UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9755 / April 23, 2015

SECURITIES EXCHANGE ACT OF 1934
Release No. 74799 / April 23, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-16509

In the Matter of

EDWARD M. DASPIN, a/k/a "EDWARD (ED) MICHAEL"; LUIGI AGOSTINI; and LAWRENCE R. LUX,

Respondents.

ORDER INSTITUTING ADMINISTRATIVE AND CEASE–AND–DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933 AND SECTIONS 15(b) AND 21C OF THE SECURITIES EXCHANGE ACT OF 1934

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"), and Sections 15(b) and 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Edward M. Daspin, Luigi Agostini and Lawrence R. Lux ("Daspin", "Agostini", "Lux" or collectively "Respondents").

II.

After an investigation, the Division of Enforcement alleges that:

SUMMARY

1. Daspin, Agostini, and Lux participated in the fraudulent unregistered offerings of the securities of Worldwide Mixed Martial Arts Sports, Inc. ("WMMA") and an affiliate, WMMA Distribution, Inc. ("WMMA Distribution"),[1] start-up companies formed to establish an international league of mixed martial arts tournaments that would generate digital content and sell branded products.

2. From December 2010 through approximately June 2012 (the "relevant period"), WMMA and WMMA Distribution raised a total of $2.47 million from seven investors, of which at least $2 million was raised fraudulently. Daspin, who orchestrated the fraud, targeted unemployed professionals whom he lured in with offers of executive-level positions at the Companies. Typically it was only after prospects arrived for a "job interview" that they learned that they would be required to make a substantial investment as a condition of obtaining employment and receiving a salary.

3. Daspin made numerous false representations during these interviews regarding the financial condition of the Companies, including that they were well-funded when they were in fact barely surviving from one investment to the next. He also falsely represented that everyone working at the Companies was an investor and had "skin in the game." He also used an alias and made sure that prospective investors did not learn his true identity until they were on the verge of making an investment, to delay disclosure of his prior bankruptcy fraud conviction and decrease the likelihood they would learn of his recent failed business ventures before investing.

4. Daspin also falsely presented himself to investors as only a consultant to the Companies, when in reality he had substantial control over most the Companies' most important decisions and functions, including hiring, soliciting investments, drafting the Companies' private placement memorandums ("PPMs"), and negotiating contracts, and effectively controlled the Companies' bank accounts. Daspin also failed to disclose that his wife held a controlling interest in the Companies.

5. Daspin also caused the PPMs to contain material misrepresentations and omissions about an email and telephone marketing database purportedly run by International Marketing Corporations, Inc. ("IMC"), for which WMMA had contracted. The PPMs stated that the IMC database contained 840 million email addresses and Daspin held out the database, both in the PPMs and in his in-person solicitation of investors, as the centerpiece of the Companies' marketing strategy. He came up with a baseless $82 million valuation of the IMC database and insisted, over

[1] WMMA, WMMA Distribution, and other affiliated companies identified below are hereafter collectively referred to as the "WMMA Companies," or the "Companies."

strong objections by employees and officers of the Companies, that it be included in WMMA's PPM dated January 5, 2012 to inflate WMMA's almost non-existent assets and lure in more investors. He also caused the Companies' PPMs to fail to disclose that the Companies had performed no due diligence on the IMC database and had no basis to believe that it would be of any real value to the Companies. Daspin also caused the PPMs to conceal his wife's controlling interest in the Companies.

6. The offerings of WMMA and WMMA Distribution securities were not registered with the Commission. In addition, Daspin and Lux acted as unregistered brokers by, among other things, actively soliciting investments in those securities, providing prospective investors with advice as to the merits of investments, and receiving compensation based on the sale of those securities.

7. Agostini and Lux enabled Daspin's fraud by presenting themselves to prospective investors as two of the Companies' three directors and, respectively, the Companies' executive chairman of the board and CEO, when in reality they and the Companies' third director deferred to Daspin on all significant matters. Agostini and Lux were fully aware of Daspin's wife's ownership of a controlling interest in the Companies and Daspin's true role but allowed the Companies to disseminate PPMs to prospective investors that failed to adequately disclose these facts and contained material misrepresentations and omissions regarding the IMC contract.

8. The Companies never generated any revenue and quickly burned through the investors' funds. After mounting a spectacularly unsuccessful mixed martial arts event in March 2012, the Companies descended into acrimony and litigation and are now defunct.

9. As a result of their fraudulent conduct, Daspin violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, including by committing or causing any such violations directly or indirectly through or by means of any other person as prohibited by Section 20(b) of the Exchange Act; Lux violated Sections 17(a)(2) and 17(a)(3) of the Securities Act, and Agostini committed or caused violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act. As a result of their unregistered brokerage activity, Daspin and Lux violated Section 15(a) of the Exchange Act. As a result of their participation in the unregistered offerings of securities of WMMA and WMMA Distribution, Daspin and Lux violated Sections 5(a) and 5(c) of the Securities Act.

RESPONDENTS

10. **Edward Michael Daspin,** age 77, founded and for all practical purposes controlled the Companies. In 1978, Daspin was convicted of bankruptcy fraud for concealing from the bankruptcy trustee assets of a bankrupt company he had controlled; he was sentenced to eighteen months in prison. United States v. Edward Michael Daspin, 77 Crim. 00238 (D.N.J.) and United States v. Michael Daspin, 77 Crim. 0196 (S.D.N.Y.). Daspin resides in Boonton, New Jersey. Daspin has never been registered with the Commission as a broker-dealer or associated with a registered broker-dealer.

11. **Luigi Agostini,** 38, was a director and the executive chairman of the board of each of the Companies. Agostini resides in Jersey City, New Jersey.

12. **Lawrence R. Lux,** age 55, was a director and CEO of each of the Companies. Lux was briefly associated with a registered broker-dealer from December 2005 to April 2006, but otherwise has never been associated with a registered broker-dealer or registered with the Commission as a broker-dealer.

RELATED ENTITIES AND INDIVIDUALS

A. The WMMA Companies

13. **Worldwide Mixed Martial Arts Sports, Inc. ("WMMA")** was organized under the laws of Florida and initially was a wholly-owned subsidiary of WMMA Holdings. WMMA was formed for the purpose of creating an international league of mixed martial arts tournaments from which it could produce digital content to market and sell through its sister company, WMMA Distribution.

14. **WMMA Distribution, Inc. ("WMMA Distribution"),** f/k/a American Graphics Communication and Distribution Services, Inc. ("AGCDS"), was organized under the laws of Nevada and was a wholly-owned subsidiary of WMMA Holdings. WMMA Distribution was created for the purpose of distributing WMMA-branded digital content and related products. During the relevant period, the directors and senior officers of WMMA Distribution were the same as those for WMMA.

15. **WMMA Holdings, Inc. ("WMMA Holdings")** is the holding company for WMMA and WMMA Distribution and was organized under the laws of Nevada. WMMA Holdings held majority interests in WMMA and WMMA Distribution. At all relevant times, Daspin's wife held a controlling interest in WMMA Holdings.

B. The Consulting Companies

16. **Consultants for Business & Industry, Inc. ("CBI")** was organized under the laws of New Jersey and at all relevant times was wholly owned by Daspin's wife. CBI is the consulting company through which, directly or through MacKenzie Mergers & Acquisitions, Daspin provided services to the Companies.

17. **MacKenzie Mergers & Acquisitions ("MacKenzie")** is private company organized under the laws of Florida. In early 2011, MacKenzie acquired CBI's Consulting Agreement with the Companies and Daspin was designated a Senior Vice President of MacKenzie.

FACTS

A. Background

18. In April 2010, Daspin decided to start a new business capitalizing on the growing popularity of mixed martial arts. The Companies were founded in Daspin's basement, where they operated until they relocated to commercial office space in Little Falls, New Jersey. As conceived and structured by Daspin, WMMA would contract with local promoters to organize mixed martial arts tournaments around the world and create digital content and branded merchandise and WMMA Distribution would sell the content and merchandise, via cable television contracts and online viewing and product sales.

19. WMMA Holdings held the controlling interest in WMMA and WMMA Distribution, and the controlling interest in WMMA Holdings was held by three limited partnerships controlled by Daspin's wife. Daspin was the architect of this corporate structure.

20. Daspin enlisted Agostini, a friend of his son's, to serve as executive chairman of each of the Companies' boards of directors. Agostini had worked with Daspin at two of Daspin's prior failed ventures; at one of them Agostini was also held out as the company's chairman.

21. Daspin also recruited Lawrence Lux to serve as a director and CEO of WMMA and WMMA Distribution, and a director of WMMA Holdings. Lux was previously involved in another Daspin venture, a purported private equity company, of which Daspin was the senior partner. According to WMMA's and WMMA Distribution's PPMs, Lux had an expertise in internet marketing, had been involved with several internet start-ups, and had experience in raising capital for start-ups.

22. To obtain the initial working capital, Daspin approached a third individual, a mixed martial arts fan, who invested a total of $333,333 in December 2010 and April 2011 and was named a director and the president of WMMA and WMMA Distribution, and a director of WMMA Holdings ("the third director").

23. Daspin also recruited a former associate, who had worked with Daspin at several prior ventures, to draft contracts and other legal documents, including portions of the PPMs.

B. The Consulting Agreement

24. Rather than identify himself as an officer, director, or significant shareholder of the Companies, Daspin arranged to be retained as a "consultant" to the Companies. Daspin also arranged a series of contracts between CBI, and later MacKenzie, and the Companies, by which the Companies delegated their most important business and management functions to Daspin.

25. For example, on November 30, 2010, Daspin caused CBI to enter into an agreement with WMMA Holdings and WMMA (the "Consulting Agreement"). The Consulting Agreement provided CBI with the "exclusive right" to provide the Companies with services related to "human

resources," "deal-making," "raising equity," "developing strategic business, action and operating plans," and structuring "mergers and acquisitions." Later versions of the Consulting Agreement, including the December 15, 2010 Consulting Agreement, similarly provided that CBI was to provide the Companies with a broad range of "management advisory services," including: (a) "Executive recruiting;" (b) "Financial Advisory services pertaining to raising capital from third party investors" and (c) "Other management advisory services pertaining to their operations."

26. In the first half of 2011, CBI's Consulting Agreement with the Companies was assigned to MacKenzie and Daspin agreed to become a Senior Vice President of MacKenzie and continue to provide the services covered by the Consulting Agreement in return for receiving payments from the Companies through MacKenzie. Specifically, MacKenzie agreed to pay CBI 95% of the first $350,000 it received under the Consulting Agreement and to pay CBI 50% of anything over $350,000. CBI retained the right to have the Consulting Agreement assigned back to it.

27. All the iterations of the Consulting Agreement provided for substantial remuneration to Daspin through CBI, and later MacKenzie. For example, the December 2010 Consulting Agreement entitled CBI to a $25,000 fee (payable in installments) for each "sweat-equity" (i.e. non-investing) employee it recruited (plus 5% of the employee's compensation in excess of $125,000 annually for a period of five years). For successfully soliciting employees who invested in the Companies, CBI was entitled to an immediate minimum payment of $25,000, or 25% of the employee's first year salary, whichever was greater (plus 5% of the employee's compensation in excess of $125,000 a year, continuing indefinitely). [2]

28. Each of the six employees who invested in the Companies in 2011 and 2012 were assigned an annual salary of $150,000, thereby entitling MacKenzie, which by then had been assigned the Consulting Agreement, a commission of $37,500 for each employee recruited who purchased stock of WMMA or WMMA Distribution, a minimum of $12,500 more than it earned for recruiting employees who did not invest, plus the right to receive five percent of investor-employees' compensation over $125,000 indefinitely. Thus, Daspin received greater financial compensation for recruiting employees who invested in the Companies than for employees who did not.

29. The Consulting Agreement also provided that CBI would be paid $25,000 for each contract or transaction it negotiated, plus two percent of the value of the transaction or contract as such funds became available, payable on a monthly basis for a period of five years from the contract date. For other services, CBI employees and consultants were to be paid hourly fees ranging from $200 to $350 per hour.

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[2] All of the investors were employees or an officer and director of one or more of the Companies, but not all of the Companies' employees and officers and directors were investors.

30. Accordingly, through the Consulting Agreement, Daspin effectively operated as the Companies' CEO, with authority to make virtually every important decision, including decisions about the hiring of employees and executives, capital raising, negotiating contracts and transactions with third parties.

31. The Consulting Agreement contained no restrictions, procedural or substantive, on CBI's, and thus Daspin's, authority concerning the services to be provided under the contract and no one at the Companies was assigned responsibility for supervising CBI's, and thus Daspin's, actions under the Consulting Agreement.

C. Oral Misrepresentations and Omissions in Soliciting Investors

32. From September 2011 through March 2012, Daspin fraudulently raised $2,037,000 from six investors. Three investors invested a total of $698,000 in WMMA and $538,000 in AGCDS (WMMA Distribution's predecessor) in the fall of 2011 after being solicited by Daspin, who told them, among other things, to diversify their investments by investing in both companies, and provided them with copies of the WMMA PPM dated July 31, 2011 and the AGCDS PPM dated July 31, 2011.

33. Three additional investors invested a total of $438,000 in WMMA and $363,000 in WMMA Distribution after they were solicited by Daspin, who told them to diversify their investments by investing in both companies. Two of those individuals made their investments after being provided copies of the WMMA PPM dated January 5, 2012, and the WMMA Distribution PPM dated January 12, 2012.

34. In total, $1,486,000 was raised through the sale of WMMA stock, approximately $1,236,000 of which was raised fraudulently and $901,000 was raised through the sale of stock of AGCDS and WMMA Distribution, all of which was raised fraudulently.

35. Under the Consulting Agreements, Daspin was responsible for hiring and capital raising for the Companies. Daspin combined the two: raising almost all of the Companies' financing from employees in connection with their hiring. When looking for investors, Daspin targeted unemployed mid-level finance and technology professionals. He did so by having the Companies post advertisements on employment websites such as www.sixfigurejobs.com. Daspin's wife reviewed applications posted on the website in response to these advertisements, and on other job-hunting websites, and provided Daspin with the resumes and applications she considered the most promising. Interested prospects were then interviewed by telephone or Skype for supposedly executive positions.

36. Typically, the applicants were not told during these initial screening interviews that they would be required to make an investment, much less an investment of hundreds of thousands of dollars, to be hired and paid a "salary," which in fact was merely a (partial) repayment of their investment. After the unsuspecting applicants were lured to the Companies' offices in suburban New Jersey for a second round "job interview," Daspin lead the negotiations and solicited them to make an investment in the Companies.

37. To convince them to invest, Daspin falsely told a number of the prospective investors that everyone who worked at the Companies had invested or had "skin in the game," leading these prospects to believe that they would also have to make an investment to get a job. In addition, Daspin pressured the prospects to invest as much as possible, telling them that increasing their investment was a way to boost their salary and thus increase their draw against salary during the start-up phase, under the Companies' so-called "forward stock redemption program."[3]

38. When soliciting investments, Daspin used an alias, Edward (or Ed) Michael, to conceal, or delay disclosure of, his criminal record and history of failed ventures. It was only after the prospective investors signed a required non-disclosure agreement and were on the verge of investing that they were told Daspin's real name. Daspin did this to delay disclosure of his criminal conviction and, as a practical matter, the disclosure came too late. The disclosure of Daspin's true identity often occurred in a high-pressure setting where the prospective investor-employee was given various employment and investment-related documents to sign and was expected to turn over a check for his or her investment. The last minute disclosure was designed to deprive prospective investors of a reasonable opportunity to conduct due diligence on Daspin before making their investment.

39. Daspin also falsely presented himself to prospective investors as only a consultant to the Companies, when in reality, as discussed above, he had substantial input into, and often exercised ultimate control over, most important business decisions and actions of WMMA, including hiring all employees, soliciting all investors, drafting and dissemination of the Companies' PPMs, negotiating transactions and contracts on behalf of the Companies, controlling the Companies' bank accounts and making numerous other management decisions on behalf of the Companies. Notwithstanding the directors' exalted titles, neither they nor anyone else at the Companies was charged with supervising CBI, and therefore, Daspin in the exercise of his broad ranging powers under the so-called Consulting Agreement.

40. In soliciting investors, Daspin also failed to disclose the sizeable amount of monies the Companies already owed him, through CBI and MacKenzie, based on the fees earned to date – approximately $827,000 as of December 2011–which could have bankrupted the Companies.

41. Daspin also made false representations during these solicitations about the size of investments in, and the financial condition of, the Companies, including telling various investors,

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[3] Under the terms of their employment and investment agreements, the investor-employee' salaries would accrue, but would not be paid until certain profitability targets were achieved. Investor-employees, however, could receive a monthly draw before the targets were met pursuant to a "stock repurchase program" under which the Companies would buy back a small, fixed, percentage of the investor-employee's stock each month. Hence, to receive any payment for their work before the Companies became profitable, employees had to invest.

in substance, that WMMA Holdings had $100 million and would subsidize the Companies, that a company referred to variously as "Ford" or a car company had committed $20 million to the Companies, that the Companies had over $30 million cash on hand, that the Companies were well-funded and had sufficient cash on hand to cover ongoing expenses, that the third director had invested $500,000, and that the Companies had run profitable mixed martial arts events in the past. When pressed about the amount of cash on hand, Daspin at times evaded the question and referred prospective investors to the PPM or assured them that the Companies were well-funded.

D. Misrepresentations to Prospective Investors in the PPMS

i. Misrepresentation of Daspin's Role at the Companies

42. The PPMs identified Agostini as the Executive Chairman of each of the Companies' board of directors and identified Lux and the third director as the Companies' two other directors and, respectively, CEO and president of each of the Companies. The PPMs also identified other officers and employees, but neither Daspin nor his wife's names appear in the PPMs. During the employment application/investment solicitation process, prospective investors were told that Daspin was only a consultant to the Companies and that Agostini, Lux, and the third director were the Companies' directors and senior officers.

43. Daspin took steps to ensure that his name, and his role and his wife's controlling interest in the Companies, were kept out of the PPMs. Specifically, he devised what amounted to a sham transaction to create the illusion that the shares his wife owned were controlled by the Companies' directors. When the Companies were first formed, shares representing a controlling interest in WMMA Holdings were issued to three family partnerships owned and controlled by Daspin's wife. In or about December 2010, for nominal consideration, the partnerships transferred the stock they held to the directors, who agreed to hold the shares in trust for the partnerships. However, as part of the transactions, the directors gave the partnerships a warrant to repurchase the shares upon two days' written notice and the payment of the nominal strike price. Thus, although the directors ostensibly controlled a majority interest in the Companies throughout the relevant period, Daspin could immediately cause his wife's partnerships to exercise the warrants and buy back her controlling interest. Moreover, the directors held the stock subject to a fiduciary duty to Daspin's wife and her partnerships.

44. In reality, Daspin exercised ultimate control over virtually every important decision of the Companies. He was able to exert this control both through the Consulting Agreement, and because his wife effectively owned a majority of the Companies' stock. In addition, two of the three directors and senior officers had no relevant business experience. Agostini, who had previously worked as a disc jockey and in music production, repeatedly deferred to Daspin for important business decisions, as did Lux and the third director.

45. Daspin also exercised control over the Companies' funds. Agostini had signatory authority (along with Daspin's wife) over the Companies' main bank accounts and signed almost all the checks drawn on those accounts. However, he made significant payments only with Daspin's approval. At one point, several of the investors who had been hired to be the Companies'

ostensible finance officers tried to obtain signatory authority over the Companies' bank accounts and to have the Companies require that one of them co-sign all checks. A board resolution was prepared to effect that change, but Agostini told the board that Daspin had refused to permit him to share signatory authority over the checking accounts. At Daspin's direction, Agostini also strictly limited the finance officers' access to the Companies' bank account records, impeding their ability to even review the Companies' expenditures.

46. Daspin also directed that the PPMs contain no disclosure of his wife's stock ownership. WMMA's July 31, 2011 PPM stated that WMMA Holdings owned 91.5% of WMMA's stock, and that eleven individuals who owned most of the other 8.5% of WMMA's stock also owned unspecified percentages of WMMA Holdings. WMMA's January 5, 2012 PPM stated that each of the three directors held 22.54% of the stock of WMMA Holdings and its subsidiaries as a "trustee," without identifying the trust beneficiaries. An earlier draft of the PPM had contained disclosure of Daspin's wife's control of the Companies' stock through the partnerships, but at Daspin's direction the disclosure was removed. AGCDS's July 31, 2011 PPM and WMMA Distributions' January 12, 2012 PPM similarly failed to disclose Daspin's wife's controlling interest in the Companies.

ii. Misrepresentations About the IMC Contract

47. According to the PPMs, the Companies would use the IMC database to market and sell tickets to sponsored events, as well as all of their digital content and related products. The IMC contract was the core of the Companies' business plan.

a. The Misleading Description of the IMC Contract

48. In describing the IMC contract, the PPMs stated:

> WMMA has signed a long term strategic alliance agreement with [IMC]. . . . IMC is one of the foremost multi-level marketing and database marketing companies in the world and, has joint ventures with hotels, timeshares and has thousands of dollars of free product and services discounts which can be used as part of its marketing programs to provide MMA spectators with value-added benefits that they are not now enjoying by watching other competitor's shows.
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> . . . .
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> IMC has over One Hundred and Thirty Million (130,000,000) U.S. mobile phone numbers for text messaging and invitations; as well as access to Four Million (4,000,000) websites of prospective spectators. In addition, IMC has over Eight Hundred and Forty Million (840,000,000) opt-in e-mail addresses and One Hundred Million (100,000,000) press release outlets.
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> . . . .

49. The PPMs further stated that out of a two billion-person potential market in the sixteen countries where WMMA planned to operate, "IMC is estimated to have about Twenty Five Percent of the WMMA MMA spectator market in its proprietary database."

50. The PPMs failed to disclose facts that, at a minimum, raised substantial questions about the truth of these statements and whether the database would be of any real use to the Companies. The PPMs failed to disclose that no one associated with the Companies had tested the database or had any idea how many of the addresses in it were still valid, not to mention how many were for people within the target audience for mixed martial arts. The PPMs also failed to disclose that the effectiveness of the database depended in part on the Companies having a working website for email marketing – not only did the Companies not have a working website during the period in which most of the investments were made, but their efforts to create one had repeatedly come up short.

51. Daspin authored the narrative descriptions in the PPMs regarding the IMC contract and database and insisted upon their inclusion over objections that the descriptions were misleading because (a) WMMA had not obtained any demographic information about the database, (b) the database had not been tested, and (c) IMC had the right to cancel the contract on short notice.

b. <u>The Unreasonable Valuations of the IMC Contract</u>

52. The WMMA PPMs also contained baseless and increasingly fantastic valuations of the IMC contract. The July 31, 2011 WMMA PPM represented that MacKenzie had valued the IMC contract at $5 million, a valuation for which there was no reasonable basis. Not content with the excessive $5 million valuation, Daspin insisted on substantially increasing the valuation in later versions of the WMMA PPM to inflate the Companies' apparent value.

53. Accordingly, in the fall and winter of 2011, as he began raising money from investors, Daspin began to push for the inclusion of significantly higher valuations of the IMC contract in the WMMA PPM. He initially sought to inflate the valuation to approximately $160 million, but when that valuation met with stiff resistance from others within the Companies, he proposed an $82 million valuation. Despite strong objections by a number of Company officers and employees, Daspin insisted on including the $82 million valuation in the January 2012 WMMA PPM, which he used to solicit at least two additional investors.

54. Thus, at Daspin's insistence, the narrative portion of the January 2012 WMMA PPM included a representation that MacKenzie had valued the IMC contract at $82 million – albeit not in accordance with GAAP – and that WMMA's board had approved the valuation and requested that it be included in the PPM.

55. At Daspin's insistence, the January 2012 WMMA PPM also included a two-page, unaudited "Consolidated Balance Sheet" which listed the IMC contract as an intangible asset valued at $82 million. A footnote to the $82 million entry on the balance sheet stated "[a]ppraised

value by MacKenzie M&A of 840 million double opt-in customer database (20 year exclusive contract)."

56. Daspin had no reasonable basis for the $82 million valuation he insisted be included in the January 2012 WMMA PPM. Neither he nor anyone else associated with the Companies conducted appropriate due diligence on the IMC database. As Daspin well knew, no one had verified the existence of the database, tested it, obtained any demographic information about the individuals in the database, or confirmed how many of the email addresses and mobile phone numbers in the database were current.

57. Daspin also knew that the effectiveness and value of the database was entirely dependent on the Companies having a functioning website through which individuals who received marketing emails or text messages could purchase tickets to sponsored events and related products, and to download or stream digital content, and he knew that WMMA's staff was still struggling to create an operational website when the January 2012 PPMs were provided to prospective investors.

c. Misrepresentations About Cash on Hand

58. The January 5, 2012 WMMA PPM contained a two page "Forecasted Consolidated Balance Sheet" for WMMA that contained an entry of $33,085,850 in cash for "Stub-Period 2011 (Charitable Event)." The term "stub-period" was not defined; the balance sheet bore a date of September 30, 2011, but it appeared at the bottom of the page and was not otherwise referenced. However, at no time did WMMA have $33 million in cash and there was no reasonable basis to believe that a charitable event in 2011 would generate $33,085,850 in cash. Daspin referred a number of investors who asked him how much cash was on hand to the PPM.

E. The Offerings of WWMA and WMMA Distribution Securities Were Not Registered

59. The offerings of WMMA and WMMA Distribution's securities were not registered with the Commission.

60. Each offering sought to raise $20 million, and used means of general solicitation by placing advertisements on internet employment websites. Although ostensibly conducted as private placements pursuant to Section 4(2) of the Securities Act and Rule 506, no attempt was made to verify the investors' claimed financial condition. At least three investors were not accredited and were not provided with an audited balance sheet or any other audited financial information about WMMA or WMMA Distribution.

F. Daspin's and Lux's Receipt of Commissions

61. In accordance with the Consulting Agreement, the Companies paid CBI approximately $135,000, and paid MacKenzie approximately $247,000 for bringing in investments. Daspin received a substantial portion of this money. Under the Consulting Agreement, other individuals who assisted in obtaining investments from new investors were also

entitled to a small percentage of the commissions CBI and MacKenzie earned on those investments. For his assistance in recruiting investors, Lux received approximately $9,000.

62. Neither Daspin nor Lux, nor any of the other individuals who received commissions on investments, were associated with a registered broker-dealer during the relevant period.

G. The Roles of Agostini and Lux

63. Agostini and Lux served essential roles in Daspin's fraud, enabling Daspin to control the Companies while maintaining the illusion that he was only a consultant. Although they were ostensibly two of the Companies' three directors and senior officers, on all important matters, they either deferred to Daspin or acquiesced in his decisions. Moreover, they signed the Consulting Agreement delegating virtually all of the Companies' important decisions to Daspin, including raising capital from investors. Agostini and Lux also participated in the sham transactions described in paragraph 43, above, in which Daspin caused his wife's 67% interest in the Companies' stock to be held by Agostini, Lux and the third director "in trust," but Daspin's wife was issued warrants by which she could buy back her controlling interest in the Companies for nominal consideration and on only two days' notice. Agostini and Lux thereby assisted Daspin's scheme to conceal from investors his control of the Companies.

64. Agostini and Lux had both been involved in some of Daspin's prior ventures in which Daspin had controlled the enterprise although ostensibly serving as an outside "consultant." Agostini and Lux were fully aware of the true ownership structure of the Companies and Daspin's control. They were also fully aware of Daspin's criminal conviction and string of failed ventures.

65. In addition, Agostini arranged for all the payments to Daspin (directly or through MacKenzie and CBI) and made other substantial payments only as directed by Daspin. Moreover, Agostini controlled access to the bank account records and impeded the efforts of the Companies' finance officers to control, or even review, the Companies' expenditures.

66. Lux knew that there was no reasonable basis for the descriptions of the IMC database in the PPMs and the $82 million valuation of the IMC contract in the January 2012 WMMA PPM. Moreover, he participated in the solicitation of investors and thus witnessed Daspin's active concealment of his true identity until late in the solicitation process.

H. The End of the Companies

67. In March 2012, the Companies produced a charity fundraising mixed martial arts event in El Paso, Texas to generate brand recognition for WMMA. Instead, the El Paso event was the death knell for the Companies, resulting in a loss of approximately $500,000 and consuming most of their remaining cash. By June 2012, if not sooner, the Companies had run out of cash, and ceased doing business.

VIOLATIONS

68. As a result of the fraudulent conduct described above, Daspin willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

69. As a result of the fraudulent conduct described above, Lux willfully violated Sections 17(a)(2) and 17(a)(3) of the Securities Act.

70. As a result of the fraudulent conduct described above, Agostini caused violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

71. As a result of the fraudulent conduct described above, Daspin acted through or by means of the Companies and the directors to make material misstatements and omissions in connection with the purchase or sale of securities, and, as a result, willfully violated Sections 20(b) and 10(b) of the Exchange Act and Rule 10b-5 thereunder.

72. As a result of their participation in the unregistered offerings of securities for which no exemption from registration was available, as described above, Daspin and Lux willfully violated Sections 5(a) and 5(c) of the Securities Act.

73. As a result of their unregistered brokerage activity described above, Daspin and Lux willfully violated Section 15(a) of the Exchange Act.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Daspin should be ordered to cease and desist from committing or causing violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b), and Rule 10b-5 thereunder, including committing or causing any such violations directly or indirectly through or by means of any other person as prohibited by Section 20(b) of the Exchange Act, and Section 15(a) of the Exchange Act, and whether Respondent Lux should be ordered to cease and desist from committing or causing violations and any future violations of Sections 5(a), 5(c), 17(a)(2) and 17(a)(3) of the Securities Act, and Section 15(a) of the Exchange Act, and whether Agostini should be ordered to cease and desist from committing or causing violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act.

C. What, if any, remedial action is appropriate in the public interest against Respondents Daspin and Lux pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act;

D. Whether, pursuant to Sections 8A of the Securities Act and Section 21C of the Exchange Act, Respondents Daspin, Lux and Agostini should be ordered to pay disgorgement and civil penalties.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, they may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondents as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness

or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields
Secretary