

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**TODD LAHR, and
THOMAS MEGAS,**

Defendants.

No. 5:20-cv-1593

COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against Defendants Todd Lahr (“Lahr”) and Thomas Megas (“Megas”), alleges as follows:

SUMMARY OF ALLEGATIONS

1. For the better part of three years ending in 2017, Lahr and Megas knowingly orchestrated and operated an offering fraud and Ponzi scheme, through which they sold over a million dollars in unregistered securities consisting of promissory notes in THL Holdings LLC (“THL Holdings”) and common stock and warrants in Ferran Global Holdings, Inc. (“Ferran”). Through the offer and sale of these unregistered securities, Lahr and Megas obtained over \$1.4 million from at least ten investors since August 2014. Lahr and, at times, Megas used over

\$400,000 those investor funds to pay earlier investors in a classic “Ponzi”¹ scheme, and Lahr and Megas misappropriated over \$130,000 for personal expenses and for expenses unrelated to THL Holdings’ and Ferran’s purported investments.

2. By engaging in the conduct described in this Complaint, Lahr and Megas violated Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77e(a) & (c), Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and unless restrained and enjoined will engage in further violations of these provisions.

3. The Commission respectfully requests, among other things, that the Court enjoin Defendants from committing further violations of the Federal securities laws as alleged in this Complaint, and order Defendants to pay disgorgement, plus prejudgment interest, civil penalties, and other appropriate and necessary equitable relief.

JURISDICTION AND VENUE

4. The Court has jurisdiction over this action pursuant Sections 21(d), 21(e), and 27(a) of the Exchange Act, 15 U.S.C. §§78u(d)-(e) & 78aa(a), and Sections 20(b)-(d) and 22(a), of the Securities Act, 15 U.S.C. §§ 77t(b)-(d) & 77v(a).

5. Venue is proper in the Eastern District of Pennsylvania pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

¹ “A ‘Ponzi’ scheme, as that term is generally used, refers to an investment scheme in which returns to investors are not financed through the success of the underlying business venture, but are taken from principal sums of newly attracted investments. Typically, investors are promised large returns for their investments. Initial investors are actually paid the promised returns, which attract additional investors.” *In re Hedged-Investments Assocs., Inc.*, 48 F.3d 470, n.2 (10th Cir. 1995) (citing *In re Independent Clearing House Co.*, 41 B.R. 985, 994 n.12 (Bankr. D. Utah 1984)).

Lahr resides and maintains a law practice in this District and conducted many of the acts, transactions, practices, and courses of business constituting the unlawful conduct alleged in this Complaint from this District. Lahr solicited investors in this District and other States, including the Commonwealth of Virginia, to invest in Ferran and THL Holdings. In furtherance of the unlawful activity alleged in this Complaint, Megas took numerous trips to the United States. In 2015, for example, Megas attended several meetings in New York City with potential investment bankers in New York to discuss Ferran-related fundraising. In addition, on or about April 24, 2015, Lahr and Megas met with an individual in Miami, Florida, to discuss Ferran-related fundraising. Megas also received numerous wires from Ferran's bank account in the United States and sent numerous wires to THL Holdings' bank accounts in the United States in furtherance of the unlawful conduct alleged in this Complaint. Megas' unlawful conduct abroad had a foreseeable substantial effect within the United States because the fraudulent acts involved the solicitation of and contribution of significant amounts of money from investors in the United States, and included at least one securities filing that he made to the Commission.

6. Defendants have, directly and indirectly, made use of the means or instrumentalities of interstate commerce and/or of the mails, including the use of email, telephone, and the internet in connection with illegal acts alleged in this Complaint, certain of which occurred within this District.

7. On May 31, 2019, Lahr and the Commission entered into a tolling agreement that tolled the statute of limitations related to this Complaint from April 15, 2019, to April 15, 2020.

DEFENDANTS AND RELATED ENTITIES

8. **Todd H. Lahr**, 59, is a resident of Nazareth, Pennsylvania. He is an attorney licensed to practice law in the Commonwealth of Pennsylvania since 1987, and he maintains an

estate law practice in Allenton, Pennsylvania. From 2008 to 2010, Lahr was registered with the Commission as an investment adviser representative. He incorporated THL Holdings, served as its President, sole Managing Member, and Operating Manager, and had sole signature authority over its bank account. He also co-founded Ferran with Megas. Lahr served as Ferran's President and Director, and he was a signatory on its bank account.

9. **Thomas P. Megas**, 77, is a British national and resident of Verbier, Switzerland. Megas co-founded Ferran with Lahr. Megas served as Ferran's CEO, Treasurer, and Chairman of the Board of Directors, was a signatory on its bank account as of June 25, 2015, and made at least one Commission filing on Ferran's behalf.

10. **THL Holdings, LLC** ("THL Holdings") is a private Nevada limited liability company that Lahr formed on January 11, 2012, with a registered agent address in Sparks, Nevada. THL Holdings was never registered with the Commission in any capacity and has never filed a registration statement for its securities with the Commission. Throughout the relevant period, Lahr had sole signatory authority over THL Holdings' bank accounts, which were in the United States.

11. **Ferran Global Holdings, Inc.** ("Ferran") is a private Nevada corporation formed on January 13, 2015, with a registered agent address in Sparks, Nevada. Ferran was never registered with the Commission in any capacity and has never filed a registration statement for its securities with the Commission. Ferran's business license expired on January 31, 2017. In March 2015, Lahr opened a bank account for Ferran in the United States. He was its only signatory until June 25, 2015, when Lahr added Megas as a signatory on the account.

FACTS

I. From 2012 to 2014, Lahr Sold Over \$1.4 Million In Unregistered THL Holdings Securities And Misappropriated Investor Funds

12. Starting in or around January 2012, Lahr began soliciting investors to purchase security interests in a company he formed called THL Holdings. He primarily solicited friends and clients of his local law practice, many of whom were located in this District.

13. When soliciting investors, Lahr orally represented to them that he was raising money for THL Holdings to invest in several Megas-led business ventures, including a United States-based company called Bancorp International Group (“BCIT”), mining operations through a Canadian company called Meekom National Resources Ltd. (“Meekom”), and mining operations in Bougainville, Papua New Guinea, through a company called Cefeida S.A. (“Cefeida”). Lahr represented to investors that he would invest all of their funds with THL Holdings and in support of the Megas-led businesses. Lahr never disclosed to investors that he or Megas would take any fees, commissions, or use investor money for personal expenses.

14. Lahr sold two types of investments in THL Holdings. First, for most investors, Lahr sold promissory notes with premium interest rates, typically 10 percent, in which THL Holdings agreed to make monthly interest payments until the loan matured, which was typically after five years.

15. Second, in a few instances, Lahr sold equity interests in THL Holdings in the form of membership units. These membership units were investments in a common enterprise where investors were led to expect profits solely from THL Holdings’ efforts in the Megas-led industries.

16. Between January 2012 and August 2014, Lahr sold approximately \$1.4 million of these unregistered securities to at least 20 investors in THL Holdings. Of these sales, Lahr raised

\$50,000 after April 15, 2014, from one investor who purchased a promissory note in THL Holdings on or about August 1, 2014, based on the same representations Lahr made to the other THL Holdings investors at the time.

17. Although Lahr represented to investors that he would use their funds to invest in various Megas-led business ventures domestically and abroad, THL Holdings never received any return on these purported investments. Instead, Lahr misappropriated new investor funds to make the promised monthly interest payments to earlier THL Holdings investors in a fraudulent Ponzi scheme, and further misappropriated investor funds to pay a variety of his personal expenses.

18. From February 2012 through 2014, Lahr made over \$194,000 in Ponzi payments to existing THL Holdings investors using new THL Holdings investor funds. Lahr made approximately \$66,666 of these payments after April 15, 2014. Lahr never disclosed to investors that he was using new investor money to make interest payments to earlier investors, or that he was not investing their money in the THL Holdings business enterprise as he had represented.

19. In addition, Lahr misappropriated investor funds to pay personal expenses. From 2012 to 2014, Lahr spent at least \$13,000 in THL Holdings investor funds for his personal use, including to pay his home mortgage, his daughter's tuition payments, and his personal credit card bills. Lahr spent at least \$12,000 of these personal expenses after April 15, 2014. When making these payments, Lahr knew, was reckless in not knowing, or should have known that he was misappropriating THL Holdings investor funds.

20. From November 2012 to September 2014, Lahr wired over \$294,000 in THL Holdings investor funds to a personal bank account in Australia solely owned and controlled by Megas ("Megas Account"). During this time, Megas commingled the THL Holdings investor

funds with funds from other sources into the Megas Account and used these commingled funds to pay for at least \$24,000 in personal expenses, including for ski lift tickets, car maintenance, tuition, and hair salon visits.

21. During this time period, Lahr discussed with Megas on several occasions the stress Lahr felt from “borrowing” THL Holdings investor funds to “invest” in Megas-led enterprises and having to pay the promised monthly interest on the THL Holdings promissory notes. For example, on February 14, 2013, Lahr lamented to Megas by email that Lahr was having “sleepless nights over the last year just because of all the funds I have invested here. At the present time I [am] spending over \$60,000 per year just on the interest charge on money I have borrowed.”

II. In 2015, Lahr And Megas Sold Unregistered Ferran Securities To Generate Cash To Make Promised Interest Payments To THL Holdings Investors

22. As of February 1, 2015, THL Holdings’ bank account had only approximately \$13,000 remaining after Lahr made the Ponzi payments to THL Holdings investors in January 2015. In February 2015, Lahr solicited his parents to invest \$16,000 in THL Holdings in exchange for a promissory note that guaranteed a 10 percent interest rate.

23. Even with his parents’ money, Lahr knew that THL Holdings would default on its monthly interest payments to investors in the next few months if he did not raise more money. To address this liquidity crisis, Lahr and Megas established Ferran to raise money to help Lahr make the interest payments owed to THL Holdings investors.

24. Lahr incorporated Ferran in the State of Nevada on January 13, 2015. He served as its President and Director, and Megas was its CEO, Treasurer, and Chairman of the Board of Directors.

25. Starting in or around February 2015, Lahr and Megas began working on a business plan and a prospectus for a private offering of Ferran stock and warrants.

26. Before raising funds from investors, Lahr discussed with Megas his plan to use Ferran money to repay THL Holdings investors. On March 24, 2015, Lahr informed Megas via email that Lahr was soliciting investors for Ferran, and Lahr stated, “I am reaching out to everyone I can at this point since it is vital for us to get funds. I have never been in such a tight cash crunch situation as I am right now.”

27. On or about April 10, 2015, Lahr solicited four investors for Ferran. Three of these Ferran investors had previously invested in THL Holdings, and at least one of these investors decided to invest in Ferran at least in part because she had received monthly Ponzi payments from THL Holdings since 2013. The fourth investor was another client of Lahr’s law practice.

28. When soliciting these investors, Lahr represented that he was raising money for Ferran to invest in one or more Megas-led business ventures that involved mining operations in Papua New Guinea, and/or real estate ventures in London, England, and/or Barcelona, Spain. Lahr did not inform Ferran’s investors that their funds would be used for any other purpose, including, for fees, commissions, interest payments to THL Holdings investors, or the personal expenses of Lahr or Megas.

29. Ferran’s four investors signed subscription agreements to purchase Ferran securities for \$0.10 per share, and warrants to purchase an additional 50 percent of the shares they had purchased at the same price, for a total investment of \$140,000.

30. Between April 10 and April 13, 2015, Lahr deposited the \$140,000 in investor proceeds into Ferran’s bank account.

31. On April 21, 2015, Megas, on behalf of Ferran, filed a Form D “Notice of Exempt Offering of Securities” with the Commission. Ferran’s Form D claimed that Ferran was engaging in a \$2 million offering, that it had already raised \$140,000 selling equity and options to four accredited investors, and there were \$1.86 million of securities remaining to be sold. Ferran’s Form D claimed that the offering was exempt from registration with the Commission pursuant to Rule 506(b), 17 C.F.R. § 230.506(b). It further claimed that there were no sales commissions or finders’ fees related to the offering, and that Ferran would use none of the proceeds of the offering to pay any officer, director, or promoter of Ferran.

32. By this time, Lahr had made clear to Megas that Lahr needed the Ferran investor funds to make promised interest payments to THL Holdings investors. On April 18, 2015, Lahr emailed Megas to discuss an upcoming Ferran-related trip to Miami with Megas, and Lahr stated, “I was happy I was able to at least raise this \$140,000 for [Ferran] . . . This trip [to Miami] has totally tapped me out of what money I had left in [THL Holdings] so we have to raise a lot of capital and in a hurry. The time is now for us to get things rolling in a big way.”

III. Lahr And Megas Fraudulently Misappropriated Ferran Investor Funds

33. Almost immediately after securing the \$140,000, Lahr and Megas began fraudulently misappropriating Ferran investor funds.

34. Between May and September 2015, Lahr and, at times, Megas transferred approximately \$45,000 of Ferran investor funds to THL Holdings to make Ponzi payments to THL Holdings investors.

35. Lahr and Megas engaged in two deceptive round-trip transactions amongst themselves to transfer Ferran investor funds to THL Holdings investors. In both transactions, Lahr sent Ferran investor funds to the Megas Account and, within days, Megas returned half of

those funds to THL Holdings' account, and then Lahr used those funds to make Ponzi payments to THL Holdings investors.

36. In the first round-trip transaction, on May 4, 2015, Lahr transferred \$40,000 of Ferran investor funds to the Megas Account. Megas knew, was reckless in not knowing, or should have known that the \$40,000 transfer consisted of Ferran investor funds because his account statements represented that the funds were transferred from a Ferran account, and Lahr had informed Megas by email on April 29, 2015, that the \$40,000 wire transfer consisted of Ferran investor funds.

37. At the time, the Megas Account contained approximately \$2,350, which consisted almost entirely of THL Holdings investor funds that Lahr sent Megas on April 20, 2015.

38. Rather than using the funds for Ferran's purported businesses, Megas misappropriated \$20,000 of the Ferran investor funds to further the THL Holdings Ponzi scheme. Within three days of receiving these Ferran funds, between May 7 and 11, 2015, Megas sent three wire transfers totaling \$20,000 from the Megas Account to THL Holdings' bank account. Megas had no legitimate business reason to send Ferran investor funds to THL Holdings.

39. Lahr, in turn, used these misappropriated Ferran investor funds to make Ponzi payments to THL Holdings investors. From May 27 to May 29, 2015, Lahr used over \$8,000 of the \$20,000 of the Ferran investor funds that Megas had sent to THL Holdings' bank account for these Ponzi payments. From June 28 to June 30, 2015, Lahr again used another over \$8,000 of this Ferran investor money to make interest payments to THL Holdings investors.

40. By May 20, 2015, Megas had almost entirely depleted the \$40,000 of the Ferran investor funds that he received. By this time, Megas had also misappropriated over \$2,100 on

personal expenses such as clothing, cash withdrawals from ATMs in Switzerland, and on meals at restaurants in Switzerland.

41. Despite receiving \$20,000 in Ferran investor money from Megas to pay THL Holdings investors in May 2015, within a matter of weeks Lahr informed Megas by email that he needed more money to satisfy outstanding interest payments to THL Holdings investors in the coming months. In an email to Megas on May 29, 2015, Lahr cautioned that THL Holdings only had enough money to make such interest payments in June and July 2015, and “after that unless we raise more money I will be completely out of funds with no money to make monthly payments to the Noteholders that provided the funds that I put into this endeavor.”

42. To address Lahr’s liquidity crisis at THL Holdings, in July 2015, Lahr and Megas again fraudulently misappropriated Ferran investor funds to continue the THL Holdings Ponzi scheme.

43. In a second round-trip transaction, on July 21, 2015, Lahr wired a total of \$20,000 in Ferran investor funds to the Megas Account. Megas knew, was reckless in not knowing, or should have known that the \$20,000 in transfers consisted of Ferran investor funds because Megas’ account statements represented that the funds were transferred from a Ferran account. The Ferran investor funds were commingled in the Megas Account with approximately \$21,000 in funds received from unknown sources during this period. In about six weeks, by September 10, 2015, Megas had depleted this account to approximately \$50.

44. Soon after receiving the \$20,000 of Ferran investor money from Lahr, Megas again fraudulently misappropriated approximately half of those funds by sending them back to THL Holdings. On July 23 and 27, 2015, Megas sent two wire transfers totaling \$10,000 in

Ferran investor funds from the Megas Account to THL Holdings' bank account. Megas had no legitimate business reason to send Ferran investor funds to THL Holdings.

45. By July 1, 2015, THL Holdings' account contained less than \$4,000, which would not cover the upcoming monthly payments that THL Holdings owed its investors. The only money that THL Holdings received in July 2015 was the \$10,000 from Megas. Starting the day after Megas' last transfer, from July 28 to 30, 2015, Lahr made over \$8,000 in Ponzi payments to THL Holdings investors.

46. In addition to the above transfers, Lahr sent Megas \$2,000 in Ferran investor funds on June 19, 2015. After that time, Megas again began using the commingled funds in the Megas Account for personal use. Between June 30 and September 8, 2015, Megas spent at least \$9,000 from the commingled funds in the Megas Account on personal expenses, including a vacation in the Dominican Republic, medical bills, and ATM withdrawals and restaurants in Switzerland.

47. Lahr also misappropriated Ferran investor funds on two other occasions. First, on July 6, 2015, Lahr misappropriated \$2,000 of Ferran investor funds by transferring the money from Ferran's bank account to a bank account of Onslow Holdings, Inc. ("Onslow"), a company in which Megas was an officer. Onslow used the money for business expenses unrelated to Ferran's purported business ventures.

48. Second, on August 24, 2015, Lahr withdrew \$15,000 in investor funds from Ferran's bank account, and deposited the funds directly into THL Holdings' bank account. Lahr had no legitimate business reason to transfer Ferran investor funds to THL Holdings. Instead, Lahr used these Ferran investor funds to make Ponzi payments to THL Holdings investors in

August and September 2015. THL Holdings' bank account received no other funds during this time.

49. By October 1, 2015, Megas and Lahr had spent almost all of the Ferran investor funds: THL Holdings' bank account contained less than \$2,000, and Ferran's bank accounts contained less than \$5,000.

50. In making the transfers of investor funds alleged above, Lahr knew, was reckless in not knowing, or should have known that he was misappropriating Ferran investor funds to make Ponzi payments to THL Holdings investors and for other expenses unrelated to Ferran. Lahr managed Ferran's bank account and knew that the only source of money into that account was from Ferran's investors. Lahr did not disclose these facts to Ferran or THL Holdings investors.

51. Lahr also managed THL Holdings' bank account, and he knew, was reckless in not knowing, or should have known that its only significant money sources were from funds received from THL Holdings or Ferran investors. Yet Lahr used these funds to make Ponzi payments to THL Holdings investors.

52. Megas knew, was reckless in not knowing, or should have known that he was misappropriating Ferran investor funds by sending them to THL Holdings to be used for Ponzi payments and by using them for personal expenses – contrary to the representations Megas had made in the April 21, 2015 Form D that Megas filed with the Commission. Further, throughout this period, Lahr repeatedly made clear to Megas that Lahr needed Ferran investor funds to continue the THL Holdings Ponzi scheme, including via emails on March 24 and April 18, 2015.

53. Alternatively, Megas aided and abetted Lahr's fraudulent Ponzi scheme. By the time Lahr and Megas founded Ferran, Lahr operated THL Holdings as a fraudulent Ponzi

scheme that was using new THL Holdings investor funds to make Ponzi payments to earlier investors. By at least March 2015, Megas knew, or was reckless in not knowing, that Lahr had accumulated significant debts to THL Holdings investors by selling promissory notes, that Lahr had been making Ponzi payments to THL Holdings investors using other investor funds, and that Lahr planned to continue making these fraudulent Ponzi payments using Ferran investor funds.

54. From at least May through August 2015, Megas knowingly or recklessly substantially assisted and participated in Lahr's fraudulent scheme. During this time, Megas sent \$30,000 of Ferran investor funds to THL Holdings through round-trip transactions to enable Lahr to continue making fraudulent Ponzi payments to THL Holdings investors when Megas knew, or was reckless in not knowing, that Lahr would use the money for that purpose. Lahr could not have continued his unlawful conduct without the Ferran investor funds that Megas sent to THL Holdings.

IV. By November 2015, After Lahr And Megas Had Depleted Ferran Investor Funds, Lahr Resumed Fraudulently Selling Unregistered THL Holdings Securities To Continue The Ponzi Scheme

55. By November 1, 2015, THL Holdings' bank account contained less than \$2,000, and Ferran's bank account contained less than \$4,000. Again in need of cash to continue making payments to THL Holdings investors, Lahr decided to solicit many of these same investors to purchase new THL Holdings promissory notes.

56. On or around November 1, 2015, Lahr solicited a married couple who had previously invested \$65,000 in THL Holdings ("Married Couple A"). Their prior investments included a \$50,000 promissory note on which Lahr had made monthly Ponzi payments since 2013.

57. Lahr represented to Married Couple A that he would invest their money in THL Holdings' business ventures, and he guaranteed that Married Couple A would receive a 10 percent annual return on their investment. He never disclosed that he would take any fees, commissions, or use investor money for personal expenses.

58. On November 5, 2015, based on Lahr's representations, Married Couple A invested another \$120,000 with THL Holdings in return for a promissory note. On November 5, 2015, Lahr deposited their \$120,000 check to THL Holdings' bank account. At the time, THL Holdings' bank account contained only approximately \$1,700.

59. Contrary to Lahr's representations to Married Couple A, on November 25, 2015, Lahr fraudulently misappropriated THL Holdings investor funds, including funds from Married Couple A, to pay over \$65,000 in personal credit card bills. He never disclosed this fact to Married Couple A or other THL Holdings investors.

60. Just prior to misappropriating Married Couple A's money, Lahr again made clear to Megas that Lahr was raising cash to continue the Ponzi scheme. On November 20, 2015, Lahr emailed Megas and noted, "The \$140,000 I raised for FERRAN is nearly gone At this point I have a lot of work to do just to keep my head above water. There is no one I can turn to and ask for a huge wire of funds. I have to work hard so FERRAN is [a] success and I can get out of this strangle hold of debt. Each month that goes by costs me over \$10,000 in interest payments alone on just the money I put into our endeavor. I have other personal debt that more than doubles that in monthly interest expenses and since most of my time has been spent here doing this for the past 4 years I have not been earning a lot of money from other sources."

61. By June 2016, THL Holdings' bank account again lacked sufficient funds to make promised monthly investor payments. Around this time, Lahr solicited additional investments in

THL Holdings from prior investors and their family members. He solicited: (1) a prior equity investor in both THL Holdings and Ferran (“Equity Investor A”); (2) Equity Investor A’s parents (“Equity Investors A’s Parents”); and (3) a married couple who had invested in THL Holdings promissory notes and had been receiving monthly Ponzi payments since 2012 (“Married Couple B”).

62. Lahr represented to Equity Investor A, Equity Investors A’s Parents, and Married Couple B that he would invest their money in THL Holdings’ business ventures and guaranteed that these investors would receive a 10 percent annual return on their investment. He never disclosed to these investors that he would take any fees, commissions, or use investor money for personal expenses.

63. Based on Lahr’s representations, Equity Investor A, Equity Investor A’s Parents, and Married Couple B invested a total of \$335,000 in THL Holdings in exchange for promissory notes. Between June 13 and 27, 2016, Lahr deposited the \$335,000 in THL Holdings’ bank account. At the time, THL Holdings’ bank account had only approximately \$4,000 from other sources.

64. From June to September 2016, Lahr continued to make over \$45,000 in Ponzi payments to THL Holdings investors using the newly raised THL Holdings investor funds.

65. On or around October 1, 2016, Lahr sold another \$800,000 promissory note to Equity Investor A’s Parents. By this time, Equity Investor A’s Parents had received over \$6,600 in monthly Ponzi payments on their earlier promissory note.

66. Equity Investor A’s Parents invested the \$800,000 based on Lahr’s representations that he would invest their money in THL Holdings’ business ventures and that they would receive a 10 percent guaranteed annual rate of return on their investment. Lahr

represented to Equity Investor A that he would invest all of their funds in THL Holdings' business ventures. He never disclosed to investors that he would take any fees, commissions, or use investor money for personal expenses.

67. On October 14, 2016, Lahr deposited two checks totaling \$800,000 into THL Holdings' bank account.

68. From October 2016 until May 2017, Lahr fraudulently made approximately \$140,000 in Ponzi payments to earlier THL Holdings investors with the newly obtained THL Holdings investor funds from Equity Investor A's Parents. During this time, THL Holdings' bank account received only approximately \$7,000 from other sources.

69. In addition, on December 28, 2016, Lahr fraudulently misappropriated \$50,000 of THL Holdings investor funds to repay a Ferran investor who complained to Lahr about the lack of returns on his investment. No other Ferran investors received any return on their investments.

70. By May 2017, THL Holdings started running out of money again, but this time, Lahr was unable to raise any additional funds. In all, THL Holdings investors lost over \$2 million.

71. Lahr knew, was reckless in not knowing, or should have known that he was fraudulently misappropriating THL Holdings investor funds to make Ponzi payments to THL Holdings investors, to repay a Ferran investor, and to pay personal expenses.

V. Lahr And Megas Illegally Conducted Unregistered Offers And Sales Of Securities

A. Lahr Directly And Indirectly Conducted Unregistered Offers And Sales Of THL Holdings Securities

72. Lahr directly and indirectly conducted unregistered offers and sales of THL Holdings securities. From at least January 2012 to October 2016, Lahr offered and sold equity

interests in THL Holdings in the form of membership units and THL Holdings promissory notes. Lahr personally solicited all of THL Holdings investors in person and by email.

73. From at least January 2012 to October 2016, Lahr raised over \$2.6 million through the unregistered sale of these THL Holdings securities. Lahr signed the promissory notes and membership certificates on behalf of THL Holdings.

74. Some THL Holdings investors were unsophisticated and did not qualify as “accredited” investors pursuant to Rule 501 of Regulation D, 17 C.F.R. § 230.501(a), including Married Couple A, and Lahr never provided these investors with the information concerning THL Holdings that is required pursuant to Rule 502(b)(2) of Regulation D, 17 C.F.R. § 230.502(b)(2).

75. The promissory notes that Lahr sold on behalf of THL Holdings constituted “securities” pursuant to Section 2(a)(1) of the Securities Act, 15 U.S.C. § 77b(a)(1), and Section 3(a)(10) of the Exchange Act, 15 U.S.C. § 78c(a)(1). Lahr solicited the sale of these promissory notes to over 20 investors in several States to fund THL Holdings’ business investments, and the investors’ expectations were that they would receive premium rates of return based on the profits generated by that business.

76. In addition, the membership units and promissory notes Lahr sold in THL Holdings were investment contracts because they constituted an investment in THL Holdings, a common enterprise, where Lahr led investors to expect profits solely from the entity’s efforts in various business ventures in, among other things, the mining industry.

77. There was no registration statement on file or in effect for the THL Holdings notes or membership interests, and no exemption from the requirements of the Securities Act applied.

B. Lahr And Megas Directly And Indirectly Conducted Unregistered Offers and Sales of Ferran Securities

78. Starting on or about April 2015, Lahr and Megas began directly and indirectly conducting unregistered offers and sales of Ferran securities. Together, they owned and controlled all aspects of Ferran's business, including directing its securities' offers and sales and control over its bank accounts.

79. Lahr solicited Ferran's four investors in person and through email by discussing the Ferran business plan that he and Megas had developed. At the time, Megas knew that Lahr was soliciting investors based on their jointly developed business plan.

80. In April 2015, Lahr and Megas sold 1.4 million shares of Ferran securities and warrants for an additional 700,000 shares of Ferran stock for \$140,000. Lahr signed, on behalf of Ferran, the subscription agreements for investors to purchase the shares.

81. At least one of Ferran's investors was unsophisticated and did not qualify as an "accredited" investor pursuant to Rule 501 of Regulation D, 17 C.F.R. § 230.501(a), and Lahr never provided this investor with the information concerning Ferran that is required pursuant to Rule 502(b)(2) of Regulation D, 17 C.F.R. § 230.502(b)(2).

82. In furtherance of the offer and sale, on April 21, 2015, Megas electronically filed a Form D with the Commission on behalf of Ferran that disclosed to the Commission that Ferran was engaging in an offering up to \$2 million in securities, which included the \$140,000 of securities it had already sold.

83. There was no registration statement on file or in effect for these sales of Ferran securities, and no exemption from the Securities Act applied.

84. Lahr and Megas collected \$140,000 from the unregistered sale of Ferran securities. Of these sales proceeds, Lahr sent Megas \$62,000 from Ferran's bank account to the Megas Account via several bank wire transfers.

85. After April 2015, Lahr and Megas had several meetings with investment bankers in the United States to discuss additional fundraising related to the Ferran offering.

86. Megas drafted the descriptions of Ferran's business objectives and financial projections used in Ferran's business plan and private placement memorandum ("PPM") for this offering. The business plan was completed in June 2015 and the PPM in November 2015. Megas and Lahr sent Ferran's PPM to investment bankers by email as part of their discussions related to the Ferran stock offering.

87. Megas was also the primary drafter and web administrator of Ferran's public website, which included a general offer and solicitation of Ferran securities. Ferran's website claimed, among other things, that Ferran "pursue[s] shareholder value creation through strategic acquisitions and management of unique, high-return business opportunities." The website further stated, "This is how we create value for our shareholders," and it described several purported business ventures, including real estate in London, England and Barcelona, Spain, and mining assets in Bougainville, Papua New Guinea. The website provided a phone number and permitted visitors to send messages to Ferran directly from the website.

88. On or around June 18, 2015, Megas and Lahr directed that Ferran's website be published onto the public internet. That day, Lahr emailed Ferran's investors to encourage them to review the website.

89. Lahr and Megas also controlled Ferran's offer and sale of securities. Lahr and Megas served as regular contacts with Ferran's transfer agent. Both had the authority to direct

the transfer agent to issue shares. On May 27, 2015, Lahr directed Ferran's transfer agent by email to issue shares to its four investors. That same day, Megas directed Ferran's transfer agent by email to issue shares to himself, Lahr, and THL Holdings, and on November 11, 2015, Megas directed Ferran's transfer agent to decrease the number of shares Ferran had issued to him.

90. Megas and Lahr were the only Ferran officers and directors authorized to sign stock certificates, and both provided Ferran's transfer agent by email with a "specimen" signature for the transfer agent to affix to any stock certificate Ferran issued to investors.

FIRST CLAIM FOR RELIEF

Violations of Exchange Act Section 10(b) and Rule 10b-5(a) & (c) Thereunder (Against Defendants)

91. Paragraphs 1 through 90 are re-alleged and incorporated by reference herein.

92. By engaging in the conduct alleged in this Complaint, specifically by misappropriating investor funds, Defendants, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter, employed devices, schemes, or artifices to defraud, and engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

93. By reason of the foregoing, Defendants violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a) and (c) thereunder, 17 C.F.R. §§ 240.10b-5(a) & (c).

SECOND CLAIM FOR RELIEF

Aiding and Abetting Violations of Exchange Act Section 10(b) and Rule 10b-5(a) & (c) Thereunder (Against Megas)

94. Paragraphs 1 through 90 are re-alleged and incorporated by reference herein.

95. By engaging in the conduct alleged in this Complaint, specifically by misappropriating investor funds, Lahr, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter, employed devices, schemes, or artifices to defraud, and engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

96. Since at least March 2015, Megas knew, or was reckless in not knowing, that Lahr was engaged in the unlawful conduct alleged in this Complaint, and he knowingly or recklessly substantially assisted and participated in the wrongdoing. Megas provided substantial assistance to Lahr and substantially participated in the fraud by providing Ferran investor money to THL Holdings, which Megas knew, or was reckless in not knowing, Lahr would use to make fraudulent Ponzi payments to THL Holdings investors.

97. By reason of the foregoing, pursuant to Section 20(e) of the Exchange Act, 15 U.S.C. 78t(e), Megas aided and abetted Lahr's violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a) and (c) thereunder, 17 C.F.R. §§ 240.10b-5(a) & (c).

THIRD CLAIM FOR RELIEF

Violations of Securities Act Sections 17(a)(1) & (3) (Against Defendants)

98. Paragraphs 1 through 90 are re-alleged and incorporated by reference herein.

99. By engaging in the conduct alleged in this Complaint, specifically by misappropriating investor funds, Defendants, directly or indirectly, in connection with the offer or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange and acting with the requisite degree of knowledge or state of mind, employed devices, schemes, or artifices to defraud and engaged in

transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.

100. By reason of the foregoing, Defendants violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1) and (3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) & (3).

FOURTH CLAIM FOR RELIEF

Aiding and Abetting Violations of Securities Act Sections 17(a)(1) & (3) (Against Megas)

101. Paragraphs 1 through 90 are re-alleged and incorporated by reference herein.

102. By engaging in the conduct alleged in this Complaint, specifically by misappropriating investor funds, Lahr, directly or indirectly, in connection with the offer or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange and acting with the requisite degree of knowledge or state of mind employed devices, schemes, or artifices to defraud and engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.

103. Since at least March 2015, Megas knew, or was reckless in not knowing, that Lahr was engaged in the unlawful conduct alleged in this Complaint, and he knowingly or recklessly substantially assisted and participated in the wrongdoing. Megas provided substantial assistance to Lahr and participated in the fraud by providing Ferran investor money to THL Holdings, which Megas knew, or was reckless in not knowing, that Lahr would use to make fraudulent Ponzi payments to THL Holdings investors.

104. By reason of the foregoing, pursuant to Section 15(b) of the Securities Act, 15 U.S.C. 77o(b), Megas aided and abetted Lahr's violations of Sections 17(a)(1) and (3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) & (3).

FIFTH CLAIM FOR RELIEF

**Violations of Securities Act Sections 5(a) & (c)
(Against Defendants)**

105. Paragraphs 1 through 90 are re-alleged and incorporated by reference herein.

106. Defendants, directly or indirectly, through the means or instruments of transportation or communication in interstate commerce or of the mails, offered and sold common stock and warrants in Ferran to investors. These products are securities, but they were not registered in accordance with the provisions of the Securities Act, and no exemption from registration was applicable.

107. Lahr, directly and directly, through the means or instruments of transportation or communication in interstate commerce or of the mails, offered and sold THL Holdings promissory notes and membership units to investors. These products are securities, but they were not registered in accordance with the provisions of the Securities Act, and no exemption from registration was applicable.

108. By engaging in the foregoing conduct, Defendants violated, and unless enjoined will continue to violate, Sections 5(a) and (c) of the Securities Act, 15 U.S.C. §§ 77e(a)&(c).

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Permanently enjoin Defendants from violating the Federal securities laws alleged in this Complaint.

II.

Order Defendants to disgorge the ill-gotten gains obtained as a result of the conduct alleged in this Complaint, with prejudgment interest.

III.

Order Defendants to pay civil money penalties pursuant to 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).

IV.

Grant such further relief as the Court may deem just and appropriate.

DEMAND FOR A JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Dated: March 24, 2020

Respectfully submitted,

s/ Matthew Scarlato

Matthew Scarlato*

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