

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
STATESVILLE DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

BILTMORE FINANCIAL GROUP, INC.,
JOSHUA VANCE HUFFMAN, JR. a/k/a J. V.
HUFFMAN, JR.,

Defendants,
GILDA BOLICK HUFFMAN,

Relief Defendant

FILED
CHARLOTTE, NC
NOV 12 2008
U.S. DISTRICT COURT
WESTERN DISTRICT OF NC

Civil Action No.

5:08cv0136

COMPLAINT FOR INJUNCTIVE RELIEF

It appears to Plaintiff, Securities and Exchange Commission ("Commission"),
and it alleges, that:

OVERVIEW

1. This matter involves an unregistered offering of securities and
fraudulent conduct by Joshua Vance Huffman, Jr., a/k/a J.V. Huffman, Jr.

("Huffman") and Biltmore Financial Group, Inc. ("Biltmore"), a North Carolina corporation controlled by Huffman, and unjust enrichment received by Gilda Bolick Huffman ("G. Huffman"), his wife.

2. Huffman has been operating a Ponzi scheme since 1991 and has raised approximately \$25 million from hundreds of investors. Initially, Huffman offered investments in a program that vaguely purported to operate as a mutual fund. After September 11, 2001, in order to assure investors that their investments would not be affected by the volatility of the stock market, Huffman changed his claims to investors, and represented that Biltmore pooled investors' funds to purchase and sell mortgages for a profit. Biltmore's offering materials to prospective investors offered a variable, high return, larger than 13% in recent years, and claimed to investors that the investment was protected against loss. Huffman has continually represented to investors that their investments were making money,

3. Contrary to his representations, Huffman and Biltmore did not invest the funds as represented. Instead, Huffman spent investor funds to subsidize his lavish lifestyle. Returns to investors were paid from money invested by new

investors. The purported insurance protecting the investments did not exist and much of the principal has been dissipated or used to purchase real estate for Huffman and/or his wife, expensive automobiles or other luxuries.

VIOLATIONS

6. Defendants have engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

7. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)], to enjoin the defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties and for other equitable relief.

