

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

Civil Action No.: 16-cv-02463

v.

INFINEX VENTURES, INC., and  
RONALD SALEM

Defendants.

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**COMPLAINT**

The United States Securities and Exchange Commission (the “Commission”) alleges as follows:

**SUMMARY**

1. In 2014, Defendant Infinex Ventures, Inc. (“Infinex”) and its sole officer and employee, Defendant Ronald Salem (“Salem”), made a series of false and misleading public statements claiming that Infinex had operations and funding to develop a marijuana business.
2. In March 2014, Salem incorporated a new entity, Marijuana Funding Inc. (“MFI”), and then caused Infinex to release a series of three press releases in May and June 2014 announcing its negotiations with, and ultimate acquisition of, MFI.
3. In those press releases, Infinex and Salem described MFI as a private company that specialized in funding companies in the marijuana industry. In the final release, Infinex claimed to have “secured access to \$100 million for marijuana funding” through MFI.

4. Before and after issuing these press releases, Infinex released false financial information claiming that it had generated revenue of approximately \$107,000 for the month of April 2014 and had sales of \$512,000 for the full second quarter of 2014.

5. In fact, Salem controlled MFI, and neither Infinex nor MFI had any operations, specialized expertise, revenue, or funding.

6. By virtue of the conduct alleged herein, the Defendants, directly or indirectly, engaged in acts, practices, and courses of business that violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. 240.10b-5(b)].

7. Unless Defendants are permanently restrained and enjoined, they are likely to again engage in acts, practices, and courses of business similar to those set forth in this Complaint and otherwise violate Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

#### **JURISDICTION AND VENUE**

8. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

9. Defendants, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the acts, practices, transactions, and courses of business alleged in this Complaint.

10. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b), and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

11. Infinex Ventures, Inc. had its principal and sole office in this District. Certain of the acts, practices, transactions and courses of business constituting violations alleged in this Complaint occurred in this District.

## **DEFENDANTS**

12. **Infinex** is a Nevada corporation with its principal executive offices in Denver, Colorado. Nevada Secretary of State records list Infinex's corporate status as "revoked" for failure to pay required fees. Infinex is controlled by RS Capital, LLC, a Colorado limited liability company. Infinex stock trades on the OTC Pink market, operated by OTC Markets Group, Inc. ("OTC Markets"), under the symbol "INFX." Infinex's stock is a "penny stock" as defined by Section 3(a)(51) of the Exchange Act [15 U.S.C. § 78c(a)(51) and Rule 3a51-1 thereunder [17 C.F.R. § 240.3a51-1].

13. **Salem**, age 40, is a resident of San Diego, California. Salem has been Infinex's President, Chief Executive Officer, Secretary and Director since at least March 2014. Salem is the manager and only known member of RS Capital, LLC. Salem was the sole employee of Infinex and MFI during the relevant period. Salem was quoted in each of Infinex's false and misleading press releases and caused them to be disseminated.

## **FACTS**

### **Background**

14. On April 24, 2014, Infinex filed a quarterly report for the first quarter of 2014 with OTC Markets. That report disclosed new ownership and management and reported no sales, revenue or assets. It identified Ronald Salem as the company's new President, Chief Executive Officer, Secretary and Director, and Salem certified the report as the company's Chief Executive Officer and Chief Financial Officer. The report stated that "[o]n March 15, 2014 RS Capital took over control of the company..." and identified Salem as the manager of RS Capital, LLC.

15. OTC Markets operates financial markets that do not have actual physical locations where stock can be bought and sold. Buyers and sellers of securities listed on its markets trade with one another through various communication modes such as the telephone, email, and proprietary electronic trading systems. Issuers are able to provide financial and other information to investors by filing reports and releases with OTC Markets that are disseminated through its website.

**May 5, 2014 Financial Report**

16. Within weeks after reporting its change of control and reporting no revenue, on May 5, 2014, Infinex filed interim financials for the month of April 2014 with OTC Markets in which it reported revenue of \$106,875. Infinex did not disclose any details as to how it generated the purported revenue. The company's claims regarding revenue were false; in fact, Infinex had no operations that could have generated the revenue.

17. Salem was Infinex's sole officer and employee at the time these statements were made, had ultimate authority over the statements, and was the person who filed them with OTC Markets to be published on their website.

**May 22, 2014 Press Release**

18. After filing this false financial information, Infinex released a series of three false and misleading press releases concerning its purported entry into the marijuana business. Salem approved and paid for the dissemination of each false and misleading press release and is quoted in each one. Each of the releases was distributed to the public through services offered by MacReport Media Publishing, Inc. and Marketwired L.P. and were thereafter available on the internet.

19. In a May 22, 2014 press release, Infinex announced that it had “entered meaningful negotiations for the acquisition of Marijuana Funding Inc.” and reported that MFI “has extensive lending and finance programs that are focused on growing the Marijuana industry.” Infinex further claimed that “[t]he purchase would allow the Company to expand its offerings into markets that it has not done business with in the past.” Infinex also claimed that “[t]he program will allow the company to receive not only financing charge revenue, but also revenue from the sales of Cannabis products as it acquires marijuana dispensaries and other manufacturers in the Cannabis industry.” The release included the following quote from Salem: “As the restrictions [state law and regulations on marijuana sale and usage] continue to lighten, we are going to be able to continue the further expansion of these companies by providing working capital and equipment financing available today through Marijuana Funding, Inc. ... This program is sure to bring in significant revenue going into the third and fourth quarters of 2014. This fits right in with our plan to model to grow [sic] shareholder value via strong revenues.”

20. These statements were false and misleading because MFI had no operations, revenue, or prospects, and the acquisition of MFI would not bring additional value to Infinex. Salem had incorporated MFI on May 15, 2014. Salem was the sole employee of both companies, and the purported acquisition was paid for with the issuance of 100 million Infinex shares in the name of MFI. Investors could not know that Infinex was acquiring nothing of value and had effectively paid nothing for MFI since the shares were to be issued in the name of MFI and would be owned by Infinex upon closing of the transaction. Also, since MFI had no operations or financing prospects, the claim that the acquisition of MFI would enable Infinex to

generate significant revenue in the third and fourth quarters of 2014 was also false and misleading.

**June 2, 2014 Press Release**

21. On June 2, 2014, Infinex issued a press release announcing that it had “acquired the privately held company Marijuana Funding Inc.” and claimed that MFI “specializes in the funding of companies in the burgeoning Medical and Recreational Marijuana Industries. The company works with both conventional and non-traditional loans as well as private equity and possible public offerings.” These claims were false and misleading since MFI was formed and controlled by Salem, its only employee, and had no operations or legitimate prospects.

**June 6, 2014 Press Release**

22. On June 6, 2014, Infinex issued a press release in which it claimed to have funding that it was offering to marijuana businesses. Infinex claimed that, through MFI, it had “secured access to over \$100 million in funding to put towards projects” in the marijuana industry and claimed that “[t]he company has an aggressive program, offering from 7.99% to 13% on a 30 year note ranging from \$250,000 to \$5,000,000 per site, all with credit scores as low as 650.” These claims were false and misleading because, in fact, MFI and Infinex had no actual rights to any source of funds, no rights to profit from any funding that was actually arranged, and were not able to offer any financing.

**September 17, 2014 Financial Report**

23. Infinex’s only additional public disclosure came on September 17, 2014 when it filed unaudited annual reports for 2012 and 2013 and a quarterly report for the second quarter of 2014 with OTC Markets. Salem signed and certified the report as Infinex’s Chief Executive Officer and Chief Financial Officer and caused them to be filed with OTC Markets. Both reports

disclosed minimal sales (\$123,159 for 2012 and \$276,060 for 2013) with a small net loss for 2012 (\$71,611) and a small net profit for 2013 (\$45,362). Infinex did not disclose the source of the purported sales or any detail concerning the business in which Infinex was purportedly engaged during those periods. The quarterly report for the second quarter reported sales of \$511,972 for the quarter, with a net loss of \$26,102. The report did not reveal any facts about the source of those sales and did not contain any disclosure related to Infinex's purported marijuana business. Infinex's claims in these reports of revenue and sales were false and misleading in light of Infinex's lack of operations.

24. Salem and Infinex knowingly or recklessly made each of the above false or misleading statements regarding Infinex's business and rights to financing. Salem was the only employee of both Infinex and MFI and knew, or was reckless in not knowing, that neither company had any business operations, revenue or funding and that there was no basis for the statements he made on behalf of Infinex. Salem was Infinex's sole officer and his scienter is imputed to Infinex.

25. Each of these false and misleading statements was material because each statement focused on Infinex's purported operations and ability to do business in the future. Investors would have been less likely to buy or retain Infinex stock if they had known that Infinex had no business operations, revenue or funding.

26. Infinex's stock was traded throughout the period when Infinex and Salem made the false and misleading statements and created a significant risk of investor losses. The false and misleading statements had a significant impact on trading in Infinex's stock, with average daily trading volume of approximately 91,000 shares for April 2014, the month before the false and misleading statements began, rising to approximately 302,000 shares for May 2014 and

approximately 575,000 for June 2014. Infinex's trading price and average daily trading volume declined significantly thereafter.

**CLAIM FOR RELIEF**

**Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder  
(Infinex and Salem)**

27. The Commission realleges and incorporates by reference paragraphs 1 through 26, as though fully set forth herein.

28. Infinex and Salem, directly or indirectly, acting with scienter, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of a security, made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

29. By virtue of the foregoing, Infinex and Salem, directly or indirectly violated, and, unless restrained and enjoined, will again violate Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

**RELIEF SOUGHT**

**WHEREFORE**, the Commission respectfully requests that this Court:

**I.**

Find that each of the Defendants committed the violations alleged in this Complaint;

**II.**

Enter an Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining each of the Defendants from violating, directly or indirectly, the laws and rules alleged in this Complaint;

**III.**

Order Defendant Salem to pay a civil monetary penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

**IV.**

A. Pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], prohibit Defendant Salem from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78I] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)];

**V.**

B. Prohibit Defendant Salem from engaging in any offering of a penny stock pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)];

**VI.**

Granting such other and further relief as the Court may deem just and proper.

**JURY DEMAND**

The Commission demands a trial by jury on all claims so triable.

Respectfully submitted September 30, 2016.

s/ Polly A. Atkinson  
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