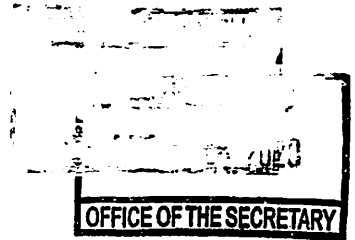


UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



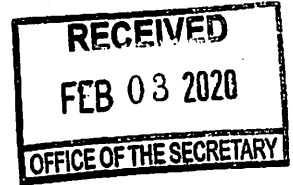
ADMINISTRATIVE PROCEEDING

File No. 3-19304

In the Matter of

JASON DWAYNE WATSON,

Respondent.



**DIVISION OF ENFORCEMENT'S MOTION AND MEMORANDUM OF LAW**  
**SUPPORTING ENTRY OF DEFAULT JUDGMENT AGAINST**  
**RESPONDENT JASON DWAYNE WATSON**

David D. Whipple  
Amy J. Oliver  
Securities and Exchange Commission  
Salt Lake Regional Office  
351 S. West Temple, Suite 6.100  
Salt Lake City, UT 84101  
Telephone: (801) 524-5796  
[whippleda@sec.gov](mailto:whippleda@sec.gov)

Counsel for the Division of Enforcement

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## **MOTION FOR DEFAULT JUDGMENT**

The Division of Enforcement (“Division” or “DOE”) respectfully submits this Motion for Default Judgment, pursuant to Rules 155(a) and 220(f) of the Commission’s Rules of Practice, 17 C.F.R. §§ 201.155(a) and 201.220(f), requesting that a default judgment be entered against Respondent Jason Dwayne Watson (“Watson” or “Respondent”). The Division respectfully requests that the Commission order that Respondent be barred from: (a) associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and (b) 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.

### **BRIEF IN SUPPORT**

#### **I. BACKGROUND**

On February 21, 2017, Watson pleaded guilty to one count of securities fraud in violation of Title 15, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5 before the United States District Court for the District of Utah, in *United States v. Jason Dwayne Watson*, Case No. 1:17-CR-00004-DAK-1. *See* Exhibit 1 (Plea Agreement).

On September 12, 2017, a judgment of criminal conviction was entered against Watson. He was sentenced to serve a 33-month prison term followed by 36 months of supervised release and ordered to pay \$3,356,814.85 in restitution, based on the unrecovered amounts invested by the 36 victims. *See* Exhibit 2 (Judgment).

This follow-on administrative proceeding was instituted on August 2, 2019. On August 7, 2019, service of the Order Instituting Proceedings (“OIP”) was effected on Respondent. *See*

Exhibit 3 (affidavit of service, as previously filed with Commission Secretary on September 4, 2019).

Respondent has thus far failed to file an answer or otherwise communicate with Division staff about his proceeding.

## II. ARGUMENT

Respondent was properly served under Commission Rule of Practice 141. Subpart (a)(2)(i) of Rule 141 provides, in part, “[n]otice of a proceeding shall be made to an individual by delivering a copy of the order instituting proceedings to the individual . . . Delivery means – . . . sending a copy of the order addressed to the individual by U.S. Postal Service certified, registered or Express Mail and obtaining a confirmation of receipt; . . .” *See* 17 C.F.R. § 201.141(a)(2)(i).

Having been properly served, Respondent was required by Commission Rule of Practice 220 to file an Answer to the allegations contained in the OIP within twenty (20) days after service of the OIP. *See* 17 C.F.R. § 201.220(b) and § IV, ¶ 2 of the OIP (directing Respondent to file an Answer within 20 days of service). To date, Respondent has failed to do so. As a result, he may be deemed in default and the allegations contained in the OIP may be deemed true. *See* 17 C.F.R. §§ 201.155(a)(2) and 201.220(f) and § IV, ¶ 4 of the OIP.

Consequently, the Division respectfully requests that the following allegations concerning Respondent in the OIP be deemed true:

1. From approximately 2011 through 2014, Watson engaged in a scheme to defraud investors whereby he engaged in unregistered broker-dealer activity and solicited approximately 36 investors to invest \$3,356,814.85 million in various securities offerings. Watson is not registered with the Commission in any capacity and was never associated with a broker-dealer registered with the Commission. Respondent, 47 years old, is a resident of Farmington, Utah.

2. On February 21, 2017, Watson pled guilty to one count of securities fraud in violation of Title 15<sup>1</sup>, United States Code, Sections 78j(b) and 78ff, and Title 17, Code of Federal Regulations, Section 240.10b-5 before the United States District Court for the District of Utah, in *United States v. Jason Dwayne Watson*, Case No. 1:17-CR-00004-DAK-1. On September 12, 2017, a judgment of criminal conviction was entered against Watson. He was sentenced to serve a 33 month prison term followed by 36 months of supervised release and ordered to pay \$3,356,814.85 in restitution, based on the unrecovered amounts invested by the 36 victims.

3. Watson engaged in unregistered broker-dealer activity in connection with his fraudulent scheme. The counts of the criminal information to which Watson pleaded guilty alleged, among other things, that Watson devised and intended to devise a scheme to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and omissions of material facts. In connection with the plea, Watson admitted, among other things, that he falsely represented to offer financing for green energy products and that he had been successful in closing financing deals and generating interest returns on investments. Watson admitted to using a significant portion of investor funds for his personal benefit and to repay old investors.

In light of his criminal conviction pertaining to securities fraud, along with the allegations of having engaged in unregistered broker-dealer activity in connection with his fraudulent scheme, Respondent should be barred from: (a) associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and (b) 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

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<sup>1</sup> The OIP erroneously cited "Title 18" of the United States Code concerning securities fraud.

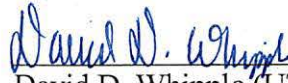
induce the purchase or sale of any penny stock. These remedies are provided for in Section 15(b)(6) of the Exchange Act, 15 U.S.C. § 78o(b)(6).

Imposition of such remedies is in the public interest. In determining whether a remedial sanction is in the public interest, the Court should look to several factors: “The egregiousness of the defendant’s actions, the isolated or recurrent nature of the infraction, the degree of *scienter* involved, the sincerity of the defendant’s assurances against future violations, the defendant’s recognition of the wrongful nature of his conduct, and the likelihood that defendant’s occupation will present opportunities for future violations.” *Steadman v. SEC*, 603 F.2d 1126 (5th Cir. 1979).

The facts here, as deemed to be true, establish that, over a period of years, Respondent, who is neither registered with the Commission as a broker or dealer nor associated with a broker or dealer registered with the Commission, was an active participant in an ongoing fraud that imposed financial losses on investors that he solicited to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and omissions of material facts. Through this conduct, Respondent, solicited approximately 36 investors to invest over \$3 million in various security offerings and used a significant portion of the investor funds for his personal benefit and to repay old investors. Respondent has offered no assurances against future misconduct, and his failure to participate in the instant proceeding demonstrates his lack of respect for the securities laws. Accordingly, the Division believes the Respondent’s conduct justifies the imposition of the aforementioned bars and respectfully requests that the Commission grant this relief.

Dated: January 31, 2020

Respectfully submitted,



David D. Whipple (UT Bar No. 17347)

Amy J. Oliver (UT Bar No. 8785)

Counsel for the Division of Enforcement

351 S. West Temple, Suite 6.100

Salt Lake City, UT 84101

Telephone: (801) 524-5796

[whippleda@sec.gov](mailto:whippleda@sec.gov)



Service List

Pursuant to Rules 150 and 151 of the Commission's Rules of Practice, I hereby certify that a true and correct copy of the foregoing, along with the attached Exhibits 1, 2 and 3, was served on each of the following, on January 31, 2020, in the manner indicated below.

Vanessa Countryman, Secretary  
Office of the Secretary  
100 F. Street, N.E.  
Washington, DC 20549

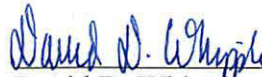
*Via Facsimile (703-813-9793), United Parcel Service, and [APFilings@sec.gov](mailto:APFilings@sec.gov)*

Mr. Jason Dwayne Watson, Register Number [REDACTED]

[REDACTED]  
[REDACTED]

PO Box [REDACTED]  
Florence, CO [REDACTED]

*Via U.S.P.S. Certified Mail*

  
\_\_\_\_\_  
David D. Whipple

# **EXHIBIT 1**

JOHN W. HUBER, United States Attorney (#7226)  
JACOB J. STRAIN, Assistant United States Attorney (#12680)  
LAKE DISHMAN, Assistant United States Attorney (Provisionally Admitted, Practice in the Commonwealth of Virginia)  
Attorneys for the United States of America  
111 South Main Street, Ste. 1800 • Salt Lake City, Utah 84111  
Telephone: (801) 524-5682

FILED <sup>used to</sup> UNITED STATES DISTRICT COURT, DISTRICT OF UTAH  
FEB 21 2017  
BY D. MARK JONES, CLERK  
DEPUTY CLERK

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

<p>UNITED STATES OF AMERICA,</p> <p>Plaintiff,</p> <p>vs.</p> <p>JASON DWAYNE WATSON,</p> <p>Defendant.</p>	<p>Case No. 1:17-cr-00004-DAK.</p> <p>STATEMENT BY DEFENDANT IN ADVANCE OF PLEA OF GUILTY AND PLEA AGREEMENT PURSUANT TO FED. R. CRIM. P. 11(c)(1)(C)</p> <p>Judge Dale A. Kimball Magistrate Judge Evelyn J. Furse</p>
---	---

I hereby acknowledge and certify that I have been advised of and that I understand the following facts and rights, and that I have had the assistance of counsel in reviewing, explaining, and entering into this agreement:

1. As part of this agreement with the United States, I intend to plead guilty to Count 1 of the Felony Information. My attorney has explained the nature of the charge against me, and I have had an opportunity to discuss the nature of the charge with my attorney. I understand the charge and what the government is required to prove in order to convict me. The elements of Count 1 of the Information, Securities Fraud, in violation of 15 U.S.C. §§ 78j(b), 78ff, and 17 C.F.R. § 240.10b-5 are:

First: In connection with the purchase or sale of a security, the defendant did one or more of the following:

- 1) employed a device, scheme, or artifice to defraud;
- 2) made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

- 3) engage in acts, transactions, practices, and courses of business which would operate and did operate as a fraud and deceit upon other persons.

Second: The defendant knowingly used, or caused to be used, any means or instruments of transportation or communication in interstate commerce or the mails in furtherance of the fraudulent conduct; and

Third: The defendant acted willfully, knowingly, and with the intent to defraud.

2. I know that the maximum possible penalty provided by law for Count 1 of the Felony Information, a violation of 18 U.S.C. §§ 78j(b), 78ff, and 17 C.F.R. § 240.10b-5, is a term of imprisonment of up to twenty (20) years, a fine of \$5,000,000.00, a term of supervised release of up to three (3) years, and any applicable forfeiture. I understand that if I violate a term or condition of supervised release, I can be returned to prison for the length of time provided in 18 U.S.C. § 3583(e)(3).

a. Additionally, I know the Court is required to impose an assessment in the amount of \$100 for each offense of conviction, pursuant to 18 U.S.C. § 3013. Furthermore, restitution to the victims of my offense shall be ordered pursuant to 18 U.S.C. § 3663A.

b. I understand that, if I am not a United States citizen, I may be removed from the United States, denied citizenship, and denied admission to the United States in the future.

3. I know that the sentencing procedures in this case and the ultimate sentence will be determined pursuant to 18 U.S.C. § 3553(a), and that the Court must consider, but is not bound by, the United States Sentencing Guidelines, in determining my sentence. I have discussed these procedures with my attorney. I also know that the final calculation of my sentence by the Court may differ from any calculation the United States, my attorney, or I may have made, and I will not be able to withdraw my plea if this occurs. However, because my plea of guilty is being entered pursuant to Rule 11(c)(1)(C), as explained below, I know that I will be able to withdraw my plea if the Court does not accept the terms of this agreement.

---

4. I know that I can be represented by an attorney at every stage of the proceeding, and I know that if I cannot afford an attorney, one will be appointed to represent me.

5. I know that I have a right to plead "Not Guilty" or maintain my earlier plea of "Not Guilty" and can have a trial on the charges against me.

6. I know that I have a right to a trial by jury, and I know that if I stand trial by a jury:

a. I have a right to the assistance of counsel at every stage of the proceeding.

b. I have a right to see and observe the witnesses who testify against me.

c. My attorney can cross-examine all witnesses who testify against me.

d. I can call witnesses to testify at trial, and I can obtain subpoenas to require the attendance and testimony of those witnesses. If I cannot afford to pay for the appearance of a witness and mileage fees, the government will pay them.

e. I cannot be forced to incriminate myself, and I do not have to testify at any trial.

f. If I do not want to testify, the jury will be told that no inference adverse to me may be drawn from my election not to testify.

g. The government must prove each and every element of the offense charged against me beyond a reasonable doubt.

h. It requires a unanimous verdict of a jury to convict me.

i. If I were to be convicted, I could appeal, and if I could not afford to appeal, the government would pay the costs of the appeal, including the services of appointed counsel.

7. If I plead guilty, I will not have a trial of any kind.

8. I know that 18 U.S.C. § 3742(c)(1) sets forth the circumstances under which I may appeal my sentence. However, fully understanding my right to appeal my sentence, and in consideration of the concessions and/or commitments made by the United States in this plea agreement, I knowingly, voluntarily and expressly waive my right to appeal as set forth in paragraph 12 below.

9. I know that, under 18 U.S.C. § 3742(c)(2), the United States may only appeal my sentence if it is less than the sentence set forth in this agreement.

10. I know that under a plea of guilty the judge may ask me questions under oath about the offense. The questions, if asked on the record and in the presence of counsel, must be answered truthfully and, if I give false answers, I can be prosecuted for perjury.

---

11. I stipulate and agree that the following facts accurately describe my conduct. These facts provide a basis for the Court to accept my guilty plea:

a. Beginning in and around 2011 and continuing to and around late 2014, within the Central Division of the District of Utah and elsewhere, I devised and intended to devise a scheme to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises, and omissions of material facts. In execution and in furtherance of my scheme and artifice to defraud, I solicited approximately 36 investors to invest approximately \$3,466,814.85 in securities offerings. Specifically, I falsely represented to offer financing for green energy projects through my company InREFco, LLC.

b. As part of the purchase and sale of securities, and in furtherance of my scheme and artifice to defraud, I communicated with investors via email and telephone and made or caused to be made the following false and fraudulent representation to investors: That I had been successful in closing financing deals and

generating interest returns on investments; when in some cases, I paid old investors with new investor money to give the appearance of success.

c. As part of the purchase and sale of securities, and in furtherance of my scheme and artifice to defraud, I concealed, among others, the following material facts from investor victims:

- i. That I had never been successful in obtaining financing for any project and that he had never refunded any of the advanced fees to any investor;
- ii. That I had twice previously declared bankruptcy; and
- iii. That I used a significant portion of investor funds for my own personal benefit.

d. Count 1: On or about June 12, 2013, in the Central Division of the District of Utah, for the purpose of executing my scheme and artifice to defraud, I caused to be transmitted by means of wire communication in interstate commerce, a \$150,000:00 wire transfer from victim J.R.'s Fifth Third Bank account to the attorney R.W.'s escrow account number [REDACTED], for my benefit.

e. I knew and understood that it was illegal to fraudulently take money from investors in connection with the purchase or sale of securities. I knew and understood that it was illegal to make a misrepresentation of a material fact or an omission of a material fact related to the purchase or sale of securities. I knew and understood that it was illegal to engage in a course of conduct which operates as a fraud or deceit upon a person relating to the purchase or sale of securities. I know and understand that my specific unlawful conduct, as described above, actually violated 15 U.S.C. §§ 78j(b), 78ff, and 17 C.F.R. § 240.10b-5.

---

12. The only terms and conditions pertaining to this plea agreement between me and the United States are as follows:

a. **Guilty Plea.** I will plead guilty to Count 1 of the Felony Information.

b. **Stipulated Sentence.** Pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the sentence imposed by the Court will be thirty-three (33) months' imprisonment. Additionally, the term of supervised release to be imposed by the Court will be three (3) years of supervised release or until restitution has been paid in full, whichever is shorter. I agree that a sentence of thirty-three (33) months' imprisonment, followed by three (3) years of supervised release is a reasonable sentence.

(1) I understand that this agreement, including my plea, the agreed upon sentence, and all other terms referenced herein, are subject to the approval of, and acceptance by the Court. I further understand that the Court will likely order the preparation of a Presentence

Report to assist in the determination of whether this plea and the agreement are appropriate, and I agree to fully cooperate in the preparation of the Presentence Report.

(2) If, after receiving all relevant information, the Court rejects the plea agreement and determines that the sentence should be greater than thirty-three (33) months' imprisonment followed by three (3) years of supervised release, I will have the right to withdraw the plea of guilty and the terms of this agreement will become null and void. Likewise, if the Court rejects the plea agreement and determines that the sentence should be less than thirty-three (33) months' imprisonment followed by three (3) years of supervised release, I understand that the United States will have the right to move to vacate this agreement, and all terms of this agreement will become null and void.

c. **Relevant Conduct.** I understand and agree that the Presentence Report may include descriptions of conduct I engaged in which either was not charged against me, will not be pleaded to by me, or both. I understand and agree that the Court will take these facts into consideration in determining the reasonableness of the stipulated sentence.

d. **Appeal Waiver.**

(1) Fully understanding my limited right to appeal my sentence, as explained above in paragraph 8, and in consideration of the concessions and/or commitments made by the United States in this plea agreement, I knowingly, voluntarily, and expressly waive my right to appeal any sentence imposed upon me, except that I do not waive the right to appeal as set forth in 18 U.S.C. § 3742(c)(1), which states that I may not file a notice of appeal unless the sentence imposed is greater than the sentence set forth in this agreement.

(2) I also knowingly, voluntarily, and expressly waive my right to challenge my sentence, except as set forth in (2)(a) above, in any collateral review motion, writ or other procedure, including but not limited to a motion brought under 28 U.S.C. § 2255, except on the issue of ineffective assistance of counsel.

~~(3) I understand that this waiver of my appeal and collateral review rights concerning my sentence shall not affect the government's right to appeal my sentence pursuant to 18 U.S.C. § 3742(c)(2) and § 3742(b)(1) and (2).~~

(4) I further understand and agree that the word "sentence" appearing throughout this waiver provision is being used broadly and applies to all aspects of the Court's sentencing authority, including, but not limited to: (1) sentencing determinations; (2) the imposition of imprisonment, fines, supervised release, probation, and any specific terms and conditions thereof; and (3) any orders of restitution.

e. **Presentence Report and Financial Information.** I agree to provide truthful and complete information, including financial information, as requested by the probation office for the preparation of my presentence report and for determination of the conditions of my supervised release. I also consent to allowing the United States Attorney's Office to run a credit check on me. I consent to being placed on the Treasury Offset Program and State Finder.

**f. Restitution.**

(1) I agree that, pursuant to the provisions of 18 U.S.C. §§ 3556, 3663A(a)(1) and (c)(1), the Court shall order me to pay restitution. I also agree to pay restitution to victims of unpleaded or uncharged relevant conduct pursuant to 18 U.S.C. § 3663A(a)(3). I agree that my relevant conduct constitutes an offense for which mandatory restitution would be required by 18 U.S.C. § 3663A(c)(1), and that restitution shall be ordered by the Court.

(2) Under 18 U.S.C. §§ 3663(a)(3) and 3663A(a)(3), I agree to pay restitution, in the approximate amount of \$3,356,814.85, to the victims of my fraud at the time of sentencing. I agree that the Court shall order me to pay a specific restitution amount at the time of sentencing, joint and several with any codefendants.

(3) I understand that the amount of restitution will be approximately \$3,356,814.85 and the schedule of payments will be determined as a part of the sentencing proceedings in accordance with the provisions of 18 U.S.C. § 3664, and that under 18 U.S.C. § 3664(h), the Court can make me liable for the full amount of restitution owed. I agree to pay all restitution as ordered by the Court. I understand the payment of restitution is governed by 18 U.S.C. § 3664, and my lawyer has explained the consequences of an order of restitution.

(4) I understand that the government will recommend, and I agree that the Court should order, that during incarceration my restitution will be payable on a schedule of the greater of \$10.00 every three months or 50% of my income in prison from both institution and other sources. I agree to pay restitution during any period of incarceration imposed on me.

(5) I understand and agree that payment of any restitution owed, pursuant to the schedule set by the Court at sentencing, should be a condition of any term of probation or supervised release imposed upon me. I know that if I fail to pay restitution as ordered, the failure can be considered a violation of probation or supervised release and, pursuant to 18 U.S.C. § 3614, the Court can resentence me to any sentence which might originally have been imposed in my case.

---

(6) The government agrees that the total restitution amount shall be reduced by any currency or assets collected by the United States Securities and Exchange Commission ("SEC") through settlement of any civil enforcement proceeding against the defendant.

**g. Waiver of Interest.** The government agrees to recommend that the Court waive interest for fines and restitution assessed against me.

**h. Forfeiture.**

(1) I agree to forfeit all property acquired from or traceable to my offense and all property that was used to facilitate my offense, including, but not limited to, the following specific property:

- MONEY JUDGMENT in the approximate amount of \$3,356,814.85, representing the value of the proceeds obtained by the defendant in connection with the above-referenced offenses.



(2) I acknowledge that all property covered by this agreement is subject to forfeiture because it represents the proceeds of illegal conduct or helped facilitate illegal conduct.

(3) I agree that all such property may be forfeited in either an administrative, civil and/or criminal judicial proceeding. I agree that I will not make a claim to the property or otherwise oppose forfeiture in any such proceedings, and I will not help anyone else do so. If I have already made such a claim, I hereby withdraw it. I further agree that I will sign any necessary documents to ensure that clear title to the forfeited assets passes to the United States, and that I will testify truthfully in any judicial forfeiture proceeding. In addition, I agree that I will not make any claim to property forfeited by any other defendant in this case.

(4) I hereby waive any claims I may have against the United States regarding the seizure and forfeiture of the property covered by this agreement.

(5) I hereby waive the requirements regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment.

(6) I hereby waive any constitutional or statutory challenges to the forfeiture covered by this agreement, including that the forfeiture is an excessive fine or punishment.

(7) The government agrees to petition the United States Attorney General to apply the forfeited funds, including any forfeiture money judgment collected, toward restitution that will be ordered pursuant to this agreement and entered as part of the judgment in this case.

13. I understand and agree that this plea agreement is solely between me and the United States Attorney for the District of Utah and does not bind any other federal, state, or local prosecuting, administrative, or regulatory authorities.

14. I understand that I have a right to ask the Court any questions I wish to ask concerning my rights about these proceedings and the plea.

\* \* \* \*

I make the following representations to the Court:

1. I am 45 years of age. My education consists of 3yrs College. I can read and understand English.

2. This Statement in Advance contains all terms of the agreements between me and the government; if there are exceptions, the Court will be specifically advised, on the record, at the time of my guilty plea of the additional terms. I understand the government and I cannot have terms of this plea agreements that are not disclosed to the Court.

3. No one has made threats, promises, or representations to me that have caused me to plead guilty, other than the provisions set forth in this agreement.

4. Neither my attorney nor the government has promised me that I would receive probation or any other form of leniency because of my plea.

5. I have discussed this case and this plea with my lawyer as much as I wish, and I have no additional questions.


6. I am satisfied with my lawyer.

7. My decision to enter this plea was made after full and careful thought; with the advice of counsel; and with a full understanding of my rights, the facts and circumstances of the case and the consequences of the plea. I was not under the influence of any drugs, medication, or intoxicants when I made the decision to enter the plea, and I am not now under the influence of any drugs, medication, or intoxicants.

8. I have no mental reservations concerning the plea.

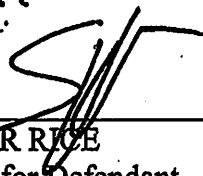
9. I understand and agree to all of the above. I know that I am free to change or delete anything contained in this statement. I do not wish to make changes to this agreement because I agree with the terms and all of the statements are correct.

DATED this 21st day of Feb., 2017.

  
\_\_\_\_\_  
JASON DWAYNE WATSON  
Defendant

I certify that I have discussed this plea agreement with the defendant, that I have fully explained his rights to him, and that I have assisted him in completing this written agreement. I believe that he is knowingly and voluntarily entering the plea with full knowledge of his legal rights and that there is a factual basis for the plea.

DATED this 21st day of Feb., 2017.

  
\_\_\_\_\_  
SPENCER RICE  
Attorney for Defendant

I represent that all terms of the plea agreement between the defendant and the government have been, or will be at the plea hearing, disclosed to the Court, and there are no undisclosed agreements between the defendant and the United States.

DATED this 21<sup>st</sup> day of February, 2017.

JOHN W. HUBER  
United States Attorney



---

JACOB J. STRAIN  
LAKE DISHMAN  
Assistant United States Attorneys

# **EXHIBIT 2**

UNITED STATES DISTRICT COURT

SEP 15 2017

District of Utah

D. MARK JONES, CLERK BY DEPUTY CLERK

UNITED STATES OF AMERICA

JUDGMENT IN A CRIMINAL CASE

v.

JASON DWAYNE WATSON

Case-Number: 1:17-CR-00004-DAK-1

USM Number: 25109-081

Joshua S. Baron

Defendant's Attorney

THE DEFENDANT:

[X] pleaded guilty to count(s) 1 of the Felony Information

[ ] pleaded nolo contendere to count(s) which was accepted by the court.

[ ] was found guilty on count(s) after a plea of not guilty.

The defendant is adjudicated guilty of these offenses:

Table with 4 columns: Title & Section, Nature of Offense, Offense Ended, Count. Row 1: 15 U.S.C. § 78j, Securities Fraud, 2/21/2017, 1.

The defendant is sentenced as provided in pages 2 through 9 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

[ ] The defendant has been found not guilty on count(s)

[ ] Count(s) [ ] is [ ] are dismissed on the motion of the United States.

It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid.

9/12/2017

Date of Imposition of Judgment

Dale A. Kimball

Signature of Judge

Dale A. Kimball U.S. District Judge

Name and Title of Judge

9/15/2017

Date

DEFENDANT: JASON DWAYNE WATSON  
CASE NUMBER: 1:17-CR-00004-DAK-1

**IMPRISONMENT**

The defendant is hereby committed to the custody of the Federal Bureau of Prisons to be imprisoned for a total term of:

33 months

The court makes the following recommendations to the Bureau of Prisons:

The defendant be placed in FCI Florence, CO, as a first choice, or in FCI Lompoc, CA, as a second choice in order to facilitate family visitation.

The defendant is remanded to the custody of the United States Marshal.

The defendant shall surrender to the United States Marshal for this district:

at 12:00  a.m.  p.m. on 11/13/2017

as notified by the United States Marshal.

The defendant shall surrender for service of sentence at the institution designated by the Bureau of Prisons:

before 2 p.m. on \_\_\_\_\_

as notified by the United States Marshal.

as notified by the Probation or Pretrial Services Office.

**RETURN**

I have executed this judgment as follows:

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_

a \_\_\_\_\_, with a certified copy of this judgment.

UNITED STATES MARSHAL

By \_\_\_\_\_  
DEPUTY UNITED STATES MARSHAL

DEFENDANT: JASON DWAYNE WATSON  
CASE NUMBER: 1:17-CR-00004-DAK-1

**SUPERVISED RELEASE**

Upon release from imprisonment, you will be on supervised release for a term of: 36 months

**MANDATORY CONDITIONS**

1. You must not commit another federal, state or local crime.
2. You must not unlawfully possess a controlled substance.
3. You must refrain from any unlawful use of a controlled substance. You must submit to one drug test within 15 days of release from imprisonment and at least two periodic drug tests thereafter, as determined by the court.  
 The above drug testing condition is suspended, based on the court's determination that you pose a low risk of future substance abuse. *(check if applicable)*
4.  You must cooperate in the collection of DNA as directed by the probation officer. *(check if applicable)*
5.  You must comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, *et seq.*) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in the location where you reside, work, are a student, or were convicted of a qualifying offense. *(check if applicable)*
6.  You must participate in an approved program for domestic violence. *(check if applicable)*

You must comply with the standard conditions that have been adopted by this court as well as with any other conditions on the attached page.

DEFENDANT: JASON DWAYNE WATSON  
CASE NUMBER: 1:17-CR-00004-DAK-1**STANDARD CONDITIONS OF SUPERVISION**

As part of your supervised release, you must comply with the following standard conditions of supervision. These conditions are imposed because they establish the basic expectations for your behavior while on supervision and identify the minimum tools needed by probation officers to keep informed, report to the court about, and bring about improvements in your conduct and condition.

1. You must report to the probation office in the federal judicial district where you are authorized to reside within 72 hours of your release from imprisonment, unless the probation officer instructs you to report to a different probation office or within a different time frame.
2. After initially reporting to the probation office, you will receive instructions from the court or the probation officer about how and when you must report to the probation officer, and you must report to the probation officer as instructed.
3. You must not knowingly leave the federal judicial district where you are authorized to reside without first getting permission from the court or the probation officer.
4. You must answer truthfully the questions asked by your probation officer.
5. You must live at a place approved by the probation officer. If you plan to change where you live or anything about your living arrangements (such as the people you live with), you must notify the probation officer at least 10 days before the change. If notifying the probation officer in advance is not possible due to unanticipated circumstances, you must notify the probation officer within 72 hours of becoming aware of a change or expected change.
6. You must allow the probation officer to visit you at any time at your home or elsewhere, and you must permit the probation officer to take any items prohibited by the conditions of your supervision that he or she observes in plain view.
7. You must work full time (at least 30 hours per week) at a lawful type of employment, unless the probation officer excuses you from doing so. If you do not have full-time employment you must try to find full-time employment, unless the probation officer excuses you from doing so. If you plan to change where you work or anything about your work (such as your position or your job responsibilities), you must notify the probation officer at least 10 days before the change. If notifying the probation officer at least 10 days in advance is not possible due to unanticipated circumstances, you must notify the probation officer within 72 hours of becoming aware of a change or expected change.
8. You must not communicate or interact with someone you know is engaged in criminal activity. If you know someone has been convicted of a felony, you must not knowingly communicate or interact with that person without first getting the permission of the probation officer.
9. If you are arrested or questioned by a law enforcement officer, you must notify the probation officer within 72 hours.
10. You must not own, possess, or have access to a firearm, ammunition, destructive device, or dangerous weapon (i.e., anything that was designed, or was modified for, the specific purpose of causing bodily injury or death to another person such as nunchakus or tasers).
11. You must not act or make any agreement with a law enforcement agency to act as a confidential human source or informant without first getting the permission of the court.
12. If the probation officer determines that you pose a risk to another person (including an organization), the probation officer may require you to notify the person about the risk and you must comply with that instruction. The probation officer may contact the person and confirm that you have notified the person about the risk.
13. You must follow the instructions of the probation officer related to the conditions of supervision.
14. You must submit your person, residence, office or vehicle to search, conducted by the probation office at a reasonable time and in a reasonable manner based upon reasonable suspicion of contraband or evidence of a violation of a condition of release; failure to submit to a search may be grounds for revocation; you must warn any other residents that the premises may be subject to searches pursuant to this condition.

**U.S. Probation Office Use Only**

A U.S. probation officer has instructed me on the conditions specified by the court and has provided me with a written copy of this judgment containing these conditions. For further information regarding these conditions, see *Overview of Probation and Supervised Release Conditions*, available at: [www.uscourts.gov](http://www.uscourts.gov).

Defendant's Signature \_\_\_\_\_

Date \_\_\_\_\_



DEFENDANT: JASON DWAYNE WATSON

CASE NUMBER: 1:17-CR-00004-DAK-1

### SPECIAL CONDITIONS OF SUPERVISION

1. The defendant is to inform any employer or prospective employer of current conviction and supervision status.
2. The defendant shall not enter into any self-employment while under supervision without prior approval of the U.S. Probation Office.
3. The defendant shall refrain from incurring new credit charges or opening additional lines of credit unless in compliance with any established payment schedule and obtains the approval of the probation office.
4. The defendant shall provide the U.S. Probation Office complete access to all business and personal financial information.
5. The defendant shall maintain not more than one personal and/or business checking/savings account and shall not open, maintain, be a signatory on, or otherwise use any other financial institution account without the prior approval of the U.S. Probation Office.
6. The defendant shall not transfer, sell, give away, or otherwise convey any asset with a value of \$500 or more without the approval of the U.S. Probation Office.
7. The defendant shall not be employed by, affiliated with, own or control, or otherwise participate, directly or indirectly, in the business of Securities/investments/financing without the approval of the U.S. Probation Office.
8. The defendant shall apply all monies received from income tax refunds, lottery winnings, settlements, judgments, and/or anticipated or unexpected financial gains to outstanding Court-ordered financial obligations.
9. The defendant shall be placed on the Statefinder and Treasury Offset programs, requiring any state and federal tax refunds be intercepted for purposes of Court-ordered financial obligations.
10. The defendant shall notify the probation office and the Office of the United States Attorney of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay Court-ordered financial obligations. The defendant shall also notify the probation office and the Office of the United States Attorney of any loss of employment, or increase or decrease of income.
11. The defendant shall notify the U.S. Probation Office within 72 hours of acquiring or changing any type of communications device, including pagers, cellular telephones, personal telephones, business telephones, electronic mail addresses, or web addresses.

DEFENDANT: JASON DWAYNE WATSON  
 CASE NUMBER: 1:17-CR-00004-DAK-1

**CRIMINAL MONETARY PENALTIES**

The defendant must pay the total criminal monetary penalties under the schedule of payments on Sheet 6.

	<u>Assessment</u>	<u>JVTA Assessment*</u>	<u>Fine</u>	<u>Restitution</u>
<b>TOTALS</b>	\$ 100.00	\$ 0.00	\$ 0.00	\$ 3,356,814.85

The determination of restitution is deferred until \_\_\_\_\_. An *Amended Judgment in a Criminal Case (AO 245C)* will be entered after such determination.

The defendant must make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment, unless specified otherwise in the priority order or percentage payment column below. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

<u>Name of Payee</u>	<u>Total Loss**</u>	<u>Restitution Ordered</u>	<u>Priority or Percentage</u>
Circle of Light Foundation 2817 John Ben Shepperd Pkwy Odessa, TX 79762	\$5,000.00	\$5,000.00	
Easy Energy LLC 625 W Deer Valley Rd. Phoenix, AZ 85027	\$100,000.00	\$100,000.00	
Energize Sustainable Tech 120 SW Everett Mall Wy, Ste103 Everett, WA 98204	\$5,000.00	\$5,000.00	
<b>TOTALS</b>	\$ 3,356,814.85	\$ 3,356,814.85	

Restitution amount ordered pursuant to plea agreement \$ \_\_\_\_\_

The defendant must pay interest on restitution and a fine of more than \$2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).

The court determined that the defendant does not have the ability to pay interest and it is ordered that:

the interest requirement is waived for the  fine  restitution.

the interest requirement for the  fine  restitution is modified as follows:

\* Justice for Victims of Trafficking Act of 2015, Pub. L. No. 114-22.

\*\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: JASON DWAYNE WATSON

CASE NUMBER: 1:17-CR-00004-DAK-1

**ADDITIONAL TERMS FOR CRIMINAL MONETARY PENALTIES**

The defendant shall pay the greater of \$25 per quarter or 50% of his income while incarcerated. If the defendant receives more than \$200 from any outside source in any given month during the period of incarceration, all funds received in excess of \$200 that month shall be paid toward restitution. The defendant shall pay restitution at a minimum rate of \$200 per month upon release from incarceration.

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DEFENDANT: JASON DWAYNE WATSON  
 CASE NUMBER: 1:17-CR-00004-DAK-1

**ADDITIONAL RESTITUTION PAYEES**

Name of Payee	Total Loss*	Restitution Ordered	Priority or Percentage
Healthy You Centers LLC 1515 Ridgewood Ave Holly Hill, FL 32117	\$100,000.00	\$100,000.00	
Mercho Bank of Mission Indians 12700 Pumarra Rd Banning, CA 92220	\$290,000.00	\$290,000.00	
National Solar Power Partners 416 E Strawbridge Ave Melbourne, FL 32901	\$150,000.00	\$150,000.00	
Presidential Inner Circle USA LLC 5850 W 3rd St, Ste 174 Los Angeles, CA 90036	\$15,000.00	\$15,000.00	
AETRS SE Payables Funding Account 2401 W Behrend Dr, #55 Phoenix, AZ 85027	\$97,109.85	\$97,109.85	
See Sealed Addendum for Individual Payees	\$2,594,705.00	\$2,594,705.00	

\* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: JASON DWAYNE WATSON  
CASE NUMBER: 1:17-CR-00004-DAK-1

### SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

- A  Lump sum payment of \$ 100.00 due immediately, balance due
  - not later than \_\_\_\_\_, or
  - in accordance with  C,  D,  E, or  F below; or
- B  Payment to begin immediately (may be combined with  C,  D, or  F below); or
- C  Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after the date of this judgment; or
- D  Payment in equal \_\_\_\_\_ (e.g., weekly, monthly, quarterly) installments of \$ \_\_\_\_\_ over a period of \_\_\_\_\_ (e.g., months or years), to commence \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment to a term of supervision; or
- E  Payment during the term of supervised release will commence within \_\_\_\_\_ (e.g., 30 or 60 days) after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or
- F  Special instructions regarding the payment of criminal monetary penalties:

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during the period of imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

Joint and Several

Defendant and Co-Defendant Names and Case Numbers (including defendant number), Total Amount, Joint and Several Amount, and corresponding payee, if appropriate.

The defendant shall pay the cost of prosecution.

The defendant shall pay the following court cost(s):

The defendant shall forfeit the defendant's interest in the following property to the United States:

Money Judgment in the amount of \$3,356,814.85. Any money collected on the Order of Forfeiture, previously entered in this case as Docket Entry 16, will be applied as an offset to the balance of the restitution.

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) JVA assessment, (8) penalties, and (9) costs, including cost of prosecution and court costs.

# EXHIBIT 3

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

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19304**

**In the Matter of**

**JASON DWAYNE**  
**WATSON,**

**Respondent.**

**DECLARATION OF MISTY REITER**  
**TO ASSIST SECRETARY WITH RECORD OF SERVICE**

MISTY REITER, pursuant to 28 U.S.C. § 1746, declares:

1. I am a Paralegal Specialist with the Division of Enforcement ("Division") of the Securities and Exchange Commission, and am assigned to work on this matter for the Division in the above-captioned administrative proceeding. I am submitting this Declaration to assist the Secretary in maintaining a record of service on the respondent in the above-captioned proceedings pursuant to Rule 141(a)(3).

2. The Office of the Secretary provided me with the U.S. Postal Service Certified Mail tracking number for the copy of the Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing ("OIP") that was mailed by the Secretary to the respondent in this proceeding, Jason Dwayne Watson ("Respondent"). I input the tracking number into the U.S. Postal Service's ("USPS") package tracking system on its Internet website located at [www.usps.com](http://www.usps.com), and printed out the tracking confirmation in order to obtain confirmation

of the delivery of the OIP upon Respondent. A true copy of the tracking confirmation for Respondent, for whom certified mail service was successful by delivering a copy of the OIP to Respondent's agent, is attached hereto as Exhibit A. Rule 141(a)(2)(i) provides that service on an individual shall be made by delivering a copy of the order instituting proceedings to the individual or to an agent authorized by appointment or by law to receive such notice.

3. Respondent is currently incarcerated at the [REDACTED] in [REDACTED] [REDACTED] [REDACTED] and was incarcerated during the time delivery of the OIP was made to [REDACTED].

4. The Secretary mailed the OIP to Respondent at [REDACTED] via Certified Mail, Tracking No. 7018 3090 0000 5631 4825. The USPS tracking system confirms that delivery to [REDACTED] was successful on August 7, 2019. See Exhibit A.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 4<sup>th</sup>, 2019.

  
Misty Reiter



# EXHIBIT "A"

ALERT: MAIL SERVICE IS DISRUPTED IN SOME PARTS OF THE SOUTHEAST U.S. DU...

**USPS Tracking**<sup>®</sup> FAQs > (<https://www.usps.com/faqs/uspstracking-faqs.htm>)

**Track Another Package** +

**Tracking Number:** 70183090000056314825

Remove X

Your item has been delivered to an agent at 8:30 am on August 7, 2019 in FLORENCE, CO 81226.

 **Delivered**

August 7, 2019 at 8:30 am  
Delivered, To Agent  
FLORENCE, CO 81226

Get Updates 

Feedback

---

**Text & Email Updates** 

---

**Tracking History** 

**August 7, 2019, 8:30 am**

Delivered, To Agent

FLORENCE, CO 81226

Your item has been delivered to an agent at 8:30 am on August 7, 2019 in FLORENCE, CO 81226.

**August 6, 2019**

In Transit to Next Facility

**August 3, 2019, 11:57 pm**  
Arrived at USPS Regional Facility  
DENVER CO NETWORK DISTRIBUTION CENTER

**August 2, 2019, 10:25 pm**  
Arrived at USPS Regional Facility  
WASHINGTON DC DISTRIBUTION CENTER

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**Product Information** 

**Postal Product:**

**Features:**  
Certified Mail™

---

**See Less** 

Feedback

## **Can't find what you're looking for?**

Go to our FAQs section to find answers to your tracking questions.

**FAQs (<https://www.usps.com/faqs/uspstracking-faqs.htm>)**

**The easiest tracking number is the one you don't have to know.**

With Informed Delivery<sup>®</sup>, you never have to type in another tracking number. Sign up to:

- See images\* of incoming mail.
- Automatically track the packages you're expecting.
- Set up email and text alerts so you don't need to enter tracking numbers.
- Enter USPS Delivery Instructions<sup>™</sup> for your mail carrier.

**Sign Up**

**([https://reg.usps.com/entreg/RegistrationAction\\_input?](https://reg.usps.com/entreg/RegistrationAction_input?app=UspsTools&appURL=https%3A%2F%2Freg.usps.com%2Fentreg%2FRegistrationAction_input)**

**\*NOTE: Black and white (grayscale) images show the outside, front of letter-sized envelopes and mailpieces that are processed through USPS automated equipment.**

Feedback