

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,	)
	)
Plaintiff,	)
v.	)
	)
JAMES M. SCHNEIDER,	)
	)
Defendant.	)
	)
	)
_____	)

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

**I.    INTRODUCTION**

1.       The Commission brings this action to enjoin Defendant James M. Schneider (“Schneider”) from violating the antifraud and registration provisions of the federal securities laws. From no later than March 2008 through November 2013, Schneider participated in a scheme with Daniel McKelvey (“McKelvey”), Alvin Mirman (“Mirman”), and Steven Sanders (“Sanders”) (collectively, the “Control Persons”) in which at least 20 undisclosed “blank check” companies (collectively, the “Blank Check Companies”) as defined in Rule 419 under the Securities Act of 1933 (“Securities Act”), 17 C.F.R. § 230.419, were manufactured for sale by reverse merger with a deceptive public float of purportedly unrestricted securities. With the participation and substantial assistance of Schneider, the Control Persons sold 18 of the Blank Check Companies for approximately \$6 million.

2.       Schneider, a seasoned securities law attorney, acted as the Control Persons’ primary attorney in furtherance of the scheme. Schneider provided professional services from

the beginning to the end of the process knowing – or being reckless in not knowing – about both the fraud and falsity of his statements. Schneider acted as an incorporator, prepared at least 40 opinion letters with respect to the valid issuance and unrestricted nature of the securities of the Blank Check Companies, filed false and misleading applications with the Financial Industry Regulatory Authority (“FINRA”) for name changes and stock splits, drafted false and misleading Commission filings, and distributed over \$5.6 million in proceeds from the sale of at least 17 Blank Check Companies – all at the direction, and for the primary benefit, of the Control Persons. Schneider even referred numerous shell buyers to the Control Persons specifically for the purchase of multiple Blank Check Companies as mere public vehicles.

3. As a result of the conduct alleged in this Complaint, Defendant Schneider violated Sections 5(a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5, and aided and abetted violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77e(a), and Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

4. Unless restrained and enjoined, Defendant is reasonably likely to continue to violate the federal securities laws.

5. The Commission therefore respectfully requests the Court enter an order: (i) permanently restraining and enjoining Defendant from violating the federal securities laws; (ii) permanently restraining and enjoining Defendant from directly or indirectly providing, or receiving compensation from the provision of, professional legal services to any person or entity in connection with the offer or sale of securities pursuant to, or claiming, an exemption under Section 4(a)(1) predicated on Securities Act Rule 144, or any other exemption from the

registration provisions of the Securities Act, including, without limitation, participating in the preparation or issuance of any opinion letter relating to such offering or sale; (iii) directing Defendant to pay disgorgement with prejudgment interest; (iv) directing Defendant to pay civil money penalties; and (v) imposing a penny stock bar against Defendant.

## **II. DEFENDANT AND RELEVANT ENTITIES**

6. Schneider resides in Palm Beach County, Florida and is an attorney licensed in Florida who issued at least 40 legal opinion letters and provided other professional services in connection with at least 20 Blank Check Companies.

7. Each of the Blank Check Companies was a “blank check” company as defined in Rule 419 under the Securities Act – that is, it was: a development stage company that had no specific business plan or purpose or had indicated that its business plan was to engage in a merger or acquisition with an unidentified company or companies, or other entity or person; and was issuing “penny stock,” as defined in Rule 3a51-1 (17 C.F.R. § 240.3a51-1) under the Exchange Act. Among other things, the securities of the Blank Check Companies were penny stocks because they were equity securities: (1) that were not an “NMS stock,” as defined in 17 C.F.R. § 242.600(b)(47); (2) that traded below five dollars per share during the relevant period; (3) whose issuer had net tangible assets and average revenue below the thresholds of Exchange Act Rule 3a51-1(g)(1); and (4) that did not meet any of the other exceptions from the definition of “penny stock” contained in Exchange Act Rule 3a51-1.

## **III. JURISDICTION AND VENUE**

8. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1) and 77v(a); and Sections 21(d) and 27(a) of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa(a).

9. The Court has personal jurisdiction over Defendant and venue is proper in this District because, among other things, Defendant resides or transacts business in this District and/or participated in the offer or sale of securities in this District, and many of the acts and transactions constituting the violations alleged in this Complaint occurred in this District.

10. In connection with the conduct alleged in this Complaint, Defendant, directly and indirectly, singly or in concert with others, has made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, and of the mails.

#### **IV. FACTUAL BACKGROUND**

##### **A. Overview of the Blank Check Companies**

11. The Control Persons teamed up in different combinations to control and effectuate the creation and registration of at least 22 separate “blank check” companies (including the 20 Blank Check Companies involving Schneider), and the sale of 18 of those companies. Sanders was an undisclosed control person of all of the Blank Check Companies. McKelvey, Sanders, and Mirman have all pled guilty to conspiracy to commit securities fraud and have been sentenced to imprisonment for their manufacture of the Blank Check Companies.

12. The Control Persons followed a basic blueprint to accomplish their goals of creating and selling the Blank Check Companies as public companies without disclosing to the public or the Commission the true purpose of the companies or the Control Persons’ involvement in the companies.

13. The Control Persons formed the Blank Check Companies ostensibly to pursue purported business plans but, in reality, the Control Persons at all material times intended merely to sell the companies as “public vehicles,” “shells,” or “pubcos.” That is, the Blank Check

Companies had no operations and no value other than (i) their registration status with the Commission, and (ii) a particular capital structure – for example, a control bloc of shares and float of purportedly unrestricted (or “free-trading”) shares available for electronic trading by broker-dealers – all solely for purposes of a reverse merger or other change-in-control transaction.

14. The following chart depicts the structure of each of the Blank Check Companies:

**CHART A – THE BLANK CHECK COMPANY STRUCTURE**

<b>Blank Check Company</b>	<b>State of Incorporation</b>	<b>Date of Incorporation</b>	<b>Date of Change of Control</b>	<b>Control Persons</b>
Premier Nursing Products Corp. (“Premier Nursing”)	Florida	1/2007	10/2008	Mirman Sanders
We Sell for U Corp. (“We Sell for U”)	Florida	11/2007	12/2008	Mirman Sanders
Pashminadepot.com, Inc. (“Pashminadepot”)	Florida	11/2007	10/2009	Mirman Sanders
Liquid Financial Engines, Inc. (“Liquid Financial”)	Florida	9/2008	1/2010	McKelvey Mirman Sanders
Mobieyes Software, Inc. (“Mobieyes Software”)	Florida	1/2009	2/2010	McKelvey Mirman Sanders
mBeach Software, Inc. (“mBeach Software”)	Florida	4/2009	6/2010	McKelvey Mirman Sanders
MIB Digital, Inc. (“MIB Digital”)	Florida	9/2009	11/2010	McKelvey Mirman Sanders
InTake Communications, Inc. (“InTake”)	Florida	12/2009	2/2011	McKelvey Mirman Sanders

<b>Blank Check Company</b>	<b>State of Incorporation</b>	<b>Date of Incorporation</b>	<b>Date of Change of Control</b>	<b>Control Persons</b>
Teaching Time Inc. ("Teaching Time")	Florida	1/2010	3/2011	McKelvey Mirman Sanders
Hidden Ladder, Inc. ("Hidden Ladder")	Florida	2/2010	3/2012	McKelvey Mirman Sanders
BCS Solutions, Inc. ("BCS Solutions")	Florida	4/2010	7/2011	McKelvey Mirman Sanders
Benefit Solutions Outsourcing Corp. ("Benefit Solutions")	Florida	5/2010	6/2011	McKelvey Sanders
Big Clix Corp. ("Big Clix")	Florida	6/2010	9/2013	McKelvey Sanders
mLight Tech, Inc. ("mLight Tech")	Florida	9/2010	8/2013	McKelvey Mirman Sanders
Blue Sun Media, Inc. ("Blue Sun")	Nevada	11/2010	6/2013	McKelvey Sanders
BlueFlash Communications, Inc. ("BlueFlash")	Florida	1/2011	6/2013	McKelvey Sanders
Fansport, Inc. ("Fansport")	Florida	3/2011	6/2013	McKelvey Sanders
ShopEye, Inc. ("ShopEye")	Florida	5/2011	N/A	McKelvey Sanders
Mobile Vault, Inc. ("Mobile Vault")	Florida	5/2011	N/A	McKelvey Sanders

15. ShopEye and Mobile Vault did not undergo a change of control because the Commission issued a stop order on their pending registration statements based on false or misleading statements therein.

16. Sanders and McKelvey also assumed control of another Blank Check Company, Entertainment Art, Inc. ("Entertainment Art"), in or about November 2010, and sold the

company in October 2012.

17. Each Blank Check Company (except Entertainment Art) followed the same path to sale. Each of the Control Persons recruited a sole officer, director, employee, and majority shareholder (the “sole officer”) to act in name only. The Control Persons retained and maintained all communications with a small group of attorneys, auditors and broker-dealers.

18. The Control Persons formed the Blank Check Companies and prepared a variety of corporate documents, including Board resolutions for the invalid issuance of shares that were then the subject of false and misleading registration statements (the “Forms S-1”) for purported initial public offerings of the common stock of the Blank Check Companies. The Forms S-1 (and subsequent Commission filings) falsely depicted the Blank Check Companies as actively pursuing business plans, when the only plan from the onset was to be sold as public vehicles. The Forms S-1 also contained requisite legal opinion letters that the registered shares had been validly issued by the sole officer per a Board resolution, whereas none of the shares had been so validly issued.

19. Once the Forms S-1 went effective, the Control Persons solicited friends and family to invest in the Blank Check Companies, while keeping complete control over those investments through blank stock powers.

20. The Blank Check Companies were substantially more valuable to shell purchasers when the stock was publicly listed and eligible for electronic clearance through the Depository Trust Company (“DTC”). To those ends, the Control Persons directed the filing of Forms 211 and other applications with both FINRA and DTC containing false legal opinions and forged documents.

21. Often with purchasers of the Blank Check Companies in the wings (and at their

request as parts of the deal), the Control Persons directed Schneider to file applications with FINRA to effectuate both name changes and forward stock splits for the Blank Check Companies.

22. These applications contained a number of misrepresentations. In particular, there were misrepresentations that the sole officers had entered resolutions and consents approving the stock splits and/or name changes. The applications also contained a false “Corporate History” misrepresenting the business plan of the Blank Check Company.

23. FINRA requires the applications be supported by a number of notarized certificates signed by officers. Because the sole officers were not involved, McKelvey forged not only the sole officers’ signatures, but also the notary publics’ signature, attestation, and license stamp on at least 21 documents submitted to FINRA.

24. FINRA ultimately approved the various name changes and forward stock splits based on these applications.

25. The Control Persons also attained DTC eligibility for shares of the Blank Check Companies through applications supported by false legal opinions from Schneider as to the unrestricted nature of shares.

26. The Control Persons also procured false legal opinions, mostly from Schneider, addressed to the buyers, broker-dealers or the transfer agent of the Blank Check Companies misrepresenting that shares of the Blank Check Companies in the names of identified shareholders (the friends and family of the Control Persons, or the Control Persons themselves) were validly issued and unrestricted.

27. The Control Persons then consummated reverse mergers or other change-in-control transactions with false and/or forged escrow and securities purchase agreements full of



false representations and warranties, including that the shares were duly authorized and validly issued and the Blank Check Company's Commission filings did not contain material misrepresentations or omissions. The Control Persons directed the disbursement by Schneider of all sale proceeds so that the vast majority of the proceeds were divided among themselves after paying a nominal sum to some of the sole officers for their minimal time and involvement and a fixed return to their friends-and-family shareholders for the shares in their name. The amounts the Control Persons allotted both to the sole officers and friends-and-family shareholders had no correlation to – and were far less than – the amounts to be paid for the shares as expressly provided in the escrow and securities purchase agreements.

**B. Schneider's Involvement in the Fraudulent Scheme**

28. Schneider, a securities lawyer for over 45 years, has known Sanders since at least 1992. The Control Persons retained Schneider to provide professional services in connection with 20 of the Blank Check Companies, including for: (1) legal opinions in support of 19 Forms S-1; (2) 21 legal opinions to DTC, transfer agents, broker-dealers, and buyers as to the purportedly unrestricted nature of Blank Check Company securities; (3) applications to FINRA for 6 forward stock splits and/or name changes; and (4) the receipt and disbursement of the proceeds of the sale of 17 Blank Check Companies. Through the frequency and sequence of Schneider's actions in these various roles – plus many communications – Schneider was aware of the Control Persons' control over the Blank Check Companies and their shareholders, and the sham nature of the Blank Check Companies.

**1. Schneider Dealt Exclusively with the Control Persons and Referred  
Multiple Shell Buyers to Them**

29. Schneider communicated predominantly with – and took directions from – the Control Persons with respect to the Blank Check Companies. In nearly all instances, Schneider

had no direct communications with the purported sole officers. For example, despite their being addressed to the sole officer, Schneider sent all invoices and retainer agreements in connection with the Blank Check Companies only to the Control Persons. Schneider never questioned whether the Control Persons, who were not named officers or directors (except McKelvey for Liquid Financial), had the authority to act on behalf of the Blank Check Companies.

30. As presented in the Forms S-1 and other Commission filings, the sole officer was purportedly the heart and soul of the Blank Check Company: the only officer, director and employee who had developed the purported business plan and upon whom the company was “entirely dependent.” However, Schneider faced a number of indicia that the sole officers were not involved in the Blank Check Companies. For example, Schneider was aware of at least three Blank Check Companies whose sole officer was replaced – one within a few weeks of Schneider’s incorporation of the Blank Check Company and before the filing of the Form S-1.

31. Specifically, in November 2010, Sanders asked Schneider to “form a Nevada company for [McKelvey] and me.” Schneider was the incorporator of that company, Blue Sun, knowing that Sanders chose the name after Sanders’ originally proposed name was already taken. On December 7, 2010, Sanders requested Schneider to prepare the documents for the replacement of the original Blue Sun sole officer, who the following month was named the sole officer of another Blank Check Company (BlueFlash) with a different purported business plan (parent alerts for child internet use vs. coupons on smartphones). In March 2011, Sanders and McKelvey simultaneously filed Forms S-1 for Blue Sun and BlueFlash. Schneider signed Form S-1 opinion letters for Blue Sun and BlueFlash within one day of each other.

32. Schneider also knew that the Control Persons solely negotiated the reverse mergers and provided instructions for Schneider to disburse the vast majority of the sale

proceeds to the Control Persons contrary to the express terms of at least 5 escrow agreements and 8 stock purchase agreements signed by Schneider and/or in his possession. For example, in September 2008, Sanders told Schneider to divide between Sanders and Mirman “the final payment to me for the shell [that buyer] purchased.”

33. Schneider also transferred funds in his attorney trust account between Blank Check Companies at Sanders’ direction. For example, between May and August 2012, Sanders instructed Schneider’s firm to distribute a forfeited \$20,000 deposit for the sale of Big Clix among three other purportedly unrelated Blank Check Companies. Schneider did not inquire why Big Clix would send money to three other Blank Check Companies or if the sole officer of Big Clix authorized it. Later, in September 2013, Sanders wrote Schneider: “Next week we will close out the Big Clix transaction and settle any balances with [Schneider’s law firm] including the \$2685.39 for Fansport.”

34. Schneider himself referred multiple shell buyers to the Control Persons. In December 2009, Sanders emailed Schneider and a shell buyer (whom Schneider had referred to Sanders) that one of the Blank Check Companies, mBeach Software, “was approved by the SEC [one month earlier with a Form S-1 opinion letter provided by Schneider] and we are in the process of deciding whether to do the placement with our own people or . . . have the buyer provide all the subscribers.” In the same email, Sanders wrote that a Form 211 [application for public listing of a stock] would then be filed with FINRA and “funds for the purchase agreement remain in [Schneider]’s IOTA account until the FINRA approval is received.” Attached to the email was a term sheet making no mention of the sole officer or purported business plan and focusing largely on the share structure, with the “estimated number of shareholders TBD,” “deliverable # and % of shares 100%,” and Sanders as the contact person. Therefore, Schneider

knew that Sanders was offering mBeach Software for sale – and could deliver 100% of its shares – even before any shares had been “sold” pursuant to the Form S-1 offering or any shareholders had been identified.

35. Schneider was also aware that the Control Persons had multiple Blank Check Companies for sale at one time. On January 6, 2010 (within one month of the mBeach Software term sheet), Sanders emailed Schneider a virtually identical term sheet for another Blank Check Company, Mobieyes Software. One week later, Sanders wrote to a prospective purchaser (copying Schneider) for the return of a deposit for Mobieyes Software being held by Schneider: “I will make you aware as we have additional inventory mature for sale.” Within that same month, Schneider received a \$300,000 deposit from another buyer for Mobieyes Software and disbursed the vast majority of those proceeds evenly among the Control Persons at Sanders’ request.

36. By email dated July 7, 2010, Sanders told Schneider that a lawyer (“Lawyer # 1”) “wants to purchase some of our deals.” Immediately thereafter, Schneider acted as transactional counsel and escrow agent for the sale of MIB Digital to a client of Lawyer # 1. Schneider had just provided an opinion letter for the MIB Digital Form S-1 in March 2010.

37. On July 16, 2010, Schneider told Lawyer # 1 that “[c]ertain of the principals [who Schneider described as ‘Sanders and who else was part of his group’] have had their own experience on these types of transactions,” and do not require signed stock purchase agreements because the shareholders “executed stock powers” which, “consistent with similar procedures” will be held in escrow while “cash amounts are to be held by our firm to complete the transaction and satisfaction of the various obligations.”

38. On July 23, 2010, Schneider received draft stock purchase agreements from

Lawyer # 1 by which each of 24 shareholders would each receive \$16,650 for the sale of 50,000 shares of MIB Digital stock. Schneider forwarded the message to Sanders: "I told [Lawyer # 1] that the number would not be 1,200,000 but a lower number (I think we discussed 1,098,000 approx). Will you get me the details?" On July 24, 2010, McKelvey and Sanders emailed Schneider: "That is correct. They only are buying 99 percent of the total outstanding shares" and "we will retain 102,000 ft [free-trading] shares for us." Schneider then asked for an "exact breakdown so that the contracts may be filled out." McKelvey confirmed to Schneider: "34,000 to [McKelvey's LLC], [Sanders' LLC], and Alvin Mirman."

39. On August 11, 2010, Sanders emailed Lawyer # 1 (copying Schneider) that "I can have both the restricted and non-restricted shares printed and sent to you in escrow until closing. . . . if you and [buyer] aren't ready, we can use the next deal. I don't like taking this position, but your team is leaving me no options." Lawyer # 1 responded (copying Schneider): "I was referred to you by [buyer] for the purpose of purchasing shares in [MIB Digital]. Our firm stepped in immediately and began our due diligence while waiting for your F[orm ]211 approval."

40. On August 11, 2010, Schneider received \$400,000 as a deposit for the sale of MIB Digital. On or about August 13, 2010, Schneider signed an escrow agreement pertaining to the sale of MIB Digital (defined in the agreement as "PubCo") whereby Schneider agreed to hold the "total purchase price" of \$400,000 for "the purchase of certain shares of PubCo," and "deliver the [\$400,000] to the sellers of the Shares." Schneider was in possession of stock purchase agreements by which each of 22 shareholders would receive \$16,837.08, and McKelvey and another shareholder (who later became the sole officer of Entertainment Art) each would receive \$14,790.35 (for a total of \$400,000 among the 24 shareholders).

41. However, Schneider did not disburse the funds per the terms of both the escrow agreement and stock purchase agreements. Rather, on August 18, 2010, Schneider disbursed just \$41,000 to the transfer agent (which he understood was to cover all of the straw shareholders), \$10,000 to the sole officer, and the remaining \$349,000 evenly among McKelvey, Sanders, and Mirman. Notably, Schneider disbursed \$116,333 to McKelvey despite the fact that one of the stock purchase agreements in Schneider's possession expressly provided that McKelvey would receive only \$14,790.35 for the sale of his shares. Sanders and Mirman were not shareholders of MIB Digital.

42. Schneider was also made aware of FINRA's detection of a pattern in the Control Persons' manufacture of the Blank Check Companies. Specifically, in October 2011, Sanders wrote Schneider about mLight Tech:

This is the Pubco that FINRA said the last time Edward Sanders [the mLight Tech sole officer] has a public company [Pashminadepot, for which Schneider had been escrow agent in 2009] it was sold within 55 days. It is way longer than 55 days but I was wondering if we should [file a Form 8-K that mLight Tech] has not been successful in raising additional capital to fulfill our business plan and may have to look at other options.

With the assistance of Schneider, such Form 8-K was filed the following week.

43. Schneider later referred a shell buyer to Sanders for mLight Tech. On November 21, 2012, that shell buyer emailed Schneider that "I just wanted to follow up with you regarding Steve Sanders from mLight Tech Inc. who you told me I should call. The price that he is asking for his shell is too high for my client. By any chance do you know if Fansport, Inc, another client of yours, would be interested in a reverse merger as well?" Schneider responded: "I will check." Sanders replied to Schneider's inquiry that the shell buyer "wanted a Pubco for \$175,000 and I told him we sell only prime real estate." Soon thereafter in February and March 2013, Schneider signed two opinion letters that Sanders' spouse and McKelvey were not an

“affiliate” of mLight Tech and Fansport, respectively, and their shares were otherwise unrestricted or DTC eligible.

44. In October 2012, Sanders also sent Schneider a proposed agreement from a consultant who helps attain DTC eligibility for issuers. By email dated October 8, 2012, Sanders told Schneider “If they are successful, we can get at least an extra \$100K per deal. We pay nothing if they are not successful.” In November 2012, Schneider received a \$50,000 wire expressly for the personal benefit of Sanders, and wired \$13,000 of that amount to the consultant with respect to Blue Sun (and another \$20,000 to a third party in connection with Big Clix). In June 2013, Schneider also wired \$35,000 to that consultant at the time of the Blue Sun reverse merger (after Blue Sun became DTC eligible).

## **2. Schneider Submitted 19 Form S-1 Opinion Letters**

45. The filing of a Form S-1 was an early critical step in the Control Persons’ scheme to manufacture the Blank Check Companies for sale as public vehicles. From March 2008 to August 2013, all at the request of the Control Persons, Schneider submitted 19 opinion letters in support of Forms S-1 of the Blank Check Companies.

46. The following chart demonstrates the effective or filing date of the Forms S-1 and the date of Schneider’s requisite opinion letters:

### **CHART B – SCHNEIDER’S FORM S-1 OPINION LETTERS**

<b>Blank Check Company</b>	<b>Effective (or Filing) Date of Form S-1</b>	<b>Date of Schneider Legal Opinion Letter</b>
We Sell For U	3/7/08	3/4/08
Liquid Financial	1/30/09	1/27/09
Mobieyes Software	6/3/09	5/19/09
mBeach Software	11/10/09	10/21/09
MIB Digital	3/5/10	3/1/10
InTake	3/25/10	3/5/10
Teaching Time	6/9/10	6/7/10
Hidden Ladder	8/19/10	6/22/10

<b>Blank Check Company</b>	<b>Effective (or Filing) Date of Form S-1</b>	<b>Date of Schneider Legal Opinion Letter</b>
BCS Solutions	10/12/10	7/14/10
Benefit Solutions	9/29/10	6/29/10
Big Clix	12/7/10	7/27/10
mLight Tech	12/16/10	12/13/10
Blue Sun	5/2/11	3/1/11
BlueFlash	5/13/11	3/4/11
Fansport	8/12/11	8/10/11
ShopEye	11/1/11	8/5/11
	9/26/13	8/19/13
Mobile Vault	1/25/12	6/27/11
	10/21/13	8/21/13

47. These opinion letters, which were required for Forms S-1, stated that the shares in the registered offering “will be validly issued, fully paid and non-assessable.” Schneider was aware that the Form S-1 of each Blank Check Company registered a small offering (usually \$30,000) that was sufficient only to cover professional fees for SEC reporting purposes, not the implementation of the purported business plans described in the Forms S-1.

48. Schneider provided at least one Form S-1 opinion letter for the Control Persons’ express purpose of packaging a Blank Check Company for sale. Specifically, by email dated June 11, 2013, Sanders told Schneider that “McKelvey and I have decided and prepared a new S-1 for ShopEye” because “we are trying to save this one as we have buyers up the ying yang and are running out of product.” Schneider prepared that opinion letter filed with that Form S-1.

49. Schneider also assisted the Control Persons in responding to comments by the Commission’s Division of Corporation Finance on multiple Forms S-1, including for InTake in March 2010 and Hidden Ladder in June 2010. These comments addressed such items as the disclosure of parents and promoters and the “blank check” company status of the issuer. None of the Forms S-1 disclosed the Control Persons or the “blank check” company status.



**3. Schneider Submitted 21 Opinion Letters Regarding the Unrestricted Nature of Control Securities**

50. From March 2009 to March 2013, Schneider submitted 21 opinion letters to DTC, transfer agents, broker-dealers and purchasers that the securities of the Blank Check Companies were unrestricted (the “Unrestricted opinion letters”).

51. The Control Persons needed Schneider’s opinion letters in order to sell the Blank Check Companies, the primary feature of which was a deceptive public float of purportedly unrestricted securities. These opinion letters were critical to making the securities of the Blank Check Companies eligible for deposit with broker-dealers, for settlement and clearance through DTC, and otherwise for public trading.

**CHART C – SCHNEIDER’S FALSE UNRESTRICTED OPINION LETTERS**

<b>Blank Check Company</b>	<b>Date</b>	<b>Addressee</b>	<b>False Statements</b>
Liquid Financial	3/9/09	Transfer Agent	Shares in name of straw shareholders (including McKelvey’s wife) are unrestricted
Mobieyes Software	8/11/09	Transfer Agent	Shares in name of straw shareholders (including McKelvey’s wife) are unrestricted
Liquid Financial	8/13/09	Broker-Dealer	Shares in name of Mirman’s wife, who is not an affiliate, are unrestricted
Liquid Financial	8/13/09	Broker-Dealer	Shares in name of Sanders’ LLC, which is not an affiliate, are unrestricted
MIB Digital	4/1/10	Transfer Agent	Shares in name of straw shareholders (including McKelvey) are unrestricted
mBeach Software	5/17/10	Wife Buyer (c/o David Lubin, Esq.)	Shares in name of straw shareholders (including McKelvey and Sanders’ wives) are unrestricted. Wife Buyer has no beneficial interest in any other shares
mBeach Software	5/17/10	Husband Buyer (c/o Lubin)	Shares in name of straw shareholders (including McKelvey and Sanders’ wives) are unrestricted. Husband Buyer has no beneficial interest in any other shares
InTake	5/28/10	Transfer Agent	Shares in name of straw shareholders (including Sanders, Mirman, and McKelvey’s wives) are unrestricted
Teaching	7/1/10	Transfer Agent	Shares in name of straw shareholders

<b>Blank Check Company</b>	<b>Date</b>	<b>Addressee</b>	<b>False Statements</b>
Time			(including McKelvey and Mirman's wives), who are not affiliates, are unrestricted
MIB Digital	8/13/10	Buyers (c/o Lawyer # 1)	Shares in name of straw shareholders (including McKelvey) are unrestricted
Teaching Time	10/4/10	Buyers (c/o Lawyer # 1)	Shares in name of straw shareholders (including McKelvey and Mirman's wives) are unrestricted
BCS Solutions	10/26/10	Transfer Agent	Shares in name of straw shareholders (including McKelvey and Sanders, Mirman and McKelvey's wives) are unrestricted
Hidden Ladder	10/28/10	Transfer Agent	Shares in name of straw shareholders (including Sanders and Mirman's wives), who are not affiliates, are unrestricted
Big Clix	3/21/11	Transfer Agent	Shares in name of straw shareholders (including McKelvey and Sanders and McKelvey's wives) are unrestricted
mLight Tech	3/21/11	Transfer Agent	Shares in name of straw shareholders (including Sanders and Mirman's wives) are unrestricted
InTake	4/1/11	Issuer Lubin	Shares in name of straw shareholders (including Sanders, Mirman, and McKelvey's wives), who are not affiliates, are unrestricted
BCS Solutions	4/1/11	Issuer Lubin	Shares in name of straw shareholders (including McKelvey and Sanders, Mirman and McKelvey's wives), who are not affiliates, are unrestricted
Benefit Solutions	5/27/11	Issuer Lubin	Shares in name of straw shareholders (including Sanders' wife), who are not affiliates, are unrestricted
Big Clix	11/21/12	DTC	McKelvey is not an affiliate and shares in his name are transferable without registration by anyone who is not an affiliate
Fansport	2/26/13	DTC	McKelvey is not an affiliate and shares in his name are transferable without registration by anyone who is not an affiliate
mLight Tech	3/8/13	DTC	Sanders' wife is not an affiliate and shares in her name are DTC eligible

52. Some opinion letters addressed all shareholders of the Blank Check Company as named on an exhibit to the opinion letter, while others addressed only one of the Control Persons

or his spouse (who is deemed the same person as the Control Person for purposes of being an “affiliate” under the federal securities laws).

53. There was substantial overlap in the shareholder rosters across the Unrestricted opinion letters. For example, Sanders’ spouse, McKelvey’s spouse, Mirman’s spouse and McKelvey himself were the subject of 10, 10, 9, and 7 Unrestricted opinion letters, respectively – with at least one Control Person or spouse appearing on all 21 Unrestricted opinion letters.

54. Schneider concluded that all shares were unrestricted because, among other things, the sellers were not “affiliates” for purposes of Rule 144 under the Securities Act. Schneider knew, or was reckless in not knowing, that all of the shareholders of all of the Blank Check Companies were “affiliates” because they controlled the Blank Check Companies or were controlled by or with the Blank Check Companies.

55. Some of the opinion letters state that Schneider purportedly reviewed Board resolutions, the Form S-1, and other “relevant or necessary” documents, and was “informed by the Company that none of the selling shareholders are affiliates of the Company [and] the shares are freely tradable.” Schneider received no information related to the Blank Check Companies from anyone other than the Control Persons, and reviewed only the Forms S-1 to see whether the shareholder owned a substantial percentage of shares.

56. Even if stock ownership were the only determinant of “affiliate” status (which it is not), Schneider signed three opinion letters stating the sole officer or his/her spouse was not an “affiliate,” despite the Form S-1 stating that the sole officer was the only “parent” and owned 75% of the shares.

57. Schneider also knew, or was reckless in not knowing, that the offerings pursuant to the Forms S-1 were shams – in other words, the Forms S-1 did not register the offering that

actually occurred. In other words, Schneider knew, or was reckless in not knowing, that the shares purportedly sold in the Form S-1 offering remained in the hands of the Control Persons (versus being legitimately sold to public investors), and the Unrestricted opinion letters were in furtherance of the Control Persons' sale of the subject securities for their own personal benefit.

58. The Control Persons requested some of the Unrestricted opinion letters under particularly suspicious circumstances. Schneider authored two opinion letters to a broker-dealer dated August 13, 2009, with respect to the deposit of shares of Liquid Financial held in the name of MBN Consulting LLC (which Schneider knew Sanders wholly controlled) and Mirman's spouse. Schneider opined that neither Sanders' LLC nor Mrs. Mirman was an "affiliate." However, just two weeks before the opinion letters, Schneider had disbursed approximately one-third of the proceeds from the sale of Liquid Financial to each of Sanders' LLC and Mrs. Mirman.

59. In May 2010, Sanders requested Unrestricted opinion letters from Schneider for all the purportedly unrestricted shares of mBeach Software (for which Schneider had referred a shell buyer one month after the Form S-1 effectiveness and had received a term sheet that 100% of the shares were deliverable even before the purported sales per the Form S-1) to be addressed to a husband and wife who would purchase all of the shares. By email dated May 14, 2010, Sanders wrote to Schneider that if the buyer would not agree to the form of Schneider's opinion, "he can find another public vehicle." Schneider responded to Sanders: "This is a questionable opinion if all the free tradeables are in the hands of only 2 people which may actually be one person for beneficial ownership purposes. This is not a good situation for either your people or me." Sanders responded: "Each shareholder [including McKelvey's spouse, Sanders' spouse, and the sole officer of Teaching Time, for which Schneider was concurrently performing legal

services] of free trading shares will sell 49,900 shares and retain 100 shares. FYI in the future, [McKelvey] and I decided that we will only sell 99% of the deal so we can maintain a shareholder base and keep some shares for the good guys.” Nonetheless, Schneider signed the requested opinion letters addressed to the spouses for the sale of 49,900 shares per shareholder. Schneider stated that all shares were unrestricted and “[i]t is our understanding that you do not have any beneficial interest in any other shares of common stock of the Company other than the shares being acquired by you.”

60. On August 13, 2010, Schneider signed an Unrestricted opinion letter pertaining to “that certain Stock Purchase Agreement dated as of August 5, 2010” for the sale by 24 shareholders (including McKelvey) of MIB Digital listed by name on a schedule. From at least the communications pertaining to MIB Digital between July 16 and August 11, 2010, Schneider knew that he was preparing this opinion letter in the midst of the closing of the MIB Digital change-in-control transaction. The Unrestricted opinion letter was addressed to the buyers given their need for assurances that unrestricted shares were being transferred as part of the transaction being effectuated by the Control Persons. Nonetheless, Schneider concluded that the “[s]hares are unrestricted and free-trading shares under the federal securities laws” because “the shares were registered under the Securities Act . . . pursuant to the Company’s registration statement on Form S-1.” Schneider also based this conclusion on “substantive involvement in the representation of the Sellers and the Company in connection with these transactions” and “the representations of the Sellers and the documents they have provided.” To the contrary, Schneider had no communications or familiarity with any of the Sellers (other than McKelvey) and made no determination whether they were “affiliates.” Moreover, Schneider erroneously concluded that the shares were “freely tradeable” or “registered” given the fact that every

transaction in securities has to be registered or exempt from the registration requirements. In other words, Schneider failed to distinguish between the shares themselves and transactions in those shares (given that the registration requirements of the federal securities laws are transaction-specific). Schneider also failed to distinguish between the initial “sale” which had been part of the purported Form S-1 offering, and the subsequent bulk sale of those shares which was the subject of Schneider’s opinion letter.

61. In March 2011, Sanders retained Schneider “to close two deals” by preparing “the same opinion letter” for two separate Blank Check Companies (InTake and BCS Solutions) to the same buyer’s lawyer, David Lubin: “They are the same except the list of investors.” Lubin has been convicted of conspiracy to commit securities fraud in connection with the Blank Check Companies. Schneider signed these two opinion letters on the same date with respect to two similar rosters of 24 shareholders (which both included all three spouses of the Control Persons). One week later, Schneider disbursed the proceeds from the sale of one of these two Blank Check Companies (BCS Solutions), with 98.9% of the proceeds going directly to the Control Persons.

62. By email just one month later, Sanders requested Schneider to submit “the same opinion” for a third Blank Check Company (Benefit Solutions) to Lubin whose clients “want two more pubcos before year end.” Schneider issued that third opinion letter the day after Sanders’ request. One week later, Schneider disbursed the proceeds from the sale of Benefit Solutions, with 88.0% of the proceeds going directly to the Control Persons.

63. From November 2012 to March 2013, Schneider signed three Unrestricted opinion letters to DTC stating that shares of Big Clix and Fansport in the name of McKelvey and shares of mLight Tech in the name of Sanders’ spouse were unrestricted or otherwise “DTC eligible.” In those letters, Schneider misrepresented that McKelvey and Sanders’ spouse were

not “affiliates,” whereas he knew – or was reckless in not knowing – that they were “affiliates.”

64. Schneider’s Unrestricted opinion letters for mLight Tech, Fansport and Big Clix led to public sales by the purchasers beginning in August 2013, September 2013 and October 2013, respectively.

65. In May 2013, Sanders told Schneider that Lawyer # 1 “called and needed to close a Pubco immediately. We agreed to sell BlueFlash to him.” Sanders requested that Schneider provide an Unrestricted opinion letter for the BlueFlash “deal to close this week,” and told Schneider:

The buyers need the opinion in order for the brokerage firms to accept the shares and put them into DTCC. We can’t close the deal or probably any others without this type of opinion. There have been no transactions or sales from any shareholders since inception for any of the unrestricted shares. The shares are all with [transfer agent]. If you can’t opine to do this, please let me know ASAP as [McKelvey] and I will have to cancel the transaction.

66. Schneider refused to do this Unrestricted opinion letter because Schneider felt that the volume of the Control Persons’ current activities might raise eyebrows (i.e. the Control Persons needed to slow down) and, acknowledging the importance of Unrestricted opinion letters, he did not want to be prominently implicated in those activities.

67. Schneider did not provide any more Unrestricted opinion letters regarding the Blank Check Companies, but did subsequently provide other professional services in connection with BlueFlash and four other Blank Check Companies, and Form S-1 opinion letters for two Blank Check Companies (including the opinion letter that Sanders requested because “we have buyers up the ying yang and are running out of product”).

**4. Schneider Assisted the Sale of 18 Blank Check Companies, Including 42 Pro Rata Distributions to the Control Persons**

68. Schneider also assisted with the sale of 18 Blank Check Companies at the direction of the Control Persons. First, Schneider's firm submitted at least 6 applications to FINRA for forward stock splits and name changes, including for the following Blank Check Companies on the following dates: (1) InTake dated January 11, 2011; (2) BCS Solutions dated March 15, 2011; (3) Benefit Solutions dated May 19, 2011; (4) Hidden Ladder dated June 7, 2011; (5) Big Clix dated January 13, 2012; and (6) Fansport dated February 13, 2013.

69. These applications contained a set of 4 one-page certifications as required by FINRA with signatures and notarizations which the Control Persons had conspicuously forged, and a corporate history stating, among other things, that the Blank Check Company intends to develop the purported business plan as stated in the Form S-1. However, Schneider had specifically referred a shell buyer to Sanders for the purchase of Fansport as a "shell" just a few months before filing Fansport's stock split application with FINRA containing this statement.

70. Schneider also knew that the FINRA application for InTake was filed at the request of the shell buyer. However, on January 3, 2011, Schneider's paralegal emailed Sanders (copying Schneider) that Schneider "suggested that [new management] not be appointed to the Board until you are ready to announce the acquisition of the assets which is probably best delayed until we get th[r]ough the name change and forward split." Schneider filed the InTake application without disclosing this information. Schneider also drafted and approved the Form 8-K dated January 25, 2011, announcing the name change and stock split. The Form 8-K was signed in the name of the Control Persons' straw officer and omitted any reference to the shell buyer or its management to be installed.

71. In March 2012, Schneider received stock of InTake for which he had also



provided both Form S-1 and Unrestricted opinion letters, and knowingly sold that stock together with the Control Persons and Lubin per a series of identical stock purchase agreements with the same purchaser. Schneider possessed this series of stock purchase agreements. The amount of Schneider's sale proceeds (\$3,000) equaled the amount of Schneider's unpaid invoices for InTake.

72. From July 2008 to November 2013, Schneider received and disbursed the proceeds from the sale of 17 of the Blank Check Companies at the direction – and for the primary benefit – of the Control Persons. Schneider knew that the Control Persons exclusively handled the negotiation and consummation of these sales.

73. For each sale, Schneider disbursed the proceeds in substantially similar fashion: the vast majority split evenly among the Control Persons with a nominal amount to the sole officer and transfer agent (which Schneider knew was for all the straw shareholders), and payments to professionals (including at least \$28,600 to his own law firm). Schneider made approximately 42 pro rata distributions to the Control Persons.

**CHART D – SCHNEIDER'S DISBURSEMENT OF SALE PROCEEDS**

<b>Blank Check Company</b>	<b>Dates of Disbursements</b>	<b>Total Proceeds Disbursed</b>	<b>Proceeds Disbursed to Control Persons (% of Total Proceeds)</b>	<b>Proceeds Disbursed to Sole Officer</b>
Premier Nursing	7/10/2008-10/20/2008	\$652,985	\$547,985 (83.9%)	N/A
We Sell for U	12/31/2008 2/2/2009	\$327,806	\$217,806 (66.4%)	\$35,000
Pashminadepot	4/20/2009 5/1/2009	\$182,500	\$146,000 (80.0%)	\$35,000
Liquid Financial	7/29/2009 8/7/2009	\$274,380	\$230,740 (84.1%)	N/A
Mobieyes Software	2/9/2010	\$300,000	\$248,296 (82.8%)	\$10,000
mBeach Software	5/18/2010 6/23/2010	\$396,250	\$324,152 (81.8%)	\$5,500
MIB Digital	8/18/2010	\$400,000	\$349,000 (87.3%)	\$10,000

<b>Blank Check Company</b>	<b>Dates of Disbursements</b>	<b>Total Proceeds Disbursed</b>	<b>Proceeds Disbursed to Control Persons (% of Total Proceeds)</b>	<b>Proceeds Disbursed to Sole Officer</b>
Teaching Time	10/25/2010	\$459,998	\$408,998 (88.9%)	\$10,000
BCS Solutions	4/7/2011	\$359,000	\$355,000 (98.9%)	\$4,000
Hidden Ladder	4/1/2011 8/3/2011	\$362,962	\$309,358 (85.2%)	\$5,000
Benefit Solutions	5/31/2011- 6/3/2011	\$400,000	\$351,875 (88.0%)	\$4,000
Entertainment Art	10/23/2012	\$324,060	\$66,579 (20.5%)	\$3,266
BlueFlash	6/5/2013- 6/10/2013	\$240,000	\$197,262 (82.2%)	\$0
Blue Sun	6/26/2013	\$301,500	\$213,000 (70.6%)	\$0
mLight Tech	3/4/2013- 10/16/2013	\$473,000	\$416,800 (88.1%)	\$5,000
Big Clix	9/24/2013- 10/4/2013	\$112,323	\$60,693 (54%)	\$2,000
Fansport	10/8/2013 11/4/2013	\$244,464	\$215,779 (88.3%)	\$0
<b>TOTAL</b>		<b>\$5,811,228</b>	<b>\$4,659,323 (80.2%)</b>	

74. Schneider was aware that Big Clix and Entertainment Art were materially different transactions. For Big Clix, Schneider was aware that he was handling only the cash portion of the consideration for the reverse merger. Specifically, on September 23, 2013, Sanders wrote Schneider: "You will be receiving another escrow agreement today for Big Clix. They will be wiring \$187,677 to your IOTA account. This resulted because there is a trade being made in the market and they wanted the filing done first. We agreed only if they put up the funds in case the trade was never executed." Schneider received a draft of that escrow agreement, which expressly provided for the deposit of \$187,677 "to secure performance of the bids in the public market" by which McKelvey would sell shares in a series of open-market transactions pre-arranged with the shell purchaser. Schneider declined to handle the escrow for the pre-arranged trades because "he is not comfortable in current form." Schneider nonetheless proceeded to handle the escrow for the cash portion of the deal. The amount of the separate

consideration to be received by McKelvey for the pre-arranged trades, combined with the \$112,323 received and disbursed by Schneider, equaled exactly \$300,000, of which \$248,370 (82.8%) was received by the Control Persons.

75. In October 2011, Schneider emailed McKelvey and Sanders (with the subject “EERT,” the Entertainment Art ticker symbol): “I thought I was going to pass on these at this time.” Sanders responded: “This is an existing company that we are selling. We are doing a bridge loan for the buyer. . . . This is the company we finally were able to remove Lubin and his friend from.” Schneider replied: “Is this the usual SEC S-1 filing or just a subsequent sale you referred to?” Sanders replied: “This was an S-1 done in 2007 and nothing was ever done with it.”

76. In connection with these sales, Schneider signed two escrow agreements (in connection with MIB Digital in 2010 and Big Clix in 2013) by which he agreed to disburse the funds directly to the shareholders. However, Schneider disbursed the funds in a manner vastly different from the amounts set forth in the escrow agreements, with the Control Persons receiving the vast majority of the amounts ostensibly due to the shareholders.

77. Schneider also signed three escrow agreements by which he agreed to disburse the funds in accordance with the instructions of the sole officer or his/her “designee.” However, Schneider received all disbursement instructions from the Control Persons, and never questioned or received evidence whether they were a proper designee of the sole officer or shareholders for the disbursement of significant amounts in a materially different manner from the express terms of the agreements (i.e. monies intended for the sole officer or shareholders which Schneider disbursed instead to the Control Persons).

78. Schneider was also a party to some stock purchase agreements as escrow agent.

The escrow and stock purchase agreements (some which Schneider signed, and others which Schneider possessed) provided that both the sole officer and straw shareholders would receive far greater amounts than Schneider disbursed to them (with those monies each time going to the Control Persons).

79. For example, in an escrow agreement dated August 2010, Schneider agreed to disburse \$400,000 in the anticipated sale of MIB Digital for which, per a stock purchase agreement to which Schneider was a party, the 24 straw shareholders (including McKelvey himself) would collectively receive all \$400,000 sale proceeds (or approximately \$16,000 each). Schneider instead disbursed \$349,000 of the \$400,000 proceeds to the Control Persons (including \$116,333 to McKelvey, instead of the \$16,000 due to him under the stock purchase agreement) and only \$41,000 to the transfer agent for all 24 shareholders. Simultaneous with these disbursements, Schneider prepared an Unrestricted opinion letter addressed to the shell buyers that the shares in the names of the 24 shareholders were unrestricted.

80. Schneider was a party to both an escrow and stock purchase agreement regarding BlueFlash which stated that "100% of the free trading shares" were being sold for \$240,000. However, Schneider disbursed only \$40,000 to a transfer agent for those shareholders, and approximately \$200,000 to Sanders and McKelvey (who were not named shareholders).

81. In the course of the BlueFlash sale in June 2013, the buyer requested the original signature pages of the sole officer on a series of documents. Schneider emailed his assistant, "This may be a problem." She responded: "Whoa! Don't we need some kind of evidence this occurred and copies of documents?" Schneider replied: "Not really if I get a written release." Within an hour of this exchange, Sanders sent Schneider instructions for the disbursement of the

BlueFlash sale proceeds. Schneider made the disbursements as instructed, with no funds allocated to the sole officer whose signature pages were being requested and in contravention of the stock purchase agreement to which Schneider was a party.

82. In July 2013, Schneider signed an escrow agreement by which the sole officer of mLight Tech purportedly was selling his 180,000,000 shares for \$400,000. Per Sanders' email requests, Schneider disbursed just \$5,000 to the sole officer of mLight Tech, \$2,000 to the sole officer of Big Clix, \$2,000 to the sole officer of Entertainment Art, and over 88% of the proceeds to the Control Persons. When providing these specific disbursement instructions, Sanders told Schneider "It is almost 3 years since we first filed this company." Just four months earlier, Schneider had signed an Unrestricted opinion letter stating that Sanders' wife was not an "affiliate" of mLight Tech.

83. Later on September 25, 2013, Sanders told Schneider that "we are looking [to] clean up all our accounts that have funds in them," and instructed Schneider to disburse the mLight Tech proceeds in Schneider's trust account to Sanders and McKelvey.

84. On October 8, 2013, per Sanders' instructions, Schneider disbursed \$83,000 for mLight Tech evenly between Sanders and McKelvey.

85. On October 16, 2013, Sanders told Schneider: "This finishes the mLight transaction." Per Sanders' instructions, Schneider disbursed \$100,000 of mLight Tech sale proceeds evenly between Sanders and McKelvey after paying himself an escrow agent fee.

86. On or about July 10, 2013, Schneider received a \$20,000 deposit which he was told "represent[s] the purchase price of 10,000,000 Free trading shares of Big Clix."

87. On September 18, 2013, Schneider signed an escrow agreement in connection with the sale of 15,000,000 Big Clix shares by "selling shareholders." The agreement expressly

provided that Schneider would receive \$92,323 as “partial payment of the total purchase price of such shares of Big Clix to be paid thereto based on the separate instructions to be provided by Daniel McKelvey, one of those shareholders and as representative of those shareholders.” The shareholders were collectively defined as “Payee.” Per the escrow agreement, Schneider “shall pay the Escrow Funds to the Payee” per an attached instruction form.

88. To the contrary, on September 23, 2013, Sanders emailed Schneider: “There should be \$112,323.00 in the IOTA account for Big Clix. Please make the following distributions upon the breaking of Escrow:” \$40,000 to the transfer agent (to cover the straw shareholders), \$16,750 to Sanders’ LLC, \$2,000 to the Big Clix sole officer, \$2,500 to the Entertainment Art sole officer, and \$4,000 to other professionals. In the same email, Sanders wrote: “This totals \$65,250.00 leaving a balance of \$47,073.00. Please take out whatever is owed to [Schneider’s firm]. . . . I am waiting for more invoices and will clear the account ASAP.” Schneider made these exact disbursements on September 24, 2013.

89. On September 25, 2013 (after the disbursements per Sanders’ instructions), Schneider received instructions from the Big Clix share buyers: (1) for the \$20,000, to “release these funds today to Mr. McKelvey or his designees;” and (2) for the \$93,323, “to the Payee referred to [in the escrow agreement]” (i.e. the selling shareholders). To the contrary, on October 4, 2013, Sanders instructed Schneider to disburse the entire \$43,943.33 balance (after the September 24 disbursements and paying his own firm \$3,129.67, all per Sanders’ instructions) in the Big Clix account to Sanders’ LLC (which was not a Big Clix shareholder).

90. On September 27, 2013, Sanders told Schneider: “Next week we will close out the Big Clix transaction and settle any balances with [Schneider’s law firm] including the \$2,685.39 for Fansport.”

91. That same day, Sanders told Schneider that Schneider would receive \$300,000 for Fansport, and instructed Schneider to disburse all such proceeds to Sanders and McKelvey.

92. On October 7, 2013, Sanders told Schneider: "The wire for \$99,980.00 was for Fansport/Media Analytics not Big Clix," and directed Schneider to disburse it evenly between Sanders and McKelvey.

93. On November 1, 2013, Sanders instructed Schneider to disburse \$84,000 of additional Fansport sale proceeds to two lawyers for the benefit of Sanders and McKelvey.

### **COUNT I**

#### **Violation of Section 17(a)(1) of the Securities Act**

94. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

95. From no later than March 2008 through November 2013, Schneider, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly employed any device, scheme or artifice to defraud.

96. By reason of the foregoing, Schneider violated, and, unless enjoined, is reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

### **COUNT II**

#### **Violation of Section 17(a)(2) of the Securities Act**

97. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

98. From no later than March 2009 through March 2013, Schneider, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly negligently obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

99. By reason of the foregoing, Schneider violated, and, unless enjoined, is reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

### **COUNT III**

#### **Violation of Section 17(a)(3) of the Securities Act**

100. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

101. From no later than March 2008 through November 2013, Schneider, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly negligently engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities.

102. By reason of the foregoing, Schneider violated, and, unless enjoined, is reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).



**COUNT IV**

**Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act**

103. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

104. From no later than March 2008 through November 2013, Schneider directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security.

105. By reason of the foregoing, Schneider violated, and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(a).

**COUNT V**

**Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act**

106. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

107. From no later than March 2009 through March 2013, Schneider directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in connection with the purchase or sale of any security.

108. By reason of the foregoing, Schneider violated, and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(b) of the Exchange Act,

15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(b).

**COUNT VI**

**Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act**

109. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

110. From no later than March 2008 through November 2013, Schneider directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would have operated as a fraud or deceit upon any person in connection with the purchase or sale of any security.

111. By reason of the foregoing, Schneider violated, and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(c).

**COUNT VII**

**Aiding and Abetting Violation of Section 17(a)(1) of the Securities Act**

112. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

113. From no later than January 2007 through November 2013, the Control Persons, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly employed any device, scheme or artifice to defraud, and by reason of the foregoing, violated Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

114. From at least as early as March 2008 through November 2013, Schneider knowingly or recklessly provided substantial assistance to the Control Persons' violations of Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1), and is deemed to be in violation of this provision to the same extent as the Control Persons.

115. By reason of the foregoing, Schneider aided and abetted and, unless enjoined, is reasonably likely to continue to aid and abet, violations of Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

### **COUNT VIII**

#### **Aiding and Abetting Violation of Section 17(a)(2) of the Securities Act**

116. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

117. From no later than January 2007 through October 2013, the Control Persons, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly negligently obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, and by reason of the foregoing, violated Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

118. From at least as early as March 2008 through October 2013, Schneider knowingly or recklessly provided substantial assistance to the Control Persons' violations of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2), and is deemed to be in violation of this provision to the same extent as Control Persons.

119. By reason of the foregoing, Schneider aided and abetted and, unless enjoined, is

reasonably likely to continue to aid and abet, violations of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

**COUNT IX**

**Aiding and Abetting Violation of Section 17(a)(3) of the Securities Act**

120. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

121. From no later than January 2007 through November 2013, the Control Persons, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly negligently engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities, and by reason of the foregoing, violated Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

122. From at least as early as March 2008 through November 2013, Schneider knowingly or recklessly provided substantial assistance to the Control Persons' violations of Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3), and is deemed to be in violation of this provision to the same extent as the Control Persons.

123. By reason of the foregoing, Schneider aided and abetted and, unless enjoined, is reasonably likely to continue to aid and abet, violations of Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

**COUNT X**

**Aiding and Abetting Violation of  
Section 10(b) and Rule 10b-5(a) of the Exchange Act**

124. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

125. From no later than January 2007 through November 2013, the Control Persons directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(a).

126. From no later than March 2008 through November 2013, Schneider knowingly or recklessly provided substantial assistance to the Control Persons' violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(a), and is deemed to be in violation of these provisions to the same extent as the Control Persons.

127. By reason of the foregoing, Schneider aided and abetted and, unless enjoined, is reasonably likely to continue to aid and abet, violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(a).

**COUNT XI**

**Aiding and Abetting Violation of  
Section 10(b) and Rule 10b-5(b) of the Exchange Act**

128. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

129. From no later than January 2007 through October 2013, the Control Persons

directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(b).

130. From no later than March 2008 through October 2013, Schneider knowingly or recklessly provided substantial assistance to the Control Persons' violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(b), and is deemed to be in violation of these provisions to the same extent as the Control Persons.

131. By reason of the foregoing, Schneider aided and abetted and, unless enjoined, is reasonably likely to continue to aid and abet, violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(b).

## **COUNT XII**

### **Aiding and Abetting Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act**

132. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

133. From no later than January 2007 through November 2013, the Control Persons directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would have operated as a fraud or deceit upon any person in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(c) of

the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(c).

134. From no later than March 2008 through November 2013, Schneider knowingly or recklessly provided substantial assistance to the Control Persons' violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(c), and is deemed to be in violation of these provisions to the same extent as the Control Persons.

135. By reason of the foregoing, Schneider aided and abetted and, unless enjoined, is reasonably likely to continue to aid and abet, violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b), and 17 C.F.R. § 240.10b-5(c).

### **COUNT XIII**

#### **Violations of Sections 5(a) and 5(c) of the Securities Act**

136. The Commission repeats and realleges Paragraphs 1 through 93 of its Complaint.

137. Schneider, directly or indirectly, has made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, when no registration statement was in effect with the Commission as to such securities, and has made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell such securities when no valid registration statement had been filed with the Commission as to such securities.

138. There were no applicable exemptions from registration.

139. By reason of the foregoing, Schneider violated, and unless restrained and enjoined, is reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. § 77e(a), (c).

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests the Court find Schneider committed the violations alleged, and:

**I.**

**Permanent Injunction**

Issue a Permanent Injunction restraining and enjoining Schneider, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them from violating the federal securities laws alleged in this Complaint.

**II.**

**Conduct-Based Injunction**

Issue a Permanent Injunction restraining and enjoining Schneider from directly or indirectly providing, or receiving compensation from the provision of, professional legal services to any person or entity in connection with the offer or sale of securities pursuant to, or claiming, an exemption under Section 4(a)(1) predicated on Securities Act Rule 144, or any other exemption from the registration provisions of the Securities Act, including, without limitation, participating in the preparation or issuance of any opinion letter relating to such offering or sale.

**III.**

**Disgorgement**

Issue an Order directing Schneider to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

**IV.**

**Penalties**

Issue an Order directing Schneider to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. §



78u(d)(3).

V.

**Penny Stock Bar**

Issue an Order, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6), barring Schneider from participating in any future offering of a penny stock.

VI.

**Further Relief**

Grant such other and further relief as may be necessary and appropriate.

VII.

**Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action and over Schneider in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Dated: October 11, 2017

Respectfully submitted,

By:



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