

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

SECURITIES AND EXCHANGE COMMISSION :

Plaintiff, :

v. :

Civil Action No.: 4:17-cv-00336-ALM

THURMAN P. BRYANT, III, :
BRYANT UNITED CAPITAL FUNDING, INC., :
ARTHUR F. WAMMEL, :
WAMMEL GROUP, LLC, :
CARLOS GOODSPEED a/k/a SEAN PHILLIPS :
a/k/a GC d/b/a TOP AGENT ENTERTAINMENT :
d/b/a MR. TOP AGENT ENTERTAINMENT, :

Defendants, :

THURMAN P. BRYANT, JR., :

Relief Defendant. :

FIRST AMENDED COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”) files this First Amended Complaint pursuant to Federal Rule of Civil Procedure 15(a)(2) against Defendants Thurman P. Bryant, III (“Bryant”) and his company Bryant United Capital Funding, Inc. (“BUCF”), Arthur F. Wammel (“Wammel”), his company Wammel Group, LLC (“Wammel Group”), and Carlos Goodspeed a/k/a Sean Phillips a/k/a GC d/b/a Top Agent Entertainment d/b/a Mr. Top Agent Entertainment (“Goodspeed”), and Relief Defendant Thurman P. Bryant, Jr. (“Bryant, Jr.”), and alleges the following:

I.
SUMMARY

1. On May 5, 2017, the Commission filed its Complaint [Dkt. No. 1] thereby initiating this emergency action to halt an ongoing investment scheme and securities fraud perpetrated on approximately 100 unsuspecting investors by Bryant and BUCF (collectively, “Bryant Defendants”). In addition to the claims against the Bryant Defendants, the Commission named Wammel, Wammel Group, Goodspeed, and Bryant Jr. as relief defendants based on their receipt of ill-gotten proceeds from the Bryant Defendants.

2. In the course of discovery, the Commission learned of additional facts that show that Wammel and Wammel Group (collectively, “Wammel Defendants”), and Goodspeed have orchestrated their own separate frauds that victimized the BUCF investors as well as additional non-BUCF investors. Based on these additional facts, the Commission files this First Amended Complaint in order to name Wammel, Wammel Group, and Goodspeed as defendants¹, to assert appropriate claims against them, and to seek appropriate relief from this Court.

A. Bryant Defendants’ Fraud.

3. Between March 2011 and May 2017, BUCF and Bryant, BUCF’s CEO and President, raised approximately \$22.7 million from approximately 100 investors in Texas and other states, through materially false and misleading statements and omissions. In fact, the Bryant Defendants raised approximately \$1.4 million between January and May 2017 alone. Among other things, the Bryant Defendants promised investors guaranteed minimum annual returns of 30% on risk-free investments the Bryant Defendant represented they would make in the mortgage industry.

¹ Wammel, Wammel Group, and Goodspeed are already parties to this Lawsuit.

4. Specifically, the Bryant Defendants promised investors their funds would be safely preserved in a secure escrow account and used for the sole purpose of serving as proof of funds to enable BUCF to secure a line of credit with which to pursue a mortgage-related investment program. As the Bryant Defendants knew, these promises were false. No secure escrow accounts existed, and there was no mortgage-related investment program. In reality, and directly contrary to representations they made, the Bryant Defendants commingled investor funds in a single deposit account controlled by Bryant, from which he, among other things, (a) funneled approximately \$16.1 million to the Wammel Defendants; (b) misappropriated \$4.8 million to fund his personal living expenses; (c) transferred \$1.37 million to Goodspeed; and (d) paid out at least \$120,000 to Bryant, Jr., all without investors' consent or knowledge.

5. BUCF paid approximately \$16.8 million to its investors in the form of purported investment returns and, for certain investors, significant referral fees for identifying new investors. BUCF has never used investor monies as Bryant claimed it would, and monies paid out as referral fees and supposed profits on investments are, rather, misappropriated monies sourced from other investors, including Ponzi payments.

B. Wammel Defendants' Fraud.

6. The Wammel Defendants operated a Ponzi scheme that defrauded their investors, including BUCF. Funds sourced from BUCF investors and non-BUCF investors were commingled by the Wammel Defendants and then used to make supposed investment return distributions to BUCF and Wammel Group's other investors. Since at least July 2011, the Wammel Defendants have raised approximately \$44.7 million dollars from 17 investors, primarily through limited partnership agreements, including \$16.1 million from BUCF, through materially misleading statements and omissions. For example, Wammel promised investors that

distributions would be paid based on the performance of various investments, primarily through his own options trading. This representation was false, because the Wammel Defendants' options trading strategy failed and distributions to investors were made using funds from the investors' principal investments. The Wammel Defendants also engaged in a fraudulent scheme by fabricating false account statements that purported to show that Wammel Group's options trading was profitable. Further, while the Wammel Defendants claimed to still hold \$17 million of the \$44.7 million raised, the financial records tell a different story. By June 23, 2017, the Wammel Defendants had already lost more than \$4.7 million in 2017 alone as a result of failed, speculative options trading.

C. Goodspeed's Fraud.

7. Goodspeed, who claimed to be a booking agent for concerts, exclusive parties, and other events, also conducted a fraud that materially harmed BUCF investors. From January through April 2017, Goodspeed and BUCF entered into multiple investment contracts through which Bryant—acting on behalf of BUCF and unbeknownst to BUCF's investors—invested \$1.37 million of BUCF investors' funds with Goodspeed to, *inter alia*, produce, promote, and operate concerts headlined by Taylor Swift and Aubrey Drake Graham a/k/a Drake (“Drake”). Goodspeed explicitly represented to Bryant that the investments involved no risk and that he personally guaranteed the investment principal.

8. Goodspeed's representations concerning the Drake and Taylor Swift concerts were false. Goodspeed and Bryant never had any contracts or other dealings with these artists; and no concert tours were planned or contemplated during the relevant periods claimed by Goodspeed. Neither the Drake nor the Taylor Swift concert series came to fruition. In fact, Goodspeed did not use any of the BUCF investors' \$1.37 million for the alleged Drake and

Taylor Swift concerts; instead, he used investor funds to, *inter alia*, fund his lavish lifestyle and pay back other investors from previous frauds he perpetrated.

D. Payment to Bryant Jr.

9. As recently as April 2017, BUCF transferred \$120,000 to Bryant's father, Bryant, Jr. While Bryant, Jr. is a BUCF investor, his monthly distributions since December of 2014 have never exceeded \$16,750. The sums paid to Bryant, Jr. are not returns on investments in the mortgage industry, and Bryant Jr. has no legitimate claims to these funds.

II.
DEFENDANTS

A. DEFENDANTS

10. Bryant, age 45, is a resident of Frisco, Texas and is the CEO and President of BUCF.

11. BUCF was formed as a Texas corporation in June 2011 and has its principal place of business in Katy, Texas.

12. Wammel, age 45, is a resident of Kemah, Texas and is the CEO of Wammel Group.

13. Wammel Group is a Texas limited liability company with its principal place of business in Kemah, Texas.

14. Goodspeed, age 37, is a resident of Irving, Texas. Goodspeed conducts business through a sole proprietorship he calls Top Agent Entertainment or Mr. Top Agent Entertainment.

B. RELIEF DEFENDANT

15. Bryant, Jr., age 68, is a resident of Hilltop Lakes, Texas and is Bryant's father. Bryant, Jr. received \$120,000 in BUCF investor funds to which he has no legitimate or lawful claim.

III.
JURISDICTION AND VENUE

16. The Commission brings this action under Securities Act Section 20(b) [15 U.S.C. § 77t(b)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)], seeking to restrain and enjoin the defendants preliminarily and permanently from engaging in such acts and practices as alleged herein.

17. This Court has jurisdiction over this action under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Sections 21(e) and 27 [15 U.S.C. §§ 78u(e) and 78aa]. Each of the investments offered and sold as described in this Complaint is an investment contract and, therefore, a “security” as that term is defined under Securities Act Section 2(a)(1) [15 U.S.C. § 77b(a)(1)] and Exchange Act Section 3(a)(10) [15 U.S.C. § 78c(a)(10)].

18. Bryant, BUCF, Wammel, Wammel Group, and Goodspeed, each, directly and indirectly, made use of the mails or of the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business described in this complaint.

19. Venue is proper because transactions, acts, practices, and courses of business described in this complaint occurred within this federal district.

IV.
FACTUAL ALLEGATIONS

A. BRYANT DEFENDANTS FALSELY PROMISED A GUARANTEED, NO-RISK INVESTMENT IN BUCF

20. Bryant formed BUCF in or around June 2011 and at all relevant times was BUCF’s sole officer, manager, decision-maker, and employee. Bryant opened, maintained, and has sole signatory authority over BUCF’s single bank account. Hence, Bryant and BUCF’s interests and activities were one and the same and their interests are, and always have been,

aligned.

21. In early 2011, the Bryant Defendants began raising money from investors, beginning first with Bryant's father, Bryant, Jr. BUCF's earliest investors were supposed family and friends, though the investor count grew over time through word-of-mouth marketing. Today, BUCF has approximately 100 investors located in Texas and other states, including at least two international investors. The Bryant Defendants did not promote the BUCF investment opportunity through written offering documents. Rather, Bryant or existing BUCF investors would orally share the investment opportunity to potential investors. Existing BUCF investors encouraged potential investors to contact Bryant directly to learn about BUCF's purported investment.

22. The Bryant Defendants encouraged existing investors to market the BUCF investment by paying them sizeable referral bonuses. The purported referral bonuses varied in amount from investor to investor and were paid on a recurring basis, in that BUCF continued to pay referral bonuses to investors month after month, even for a single referral.

23. Once a potential investor contacted Bryant, Bryant pitched the investor on the opportunity, orally representing, among other things, that investor funds would be protected in segregated escrow accounts and used solely to serve as "proof of funds" for BUCF to secure a line of credit from a hedge fund. Bryant further represented that BUCF would use the line of credit to fund short-term mortgage loans, which long-term lenders would quickly purchase in exchange for a set fee paid to BUCF. Furthermore, the Bryant Defendants promised investors, orally and in partnership agreements, that their investments bore no risk and were guaranteed to generate 2.5% monthly returns for a total of 30% annually.

B. BUCF'S PARTNERSHIP AGREEMENTS AND ACCOUNT STATEMENTS

24. Even though BUCF is a corporation, the Bryant Defendants sold investors limited partnership interests in BUCF, documented by the *Limited Partnership Agreement of Bryant United Capital Funding* (the "BUCF Partnership Agreement"), which designates BUCF as the managing partner.

25. The BUCF Partnership Agreement specifies that BUCF, subject to very limited exceptions, "shall have full, exclusive and complete authority and discretion in the management and control of the Partnership business [...] and shall make all decisions affecting the business of the Partnership."

26. The BUCF Partnership Agreement defines the purpose of the partnership as "the return on the equity promised herein[.]" Section 6.2.1 of the BUCF Partnership Agreement specifically states that:

Initial Preserved Capital [\$ _____]² with the guaranteed annual Distributions of [\$ _____] (USD) or monthly distribution rate of [\$ _____] (USD) starting on [_____], and will remain such return throughout the life of the investment. Any or all reinvested capital will grow at a 30% per rate and maintain the 30% Growth per year until "Limited Partner(s)" elects to remove Capital investment amount in full. All initial investment and any and all reinvested growth are retained in a secure escrow account for the benefit of the Limited Partner. No risk to capital account is expressed or implied by General/Managing Partner.³

27. After executing the BUCF Partnership Agreement, Bryant provided investors instructions for tendering their investment funds, and investors transferred their funds to BUCF

² The bracketed numbers in this excerpt of the BUCF Partnership Agreement changed for each investor to reflect the actual capital contribution by the respective investors as well as the associated distributions and date of initial distribution.

³ The BUCF Partnership Agreements evolved over the course of the scheme in some respects. For example, while most of the agreements guaranteed returns of 30% per year, some agreements promised 42% returns for the first year or even throughout the life of the investment.

by wire transfer or check. Investor distributions made pursuant to the BUCF Partnership Agreement typically began on the second month following the execution of the Partnership Agreement. This conduct reinforced the Bryant Defendants' representation about BUCF's financial wherewithal and its ability to pay sizeable returns to investors.

28. The Bryant Defendants prepared and issued monthly account statements ("BUCF Account Statement(s)") to BUCF investors which falsely identified, among other things, an investor's supposed "Escrow Capital Balance," "Calculated Account Balance," and "Accumulated Account Balance."⁴

29. Investors based their understanding about the safety of their investment, the location and application of their funds, and the source of their monthly payments, on the Bryant Defendants' oral promises and the information they received in the BUCF Partnership Agreement and the monthly BUCF Account Statements.

C. BRYANT DEFENDANTS KNOWINGLY FAIL TO ESCROW INVESTOR FUNDS, AND INSTEAD DIRECT FUNDS TO WAMMEL GROUP WITHOUT INVESTORS' KNOWLEDGE OR APPROVAL

30. Unbeknownst to investors, the Bryant Defendants knowingly disregarded the promises and representations they made to investors about the security and use of investment funds, and instead directed the majority of investor capital to an undisclosed third-party, Wammel Group. This was not an authorized or disclosed use of investor funds.

31. Wammel formed Wammel Group in or around September 2006 and is its sole officer, manager, decision-maker, and employee. Wammel opened, maintained, and has sole signatory authority over Wammel Group's financial accounts. Hence, Wammel and Wammel Group's interests and activities were, and are, one and the same and their interests are, and

⁴ In January 2017, BUCF and Bryant changed the "Escrow Capital Balance" to "Equity Balance."

always have been aligned.

32. Wammel Group invests in various businesses, but the vast majority of Wammel Group's capital is used to trade securities, primarily options on index funds.

33. Wammel Group has at least 17 individual and entity investors (including BUCF) with combined capital contributions of approximately \$44.7 million (including the \$16.1 million the Bryant Defendants transferred to it from unwitting BUCF investors).

34. From July 12, 2011 to April 30, 2017, the Bryant Defendants transferred approximately \$16.1 million of its investors' funds to Wammel Group, without investors' consent or knowledge. Wammel Group made monthly distributions to Bryant of approximately 3% of the BUCF assets held by Wammel. Between July 2011 and April 2017, the Wammel Defendants have distributed a total of approximately \$15.8 million to BUCF.

35. Wammel Group's investment revenues were far less than the sums it distributed to BUCF. Wammel Group's total options trading receipts from 2011 through 2016 amounted to only about \$5.9 million and, between January 2010 and April 2017, it has received less than \$300,000 from its other investments in, among other things, cars and real estate. Hence while Wammel Group distributed \$15.8 million to BUCF as purported investment returns, those sums were in fact comprised of limited earnings from options trading and other investments, ill-gotten BUCF investor funds received from BUCF, and funds obtained from Wammel Group's other, non-BUCF investors.

36. Based on the bank records, the Wammel Defendants have no other source of cash to support the level of distributions made.

37. Wammel Group ceased tendering monthly distributions to BUCF on or about April 1, 2017, soon after the Commission subpoenaed the Wammel Defendants for documents

related to the relationship with Bryant and BUCF. In April 2017, Wammel withdrew at least \$385,000 from Wammel Group options trading accounts he controls and which contain, or contained, ill-gotten gains obtained from investors.

D. BRYANT DEFENDANTS MADE MATERIAL MISREPRESENTATIONS AND OMISSIONS

38. In the BUCF Partnership Agreements, Account Statements, and in oral representations to investors and prospective investors, the Bryant Defendants made materially misleading statements and omitted material facts necessary to make the statements they made, in the light of the circumstances under which they were made, not misleading with regard to, among other things, (1) the nature of BUCF's business operations; (2) the risk associated with investing with BUCF; (3) the use of investor proceeds; and (4) the source of investor returns.

1. BUCF's Business Operations

39. The Bryant Defendants orally made materially misleading statements regarding the nature of BUCF's business operations. The Bryant Defendants represented to investors that their funds would be used to facilitate the funding of mortgage loans. More specifically, the Bryant Defendants explained that BUCF would fund mortgages, and that those mortgages would be immediately sold to third party banks and servicers in exchange for a fixed fee. Investor funds, according to the Bryant Defendants, would always sit safely in secure escrow accounts and be used for the *sole* purpose of securing a line of credit from an unnamed hedge fund with which BUCF would fund the mortgages. On this basis, the Bryant Defendants claimed BUCF would make 30% distributions to investors without exposing the investors' capital to *any* risk. Based on these representations, investors reasonably believed that their investments with BUCF were used solely in connection with BUCF's work in the short-term mortgage lending industry. Investors relied on the Bryant Defendants' representations to decide whether to invest with BUCF.

40. The Bryant Defendants' representations were fabrications. The Bryant Defendants never placed investor funds in secure escrow accounts. They did not conduct any of the investment-related operations they claimed they would. Instead, the Bryant Defendants secretly directed approximately 71% of the monies invested—\$16.1 million—to Wammel Group between 2011 and 2017 for speculative securities and options trading, without BUCF investors' knowledge or consent.

41. Unbeknownst to investors, the Bryant Defendants spent the remaining 29% of their money—\$6.6 million—for other undisclosed and unlawful purposes, including funding Bryant's extravagant lifestyle, investing with Goodspeed, and making Ponzi payments to investors as purported investment returns. Thus, the Bryant Defendants' representations to investors as to BUCF's business operations were materially misleading.

2. *Investment Risk*

42. The Bryant Defendants made numerous materially misleading statements regarding the risk(s) associated with investing in BUCF. More specifically, in the vast majority of the BUCF Partnership Agreements, the Bryant Defendants represented that investor capital would not be put at any risk but would, instead, be held in a secure escrow account. In addition, the Bryant Defendants fabricated and disseminated to investors monthly statements that purported to identify an investor's "Escrow Capital Balance," "Calculated Account Balance," and "Accumulated Account Balance," all of which falsely conveyed that the investor's capital was, in fact, sitting in a secure escrow account. In addition, the Bryant Defendants orally and in the BUCF Partnership Agreements promised that investors' funds would not be put at risk. Based on these representations, investors believed that their investments with BUCF were safe and bore no or relatively low risk.

43. The Bryant Defendants knew that their representations concerning the risks of

investing, or lack thereof, were false. Their investors' capital was never stored in a secured escrow account. In fact, no such escrow account(s) ever existed. Instead, the Bryant Defendants deposited investor capital into a single BUCF checking account, where they commingled investor funds with whatever other money BUCF held in its accounts. The Bryant Defendants then either transferred those commingled funds to Wammel Group for its securities and options trading (and later to Goodspeed and Bryant Jr.) or used it to fund Bryant's lifestyle and make Ponzi payments to investors, which created the misimpression that the payments were returns on no-risk mortgage investments. Thus, the Bryant Defendants' representations to investors as to the risks associated with the investments were materially misleading.

44. Until recently, BUCF investors had every reason to believe, based on their monthly account statements and verbal claims made by the Bryant Defendants, that their initial investment monies were still safe in an escrow account. They had no way of knowing that, in reality, the Bryant Defendants placed their investment capital at great risk.

3. *Misuse of Proceeds*

45. The Bryant Defendants made numerous materially false and misleading statements to investors regarding the use of their investment proceeds. In the BUCF Partnership Agreements, the Bryant Defendants represented that the investors' funds would be secured in escrow accounts, and he orally represented that these funds would be used as proof of funds for a line of credit. All of this was untrue. First, investor funds were never escrowed but, as described above, commingled in one checking account. Further, the Bryant Defendants intentionally: (a) misappropriated \$4.8 million to pay for Bryant's personal expenses and extravagances; (b) funneled approximately \$16.1 million to Wammel Group for speculative options and securities trading; (c) sent \$1.37 million to Goodspeed for an investment in fabricated concerts; (d) sent \$120,000 to Bryant Jr. as purported but unearned investment returns; and (e) made Ponzi

payments to investors. These uses violated the promises and representations in the BUCF Partnership Agreement and monthly account statements, and those made by the Bryant Defendants orally.

46. As discussed, Bryant spent \$4.8 million of the investors' funds on himself and his family. In fact, Bryant paid his family's living expenses almost exclusively out of the same BUCF bank account into which investors deposited their funds and in which they believed they would be safely held and never placed at risk. Bryant's approximate monthly personal expenses paid with investor funds include, but are not limited to:

- \$9,750 (and then \$18,000 per month beginning in April of 2016) to rent a house in Frisco, Texas;
- \$3,500 in lease payments for luxury and other vehicles;
- \$1,800 for a housekeeper;
- \$3,000 for meals and groceries;
- \$3,400 for private school tuition;
- \$1,000 for horse riding expenses; and
- \$1,200 for an apartment.

Bryant also spent more than \$250,000 to furnish and decorate his *rented* home.

4. Source of Investor Returns

47. The Bryant Defendants orally represented to investors that BUCF's guaranteed 30% per year distributions would be generated from investments in the mortgage industry, and paid out monthly to investors. This was false. The Bryant Defendants never used investor capital to facilitate the funding of short-term mortgage loans. Instead, the vast majority of investor capital—nearly \$16.1 million or approximately 71% of all funds raised—was sent to Wammel Group. Prior to their investments, BUCF investors were not told about Wammel, Wammel Group, Goodspeed, or their involvement in their investments. Neither the Wammel Defendants nor Goodspeed have been involved in the mortgage industry during the relevant period nor did they offer or sell investments therein.

48. The Wammel Defendants used the majority of the \$16.1 million of BUCF investor capital it received, commingled with \$28.6 million in funds raised from Wammel Group's other investors, to fund speculative options and securities trading, to make Ponzi payments, and to fund Wammel's lavish lifestyle.

49. Notwithstanding this misuse of BUCF investor funds and the fact that Wammel Group should never have received those funds, the Wammel Defendants' performance in the options market varied wildly, and over six years Wammel Group received only \$5.9 million from trading. Apart from options and securities trading, the Wammel Defendants earned approximately \$300,000 from other investments made using BUCF investor monies, including two car dealerships, a boat and RV storage facility, and two luxury rental cars—all without BUCF investors' consent, much less their knowledge. Like the Wammel Defendants' options trading, these other investments deviate from BUCF's purported short-term mortgage lending business.

50. The Wammel Defendants' revenues from trading and other activities were not sufficient to generate BUCF's promised 30% investor returns. While the Wammel Defendants paid \$15.8 million to BUCF between 2011 and April 2017 as purported returns on investments, in reality those funds were comprised of (1) the \$5.9 million in receipts from the Wammel Defendants' options and securities trading; and (2) ill-gotten investor funds obtained from BUCF; and (3) funds raised from the Wammel Defendants' own, non-BUCF investors.

51. The Bryant Defendants were well aware that BUCF's purported revenues did not come from BUCF's own investments in the mortgage industry, as represented to its investors, since Bryant alone controlled BUCF's single bank account as well as the receipt, management, use, and repayment of investor funds.

E. BRYANT DEFENDANTS CHANGED COURSE WHEN THEY LEARNED OF THE COMMISSION’S UNDERLYING INVESTIGATION, BUT THEY CONTINUE TO DEFRAUD NEW AND EXISTING INVESTORS

1. *Bryant Defendants Direct Investor Funds to Goodspeed Without Investor Consent or Knowledge, Putting the Money at Risk of Loss*

52. The Bryant Defendants learned of the Commission’s investigation in December 2016 when the Commission served the Bryant Defendants with an investigative subpoena. Between January and May 2017, the Bryant Defendants transferred significant sums of investor funds to Goodspeed, who claims to be a concert promoter and booking agent for well-known entertainers.

53. Between January and March 2017, the Bryant Defendants transferred \$1.37 million of new funds from new and existing BUCF investors to Goodspeed. Notations on wire transfer documentation for these transactions indicate that the funds are to be used to promote concerts by Taylor Swift and Drake. But BUCF investors were never made aware of, and hence never approved, this investment with Goodspeed who according to public records:

- in 2011 pled guilty to felony theft in excess of \$100,000 in Dallas County, Texas in *State of Texas v. Carlos D. Goodspeed*, Cause No. F1001270M (194th Judicial District Court, Dallas County, Texas), and received deferred adjudication.
- in 2011 was found liable by default judgment for fraud and breach of contract in connection with a supposed promise to secure concerts by Aubrey “Drake” Graham and “Ciara” Wilson in *Howard Smith, Steven Murphy, d/b/a 80’s Baby Entertainment v. Carlos Goodspeed a/k/a Golden Child, Jason Rudd a/k/a Jason Rudd a/k/a DJ J Rudd*, Cause No. DC-10-11923 (filed Sept. 20, 2013, 134th Judicial District Court, Dallas County, Texas); and
- in 2014 was found liable by default judgment for breach of contract in connection with an agreement to secure an event with Shawn “Jay-Z” Carter In *Michael Aigbedion v. Carlos Goodspeed a/k/a Sean Phillips d/b/a Top Agent Entertainment*, Cause No. CC-14-05445-C (filed Oct. 29, 2014, County Court at Law No. 3, Dallas County, Texas).

2. *Bryant Defendants Direct Investor Funds to Bryant Jr*

54. In April 2017, the Bryant Defendants diverted \$120,000 to Bryant’s father, Bryant

Jr., who was an early BUCF investor. Bryant, Jr. has no legitimate claim to these funds, and there is no legitimate purpose for the transfers, much less any indication that they were in furtherance of BUCF's stated short-term mortgage lending investment program.

55. At the time of the \$120,000 payment, the Bryant Defendants had already paid Bryant's father more than he invested in BUCF, making Bryant, Jr. one of a handful of BUCF's investors who have received funds in excess of their initial investment. Further, BUCF's \$120,000 payment to Bryant Jr. in April 2017, which was made by a cashier's check for \$120,000, was far more than Bryant Jr.'s highest monthly distribution of \$16,750.

E. Wammel Defendants' Ponzi Scheme.

56. The Wammel Defendants operated a Ponzi scheme that worked in concert with the Bryant Defendants' scheme. When the Bryant Defendants raised money from investors, they told those investors that they would use their money for a mortgage-lending investment program. However, the Bryant Defendants had no such program. Instead, the Bryant Defendants sent the money to the Wammel Defendants knowing that they would use the money for options trading. The Wammel Defendants' investments—primarily options trading—failed to generate returns sufficient to meet their contractual obligations to pay distributions to investors. The Wammel Defendants relied upon additional investments from investors to fund distributions to BUCF and other Wammel Group investors. As a result, investors' initial capital was depleted by these Ponzi distributions, the Wammel Group's failed investments, and Wammel's personal spending to maintain an extravagant lifestyle.

57. As early as June 2007, the Wammel Defendants began selling limited partnership interests as documented by the *Limited Partnership Agreement of Wammel Group* ("Wammel Partnership Agreement.") The Wammel Defendants ultimately raised approximately \$44.7

million through December 2016. These funds came from three primary investor groups: BUCF *i.e.* Bryant without informing or obtaining permission from BUCF's unwitting investors (\$16.1 million); one large investor (\$25 million); and approximately 15 other investors the Wammel Defendants solicited (\$3.6 million). The Wammel Defendants told most investors, including BUCF, that they would engage in options trading with their funds. The Wammel Defendants guaranteed annual returns of 42% or more to BUCF that would be derived from the monthly earnings from the Wammel Defendants' trading activity. They promised other investors a *pro rata* share of the monthly earnings from the trading.

58. The Wammel Defendants issued monthly account statements ("Wammel Account Statements") to the investors. These account statements identified, *inter alia*, the investors' "Capital Balance", "Monthly Earnings", and "Accumulated Account Balance." But the information included on these account statements was false and misleading. These fabricated account statements, along with other representations from the Wammel Defendants, misled investors into believing that the Wammel Defendants held the capital for the investor in the "Capital Balance" or "Accumulated Account Balance," and that the investor's capital investment was generating actual earnings in the amount of the statement's "Monthly Earnings" value.

59. The Wammel Group investors based their understanding about the safety of their investments, the location and application of their funds, and the source of their monthly payments, on the Wammel Defendants' oral promises and the information they received in the Wammel Partnership Agreement and the monthly Wammel Account Statements.

60. In truth, bank and brokerage account records show that the Wammel Defendants failed to earn sufficient returns to support the investors' distributions. For example, in February and March 2014, the Wammel Defendants' options trading earnings totaled approximately

\$12,600 and the balance of Wammel Group's bank account was less than \$7,000. But during these same months, Wammel emailed Bryant statements reflecting \$405,260 of earnings and he distributed more than \$387,000 to BUCF. The bank records show that the only material source of cash during this period—\$540,000 of the \$596,000 in deposits—was new investment principal from BUCF. Thus, these distributions were necessarily Ponzi payments.

61. In addition to these specific months, the flow of funds for the entire period evidences the Wammel Defendants' scheme. Dating back to July 2007, the total amount of funds invested with Wammel Group was approximately \$44.7 million. During that same period, the Wammel Defendants transferred \$38 million *to* the Wammel Group brokerage account and pulled \$36 million *from* that account, while leaving an account balance of just \$200,000. Because the total amount of money he removed from the account plus the remaining account balance is less than the amount he transferred to the account, the Wammel Defendants necessarily had a net trading loss.

62. The Wammel Defendants did not identify the monthly distributions to investors as returns of capital, and, based on the Wammel Defendants' representations at the outset of the investments, the investors reasonably believed that they were receiving their *pro rata* share of earnings.

63. From July 2011 to April 2017, the Wammel Defendants misused the \$44.7 million they raised in the following ways, among others:

- approximately \$38 million distributed to investors as alleged earnings;
- net trading losses of approximately \$2.5 million;
- \$1.4 million in other business ventures; and
- Wammel's personal expenses of approximately \$2 million, including the

purchase of multiple houses and an airplane.

64. In an effort to conceal their fraud, the Wammel Defendants falsified bank and brokerage statements in order to mislead at least one investor. After learning of this lawsuit, the Wammel Group's largest investor requested verification that they still held more than \$20 million of the investor's remaining principal. The Wammel Defendants provided that investor with falsified images of brokerage and bank account statements from April and May 2017 showing that the Wammel Defendants still held more than \$40 million. In reality, the Wammel Defendants only held \$492,834 in those same accounts.

F. Goodspeed's Fraud.

65. Goodspeed also operated a fraud—separate and apart from the Wammel Defendants' scheme—that victimized BUCF investors. After receiving requests for information from the Commission prior to this Lawsuit, the Bryant Defendants pivoted and began investing BUCF investor funds with Goodspeed in purported concert tours and other celebrity appearances. In total, the Bryant Defendants wired \$1.37 million dollars of BUCF investor money to Goodspeed. BUCF investors neither approved nor had knowledge of these new investments with Goodspeed.

66. In January 2017, the Bryant Defendants first invested BUCF funds with Goodspeed in connection with an alleged Lil Wayne Super Bowl party event in Houston, Texas. Pursuant to an *Investment/Partner Agreement* dated January 22, 2017 (“Lil Wayne Agreement”), BUCF invested \$150,000 to receive a fixed profit of \$80,000 by no later than February 6, 2017. Goodspeed guaranteed the return of the \$150,000 principal investment if the event was cancelled or postponed. However, instead of receiving the \$230,000 distribution on February 6, 2017, Bryant, on behalf of BUCF, agreed to roll over the \$230,000 to another purported investment

with Goodspeed. While it is unclear whether this event occurred or if Goodspeed had any interest in the event, Goodspeed did not have \$230,000 to pay BUCF if Bryant requested it. BUCF investors were never made aware of and had no way of discovering these facts.

67. Goodspeed then solicited Bryant's next investment, on behalf of BUCF, in a purported concert series headlined by Drake. Pursuant to a February 7, 2017 *Investor Agreement* ("Drake Agreement"), BUCF invested \$850,000 with Goodspeed to fund a five-date concert tour for Drake between March and June 2017.⁵ In return, BUCF was to receive the return of its principal investment plus \$900,000 from the net profits of ticket sales "within approximately five (5) business days following the final concert date." Goodspeed again guaranteed the return of BUCF's principal investment if the Drake concert series was cancelled or postponed.

68. Goodspeed next solicited the Bryant Defendants to invest in a purported concert series headlined by Taylor Swift. Pursuant to two separate agreements labeled *Investor Agreement* and dated April 12, 2017 ("Swift Agreement(s)"), BUCF, through Bryant, invested \$600,000 with Goodspeed to fund a five-date concert tour for Taylor Swift between June and August 2017. In return, BUCF was to receive the return of its principal investment plus \$475,000 from the net profits of ticket sales "within approximately five (5) business days following the final concert date." As in the other two investments, Goodspeed guaranteed the return of BUCF's \$600,000 principal investment if the Taylor Swift concert series was cancelled or postponed.

69. The Drake and Taylor Swift concert series never occurred, and Goodspeed never had any actual plan for them to occur. Management representatives for Drake and Taylor Swift confirm that Goodspeed and Bryant have never had any contracts or other dealings with these

⁵ On February 8, 2017, Bryant, on behalf of BUCF, wired Goodspeed \$620,000, which, along with the "rolled over" \$230,000 balance from the Lil Wayne event, comprised the \$850,000 investment.

artists. Further, they each confirmed that no concert tours were planned or contemplated during the relevant time periods. When confronted with these facts during a recent deposition in which he was placed under oath, Goodspeed could provide no details regarding his efforts to schedule the Drake or Taylor Swift concerts. Instead, Goodspeed claims that unnamed parties, who he refuses to identify, were working to schedule the respective concerts.

70. What is clear is that Goodspeed's bank records show no expenditures to promote concert tours for Drake or Taylor Swift, or for the Lil Wayne Super Bowl event. Indeed, Goodspeed admits that BUCF funds were not used for these purposes. Goodspeed's bank records reveal that he used the BUCF money to bankroll a lavish lifestyle (including luxury cars and Rolex watches for his children), to pay back investors from prior schemes, and to pay other debts including restitution from a previous criminal conviction for fraud.

V.
CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF
Fraud in the Offer or Sale of Securities in
Violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]

71. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 70 of this Complaint by reference as if set forth verbatim in this Claim.

72. Defendants Bryant, BUCF, Wammel, and Wammel Group directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) obtained money or property by means of untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, and courses of business which operate or would operate as a

fraud and deceit upon the purchasers.

73. Defendant Goodspeed, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails has obtained money or property by means of untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

74. With respect to violations of Securities Act Section 17(a)(1), Defendants Bryant, BUCF, Wammel, and Wammel Group engaged in the foregoing conduct and made the foregoing untrue and misleading statements knowingly or with severe recklessness.

75. With respect to violations of Securities Act Sections 17(a)(2), Defendants Bryant, BUCF, Wammel, Wammel Group, and Goodspeed knew or should have known that they obtained money or property by means of untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

76. With respect to violations of Securities Act Sections 17(a)(3), Defendants Bryant, BUCF, Wammel, and Wammel Group knew or should have known that they engaged in transactions, practices, and courses of business which operated or would operate as a fraud and deceit upon the purchasers.

77. For these reasons, Defendants Bryant, BUCF, Wammel, and Wammel Group have violated and, unless enjoined, will continue to violate Securities Act Sections 17(a)(1), 17(a)(2), and 17(a)(3). [15 U.S.C. § 77q(a)(1), (2), (3)].

78. For these reasons, Defendant Goodspeed has violated and, unless enjoined, will continue to violate Securities Act Section 17(a)(2). [15 U.S.C. § 77q(a)(2)].

SECOND CLAIM FOR RELIEF
Fraud in Connection With the Purchase and Sale of Securities
Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder
[15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]

79. Plaintiff Commission re-alleges and incorporates paragraphs 1 through 70 of this Complaint by reference as if set forth verbatim in this Claim.

80. Defendants Bryant, BUCF, Wammel, and Wammel Group, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, and courses of business which operate or would operate as a fraud and deceit upon purchasers, prospective purchasers, and any other persons.

81. Defendant Goodspeed, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce or by use of the mails has made untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

82. Defendants Bryant, BUCF, Wammel, and Wammel Group engaged in the above-referenced conduct and made the above-referenced untrue and misleading statements knowingly or with severe recklessness.

83. Defendant Goodspeed engaged in the above-referenced conduct and made the above-referenced untrue and misleading statements knowingly or with severe recklessness.

84. For these reasons, Defendants Bryant, BUCF, Wammel, and Wammel Group

violated and, unless enjoined, will continue to violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rules 10b-5(a), 10b-5(b), and 10b-5(c) [17 C.F.R. § 240.10b-5(a), (b), and (c)].

85. For these reasons, Defendant Goodspeed has violated, and unless enjoined, will continue to violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)].

VI.
RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

1. Preliminarily and permanently enjoin Defendants Bryant and BUCF from violating Securities Act Section 17(a) and Exchange Act Section 10(b) and Rule 10b-5 thereunder;

2. Permanently enjoin Defendants Wammel and Wammel Group from violating Securities Act Sections 17(a)(1), 17(a)(2), and 17(a)(3), and Exchange Act Section 10(b) and Rules 10b-5(a), 10b-5(b), and 10b-5(c) thereunder;

3. Preliminarily and permanently enjoin Defendant Goodspeed from violating Securities Act Section 17(a)(2) and Exchange Act Section 10(b) and Rule 10b-5(b) thereunder;

4. Order Bryant, BUCF, Wammel, Wammel Group, Goodspeed, and Bryant, Jr. to disgorge an amount equal to the funds and benefits obtained unlawfully by each, or the amount by which each party is otherwise found liable to disgorge, or to which each such party otherwise has no legitimate claim, as a result of the violations alleged, plus prejudgment interest on that amount;

5. Order Bryant, BUCF, Wammel, Wammel Group, and Goodspeed to each pay a civil money penalty in an amount determined by the Court under Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)] for the violations

alleged herein;

6. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

7. Order such other relief as this Court may deem just and proper.

Dated: January 26, 2018

Respectfully submitted,

/s/ Jason P. Reinsch
JASON P. REINSCH
Texas Bar No. 24040120
TIMOTHY L. EVANS
Texas Bar No. 24065211

United States Securities and Exchange Commission
Fort Worth Regional Office
Burnett Plaza, Suite 1900
801 Cherry Street, Unit #18
Fort Worth, TX 76102-6882
Ph: 817-900-2601 (jpr)
Fax: 917-978-4927
reinschj@sec.gov
evanstim@sec.gov

ATTORNEYS FOR PLAINTIFF
SECURITIES AND EXCHANGE COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that, on January 26, 2018, I electronically filed the foregoing *Plaintiff's First Amended Complaint* with the Clerk of Court for the Eastern District of Texas, Sherman Division using the CM/ECF system, which will send a notice of electronic filing to all counsel of record who have consented to electronic notification. I further certify that I mailed the foregoing document and the notice of electronic filing by first-class mail to all non-CM/ECF participants. I further certify that I caused *Plaintiff's First Amended Complaint* to be served on Goodspeed via hand-delivery.

/s/ Jason P. Reinsch
Jason P. Reinsch