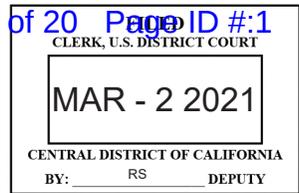


NO FEE



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10
11 **UNITED STATES DISTRICT COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**

13
14 **SECURITIES AND EXCHANGE**
15 **COMMISSION,**

16 **Plaintiff,**

17 **vs.**

18 **ANDREW L. FASSARI,**

19 **Defendant.**

Case No. **8:21-CV-00403-JVS-ADSx**

COMPLAINT

JURY DEMAND

20
21 Plaintiff Securities and Exchange Commission (the “SEC”) for its Complaint
22 alleges as follows:

23 **JURISDICTION AND VENUE**

24 1. The SEC brings this action pursuant to authority conferred on it by Section
25 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d) and 21(e) of the
26 Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to restrain and enjoin the Defendant
27 Andrew L. Fassari (“Fassari” or “Defendant”) from engaging in the acts, practices, and
28

1 courses of business described in this Complaint and acts, practices, and courses of
2 business of similar purport and object. The SEC seeks permanent injunctions,
3 disgorgement of ill-gotten gains derived from the conduct alleged in the Complaint plus
4 prejudgment interest thereon, and civil penalties pursuant to Section 20(d) of the
5 Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15
6 U.S.C. §§ 78u(d)(3)].

7 2. This Court has jurisdiction over this action pursuant to Sections 20(b),
8 20(d)(1) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1) and 77v(a)],
9 Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of the Exchange Act [15 U.S.C. §§
10 78u(d)(1), 78u(d)(3)(A), 78u(e) and 78aa(a)].

11 3. Defendant, directly or indirectly, made use of the means or instruments of
12 transportation or communication in interstate commerce, the means or instrumentalities
13 of interstate commerce, or of the mails, in connection with the acts, practices, and
14 courses of business set forth in this Complaint.

15 4. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15
16 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Fassari
17 resides in this judicial district, and certain of the acts, practices, transactions, and
18 courses of business alleged in this Complaint occurred within the Central District of
19 California, including executing trades in ARCS and making false statements on social
20 media.

21 **SUMMARY**

22 5. During December 2020, Fassari published numerous false and misleading
23 posts on social media platforms about Arcis Resources Corporation (“ARCS”), a
24 publicly traded company that has been defunct since at least 2016, while secretly
25 trading the securities of ARCS in violation of the federal securities laws. Fassari
26 purchased tens of millions of shares of ARCS, then deceptively spread false information
27 about the company’s purportedly revived operations and imminent positive
28 announcements on Twitter, among other social media platforms. After the share price

1 rose, Fassari secretly sold all of his shares, obtaining ill-gotten gains of over \$929,000.

2 6. Fassari uses the Twitter “handle” @OCMillionaire. He uses similar
3 usernames on other social media sites, such as the website www.investorshub.com
4 (“iHub”) and Instagram. The @OCMillionaire profile joined Twitter in July 2013, lists
5 “13.1K” followers, includes a picture of a black Ferrari, and states, in part: “*Master*
6 *short squeeze artist. #Pennystock Wizard.*”

7 7. Starting on or about December 9, 2020, and continuing through
8 approximately December 18, 2020, Fassari posted false and misleading statements on
9 social media about the status and business prospects of the defunct company ARCS,
10 including posting fictitious emails from the purported CEO of ARCS about ARCS’s
11 alleged expansion into multiple states and a purported stock buyback.

12 8. On December 9, Fassari began purchasing over 41,000,000 shares of
13 ARCS shortly before he began posting information about ARCS on Twitter. Beginning
14 December 9, 2020, ARCS’s price skyrocketed, reaching a closing price of \$0.054 on
15 December 14, 2020, an increase of over 4,000 percent from its closing price of \$0.0012
16 on December 8, 2020.

17 9. On December 10, 14, and 16, 2020, Fassari sold all of his shares in ARCS
18 for profits over \$929,000, all while continuing to publish false and misleading
19 information about ARCS and about his trading in ARCS.

20 10. As a result of the conduct alleged in this Complaint, Fassari violated
21 Section 17(a) of the Securities Act of 1933 [15 U.S.C. § 77q(a)] (“Securities Act”),
22 Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 17j(b)] (“Exchange
23 Act”), and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]. Unless restrained and
24 enjoined, Fassari will engage in future violations of the federal securities laws.

25 **DEFENDANT**

26 11. **Andrew L. Fassari** is 33 years old and resides in Irvine, Orange County,
27 California.

FACTS

I. Arcis Resources Corporation has been Defunct since 2016.

12. Arcis Resources Corporation (“ARCS”) is a Nevada corporation that previously used an address in Denver, Colorado, and engaged in the cannabis business.

13. On January 13, 2015, ARCS filed a Form 15 with the SEC, which terminated the registration of ARCS’s securities pursuant to Section 12(g) of the Exchange Act, and also suspended its obligation to file Exchange Act periodic reports with the SEC. As a result, ARCS has not filed periodic reports with the SEC since at least January 2015.

14. ARCS has not conducted business since approximately 2016.

15. While in business, ARCS used the website address www.arcisresourcescorp.com. Several years ago, ARCS stopped making payments to maintain the registration of the domain, and the website then became available for anyone in the general public to purchase.

16. At all times relevant to this Complaint, ARCS’s common stock was quoted and traded on OTC Link under the ticker “ARCS” with a “dark or defunct” designation. OTC Link was formally known as “Pink Quote.”

17. OTC Markets Group Inc. (“OTC Markets”) is the parent company of OTC Link. The OTC Markets’ website contains, among other things, information about companies whose stock is quoted on OTC Link.

18. ARCS has not provided disclosure information on the OTC Markets website since at least 2016.

19. ARCS was a defunct company in December 2020 and remains defunct today.

20. On or about December 14, 2020, the most recent Chief Executive Officer of ARCS (the “CEO”) sent an email to OTC Markets and explained: “*I have just become aware someone not affiliated with Arcis Resources corporation [sic] is spreading lies about Arcis Resources on Twitter/message boards claiming they have an*

1 *affiliation to the company & spreading false lies. This has been a dormant shell for*
2 *several years now & there is nothing is [sic] going on. What can I do to have my name*
3 *removed from the OTC Markets? Additionally, what person from the OTC Markets can*
4 *I talk to so investors are not harmed any further?”*

5 21. On or about February 23, 2021, the CEO emailed the staff of the SEC and
6 explained, in part: *“ARCS was a failed project. It has been inactive since approximately*
7 *2016. (no updated filings have been done with the OTC markets in years.)”* and *“The*
8 *website: arcisresourcescorp.com (became available years ago due to non payment) As*
9 *there was no need for it. At some point last year someone purchased it to spread false*
10 *rumors about Arcis. In addition, someone also made up a fake Twitter account to make*
11 *false statements on Twitter.”* and *“I believe someone named OCMillionaire on [iHub] &*
12 *Twitter with several thousands followers purchased shares in the open market with*
13 *several of his associates. He then purchased the domain name/ made up a fake Twitter*
14 *account in order to sell shares he had purchased at higher price.”*

15 **II. Fassari Uses the Handle “@OCMillionaire” on Twitter and “OC**
16 **Millionaire” on iHub.**

17 22. On information and belief, Fassari uses the Twitter handle
18 “@OCMillionaire,” and he used the handle during the period relevant to this Complaint.

19 23. Using the handle @OCMillionaire, Fassari frequently tweets about stocks,
20 including tweeting claims about various business activities by the issuers of stocks, and
21 he did so in December 2020, and continues to do so in January and February of 2021.

22 24. On or about December 18, 2020, the handle @OCMillionaire tweeted a
23 screenshot of his E*Trade account to support his claim that he *“[s]old [shares of Arcis*
24 *Resources Corporation] for a huge loss. I don’t care what anyone says about me. I back*
25 *up what I say. I take my losses like a man.”* (Dec. 18, 2020 at 9:28 PM EST.) This
26 tweet was accompanied by a screenshot of an E*Trade account. That screenshot shows
27 sales of 35,311,809 shares of ARCS.

28 25. On December 18, 2020, Fassari sold 35,311,809 shares of stock in Arcis

1 Resources Corporation from his E*Trade account.

2 26. Fassari also uses the name “OCMillionaire” on iHub.

3 27. @OCMillionaire’s Twitter profile contains a link to his profile on iHub.

4 On iHub, Fassari has made over 36,000 posts and is followed by over 3,400 other users.

5 The picture on his iHub profile is the same black Ferrari as on his Twitter profile.

6 28. On or about May 31, 2013, @OCMillionaire posted “*FOR THOSE OF*
7 *YOU WHO CANT [sic] VIEW MY FB LINK, THIS IS THE EMAIL I GOT[.]*” The post
8 then included a copy of emails sent to and from “Andrew Fassari’
9 <andrewfassari@ymail.com>[.]”

10 **III. In December 2020, Fassari Profitably Traded ARCS Securities.**

11 29. Beginning on December 9, 2020, and ending on December 18, 2020,
12 Fassari purchased and sold shares of ARCS out of a securities brokerage account at
13 E*Trade Securities LLC (the “E*Trade account”).

14 30. On December 9, Fassari opened his ARCS position and purchased a total
15 of 41,071,413 shares at a gross cost of approximately \$90,095.

16 31. On December 10, Fassari began to sell ARCS shares, eventually closing
17 his position on December 16. On December 10, he sold 25,000 shares for gross
18 proceeds of approximately \$475. On December 14, he sold an additional 4,045,939
19 shares for gross proceeds of approximately \$194,962. Finally, on December 16, Fassari
20 finished selling his remaining position in ARCS by selling 37,000,474 shares for gross
21 proceeds of approximately \$824,351.

22 32. As a result of these trades, Fassari received net profits of approximately
23 \$929,693.

24 33. On December 17, 2020, Fassari purchased a second position in ARCS
25 shares. In total on December 17, he purchased 35,311,809 shares of ARCS at a gross
26 cost of \$586,215. On the following day, Fassari sold all 35,311,809 of these ARCS
27 shares on December 18, for gross proceeds of \$149,903.

28 34. The chart below summarizes Fassari’s December 2020 ARCS trading:

DATE	BUY/SELL	QUANTITY	GROSS \$ AMOUNT
Dec. 9, 2020	Buy	41,071,413	(\$90,095)
Dec. 10, 2020	Sell	25,000	\$475
Dec. 14, 2020	Sell	4,045,939	\$194,962
Dec. 16, 2020	Sell	37,000,474	\$824,351
Dec. 17, 2020	Buy	35,311,809	(\$586,215)
Dec. 18, 2020	Sell	35,311,809	\$149,903

35. From Wednesday, December 9, 2020, through Friday, December 18, 2020—the period coinciding with Fassari’s trading and the false social media posts – ARCS’s stock price and volume experienced significant volatility.

36. The chart below reflects publicly available trading dates, opening price, closing price, and volumes in ARCS for the period of Fassari’s trades and tweets regarding ARCS:

DATE	OPEN PRICE	CLOSE PRICE	VOLUME
Dec. 8, 2020	\$0.0010	\$0.0012	78.51 M
Dec. 9, 2020	\$0.0012	\$0.0016	478.92 M
Dec. 10, 2020	\$0.0189	\$0.0084	276.33 M
Dec. 11, 2020	\$0.0092	\$0.0199	323.47 M
Dec. 14, 2020	\$0.0286	\$0.0540	377.34 M
Dec. 15, 2020	\$0.0575	\$0.0400	140.38 M
Dec. 16, 2020	\$0.0235	\$0.0187	373.42 M
Dec. 17, 2020	\$0.0196	\$0.0245	237.84 M
Dec. 18, 2020	\$0.0037	\$0.0035	440.73M

IV. In December 2020, Fassari Made False Statements about ARCS on Social Media.

37. Using the handle @OCMillionaire, on December 9, 2020, Fassari began to

1 tweet false, positive news about ARCS, referring to it as “\$ARCS.”

2 38. On the morning of December 9, 2020, Fassari alerted his 12,800 Twitter
3 followers to his pending announcement with the tweet in “*15 min[utes] my new alert*
4 *that I am expecting 3000% minimum*” will be posted. (Dec. 9, 2020 at 10:46 A.M. EST)

5 39. Minutes later Fassari began with the tweet, “*OK GUYS! THE NEW ALERT*
6 *IS \$ARCS!! I will share what i have uncovered the past 24 hours with you all! :smile:*
7 *Lets buy! #stocks #alert #pennystocks #ocmillionaire[.]*” (Dec. 9, 2020 at 10:57 AM
8 EST.)

9 40. Between December 9 and December 21, 2020, Fassari made approximately
10 120 tweets that referenced “\$ARCS.” Several tweets contained false statements about
11 ARCS and about Fassari’s trading in ARCS shares.

12 **A. Fassari Falsely Claimed that ARCS was Expanding its Business.**

13 41. Using the handle @OCMillionaire, Fassari made false statements on
14 Twitter regarding ARCS’s business, claiming that ARCS was expanding its business,
15 including by acquiring significant space and by planning to operate in multiple states.
16 These false statements include:

17 a. “*\$ARCS 380,000 indoor cultivation 1 Million+ sq ft processing.*
18 *WEEEEEEEEEE This CEO has big plans for us. It will move like*
19 *\$TSNP. I bought more at 0055. [...]*” (Dec. 9, 2020 at 12:10 PM EST.)

20 b. “*\$ARCS is about to set a new standard In the American cannabis*
21 *industry. Our mission is to become the most known cannabis company*
22 *in the U.S. market. And we will achieve that with the help of some of*
23 *the leading forces in the sector. #cannabis #potstocks #pennystocks*
24 *#lowfloat*” (Dec. 9, 2020 at 12:28 PM EST.)

25 c. “*I have \$arcs revenue #s i will be posting tonight for the valuation of*
26 *the current grow operations, not only that. .. they are EXPANDING out*
27 *of state to OTHER BIGGER operations. THIS WILL RUN LIKE*
28 *\$TSNP. Make no mistake. Again, read below on emails. 1.4 million sq ft*”

1 *\$TLRY \$ACB[.]*” (Dec. 9, 2020 at 4:57 PM EST.)

2 (This tweet included a picture of emails that purported to be to
3 and from Arcis Resources Corporation from the email address
4 info@arcisresourcescorp.com, one of which also included Raul
5 Santos’s name.)

6 d. *“\$ARCS is about to set a new standard in the American #cannabis*
7 *industry. ... most known cannabis company in the U.S market.”*
8 *-The most known -Leading forces -500 million share retirement*
9 *380,000 sq ft grow 1 million sq ft facility indoor for processing -More*
10 *acreage coming[.]*” (Dec. 10, 2020 at 9:17 AM EST.)

11 e. *“\$arcs news!!! #cannabis #potstocks Dear shareholders, A letter*
12 *explaining our multi-state operation will be released. It will explain in*
13 *detail our plan of operation and how we are going to become one of the*
14 *leading cannabis companies in the states.”* (Dec. 10, 2020 at 11:02 AM
15 EST.)

16 f. *“Anyone in \$TSNP looking for another crazy run .. \$ARCS*
17 *-Multi state for #cannabis operations -380,000 sq ft grow - 1 million sq*
18 *ft processing center -No RS -QB listing -No debt or note-; -Retirement*
19 *of shares -More grow operations to add to its size -Headed to be*
20 *biggest US op.”* (Dec. 10, 2020 at 11:32 AM EST.)

21 g. *“\$ARCS facilities the size of Aurora out in California. Aurora's smallest*
22 *facility is 800,000 sq ft that pulls in 100's of millions in revenue we*
23 *have 1.4 million sq ft and EXPANING to other states with MORE*
24 *growing operations. \$ACB \$TLRY \$HEXO \$APHA \$ACAN[.]*” (Dec.
25 14, 2020 at 1:17 PM EST.)

26 h. *“\$ARCS one laaaaaaasssst time . . MULTI STATE GROWING*
27 *OPERATIONS COMING WITH BIG #cannabis #merger 1.4 million sq*
28 *ft ALREADY UP AND RUNNING. The next \$TLRY \$ACB \$HEXO*

1 *\$APHA \$STZ for .10 cents a share with buyback and OS retirement and*
2 *FULLY FUNDED. #StocksToBuy #stocks #investing*
3 *twitter.com/AngryRed316/st...[sic]” (Dec. 14, 2020 at 1:50 PM EST.)*

4 (This tweet included a picture of emails that purported to be to
5 and from Arcis Resources Corporation from the email address
6 info@arcisresourcescorp.com, one of which also included Raul
7 Santos’s name.)

8 i. *“\$ARCS for those in the trenches with me remember these key things.*
9 *No rs no dilution share retirement buyback. #merger*
10 *#CannabisCommunity 1.4 million sq ft facility with revenues of 450*
11 *million in net profits for that scale ... \$ACB largest facility is 1.2 milly*
12 *\$TLRY 800k[.]” (Dec. 15, 2020 at 2:27 PM EST.)*

13 42. Based on these representations about ARCS’s business, reasonable
14 investors would have understood that ARCS was an active business that was expanding.

15 43. These statements were false and misleading. ARCS was defunct, did not
16 have cultivation or processing space, was not expanding “out of state,” was not
17 involved in a merger (or had any plans for a merger), and was not involved in a
18 buyback or retirement of its securities.

19 44. These statements regarding ARCS’s business were false and misleading
20 when made, and Fassari knew or was reckless in not knowing, and should have known,
21 that these statements were false and misleading.

22 45. These statements regarding ARCS’s business were material to ARCS’s
23 investors who were making investment decisions about ARCS. Reasonable investors
24 would want to know the true nature of ARCS’s business, that it was defunct and not
25 expanding.

1 **B. Fassari Made False Claims about “Huge” Investors and a Hedge**
2 **Fund.**

3 46. Using the handle @OCMillionaire, Fassari made false statements on
4 Twitter about large investors investing in ARCS.

5 47. Fassari stated on Twitter that ARCS had *“a ton of news coming and backed*
6 *by huge investors for its #cannabis operation.”* (Dec. 9, 2020 at 1:49 PM EST.)

7 48. Fassari further stated, *“\$ARCS Hedge fund coming in. Watch. 1.4 million*
8 *sq ft \$TSNP will look like child’s play and that was a BEAST. biggest #mj #cannabis*
9 *#merger in the USA no notes no RS no dilution share buyback share retirement idk*
10 *what else anyone needs to hear \$HEXO \$ACS \$TLRY \$APHA \$ACAN[.]”* (Dec. 11,
11 2020 at 12:14 PM EST.)

12 49. These statements about investments into ARCS were false and misleading.
13 ARCS was defunct and did not have news coming out and was not backed by huge
14 investors for its cannabis operations.

15 50. These statements regarding investments into ARCS were false and
16 misleading when made, and Fassari knew or was reckless in not knowing, and should
17 have known, that these statements were false and misleading.

18 51. These statements regarding investments into ARCS were material to
19 investors. Reasonable investors making investment decisions about ARCS would want
20 to know whether it was planning to announce important news or had significant
21 investors in the business.

22 **C. Fassari Falsely Claimed that He was Communicating with ARCS’s**
23 **CEO.**

24 52. Using the handle @OCMillionaire, Fassari also falsely claimed on Twitter
25 to be in direct contact with ARCS’s CEO and to be receiving from the CEO information
26 that ARCS’s business was being revived. These false statements include:

27 a. *“\$ARCS i will share what i have uncovered in the last 24 hours with*
28 *you! Give me a few moments to load emails from the ceo on the big*

1 *short squeeze that is coming! I just bought OOSs! WEEEEEE[.]*” (Dec. 9,
2 2020 at 11:04 AM EST.)

3 b. *“\$ARCS this is one of the emails i got today when i checked my inbox. I*
4 *have others and i will share with you all and this is prob one of the*
5 *biggest #cannabis #stocks I have seen since the days of \$FITX who did*
6 *50,000 sq ft with a 3.5 billion float. We have 20* that. \$tsnp \$IGPK[.]”*
7 (Dec. 9, 2020 at 11:23 AM EST)

8 (This tweet included a picture of emails that purported to be to
9 and from Arcis Resources Corporation from the email address
10 info@arcisresourcescorp.com, one of which also included Raul
11 Santos’s name.)

12 c. *“.0094 close enough Here is the 2nd email i received for this 1.4*
13 *million sq ft #cannabis behemoth. Big share reduction*
14 *coming. #CannabisCommunity #CannabIsNews i<cannabisindustry .-*
15 *stocks #pennystocks #bullish #stockmarketnews #stockmarket #trading*
16 *#stockstowatch #StocksToBuy[.]”* (Dec. 9, 2020 at 1:31 PM EST.)

17 (This tweet included a picture of emails that purported to be to
18 and from Arcis Resources Corporation from the email address
19 info@arcisresourcescorp.com, two of which also included Raul
20 Santos’s name.)

21 d. *“\$ARCS another email confirmation. See, I got your back ya’ll[.]”* (Dec.
22 9, 2020 at 8:59 PM EST.)

23 (This tweet included a picture of a communication that purported
24 to be from “Raul Santos” to “Sean Travis” regarding a
25 shareholder update.)

26 e. *“\$ARCS here is another email i received. Again, you can all verify it*
27 *with CEO:) On top of the current operations they have, they are*
28 *EXPANDING out of Colorado for BIGGER GROWS.*

1 *#CannabisCommunity #cannabis #potstocks #stocks \$TLRY \$HEXO*
2 *\$acb[.]*” (Dec. 10, 2020 at 9:47 AM EST.)

3 (This tweet included a picture of emails that purported to be to
4 and from Arcis Resources Corporation from the email address
5 info@arcisresourcescorp.com, one of which also included Raul
6 Santos’s name.)

7 f. *“Read this gentlemen’s email, then read it again;)* *\$ARCS[.]*” (Dec. 10,
8 2020 at 3:18 PM EST.)

9 (This tweet included a picture of two emails: one from “Justin” to
10 info@arcisresourcescorp.com, which asked for verification of
11 statements *“going around,”* and a second from Arcis Resources
12 Corporation stating *“[y]es, all of the mentioned is part of our*
13 *plan.”*)

14 g. *“\$ARCS, after speaking with CEO last night I am adjusting my price*
15 *targets significantly. I think we see .10-15 in 1-2 weeks from now but*
16 *ultimately over .3 by end of Jan. They have massive scalability and*
17 *already have licenses and operations compared to \$TLRY \$ACS and*
18 *\$HEXO[.]*” (Dec. 10, 2020 at 8:24 AM EST.)

19 h. *“Just received an email confirming today's tweets about \$ARCS*
20 *buyback. They will make an announcement on it next week in the*
21 *shareholder letter per their tweet today. Guys, I never ever EVER*
22 *said something like this maybe .. just maybe ... this is a once in a*
23 *lifetime stock.”* (Dec. 12, 2020 at 12:37 AM EST.)

24 i. *“\$ARCS buyback email. Confirmed. How much they will buy back we*
25 *have yet to be informed but it WILL be addressed in the shareholder*
26 *letter. This massive #mj #potstock and #cannabis co will be one for the*
27 *ages. 1.4 mill sq ft. no RS, no dilution, double expanding, OS*
28 *retirement[.]*” (Dec. 13, 2020 at 3:52 PM EST.)

1 (This tweet included a picture of emails that purported to be to
2 and from Arcis Resources Corporation from the email address
3 info@arcisresourcescorp.com.)

4 j. *“\$ARCS i have to say this as i get around 400 messages a day and am
5 bewildered some of you dent do any DD. You just got here and we shot
6 up 10,000% in a few days. If you dont like it, sell and move on. You all
7 expect 300-500% days. Be realistic. No one who is long expects that.
8 Stocks go down, stocks consolidate. But i am sick of the complaining
9 from some of you. 1 cent drop and the sky is falling. STOP. Move on
10 then. You didn't do any dd and you blindly purchased something you
11 didn't even research. I DID. I heard everything i needed to from the
12 CEO himself. I shared it EVEN THOUGH I DIDNT HAVE TO. I
13 thought by sharing we can all make money. But instead, you all want
14 me to tell you when he will release news. Aint gonna happen. 90% that
15 ask just want to know to sell into news. I am here for long term. You do
16 you[.]” (Dec. 15, 2020 at 5:29 PM EST.)*

17 k. *“\$arcs Got another email: Arcis Resources Corporation
18 <info@arcisresourcescorp.com> wrote: "Yes, I will talk with our
19 website developer about some changes." CEO said making changes to
20 website for pictures, letter, and other changes. Be patient.” (Dec. 14,
21 2020 at 2:23 PM EST.)*

22 53. These statements regarding Fassari’s purported communications with the
23 CEO were false and misleading. The CEO did not communicate with Fassari, including
24 “@OCMillionaire,” in December 2020. The CEO did not use the email address
25 info@arcisresrouces.com in December 2020. The CEO did not send or respond to the
26 emails regarding ARCS having “big investors” behind it, having significant operating
27 space, retiring shares, or otherwise reviving the company.

28 54. These statements regarding Fassari’s purported communications with the

1 CEO were false and misleading when made, and Fassari knew or was reckless in not
2 knowing, and should have known, that these statements were false and misleading.

3 55. These statements regarding Fassari's purported communications with the
4 CEO were material to ARCS's investors who were making investment decisions about
5 ARCS. The statements indicated that a previously defunct entity was, in fact, engaged
6 in significant operations and business functions, and reasonable investors would want to
7 know whether ARCS was engaged in business operations.

8 **D. Fassari Made False Statements About His Trading in ARCS**
9 **Securities.**

10 56. Using the handle @OCMillionaire, Fassari also made false and misleading
11 statements on Twitter about his own trading in ARCS's securities. On December 10 and
12 14, 2020, he claimed that he was holding onto his shares when, in fact, he was selling
13 on both of those days. Fassari stated:

- 14 a. *"\$ARCS I will not back down on my price target. I will stand firm like I*
15 *did on \$TSNP."* (Dec. 10, 2020 at 10:23 AM EST.)
- 16 b. *"People act like i was born yesterday. Bashing the heck out of me*
17 *AFTER All THAT DD i did and brought to the table. Sending pm's to*
18 *people saying i was selling. If anyone believed that lie then shame on*
19 *you. The ones accusing others are the ones selling. Cheaters mentality*
20 *\$arcs[.]"* (Dec. 10, 2020 at 1:42 PM EST.)
- 21 c. *"\$ARCS AGAIN I Will SAY IT. KNOW WHAT YOU OWN. HOLDING*
22 *ALL MY SHARES WITH GRIP TIGHT FIST. We are going .85+ I dont*
23 *care what the rest of you all think or do. God is good. This company is*
24 *doing everything the right way."* (Dec. 14, 2020 at 12:58 PM EST.)
- 25 d. *"\$ARCS so a couple of things. There has been more than enough*
26 *updates from the company CEO Raul Santos on Friday's tweets and*
27 *emails. Remember guys, i told you to be patient. Give him some room to*
28 *breathe. He has a lot on his plate. With all the evidence presented, you*

1 *can effectively make your own choices. Buy Sell Hold. I am choosing to*
2 *hold and i hope you go on this ride with me. He is doing US a favor so*
3 *lets do some DD and be grateful. He gave us his word and has worked*
4 *long and hard on this. Go over emails again. See you over .50 soon[.]”*
5 (Dec. 14, 2020 at 7:57 PM EST.)

6 57. On December 15, 2020, Fassari claimed on Twitter that “*Today is my last*
7 *buy day for \$ARCS then i will hold all for the promise land. It has been awesome*
8 *getting to know some of you. See you .85+ + one day. Oh, and I am about 99.5% sure i*
9 *found the #cannabis company merger..and ITS HUGE Won’t have any issues running*
10 *past my targets[.]”* (Dec. 15 at 9:29 AM EST.)

11 58. These statements regarding Fassari’s trading were false because on
12 December 10 and 14, Fassari was selling his ARCS holdings (not holding his position).
13 Fassari did not purchase shares on December 15 and, in fact, had not purchased shares
14 since December 9. He sold shares on December 10, 14, and 16.

15 59. These statements regarding Fassari’s trading were false and misleading
16 when made, and Fassari knew or was reckless in not knowing, and should have known,
17 that these statements were false and misleading.

18 60. These statements regarding Fassari’s trading were material to ARCS’s
19 investors who were making investment decisions about ARCS. Reasonable investors
20 would want to know that a person who claimed to have important information about
21 ARCS – directly from the CEO – was selling his position.

22 61. On or about December 18, 2020, Fassari tweeted a screenshot of his
23 E*Trade account to support his claim that he “[s]old [shares of Arcis Resources
24 Corporation] for a huge loss. I don’t care what anyone says about me. I back up what I
25 say. I take my losses like a man.” (Dec. 18 at 9:28 PM EST.) This tweet was
26 accompanied by a screenshot of an E*Trade account.

27 62. This statement was misleading. While Fassari chose to re-purchase his
28 position on December 17, and then he sold for a loss on December 18, he had

1 previously made over \$929,000 on sales of ARCS shares that he made between
2 December 10 and December 16.

3 63. This statement was misleading when made, and Fassari knew or was
4 reckless in not knowing, and should have known, that the statement was misleading.

5 64. Statements regarding Fassari's trading were material to ARCS's investors
6 who were making investment decisions about ARCS. Reasonable investors would want
7 to know that a person who claimed to have important information about ARCS –
8 directly from the CEO – had actually made significant profits prior to re-purchasing and
9 re-selling his position.

10 **V. Fassari's False and Misleading Statements Were Made "In the Offer or**
11 **Sale" and "In Connection with the Purchase or Sale" of Securities.**

12 65. The misstatements alleged herein were made by Fassari to induce investors
13 to buy ARCS securities.

14 66. Fassari made material misstatements in the offer or sale of securities as
15 defined in Section 2(a)(1) of the Securities Act and in connection with the purchase or
16 sale of securities as defined in Section 3(a)(10) of the Exchange Act [15 U.S.C. §§
17 77b(a)(1) and 78c(a)(10)].

18 **VI. Fassari Obtained Ill-Gotten Gains as a Result of his Fraudulent Conduct.**

19 67. Fassari obtained trading profits of approximately \$929,693 by means of his
20 trading ARCS's securities while making false and misleading statements about ARCS.

21 **CLAIMS FOR RELIEF**

22 **FIRST CLAIM**

23 **Fraud in the Offer or Sale of Securities**

24 **Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]**

25 68. The SEC re-alleges and incorporates by reference paragraphs 1 through 67,
26 as though fully set forth herein.

27 69. Defendant has, by engaging in the conduct set forth above, directly or
28 indirectly, in the offer or sale of securities, by use of means or instrumentalities of

1 interstate commerce or of the mails, with the requisite state of mind: (a) employed
2 devices, schemes or artifices to defraud; (b) obtained money or property by means of
3 untrue statements of material fact or omissions to state material facts necessary in order
4 to make the statements made, in light of the circumstances under which they were
5 made, not misleading; and/or (c) engaged in transactions, practices, or courses of
6 business which operated or would operate as a fraud or deceit upon purchasers of
7 securities.

8 70. By reason of the foregoing, Defendant violated, and, unless restrained and
9 enjoined, will continue to violate, Section 17(a) of the Securities Act.

10 **SECOND CLAIM**

11 **Fraud in the Purchase or Sale of Securities**

12 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder [15**
13 **U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]**

14 71. The SEC re-alleges and incorporates by reference paragraphs 1 through 67,
15 as though fully set forth herein.

16 72. Defendant has, by engaging in the conduct set forth above, directly or
17 indirectly, by use of means or instrumentalities of interstate commerce, or of the mails,
18 or of a facility of a national security exchange, with scienter: (a) employed devices,
19 schemes or artifices to defraud; (b) made untrue statements of material fact or omitted
20 to state material facts necessary in order to make the statements made, in light of the
21 circumstances under which they were made, not misleading; and/or (c) engaged in acts,
22 practices or courses of business which operated or would operate as a fraud or deceit
23 upon other persons, in connection with the purchase or sale of securities.

24 73. By reason of the foregoing, Defendant violated, and, unless restrained and
25 enjoined, will continue to violate, Section 10(b) of the Exchange Act and Rule 10b-5(b)
26 thereunder.

27 **RELIEF REQUESTED**

28 **WHEREFORE**, the SEC respectfully requests that this Court:

1 **I.**

2 Find that the Defendant committed the violations alleged in this Complaint;

3 **II.**

4 Enter an injunction, in a form consistent with Rule 65 of the Federal Rules of
5 Civil Procedure, freezing assets, permitting alternative means of service, requiring an
6 accounting, permitting expedited discovery, prohibiting destruction of documents, and
7 an order to show cause why the asset freeze regarding should not continue until this
8 matter is determined on the merits.

9 **III.**

10 Enter an injunction, in a form consistent with Rule 65 of the Federal Rules of
11 Civil Procedure, permanently restraining and enjoining Defendant and his agents,
12 servants, employees, attorneys, and accountants, and those persons in active concert or
13 participation with him, who receive actual notice of the Final Judgment by personal
14 service or otherwise, and each of them, from engaging in transactions, acts, practices,
15 and courses of business described herein, and from engaging in conduct of similar
16 purport and object in violation of Section 17(a) of Securities Act [15 U.S.C. § 77q(a)],
17 Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5
18 [17 C.F.R. § 240.10b-5] thereunder;

19 **IV.**

20 Order Defendant to disgorge ill-gotten gains received during the period of
21 violative conduct and pay prejudgment interest on such ill-gotten gains;

22 **V.**

23 Order Defendant to pay civil money penalties pursuant to Section 20(d) of the
24 Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15
25 U.S.C. § 78u(d)(3)];

26 **VI.**

27 Grant such further relief as this Court may deem just and proper.
28

JURY DEMAND

The SEC demands a trial by jury on all claims so triable.

Dated: March 1, 2021.

Respectfully submitted,

/s/ Amy Jane Longo

Amy Jane Longo (Cal. Bar No. 198304), Local Counsel
Leslie J. Hughes (*pro hac vice application pending*)

Attorneys for Plaintiff
Securities and Exchange Commission

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