuers of the SBLC.

92. Each act, practice, or course of conduct that operated as a fraud or deceit upon investors is a violation of N.J.S.A. 49:3-52(c).

93. Each violation of N.J.S.A. 49:3-52(c) by each of Defendants Kizito and Investigroup upon each investor is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**COUNT IV**

**SELLING UNREGISTERED SECURITIES,**  
**IN VIOLATION OF N.J.S.A. 49:3-60**  
**(AS TO DEFENDANTS KIZITO AND INVESTIGROUP)**

94. Plaintiff repeats and incorporates the allegations in the preceding paragraphs as if fully set forth herein.

95. Defendants Kizito and Investigroup, through Kizito, offered and sold securities in the form of investment contracts and notes issued by Investigroup that were not registered with the Bureau, not "federally covered," nor exempt from registration.

96. The Investigroup Securities were required to be registered with the Bureau pursuant to N.J.S.A. 49:3-60.

97. Each offer and sale of the Investigroup Securities by each of Defendants Kizito and Investigroup constitutes a separate violation of N.J.S.A. 49:3-60, and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**COUNT V**

**ACTING AS AN AGENT IN THIS STATE WITHOUT REGISTRATION,**  
**IN VIOLATION OF N.J.S.A. 49:3-56(a)**  
**(AS TO DEFENDANT KIZITO)**

98. Plaintiff repeats and incorporates the allegations in the preceding paragraphs as if fully set forth herein.

99. Defendant Kizito represented Defendant Investigroup in effecting or attempting to effect transactions in securities from or in New Jersey and in doing so acted as an agent as defined in N.J.S.A. 49:3-49(b) of the Securities Law, without being

registered with the Bureau to sell securities.

100. Defendant Kizito violated N.J.S.A. 49:3-56(a), which requires, among other things, that only persons registered with the Bureau may lawfully act as an agent.

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

**COUNT VI**

**EMPLOYING AN UNREGISTERED AGENT,  
IN VIOLATION OF N.J.S.A. 49:3-56(h)  
(AS TO DEFENDANT INVESTIGROUP)**

102. Plaintiff repeats and incorporates the allegations in the preceding paragraphs as if fully set forth herein.

103. Defendant Investigroup employed or engaged an agent in effecting or attempting to effect transactions in securities from and in New Jersey.

104. Defendant Kizito acted as an agent as defined in N.J.S.A. 49:3-49(b) of the Securities Law, without being registered with the Bureau.

105. Defendant Investigroup's conduct constituted employing an agent who was not registered with the Bureau to sell the Investigroup Securities in violation of N.J.S.A. 49:3-56(h).

106. Each offer and sale of the Investigroup Securities to investors is a separate violation of N.J.S.A. 49:3-56(h) and cause

for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**COUNT VII**

**UNJUST ENRICHMENT**

(AS TO DEFENDANTS KIZITO AND INVESTIGROUP NP)

107. Plaintiff repeats and incorporates the allegations in the preceding paragraphs as if fully set forth herein.

108. Defendants Kizito and Investigroup, through Kizito, directly and indirectly transferred funds to Investigroup NP and to Kizito himself, and were unjustly enriched with investors' funds, to which they had no legal right.

109. As such, Defendant Kizito and Nominal Defendant Investigroup NP were unjustly enriched at the expense of the Investigroup investors.

110. Each unauthorized transfer of the investors' funds is cause for a judgment against Kizito and Investigroup NP requiring disgorgement of the funds.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff respectfully requests the entry of a judgment pursuant to N.J.S.A. 49:3-47 to -89:

- A. Finding that Defendants Kizito and Investigroup, LLC engaged in the acts and practices alleged above;
- B. Finding that such acts and practices constitute violations of the Securities Law;

- C. Permanently enjoining Defendants Kizito and Investigroup, LLC from violating the Securities Law in any manner;
- D. Permanently enjoining the issuance for sale, offer for sale, solicitation, purchase, offer to purchase, promotion, negotiation, advertisement or distribution from or within New Jersey, of any securities by or on behalf of Defendants Kizito and Investigroup, LLC, its officers, directors, employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries and affiliates;
- E. Permanently enjoining Defendants Kizito and Investigroup, LLC from acting, from and within the State of New Jersey as: an agent as defined in N.J.S.A. 49:3-49(b); a broker-dealer as defined in N.J.S.A. 49:3-49(c); an investment adviser and/or an investment adviser representative as defined in N.J.S.A. 49:3-49(g); or from controlling or associating in any capacity with any broker-dealer or investment adviser doing business from, into or within the State of New Jersey;
- F. Permanently enjoining Defendant Kizito from controlling an issuer, or acting as an officer, director, or manager of an issuer as defined in N.J.S.A. 49:3-49(h) whose

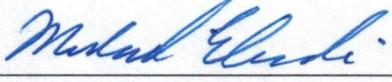
securities are offered for sale and/or sold in New Jersey;

G. Assessing civil monetary penalties against Defendants Kizito and Investigroup, LLC, jointly and severally, for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;

H. Requiring Defendants Kizito and Investigroup, LLC, jointly and severally, and Kizito and Nominal Defendant Investigroup NP, jointly and severally, to pay restitution and/or disgorgement of all profits and/or all funds gained through violations of the Securities Law;

I. Affording Plaintiff any additional relief the Court may deem just and equitable.

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY

By:   
Michael Eleneski  
Deputy Attorney General  
Attorney ID No. 185332016

DATED: October 26, 2020  
Newark, New Jersey

**RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE**

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b).



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Michael Eleneski  
Deputy Attorney General  
Attorney ID No. 185332016

Dated:       October 26, 2020  
              Newark, New Jersey

**RULE 4:5-1 CERTIFICATION**

I certify, based on my personal knowledge, that the matter in controversy in this action involving the aforementioned violations of the Securities Law in this complaint, is not the subject of any other action in any other court of this State. I certify, based on my personal knowledge, that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.



Michael Eleneski  
Deputy Attorney General  
Attorney ID No. 185332016

Dated: October 26, 2020  
Newark, New Jersey

**DESIGNATION OF TRIAL COUNSEL**

Pursuant to Rule 4:25-4, Deputy Attorney General Michael Eleneski is hereby designated as trial counsel for Plaintiff in this action.

GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY

By:   
Michael Eleneski  
Deputy Attorney General  
Attorney ID No. 185332016

Dated: October 26, 2020  
Newark, New Jersey

## VERIFICATION

I, Michael Lachapelle, of full age, hereby certify:

I am an Investigator with the New Jersey Bureau of Securities. I have been employed by the Bureau in this capacity since 2003. As an Investigator, I investigate possible violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89 and Bureau regulations promulgated thereunder, N.J.A.C. 13:47A-1.1 to -14.16. I have read the Verified Complaint and certify that, based on my personal knowledge, the allegations contained in the Verified Complaint are true.

I certify that the foregoing statements are true. I am aware that if any statement made herein is wilfully false, I am subject to punishment.



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Michael Lachapelle  
Investigator

Dated: October 26, 2020  
Newark, New Jersey