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10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE DISTRICT OF ARIZONA
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14 Securities and Exchange Commission,

15 Plaintiff,

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17 v.

18 Jason P. Wootten; Ronald Frank
19 Stevenson; Family Tree Estate
20 Planning, LLC; and American
21 Financial Security, LLC,
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23 Defendants.
24

No. CV-21-

COMPLAINT FOR INJUNCTIVE
AND OTHER RELIEF WITH
DEMAND FOR JURY TRIAL

25 Plaintiff Securities and Exchange Commission (“Commission”) alleges:

26 **INTRODUCTION**

27 1. From approximately October 2016 through February 2020, Defendants
28 Jason P. Wootten (“Wootten”) and his company Family Tree Estate Planning, LLC

1 ('Family Tree') acted as unregistered brokers on behalf of investment funds
2 ('EquiAlt Funds') managed by EquiAlt, LLC ('EquiAlt'). They raised at least \$32
3 million from the unregistered offer and sale of securities of the EquiAlt Funds to
4 more than 300 retail investors most of whom are located in Arizona. From these
5 sales, these Defendants received approximately \$3.7 million in transaction-based
6 sales commissions.

7 2. From approximately February 2016 through January 2020, Defendants
8 Ronald Frank Stevenson ('Stevenson') and his company American Financial
9 Security, LLC ('AFS') also acted as unregistered brokers on behalf of the EquiAlt
10 Funds. They raised at least \$19 million from the unregistered offer and sale of
11 securities in the EquiAlt Funds to more than 250 retail investors located in Arizona
12 and California. From these sales, these Defendants received approximately \$1.7
13 million in transaction-based sales commissions.

14 3. At all relevant times, the Defendants were not registered as broker-
15 dealers with the Commission or associated with a registered broker-dealer.
16 EquiAlt's securities offerings were not registered with the Commission and there
17 was no applicable exemption from registration for these offerings.

18 4. By engaging in this conduct, the Defendants each violated Sections 5(a)
19 and 5(c) of the Securities Act of 1933 ('Securities Act'), [15 U.S.C. §§ 77e(a) and
20 77e(c)], and Section 15(a)(1) of the Securities Exchange Act of 1934 ('Exchange
21 Act'), [15 U.S.C. § 78o(a)(1)]. Unless enjoined, the Defendants are reasonably
22 likely to continue to violate the federal securities laws. The Commission also seeks
23 against all Defendants disgorgement of ill-gotten gains along with prejudgment
24 interest thereon, and civil money penalties.

25 DEFENDANTS

26 5. **Jason P. Wootten**, 36, is a resident of Scottsdale, Arizona. During the
27 relevant period, Wootten operated and controlled Family Tree. Wootten is not
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1 currently registered with the Commission or the Financial Industry Regulatory
2 Authority (“FINRA”), nor was he during the time period relevant to the allegations
3 contained herein.

4 6. **Ronald Frank Stevenson**, 61, is a resident of Prescott, Arizona.
5 During the relevant period, Stevenson operated and controlled AFS. Stevenson is
6 not currently registered with the Commission or the Financial Industry Regulatory
7 Authority (“FINRA”), nor was he during the time period relevant to the allegations
8 contained herein. Stevenson is also the owner of American Financial Investments,
9 LLC (“AFI”), an investment adviser registered with the state of Arizona.

10 7. **Family Tree Estate Planning, LLC** is an Arizona limited liability
11 company located in Phoenix, Arizona. During the relevant period, Wootten owned
12 and controlled Family Tree, and treated it as his alter ego. Family Tree has never
13 been registered with the Commission, FINRA or any state securities regulatory
14 authority.

15 8. **American Financial Security, LLC** is an Arizona limited liability
16 company located in Prescott, Arizona. During the relevant period, Stevenson owned
17 and controlled AFS and treated it as his alter ego. AFS has never been registered
18 with the Commission, FINRA or any state securities regulatory authority.

19 JURISDICTION

20 9. This Court has jurisdiction over this action pursuant to Sections 20(b),
21 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d) and 77v(a)]; and
22 Sections 21(d), 21(e) and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e)
23 and 78aa(a)].

24 10. This Court has personal jurisdiction over the Defendants and venue is
25 proper in the District of Arizona because Defendants transacted business in this
26 District relating to the sale of the EquiAlt Funds. The Individual Defendants also
27 reside within the District.
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1 **B. EquiAlt Funds and Material Misrepresentations to Investors**

2 16. EquiAlt, through a network of unregistered sale agents including the
3 Defendants in this action, sold investors 3-year or 4-year term debentures issued by
4 the EquiAlt Funds providing a fixed annual return of 8% to 10%. Many of the
5 investors were elderly, retired, and used their IRAs to invest in the EquiAlt Funds.
6 Moreover, many of the investors were unaccredited or unsophisticated in that they
7 lacked knowledge or expertise in financial or business matters, were not capable of
8 evaluating the merits or risks of the investment, and were not otherwise capable of
9 bearing the economic risks of the investment. Many of the investors in this Ponzi
10 scheme were attracted to investments in the EquiAlt Funds by representations that
11 the investments were secure, safe, low risk, and conservative.

12 17. In addition to the material misrepresentations about the safety and
13 security of investing in the EquiAlt Funds, EquiAlt made numerous other material
14 misrepresentations and omissions concerning the use of investor proceeds,
15 registration with the Commission, compliance with applicable laws, and
16 management of the EquiAlt Funds. In particular, EquiAlt misrepresented, or failed
17 to disclose adequately to investors, that their investment proceeds were being used
18 to pay substantial commissions to unregistered sales agents. Moreover, investors
19 were told that 90% of their funds would be used to invest “in property.” Yet, less
20 than 50% of investor funds were actually used for that purpose. In fact, most of the
21 remaining funds were used for improper purposes such as the payment of millions
22 of dollars in undisclosed fees and bonuses to EquiAlt, Davison and Rybicki.

23 **C. Defendants Offered and Sold EquiAlt Securities**

24 18. Over a period of several years, EquiAlt recruited a network of
25 unregistered sales agents throughout the United States to sell the fixed rate
26 debentures issued by the EquiAlt Funds. These debentures are securities within the
27 meaning of Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the
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1 Exchange Act. EquiAlt paid these unregistered sales agents, including the
2 Defendants, commissions ranging from 6-12% of the amount invested in the EquiAlt
3 Funds.

4 **a. Wootten's Unregistered Offering of EquiAlt Securities**

5 19. Wootten first met Rybicki in 2016. After several meetings with
6 Rybicki, Family Tree entered an agreement with Rybicki's company, BR Support
7 Services, LLC ("BR Support Services") to sell EquiAlt Funds' securities in return
8 for the payment of commissions of 8%. Rybicki had previously established BR
9 Support Services for the express purpose of paying commissions to sales agents like
10 Family Tree. Immediately after Family Tree signed the agreement with BR Support
11 Services, Wootten began recommending investments in the EquiAlt Funds to Family
12 Tree's clients, many of whom had been solicited through direct mail advertisements
13 and seminars conducted by Family Tree. In many cases, Family Tree's clients had
14 initially contacted Family Tree about the preparation of a living trust but were then
15 offered investments in EquiAlt Funds.

16 20. For more than three years, Wootten regularly participated in multiple
17 securities transactions involving the EquiAlt Funds at key points in the chain of
18 distribution. More specifically, Wootten repeatedly solicited investors for EquiAlt's
19 Funds; communicated directly with investors about EquiAlt's Funds; touted the
20 merits of the EquiAlt Funds' securities to investors; reassured investors about the
21 risk of investing in the Funds or of EquiAlt's business model; and received
22 transaction-based compensation.

23 21. In fact, Wootten routinely gave advice to investors concerning the
24 suitability of investments in the EquiAlt Funds, repeatedly describing the
25 investments as safe. While pitching EquiAlt Funds' securities to prospective
26 investors, Wootten also explained EquiAlt's business model as well as other
27 important aspects of the investment, such as the annual interest rate and liquidity
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1 features offered by the investment. In connection with the offer of EquiAlt Funds'
2 securities, Wootten undertook a financial analysis of a prospective investor's assets
3 and would review the investor's investment objectives and risk tolerance. Wootten
4 frequently recommended investments in the EquiAlt Funds over annuities offered
5 by Family Tree from large, reputable insurance companies. Wootten was highly
6 motivated to recommend investments in the EquiAlt Funds because Family Tree also
7 collected an additional 6% commission when investors renewed their investments in
8 the EquiAlt Funds.

9 22. In addition to recommending investments in the EquiAlt Funds,
10 Wootten also assisted investors with most aspects of the securities sales transactions.
11 For example, Wootten provided EquiAlt Funds' offering documents and marketing
12 materials to prospective investors and helped process the paperwork necessary to
13 complete the investment such as the subscription agreements executed by investors.
14 Wootten together with Rybicki also participated in numerous discussions with
15 prospective investors about key aspects of the EquiAlt Funds investment. Wootten
16 even helped Family Tree's clients close existing retirement accounts so they could
17 invest the proceeds in the EquiAlt Funds and also helped them establish self-directed
18 IRA accounts at companies recommended by EquiAlt.

19 23. Out of the \$170 million that EquiAlt raised from investors, Defendants
20 Wootten and Family Tree raised approximately \$32 million from the unregistered
21 offer and sale of the EquiAlt Funds' securities to more than 100 retail investors.
22 Many of these investors were unaccredited, unsophisticated, and elderly people who
23 invested through their IRA accounts. From these sales, these Defendants received
24 approximately \$3.7 million in transaction-based sales commissions.

25
26 **b. Stevenson's Unregistered Offering of EquiAlt Securities**

27 24. Similarly, Stevenson also engaged in sales activity indicative of a
28 broker dealer, including: (1) soliciting new investors; (2) communicating directly

1 with investors by phone, by e-mail, or in person; (3) espousing the merits of the
2 EquiAlt Funds to these investors; (4) reassuring investors about the “risk” of the
3 investment or about the EquiAlt business model; and (5) receiving transaction-based
4 compensation.

5 25. For more than five years, Stevenson regularly participated in numerous
6 transactions involving EquiAlt Funds’ securities at key points in the chain of
7 distribution. For example, Stevenson, through AFS, solicited prospective investors
8 by advertising the investments offered by the EquiAlt Funds in the local newspaper
9 and regularly provided these investors with EquiAlt Funds’ written sales and
10 marketing materials. Stevenson then personally recommended the investments to
11 AFS and AFI’s clients while discussing key aspects of the investments such as the
12 business of the EquiAlt Funds, the management of the Funds, and the investment
13 options offered by EquiAlt (which included a monthly interest payment option or a
14 growth option offering a higher return on investment).

15 26. Once an investor expressed an interest in the EquiAlt Funds, Stevenson
16 would then review their investment objectives (including risk tolerance, the need for
17 income, and investment time horizon) and provide the investors with copies of
18 EquiAlt Funds’ offering documents. Thereafter, Stevenson assisted with the sale of
19 EquiAlt Funds’ securities by processing all the paperwork necessary to complete the
20 investment. Stevenson also occasionally participated in joint conference calls
21 between prospective investors and EquiAlt’s representatives to address any
22 particular questions about the EquiAlt Funds’ securities.

23 27. Out of the \$170 million that EquiAlt raised from investors, Defendants
24 Stevenson and AFS raised approximately \$19 million from the unregistered offer
25 and sale of the EquiAlt Funds’ securities to more than 100 retail investors. Many of
26 these investors were unaccredited, unsophisticated, and elderly people who invested
27 through their IRA accounts.
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otherwise;

(b) carried or caused to be carried securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or

(c) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security;

without a registration statement having been filed or being in effect with the Commission as to such securities.

33. By reason of the foregoing Defendants, directly or indirectly, violated and, unless enjoined, are reasonably likely to continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

COUNT II

Violations of Section 15(a)(1) of the Exchange Act

34. The Commission repeats and realleges Paragraphs 1 through 29 of this Complaint as if fully set forth herein.

35. From at least 2016 and continuing through approximately February 2020, Defendants, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce effected transactions in, or induced or attempted to induce the purchase or sale of securities, while they were not registered with the Commission as a broker or dealer or when they were not associated with an entity registered with the Commission as a broker-dealer.

36. By reason of the foregoing, Defendants, directly or indirectly, violated and, unless enjoined, are reasonably likely to continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

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E.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

F.

Demand For Jury Trial

The Commission hereby demands a trial by jury on any and all issues in this action so triable.

DATED this 22 day of March, 2021.

s/Alise Johnson
Attorney for Plaintiff
Securities and Exchange Commission