

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE**

**U.S. SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

DAVID J.C. BOLTON,

Defendant.

Case No.

COMPLAINT

JURY DEMAND

Plaintiff Securities and Exchange Commission (“SEC”) alleges as follows against Defendant David J.C. Bolton (“Bolton” or “Defendant”):

SUMMARY

1. Bolton falsely marketed to investors a company that he formed to launch exchange-traded funds (“ETFs”), and he fraudulently diverted investor funds to himself in amounts that grossly exceeded his disclosed salary. When Bolton solicited investors to invest in his company, Millennia Shares, LLC (“Millennia Shares”), in 2018 and 2019, Bolton’s written disclosures stated that the company would pay him a set monthly salary. Bolton, however, plundered an additional total sum of at least \$215,000 – over a quarter of all investor funds – from company bank accounts.

2. Bolton solicited investors in Millennia Shares by telling them, through written memoranda and orally during meetings, that the company would earn revenues by creating and launching ETFs, a type of investment product, to the public. Bolton’s memoranda listed

operating costs that the company would incur in launching the ETFs, and variously indicated that Bolton would receive a set monthly salary of \$7,000 or \$10,000.

3. In response to Bolton's solicitations, approximately 10 investors entered into agreements with Millennia Shares under which they invested money in exchange for equity stakes in the company and other potential forms of profit.

4. After investors sent money to Millennia Shares, Bolton withdrew cash or arranged fund transfers from company bank accounts in amounts that far exceeded his disclosed compensation. Bolton did this through numerous, irregular, and sometimes small transactions that he orchestrated, and also by diverting large lump sums of over \$20,000 each, all of which he used for personal expenses including, for example, a wedding ring. Bolton took these funds during the same months in which he made his false compensation disclosures to investors or during the months immediately following these disclosures.

5. Bolton also fraudulently took investor funds by receiving payments that ostensibly constituted salary to another Millennia Shares employee who already had resigned from the company and stopped all work activity. And, in late 2019, after Millennia Shares had ceased operations without ever having issued any ETFs, Bolton took for himself a large sum of investor funds when he emptied the company's bank accounts.

NATURE OF PROCEEDING AND RELIEF SOUGHT

6. The SEC brings this action pursuant to Section 20(b) of the Securities Act of 1933 [15 U.S.C. §§ 77i(b)] (the "Securities Act") and Section 21(d) of the Securities Exchange Act of 1934 [15 U.S.C. §§ 78u(d) and 78u-1] (the "Exchange Act") to enjoin the transactions, acts, practices, and courses of business, and federal securities law violations, alleged in this

Complaint, and to seek orders of disgorgement, civil money penalties, and further relief as the Court may deem appropriate.

JURISDICTION AND VENUE

7. This Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [*15 U.S.C. §§ 77t(b) and 77v(a)*] and Sections 21(d), 21(e), and 27 of the Exchange Act [*15 U.S.C. §§ 78u(d), 78u(e), and 78aa*].

8. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [*15 U.S.C. § 77v(a)*] and Section 27 of the Exchange Act [*15 U.S.C. § 78aa*]. Acts, transactions, practices, and courses of business constituting the violations alleged herein have occurred within the jurisdiction of the United States District Court for the Middle District of Tennessee and elsewhere.

9. Defendant, directly or indirectly, made use of the means and instrumentalities of interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged herein, and will continue to do so unless enjoined.

DEFENDANT

10. **David J. C. Bolton**, age 43, is a resident of Nashville, Tennessee. Bolton founded Millennia Shares and was the owner and principal of the entity. Bolton was previously a registered securities representative (CRD #5038018), most recently with a registered broker-dealer in Indiana.

RELATED ENTITY

11. **Millennia Shares, LLC** was a limited liability company formed by Bolton in Kentucky on June 28, 2017, with its principal place of business in Bowling Green, Kentucky. On October 16, 2018, the state of Kentucky administratively dissolved that entity. Bolton then

registered Millennia Shares in Tennessee on December 19, 2018, and established its principal place of business in Brentwood, Tennessee. The state of Tennessee dissolved that entity on October 6, 2020. Neither Millennia Shares nor its securities have been registered with the Commission at any time.

12. From approximately August 2018 through August 2019, approximately six people, including Bolton, were employed by or performed services for Millennia Shares.

BACKGROUND ON ETFS

13. ETFs are a type of investment product that must register with the SEC under the federal securities laws as either an open-end investment company (generally known as a “fund”) or a unit investment trust. ETFs offer investors a way to pool their money in a fund that makes investments in stocks, bonds, or other assets and, in return, to receive an interest in that investment pool. Shares of ETFs are traded on a national stock exchange and their share prices fluctuate all day as the ETF is bought and sold on the exchange.

14. ETFs typically incur ongoing operating expenses, such as investment advisory fees for managing the fund’s holdings, and marketing and distribution expenses. Sponsors of ETFs typically seek to generate revenues for themselves by assessing management fees on the funds.

FACTS

Bolton’s Marketing of Millennia Shares

15. From at least May 2018 through May 2019, Bolton solicited various individuals to invest in Millennia Shares. Bolton told prospective investors that they could profit through Millennia Shares’ plans to create and sponsor new ETFs, which would be issued to the investing

public and listed on a national securities exchange, and would generate fee income for the company.

16. Bolton marketed Millennia Shares to business contacts and to other persons he met through these contacts. The individuals who ultimately invested in Millennia Shares lived or worked in the Nashville area and in other states.

17. Bolton marketed Millennia Shares through numerous written memoranda that he prepared. In particular, Bolton drafted a memorandum that he captioned “MILLENNIA SHARES Look Forward. Invest in Things to Come,” and referred to as the Millennia Shares Private Investment Opportunity memorandum (the “PIO”). The PIO, which Bolton periodically revised, identified certain Millennia Shares personnel (including himself, as President and Chief Executive Officer) and described the company’s purported business strategy. Bolton also drafted a series of “executive summaries” with information about Millennia Shares and its ETF plans.

18. On numerous occasions between May 2018 and June 2019, Bolton variously emailed, instructed a business associate to email, and sent to the business associate with the expectation that he would circulate, the PIO and executive summaries to prospective investors and investors.

19. Bolton also marketed Millennia Shares by meeting or having telephone calls with prospective investors, both individually and in groups. For example, in January 2019, Bolton organized a meeting with an investor group at a restaurant in Nashville, during which he promoted Millennia Shares and handed out copies of his PIO. Bolton routinely met with every investor before he or she invested in Millennia Shares.

20. Bolton’s marketing documents provided details on the types of ETFs that Millennia Share would create. The PIO described “Traditional & Long-Established Asset Class

Funds,” “Opportunities Funds,” “Focus Funds,” and “Multifactor ETFs,” and identified the names and tickers of at least 24 different ETFs that Millennia Shares planned to issue. Bolton’s marketing also set forth Millennia Shares’ operating budget and projected profits and losses, and calculated a “middle of the road valuation” for Millennia Shares of over \$128 million. The PIO claimed: “Our greatest risk is not *losing* money . . . it is *not making* money.” (Italics in original.)

21. Bolton consistently held himself out to investors as the leader and face of Millennia Shares. The PIO identified Bolton as the Chief Executive Officer (“CEO”) of the company. In a December 2018 executive summary, Bolton stated that he “will continue to provide the leadership necessary to create and gain competitive advantage” for Millennia Shares, and “will provide creative direction for the Company and its ETFs, oversee the process of bringing those funds to market, and endeavor to seek out new ways to innovate Company policy while simultaneously integrating it into Millennia Shares’ daily operations and culture.”

22. Bolton also projected an aggressive schedule for Millennia Shares’ issuance of its ETFs. Bolton’s December 2018 executive summary promised a fund’s launch by January 2019 and the creation of two additional ETFs by February. A January 2019 executive summary told investors that, “[t]ogether, we are going to accomplish great things in 2019 . . . includ[ing] . . . “launching up to 5 Millennia Shares’ ETFs” and “implementing the Company’s national marketing strategy.”

Bolton’s Disclosures To Investors About His Compensation

23. Bolton told prospective investors and investors that he would receive, or was receiving, only limited compensation from Millennia Shares, and that this compensation would decrease over time.

24. The marketing documents that Bolton prepared and disseminated, directly and indirectly, to prospective and current investors provided budgets of projected operating costs for Millennia Shares, including office rent, fund administration and compliance expenses, and exchange listing fees. The budgets also included a description of “Employee Compensation” with a specific monthly amount for Bolton.

25. In early August 2018, before any investors sent funds to Millennia Shares, Bolton’s business associate circulated to certain prospective investors a version of the PIO, prepared by Bolton, that identified Bolton as “President” and “CEO” and listed his monthly salary as \$7,000. The PIO did not indicate any other compensation for Bolton and stated that his monthly salary would be “phased out” upon being offset by a “percentage of equity payout.” In September and October 2018, Bolton’s business associate sent similar disclosures, also prepared by Bolton, to multiple other prospective investors.

26. From August 2018 to October 2018, during which time Bolton represented to investors through the PIO that his monthly salary would be \$7,000, investors invested approximately \$195,000 in Millennia Shares.

27. On December 1, 2018, Bolton emailed an executive summary to the same business associate and instructed him, “please forward the attached files to the participants on Friday’s webinar.” Bolton’s executive summary attached a budget that listed his monthly salary as \$10,000 and stated the salary “will phase out as the business generates revenues.”

28. On January 10, 2019, Bolton emailed a revised version of his PIO to the business associate, stating that the “document may be sent to those interested in investing.” The memorandum attached a budget that again listed Bolton’s salary as \$10,000 and stated that Bolton’s salary would be “phased out” upon the company’s future profitability. Bolton

understood that the business associate would send the memorandum and budget to prospective investors in Millennia Shares. Indeed, four days later, on January 14, 2019, the business associate emailed the PIO to an individual who then invested in Millennia Shares less than two weeks after receiving the PIO.

29. On multiple additional occasions in January and February 2019, Bolton similarly communicated to prospective investors and investors that his monthly salary would be \$10,000, by directly emailing the PIO to those individuals, handing out the PIO at meetings, or emailing the PIO to his business associate for further dissemination. None of these disclosures identified other compensation for Bolton.

30. Every investor in Millennia Shares received a copy of the PIO before he or she invested.

31. In January 2019, investors invested an additional \$200,000 in Millennia Shares.

32. By May 2019, investors invested a total of approximately \$800,000 in Millennia Shares, representing over 95 percent of the company's funding.

33. Bolton did not disclose to investors before they invested funds in the company that he would draw compensation other than a monthly salary from Millennia Shares.

Bolton's Offer And Sale Of Securities

34. Investors' investments in Millennia Shares were memorialized through a package of three written agreements: an Equity Purchase Agreement, a Subscription Agreement, and an Operating Agreement (collectively the "Agreements"). Investors signed all three Agreements. The Equity Purchase Agreement and Subscription Agreement were signed by Bolton.

35. The Subscription Agreement explained that investors were purchasing “Shares of Equity . . . in a private placement offering,” that the shares were “restricted securities,” and that the company sought to raise several million dollars through the offering.

36. The Equity Purchase Agreement stated the amount of the investment and described the investor’s stake in Millennia Shares. Specifically, the Equity Purchase Agreement identified the investor’s percentage of equity in the company, and the investor’s “Multiplier” on his or her investment. For example, an investor who invested \$170,000 with a multiplier of five could expect to receive a “total return on investment” of \$1,020,000 [$\$170,000 \times 6$]. The Equity Purchase Agreement also stated that, on a monthly basis, the investor would receive a portion of the company’s earnings that was equivalent to the investor’s percentage of equity. Some Equity Purchase Agreements identified additional forms of investor profit, such as percentages of revenues from particular ETFs.

37. Individual investment amounts ranged from \$10,000 to \$170,000.

38. Investor funds were deposited into either Millennia Shares’ general operating account or a separate money market account, both held at the same bank. The funds in both accounts were used for the same general purposes.

39. Before one individual invested in Millennia Shares, he received an email from Bolton’s business associate, asking whether he was “interested in ‘pooling resources’ with one or more additional investors.” He forwarded the email to another individual who also invested in Millennia Shares.

40. Through the Agreements and his marketing documents, Bolton led investors in Millennia Shares reasonably to expect profits that would be derived from the entrepreneurial or managerial efforts of Bolton and other company personnel.

41. The fortunes of each Millennia Shares investor were tied to one another and to the company's success, including its launch of ETFs.

Bolton's Unauthorized Taking Of Investor Funds For Personal Use

42. Although Bolton represented to investors that he would accept from Millennia Shares only limited compensation in the form of a set monthly salary, these representations were false and misleading. Almost as soon as the first investors sent funds to Millennia Shares, in early September 2018, and through numerous additional transactions over the next 15 months, Bolton took from company bank accounts investor funds in far greater amounts than what he disclosed to investors. None of the funds taken by Bolton constituted, or were used to pay, Millennia Shares' legitimate business expenses.

43. By providing disclosures about his salary to investors that Bolton knew, was reckless in not knowing, or should have known were materially false and misleading at the time he provided them, Bolton deceived investors.

44. Through the numerous withdrawals and transfers of funds from company accounts that Bolton conducted or directed, or in which he acquiesced, Bolton employed schemes or artifices to defraud and engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the Millennia Shares investors.

Bolton's Unauthorized Withdrawals and Transfers of Company Funds

45. From September through November 2018, Bolton participated in numerous transactions through which he received investor funds that exceeded the \$7,000-per-month salary that he disclosed to prospective investors in August 2018. During this three-month period, through transactions that included wire transfers to Bolton, bank debits, and ATM and other cash

withdrawals, Bolton withdrew or transferred or directed others to transfer to Bolton's personal accounts at least **\$28,000** in additional compensation, beyond his disclosed salary.

46. For example, in late September 2018, after Bolton already had withdrawn or transferred to himself at least \$7,000 that same month, he wrote two checks to himself from Millennia Shares' general operating account that totaled \$7,500 and indicated "compensation" in the memo lines. Again, in October 2018, Bolton obtained over \$13,000 from the operating account through various wire transfers and checks that he wrote to himself. In November 2018, Bolton accelerated the pattern and transferred an even greater total sum through multiple transactions.

47. In addition, from December 2018 through April 2019, Bolton arranged the transfer of large lump sums of company funds to his personal accounts, which were not disclosed to investors and had nothing to do with the \$10,000-per-month salary payments that Bolton also received from Millennia Shares during this time period.

- a. On or about December 24, 2018, Bolton transferred or directed other company personnel to transfer **\$25,000** from the Millennia Shares general operating account to a personal bank account that Bolton jointly owned with his fiancée and/or wife (the "personal account"). All of these funds were spent over the next four weeks on personal expenses such as restaurants, hotels, wedding-related purchases, cash withdrawals, and Amazon purchases.
- b. On or about January 25, 2019, Bolton wrote a check to himself from the Millennia Shares' general operating account for over **\$20,000** and deposited it into his personal account. Within days, Bolton used \$20,000 from that account to repay a personal loan.

- c. On or about April 4, 2019, Bolton transferred or directed other company personnel to transfer **\$25,000** from the Millennia Shares general operating account to Bolton's personal account. That same day, Bolton transferred \$25,000 from his personal account to a jewelry store in Nashville, as payment for a wedding ring.

48. Bolton did not disclose to Millennia Shares investors any of the additional, unauthorized, withdrawals and transfers that he conducted or arranged from September 2018 to April 2019, nor has Bolton repaid any of these monies to Millennia Shares or its investors.

Bolton's Deceptive Receipt Of Additional Salary Payments

49. Bolton also fraudulently received salary payments from Millennia Shares that were directed to another company employee, who was also his wife, after she stopped working for the company.

50. In November 2018, Bolton hired his then-girlfriend as Millennia Shares' purported new President and General Counsel. Bolton did not interview anyone for the position besides his girlfriend, who was a lawyer but had no experience in the regulation of ETFs.

51. Bolton identified her as a new employee ("Employee One") in a revised PIO that he distributed to investors, and he introduced Employee One to investors during meetings. Bolton and Employee One married in late December 2018.

52. Once hired, Employee One had no significant responsibilities at Millennia Shares. She spent the majority of her time learning the ETF industry and studying the securities laws.

53. As directed by Bolton, from December 2018 through March 2019, Millennia Shares paid Employee One a monthly salary of \$10,000. Employee One's salary payments were deposited into the personal account.

54. On or about March 17, 2019, Employee One resigned from Millennia Shares, which she communicated in a letter addressed to Bolton and emailed to Millennia Shares' outside counsel. Employee One's resignation coincided with her marital separation from Bolton and seeking a restraining order against him related to their personal relationship. After she resigned, Employee One did no further work for the company.

55. Although Bolton promptly received Employee One's letter of resignation in March 2019, Bolton did not share the letter or the fact of the resignation with other Millennia Shares personnel or investors.

56. By concealing Employee One's resignation from the company, Bolton deceptively continued the depositing of salary payments for Employee One into the personal account. Indeed, instead of alerting the company about the resignation, in April 2019, Bolton *increased* both Employee One's monthly salary and his own monthly salary by \$1,000, to \$11,000 each. As a result of Bolton's deceptive conduct, from April 2019 to July 2019, after Employee had quit and stopped doing work for Millennia Shares, Bolton received a total of at least **\$38,000** in unjustified salary payments for Employee One.

Bolton's Taking Of Remaining Investor Funds

57. Millennia Shares never issued any ETFs and, by August 2019, had ceased operations.

58. In December 2019, Bolton closed the company's then-existing bank accounts and moved approximately \$127,000, constituting all remaining investor funds, to new company accounts that he set up at different bank. Bolton had sole authority over the new company accounts. Bolton also opened a personal account for himself at the same bank.

59. Later in December 2019 and in January 2020, in multiple transactions, Bolton transferred to his personal bank account, or otherwise used for his own personal purposes, company funds totaling at least **\$79,000**. Through these transfers and withdrawals, Bolton exhausted the remaining Millennia Shares investor funds. Bolton did not disclose his withdrawal of these funds nor did he return any of these funds to Millennia Shares' investors.

FIRST CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)

60. Paragraphs 1 through 59 are re-alleged and incorporated herein by reference, as if they were fully set forth herein.

61. By engaging in the conduct described above, Defendant knowingly, recklessly, or negligently, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- a. employed devices, schemes, or artifices to defraud;
- b. obtained money or property by means of untrue statements of material facts, or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- c. engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

62. By engaging in the foregoing conduct, Defendant violated, and unless enjoined will continue to violate, Securities Act Section 17(a) [*15 U.S.C. § 77q(a)*].

SECOND CLAIM FOR RELIEF

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

63. Paragraphs 1 through 59 are re-alleged and incorporated herein by reference, as if they were fully set forth herein.

64. By engaging in the conduct described above, Defendant knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

- a. Employed devices, schemes, or artifices to defraud;
- b. Made untrue statements of material facts or 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; and/or
- c. Engaged in acts, practices, or courses of business that operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

65. By engaging in the foregoing conduct, Defendant violated, and unless enjoined will continue to violate, Exchange Act Section 10(b) [*15 U.S.C. § 78j(b)*] and Rule 10b-5 thereunder [*17 C.F.R. § 240.10b-5*].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

A. Permanently restraining and enjoining Bolton from, directly or indirectly, engaging in conduct in violation of Section 17(a) of the Securities Act [*15 U.S.C. § 77q(a)*], and

Section 10(b) of the Exchange Act [*15 U.S.C. § 78j(b)*] and Rule 10b-5 thereunder [*17 C.F.R. § 240.10b-5*];

B. Ordering Bolton to disgorge, with prejudgment interest, all ill-gotten gains received, including, but not limited to, all monies that he took from Millennia Shares in excess of his disclosed compensation, as a result of the actions alleged herein;

C. Ordering Bolton to pay a civil penalty under 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)*];

D. Barring Bolton from serving as an officer or director of a public company under Section 20(e) of the Securities Act [*15 U.S.C. § 77t(e)*] and Section 21(d)(2) of the Exchange Act [*15 U.S.C. § 78u(d)(2)*]; and

E. Granting such other and further relief as the Court may deem just, equitable, or necessary.

JURY TRIAL DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the SEC demands a jury trial on all the issues so triable.

Dated: January 26, 2022

Respectfully submitted,

By: David Mendel

David S. Mendel
Assistant Chief Litigation Counsel
D.C. Bar No. 470796
Tel: (202) 551-4418
Fax: (301) 623-1192
MendelD@sec.gov

Tara R. Kelly
Senior Counsel
D.C. Bar No. 438241
Tel: (202) 551-4346
KellyT@sec.gov

SECURITIES AND EXCHANGE COMMISSION
Mail Stop 5971
100 F Street, N.E.
Washington, D.C. 20549-5971

Of Counsel:

Jennifer S. Leete
Yuri B. Zelinsky
SECURITIES AND EXCHANGE COMMISSION