IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
NORTHERN DIVISION

U.S. SECURITIES AND EXCHANGE COMMISSION,	
Plaintiff,	
v.	
THE OWINGS GROUP, LLC, c/o Mark Johnson 110 West Timonium Road – Suite 2C Timonium, MD 21093 Baltimore County c/o Incorp Services, Inc., Registered Agent 919 North Market Street – Suite 425 Wilmington, DE 19801	**Civil Action No. 18-cv-2046** **JURY TRIAL DEMANDED**
OWINGS-1, LLC, c/o Mark Johnson 110 West Timonium Road – Suite 2C Timonium, MD 21093 Baltimore County c/o Incorp Services, Inc., Registered Agent 919 North Market Street – Suite 425 Wilmington, DE 19801	
OWINGS CAPITAL GROUP, LLC, c/o Mark Johnson 110 West Timonium Road – Suite 2C Timonium, MD 21093 Baltimore County c/o Incorp Services, Inc., Registered Agent 919 North Market Street – Suite 425 Wilmington, DE 19801	

OWINGS CAPITAL FUNDS, LLC,
c/o Mark Johnson
110 West Timonium Road – Suite 2C
Timonium, MD 21093
Baltimore County

c/o Incorp Services, Inc., Registered Agent
919 North Market Street – Suite 425
Wilmington, DE 19801

MARK JOHNSON,
7014 Rock Stream Court
Baltimore, MD 21209
Baltimore County

110 West Timonium Road – Suite 2C
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KEVIN DROST,
3309 Flowing Springs Road
Shenandoah Junction, WV 25442

BRIAN KOSLOW,
6530 Boca Del Mar Drive – Apt. 631
Boca Raton, FL 33433

DAVID WALTZER,
34 Taagan Point Rd.
Danbury, CT 06811

Defendants,

and

MJSC ENTERPRISES LLC,
c/o Mark Johnson
110 West Timonium Road – Suite 2C
Timonium, MD 21093
Baltimore County

c/o Incorp Services, Inc.
919 North Market Street – Suite 425
Wilmington, DE 19801

ONE SOURCE ADVISORS, LLC,
c/o Brian Koslow, Manager
20533 Biscayne Boulevard, #166
Aventura, FL 33180

c/o Alan B. Cohn, Registered Agent
100 West Cypress Creek Road – Suite 700
Ft. Lauderdale, FL 33309

STRATEGIC COACHING, INC.,
c/o Brian Koslow, Registered Agent
20533 Biscayne Boulevard, #166
Aventura, FL 33180

Relief Defendants.

Plaintiff United States Securities and Exchange Commission (the "Commission") alleges that:

SUMMARY

1. This is a civil enforcement action involving an offering fraud orchestrated by Defendant Mark Johnson, a convicted felon and recidivist violator of the federal securities laws. Johnson, acting through entities that he controlled – The Owings Group, LLC ("Owings") and its related companies – and with substantial assistance from three salesmen, Defendants Kevin Drost, Brian Koslow, and David Waltzer, engaged in a fraudulent scheme from 2013 until at least 2014 (the "Relevant Period") that defrauded approximately 50 investors of more than $5 million.

2. At the heart of the scheme was the Owings Initial Registration Program (the "IRP"), in which investors paid Owings $60,000 to bring a company public using a quick and efficient "streamlined" factory-style approach to SEC registration. The IRP promised investors a 50% return in less than a year with principal protection through a purported escrow account

holding publicly-traded stock as collateral. But the promised return, the principal protection, and Owings's track record with this "streamlined" approach were misrepresented to investors.

3. Over the course of two years, investors were lured into purchasing worthless securities in the form of IRP joint venture partnership interests through material misrepresentations, misleading half-truths, and other deceptive conduct to create the false impression that Owings had been successfully using its "streamlined" approach for years. In reality, Owings had only an untested idea and an inexperienced team, and the only thing Owings did successfully was raise money from investors through fraudulent means.

4. When Owings failed to bring any companies public in the first year, Johnson created two investment funds as a stalling tactic to placate investors who had growing concerns and to raise new money to "buy out" disgruntled early investors in a manner typical of Ponzi schemes.

5. To date, Owings has not brought a single company public through the IRP or otherwise, and neither Johnson nor Owings is taking steps to do so. The scheme has collapsed and caused investors to lose millions of dollars.

6. As a result of the conduct alleged herein, which was done knowingly, recklessly, and negligently, Defendants violated, and aided and abetted violations of, numerous provisions of the antifraud and registration provisions of the federal securities laws.

7. In this action, the Commission asks the Court to enjoin Defendants from future violations, to order Defendants to pay civil penalties, and to require Defendants and Relief Defendants to disgorge ill-gotten gains with prejudgment interest.

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77v(a)], Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§ 78u(d), 78u(e), and 78aa], and Sections 209(d) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-9(d)].

9. Venue lies in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Sections 21(d), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u-1, and 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14]. Certain of the offers and sales of securities and the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the District of Maryland. During the Relevant Period, Owings's principal place of business was in Owings Mills, Maryland. Further, Johnson resides in Baltimore, Maryland.

10. Defendants have directly or indirectly made use of the means or instrumentalities of transportation or communication in, or the instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein.

DEFENDANTS

11. **The Owings Group, LLC ("Owings")** was formed in March 2013 as a Delaware limited liability company, although Johnson began operating the company in late 2012, originally as a precious metals business. During the Relevant Period, Owings's principal place of business was in Maryland, and it purported to operate a number of different financial services companies. Owings has three members, sometimes referred to as "partners," including Defendants Johnson and Drost, although Johnson has majority voting control. Owings is the *de*

facto parent company of Defendants Owings-1, LLC, Owings Capital Group, LLC and Owings Capital Funds, LLC (collectively with Owings, the "Owings Entities"), although these entities appear to exist in name only. To date, Owings has not been officially dissolved, but according to Johnson, Owings exists, "[o]nly through [Johnson] working on stuff whenever somebody calls and answering questions."

12. **Owings-1, LLC ("Owings-1")** was formed in March 2013 as a Delaware limited liability company. During the Relevant Period, Owings-1's principal place of business was in Owings's office in Maryland. Owings-1 is controlled by Johnson and is a "joint venture partner" with certain investors in the IRP. Owings-1 issued securities in the form of IRP-related joint venture partnership interests, which have never been registered with the Commission.

13. **Owings Capital Group, LLC ("Owings Capital Group")** was formed in March 2013 as a Delaware limited liability company. During the Relevant Period, Owings Capital Group's principal place of business was in Owings's office in Maryland. Owings Capital Group is controlled by Johnson and is a "joint venture partner" with certain investors in the IRP. Owings Capital Group issued securities in the form of IRP-related joint venture partnership interests, which have never been registered with the Commission.

14. **Owings Capital Funds, LLC ("Owings Capital Funds")** was formed in November 2013 as a Delaware limited liability company. During the Relevant Period, Owings Capital Funds's principal place of business was in Owings's office in Maryland. Owings Capital Funds is controlled by Johnson and is the manager of, and investment adviser to, the OG IRP Fund and the OG Hybrid Fund (the "Owings Funds"). The Owings Funds are securities in the form of pooled investment vehicles, which are not registered with the Commission.

15. **Mark Johnson**, a resident of Baltimore, Maryland, is the Chief Executive Manager and controlling member of Owings. During the Relevant Period, Johnson managed Owings and had the power to make decisions on behalf of the company, hire and fire employees, control the Owings bank accounts, and develop and implement company policies.

16. Johnson is a recidivist violator of the federal securities laws. In 2010, Johnson pleaded guilty to and was convicted of securities fraud and conspiracy to commit securities fraud. See U.S. v. Johnson, et al., Crim. Act. No. 2:08-CR-737-JHS (E.D. Pa.). In 2010, the Commission filed a parallel civil action against Johnson, SEC v. Mark Johnson, et al., 2:10-cv-05014-JHS (E.D. Pa), related to Johnson's criminal violations of the federal securities laws.

17. During the Relevant Period, Johnson was not registered with the Commission as a securities broker or dealer. Johnson once held securities licenses, but in 1995, the National Association of Securities Dealers ("NASD"), now the Financial Industry Regulatory Authority ("FINRA"), barred him from association with any NASD member as the result of failing to respond to NASD's requests for information.

18. In 2015, the Commission issued "stop orders" suspending the effectiveness of four registration statements filed by entities in which Johnson had a controlling interest. These entities were created in order to take them public as a "trial run" for the IRP because there were few actual companies seeking to go public via Owings. The Commission issued stop orders because each of the registration statements made a material misstatement and omitted information related to the criminal proceedings pending against Johnson and his status as a "promoter" and "control person" of the entities. See In the Matter of the Registration Statement of Transfer Enterprises, Inc., SEC Administrative Proceeding File No. 3-16661 (June 29, 2015); In the Matter of the Registration Statement of List Solutions, Inc., SEC Administrative

Proceeding File No. 3-16662 (June 29, 2015); In the Matter of the Registration Statement of EDGARizing Solutions, Inc., SEC Administrative Proceeding File No. 3-16663 (June 29, 2015); and In the Matter of the Registration Statement of Borderless Holdings, Inc., SEC Administrative Proceeding File No. 3-16664 (June 29, 2015).

19. **Kevin Drost**, a resident of Shenandoah Junction, West Virginia, is an organic farmer and former precious metals dealer. Drost joined Owings in 2012 after answering Owings's advertisement on the Internet for a precious metals dealer. Drost is a partner in Owings and has a 22% membership interest in the company. Drost received money from Owings in the form of sales commissions for investments he solicited. Drost has never been registered with the Commission as a securities broker or dealer. Drost worked for Owings during the Relevant Period, but is no longer associated with the company, although he has not relinquished his membership interest.

20. **Brian Koslow**, a resident of Boca Raton, Florida, is the author of "365 Ways to Become a Millionaire – Without Being Born One." Koslow joined Owings in early 2013, and during the Relevant Period, he held himself out as "Partner—Business Development" at Owings. Koslow received money from Owings, either directly or through companies he controlled, in the form of sales commissions for investments he solicited. Koslow has never been registered with the Commission as a securities broker or dealer. Koslow worked for Owings during the Relevant Period, but is no longer associated with the company.

21. **David Waltzer**, a resident of Danbury, Connecticut, is a former chiropractor. Waltzer joined Owings in early 2013, and during the Relevant Period, he held himself out as "Partner—Business Development" at Owings. Koslow received money from Owings, either directly or through a company he controlled, in the form of sales commissions for investments he

solicited. Waltzer has never been registered with the Commission as a securities broker or dealer. Koslow worked for Owings during the Relevant Period, but is no longer associated with the company.

RELIEF DEFENDANTS

22. **MJSC Enterprises LLC ("MJSC")** was formed in 2012 as a Delaware limited liability company. MJSC stands for "Mark Johnson Shell Company." MJSC received in excess of $275,000 from Owings. Upon information and belief, MJSC did not provide lawful services or other value in return for these funds.

23. **One Source Advisors, LLC ("One Source Advisors")** was formed as a Florida limited liability company. One Source Advisors is owned by Koslow and Waltzer. One Source Advisors received in excess of $89,394 from Owings. The money received by One Source Advisors from Owings appears to be some of the commissions generated by IRP and Owings Funds sales made by Koslow and Waltzer. Upon information and belief, One Source Advisors did not provide lawful services or other value in return for these funds.

24. **Strategic Coaching, Inc.** ("Strategic Coaching") was formed as a Florida corporation and is run by Koslow. Strategic Coaching received in excess of $137,435 from Owings. The money received by Strategic Coaching appears to be some of the commissions generated by Koslow's IRP and Owings Funds sales. Upon information and belief, Strategic Coaching did not provide lawful services or other value in return for these funds.

FACTS

25. Beginning in January 2013 and continuing until at least the end of 2014, Johnson, with substantial assistance from Drost, Koslow, and Waltzer, orchestrated and operated a fraudulent scheme and engaged in a continuous unregistered offering of securities in the form of

joint venture partnership interests and interests in two investment funds. The scheme was carried out using Johnson's companies, the Owings Entities. Through their scheme, Defendants defrauded over approximately 50 investors who lost approximately $4 million.

The Initial Registration Program

26. Johnson began operating Owings in 2012. The company was originally focused on dealing precious metals but was not profitable. During this time, Johnson had a new idea to develop a business that would provide services to companies to bring them public through the Form S-1 registration process. The Form S-1 is the initial form a company is required to file with the Commission to register its securities prior to listing them on a public exchange. Johnson, however, had no experience with the Form S-1 registration process.

27. Johnson developed his idea into the IRP. Johnson then offered investors the opportunity to invest in interests in the IRP, which supposedly employed a quick and efficient assembly line approach to the Form S-1 registration process.

28. Johnson styled the investment as a "joint venture partnership" between an individual investor and an Owings-affiliated company and approved its terms, which were embodied in a written joint venture partnership agreement.

29. In exchange for $60,000, an investor could become a "joint venture partner." Owings told potential investors it would use the money invested to hire the necessary service providers to shepherd a small-to-medium size company (a "Client Company") through the Form S-1 registration process and then assist that company with the necessary filings with FINRA and the Depository Trust Company so the Client Company's stock could be publicly traded.

30. Owings claimed that Client Companies compensated it for these services with shares of company stock and that Owings would facilitate the purchase of that stock by various

broker-dealers and hedge funds to generate a return for Owings and investors. Owings told investors that they could expect a return in less than a year and told early investors that they could expect a return in just six to eight months or six to nine months. Owings-1 and Owings Capital Group were the entities with which investors would purportedly be joint venture partners, but these entities appear to exist in name only. All invested proceeds were pooled in Owings's bank accounts.

31. Despite the "partnership" label, the IRP agreement did not establish a *bona fide* partnership. Rather, the IRP joint venture partnership interest was a security because it was an entirely passive investment where the joint venture partner investor had no responsibilities other than to invest $60,000, which was deposited into Owings's bank accounts and pooled with the funds invested by other investors. IRP investors expected that a return would be generated through the efforts of Owings, which, according to the representations made to investors, was solely responsible for bringing a company public in order to generate a profit for Owings and investors.

32. The purported Owings "streamlined" approach, which was supposed to speed up an otherwise tedious registration process, was a key selling feature of the IRP because it claimed to offer investors a relatively quick return on their $60,000 investment. Owings, however, did not actually have a streamlined approach that it had successfully used to bring companies public through the Form S-1 registration process. Rather, it had an untested idea for such an approach concocted by Johnson, who had no experience with the Form S-1 registration process. That idea would supposedly be executed by a similarly inexperienced team.

33. The Owings IRP team was essentially a group of former precious metals dealers who worked with various service providers, including a woman in the Ukraine who drafted Form S-1 registration statements for Owings during the early stages of the scheme.

34. The IRP team also included several attorneys who were either inexperienced or had legal troubles of their own, such as (1) Owings's in-house counsel, who had only recently graduated from law school; (2) an attorney who Johnson knew was a convicted felon because he was Johnson's co-conspirator in the securities fraud that resulted in Johnson's felony convictions; and (3) an attorney who was under investigation by the IRS and ultimately pleaded guilty to (and served a prison sentence for) making and subscribing a false tax return.

35. While one of the attorneys on the IRP team had, on rare occasions, previously filed a Form S-1 registration statement, none of the IRP team members had experience with bringing companies public through a factory-style assembly line approach such as the one that Owings claimed to employ.

The IRP Salesforce

36. In furtherance of the fraudulent scheme, Johnson hired a team of IRP salesmen, including Drost, Koslow, and Waltzer, and paid them commissions based on a percentage of the principal invested. By virtue of his role at Owings, Johnson had the ability to control, and did control, their conduct. Drost, Koslow, and Waltzer substantially assisted Johnson's scheme by helping to prepare and/or distribute false and misleading marketing materials, setting up and/or attending investor conferences to pitch the Owings investments, and e-mailing prospective investors to promote the purported merits of the IRP and encourage investments.

37. Drost was the primary point of contact for IRP investors. He presented information about the IRP at numerous investor conferences, e-mailed investors to encourage

investment, signed the IRP agreements that contained false and misleading statements on behalf of Owings, and sent investors misleading update letters stating that the IRP in which each investor had invested was on track as planned. Drost obtained money from the sale of unregistered securities issued by Owings in the form of commissions in excess of $200,000, which was paid from investor principal. Prior to joining Owings, Drost, a farmer and former precious metals dealer, had no experience with bringing companies public.

38. Koslow, along with Waltzer, was primarily responsible for arranging IRP and Owings Funds presentations at investor conferences held in the United States and abroad. Koslow gave a 40-minute presentation at an investor conference held in Las Vegas from July 10-13, 2013 (the "July 2013 Conference"), which was recorded and made available to prospective investors through the conference organizer's website. This presentation contained numerous false and misleading statements. At least one investor invested in one of the Owings Funds as the result of having listened to the recording of Koslow's presentation downloaded from the conference website. Koslow sold unregistered securities in the form of interests in the IRP and the Owings Funds and obtained approximately $120,000 in sales commissions, which was paid from investor principal. Prior to joining Owings, Koslow had no experience with bringing companies public.

39. Waltzer, along with Koslow, set up IRP presentations at investor conferences and manned the Owings exhibition booth at conferences to answer questions and hand out marketing materials to potential investors. He also followed up with investors to encourage them to invest in the securities offered by Owings. Even after it was clear that Owings was not able to deliver on its promises to early investors, Waltzer continued to promote Owings and its ability to bring companies public. For example, in December 2013, at a time when it was apparent that Owings

was failing, Waltzer e-mailed two prospective investors to encourage them to invest in Owings's securities. Waltzer sold unregistered securities in the form of interests in the IRP and the Owings Funds and obtained approximately $120,000 in sales commissions, which were paid from investor principal. Prior to joining Owings, Waltzer, a former chiropractor, had no experience with bringing companies public.

40. Johnson, in addition to being the mastermind and architect of the scheme, personally solicited investors at investor conferences and in e-mails, phone calls, and meetings. Johnson provided content for and approved the marketing materials used by Drost, Koslow, and Waltzer to solicit investors, although he largely avoided using his own name in the marketing materials. He did this even though the materials contained information regarding other IRP team members. Johnson obtained money from sales of interests in the IRP and Owings Funds. That money was deposited into Owings's bank accounts and then transferred to accounts Johnson owned or controlled (including an account in the name of Relief Defendant MJSC) for his personal benefit.

Promotion of Investment in the IRP

41. In 2013 and 2014, Owings, Owings-1, Owings Capital Group, Johnson, Drost, Koslow, and Waltzer (the "IRP Defendants") promoted the IRP at numerous investor conferences and meetings throughout the United States and abroad, including in Nevada, California, Arizona, Louisiana, Florida, St. Kitts, Belize, Switzerland and Panama. Many of these conferences were publicly advertised on the Internet and in investor newsletters.

42. Koslow and Waltzer set up these conferences on behalf of Owings and attended many of them. Johnson, Drost, and Koslow made presentations at these conferences, and Waltzer manned an exhibition booth on behalf of Owings to answer questions from prospective investors and to distribute marketing materials. These marketing materials, which included

PowerPoint presentations, contained content that Johnson supplied and approved, with input from Drost, Koslow, and Waltzer.

43. The marketing materials conveyed that Owings was actively and successfully bringing Client Companies public through a quick and efficient streamlined process that resulted in a sizable return for an investor in less than twelve months with minimal risk. The marketing materials, however, were riddled with falsehoods, misleading half-truths, and representations that had no basis in fact. Defendants knew, or were reckless in not knowing, that the statements in the marketing materials were false and/or misleading.

44. The IRP PowerPoint presentations generally included a "Disclaimer" at the end, which stated, among other things, that the IRP was "speculative" in nature and that the presentation was not an offer to sell or solicitation of an offer to buy securities. The Disclaimer, however, did not address or correct any of the specific false or misleading statements in the presentation. Moreover, the claim that the marketing materials were not an offer to buy or sell securities was directly contradicted by the substantive content of the marketing materials, which were in fact designed to induce investors to purchase securities in the form of IRP joint venture partnership interests and was belied by the economic reality of the financial transaction solicited.

45. Owings supplied prospective investors with IRP agreements, many of which included an Accredited Investor Questionnaire that investors were asked to complete to invest in the IRP. Prospective investors signed the agreement, and many filled out the Accredited Investor Questionnaire. Owings, however, did not verify the accuracy of the information provided in response to the questionnaires, and some of the answers on the Accredited Investor Questionnaires were obviously flawed. For example, one investor checked all available investor descriptions in the questionnaire, thereby representing that the investor was simultaneously an

individual, a trust, and a legally-formed entity. To complete the transactions, Drost signed the IRP agreements on behalf of Owings-1 or Owings Capital Group. Drost usually signed after he returned to his office and after the investor had supplied the principal, either in the form of a check deposited or a wire transfer into an Owings bank account in the United States.

The Scheme

46. To attract investors, Defendants engaged in a fraudulent scheme to mislead and otherwise create a false impression regarding the background, track record, and expertise of Owings and the risks associated with investments in the IRP and Owings Funds.

47. The scheme involved a variety of deceptive conduct, including creating a so-called "escrow" account that the IRP Defendants claimed held publicly-traded stock as collateral for each $60,000 investment, creating four shell companies to pass off to investors as Client Companies that were being brought public through the IRP, decreasing the promised return on investment to an amount that would make investors less likely to question whether the promised amount was "too good to be true," concealing Johnson's criminal history, concealing from investors that their investments were being used in ways inconsistent with what they had been told, and making a series of false and misleading statements.

False Statements and Misleading Half-Truths

48. To pitch the IRP, the IRP Defendants made materially false and misleading statements in investor presentations, PowerPoint slideshows, and e-mails to investors.

49. These materials contained numerous material misrepresentations and misleading half-truths that created the false impression that Owings was actively and successfully bringing companies public through its Form S-1 assembly line process and generating substantial returns for investors.

50. For example, in a PowerPoint presentation that Johnson e-mailed to a prospective investor in February 2013, Owings, through Johnson, represented:

- "The Owings Group has developed a streamlined process for taking companies public through the Initial Registration (IR) process in a more timely and cost effective fashion"
- "The Owings Process, termed an 'IRP,' can typically be completed in six to eight months at a total cost of $60,000; including all legal and accounting fees, filing costs and related expenses."
- "Our Track Record of Success . . . Our streamlined process is faster and less costly"

51. These statements gave the false and/or misleading impression that Owings was actually bringing companies public and had sufficient experience to know what is "typical" with respect to timing and cost. In fact, these statements represented only what Owings hoped to do if it was one day successful in developing Johnson's Form S-1 assembly line idea. Defendants knew, or were reckless in not knowing, that, in reality, Owings had never actually succeeded in bringing a company public, but did not disclose this to prospective investors.

52. Similar representations were made in PowerPoint presentations used in connection with investor conferences and other solicitations, including (1) an August 2013 presentation by Drost at an investor conference in Zurich, Switzerland; (2) a March 2013 presentation by Drost at an investor conference in Belize; and (3) the July 2013 Conference presentation by Koslow in Las Vegas.

53. The Owings presentations also made false promises of substantial returns. For example, at the July 2013 Conference, Koslow gave a presentation that described the IRP as "The Opportunity . . . . How you can turn $60,000 into $90,000 in less than 1 year."

54. Similarly, in an e-mail to a prospective investor on July 17, 2013, Drost represented that the IRP would provide a "50% return in 6-9 months." In fact, Owings had been

offering investments in the IRP for over seven months at that time and had not yet filed a single Form S-1 registration statement on behalf of any company. Drost knew this, or was reckless in not knowing, but did not disclose this information to the prospective investor.

55. The promise of a 50% return was also misleading because it was not based on any actual or reasonable belief with respect to a likely return. Instead, it was simply the percentage that the salesmen thought would attract investors, but not cause them to think that the investment was "too good to be true." Defendants knew, or were reckless in not knowing, that the promised return had no basis in fact, but did not disclose this to prospective investors.

56. As alleged above, at the July 2013 Conference in Las Vegas, Koslow gave a 40-minute presentation, which was recorded and made available to prospective investors through the conference organizer's website. The presentation was riddled with material misstatements and misleading half-truths about Owings and the IRP.

57. For example, Koslow stated, "[a]nd with the Owings Company, it's a very successful company, growing very rapidly and actually has a system that it's created that is very efficient that helps companies go public." As Koslow knew, however, or was reckless in not knowing, Owings had not brought a single company public.

58. Koslow also stated:

> . . . the Owings offering as you are going to hear about today . . . can be used for cash flow, right? I have many clients that follow what I do, and this is something that I have done and my partners have done. And we are doing very well with it. So I will share that with you.

59. Koslow knew, however, or was reckless in not knowing, that neither he, nor anyone else, had used the IRP for cash flow or had done "very well" with an investment in the IRP.

60. Koslow further misrepresented, "I'm going to share with you that the reason that they pay you $90,000, which is a 50 percent profit in less than a year, is because they're making a far greater profit using your money." This was false.

61. Similarly, Koslow stated:

> People say to me, you know, "How could they pay a 50 percent return? That's insane. It sounds too good to be true. And it's secured? It sounds too good to be true. It can't be." Well, it can be. They're making $110,000 on your money. . . . So Owings is making a fortune."

62. Koslow knew, however, or was reckless in not knowing, that Owings had not made "a fortune," or $110,000 or any profit whatsoever from the IRP.

63. Koslow also knowingly or recklessly misrepresented, "lots of my friends have gone in, family members gone in with $60,000." In fact, Koslow did not have "lots" of friends that had invested in the IRP, and no one from his family had invested in the IRP.

64. In addition, in this presentation, Koslow falsely stated:

> The other thing that's nice about this, very few people that put $60,000 in actually immediately take the $60,000 when they can. When they get the 90, they typically leave 60 of the 90 in and do another one. Why would you take it out with that kind of return? So you just do another one and another one and another one.

65. Koslow knew, however, or was reckless in not knowing, that no investor had made any return on the IRP.

66. Several Owings PowerPoint presentations, including those used by Drost at the March 2013 Belize conference and Johnson in a February 2013 e-mail to a prospective investor, presented investors with a materially false "track record" of success, misrepresenting:

- "Our Track Record of Success . . . Our team has successfully processed over 300 of these in the past 10 years."

- "Owings S-1 Our Track Record . . . successfully processed over 1300 IRPs in the last 10 years"

Both Johnson and Drost knew, or were reckless in not knowing, that these representations were false and/or misleading.

67. Koslow also made materially false misrepresentations about Owings's track record in his July 2013 Conference presentation, stating:

> Owings has been doing this for -- the partners have been doing this for eight and a half years. And the partners together combined have done over 300 of them. They have never had one that was unsuccessful, not one. It's pretty interesting. So it's a pretty darned good track record and a pretty nice investment.

68. During the same July 2013 Conference presentation, Drost likewise falsely represented, "The only variable is time. Whether it takes six months, seven months, eight months, or nine months, that's the question. Every one has come to fruition. The question is time. That's the only unknown variable, the time. We have been successful on all of them." Drost and Koslow knew, or were reckless in not knowing, that these representations were false.

69. Similarly, Drost perpetuated the false appearance of Owings's success in a February 2013 e-mail to a prospective investor, in which Drost falsely stated, "a few investors reinvest the $60K after 6 months and do it all over again, pocketing $60K every six months." Drost knew, or was reckless in not knowing, this statement was false, because at the time Drost made the statement, Owings had only been offering investments in the IRP for one month, had only one investor who had invested two weeks prior to Drost's statement, and the investor had not obtained any return.

70. Defendants Owings, Owings-1, Owings Capital Group, Johnson, Drost and Koslow also falsely represented how investor proceeds would be used. Each IRP agreement, which was signed by Drost, included a "Disbursement Schedule," that represented that Owings

would spend each investor's $60,000 investment on the services of attorneys, accountants, escrow agents, and other service providers to bring a Client Company public. This "Disbursement Schedule" misleadingly omitted that Owings used investor money to pay commissions to the sales people and to pay Owings's general overhead, including the costs to pitch the IRP at investor conferences in exotic locations.

71. Indeed, at the July 2013 Conference, Koslow falsely told prospective investors, "Owings gets the 60 from you. Owings uses that 60 to take that company public," and "Owings does not get paid a penny until you get paid. So you put your 60 in. Your 90 comes back before Owings takes one cent. They do not get paid anything until you are paid."

72. Moreover, Owings falsely portrayed the pipeline of Client Companies participating in the IRP. For example, at the July 2013 Conference, Koslow represented that:

> Owings does over 100 of these a year. That's $10 million in free profit using your money. . .
>
> . . .
>
> It's like a factory. You know, we're doing a lot of these. Merrill Lynch is doing 3 a month, you know, we're blowing out, you know, 12 a month, but we're doing little companies instead of doing a massive -- you know, they're doing General Electric, and we're doing the shoe store that has 12 locations.

73. In reality, Owings was not at all "like a factory." Throughout 2013, Owings's inexperienced IRP team was attempting to create a system for the assembly line, and Owings was struggling to find companies to bring public. Only a handful of real companies had expressed an interest in going public through the IRP, and none had actually done so.

74. Finally, in furtherance of the scheme, Johnson provided false and misleading information to the Owings salesforce regarding the extent of his criminal background, knowing,

or being reckless in not knowing, that his criminal background would therefore be concealed from potential investors.

75. Johnson told the salesforce that he had some legal troubles, but diminished the issue as a minor infraction that involved a small fine. Johnson did not disclose that he had pleaded guilty to felony securities fraud.

76. Moreover, Johnson largely refrained from using his name and role with the company in Owings's marketing materials (although several other Owings representatives were featured prominently) and generally obscured his role in the IRP, which had the effect of concealing from investors that their investment would be controlled by a felon previously convicted of securities fraud.

The Escrow Account

77. In early 2013, Johnson purported to create an escrow arrangement that would collateralize each investor's $60,000 investment in the IRP. To that end, Johnson signed a document entitled "Control of Stock," in which he appeared to relinquish control of shares of two penny stocks that he held personally and through a company he owned. Johnson further purported to place those shares in an "escrow account" with an attorney employed by Owings as "escrow agent."

78. In a letter dated April 2, 2013, the supposed escrow agent agreed to hold the stock in escrow for the protection of IRP investors.

79. This arrangement, however, was largely a fabrication to deceive investors into believing that their investments in the IRP were secure.

80. To the extent that any shares of stock were actually held in escrow for the protection of IRP investors, those shares were restricted and could not be publicly sold into the

market. Johnson knew this, or was reckless in not knowing, but did not disclose this material information to investors. Rather, investors were falsely told that the shares supposedly serving as collateral for their investments were "publicly traded," giving the false impression that the stock was liquid and could be readily sold by Owings.

81. In addition to not being free trading shares, the purportedly escrowed shares were not worth nearly as much as the investment funds they were purportedly protecting.

The Misleading 50% Return

82. Over the course of 2013, Owings and Johnson changed the terms offered to IRP investors. For example, Owings represented to early investors that they would receive a 100% return in six to eight months.

83. Drost, Koslow, and Waltzer sensed, however, that the supposed 100% return was causing some potential investors to question whether the investment was "too good to be true."

84. They communicated this to Johnson, who then changed the represented return from 100% to 50% in response.

85. The reduction in the represented return from 100% to 50% was deceptive because it did not have a factual basis, and the IRP Defendants made the change for the purpose of preventing investors from suspecting that the IRP was actually a fraud. The deception proved successful. Drost admitted that the reduction in the represented return assisted with sales efforts.

The Shell Companies Created for the IRP

86. Owings, acting through Johnson, Drost, Koslow, and Waltzer, successfully raised money for the IRP, and multiple investors invested in the IRP every month throughout 2013.

87. By mid-2013, Owings had received over 20 investments in the IRP, each supposedly designated to bring one Client Company public through the IRP. Owings, however,

did not have 20 Client Companies interested in using the IRP. Without a pipeline of real companies to bring public, and with the clock ticking on the timeline that Owings had given investors, Owings and Johnson created four shell companies to be brought public through the IRP to give the false impression that there were actual Client Companies using the IRP.

88. Investors were not told that these companies were created by Owings and Johnson. In fact, IRP update letters sent to investors included these companies in totals of ones that Owings had "found" and "secured" and provided updates on their progress through the IRP without ever disclosing that they were shell companies created by Owings and Johnson.

89. As Johnson later admitted, these companies were created "as a trial run to see how everything would go" with the IRP. Investors were not told this or that any "trial run" was necessary; instead, investors were told that Owings had been bringing small-to-medium size companies public successfully for years.

False and Misleading Updates and Account Statements

90. The false information and impression conveyed by Defendants regarding Owings's success were also reinforced through misleading update letters that Drost sent to approximately 16 investors on behalf of Owings. These communications purported to share "Good news!" about the status of the investments. These letters, which were sent to investors on April 15, 2013, April 23, 2013, May 20, 2013, May 30, 2013, June 3, 2013, and June 19, 2013, stated, among other things, that Owings was "excited to report" that it had "secured" a company that the investor's investment would be used to bring public and that Owings was "on track to complete the process as planned." Owings, however, had signed agreements with only six or seven companies, and four of those companies were the shell companies created by Owings as a "trial run" for the IRP.

91. Investors made at least five additional IRP investments after having received these update letters, and at least one investor made an investment in one of the Owings Funds after having received one or more of these letters. The additional IRP investments were made on or about June 27, 2013, August 12, 2013 (two IRP investments), September 3, 2013, and December 27, 2013, and the Owings Fund investment was made on or about January 16, 2014.

92. Owings continued to perpetuate the false impression that it was successful by providing investors with account statements that showed Client Companies making substantial progress toward going public. But the progress represented to the investors was fabricated and based only on speculation since Owings had never completed an IRP and the only Form S-1 registration statements that Owings ever filed were for the four shell companies that it created as a "trial run."

93. In November 2013, approximately three months after Owings submitted the four Form S-1 registration statements for its shell companies, the Commission issued subpoenas to the Owings-created companies in connection with an enforcement investigation. Owings did not update investors to disclose that the only Form S-1 registration statements filed by Owings triggered an investigation by the SEC and did not result in the SEC's approval of Owings's application to register those companies' securities.

The Funds

94. Toward the end of 2013, as it became clear that Owings was not going to be able to bring companies public within any of the original timelines represented to them, investors started to complain. Rather than telling investors the truth, Johnson created the Owings Funds, the OG IRP Fund (issued by the OG IRP Fund, LLC) and the OG Hybrid Fund (issued by the OG Hybrid Fund, LLC). These funds were, in essence, an extension of the IRP, and they were

described to potential investors as another vehicle to fund the process of taking companies public through the Form S-1 registration process. In reality, however, the Owings Funds were created by Johnson as a delay tactic and as a way to attract new money to pay back disgruntled early investors.

95. Both funds were purportedly managed by Owings Capital Funds, LLC, but were managed mostly by Johnson, who provided investment advice to the Owings Funds. Johnson convinced certain early IRP investors to "roll over" their IRP joint venture partnership interests into one of the Owings Funds. Those investors transferred their IRP interests to the Owings Funds in exchange for interests in the funds. At Johnson's direction, the Owings Funds also bought back IRP joint venture partnership interests from disgruntled early investors using money invested in the Owings Funds by new investors, operating in a manner similar to a Ponzi scheme.

96. Fund investors were not told that some of the IRP interests held by the Owings Funds were the failed and unwanted investments of early investors or that fund money was used to buy out those investors.

97. Johnson, Drost, Koslow, and Waltzer sold interests in the Owings Funds by continuing to falsely promote the abilities and success of Owings. Owings, through Johnson, Drost, Koslow, and Waltzer, pitched the Owings Funds at investor conferences in 2013 and 2014. Marketing materials "forecasted" high rates of return of over 300% for the OG IRP Fund and 500% for the OG Hybrid Fund, based in part on the funds' investment in companies purportedly going public through the failed IRP.

98. On December 16, 2013, Waltzer sent that false forecast to at least one potential investor, and on December 5, 2013 and December 24, 2013, he sent misleading e-mails to

another potential investor giving the false impression that there was limited availability to invest in the Owings Funds.

99. Specifically, in December 2013, when only four investors had invested in the Owings Funds, Waltzer sent e-mails to a prospective investor stating that "the subscription for the funds is filling very quickly," and that there had been "enormous response from individuals looking to get into the funds prior to the close of the year."

100. Koslow made a similar misrepresentation in a December 16, 2013 e-mail to a prospective investor, in which he falsely represented that the "Owings Funds . . . has [sic] attracted many accredited investors." Koslow's e-mail to this prospective investor referenced how "Owings assists companies in going public," when, as Koslow knew, or was reckless in not knowing, Owings had never actually brought a company public after a year of trying unsuccessfully.

The Collapse of the Scheme and Investor Harm

101. In mid-to-late 2014, Drost, Koslow, and Waltzer started to grow concerned that the IRP was not sustainable. Drost, Koslow, and Waltzer later disassociated themselves from Owings, and upon information and belief, Owings did not attract any new investors after the fourth quarter of 2014. The company subsequently ran out of money.

102. To date, Owings has not brought any companies public and is not taking any steps to attempt to do so. Owings appears to have spent all of the money invested in the IRP and the Owings Funds, resulting in about $4 million in investor losses after taking into account the payments Owings made to some disgruntled early investors using new investors' money.

Defendants' Deceptive Conduct Created a Materially False Impression of Fact

103. Defendants' misrepresentations, omissions, misleading half-truths, and the false impression created by their deceptive acts were material because they related to Owings's

background and expertise, the anticipated return on the investments it offered, the risks associated with those investments, and the use of investor proceeds. These are all matters of importance to reasonable investors.

Defendants Acted with Scienter

104. Defendants each acted with a high degree of scienter. As alleged above, Johnson, Drost, Koslow, and Waltzer each made statements that they knew, or were reckless in not knowing, were false or misleading and engaged in or substantially assisted conduct that created an appearance of fact that they knew, or were reckless in not knowing, was false and deceptive.

105. Drost, Koslow, and Waltzer also acted recklessly and negligently by selling complex financial investments in an industry about which they had no knowledge or experience and by ignoring numerous red flags. For example, from early on, Drost, Koslow, and Waltzer were aware that Johnson had changed key terms in the investment, including the return and the timeline for completion. By mid-2013, they also were aware that, contrary to their representations, Owings's original promises to investors of a return in six to eight months would not be fulfilled, that Owings had not filed a single Form S-1 registration statement after more than six months of operations, and that Owings was struggling to attract companies to the IRP. In the latter half of 2013, Koslow and Waltzer also were aware that Johnson had prepared false biographies of them and had planned to distribute them to investors.

106. The scienter of Johnson, Drost, Koslow, and Waltzer is properly imputed to the Owings Entities.

CLAIMS FOR RELIEF

FIRST CLAIM

Section 10(b) of the Exchange Act and Rule 10b-5
(Against the Owings Entities and Johnson)

107. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

108. In connection with the purchase or sale of securities by the use of the means or instrumentalities of interstate commerce, or of the mails, Owings, Owings-1, Owings Capital Group, Owings Capital Funds (collectively, the "Owings Entities") and Johnson, directly or indirectly, knowingly or recklessly: (a) employed a device, scheme, or artifice to defraud; (b) made an untrue statement of material fact or omitted to state a material fact necessary to make the statement made, in light of the circumstances under which it was made, not misleading; and/or (c) engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon any person.

109. In addition to the misstatements and omissions alleged herein, the Owings Entities and Johnson engaged in deceptive conduct that had the principal purpose and effect of creating a false appearance of fact in furtherance of a fraudulent scheme.

110. By reason of the foregoing, the Owings Entities and Johnson violated, and unless enjoined will again violate, 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].

SECOND CLAIM

Section 10(b) of the Exchange Act and Rule 10b-5(b)
(Against Drost and Koslow)

111. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

112. In connection with the purchase or sale of securities by the use of the means or instrumentalities of interstate commerce or by the mails, Drost and Koslow, directly or indirectly, knowingly or recklessly made an untrue statement of material fact or omitted to state a material fact necessary to make the statement made, in light of the circumstances under which it was made, not misleading.

113. By reason of the foregoing, Drost and Koslow violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

THIRD CLAIM

Section 17(a) of the Securities Act
(Against the Owings Entities and Johnson)

114. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

115. In the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, the Owings Entities and Johnson, directly or indirectly: (a) knowingly or recklessly employed a device, scheme, or artifice to defraud; (b) knowingly, recklessly, or negligently obtained money or property by means of an untrue statement of a material fact or an omission to state a material fact necessary to make the statement made, in light of the circumstances under which it was made, not misleading; and (c) knowingly, recklessly, or negligently engaged in a transaction, practice, or course of business which operated or would operate as a fraud or deceit upon the purchaser.

116. In addition to the misstatements and omissions alleged herein, the Owings Entities and Johnson engaged in deceptive conduct that had the principal purpose and effect of creating a false appearance of fact in furtherance of a fraudulent scheme.

117. By reason of the foregoing, the Owings Entities and Johnson each violated, and unless enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

FOURTH CLAIM

Section 17(a)(2) of the Securities Act
(Against Drost and Koslow)

118. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

119. In the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, Drost and Koslow, directly or indirectly, knowingly, recklessly, or negligently obtained money or property by means of an untrue statement of a material fact or an omission to state a material fact necessary to make the statement made, in light of the circumstances under which it was made, not misleading.

120. By reason of the foregoing, Drost and Koslow each violated, and unless enjoined will again violate, Section 17(a)(1) and (2) of the Securities Act [15 U.S.C. § 77q(a)(1) and (2)].

FIFTH CLAIM

Section 20(a) of the Exchange Act: Control Person Liability for the Violations of Section 10(b) of the Exchange Act and Rule 10b-5 by the Owings Entities, Drost, and Koslow
(Against Johnson)

121. Paragraphs 1 through ___ are realleged and incorporated by reference herein.

122. Through the conduct described above, the Owings Entities violated 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].

123. Through the conduct described above, Drost and Koslow violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

124. When the Owings Entities violated Section 10(b) of the Exchange Act and Rule 10b-5, Johnson had the power to control, and did control, directly or indirectly the conduct of the Owings Entities resulting in the violation. Johnson was a "controlling person" within the meaning of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] with regard to the Owings Entities.

125. When Drost and Koslow violated Section 10(b) of the Exchange Act and Rule 10b-5(b), Johnson had the power to control, and did control, directly or indirectly the conduct of Drost and Koslow resulting in the violation. Johnson was a "controlling person" within the meaning of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] with regard to Drost and Koslow.

126. In addition to being a controlling person with regard to the Owings Entities, Drost, and Koslow, Johnson also induced acts constituting the violations and cannot establish that he acted in good faith and was not a culpable participant in the violations. Johnson is, therefore, jointly and severally liable with and to the same extent as the Owings Entities, Drost, and Koslow for their violations of Section 10(b) of the Exchange Act and Rule 10b-5 and, unless enjoined, will again act as a "controlling person" in connection with such violations.

SIXTH CLAIM

Violation of Sections 10(b) and Rule 10b-5(b) Thereunder by or Through Means of Drost, and Koslow in Violation of Section 20(b) of the Exchange Act
(Against Johnson)

127. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

128. Johnson violated Section 20(b) of the Exchange Act [15 U.S.C. 78t(b)] by knowingly or recklessly drafting and/or approving the communication of materially false and misleading information through or by means of employees under his management and entities under his control that were intended to be, and were, communicated to prospective investors in violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b) and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

129. By knowingly or recklessly communicating materially false and misleading information through or by means of employees under his management and entities under his control, Johnson, directly or indirectly, engaged in acts through or by means of another person or persons that would have been unlawful for Johnson to do himself under Section 10(b) of the Exchange Act [15 U.S.C. 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

130. By reason of the foregoing, Johnson violated, and unless enjoined will again violate, Section 20(b) of the Exchange Act [15 U.S.C. § 78t(b)].

SEVENTH CLAIM

Aiding and Abetting Violations of
Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c)
(Against Drost, Koslow, and Waltzer)

131. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

132. Through the conduct described above, Johnson and the Owings Entities violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

133. Drost, Koslow, and Waltzer knowingly or recklessly provided substantial assistance to Johnson and the Owings Entities' violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c).

134. Pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Drost, Koslow, and Waltzer are deemed to be in violation of Section 10(b) of the Exchange Act and Rule 10b-5 to the same extent as Johnson and the Owings Entities and, unless enjoined, will again aid and abet violations of those provisions.

EIGHTH CLAIM

Aiding and Abetting Violations of
Section 17(a)(1) and (3) of the Securities Act
(Against Drost, Koslow, and Waltzer)

135. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

136. Through the conduct described above, Johnson and the Owings Entities violated Section 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)].

137. Drost, Koslow, and Waltzer knowingly or recklessly provided substantial assistance to Johnson and the Owings Entities' violations of Section 17(a)(1) and (3).

138. Pursuant to Section 15(b) of the Securities Act [15 U.S.C. § 77o (b)], Drost, Koslow, and Waltzer are deemed to be in violation of Section 17(a)(1) and (3) of the Securities Act to the same extent as Johnson and the Owings Entities and, unless enjoined, will again aid and abet violations of those provisions.

NINTH CLAIM

Sections 5(a) and 5(c) of the Securities Act
(Against all Defendants)

139. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

140. The Owings Entities, Johnson, Drost, Koslow, and Waltzer directly or indirectly made use of the means or instruments of transportation or communication in interstate commerce, or of the mails, to sell securities when no registration statement was in effect as to such securities, and no exemption from registration was available.

141. By reason of the foregoing, the Owings Entities, Johnson, Drost, Koslow, and Waltzer have each violated, and unless enjoined will again violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

TENTH CLAIM

Section 15(a) of the Exchange Act
(Against Johnson, Drost, Koslow, and Waltzer)

142. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

143. Johnson, Drost, Koslow, and Waltzer made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, and to induce or attempt to induce the purchase or sale of, securities issued by the Owings Entities.

144. Johnson, Drost, Koslow, and Waltzer are and were at all relevant times engaged in the business of effecting transactions in the securities of the Owings Entities for the accounts of others.

145. Johnson, Drost, Koslow, and Waltzer were not registered as brokers and were not associated with a registered broker.

146. By reason of the foregoing, Johnson, Drost, Koslow, and Waltzer violated, and unless enjoined will again violate, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

ELEVENTH CLAIM

Violation of Section 15(a) of the Exchange Act
as a Control Person under Section 20(a) of the Exchange Act
(Against Johnson)

147. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

148. Through the conduct described above, Drost, Koslow, and Waltzer violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

149. When Drost, Koslow, and Waltzer violated Section 15(a) of the Exchange Act, Johnson had the power to control, and did control, directly or indirectly, the conduct resulting in the violation. Johnson was a "controlling person" within the meaning of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] with regard to Drost, Koslow, and Waltzer.

150. In addition to being a controlling person with regard to the, Drost, Koslow, and Waltzer, Johnson also induced acts constituting the violations and cannot establish that he acted in good faith and was not a culpable participant in the violations. Johnson is, therefore, jointly and severally liable with and to the same extent as Drost, Koslow, and Waltzer for their violations of Section 15(a) of the Exchange Act and, unless enjoined, will again act as a "controlling person" in connection with such violations.

TWELFTH CLAIM

Violation of Section 15(a) of the Exchange Act by or Through Means of Drost, Koslow, and Waltzer in Violation of Section 20(b) of the Exchange Act
(Against Johnson)

151. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

152. Johnson violated Section 20(b) of the Exchange Act [15 U.S.C. 78t(b)] by controlling Drost, Koslow, and Waltzer and by directing them to solicit investors in violation of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] and by paying them transaction-based compensation in exchange for such solicitations.

153. By soliciting investors through or by means of employees under his control, Johnson, directly or indirectly, engaged in acts through or by means of another person or persons that would have been unlawful for Johnson to do himself under Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

154. By reason of the foregoing, Johnson violated, and unless enjoined will again violate, Section 20(b) of the Exchange Act [15 U.S.C. § 78t(b)].

THIRTEENTH CLAIM

Section 206(4) of the Advisers Act and Rule 206(4)-8
(Owings Capital Funds and Johnson)

155. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

156. Owings Capital Funds and Johnson are and were at all relevant times investment advisers in that they each, for compensation, engaged in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.

157. OG IRP Fund and the OG Hybrid Fund are and were at all relevant times pooled investment vehicles.

158. Owings Capital Funds and Johnson, while acting as investment advisers, and by use of the mails or means or instrumentalities of interstate commerce, directly or indirectly, knowingly or recklessly employed devices, schemes, or artifices to defraud clients or prospective clients; knowingly or negligently engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon clients or prospective clients; and engaged in acts, practices, or courses of business which are fraudulent, deceptive, or manipulative.

159. Owings Capital Funds and Johnson, while acting as investment advisers to one or more pooled investment vehicles, made untrue statements of material fact and omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, to investors or prospective investors in a pooled investment vehicle; and Owings Capital Funds and Johnson otherwise engaged in acts, practices, or courses

of business that were fraudulent, deceptive, or manipulative with respect to investors or prospective investors in a pooled investment vehicle.

160. Owings Capital Funds and Johnson violated, and unless enjoined will again violate, Advisers Act Section 206(4) [15 U.S.C. §§ 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 206(4)-8].

FOURTEENTH CLAIM

Aiding and Abetting Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8
(Against Johnson)

161. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

162. Through the conduct described above, Owings Capital Funds violated Advisers Act Section 206(4) [15 U.S.C. §§ 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 206(4)-8].

163. Johnson knowingly or recklessly provided substantial assistance to Owings Capital Funds's violations of Advisers Act Section 206(4) and Rule 206(4)-8 thereunder.

164. Johnson is deemed to be in violation of Advisers Act Section 206(4) and Rule 206(4)-8 thereunder to the same extent as Owings Capital Funds and, unless enjoined, will again aid and abet violations of those provisions.

FIFTEENTH CLAIM

Disgorgement from Relief Defendants
(Against MJSC Enterprises, One Source Advisors, and Strategic Coaching)

165. Paragraphs 1 through 106 are realleged and incorporated by reference herein.

166. In the manner described above, MJSC Enterprises, One Source Advisors, and Strategic Coaching received investor funds and/or ill-gotten gains for which they gave no *bona fide* consideration and to which they have no legitimate claim.

167. The funds acquired by the Relief Defendants are traceable to the Defendants' wrongful acts and were acquired under circumstances in which it is not just, equitable, or conscionable for Relief Defendants to retain the funds.

168. As a result, the Relief Defendants have been unjustly enriched and should be required to return their ill-gotten gains, plus prejudgment interest.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

A. Finding that the Defendants violated the statutes and rules alleged against them in this Complaint;

B. Permanently restraining and enjoining the Defendants from further violations of the statutes and rules alleged in this Complaint;

C. Ordering the Defendants and Relief Defendants to disgorge, as the Court may direct, all ill-gotten gains received or benefits in any form derived from the illegal conduct alleged in this Complaint, together with prejudgment interest thereon;

D. Ordering that the Owings Entities and Johnson are jointly and severally liable for all ordered disgorgement;

E. Ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and, with respect to the Owings Capital Funds and Johnson, Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]; and

F. Granting such other equitable and legal relies as may be appropriate or necessary for the protection of investors pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)].

Dated: July 6, 2018

Respectfully submitted,

/s/ Derek Bentsen

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