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IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE  
COMMISSION,

PLAINTIFF,

v.

JOHN SCOTT CLARK,

DEFENDANT.

**COMPLAINT**

Case No.: 1:16-cv-00040-JNP

Judge Jill N. Parrish

Plaintiff, Securities and Exchange Commission (the “Commission”), for its Complaint against Defendant John Scott Clark (“Clark”) alleges as follows:

**INTRODUCTION**

1. This matter involves an offering fraud operated by John Scott Clark. Since at least 2009, Clark and a business partner raised approximately \$1,778,500 million from 46 investors.

2. Clark and his business partner solicited investors for a “top secret” Iraqi dinar and oil investment scheme that guaranteed spectacular returns of more than 10% to 15,000% within 90 days.

3. Clark told investors that within 90 days a \$1,000 investment would return \$125,000 to them and that a \$20,000 investment would guarantee a \$3 million payout.

4. Clark told investors that he and his business partner were members of a top secret U.S. military and government program and held special security clearances which enabled them to invest in the purchase and sale of Iraqi dinar and oil contracts. Clark told investors that he and his business partner owned Iraqi dinar and oil contracts with various foreign governments and large oil companies. Clark and his business partner solicited investors to purchase interests in their Iraqi dinar and oil contracts.

5. Clark told investors that their investments would be used to fund Iraqi dinar and oil contracts. Clark told investors that after Clark and his business partner were paid, Clark would make weekly payments to his investor group. Clark told investors that the investment risk was low and that the returns were “too good to be true” and “[all] you have to do for that is not talk about it.”

6. Clark reiterated the highly classified nature of the investment opportunity and touted the guaranteed returns.

### **JURISDICTION AND VENUE**

7. This Court has subject matter jurisdiction by authority of Sections 20 and 22 of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §§ 77t and 77v] and Sections 21 and Section 27 of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §§ 78u and 78aa].

8. Defendant, directly and indirectly, singly and in concert, has made use of the means and instrumentalities of interstate commerce and the mails in connection with the transactions, acts and courses of business alleged herein, certain of which have occurred within the District of Utah.

9. Venue for this action is proper in the District of Utah under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and under Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the transactions, acts, practices, and courses of business alleged in this Complaint took place in this district and because defendant resides in and transacts business in this district.

10. Defendant, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged herein and in transactions, acts, practices, and courses of business of similar purport and object.

11. Defendant's conduct took place in connection with the offer, purchase and/or sale of investment contracts which are securities.

**DEFENDANT**

12. **John Scott Clark**, age 63, is a resident of Cache County, Utah. On March 25, 2011, the Commission charged Clark with operating a \$47 million Ponzi scheme. SEC v. John Scott Clark, Impact Cash, LLC and Impact Payment Systems, LLC, Case No. 1:11-CV-00046 DAK (D. Utah 2011). Final judgment was entered on August 19, 2013, permanently enjoining Clark from violating the federal securities laws and ordering him to disgorge \$5,591,685 and pay prejudgment interest of \$374,017. On April 30, 2009, Clark was charged in the United States District Court for the Southern District of New York with money laundering, bank fraud and

illegal gambling. USA v. Clark, 09-CR-1176 (RWS) (S.D.N.Y. 2009). Clark pled guilty and was placed on supervised release for a period of 5 years, which ended on August 13, 2015.

## **STATEMENT OF FACTS**

### **Background**

13. Clark and his business partner solicited investor funds for a purported “top secret” investment opportunity involving Iraqi dinar and oil contracts.

14. From approximately 2009 through February 2016, Clark and his business partner solicited at least \$1.7 million from approximately 46 investors, some of whom were investors in Clark’s earlier Ponzi scheme. Clark also solicited members of his church congregation.

15. Clark told investors that he and his business partner were members of a top secret U.S. military and government program and held special security clearances which enabled them to invest in the purchase and sale of Iraqi dinar and oil contracts.

16. Clark told investors that he and his business partner owned Iraqi dinar and oil contracts with various foreign governments including China, Iraq, Australia, Belgium, and several large oil companies, including Shell and Mobil, which paid returns to Clark and his business partner.

17. Clark solicited investors to purchase interests in Clark and his business partner’s Iraqi dinar and oil contracts. Clark told investors that their investments would be used to fund Iraqi dinar and oil contracts.

18. Clark told investors that his business partner had special corporate, military and government access through ties to the President of Kuwait, the President of the International Monetary Fund, President Barak Obama, and three former U.S. Presidents.

19. Clark told investors that after Clark and his business partner were paid, Clark would make weekly payments to his investor group.

20. Clark told investors that the investment risk was low and that the returns were “too good to be true” and “[all] you have to do for that is not talk about it.”

21. Clark reiterated the highly classified nature of the investment opportunity and touted the guaranteed returns.

22. Clark told prospective investors that he personally invested funds in the deal and had already received investment returns.

23. Clark told investors that the investment opportunity was open for only a short amount of time and urged investors to deposit funds quickly.

24. Clark provided investment agreements to investors that guaranteed, in writing, annual returns in excess of 3,000% per year.

25. Clark instructed investors to deposit funds into bank accounts that were not in his name.

### **MISREPRESENTATIONS AND OMISSIONS**

26. Clark made material misrepresentations and omissions in the offer and sale of securities and in connection with the purchase or sale of securities. The misrepresentations and omissions relate to the following areas: (1) nature of the investment; (2) safety of the investment; (3) guaranteed profits; and (4) use of investor funds.

27. Clark told investors that the investment offering was low risk and had a high rate of return, when in fact, there was no legitimate investment.

28. Clark told investors that the principal on the investments was guaranteed to be returned, when in fact, Clark spent money he received from investors on personal and living expenses.

29. Clark told investors that returns were guaranteed and would be between 10% and 15,000% in ninety (90) days, when in fact, Clark made no legitimate investments and saw no legitimate investment returns.

30. Clark told investors that he personally knew that other investors had successfully obtained returns through this investment opportunity which was, in fact, untrue.

31. Clark told investors that their funds would be used to fund “top secret” Iraqi dinar and oil contracts, claimed to have access to secret governmental programs, and had access to a Wells Fargo Bank account with a balance of \$4 billion, all of which were false.

32. When Clark and his business partner failed to pay investors as promised, Clark told investors that President Obama signed an executive order to stop the investment payout, which was not true.

### **Materiality**

33. The misrepresentations and omissions detailed above are material to a reasonable investor. Most or all of Clark’s investors would not have invested or purchased securities from Clark if they had known the true nature of the investment, safety of the investment, profits and returns, and use of investor proceeds.

### **Scienter**

34. Clark acted with scienter. Clark personally solicited investors and made materially false and misleading statements, which he knew to be untrue, to obtain investment funds. Clark knew the investments were not profitable, knew that he did not have access to a

bank account with more than \$4 billion, and knew that he used investor funds to pay for his personal living expenses.

**UNREGISTERED TRANSACTIONS**

35. Clark sold unregistered securities and did nothing to assure that investors were accredited.

36. No registration statement has been filed with the Commission as to any offering or other securities offered by Clark.

**FIRST CAUSE OF ACTION  
FRAUD IN CONNECTION WITH THE PURCHASE AND SALE OF SECURITIES  
Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b)  
thereunder [17 C.F.R. § 240.10b-5(b)]**

37. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 36, above.

38. Defendant, by engaging in the conduct described above, directly or indirectly, by the use of means or instrumentalities of interstate commerce or use of the mails, in connection with the purchase or sale of securities, with scienter, made untrue statements of material fact or omitted to state a material fact necessary in order to make statements made, in light of the circumstances under which they were made not misleading.

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

**SECOND CAUSE OF ACTION  
FRAUD IN THE OFFER AND SALE OF SECURITIES  
Violations of Section 17(a)(2) of the Securities Act  
[15 U.S.C. § 77q(a)(2)]**

40. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 36, above.

41. Defendant, by engaging in the conduct described above, directly and indirectly, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, obtained money or property by means of untrue statements of material fact or by omitting 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.

42. By reason of the foregoing, Defendant, directly or indirectly, violated and unless restrained and enjoined will continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. §§ 77q(a)(2)].

**THIRD CAUSE OF ACTION**  
**OFFER AND SALE OF UNREGISTERED SECURITIES**  
**Violation of Sections 5(a) and (c) of the Securities Act**  
**[15 U.S.C. § 77e(a) and (c)]**

43. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 36, above.

44. Defendant, by engaging in the conduct described above, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce or the mails, offered to sell or sold securities or, directly or indirectly, or carried such securities through the mails or in interstate commerce, for the purpose of sale or delivery after sale.

45. No registration statement has been filed with the Commission or has been in effect with respect to these securities.

46. By reason of the foregoing, Defendant, directly or indirectly violated and unless enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

**RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that this Court:

**I**

Issue findings of fact and conclusions of law that Defendant committed the violations charged herein.

**II**

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure orders that permanently enjoin Clark from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Sections 5(a), 5(c) and 17(a)(2) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

**III**

Enter an order directing Defendant to disgorge \$1,778,500, the amount of ill-gotten gains received during the period of violative conduct.

**IV**

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

Dated March 31, 2016.

Respectfully submitted,



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Daniel J. Wadley  
Amy J. Oliver  
Attorneys for Plaintiff  
Securities and Exchange Commission

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

DEFENDANTS

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, PTF DEF, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Table with 5 columns: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Contains various legal categories and checkboxes.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District, 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
Brief description of cause:

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

## INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

### Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.  
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.  
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.  
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.  
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.
- V. Origin.** Place an "X" in one of the six boxes.  
 Original Proceedings. (1) Cases which originate in the United States district courts.  
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.  
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.  
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.  
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.  
 Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.  
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.  
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.