

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 10687 / September 17, 2019

SECURITIES EXCHANGE ACT OF 1934

Release No. 86983 / September 17, 2019

INVESTMENT ADVISERS ACT OF 1940

Release No. 5351 / September 17, 2019

INVESTMENT COMPANY ACT OF 1940

Release No. 33627 / September 17, 2019

ADMINISTRATIVE PROCEEDING

File No. 3-19463

In the Matter of

**TYLER T. TYSDAL, GRANT M.
CARTER, IMPACT
OPPORTUNITIES FUND
MANAGEMENT, LLC,
TITLECARD CAPITAL GROUP,
LLC, and TITLECARD CAPITAL
MANAGEMENT, LLC,**

Respondents.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS, PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933, SECTION 21C OF THE
SECURITIES EXCHANGE ACT OF 1934,
AND SECTIONS 203(e), 203(f), AND 203(k)
OF THE INVESTMENT ADVISERS ACT
OF 1940, AND SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”), against Tyler T. Tysdal (“Tysdal”), Grant M. Carter (“Carter”), Impact Opportunities Fund Management, LLC (“IOFM”), TitleCard Capital Group,

LLC (“TCCG”), and TitleCard Capital Management, LLC (“TCCM”) (collectively “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offers, the Commission finds¹ that:

SUMMARY

1. This matter arises from fraudulent conduct by Tysdal, multiple entities he controlled that acted as investment advisers, and Carter, the president of Cobalt Sports Capital, LLC (“Cobalt”), a private company formed and controlled by Tysdal and Carter.

2. First, from January 2014 through October 2016, Tysdal and Carter raised approximately \$25 million from debt investors in Cobalt for the stated purpose of making loans to professional athletes, sports agencies, and related entities. Instead of using the money solely for the stated purpose, Tysdal and Carter also used debt proceeds to make higher-risk loans to certain cash-strapped startup portfolio companies of a private fund, Impact Opportunities Fund, L.P. (“IOF”), which Tysdal managed, and concealed those loans from debt investors in Cobalt. Ultimately, each of the portfolio companies failed, resulting in significant losses to debt investors in Cobalt.

3. Second, from 2013 through 2015, Tysdal and an entity he controlled that acted as an investment adviser, IOFM, defrauded IOF and its investors by charging undisclosed monitoring fees to IOF’s portfolio companies, and by placing IOF’s assets at risk by subordinating its debt investments in the portfolio companies to certain of the undisclosed loans made by Cobalt.

¹ The findings herein are made pursuant to Respondents’ Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

4. Third, at the end of 2015, Tysdal orchestrated a transaction between IOF and another private fund that he formed, TitleCard Capital 1Fund, L.P. (“1Fund”), whereby 1Fund purchased IOF’s equity interest in Cobalt. However, in consummating that transaction, Tysdal and two entities he controlled that acted as investment advisers, TCCM and TCCG, defrauded 1Fund and its investors by breaching the concentration limits of the 1Fund limited partnership agreement without obtaining the investors’ consent. Tysdal and TCCG further defrauded 1Fund and its investors by misstating the value of 1Fund’s interest in Cobalt in 1Fund’s quarterly reports to investors, effectively concealing the concentration limit breaches.

RESPONDENTS

5. **Tysdal**, age 49, is a resident of Lone Tree, Colorado. Between at least 2011 and 2016, Tysdal, individually and/or through his limited liability company was: (1) IOFM’s sole managing member and one of its investment committee members; (2) the sole managing member of TCCG and a member of its investment and valuation committees; (3) a manager and investment committee member of Cobalt; (4) and a manager and investment committee member of Cobalt’s two wholly-owned subsidiaries, Cobalt Corporate Credit, LLC (“CCC”) and Cobalt Sports Capital II, LLC (“Cobalt II”). Through his control and management of IOFM, TCCG, and TCCM from which he received compensation to provide advice concerning certain securities investments by IOF, and 1Fund, respectively, Tysdal acted as an investment adviser under the Advisers Act.

6. **Carter**, age 48, is a resident of Johns Creek, Georgia. Between 2011 and 2016, Carter was the president of Cobalt and was also on the boards of managers and investment committees of Cobalt, CCC, and Cobalt II. Through his solely-owned limited liability company, Carter was also an equity member of Cobalt.

7. **IOFM** is a Colorado limited liability company with its principal place of business in Greenwood Village, Colorado. Between 2011 and at least 2015, IOFM was the general partner of and managed IOF, a private fund formed by Tysdal in 2011. IOFM received compensation from IOF for, among other services, managing the securities investments in the fund, and acted as an investment adviser under the Advisers Act.

8. **TCCG**, a Delaware limited liability company with its principal place of business in Greenwood Village, Colorado, is registered with the Commission as an exempt reporting investment adviser. TCCG is the investment adviser of 1Fund, a private fund formed by Tysdal in 2015. TCCG received compensation from 1Fund for, among other services, managing the securities investments in the fund, and acted as an investment adviser under the Advisers Act.

9. **TCCM**, a Delaware limited liability company with its principal place of business in Greenwood Village, Colorado, is the general partner of 1Fund. TCCM’s only member and manager is TCCG. Pursuant to the 1Fund limited partnership agreement (“LPA”), TCCM delegated its authority to manage 1Fund to TCCG. TCCM (through TCCG) received compensation from 1Fund for, among other services, managing the securities investments in the fund, and acted as an investment adviser under the Advisers Act.

OTHER RELEVANT ENTITIES

10. **IOF**, a Delaware limited partnership, is a private fund formed by Tysdal in 2011. Between 2011 and 2012, IOF raised approximately \$30 million from 32 investors and invested that capital in several startup portfolio companies. IOF is a pooled investment vehicle as defined by Rule 206(4)-8(b) under the Advisers Act.

11. **1Fund**, a Delaware limited partnership, is a private fund formed by Tysdal in 2015. Between 2015 and 2016, 1Fund raised approximately \$16 million from 34 investors and invested that capital in various private companies. 1Fund is a pooled investment vehicle as defined by Rule 206(4)-8(b) under the Advisers Act.

12. **Cobalt** is a Colorado limited liability company formed by Tysdal and Carter in 2011 to make loans to athletes, sports agencies, and related entities. Through Tysdal and Carter, Cobalt formed CCC and Cobalt II as wholly-owned subsidiaries in January 2014 and February 2016, respectively. Since October 2016, Cobalt and its subsidiaries have been in receivership.

BACKGROUND

Tysdal's Formation and Management of IOF

13. In 2011, Tysdal formed IOF, a fund that invested in the debt and equity of various private companies. Tysdal also formed IOFM, the general partner of IOF, that managed the fund's investments in exchange for a 2% annual fee on all capital contributions. Tysdal was the sole managing member of IOFM. By the end of 2012, IOF raised approximately \$30 million and invested that capital in the debt and equity of several startup companies, including an equity investment in Cobalt. In most instances, IOFM exercised substantial control over the portfolio companies' operations through the appointment of Tysdal or an entity that he controlled as their manager and/or a board member.

Tysdal and Carter's Formation and Control of Cobalt

14. In December 2011, Tysdal and Carter formed Cobalt to provide short-term loans to athletes, sports agencies, and related entities that typically paid Cobalt an annual interest rate of 18% and a one-time origination fee of 3%. Cobalt financed its lending operations through the issuance of debt in the form of promissory notes to investors that paid an annual return of 10%.

15. Tysdal caused IOF to purchase a majority equity interest of Cobalt. Carter, through an entity he controlled, owned a minority membership interest of Cobalt. Tysdal and Carter managed Cobalt and were participants on Cobalt's investment committee, which reviewed and approved all of Cobalt's loans.

Tysdal and Carter Form CCC, a Wholly-Owned Subsidiary of Cobalt, to Make Undisclosed Loans to IOF's Startup Portfolio Companies

16. By the end of 2013, many of IOF's startup portfolio companies were struggling to maintain sufficient cash flow to continue their operations. As a result, Tysdal and Carter used funds raised from Cobalt debt investors to make loans to those portfolio companies (the "Portfolio Companies"). Tysdal and Carter did not convey this change in operations to Cobalt's debt investors. To facilitate the loans from Cobalt to the Portfolio Companies, in January 2014, Tysdal and Carter formed CCC, a wholly-owned subsidiary of Cobalt. CCC then made loans to the Portfolio Companies using Cobalt's debt proceeds as its primary source of capital. Tysdal and Carter participated on CCC's investment committee, which reviewed and approved all of CCC's loans.

17. Through the end of 2014, Cobalt, through CCC, lent approximately \$7.8 million to the Portfolio Companies. However, unlike Cobalt's loans to athletes, sports agencies, and related entities that typically bore interest annual rates of 18% and one-time origination fees of 3%, the CCC loans bore lower interest rates of 12% or 14% and a 2% origination fee.

18. Every time that CCC lent money to one of the Portfolio Companies, Tysdal, on behalf of IOF and in his capacity as the manager of IOFM, agreed to subordinate any pre-existing debt investment that IOF had made in the companies. Tysdal executed all of the relevant subordination agreements, which continued through the end of 2015.

19. During the first half of 2015, CCC lent an additional \$3.4 million to the Portfolio Companies. Further, in the second quarter of 2015, IOF wrote off the entirety of its then \$8.8 million debt investment in one of the Portfolio Companies due to the company's failing operations. Even so, Cobalt lent, through CCC, approximately \$1.6 million to that Portfolio Company during the second half of 2015.

Tysdal Orchestrates IOF's Sale of Cobalt to 1Fund

20. By mid-2015, many of the IOF limited partners ("LPs") were dissatisfied with the performance of IOF, and therefore sought an exit strategy from the fund. Accordingly, Tysdal and the IOF LPs agreed to a transaction whereby IOF would sell many of the Portfolio Companies and Cobalt to 1Fund, resulting in a distribution to the IOF LPs of approximately 62 cents on each dollar of their original IOF investments. Tysdal, acting on behalf of TCCG and thus TCCM, also obtained consents from the 1Fund LPs for the related-party transactions.

21. IOF's sale of Cobalt to 1Fund occurred on December 31, 2015 (the "December 2015 Exchange"). Because 1Fund lacked sufficient capital to fully pay for Cobalt, 1Fund issued a \$14.6 million note to IOF that matured on July 15, 2016 (the "Note"). Pursuant to a collateral pledge agreement between 1Fund and IOF, 1Fund also pledged, as collateral for the Note, its equity interest in Cobalt and agreed, in the event of a default on the Note, to the appointment of a receiver over Cobalt.

22. In addition, Tysdal, on behalf of IOFM, issued “Loan Forgiveness” letters to three of the Portfolio Companies in which IOF cancelled their debt obligations because IOF made the determination that they were “incapable of satisfying any or all of [their debt] obligations.” As a result, IOF forgave approximately \$1.9 million in loans to those Portfolio Companies. Even so, in 2016, Cobalt, through CCC, lent an additional \$2 million to two of those three Portfolio Companies.

23. In July 2016, after 1Fund had paid only approximately \$1.9 million, it defaulted on the remainder of the Note. Claiming that Tysdal failed to take any action on behalf of IOF to collect on the Note, the IOF LPs filed a state court action against him, IOFM, Cobalt, and 1Fund for damages. Pursuant to the pledge agreement, the court appointed a receiver (“Receiver”) to manage Cobalt and its subsidiaries.

24. Without disclosure to the Cobalt debt investors, Cobalt, through CCC, lent over \$15 million to the Portfolio Companies for the years 2014, 2015, and 2016. The Receiver has determined that all of the outstanding loans that Cobalt, through CCC, made to the Portfolio Companies are uncollectible and that Cobalt is insolvent.

**TYSDAL AND CARTER ENGAGED IN A SCHEME
TO DEFRAUD COBALT’S DEBT INVESTORS**

Tysdal and Carter Concealed the Existence of CCC and the Use of Cobalt Debt Proceeds to Fund Loans to the Portfolio Companies

25. Between January 2014 and October 2016, Tysdal and Carter presented Cobalt as a company that primarily made loans to athletes, while actively concealing from Cobalt’s debt investors the existence of CCC and the fact that Tysdal and Carter were using Cobalt’s debt proceeds to fund CCC’s loans to the struggling Portfolio Companies.

26. Tysdal and Carter made and disseminated multiple material misstatements to Cobalt’s debt investors and prospective investors through emails, in person meetings, and documents that they drafted and approved, including several versions of a Cobalt PowerPoint deck (the “decks”) and quarterly reports issued to the Cobalt debt investors. For example, when describing Cobalt’s operations and loans, Tysdal and Carter, in communications and meetings with investors, and in Cobalt’s decks and quarterly reports, concealed from investors the existence of CCC, and intentionally misled investors by making it appear that Cobalt lent investor funds primarily to athletes, sports agencies, and related entities, even as Cobalt’s loans, through CCC, to the Portfolio Companies would end up constituting more than half of the funds raised from Cobalt debt investors.

27. It would have been important to a reasonable investor that Cobalt, through CCC, was using investor funds to make loans to the Portfolio Companies. Among other things, investors agreed to invest in Cobalt based on representations from Tysdal and Carter that Cobalt made loans primarily to athletes with guaranteed contracts from professional sports teams, which significantly lowered the risk of default. On the other hand, and unknown to the debt investors, Cobalt’s loans

to the Portfolio Companies carried significant risk of default as they were startup companies that Tysdal and Carter knew were struggling to continue their operations.

28. Furthermore, when describing Cobalt's operations, Tysdal and Carter concealed from its debt investors that Cobalt would use some of the debt proceeds to pay the principal or interest payments due to other Cobalt debt investors.

29. Additionally, Cobalt's decks falsely represented the rates at which Cobalt lent its debt proceeds. For example, in 2015, Cobalt, through CCC, charged many of the Portfolio Companies a 10% annual rate on their loans (the same annual return due to Cobalt debt investors), while Cobalt's decks only disclosed that Cobalt's loans "yield 12.0% - 18.0% annual interest rates."

Tysdal and Carter Concealed Cobalt's Loans (through CCC) to the Portfolio Companies from an Independent Auditor Engaged to Review Cobalt's Loan Portfolio

30. In 2016, Cobalt, through CCC, continued to make loans to the struggling Portfolio Companies. In early 2016, an entity representing a significant number of debt investors in Cobalt engaged an independent auditor to conduct a limited business review of Cobalt's loan portfolio to confirm, among other things, that Cobalt was using the investors' funds as represented. Tysdal and Carter agreed to that review, and participated in responding to the auditor's requests for information.

31. Among other things, the auditor requested detail from Cobalt of all loans outstanding as of December 31, 2015. In response, Tysdal and Carter provided the auditor only with a listing of loans from Cobalt's *sports and entertainment-related* loan portfolio, while concealing information related to Cobalt's loans, through CCC, to the Portfolio Companies, which by that time constituted over 50% of Cobalt's total use of debt proceeds.

32. When the entity representing the debt investors questioned whether Cobalt had provided the full list of outstanding loans, Carter misled the entity into believing that Cobalt had provided the full list of all current outstanding loans that were made using Cobalt's debt proceeds.

Tysdal and Carter Concealed Their Creation of Cobalt II and Its Material Impact on Cobalt's Lending Operations

33. In February 2016, Tysdal and Carter formed Cobalt II, another wholly-owned subsidiary of Cobalt, to make all future loans to athletes, sports agencies, and related entities, while Cobalt stopped making such loans. Cobalt II issued its own senior debt to make such loans.

34. However, after Cobalt II's formation, Tysdal and Carter continued to raise money through Cobalt's debt offerings and used Cobalt's 2016 first and second quarter reports to Cobalt debt investors and Cobalt's 2016 deck to solicit debt investors, which continued to represent that Cobalt "is a specialty finance company that provides lending solutions primarily to professional athletes" and that "Cobalt provides short term liquidity to professional athletes."

35. These representations to the Cobalt debt investors were false. In fact, Cobalt had stopped using its debt proceeds to make loans to athletes, sports agencies, and related entities. Instead, Tysdal and Carter were using Cobalt's debt proceeds to make additional loans to the Portfolio Companies and to pay the principal or interest due to other Cobalt debt investors.

CARTER DEFRAUDED COBALT II'S DEBT INVESTORS

36. In 2016, Carter defrauded debt investors in Cobalt II, which offered its own debt to finance its operations, by falsely representing to the investors that Cobalt II intended to use the investors' funds to make loans to athletes.

37. Despite his representations, Carter caused some of the debt investor proceeds in Cobalt II to cover a variety of Cobalt's general business expenses that were unrelated to loans to athletes.

TYSDAL AND IOFM DEFRAUDED IOF AND ITS INVESTORS

38. Tysdal and IOFM defrauded IOF and its LPs in two respects. First, IOFM charged and collected monitoring fees (a portion of which Tysdal received) from the IOF portfolio companies without disclosing to IOF or the LPs that these fees were being charged. Because IOFM's receipt of additional compensation directly from the Portfolio Companies reduced the companies' assets and thereby impacted the value of IOF's investments, these monitoring fees created a conflict of interest for Tysdal and IOFM. The IOF LPA did not authorize or disclose these fees or disclose the conflict that they presented, and IOFM failed to obtain prior informed consent from the fund's LPs to charge these fees.

39. Second, Tysdal and IOFM jeopardized IOF's assets when IOFM, without disclosure and without obtaining the LPs' prior informed consent, subordinated IOF's debt investments in the Portfolio Companies to the loans made by Cobalt through CCC. Subsequently, as part of the December 2015 Exchange, IOF forgave a total debt investment of approximately \$1.9 million in the Portfolio Companies because such debt was junior to CCC's loans. During that period, Tysdal received a portion of the fees that IOFM collected for managing IOF.

TYSDAL, TCCM, AND TCCG DEFRAUDED 1FUND AND ITS INVESTORS

Tysdal, TCCM, and TCCG Defrauded 1Fund and Its Investors in Consummating the December 2015 Exchange

40. As part of the December 2015 Exchange, 1Fund was required to obtain approval from its LPs, who, as of the date of the Exchange, had invested a total of approximately \$12.6 million in capital. While TCCM, as controlled by TCCG and Tysdal, obtained counter-signed

consents from the existing LPs, those consents failed to inform the LPs that 1Fund's investment in Cobalt exceeded the fund's total capital contributions and that 1Fund would be required to issue the 6-month Note to purchase Cobalt. This resulted in a violation of a concentration limit of the 1Fund LPA, which stated: "[w]ithout the approval of the Majority of Interest of the Limited Partners, the General Partner (TCCM) shall not...incur indebtedness on behalf of the Partnership...in aggregate amount exceeding...twenty percent (20%) of the Partnership's Committed Capital...Financings undertaken pursuant to this Section... may only be outstanding for up to 90 days and will not be used to invest directly in portfolio companies of the Fund."

41. TCCM breached another concentration limit of the 1Fund LPA, which stated, "at no time" should 1Fund make an investment in a portfolio company if that investment exceeded the aggregate capital commitments. 1Fund's purchase of Cobalt for approximately \$16.7 million exceeded 1Fund's aggregate capital commitments of approximately \$12.6 million. As a result of the concentration limit breaches described above, TCCM, TCCG, and Tysdal defrauded 1Fund and its LPs.

Tysdal and TCCG Defrauded 1Fund and Its Investors by Falsely Valuing and Reporting 1Fund's Investment in Cobalt

42. Pursuant to the 1Fund LPA, TCCG was responsible for valuing all fund investments that did not have a public market at the investments' "fair market value."² Tysdal was a member of TCCG's valuation committee, which was responsible for determining periodic fair valuations of 1Fund's portfolio company investments. According to TCCG's valuation policy and as stated in 1Fund's quarterly reports to its LPs, "[d]uring the 12 months after [1Fund] makes an initial investment in a portfolio company, the best representation of fair market value is the cost basis in those securities."

43. In 1Fund's quarterly report for the period ended December 31, 2015, TCCG represented that the fund's equity investment and ownership interest in Cobalt was \$2,095,000 and 9.5%, respectively. TCCG included the same valuation in the fund's January 21, 2016 private placement memorandum ("PPM") supplement, which Tysdal emailed to prospective investors. However, the representations regarding the size of the Cobalt investment and its valuation were materially false and contravened the 1Fund LPA and TCCG's valuation policy since 1Fund invested approximately \$16.7 million to acquire a 75.86% equity interest in Cobalt. In 1Fund's next quarterly report for the period ended March 31, 2016, TCCG valued the fund's investment in Cobalt at \$3,362,000 for a 14.1% stake in the company. Those representations regarding the size of the Cobalt investment and its valuation were also materially false and contravened the 1Fund LPA and TCCG's valuation policy since 1Fund still owned a majority interest in Cobalt by the end of the first quarter with a valuation of at least \$16.7 million. Tysdal helped prepare the quarterly reports and PPM supplement, and approved their content and dissemination to investors, including the materially false valuations noted above and the

² The 1Fund LPA placed the responsibility upon the fund's general partner – TCCM – to value the fund's investments. TCCM delegated its managerial responsibilities under the LPA to TCCG, TCCM's only managing member.

misrepresentations regarding the size of the investment, which concealed the breach of the fund's concentration limits described above.

VIOLATIONS

44. As a result of the conduct described above, IOFM, TCCG, and TCCM willfully violated Sections 206(1) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder. Section 206(1) makes it unlawful for investment advisers to employ any device, scheme, or artifice to defraud any client or prospective client. Section 206(4) makes it unlawful for investment advisers to engage in any act, practice or course of business which is fraudulent, deceptive, or manipulative. Rule 206(4)-8 states that it shall constitute a fraudulent, deceptive, or manipulative act, practice, or course of business within the meaning of Section 206(4) for any investment adviser to: (1) make any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or (2) otherwise engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.

45. As a result of the conduct described above, Tysdal willfully violated Sections 17(a)(1) and 17(a)(3) of the Securities Act, Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) thereunder, and Sections 206(1) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder. Sections 17(a)(1) and 17(a)(3) of the Securities Act makes it unlawful for any person in the offer or sale of any securities to employ any device, scheme, or artifice to defraud or to engage in any transaction, practice, or course of business that operates or would operate as a fraud or deceit upon the purchaser. Section 10(b) of the Exchange Act makes it unlawful for any person to employ, in connection with the purchase or sale of any security, any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe. Rules 10b-5(a) and 10b-5(c) under the Exchange Act make it unlawful for any person to employ any device, scheme, or artifice to defraud and to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

46. As a result of the conduct described above, Carter violated Sections 17(a)(1) and 17(a)(3) of the Securities Act and Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in the Respondents' Offers.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(e), 203(f), and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondents IOFM, TCCG, and TCCM cease and desist from committing or causing any violations and any future violations of Sections 206(1) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

B. Respondent Tysdal cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

C. Respondent Carter cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

D. Respondent Tysdal be, and hereby is:

- (1) barred from association with an investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and
- (2) prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter;

with the right to apply for reentry after three (3) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

Any reapplication for association by Respondent Tysdal will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Tysdal, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

E. Respondents IOFM, TCCG, and TCCM are censured.

F. Respondent Tysdal shall pay, within 360 days of the entry of this Order, disgorgement of \$747,762 and prejudgment interest of \$95,337 to the special master (“Special Master”) appointed in *Impact Opportunities Fund, LP, et al. v. TitleCard Capital IFund, LP, et al.*, Case No. 2016CV33926 (Denver Dist. Ct.) for a pro rata distribution to the IOF LPs that existed before the December 2015 Exchange. Interest shall accrue on the disgorgement and prejudgment interest pursuant to SEC Rule of Practice 600 from the Order date until the

disgorgement, prejudgment interest, and post-order interest are paid in full. All payments shall be applied to the principle balance until the final payment, at which time Respondent will contact the Commission staff to determine the amount of the final payment, and all post-order interest will be paid at that time to the Commission for turnover to the U.S. Treasury. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment to the Special Master must be made in one of the following ways:

1. Respondent may transmit payment electronically to the Special Master's Account; detailed ACH transfer/Fedwire instructions upon request; or
2. Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to a bank account established by the Special Master and hand-delivered or mailed to:

Rocky Mountain Children's Law Center
Attn: Randall J. Fons, Esq.
1325 S. Colorado Blvd., Suite 701
Denver, CO 80122

If, after discharge of the Special Master, payment in full has not been made, Respondent Tysdal shall send payment to the Commission. In addition, payments of post-order interest must be made to the Commission for turnover to the U.S. Treasury. Payments to the Commission may be made in one of the following ways:

1. Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
2. Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
3. Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Tyler T. Tysdal as a Respondent in these proceedings and identifying the file number of these proceedings. A copy of the cover letter and check or money order must be sent to: Ian S. Karpel, Esq., Assistant Regional Director, U.S. Securities and Exchange Commission, Byron G. Rogers Federal Building, 1961 Stout Street, Suite 1700, Denver, CO 80294.

G. Respondents Tysdal and Carter shall pay civil money penalties in the amounts of \$320,000 and \$160,000, respectively, to the Receiver in *Randel Lewis v. Tyler Tysdal, et al.*, Case No. 2018CV30684 (Denver Dist. Ct.) for distribution to the harmed Cobalt and Cobalt II senior debt investors pursuant to the distribution plan approved by the court in that matter. Payment by Tysdal shall be made in the following installments: \$100,000 within 10 days of the entry of this Order and the remaining \$220,000 within 360 days of the entry of this Order. Payment by Carter shall be made in the following installments: \$10,000 within 10 days of the entry of this Order and the remaining \$150,000 within 360 days of the entry of this Order. Interest shall accrue on the civil penalties pursuant to 31 U.S.C. § 3717 thirty days from the Order date until they the penalty amounts and post-order interest are paid in full. All payments shall be applied to the principle balance until the final payment, at which time Respondents will contact the Commission staff to determine the amount of the final payment, and all post-order interest will be paid at that time to the Commission for turnover to the U.S. Treasury. If Respondents fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment to the Receiver must be made in one of the following ways:

1. Respondents may transmit payment electronically to the Receiver's Account; detailed ACH transfer/Fedwire instructions upon request; or
2. Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to Cobalt Sports Capital, LLC and hand-delivered or mailed to:

Cobalt Sports Capital, LLC
Attn: Stephanie Drew
RubinBrown LLP
1900 16th Street, Suite 300
Denver, CO 80202

If, after discharge of the Receiver, payment in full has not been made, Respondents shall send their payments to the Commission. In addition, payments of post-order interest must be made to the Commission for turnover to the U.S. Treasury. Payments to the Commission may be made in one of the following ways:

1. Respondents may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

2. Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
3. Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Tyler T. Tysdal and/or Grant M. Carter as Respondents in these proceedings and identifying the file number of these proceedings. A copy of the cover letter and check or money order must be sent to: Ian S. Karpel, Esq., Assistant Regional Director, U.S. Securities and Exchange Commission, Byron G. Rogers Federal Building, 1961 Stout Street, Suite 1700, Denver, CO 80294.

H. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the distribution of the civil monetary penalties referenced in paragraph IV.G above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payments of civil penalties in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amounts of the civil penalties imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against a Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondents Tysdal and Carter, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents Tysdal and Carter under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents Tysdal and Carter of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary