

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95608 / August 25, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21001

In the Matter of

MATTHEW J. SKINNER,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND NOTICE OF HEARING

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Matthew J. Skinner (“Respondent” or “Skinner”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From at least 2015 to 2020, Respondent was the 100% owner and manager of Empire West Equity, Inc., a real estate investment firm, and he controlled four entities created to offer four real estate investment projects: Longacre Estates, L.P., Bayside Equity, L.P., Freedom Equity Fund, LLC, and Simple Growth, LLC. For a portion of the time in which he engaged in the conduct underlying the complaint described below, Respondent acted as a broker without being registered as a broker or associated with a registered broker-dealer. Respondent, 47 years old, is a resident of Santa Clarita, California.

B. ENTRY OF THE INJUNCTION

2. On June 17, 2022, a final judgment was entered against Respondent, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 15(a) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. Matthew J. Skinner, et al., Civil Action Number 2:21-cv-05273-SB-KS, in the United States District Court for the Central District of California.

3. The Commission’s complaint alleged that between 2015 and 2020, Respondent and entities he controlled raised over \$9 million from over 100 investors through general solicitation, for four real estate investment projects. According to the complaint, Skinner misappropriated substantial amounts of investor money from each offering to sustain his personal lifestyle, including leasing an Aston Martin and a Maserati, and to finance his marketing and fundraising efforts. The complaint further alleged that Skinner made multiple false statements to investors to conceal his fraudulent conduct, including blaming the economic impact of the COVID-19 pandemic for the failure to make payments. The complaint also alleged that Respondent sold unregistered securities and acted as an unregistered broker.

4. The Commission’s complaint alleged that: (i) in the Longacre Estates, L.P. offering, Respondent raised \$2.4 million by representing to investors that their money would be used to purchase and develop certain residential lots, but Respondent instead diverted \$1.2 million from the project for marketing costs, his personal expenses, and a different real estate project; (ii) in the Bayside Equity, L.P. offering, Respondent raised \$3.1 million by representing to investors that they would receive an interest in a waterfront development, but Respondent misrepresented the extent of his interest in the development, falsely inflated projected returns, and misappropriated \$1.1 million of investor funds raised, including to pay Respondent’s personal expenses; (iii) in the Freedom Equity Fund, LLC offering, Respondent raised over \$2.6 million to develop an apartment building property, but misappropriated \$1.1 million while failing to pay back \$800,000 in principal to investors; and (iv) in the Simple Growth, LLC offering, Respondent raised more than \$1.3 million by telling investors he would invest their funds in multifamily real estate with guaranteed double-digit returns, but Respondent instead spent investor funds on personal expenses and Ponzi-like payments.

5. On June 1, 2022, Respondent pled guilty to a single criminal count of wire fraud in connection with the Simple Growth LLC offering in a parallel criminal proceeding *United States v. Skinner*, Case No. 2:22-cr-00183 (C.D. Cal. June 1, 2022). He is currently scheduled to be sentenced on October 17, 2022.

III.

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

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

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

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

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

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

This Order shall be served forthwith upon Respondent by any means permitted by the Commission's Rules of Practice.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to service of paper copies, service to the Division of Enforcement of all opinions, orders, and decisions described in Rule 141, 17 C.F.R. § 201.141, and all papers described in Rule 150(a), 17 C.F.R. §

201.150(a), in these proceedings shall be by email to the attorneys who enter an appearance on behalf of the Division, and not by paper service.

Attention is called to Rule 151(a), (b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(a), (b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed electronically in administrative proceedings using the Commission's Electronic Filings in Administrative Proceedings (eFAP) system access through the Commission's website, www.sec.gov, at <http://www.sec.gov/eFAP>. Respondent also must serve and accept service of documents electronically. All motions, objections, or applications will be decided by the Commission.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Vanessa A. Countryman
Secretary