

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

IN THE MATTER OF:

Jarret Frimer (CRD #5334668),
Shari Frimer (CRD #2503895), and
StratagemEq, Inc.,

Respondents.

**SUMMARY PENALTY AND
CEASE AND DESIST ORDER**

Pursuant to the authority granted to Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89 (“Securities Law”) and certain regulations thereunder, and based upon documents and information obtained during an investigation by the New Jersey Bureau of Securities (the “Bureau”), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Penalty and Cease and Desist Order (“Order”) against Jarret Frimer, Shari Frimer, and StratagemEq, Inc., (collectively, “Respondents”), and makes the following findings of fact and conclusions of law:

INTRODUCTION

Shari Frimer and her son, Jarret Frimer (collectively, the “Frimers”), have financially preyed on two New Jersey seniors for the better part of a decade. The Frimers have used multiple fraudulent tactics to exploit these trusting seniors, including obtaining money from one victim for no investment purpose, promising to set up a trust for a victim’s nephew despite not being an

attorney or otherwise qualified to set up a trust, and then failing to establish that trust, opening a credit card in one victim's name and incurring tens of thousands of dollars of charges without the victim's authorization, and last but not least, selling them fraudulent securities. The financial exploitation initially began when one of the New Jersey seniors, who was in his mid-80s at the time, purchased shares of a now defunct penny stock company where Shari Frimmer was a consultant and was the victim's contact. In 2017, Shari contacted the senior again – this time with her son Jarret Frimer – to solicit him to purchase securities issued by Jarret Frimer's day-trading company, StratagemEq, Inc.

From January 2015 through November 2018, Jarret and Shari Frimer, both of Palm Beach County, Florida, along with StratagemEq, Inc. (“Stratagem”), offered and sold approximately \$800,000 worth of unregistered securities issued by Stratagem to at least ten investors, including \$125,000 of securities to the two New Jersey seniors. The Stratagem securities promised an 18% annual return with a one year term. The Frimers failed to provide the two New Jersey investors with any documentation containing disclosures such as Stratagem's financial condition or the risks associated with investing in Stratagem. The two New Jersey investors only received approximately \$15,000 in sporadic purported interest payments on their \$125,000 investment. No other funds have been repaid despite the repeated requests by the New Jersey investors and hollow promises by the Frimers.

FINDINGS OF FACT

A. Respondents

1. Jarret Frimer (Central Registration Depository (“CRD”) # 5334668) (“J. Frimer”) resided in Florida and was the president of Stratagem at all relevant times. J. Frimer was employed

by a broker-dealer from May 2005 through March 2008, but has never been registered with the Bureau or any other securities regulator in any capacity.

2. Shari Frimer (CRD # 2503895) (“S. Frimer”) is the mother of J. Frimer and resided in Florida at all relevant times. S. Frimer had been registered with several broker-dealers from December 1995 through June 2009. Her last registration with the Bureau was as an agent of Scottsdale Capital Advisors Corp. (CRD #118786) (“Scottsdale”) from October 28, 2008 through January 9, 2009. She left Scottsdale after failing to cooperate and provide information to Scottsdale during a regulatory and internal inquiry. She also defaulted on a \$10,000 promissory note to Scottsdale. During all relevant times, she was not registered with the Bureau in any capacity.

3. Stratagem is a Florida for-profit corporation incorporated on January 31, 2011. Stratagem was operated from J. Frimer’s residences in Miami-Dade and, later, Palm Beach Counties, Florida. J. Frimer was the president and majority shareholder of Stratagem. Stratagem was administratively dissolved by the Florida Department of State, Division of Corporations, on September 27, 2019 for its failure to file the required Florida Profit Corporation Annual Report. Stratagem has never been registered with the Bureau in any capacity.

B. Offer and Sale of the Stratagem Income Notes

4. Beginning in 2015 and continuing into 2018, J. Frimer and S. Frimer, and Stratagem, through the Frimers, offered and sold Stratagem’s fixed term promissory notes with one-year maturity dates and 18% annual interest rates (the “Stratagem Income Notes”) to at least ten investors, two of whom were senior citizens residing in New Jersey.

5. The Stratagem Income Notes are securities as defined in N.J.S.A. 49:3-49(m).

6. J. Frimer signed each of the Stratagem Incomes Notes purchased by the New Jersey investors as president of Stratagem.

7. The Frimers and Stratagem, through J. Frimer, represented to the New Jersey Investors that their funds invested in the Stratagem Income Notes would be deposited with a brokerage firm and used as collateral for J. Frimer to day trade.

8. Respondents failed to provide any documents or any information containing disclosures such as the StratagemEq, Inc.'s financial condition, or the risks associated with investing in it when they offered and sold the Stratagem Income Notes.

9. Instead, on separate phone calls with the New Jersey investors, the Frimers and Stratagem made false statements, including that: (a) the proceeds from the sales of the Stratagem Income Notes were secure investments; (b) that payment of the Stratagem Income Notes was guaranteed; and (c) that the investors' funds "could not be touched."

10. Contrary to the Frimers' oral representations, the day trading strategy pursued by J. Frimer and Stratagem: (a) was not secure but was a high-risk strategy; (b) a return from day trading was not guaranteed; and (c) the investors' funds could be "touched" and lost in the market if there were losses in the day trading account.

11. The Frimers and Stratagem also failed to disclose to the two New Jersey investors that the Stratagem trading account at the time had virtually no assets other than the investments from the New Jersey investors, and that any losses in the volatile day trading activity in the account would and did make it impossible for Stratagem to return these investors' principal, much less pay the promised interest on the Stratagem Income Notes.

New Jersey Investor VC

12. New Jersey investor VC is a 94 year old retiree, residing in Ewing, New Jersey. VC had previously lost money investing in a penny stock company where S. Frimer had been his contact.

13. In 2017, S. Frimer told VC about her son, J. Frimer's, day trading business, Stratagem, and further told VC that J. Frimer was raising money for its operations. The Frimers and Stratagem falsely represented to VC that Stratagem had been in operation for fourteen years. Stratagem was incorporated in 2011, and had thus only been operational for at most about six years at that time. They also told VC that funds invested in Stratagem would be used as collateral for Stratagem's day trading business, would be deposited with a brokerage firm, and "could not be touched."

14. Neither the Frimers, nor Statagem explained to VC the risks associated with investing in Stratagem.

15. On or about August 1, 2017, VC purchased a Stratagem Income Note for \$25,000, which had a one year term and an annual interest rate of 18%.

16. On or about October 1, 2017, VC purchased a second Stratagem Income Note for \$25,000, which also had a one year term and an annual interest rate of 18%.

17. Since 2017, VC has only received approximately \$10,000 in payments on the \$50,000 investment in the Stratagem Income Notes. Payments ceased in January 2019 and J. Frimer has ceased responding to VC's inquiries.

New Jersey Investor MB

18. New Jersey investor MB is a 90 year old retiree, residing in Ewing, New Jersey.

19. In 2017, J. Frimer spoke to MB about investing in Stratagem. As with VC, J. Frimer and Stratagem falsely represented that Stratagem had been in operation for fourteen years.

20. Again, J. Frimer and Stratagem represented to MB that monies invested in Stratagem would be used as collateral for Stratagem's day trading business, would be on deposit with a brokerage firm, and "could not be touched."

21. Neither J. Frimer nor Stratagem explained to MB the risks associated with investing in Stratagem.

22. On or about October 1, 2017, MB purchased two Stratagem Income Notes, one for \$50,000 and another for \$25,000. The October 1, 2017 Stratagem Income Notes purchased by MB had one year terms and annual interest rates of 18%.

23. Since 2017, MB has only received approximately \$5,000 in payments on the \$75,000 worth of Stratagem Income Notes MB purchased. Those payments ceased in January 2019 and J. Frimer has ceased responding to inquiries from MB as well.

CONCLUSIONS OF LAW

J. FRIMER, S. FRIMER, AND STRATAGEM, THROUGH J. FRIMER, MADE UNTRUE STATEMENTS OF MATERIAL FACT AND OMITTED TO STATE MATERIAL FACTS NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE NOT MISLEADING, IN VIOLATION OF N.J.S.A. 49:3-52(b)

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

25. Pursuant to N.J.S.A. 49:3-52(b):

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

....

(b) [t]o 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 . . .

26. J. Frimer, S. Frimer, and Stratagem made materially false and misleading statements to investor VC in connection with the offer and sale of the Stratagem Income Notes

including: 1) that the funds VC used to purchase the Stratagem Income Notes were secure, when in fact they were exposed to the risks of a day trading strategy; 2) that payment of the Stratagem Income Notes was “guaranteed,” when they were not guaranteed; and 3) that VC’s funds in the Stratagem account “could not be touched,” when in fact they were exposed to the market risk of a day trading strategy.

27. J. Frimer and Stratagem made materially false and misleading statements to investor MB in connection with the offer and sale of the Stratagem Income Notes including: 1) that the funds MB used to purchase the Stratagem Income Notes were secure, when in fact they were exposed to the risks of a day trading strategy; 2) that payment of the Stratagem Income Notes was “guaranteed,” when they were not guaranteed; and 3) that MB’s funds in the Stratagem account “could not be touched,” when in fact they were exposed to the market risk of a day trading strategy.

28. J. Frimer, S. Frimer, and Stratagem 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 including: 1) Stratagem lacked the financial wherewithal to make the required monthly interest payments on the Stratagem Income Notes purchased by VC, to return the investor’s principal, and to guarantee these obligations; and 2) day trading involves a high degree of risk and there was a significant risk that the investors’ funds would be lost.

29. J. Frimer and Stratagem 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 including: 1) Stratagem lacked the financial wherewithal to make the required monthly interest payments on the Stratagem Income Notes purchased by MB, to return the investor’s principal, and

to guarantee these obligations; and 2) day trading involves a high degree of risk and there was a significant risk that the investors' funds would be lost.

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

31. Each violation of N.J.S.A. 49:3-52(b) by J. Frimer, S. Frimer, and Stratagem upon each investor is a separate violation and cause for the imposition of civil monetary penalties for each violation pursuant to N.J.S.A. 49:3-70.1 and it is in the public interest to deny certain exemptions to J. Frimer, S. Frimer, and Stratagem.

**J. FRIMER, S. FRIMER, AND STRATAGEM, THROUGH J. FRIMER, ENGAGED IN
AN ACT, PRACTICE AND COURSE OF BUSINESS WHICH OPERATED AS A
FRAUD ON VC AND MB, IN VIOLATION OF
N.J.S.A. 49:3-52(c)**

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

33. 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.

34. J. Frimer, S. Frimer and Stratagem engaged in acts, practices, and/or courses of business which operated or would operate as a fraud or deceit upon elderly investors VC and MB by making materially false and misleading statements in connection with the offer and sale of the Stratagem Income Notes, and/or failing to disclose material information, including: 1) misrepresenting that the purchase of the Stratagem Income Notes was secure, that payment on the

Stratagem Income Notes was guaranteed, and that the investors' funds "could not be touched;" 2) omitting to disclose that day trading involves a significant degree of risk; and 3) omitting to disclose that Stratagem lacked the financial wherewithal to make the required monthly interest payments and to return the principal to New Jersey investors VC and MB on the Stratagem Income Notes.

35. Each violation of N.J.S.A. 49:3-52(c) by J. Frimer, S. Frimer, and Stratagem is a separate violation and is cause for the imposition of civil monetary penalties for each violation pursuant to N.J.S.A. 49:3-70.1 and it is in the public interest to deny certain exemptions to J. Frimer, S. Frimer, and Stratagem.

CONCLUSION

THEREFORE, based upon all of the foregoing, it is on this 5th day of March 2021 hereby **ORDERED** that:

36. Jarret Frimer, Shari Frimer, and StratagemEq, Inc., and any person, employee, officer, director, entity, agent, finder, or independent contractor under their individual or collective direction or control shall immediately **CEASE AND DESIST** from engaging in the conduct stated above, and violating the Securities Law and the rules promulgated thereunder.

37. Jarret Frimer, and StratagemEq, Inc., pursuant to N.J.S.A. 49:3-70.1, are assessed, and jointly and severally liable to pay, civil monetary penalties in the amount of \$110,000, for the violations of the Securities Law described in this Order, which penalties are immediately due and payable.

38. Shari Frimer, pursuant to N.J.S.A. 49:3-70.1, is assessed, and liable to pay, civil monetary penalties in the amount of \$70,000, for the violations of the Securities Law described in this Order, which penalties are immediately due and payable.

39. Payment of civil monetary penalties shall be made by certified check, bank check, or an attorney trust account check, payable to "State of New Jersey, Bureau of Securities," and delivered to the Bureau of Securities, Attn: Bureau Chief, 153 Halsey Street, 6th Floor, Newark, New Jersey 07102. The civil monetary penalties shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

40. All exemptions contained in N.J.S.A. 49:3-50 subsection (b) paragraph 12, are hereby **DENIED** as to Jarret Frimer, Shari Frimer, and StratagemEq, Inc.

41. All exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g) are hereby **DENIED** as to Jarret Frimer, Shari Frimer, and StratagemEq, Inc.



Christopher W. Gerold
Bureau Chief
New Jersey Bureau of Securities

NOTICE OF RIGHT TO HEARING

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

NOTICE OF OTHER ENFORCEMENT REMEDIES

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

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