

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 102233 / January 17, 2025**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-22434**

**In the Matter of**

**MICHAEL SEALY,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
AND CEASE-AND-DESIST PROCEEDINGS,  
PURSUANT TO SECTIONS 15(b) AND 21C  
OF THE SECURITIES EXCHANGE ACT OF  
1934, MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A  
CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Michael Sealy (“Sealy” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### Summary

This proceeding arises from an offering fraud scheme perpetrated by Richard Dale Sterritt, Jr., also known as "Rich Richman" ("Sterritt"), and other individuals, in which they raised at least \$16 million from over 300 investors through unregistered and fraudulent sales of shares of a privately held purported oil-and-gas company, Zona Energy, Inc. ("Zona").

Between approximately August 2018 and October 2019 (the "Relevant Period"), Sealy acted as an unregistered broker on behalf of Zona, soliciting multiple investors through his network of business contacts. In return for soliciting investors and brokering investment transactions in Zona, Sealy received transaction-based compensation in the form of deeply discounted Zona shares. Additionally, Sealy aided and abetted and caused registered representatives to engage in "selling away"<sup>2</sup> of Zona shares.

#### Respondent

1. **Michael Sealy**, age 48, resides in Dallas, Texas. Sealy has been an employee of a family-owned real estate investment and operations firm since 1999. He holds a real estate license. Sealy has never been associated with any broker-dealer registered with the Commission and has never held any securities licenses. Sealy participated in an offering of Zona stock, which was a penny stock.

#### Other Relevant Individuals and Entities

2. **Zona** was a privately held Texas corporation with its principal place of business in Dallas, Texas. Zona was never registered with the Commission, nor did it ever register or attempt to register any offering of securities under the Securities Act of 1933 ("Securities Act") or any class of securities under the Exchange Act. During the Relevant Period, Zona was a penny stock.

3. **Sterritt**, age 64, is currently incarcerated at the Metropolitan Detention Center in Brooklyn, NY. He has never been registered with the Commission in any capacity nor held any securities licenses. In April 2003, Sterritt pleaded guilty to an indictment charging him with conspiracy to commit securities fraud, money laundering, and filing false income tax returns. He was sentenced to five years' imprisonment. On April 14, 2021, the Commission filed a complaint in federal district court charging Sterritt with violations of Sections 5(a), 5(c), and 17(a) of the

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<sup>1</sup> The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

<sup>2</sup> "Selling away" occurs when a person associated with a broker-dealer sells securities without the knowledge or supervision of the broker-dealer.

Securities Act, and Sections 9(a), 15(a), and 10(b) of the Exchange Act, and Rule 10b-5 thereunder, in connection with his Zona-related conduct; this action is pending. *SEC v. Richard Dale Sterritt, Jr., et al.*, 1:21-cv-02008 (KAM-LKE) (E.D.N.Y.). On November 27, 2023, Sterritt pleaded guilty to conspiracy to commit securities and wire fraud, multiple counts of securities fraud, and conspiracy to commit money laundering, in connection with his Zona-related conduct. *United States v. Richard Dale Sterritt, Jr., et al.*, 1:21-cr-00193 (KAM) (E.D.N.Y.) (Dkt. No. 345) (filed Apr. 8, 2021).

4. **James Christopher Pittman (“Pittman”)**, age 49, resides in Dallas, Texas. He is a lawyer, barred in Texas since 1999, and a managing member and co-founder of Pittman & Harrison PLLC. He has never been registered with the Commission in any capacity and does not hold any securities licenses. On April 14, 2021, the Commission charged Pittman with violations of Sections 5(a), 5(c), 17(a)(1), and 17(a)(3) of the Securities Act and Sections 15(a) and 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder, in connection with his Zona-related conduct; this action is pending. *SEC v. Richard Dale Sterritt, Jr., et al.*, 1:21-cv-02008 (KAM-LKE) (E.D.N.Y.). On October 13, 2023, Pittman pleaded guilty to conspiracy to commit securities fraud and conspiracy to commit wire fraud in connection with his Zona-related conduct in *U.S. v. Richard Dale Sterritt, Jr., et al.*, 1:21-cr-00193 (KAM) (E.D.N.Y.) (Dkt. No. 314) (filed Apr. 8, 2021).

5. **Arete Wealth Management LLC (“Arete Wealth”)** is a limited liability company headquartered in Chicago, Illinois. It has been registered with the Commission as a broker-dealer since 1998.

6. **Arete Wealth Advisers LLC (“Arete Advisor”)** (together with **Arete Wealth, “Arete”**), is a limited liability company headquartered in Chicago, Illinois. It has been a registered investment adviser with the Commission since 2009, and has over \$2.5 billion in regulatory assets under management.

7. **Joey Miller (“Miller”)**, age 47, resides in New Braunfels, Texas. Miller is a registered representative and investment adviser representative who was associated with Arete from 2014 until October 2023. Miller is the founder and principal of John Galt Wealth Solutions, a private wealth management firm that formerly operated as a branch office of Arete.

8. **Jeffrey Scott Larson (“Larson”)**, age 41, resides in Fenton, Missouri. Larson was a registered representative and investment adviser representative associated with Arete from 2017 through October 2023. He is the managing partner and co-founder of 25 Financial, a private wealth management firm that formerly operated as a branch office of Arete.

### **Background**

9. From March 2018 through at least November 2020, Sterritt, with the help of other individuals, raised more than \$16 million from more than 300 investors through unregistered and fraudulent sales of shares of Zona. Shares of Zona were securities.

10. During the Relevant Period, Sealy acted as a broker for transactions of Zona shares.

11. Pittman, a friend of Sealy, first introduced Sealy to Zona.

12. Thereafter, Sealy personally invested in Zona and identified and solicited a number of business contacts as prospective Zona investors. He engaged in activities including emailing potential investors about Zona, providing potential investors with Zona marketing materials, discussing the merits of a Zona investment with potential investors, and emailing pricing information provided by Zona-affiliated persons to potential investors. Sealy also requested for Zona employees to send Zona offering materials and subscription agreements to potential investors and put potential investors in touch with Zona employees to answer their questions concerning such documentation. During the Relevant Period, investors that Sealy directly solicited were generally offered Zona shares at prices ranging from \$0.50 to \$2.50 per share.

13. Sterritt (known to Sealy at the time as “Rich Richman”),<sup>3</sup> Pittman, and Sealy agreed that Sealy would receive compensation in the form of cash and discounted shares in exchange for soliciting Zona investors. Ultimately, Sealy never received cash compensation, but he was compensated in the form of heavily discounted shares, purchasing hundreds of thousands of shares for \$0.01 per share.

14. One of the investors Sealy solicited was Miller, who subsequently purchased Zona shares. Miller and Sealy were acquainted through Miller’s work at Arete.

15. Miller introduced the Zona investment opportunity to his Arete colleague, Larson, who also personally invested in Zona. With Sealy’s knowledge and involvement, Miller and Larson then solicited numerous additional Zona investors, the majority of whom were their clients and customers through Arete. Miller and Larson agreed with Sterritt, Pittman, and Sealy to raise capital for Zona. Miller, Larson, and Zona employees tracked the amount of funds that Miller and Larson raised in order to receive credit for their solicitations and Zona employees shared that information with Sealy. When there was a disagreement between Miller and Larson and Sterritt over the amount of capital that Miller and Larson had agreed to raise, a Zona employee requested in an email that Pittman and Sealy clarify the confusion. Miller and Larson ultimately raised over \$5 million for Zona, and were compensated for their fundraising efforts in the form of deeply discounted Zona shares, purchasing Zona shares for as little as \$0.04 per share.

16. During the Relevant Period, Sealy knew or should have known that Miller and Larson were acting outside of their employment at Arete and were therefore violating the securities laws and FINRA rules by selling these securities.

17. Sterritt misappropriated nearly all of the investor funds raised, using them for his unrelated businesses, to wire money to friends and family, to withdraw cash for himself, and on various luxury purchases and personal expenses.

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<sup>3</sup> On or around January 22, 2020, Sealy and other investors received an anonymous email stating that “Richard Richman” was an alias of Sterritt.

18. Section 3(a)(4) of the Exchange Act defines a “broker” as any person engaged in the business of effecting transactions in securities for the accounts of others.

19. Absent an applicable exception or exemption, Section 15(a)(1) of the Exchange Act generally prohibits a broker or dealer from making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of any security unless the broker or dealer is registered with the Commission in accordance with Section 15(b) of the Exchange Act or is a natural person associated with a registered broker or dealer.

20. At no time during the Relevant Period was Sealy registered with the Commission as a broker or dealer or as a person associated with a registered broker or dealer.

21. As a result of the conduct described above, Respondent willfully<sup>4</sup> violated, and willfully aided and abetted and caused Miller and Larson’s violations of, Section 15(a) of the Exchange Act.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent’s Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Sealy cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent Sealy be, and hereby is:

suspended from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, for a period of 12 months, effective on the second Monday following the entry of this order.

C. Respondent Sealy shall, within 21 days of the entry of this Order, pay a civil money penalty in the amount of \$200,000.00 to the Securities and Exchange Commission. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this

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<sup>4</sup> “Willfully,” for purposes of imposing relief under Section 15(b) of the Exchange Act, “means no more than that the person charged with the duty knows what he is doing.” *Wonsover v. SEC*, 205 F.3d 408, 414 (D.C. Cir. 2000) (quoting *Hughes v. SEC*, 174 F.2d 969, 977 (D.C. Cir. 1949)).

paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Michael Sealy as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sheldon L. Pollock, Associate Director, Securities and Exchange Commission, New York Regional Office, 100 Pearl Street, Suite 20-100, New York, NY 10004.

D. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary