

INITIAL DECISION RELEASE NO. 541  
ADMINISTRATIVE PROCEEDING  
FILE NO. 3-15249

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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In the Matter of

CRAIG BERKMAN, d/b/a VENTURES TRUST LLC, :  
JOHN B. KERN, FACE OFF ACQUISITIONS, LLC, : INITIAL DECISION  
FACE OFF MANAGEMENT, LLC, a/k/a FACE : MAKING FINDINGS AND  
OFF ACQUISITIONS MANAGEMENT, LLC, : IMPOSING SANCTION  
VENTURES TRUST II LLC, VENTURES TRUST III LLC, : BY DEFAULT  
VENTURES TRUST IV LLC, VENTURES TRUST V LLC, : December 17, 2013  
VENTURES TRUST VI LLC, :  
VENTURES TRUST ASSET FUND LLC, :  
VENTURES TRUST MANAGEMENT LLC, :  
VENTURES TRUST ASSET MANAGEMENT, LLC, a/k/a :  
VENTURES TRUST II ASSET MANAGEMENT, LLC, :  
ASSENSUS CAPITAL, LLC, and :  
ASSENSUS CAPITAL MANAGEMENT, LLC :

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### SUMMARY

This Initial Decision orders Face Off Acquisitions, LLC; Face Off Management, LLC, a/k/a Face Off Acquisitions Management, LLC; Ventures Trust II LLC; Ventures Trust III LLC; Ventures Trust IV LLC; Ventures Trust V LLC; Ventures Trust VI LLC; Ventures Trust Asset Fund LLC; Ventures Trust Management LLC; Ventures Trust Asset Management, LLC, a/k/a Ventures Trust II Asset Management, LLC; Assensus Capital, LLC; and Assensus Capital Management, LLC (the Entities), to cease and desist from violating the antifraud provisions of the securities laws.<sup>1</sup>

### I. BACKGROUND

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Proceedings (OIP) on March 19, 2013, pursuant to Sections 8A of the Securities Act of 1933 (Securities Act), 21C of the Securities Exchange Act of 1934 (Exchange Act), 203(f) and 203(k) of the Investment Advisers Act of 1940 (Advisers Act), and 9(b) of the Investment Company

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<sup>1</sup> The proceeding has ended as to Craig Berkman, d/b/a Ventures Trust LLC. Craig Berkman d/b/a Ventures Trust LLC, Securities Act Release No. 9495 (Dec. 13, 2013). The hearing as to the remaining Respondent, John B. Kern, is set to commence on January 27, 2014, if pending settlement negotiations fail.

Act of 1940.<sup>2</sup> The proceeding was stayed between March 27 and July 19, 2013, during the pendency of a criminal investigation arising out of the same facts at issue. Craig Berkman d/b/a Ventures Trust LLC, Admin. Proc. File No. 3-15249 (A.L.J. July 19, 2013) (unpublished). The Entities were served with the OIP in accordance with 17 C.F.R. § 201.141(a)(2)(ii) by July 19, 2013, and their Answers to the OIP were due within twenty days of that date. See OIP at 14; 17 C.F.R. § 201.220(b). None has filed an Answer to date, and the Division of Enforcement (Division) filed a Motion for Default on December 6, 2013. None filed an opposition to the Motion for Default. Accordingly, each has failed to answer or otherwise to defend the proceeding within the meaning of 17 C.F.R. § 201.155(a)(2). Therefore, the Entities are in default, and the undersigned finds that the allegations in the OIP are true as to them. See OIP at 14; 17 C.F.R. §§ 201.155(a), .220(f).

## **II. FINDINGS OF FACT**

### **A. Respondent Entities**

Face Off Acquisitions, LLC (Face Off Acquisitions), is a Delaware LLC formed on May 24, 2011. It purports to be a private equity firm with offices in Tampa, Florida, and New York, New York, and “an expected capitalization of \$100,000,000” for a “Special Opportunity Facebook Stock Purchase Fund.”

Face Off Management, LLC, a/k/a Face Off Acquisitions Management, LLC (Face Off Management), is a Delaware LLC formed on May 24, 2011. It purports to serve as Face Off Acquisitions’ managing member and to be “responsible for sourcing, selection, structuring and oversight of the Facebook investment.”

Ventures Trust II LLC (Ventures II) is a Delaware LLC formed on June 15, 2010. It purports to have offices in Tampa, Florida; Los Angeles, California; and New York, New York. Ventures II purports to be a private equity firm with a “unique opportunity to purchase discounted shares of Facebook.” The majority of the investor funds at issue were deposited into Ventures II bank accounts and comingled with investor funds initially deposited into accounts held in the names of the other Ventures LLCs.

Ventures Trust III LLC (Ventures III) is a Delaware LLC formed on December 28, 2010. Ventures III purports to have offices in Los Angeles, California. It purports to be a private equity firm with a “unique opportunity to purchase discounted shares” and whose “first investment will be made in LinkedIn.” Ventures III holds a bank account through which investor funds were funneled.

Ventures Trust IV LLC (Ventures IV) is a Delaware LLC formed on January 27, 2011. It purports to have offices in Los Angeles, California. Ventures IV purports to be a private equity firm with a “unique opportunity to purchase discounted shares,” whose “first investment will be made in Groupon.” It holds a bank account through which investor funds were funneled.

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<sup>2</sup> On December 9, 2013, the Division of Enforcement (Division) requested the Commission to amend the OIP to withdraw the Division’s claims for civil penalties, disgorgement, prejudgment interest, and any other remedies other than cease-and-desist orders. Such amendment would have no effect on the disposition herein of the proceeding as to the Entities. To conserve resources and avoid delay, the Division may wish to withdraw its request.

Ventures Trust V LLC (Ventures V) is a Delaware LLC formed on January 27, 2011. It also holds a bank account through which investor funds were funneled.

Ventures Trust VI LLC (Ventures VI) is a Delaware LLC formed on January 27, 2011. It similarly holds a bank account, entitled “Ventures Trust VI Zynga,” through which investor funds were funneled.

Ventures Trust Asset Management, LLC, a/k/a Ventures Trust II Asset Management, LLC (Ventures Trust Asset Management), is a Delaware LLC formed on March 7, 2007, that purports to serve as the managing member for Ventures II, Ventures III, Ventures IV, Ventures V, and Ventures VI (collectively, Ventures LLCs). It purports to be “responsible for the sourcing, structuring and oversight of the portfolio investments.” Ventures Trust Management LLC (Ventures Trust Management) is a Delaware LLC, formed on August 8, 2011, that also purports to serve as the managing member for the Ventures LLCs.

Ventures Trust Asset Fund LLC is a Washington LLC formed on January 11, 2007, to which a portion of the misappropriated investor funds at issue were transferred.

Assensus Capital, LLC (Assensus Capital), is a Delaware LLC formed on July 14, 2011. Assensus Capital purports to have offices in Tampa, Florida, and New York, New York. It purports to be a private equity firm focused on “funding affiliated, groundbreaking companies in surgical technology fields and in the forefront of a new generation of nuclear power plant design.”

Assensus Capital Management, LLC (Assensus Management), is a Delaware LLC formed on July 14, 2011. It purports to serve as Assensus Capital’s managing member and to be “responsible for the sourcing, structuring and oversight of the portfolio investments.”

### **B. Misrepresentations**

From approximately October 2010 through February 2012, the Ventures LLCs raised funds from investors based on representations that the funds would be used to acquire pre-IPO shares in such companies as Facebook, LinkedIn, Groupon, or Zynga. These representations were false. Additional false representations concerned the annual interest rate that investors were to receive. Additionally, forged letters were used to assure certain investors that their funds were used as promised.

From approximately 2011 through July 2012, Face Off Acquisitions raised approximately \$2.6 million from investors based on representations that the funds would be used to acquire pre-IPO Facebook shares. These representations were false.

During 2012, after Facebook’s May 18, 2012, IPO, Assensus Capital raised funds from investors based on representations that the funds would be invested in a new cutting-edge venture. These representations were false. Investor funds were instead misappropriated.

### **III. CONCLUSIONS OF LAW**

The Entities committed or caused violations of Section 17(a) of the Securities Act and section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Additionally, Face Off Management, Ventures Trust Management, Ventures Trust Asset Management, and Assensus Management committed or

caused violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

#### IV. SANCTION

As the Division requests, the Entities will be ordered to cease and desist from violations of the above antifraud provisions. This sanction will serve the public interest and the protection of investors, pursuant to the Securities, Exchange, and Advisers Acts, and accord with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979). The Entities' unlawful conduct was recurring and egregious.

#### V. ORDER

IT IS ORDERED that, pursuant to Sections 8A of the Securities Act and 21C(a) of the Exchange Act, Face Off Acquisitions, LLC; Face Off Management, LLC, a/k/a Face Off Acquisitions Management, LLC; Ventures Trust II LLC; Ventures Trust III LLC; Ventures Trust IV LLC; Ventures Trust V LLC; Ventures Trust VI LLC; Ventures Trust Asset Fund LLC; Ventures Trust Management LLC; Ventures Trust Asset Management, LLC, a/k/a Ventures Trust II Asset Management, LLC; Assensus Capital, LLC; and Assensus Capital Management, LLC, CEASE AND DESIST from committing or causing any violations or future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IT IS FURTHER ORDERED that, pursuant to Section 203(k) of the Advisers Act, Face Off Management, LLC, a/k/a Face Off Acquisitions Management, LLC; Ventures Trust Management LLC; Ventures Trust Asset Management, LLC, a/k/a Ventures Trust II Asset Management, LLC; and Assensus Capital Management, LLC, CEASE AND DESIST from committing or causing any violations or future violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.<sup>3</sup>

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Carol Fox Foelak  
Administrative Law Judge

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<sup>3</sup> A respondent may also file a motion to set aside a default pursuant to 17 C.F.R. § 201.155(b). See Alchemy Ventures, Inc., Exchange Act Release No. 70708, 2013 SEC Lexis 3459, at \*5-6 (Oct. 17, 2013).