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SEC Charges Multiple Defendants with Operating Multi-Million Dollar Ponzi Scheme

Litigation Release No. 25436 / July 1, 2022

Securities and Exchange Commission v. Justin R. Kimbrough, Terry Nikopoulos. TKJ Investments Corp., TKJ Holdings Corp., Preeminent Trade Group Inc., The Elyte Group Corp., and Prosperity Consultants, LLC, 4:22-cv-00558 (E.D. Tex. (Sherman Division) filed July 1, 2022)

► [SEC Complaint](#)

The Securities and Exchange Commission today charged Terry Nikopoulos of Aurora, Ontario, Canada and four entities he controlled, TKJ Investments Corp., TKJ Holdings Corp., Preeminent Trade Group Inc., and The Elyte Group Corp., and Justin R. Kimbrough of Plano, Texas and an entity that he controlled, Prosperity Consultants, LLC, with operating a Ponzi scheme that raised at least \$3 million from at least 31 investors.

The SEC's complaint, filed in the U.S. District Court for the Eastern District of Texas, alleges that from June 2020 through at least April 2021, Nikopoulos and Kimbrough told potential investors that investors' funds would finance a real estate wholesale business and the purchase of medical products for resale by a company in India. As alleged, however, rather than using investors' money to finance the two purported businesses, Nikopoulos and Kimbrough retained at least \$1.75 million for themselves and paid approximately \$1.05 million to existing investors as purported "dividend" or "interest" payments in furtherance of the Ponzi scheme.

The complaint charges all of the defendants with violating the antifraud provisions of Sections 17(a)(1) and (3) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rules 10b-5(a) and (c) thereunder. The complaint further charges Nikopoulos, Kimbrough, TKJ Investments, Preeminent Trade Group, and Elyte Group with violating the antifraud provisions of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder; Nikopoulos and Kimbrough with making unregistered offerings of securities in violation of Sections 5(a) and 5(c) of the Securities Act and with violating the antifraud provisions of Section 17(a)(2) of the Securities Act; and Kimbrough with acting as an unregistered broker in violation of Section 15(a)(1) of the Exchange Act. The SEC seeks permanent injunctions against all defendants, disgorgement with prejudgment interest against certain defendants on a joint-and-several basis, and conduct-based injunctions, officer and director bars, and civil penalties against Nikopoulos and Kimbrough.

In a parallel action, the U.S. Attorney's Office for the Eastern District of Texas filed criminal charges against Kimbrough.

The SEC's investigation was conducted by John J. Dempsey and Ryan Farney under the supervision of Carolyn M. Welshhans and Nina B. Finston. The litigation will be handled by John Timmer under the supervision of James Carlson. The SEC acknowledges the assistance of the U.S. Attorney's Office for the Eastern District of Texas.

