

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

In the Matter of	)	
Amogh Karney	)	FINDINGS OF FACT
3913 South 184 <sup>th</sup> Street	)	
Omaha, Nebraska	)	CONCLUSIONS OF LAW
CRD #6649401; and	)	
	)	AND
His Affiliates, Control Persons, Officers,	)	
Directors, Agents, Employees, and	)	ORDER TO CEASE AND DESIST
Successors.	)	
RESPONDENTS.	)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2012; Cum. Supp. 2018, Supp. 2019) (“Act”). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 2012), the Department has investigated the acts of Amogh Karney, 3913 South 184<sup>th</sup> Street, Omaha, Nebraska, CRD #6649401 (“Karney”) and his affiliates, control persons, officers, directors, agents, and employees. As a result of such investigation, the Department hereby finds as follows:

**FINDINGS OF FACT**

1. Karney is a resident of Omaha, Nebraska, who was formerly employed by Northwestern Mutual Investment Services, LLC (“Northwestern”), a broker-dealer registered pursuant to the Act. Karney was never registered with the Department as an agent of a broker-dealer but was licensed by the Nebraska Department of Insurance as an insurance producer for Northwestern’s affiliated insurance company. Karney worked at a Northwestern branch office in Omaha, Nebraska.

2. References to investors with, and acquaintances of, Karney will be by way of initials in order to protect the privacy of such individuals. Karney is aware or should be aware of the identity of such individuals. The Department will supply a list of investors and acquaintances referenced in this Order to Karney simultaneously with service of this Order.

3. CJ was introduced to Karney in 2017 through a mutual acquaintance. CJ and Karney initially discussed insurance products; however, Karney also represented to CJ that he was an investment advisor. From 2017 to 2019, Karney offered several investment opportunities to CJ.

4. In April 2019, Karney offered CJ an investment opportunity in an entity called ARK Capital, LLC (“ARK”). Karney represented to CJ that ARK was Karney’s investment fund. Karney told CJ that ARK had been operating for two years and that all of the investors had received their initial investments back plus profits. Karney told CJ that ARK closed each year for tax purposes and for the distribution of profits to the investors. CJ understood that Karney was responsible for managing ARK, and that CJ would be a passive investor in the company. CJ never engaged in the management of ARK,

5. On April 21, 2019, Karney provided CJ with a copy of the Limited Liability Company Certificate of Organization (“Certificate of Organization”) for ARK, which CJ understood would be filed after all the investors had signed it. The Certificate of Organization listed three individuals as members: Karney, JF, and BW. The office address listed on the form was the same address as the Northwestern branch office where Karney was employed. The Certificate of Organization indicated that BW was investing \$150,000.00; JF was investing \$150,000.00; and Karney was investing \$300,000.00.

6. The Certificate of Organization for ARK was never filed with the Nebraska Secretary of State. No documents regarding ARK were ever filed with the Nebraska Secretary of State. ARK does not exist as a Nebraska entity.

7. BW is the chief executive officer and owner of an Omaha-based company. Karney stressed to CJ that BW was extremely successful, but that BW wanted to make even better returns on his money, which is why he invested with Karney. Karney stated that BW was investing in ARK for the third year.

8. Karney's representations concerning BW's involvement in ARK were untrue. BW had no association with Karney or ARK and had never invested in ARK or any entity associated with Karney. BW and Karney were acquaintances who had met when Karney and the son of BW's neighbor had visited BW's residence to look at BW's car.

9. CJ was influenced to invest in ARK by the purported investment of other investors and by the representation that the investors' prior investments plus profits had been repaid.

10. On April 23, 2019, CJ emailed Karney and asked whether he could "buy in" for \$75,000.00. On April 24, 2019, Karney responded to CJ confirming that CJ could invest \$75,000.00. Karney also provided wire instructions to CJ. The wire instructions were for Karney's personal account at Bank of the West.

11. On April 29, 2019, CJ, following the instructions in Karney's email, wired \$75,000.00 to Karney for the purpose of investing in ARK.

## **CONCLUSIONS OF LAW**

1. The ARK limited liability company membership interests constitute securities, as defined by Neb. Rev. Stat. § 8-1101(15) (Supp. 2019).

2. Neb. Rev. Stat. § 8-1102(1)(b) (Cum. Supp. 2018) provides in part, that it shall be unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, 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.

3. The facts contained in Findings of Fact Nos. 3 to 11 above, constitute Karney making untrue statements of material facts in connection with the offer and sale of the securities in ARK.

4. Neb. Rev. Stat. § 8-1108.01(2) (Cum. Supp. 2018) provides that whenever it appears to the Director that any person is violating Section 8-1102, the Director may order such persons to cease and desist from such violations.

5. The issuance of an Order to Cease and Desist is necessary in this matter and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

### **ORDER**

IT IS THEREFORE ORDERED that Amogh Karney and his affiliates, control persons, officers, directors, agents, employees, and successors, and any person or entity directly or indirectly controlled or organized by or on their behalf, are ordered to immediately cease and desist from making any untrue statement of a material fact, from omitting 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, and from any other conduct which violates Neb. Rev. Stat. § 8-1102.

RESPONDENTS may file a written request for a hearing with the Department at any time prior to 5:00 p.m. CDT on March 19, 2020. If such a request is received, a hearing shall be held within thirty business days after receipt, unless the parties agree to a later date or a hearing officer sets a later date for good cause shown. The party or parties requesting the hearing shall bear the cost of such hearing. If no hearing is requested and none is ordered by the Director, this Order shall become a final order on March 20, 2020, and shall remain in effect until modified or vacated by the Director.

DATED this 26 day of February, 2020.



**STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE**

BY:   
Mark Quandahl, Director

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