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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**

12 SECURITIES AND EXCHANGE
13 COMMISSION,

14 Plaintiff,

15 vs.

16 RENATO RODRIGUEZ and
17 GUTEMBERG DOS SANTOS,

18 Defendants.

Case No. 8:17-cv-00375

COMPLAINT

19
20 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

21 **JURISDICTION AND VENUE**

22 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
23 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
24 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the
25 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
26 78u(d)(3)(A), 78u(e) & 78aa(a).

27 2. Defendants have, directly or indirectly, made use of the means or
28

1 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
2 securities exchange in connection with the transactions, acts, practices and courses of
3 business alleged in this complaint.

4 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
5 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a).
6 because certain of the transactions, acts, practices and courses of conduct constituting
7 violations of the federal securities laws occurred within this district. In addition,
8 venue is proper in this district because Defendant Pablo Renato Rodriguez Arevalo
9 (“Renato Rodriguez”) resides in this district.

10 SUMMARY

11 4. This matter involves Renato Rodriguez and Gutemberg Dos Santos,
12 individually and doing business as Vizinova, and their role in a multimillion-dollar
13 fraudulent pyramid scheme based in Southern California and Guadalajara, Mexico
14 which largely targeted members of the Asian-American and Hispanic-American
15 communities. From September 2013 to September 2014, Rodriguez and Dos Santos
16 raised approximately \$5 million from roughly 100 investors, misappropriating almost
17 30% of it for their personal use.

18 5. The Vizinova scheme centered around a promise that investors would
19 earn “points” that would yield a passive rate of return and which could be
20 accumulated both upon investment and as a reward for the recruitment of new
21 investors. Investors were told that their points would one day be convertible to cash
22 with a debit card to be issued by Vizinova. In addition, purchasers of points – i.e.,
23 investors – were to be provided an online “platform” through which they could
24 purchase from Vizinova, at wholesale cost with points or cash, mobile apps and other
25 software that they could then sell at retail prices, for additional points or cash. The
26 “platforms” and products were clearly intended to legitimize the entire endeavor, but
27 very few products existed or were purchased or sold – the true incentive for investors
28 was to accumulate and sell points which ultimately proved to be worthless.

1 of FirstNet United, Inc., a Nevada corporation he created in January 2014 for the
2 apparent purpose of facilitating investments in Vizinova, and he is the sole signatory
3 on its various bank accounts. Dos Santos asserted his Fifth Amendment rights and
4 refused to answer any questions at testimony.

5 **THE ALLEGATIONS**

6 **A. Vizinova Sprang from the Wreckage of WCM**

7 10. In 2013, Rodriguez and Dos Santos promoted WCM's multilevel
8 marketing scheme. Rodriguez and Dos Santos did live presentations on behalf of
9 WCM and were in the topmost tier of WCM distributors with an emphasis on the
10 recruitment of Hispanic (Rodriguez) and Brazilian (Dos Santos) investors (thus
11 earning additional points for their own accounts), and sold the points they had
12 accumulated to many WCM investors.

13 11. Rodriguez and Dos Santos began depositing WCM investor monies into
14 their personal bank accounts in early to mid-2013. In September 2013, Rodriguez
15 opened accounts in the name of Kingdom Marketing Group, Inc. and Eagle Holdings
16 Group, LLC, two entities he created and controls. Dos Santos opened accounts in the
17 name of FirstNet United, Inc., an entity he created and controls, in January 2014.
18 Most of the deposits to these accounts were in the form of cash or incoming foreign
19 wires.

20 12. By the end of 2013, WCM had exhausted its fundraising efforts and was
21 briefly replaced by a new iteration, Kingdom777. Rodriguez and Dos Santos
22 promoted Kingdom777. By no later than March 2014 Rodriguez and Dos Santos
23 began pitching a new multilevel marketing scheme that purportedly would allow
24 WCM investors to recoup any losses they had suffered from the demise of WCM
25 (and allow new investors to accrue nothing but profits). At first, the new venture was
26 nameless, but by April 2014, at the very latest, it was known as Vizinova.

27 **B. Rodriguez and Dos Santos Did Business as Vizinova**

28 13. There is no U.S.-based entity called Vizinova. Instead, Rodriguez and

1 Dos Santos used Mexican nationals as nominees to incorporate an entity known as
 2 Vizinova S.A. de C.V, in Mexico in April 2014. Although Mexican law precluded
 3 them from incorporating the entity, Rodriguez and Dos Santos controlled Vizinova.

4 14. A Vizinova website first appeared at www.vizinova.com in 2014. The
 5 Terms of Use, Distributor Agreement, Privacy Policy, and other legal verbiage
 6 available on the website were drafted by a law firm based in Tennessee, whose
 7 invoices were paid by Kingdom Marketing Group and Renato Rodriguez's wife.

8 15. Rodriguez and Dos Santos identify themselves as Vizinova in their
 9 Facebook profiles and in several videos posted on YouTube.

10 **C. The Fraudulent Pyramid Scheme**

11 Vizinova purported to be a legitimate multi-level marketing venture selling
 12 mobile apps and other software at wholesale cost to its investors, who are then free to
 13 sell the same inventory at retail prices to their customers via "stores" operated from
 14 Vizinova's online platform. Vizinova and its customers then purportedly shared in
 15 the profits generated by the resale at ratios prescribed by the amount of the "store"
 16 owner's original investment. According to a Vizinova slideshow presentation, the
 17 five "stores" available for purchase, and their corresponding rates of profit sharing,
 18 are as follows:

19 Store	20 Cost	21 % of Product Sales Profits Retained by Store Owner	22 Monthly Fee
23 Start	\$399	12%	\$10
24 Bronze	\$699	25%	\$15
25 Silver	\$1,199	50%	\$25
26 Gold	\$2,199	75%	\$50
27 Diamond	\$3,199	100%	\$75

28 Many investors bought more than one store.

16. According to that same presentation, investors were entitled to at least
 five forms of bonus compensation – the Mentor Bonus, the Leadership Bonus, the
 Binary Bonus, the Residual Bonus, and the Power Bonus -- each of which is earned
 by referring, directly or indirectly, new investors. Within each of these bonus classes,

1 the amount of bonus awarded varied with the cost of the original store. The Residual
2 Bonus – which was purportedly based on “every online store that you have in your
3 organization, whether they be direct, indirect or by placement” – was capped at a
4 maximum of \$1 million per month.

5 17. Vizinova’s investors were told that the online store was only one of the
6 benefits they would receive from investing in Vizinova. In addition, they would also
7 receive “points” when they invested and continue to earn more points, on a daily
8 basis, which would be credited to their online accounts. On an initial investment of
9 \$3,200, an investor would receive 2,900 points and receive daily payments that would
10 ultimately bring his or her account balance to \$5,000 worth of points. Some investors
11 were told that they had to go online and click on certain ads at the Vizinova website
12 to earn their daily points; others were not. Investors were told they could earn
13 additional points for recruiting new investors and establishing upstream and
14 downstream matrixes of investors linked to them. Their points could be redeemed for
15 merchandise or, with the purchase of a debit card, redeemed for cash, at the end of a
16 fixed period of time.

17 18. The Vizinova presentation concluded with a slide that reads: “This is the
18 way how you are going to get paid, through our ViziNova Pay Card,” and features a
19 photo of a Visa debit card with the Vizinova imprint, available at a cost of \$49.99.

20 19. Vizinova did not adhere to the representations made to investors. In
21 fact, very few products existed or were purchased or sold and the “points” investors
22 accumulated ultimately proved to be worthless.

23 **D. The Makers of False Statements**

24 20. Rodriguez and Dos Santos made false statements to investors. In March
25 and April 2014, an investor received a phone call from Dos Santos, who told him that
26 Rodriguez and Dos Santos had created Vizinova to make whole those who had
27 invested in WCM. He told him that persons investing \$3,200 in Vizinova would
28 receive \$32 per day until they had been credited \$5,000. In September 2014, the

1 investor met with Dos Santos to voice his complaints that Vizinova offered no means
2 to convert points to cash and that the few products available for purchase and resale
3 did not work; Dos Santos reminded him that Vizinova was in a developmental stage
4 and urged patience. That same investor made two trips to Guadalajara, Mexico in the
5 fall of 2014, meeting with Rodriguez and Dos Santos each time in unsuccessful
6 efforts to have his principal returned.

7 21. Another investor invested his money and the money of investors whom
8 he recruited for WCM by providing the money to Rodriguez. In early 2014, he met
9 with Rodriguez to demand the return of the amount invested. Rodriguez told him he
10 was going to launch a new, then-unnamed multilevel marketing company in which
11 investors would receive \$5,000 for every \$3,200 invested, and asked the investor to
12 continue recruiting investors and to develop software for the new venture. The
13 investor agreed to do both, and eventually developed the software used by Vizinova
14 to track its back-office operations. The investor provided checks made payable to
15 Kingdom Marketing Group, as well as cash, to Rodriguez for the purpose of investing
16 in Vizinova.

17 22. Rodriguez and Dos Santos knowingly took numerous deceptive actions
18 in furtherance of the Vizinova scheme. They held themselves out as Vizinova to
19 investors and sales agents. They provided their subordinates with false information
20 that described Vizinova as a legitimate multi-level marketing enterprise, and
21 rewarded those subordinates with commissions for using those falsehoods to solicit
22 new investors. They controlled all of the U.S.-based bank accounts into which
23 investor monies were deposited and from which investor monies were disbursed – as
24 “returns” to investors and for the purpose of purchasing real property, expensive cars,
25 and other luxuries for themselves.

26 23. Rodriguez and Dos Santos’s misrepresentations and omissions were
27 material, as they were central to investors’ decisions to invest, and to their decisions
28 to keep their money invested in Vizinova.

1 24. Rodriguez and Dos Santos knew, or were reckless or negligent in not
2 knowing, that these misrepresentations and omissions were false and misleading
3 when made.

4 **E. Defendants' Misuse of Investor Funds**

5 25. From September 2013 to September 2014, approximately \$5 million in
6 investor money was deposited into accounts controlled by Rodriguez and Dos Santos.
7 Rodriguez and Dos Santos appear to have diverted approximately \$1.8 million of the
8 total amount they raised for their personal use.

9 26. Rodriguez used almost \$860,000 to purchase a house, \$280,000 in
10 withdrawals or checks to himself, and diverted \$150,000 to other entities he
11 controlled. Dos Santos spent approximately \$200,000 in withdrawals or checks to
12 himself, \$200,000 on a Lamborghini, and \$100,000 on mortgage payments.

13 27. Rodriguez and Dos Santos also spent more than \$1.2 million on credit
14 and debit card bills in connection with running the enterprise.

15 **F. Defendants Offered and Sold Securities Without Registration**

16 28. The Vizinova offering involved hundreds of investors in the U.S and
17 worldwide, and they were sold to unqualified, unsophisticated investors.

18 29. Rodriguez and Dos Santos did not register with the SEC any of the
19 securities they offered or sold, and the offers and sales were not exempt from
20 registration.

21 **FIRST CLAIM FOR RELIEF**

22 **Fraud in the Connection with the Purchase and Sale of Securities**

23 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

24 **(Against All Defendants)**

25 30. The SEC realleges and incorporates by reference paragraphs 1 through
26 29 above.

27 31. Defendants induced investors to invest in Vizinova by falsely promising
28 that they would purchase and accrue points that would one day be convertible to cash

1 with a debit card to be issued by Vizinova. In addition, purchasers of points – i.e.,
2 investors – were to be provided an online “platform” through which they could
3 purchase from Vizinova, at wholesale cost with points or cash, mobile apps and other
4 software that they could then sell at retail prices, for additional points or cash. But
5 very few products existed or were purchased or sold and the points ultimately proved
6 to be worthless. In addition, Defendants diverted approximately \$1.8 million of the
7 money they raised from investors for their personal use.

8 32. By engaging in the conduct described above, Defendants, and each of
9 them, directly or indirectly, in connection with the purchase or sale of a security, by
10 the use of means or instrumentalities of interstate commerce, of the mails, or of the
11 facilities of a national securities exchange: (a) employed devices, schemes, or
12 artifices to defraud; (b) made untrue statements of a material fact or omitted to state a
13 material fact necessary in order to make the statements made, in the light of the
14 circumstances under which they were made, not misleading; and (c) engaged in acts,
15 practices, or courses of business which operated or would operate as a fraud or deceit
16 upon other persons.

17 33. Defendants, with scienter, employed devices, schemes and artifices to
18 defraud; made untrue statements of a material fact or omitted to state a material fact
19 necessary in order to make the statements made, in the light of the circumstances
20 under which they were made, not misleading; and engaged in acts, practices or
21 courses of conduct that operated as a fraud on the investing public by the conduct
22 described in detail above.

23 34. By engaging in the conduct described above, Defendants violated, and
24 unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange
25 Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a), 10b-5(b), and 10b-5(c) thereunder, 17
26 C.F.R. §§ 240.10b-5(a), 240.10b-5(b) & 240.10b-5(c).

1 made, not misleading; and, with scienter or negligence, engaged in transactions,
2 practices, or courses of business which operated or would operate as a fraud or deceit
3 upon the purchaser.

4 39. By engaging in the conduct described above, Defendants violated, and
5 unless restrained and enjoined will continue to violate, Sections 17(a)(1), 17(a)(2),
6 and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), 77q(a)(2), & 77q(a)(3).

7 **THIRD CLAIM FOR RELIEF**

8 **Unregistered Offer and Sale of Securities**

9 **Violations of Sections 5(a) and 5(c) of the Securities Act**

10 **(Against All Defendants)**

11 40. The SEC realleges and incorporates by reference paragraphs 1 through
12 29 above.

13 41. Rodriguez and Dos Santos did not register with the SEC any of the
14 Vizinova securities they offered or sold, and the offers and sales were not exempt
15 from registration.

16 42. By engaging in the conduct described above, Defendants, and each of
17 them, directly or indirectly, singly and in concert with others, have made use of the
18 means or instruments of transportation or communication in interstate commerce, or
19 of the mails, to offer to sell or to sell securities, or carried or caused to be carried
20 through the mails or in interstate commerce, by means or instruments of
21 transportation, securities for the purpose of sale or for delivery after sale, when no
22 registration statement had been filed or was in effect as to such securities, and when
23 no exemption from registration was applicable.

24 43. By engaging in the conduct described above, Defendants have violated,
25 and unless restrained and enjoined, are reasonably likely to continue to violate,
26 Sections 5(a) and 5(c), 15 U.S.C. §§ 77e(a) & 77e(c).

27 **PRAYER FOR RELIEF**

28 WHEREFORE, the SEC respectfully requests that the Court:

I.

Issue findings of fact and conclusions of law that Defendants committed the alleged violations.

II.

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants, and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act [15 U.S.C. §77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

III.

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants, and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)].

IV.

Order Defendants to disgorge all funds received from their illegal conduct, together with prejudgment interest thereon.

V.

Order Defendants to pay civil penalties under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

VI.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of

1 all orders and decrees that may be entered, or to entertain any suitable application or
2 motion for additional relief within the jurisdiction of this Court.

3 **VII.**

4 Grant such other and further relief as this Court may determine to be just and
5 necessary.

6 Dated: March 2, 2017

7 */s/ Lynn M. Dean*

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Lynn M. Dean

9 Attorney for Plaintiff

10 Securities and Exchange Commission

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