

# SEC Accuses Planner of Stealing \$1 Million From Clients

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FINANCIAL PLANNING

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A former Massachusetts certified financial planner and his colleague spent \$1 million of their clients' funds on personal expenses, including fast food, legal fees and ATM withdrawals at casinos, the SEC alleges.

A judge has frozen the assets of former CFP Gregg Caplitz and his chief investment officer, Rosalind Herman, as well as three of her family members for a "scheme" that ran between 2009 and last year, according to the [SEC complaint](#).

Caplitz's firm, Insight Onsite Strategic Management, is also named as a codefendant in the complaint.

## FAKE HEDGE FUND?

"Caplitz and his firm conjured up a hedge fund to lure longtime clients into investing substantial amounts of money that became nothing more than a slush fund to pay bills for others," Julie Riewe, deputy chief of the SEC Enforcement Division's Asset Management Unit, said in a statement.

The complaint says Caplitz persuaded some clients to use money from their retirement accounts to invest in a "purported" hedge fund run by his firm, the Insight Onsite Fund -- which existed mainly to funnel money to his firm's CIO, Herman, and three of her family members. The complaint describes Herman as Caplitz's longtime friend and business associate.

U.S. District Judge Mark L. Wolf on March 17 granted the SEC's request for an emergency court order to [freeze the assets](#) of Caplitz and his firm, the SEC says. Herman and her two sons and daughter-in-law were named as "relief defendants" As such, they have not been charged with any crimes, but the SEC is seeking disgorgement of their "ill-gotten gains," according to an SEC spokesman. The complaint was filed in federal court in Boston.

The agency accuses all four Hermans of spending the money at fast-food restaurants, gas stations and grocery, liquor and home goods stores, among other establishments.

A CFP for more than 20 years, Caplitz dropped the certification in 2009. Reached by phone, Caplitz referred calls to his Boston attorney, Paul Andrews; Andrews said he had just been retained and could not comment on the case.

A call to a former attorney of Herman's, Wayne Murphy in Boston, also was not returned, and neither Herman nor her three family members cited in the complaint could be reached for comment.

Both Caplitz and Herman have been sued numerous times on other charges. They were both sued by the U.S. government in federal court in Boston last year for attempting to avoid taxes on \$2.7 million in commission income from insurance product sales.

## **PROMISE OF STABLE RETURNS**

The hedge fund scheme harmed at least 12 clients, the complaint says. Caplitz convinced one client to write a check by telling him that investing \$275,000 in the fund would produce monthly returns of \$1,000, according to the complaint -- and of the first \$100,00 that the client wired to an account owned by Herman's family members, \$68,000 was spent within a month.

A portion of a later wire from the same client was used to pay attorneys representing Caplitz and Herman in an unrelated case, the SEC alleges.

When another client complained that he had not received his monthly income check, Caplitz promised that \$10,000 would arrive soon, the complaint says -- but instead, the client received a check for \$3,600, with the following written in the check's message field: "Thank you Enjoy the Gift."

Other clients' signatures appear to have been forged authorizing transfers of funds out of their accounts after Caplitz failed to persuade them to invest in the hedge fund, according to the complaint.

As part of his alleged scheme, Caplitz also obtained funds from a real estate investment trust by claiming that his hedge fund was interested in making an investment in that trust. The non-traded REIT then gave \$135,000 to Caplitz so he could conduct due diligence on it as a precursor to making a \$5 million investment. That investment never materialized, the complaint says.

The commission is requesting a jury trial and for restitution for Caplitz's and Herman's victims.