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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA

Securities and Exchange Commission, ) No.  
)  
11 Plaintiff, )  
12 vs. )  
13 ) **COMPLAINT**  
14 The Investors Registry, LLC and )  
)  
15 Michael J. Southworth, )  
)  
16 Defendants. )  
17 \_\_\_\_\_)

18 Plaintiff Securities and Exchange Commission (“SEC”) for its Complaint against  
19 defendants Michael J. Southworth (“Southworth”) and The Investors Registry, LLC  
20 (“TIR”) (collectively, “Defendants”) alleges as follows:

21  
22 **I. SUMMARY OF THE ACTION**

23 1. Southworth oversaw the sale of at least 650 memberships in TIR, which he  
24 marketed as an “exclusive investment community” where members would be provided  
25 with opportunities to invest in “pre-IPO” companies. Southworth represented that TIR  
26 researched thousands of early stage companies, and culled them down to only a handful  
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28

1 of promising issuers that TIR profiled as investment opportunities.

2 2. From at least December 2007 through March 2011, Southworth profiled  
3 five issuers by sending emails to TIR members touting the companies, and by posting  
4 their respective offering and subscription materials on TIR's website. Southworth and  
5 TIR also helped certain issuers structure certain terms of their offerings to TIR members.  
6 Throughout the time period of this conduct, Southworth and TIR were not registered with  
7 the SEC as required by the broker-dealer provisions of the federal securities laws.  
8  
9 Further, while Southworth contracted for and received cash and stock from the issuers in  
10 exchange for touting and acting as a broker in recommending and selling their securities,  
11 he failed to fully and adequately disclose this consideration to TIR members. Southworth  
12 received approximately \$217,755 in cash and proceeds from the sale of stock in exchange  
13 for his illicit activities.  
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16 3. By engaging in the conduct alleged herein, Southworth has violated, and  
17 unless restrained and enjoined, will continue to violate, the anti-touting provision of the  
18 federal securities laws, Section 17(b) of the Securities Act of 1933 ("Securities Act") [15  
19 U.S.C. § 77q(b)]. Southworth and TIR also have violated, and unless restrained and  
20 enjoined, will continue to violate, the broker-dealer registration provision of the federal  
21 securities laws, Section 15(a) of the Securities Exchange Act of 1934 ("Exchange Act")  
22 [15 U.S.C. § 78o(a)(1)].  
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24

## 25 **II. JURISDICTION AND VENUE**

26  
27 4. The SEC brings this action pursuant to authority conferred on it by Section  
28 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d) and 21(e) of the

1 Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to restrain and enjoin the Defendants  
2 from engaging in the acts, practices, and courses of business described in this Complaint  
3 and acts, practices, and courses of business of similar purport and object. The SEC seeks  
4 permanent injunctions and penny stock bars against Southworth and TIR, as well as  
5 disgorgement of ill-gotten gains derived from the conduct alleged in the Complaint plus  
6 prejudgment interest thereon from Southworth.  
7

8  
9 5. This Court has jurisdiction over this action pursuant to Section 22(a) of the  
10 Securities Act [15 U.S.C. § 77v(a)], and Sections 21(e), and 27 of the Exchange Act  
11 [15 U.S.C. §§ 78u(e) and 78aa].  
12

13 6. Defendants, directly and indirectly, singly or in concert, made use of the  
14 means and instrumentalities of interstate commerce, the means and instruments of  
15 transportation and communication in interstate commerce, or of the mails in connection  
16 with the acts, practices and courses of conduct alleged in this Complaint, certain of which  
17 occurred within the District of Arizona.  
18

19 7. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act  
20 [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa], because  
21 Southworth resides in Mesa, Arizona and, during the time period alleged in the  
22 Complaint, TIR was an Arizona limited liability company with its principal place of  
23 business in Mesa, Arizona, and many of the transactions, acts, practices and course of  
24 business constituting the violations of law alleged herein occurred within this judicial  
25 district.  
26  
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28

1 **III. DEFENDANTS**

2 8. **Southworth**, age 44, is a resident of Mesa, Arizona. Southworth is the  
3 founder, majority owner and managing member of TIR. Southworth is also the founder,  
4 sole owner and managing member of Rising Market Group, LLC and Extreme Motorcar  
5 Marketing, LLC. Southworth has never held any securities licenses or been registered  
6 with the SEC in any capacity.  
7

8 9. **TIR** was, throughout the time period alleged in the Complaint, an Arizona  
9 limited liability company with its principal place of business in Mesa, Arizona. TIR has  
10 never been registered with the SEC in any capacity.  
11

12 **IV. RELATED PARTIES**

13 **A. Additional Entities Owned and Controlled by Southworth**

14 10. **Rising Market Group, LLC (“Rising Market”)** is an Arizona limited  
15 liability company with its principal place of business in Mesa, Arizona. Southworth is  
16 Rising Market’s sole and managing member. Rising Market has never been registered  
17 with the SEC in any capacity.  
18

19 11. **Extreme Motorcar Marketing, LLC (“Extreme Motorcar”)** is an  
20 Arizona limited liability company with its principal place of business in Mesa, Arizona.  
21 Southworth is Extreme Motorcar’s sole and managing member. Extreme Motorcar has  
22 never been registered with the SEC in any capacity.  
23

24 12. Rising Market and Extreme Motorcar are collectively referred to as the  
25 “Southworth Entities.”  
26  
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1 **B. Issuers Profiled By TIR**

2 13. **Friendly Auto Dealers, Inc. (“Friendly Auto”)** (now known as  
3 Therapeutic Solutions International, Inc.) is a Nevada corporation headquartered in  
4 Oceanside, California. Friendly Auto’s securities are registered with the SEC pursuant to  
5 Section 12(g) of the Securities Act, and are quoted on OTC Link (formally, “Pink  
6 Sheets”), operated by OTC Markets Group, Inc. (“OTC Link”). Throughout the time  
7 period alleged in the Complaint, Friendly Auto was a “penny stock” as defined by the  
8 Exchange Act and rules thereunder.  
9

10  
11 14. **Solar Energy Initiatives, Inc. (“Solar Energy”)** is a Delaware  
12 corporation, headquartered in Kingstree, South Carolina. Solar Energy’s securities are  
13 not registered with the SEC, and are quoted on OTC Link. Throughout the time period  
14 alleged in the Complaint, Solar Energy was a “penny stock” as defined by the Exchange  
15 Act and rules thereunder.  
16

17  
18 15. **China Yongxin Pharmaceuticals, Inc. (“China Yongxin”)** is a Delaware  
19 corporation, headquartered in City of Industry, California. China Yongxin’s securities  
20 are registered with the SEC pursuant to Section 12(g) of the Securities Act and are quoted  
21 on OTC Link.  
22

23 16. **Freeze Tag, Inc. (“Freeze Tag”)** is a Delaware corporation, headquartered  
24 in Tustin, California. Freeze Tag’s securities are registered with the SEC pursuant to  
25 Section 12(g) of the Securities Act and are quoted on OTC Link. Throughout the time  
26 period alleged in the Complaint, Freeze Tag was a “penny stock” as defined by the  
27 Exchange Act and rules thereunder.  
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1 section (the “Members Website”). The Members Website became the primary vehicle  
2 for profiling the Issuers. The Members Website contained webpages for profiled Issuers,  
3 which generally included: (a) offering materials (including private placement  
4 memoranda and subscription agreements); (b) contact information for the issuer or its  
5 investors relations group; and (c) updates for each issuer, which consist of either copies  
6 of publically released press releases, or updates provided directly to TIR by the issuer.  
7

8  
9 22. Southworth also profiled certain Issuers by sending mass emails to TIR  
10 members. These emails touted the relevant issuer, and directed TIR members to the  
11 Members’ Website to review the issuer’s offering materials and to complete and submit  
12 subscription materials.  
13

14 23. Southworth, either directly or through one or more Southworth Entities,  
15 made arrangements to obtain compensation from the Issuers in exchange for touting their  
16 securities and soliciting and raising funds from TIR members.  
17

18 24. Beginning in 2008, Southworth began having the Issuers enter into a  
19 standardized agreement with him, or his entity, Rising Market Group. Pursuant to the  
20 written agreements, the compensation paid to Southworth or Rising Market Group was  
21 expressly conditioned upon the Issuers’ success in raising a certain amount of funds.  
22

23 25. Southworth was also actively engaged in the process of structuring certain  
24 Issuers’ securities offerings to TIR members. Southworth negotiated with Issuers  
25 regarding, among other things: the price of their stock being offered to TIR members; the  
26 size of the issuers’ offering to TIR members; the minimum and maximum investment  
27 amounts required and permitted from TIR investors; and in some cases, the termination  
28

1 dates of the securities offerings.

2 **B. The Profiling of Friendly Auto Dealers, Inc.**

3 26. Beginning in December 2007, Southworth touted Friendly Auto and,  
4 through TIR, solicited investors and recommended its securities by causing its December  
5 10, 2007 prospectus and subscription agreement to be posted on the Members' Website.

6  
7 27. Southworth was also involved in setting the price of Friendly Auto's stock  
8 offered to TIR members, and setting the maximum investment for TIR members.

9  
10 28. In exchange for touting, soliciting TIR members to invest, advising TIR  
11 members of the merits of the investment, and helping to structure certain terms of  
12 Friendly Auto's securities offering, Southworth, personally or through one or more  
13 Southworth Entities, was issued shares in Friendly Auto.

14  
15 29. Southworth did not fully and adequately disclose the fact that he, or any of  
16 his affiliated entities, might receive consideration for profiling Friendly Auto to TIR  
17 members, including the amount of such consideration.

18  
19 **C. The Profiling of Solar Energy Initiatives, Inc.**

20 30. Beginning in approximately April 2009, Southworth touted Solar Energy  
21 and, through TIR, solicited investors and recommended its securities by causing its April  
22 3, 2009 private placement memorandum and other investment materials to be posted on  
23 the Members' Website.

24  
25 31. Southworth also drafted and caused an email to be sent to the to the TIR  
26 members, which touted Solar Energy.

27  
28 32. In exchange for the touting, soliciting TIR members to invest and advising



1 TIR members of the merits of the investment, Southworth, personally or through one or  
2 more Southworth Entities, received cash and cashless options in Solar Energy.

3 33. Southworth did not fully and adequately disclose the fact that he, or any of  
4 his affiliated entities, would receive consideration for profiling Solar Energy to TIR  
5 members, including the amount of such consideration.  
6

7 **D. The Profiling of China Yongxin Pharmaceutical, Inc.**

8 34. Beginning in approximately August 2009, Southworth touted China  
9 Yongxin and, through TIR, solicited investors and recommended its securities by causing  
10 its August 3, 2009 private placement memorandum and other investment materials to be  
11 posted on the Members' Website.  
12

13 35. Southworth also caused an email to be sent to TIR members, which touted  
14 China Yongxin.  
15

16 36. Southworth and TIR also entered into a term sheet with China Yongxin,  
17 which dictated the terms of China Yongxin's private placement, including the offering  
18 minimum and maximum, the price and the use of proceeds.  
19

20 37. In exchange for the touting, soliciting TIR members to invest, advising TIR  
21 members of the merits of the investment, and helping to structure certain terms of China  
22 Yongxin's securities offering, Southworth, personally or through one or more Southworth  
23 Entities, received cash and shares in China Yongxin.  
24

25 38. Southworth did not fully and adequately disclose the fact that he, or any of  
26 his affiliated entities, might receive consideration for profiling China Yongxin to TIR  
27 members, including the amount of such consideration.  
28

1 **E. The Profiling of Freeze Tag, Inc.**

2 39. Beginning in approximately November 2009, Southworth touted Freeze  
3 Tag and, through TIR, solicited investors and recommended its securities by causing its  
4 November 2, 2009 private placement memorandum and other investment materials to be  
5 posted on the Members' Website.  
6

7 40. Southworth also caused an email to be sent to the to the TIR members,  
8 which touted Freeze Tag.  
9

10 41. TIR also entered into a Term Sheet with Freeze Tag, which dictated the  
11 terms of Freeze Tag's private placement, including the offering minimum and maximum,  
12 the price and the use of proceeds.  
13

14 42. In exchange for the touting, soliciting TIR members to invest, advising TIR  
15 members of the merits of the investment, and helping to structure certain terms of Freeze  
16 Tag's securities offering, Southworth, personally or through one or more Southworth  
17 Entities, received cash and shares in Freeze Tag.  
18

19 43. Southworth did not fully and adequately disclose the fact that he, or any of  
20 his affiliated entities, would receive consideration for profiling Freeze Tag to TIR  
21 members, including the amount of such consideration.  
22

23 **F. The Profiling of AllDigital Holdings, Inc.**

24 44. Beginning in approximately January 2011, Southworth touted AllDigital  
25 and, through TIR, solicited investors and recommended its securities by causing its  
26 predecessors' December 29, 2010 confidential disclosure statement and information  
27 memorandum, and other investment materials, to be posted on the Members' Website.  
28

1           45.     Southworth also caused an email to be sent to the to the TIR members,  
2 which touted AllDigital.

3           46.     In exchange for the touting, soliciting TIR members to invest and advising  
4 TIR members of the merits of the investment, Southworth, personally or through one or  
5 more Southworth Entities, received shares and warrants of AllDigital.

6           47.     Southworth did not fully and adequately disclose the fact that he, or any of  
7 his affiliated entities, might receive consideration for profiling AllDigital to the TIR  
8 members, including the amount of such consideration.

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11     **G.     Southworth and TIR Acted As Unregistered Brokers**

12           48.     Section 15(a)(1) of the Exchange Act prohibits a broker or dealer from  
13 using jurisdictional means such as the telephone or mails to effect transactions in  
14 securities unless the broker or dealer is registered with the SEC. Section 3(a) (4) of the  
15 Exchange Act defines a “broker” as any person who is engaged in the business of  
16 effecting transactions in securities for the account of others.

17           49.     Southworth and TIR used the telephone or mails to actively solicit investors  
18 to purchase interests in the Issuers, and they thereby effected purchases and sales of  
19 securities for the accounts of the others.

20           50.     Southworth and TIR have not been registered as brokers with the SEC or  
21 affiliated with a broker-dealer registered with the SEC during the time in which they sold  
22 interests in the securities of the Issuers.

23           51.     Southworth and TIR solicited investors by sending introductory emails  
24 regarding the Issuers to TIR members and by posting the Issuers’ offering materials on  
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1 the TIR Members' Website. Southworth and TIR advised investors regarding the merits  
2 of investing in the profiled Issuers by representing to TIR members that the Issuers were  
3 good investment opportunities that had been culled for profiling from thousands of pre-  
4 screened early stage companies.  
5

6 52. Southworth and TIR regularly participated in securities transactions at key  
7 points in the chain of distribution by providing TIR members with the Issuers' offering  
8 materials, as well as negotiating with certain Issuers: the size of the issuers' offering to  
9 TIR members; the minimum and maximum investment amount for TIR investors; and in  
10 some cases, the price of their stock being offered to TIR members and the termination  
11 dates of the offerings. With respect to China Yongxin and Freeze Tag, Southworth and  
12 TIR also entered into term sheets which set the terms of the offerings, including the share  
13 price, conditions precedent and use of proceeds.  
14  
15

16 53. Southworth received transaction-based compensation in the form of cash  
17 and/or stock from the Issuers, which was tied to the success of the fundraising.  
18

19 54. Through these activities, Southworth and TIR acted as unregistered  
20 brokers.  
21

22 **H. Southworth Unlawfully Touted the Securities of the Issuers**

23 55. Section 17(b) of the Securities Act prohibits the practice of using interstate  
24 commerce or the mails to publish, give publicity to, or circulate any notice, circular,  
25 advertisement, newspaper, article, letter, investment service or communication which,  
26 though not purporting to offer a security for sale, describes such security for a  
27 consideration received or to be received, directly or indirectly, from an issuer,  
28

1 underwriter or dealer, without fully disclosing the receipt, whether past or prospective, of  
2 such consideration and the amount thereof.

3 56. Southworth used interstate commerce or the mails to publish and/or give  
4 publicity to various communications regarding the securities of the Issuers on the TIR  
5 Members' Website, and by circulating emails to TIR members regarding the Issuers.  
6

7 57. Southworth received consideration for these activities in the form of cash  
8 and/or stock from the Issuers, but he failed to provide full and adequate disclosure of the  
9 consideration he received from the touted Issuers.  
10

11 58. Through these activities, Southworth unlawfully touted the securities of the  
12 Issuers.  
13

## 14 **VI. CLAIMS FOR RELIEF**

### 15 **COUNT I**

#### 16 **VIOLATIONS OF SECTION 17(b) OF THE SECURITIES ACT** 17 **(Defendant Southworth)**

18 59. The allegations of paragraphs 1 through 58 are incorporated as if fully set  
19 forth herein.

20 60. Southworth, by the use of the means or instruments of transportation or  
21 communication in interstate commerce or by the use of the mails, published, gave  
22 publicity to, or circulated communications that, though not purporting to offer securities  
23 for sale, described certain securities.  
24

25 61. Southworth received and was to receive consideration for such activities  
26 from or on behalf of the issuers of these securities and he did not fully disclose the past or  
27 future receipt of such consideration, including the amounts thereof.  
28



1 **VII. RELIEF REQUESTED**

2 WHEREFORE, the SEC respectfully requests that the Court:

3 I.

4 Find that the Defendants committed the violations alleged.

5 II.

6 Enter an Order of Permanent Injunction as to the Defendants, in a form consistent  
7 with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining them from further  
8 violations of the provisions of law and rules alleged against them in this Complaint.  
9

10 III.

11 Order Southworth to disgorge and pay over, as the Court may direct, all ill-gotten  
12 gains received, or benefits in any form derived, from the conduct alleged in this  
13 Complaint, together with pre-judgment and post-judgment interest as provided by law.  
14

15 IV.

16 Order that the Defendants be barred, for a period of three (3) years, from  
17 participating in any offering of penny stock.  
18

19 V.

20 Grant other relief as this Court may deem just or appropriate.  
21

22 DATED this 16th day of October, 2012  
23

24 Respectfully submitted,

25 s/Thomas J. Krysa

26 Thomas J. Krysa

27 Danielle R. Voorhees

Attorneys for Plaintiff

28 Securities and Exchange Commission