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12 **UNITED STATES DISTRICT COURT**
 13 **CENTRAL DISTRICT OF CALIFORNIA**
 14 **Southern Division**

15 **SECURITIES AND EXCHANGE**
 16 **COMMISSION,**
 17 **Plaintiff,**

18 **vs.**

19 **TKO FARMS, INC., a private**
 20 **Wyoming corporation;**
 21 **AGRAVITAE, INC., a private**
 22 **Wyoming corporation; KENNETH**
 23 **DEWAYNE OWEN, an individual;**
 24 **REYNALDO AGUILAR (JR.), an**
 25 **individual; JAMES BRIAN**
 26 **BLAYLOCK, an individual; ROSS**
 27 **GREGORY ERSKINE, an**
individual, and the ESTATE of
GILBERT ALLAN PENHOLLOW,
Defendants,

and

FREELIFE LOGISTICS LLC, a
private Wyoming limited liability
company; PERSONAL GROUP,
LLC, a private Nevada limited

Case No. 8:22-cv-00941

COMPLAINT

1 **liability company; SIGNATURE**
2 **ONE CAPITAL INC, a private**
3 **Nevada corporation;**
4 **and STORBER, LLC, a private**
5 **California limited liability company,**
6
7 **Relief Defendants**

8 Plaintiff, Securities and Exchange Commission (“Commission”), alleges as
9 follows:

10 **SUMMARY OF THE ACTION**

11 1. This action concerns two unregistered and fraudulent securities
12 offerings perpetrated by Defendant Kenneth DeWayne Owen, a convicted felon,
13 and two entities he controlled, Defendants TKO Farms, Inc. (“TKO Farms”) and
14 Agravitae, Inc. (“Agravitae”). Between at least May 2017 and March 2021, both
15 offerings raised nearly \$20 million from nearly 200 investors, and purported to
16 provide investors the opportunity to share in profits generated by an exotic
17 hardwood and citrus tree farm located in Belize and its products.

18 2. Defendants Owen, TKO Farms, and Agravitae misrepresented and
19 failed to disclose to investors, among other things, that substantial amounts of the
20 monies invested would be used to pay exorbitant commissions to the various
21 unregistered brokers, and that Owen—who controlled TKO Farms’ and
22 Agravitae’s financial accounts and used investor funds for personal expenses,
23 including his own criminal restitution—was the true control person behind the
24 investment scheme and had a criminal record.

25 3. Owen, TKO Farms, and Agravitae effectuated the offering through
26 the use of various unregistered brokers—including Defendants Reynaldo Aguilar
27 Jr., James Brian Blaylock, Ross Gregory Erskine, and Gilbert Allan Penhollow
(deceased)—who cold-called and/or solicited numerous individuals in order to

1 induce them to invest and received transaction-based compensation in return for
2 their solicitations. Relief Defendants Freelifelife Logistics LLC, Personal Group,
3 LLC, Signature One Capital Inc, and Storber, LLC are entities controlled by the
4 various unregistered broker defendants and received certain of the ill-gotten
5 proceeds of those defendants' unregistered broker activity.

6 **JURISDICTION AND VENUE**

7 4. The Commission brings this action pursuant to Sections 20(b) and
8 20(d) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77t(b); 77t(d)]
9 and Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange
10 Act") [15 U.S.C. § 78u(d); 78u(e)] to enjoin such acts, practices, and courses of
11 business, and to obtain civil money penalties and such other and further relief as
12 this Court may deem just and appropriate.

13 5. Defendants were, individually and collectively, involved in the offer
14 and sale of securities, as that term is defined under Section 2(a)(1) of the Securities
15 Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. §
16 78c(a)(10)], issued by Defendants TKO Farms and/or Agravitae.

17 6. Each Defendant, directly or indirectly, made use of the mails or means
18 or instrumentalities of interstate commerce in connection with the conduct alleged
19 herein.

20 7. This Court has subject matter jurisdiction over this action pursuant to
21 Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. § 77t(b); 77v(a)];
22 Sections 21(d) and 27(a) of the Exchange Act [15 U.S.C. § 78u(d); 78a(a)]; and 28
23 U.S.C. § 1331.

24 8. Venue in this District is proper because each Defendant is found in,
25 inhabits, and/or transacted business in the Central District of California, and
26 because one or more acts or transactions constituting the violations alleged herein
27 occurred in the Central District of California.

1 **DEFENDANTS**

2 9. **TKO Farms, Inc.**, is a Wyoming corporation headquartered in
3 Tustin, California. TKO Farms’ ostensible business was to purchase, develop, and
4 operate an exotic hardwood and citrus tree farm in Belize.

5 10. **Agravitae, Inc.** (f/k/a Gravacor, Inc.; f/k/a Infinity International
6 Health & Beauty, Inc.) is a Wyoming corporation headquartered in Tustin,
7 California. Agravitae’s ostensible business was development and marketing of
8 products utilizing the hardwoods and citrus grown on TKO Farms’ Belize farm.

9 11. **Kenneth Dewayne Owen**, age 57, is last known to be a resident of
10 Laguna Beach, California. Owen, through multiple nominee/figurehead
11 individuals, exercised undisclosed *de facto* control over TKO Farms and Agravitae
12 and, at all relevant times, controlled those entities’ bank accounts. Owen also
13 direct and indirectly recruited and exercised control over various unlicensed
14 telephone solicitors acting as unregistered brokers, whom he, on behalf of TKO
15 Farms and Agravitae, engaged to solicit investment in securities issued by TKO
16 Farms and/or Agravitae. Owen has been convicted at least twice of federal
17 criminal offenses in the Central District of California (*United States v. Owen*, Case
18 No. 2:07-cr-1095 and *United States v. Owen*, Case No. 2:09-cr-688), including
19 stealing bulk mailing services from the U.S. Postal Service and conspiracy to
20 commit securities fraud in connection with a stock market manipulation scheme,
21 commonly known as a “pump-and-dump,” related to publicly-traded company.
22 Owen has also been the subject of a Department of Labor consent judgment related
23 to improper use of employee funds, one or more state tax liens, and a voluntary
24 bankruptcy filing.

25 12. **Reynaldo Aguilar (Jr.) (a/k/a Ted Collins)**, age 62, is last known to
26 be a resident of Mission Viejo, California. Aguilar was engaged directly and/or
27

1 indirectly by Owen to solicit prospective investors to invest in securities issued by
2 TKO Farms and Agravitae.

3 13. **James Brian Blaylock**, age 55, is last known to be incarcerated at
4 Folsom State Prison in California where he is serving a 13 year sentence arising
5 from a state prosecution for securities-related charges. Blaylock was engaged
6 directly and/or indirectly by Owen to, among other things, solicit prospective
7 investors to invest in securities issued by TKO Farms. Blaylock was the subject of
8 a 2018 desist and refrain order issued by the California Business, Consumer
9 Services and Housing Agency Department of Business Oversight related to his
10 operating as an unlicensed investment adviser.

11 14. **Ross Gregory Erskine (a/k/a, *inter alia*, John Thompson, Richard**
12 **Edmonds)**, age 50, is believed to be a resident of Newport Beach, California.
13 Erskine, who was a subject of an enforcement action brought by the Commodity
14 Futures Trading Commission (*see* [CFTC Rel. No. 4879-04](#); Jan. 15, 2004), was
15 engaged directly and/or indirectly by Owen to solicit prospective investors to
16 invest in securities issued by TKO Farms and Agravitae and did so directly and/or
17 through others who worked under him as solicitors. Erskine is presently a
18 defendant in another action brought by the Commission (*SEC v. LFS Funding*
19 *Limited Partnership, et al.*, Case No. 2:21-cv-04211) pending in the Central
20 District of California as of the date this complaint was filed.

21 15. **The Estate of Gilbert Allan Penhollow** (“Penhollow Estate”)
22 comprises the property in which Gilbert Allan Penhollow had an interest at the
23 time of his death, including real, personal, or other property he owned, possessed,
24 or controlled, whether directly or indirectly. Penhollow passed away on July 21,
25 2021. Prior to his death, Penhollow was engaged by Owen to solicit prospective
26 investors to invest in securities issued by TKO Farms and Agravitae.

27

1 **RELIEF DEFENDANTS**

2 16. **FreeLife Logistics LLC**, is a private Wyoming limited liability
3 company with no known place of business that is controlled by Blaylock. FreeLife
4 Logistics received certain ill-gotten proceeds of the misconduct described herein.

5 17. **Personal Group, LLC**, is a private Nevada limited liability company
6 with no known place of business that is controlled by Erskine. Personal Group
7 received certain ill-gotten proceeds through the misconduct described herein.

8 18. **Signature One Capital Inc**, is a private Nevada limited liability
9 company with no known place of business that is controlled by Erskine. Signature
10 One Capital received certain ill-gotten proceeds through the misconduct described
11 herein.

12 19. **Storber, LLC**, is a private California limited liability company with
13 no known place of business that is controlled by Aguilar. Storber received certain
14 ill-gotten proceeds through the misconduct described herein.

15 **FACTS**

16 20. Beginning sometime around May 2017, and continuing into the first
17 quarter of 2021, TKO Farms began offering securities to prospective investors. In
18 late 2019 or early 2020, Agravitae began to do the same, continuing the offering
19 until at least into August 2021.

20 21. In connection with the TKO Farms and Agravitae securities offerings,
21 Owen hired individuals, including Erskine and Penhollow, to solicit prospective
22 investors via telephone cold-calls. Penhollow, in conjunction with Owen,
23 eventually hired others, including Aguilar, to work as telephone solicitors under
24 him in a newly established telephone call center (*i.e.*, a boiler room) located in a
25 building next door to Owen's offices. Over time, Owen operated the call center
26 through other managers, including Blaylock.

27

1 22. Those individuals engaged by Owen to work in the call center
2 operated under a model in which “openers” (a) cold-called prospective investors
3 identified from purchased investor lead lists, (b) read to the prospective investors
4 various statements from written scripts, drafted by various individuals but
5 ultimately approved by Owen, pitching the TKO Farms and/or Agravitae
6 investment opportunities, (c) screened prospective investors who responded
7 favorably to the pitch (*i.e.*, asked if the investors had liquid assets available to
8 invest and whether the investors were accredited, among other things), and (d)
9 passed along to “closers” information about those prospective investors who
10 seemed promising. These closers, including Penhollow, Aguilar, and Blaylock,
11 would then call the prospective investors, answer their questions, provide them
12 with additional information and/or documents, and seek to secure an investment.
13 Those solicitors who did not work in the boiler room, including Erskine, operated
14 in both the “opener” and “closer” roles.

15 23. Depending on a prospective investor’s eagerness to invest and relative
16 desire for additional information, the telephone solicitors engaged by Owen would
17 decide which offering materials relative to TKO Farms and/or Agravitae to send
18 (or have sent by an administrative assistant) to the prospective investor. For
19 example, eager prospective investors, including those who were being asked to
20 make an additional investment, might be sent only a subscription agreement; while
21 less eager investors might be sent an entire suite of offering documents as
22 described below, receive an invitation to visit the TKO Farms offices in California
23 and/or the farm properties in Belize, and be provided with contact information for
24 other TKO Farms investors.

25 24. The TKO Farms and Agravitae offering documents, either complete
26 packages or portions thereof, were distributed to investors in both printed (via U.S.
27 mail or FedEx) or electronic form (via email or download).

1 25. In regard to both the TKO Farms and Agravitae securities offerings,
2 no registration statements were in effect, no registration statements were filed with
3 the Commission, and no exemption from registration validly applied.

4 26. Although the telephone solicitors orally asked prospective investors if
5 they were “accredited” investors under the federal securities laws, and although the
6 subscription agreements contained check-the-box style investor self-certifications,
7 none of the Defendants are known to have undertaken any reasonable steps to
8 verify, at the time of solicitation, that investors were accredited legally.

9 27. The call center openers were typically paid, either directly or
10 indirectly, by a shell company controlled by Penhollow and/or by the applicable
11 issuer (*i.e.*, TKO Farms or Agravitae), a small hourly wage or salary and a
12 commission on investments received from prospective investors the opener had
13 called. This commission ranged from at least 2.5% to 7% of the total amount
14 invested. The independent solicitors and the call center closers received
15 commissions ranging from 15% to 40% of the total amount invested.

16 **Misrepresentations and Omissions**

17 **in Connection with the TKO Farms Securities Offering**

18 28. The TKO Farms securities offering documents provided to investors
19 included, in some instances, (a) a multicolor brochure describing the company and
20 opportunity in general terms, (b) a “Confidential Offering Memorandum”
21 (“COM”) that described the offering in detail, (c) a subscription agreement,
22 included as an appendix to the COM, that prospective investors were asked to
23 complete and return, and (d) an “Income Statement Projection,” included as an
24 exhibit to the COM, that set forth the company’s expected financial performance
25 over the coming years (collectively, the “TKO Farms Offering Documents”).
26
27

1 29. Owen, as the *de facto* control person of TKO Farms, possessed the
2 ultimate authority over the content of the TKO Farms Offering Documents and
3 their distribution, directly and/or indirectly, to prospective investors.

4 30. The TKO Farms Offering Documents contained numerous material
5 misstatements and omissions, which TKO Farms and Owen knew or were reckless
6 in not knowing were materially false or misleading, and/or that the offering
7 documents contained material omissions, as follows:

8 31. The TKO Farms Offering Documents discussed the purported TKO
9 Farms “management team,” and disclosed, at various points, Richard Melland as
10 CEO, Tom Owen as president, and Shinsuke Nakashima as treasurer/secretary.
11 Kenneth Owen was listed as merely “VP of Sales” or “Senior Vice-President of
12 Sales” and was described as a successful businessman. The documents also stated
13 that the success of the TKO Farms endeavor would depend on “continued
14 employment by us of senior management and key technical personnel, especially
15 our CEO, Richard Melland.” In reality, Messrs. Melland, Tom Owen, and
16 Nakashima were, effectively, mere nominees for Kenneth Owen, who exercised
17 full control over TKO Farms’s finances and governance and on whom TKO
18 Farms’ success depended. The brochures also omit the fact that Kenneth Owen
19 was a convicted felon in a prior securities fraud-related federal criminal case and in
20 connection with stealing from the U.S. Postal Service.

21 32. The TKO Farms Offering Documents contained tables of the
22 “beneficial ownership of the Company’s securities: (i) by the directors and officers
23 of the Company, (ii) by persons who own 5% or more of such securities, and (iii)
24 by the directors and officers as a group.” The TKO Farms Offering Documents
25 also falsely stated that “Management of the Company presently holds a majority of
26 the issued and outstanding Shares in the Company and expects to continue to hold
27 such majority after the Offering.... Due to their stock ownership and positions with

1 the Company, the current officers will be in a position to continue to control the
2 affairs and management of the Company.” In reality, Messrs. Melland, Tom
3 Owen, and Nakashima did not own or control a majority interest in TKO Farms.
4 None of the iterations of those documents disclosed that Owen controlled the
5 majority of TKO Farms’ shares via a holding company, TKO Farms Holdings Inc.

6 33. The TKO Farms Offering Documents stated that “[t]he Company may
7 additionally utilize the services of ... selected broker-dealers who are members of
8 the Financial Industry Regulatory Authority (‘FINRA’) in connection with the
9 offer and sale of the [TKO Farms securities], subject to applicable securities laws”
10 and that “[p]art of the proceeds [of the offering] may also be used to pay potential
11 commissions to a FINRA and SEC registered placement agent, as well as other
12 supporting broker-dealers and sales agents, in accordance with federal securities
13 law and the securities law of the various states up to the highest amount permitted
14 by such laws.” In reality, TKO Farms did not utilize the services of any registered
15 broker-dealers, sales agents, or placement agents, including any members of
16 FINRA, and, instead and in contravention of federal securities laws, utilized
17 unregistered brokers and paid them exorbitant commissions, sometimes of up to
18 40%.

19 34. The TKO Farms Offering Documents stated, *inter alia* and at various
20 points (including in certain tables), that the proceeds of the offering would be used
21 “for land acquisition and development, general and administrative costs, reserve
22 capital, repayment of original investments and other general corporate purposes,
23 with broad discretion by the management of the Company.” In reality, Owen—not
24 management—made the decisions regarding the use of funds. The offering
25 documents also failed to disclose that a significant portion of the proceeds of the
26 offering were used to pay commissions to the telephone solicitors, to make loans to
27 and payments on behalf of Owen’s associates and other entities with which Owen

1 is or was associated (including Agravitae), to pay Owen a six-figure salary
2 (substantially higher than those of disclosed management), and to pay Owen's
3 personal expenses, including but not limited to: (a) \$83,746.09 towards restitution
4 that he was ordered to pay in connection with at least one of his criminal
5 convictions to the Clerk of the U.S. District Court for the Central District of
6 California; (b) donations to Owen's church; (c) payments for Owen's residence
7 and homeowners association; (d) expenses related to redevelopment of real estate
8 in Oregon controlled by Owen and loans to Penhollow and others to make down
9 payments on various homes; and (e) payments to various clothing stores, wineries
10 and liquor stores, hotels and restaurants.

11 35. Finally, the TKO Farms Offering Documents included income
12 statement projections showing an estimated "Gross Income" of \$1,530,000 for
13 2018. Upon information and belief, TKO Farms generated negligible revenues
14 during 2018. These projections concerning 2018 "gross income" were shared with
15 investors after they were known or should have been known by Owen to be
16 inaccurate.

17 **Fraud in Connection with TKO Farms' Forms D**

18 36. In connection with the TKO Farms securities offering, Owen caused
19 TKO Farms to file two Forms D with the Commission on or about June 1, 2017
20 and June 24, 2019 (respectively herein, the 2017 Form D and the 2019 Form D),
21 that also contained material misstatements and omissions, including the following:

22 37. The 2017 Form D lists Richard Melland as CEO and chairman,
23 Tommie Owen as president and director, and Shinsuke Nakashima as treasurer,
24 secretary, and a director of TKO Farms. The 2017 Form D failed to disclose, as
25 described above, that these individuals were nominees, and that Owen was in fact
26 in control of TKO Farms.
27

1 38. Both the 2017 Form D and the 2019 Form D failed to disclose any
2 amount of compensation that TKO Farms was paying, directly or indirectly, to
3 telephone solicitors as described above.

4 39. The 2017 Form D and 2019 Form D both falsely state that the total
5 offering amount was \$6 million. In fact, TKO Farms received at least
6 \$7,608,849.99 from investors between May 8, 2017 and June 4, 2019, and at least
7 \$6,526,034.70 from investors between June 14, 2019 and February 3, 2021.

8 40. TKO Farms and Owen knew or were reckless in not knowing that
9 these and other statements contained in the 2017 Form D and the 2019 Form D
10 filed with the Commission were materially false or misleading, and/or that the
11 2017 Form D and the 2019 Form D contained material omissions.

12 **Misrepresentations and Omissions**

13 **in Connection with the Agravitae Securities Offering**

14 41. Akin to the TKO Farms Offering Documents, the Agravitae securities
15 offering documents included (a) a multicolor brochure describing the company and
16 opportunity in general terms, (b) a “Confidential Offering Memorandum”
17 (“COM”) that described the offering in detail, (c) a subscription agreement,
18 included as Appendix A to the COM, that those wishing to invest were asked to
19 complete and return, and (d) a multi-year financial projection setting forth the
20 company’s expected financial performance over the coming years (collectively, the
21 “Agravitae Offering Documents”).

22 42. Owen, as the *de facto* control person of Agravitae, possessed the
23 ultimate authority over the content of the Agravitae securities offering documents
24 and their distribution, directly and/or indirectly, to prospective investors.

25 43. The Agravitae Offering Documents contained numerous material
26 misstatements and omissions, which Agravitae and Owen knew or were reckless in
27

1 not knowing were materially false or misleading, and/or that the offering
2 documents contained material omissions, as follows:

3 44. The Agravitae Offering Documents contain no disclosures related to
4 Owen's ownership or control of Agravitae, his ultimate control over the company
5 and its assets (including its bank accounts), or his common control of both
6 Agravitae and TKO Farms. The Agravitae Offering Documents state that
7 "Agravitae has an exclusive agreement with TKO Farms allowing for infusion of
8 their premium graviola with each of our products" without disclosing that such
9 agreement would not be arms' length. While the Agravitate Offering Documents
10 state that "[p]otential conflicts of interest may arise in the course of our operations
11 involving any member of management's interest, or an affiliate company's interest,
12 as well as their respective interests in other potential unrelated activities," they do
13 not disclose the actual conflict of interest created by Owen's ownership of TKO
14 Farms. Further, the Agravitae Offering Documents did not disclose Owen's prior
15 criminal convictions.

16 45. The Agravitae Documents stated, *inter alia* and at various points
17 (including in certain tables), that the proceeds of the offering would be used "for
18 product development, processing facilities, infrastructure, general and
19 administrative costs, reserve capital, repayment of original investor funds and other
20 general corporate purposes, with broad discretion by the management of the
21 Company." In reality, Owen—not management—made the decisions regarding the
22 use of funds and had authority over Agravitae's bank accounts. Akin to the TKO
23 Farms Offering Documents, the Agravitae Offering Documents also failed to
24 disclose that a significant portion of the proceeds of the offering were used to pay
25 commissions to the telephone solicitors and to pay Owen's personal expenses,
26 including but not limited to: (a) zoning, landscaping, labor/materials and
27 excavation work on a property Owen owned in Oregon; (b) residential property

1 appraisal services; (c) payments to food and liquor stores, as well as restaurants;
2 (d) personal care services; and (e) payments to or for the benefit of other business
3 entities believed to be controlled by Owen, including but not limited to TKO
4 Farms.

5 46. Finally, the Agravitae Offering Documents state that “[p]art of the
6 proceeds [of the offering] may also be used to pay potential commissions to a
7 FINRA and SEC registered placement agent, as well as other supporting broker-
8 dealers and sales agents, in accordance with federal securities law and the
9 securities laws of the various states up to the highest amount permitted by such
10 laws” In reality, Agravitae did not utilize the services of any registered
11 broker-dealers, sales agents, or placement agents, and, instead and in contravention
12 of federal securities laws, utilized unregistered brokers and paid them exorbitant
13 commissions, sometimes of up to 30% to 40%.

14 **Fraud in Connection with Agravitae’s Form D**

15 47. In connection with the Agravitae securities offering, Owen caused
16 Agravitae to file a Form D with the Commission on or about February 8, 2021 (the
17 2021 Form D). The 2021 Form D contained material misstatements and omissions
18 concerning the offering, including the following:

19 48. The 2021 Form D lists a date of first sale of January 27, 2021. In fact,
20 Agravitae sold its securities to investors as early as December 2019.

21 49. The 2021 Form D discloses no sales compensation that had or would
22 be paid to telephone solicitors, including commission compensation.

23 50. The 2021 Form D states a total offering amount of \$350,000. In fact,
24 as financial records Agravitae received over \$2.5 million from investors before
25 February 8, 2021.

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Defendant	Paid To	Date Range of Payments	Total Payments (\$)
Aguilar	Reynaldo Aguilar	02/22/19 – 04/17/20	\$81,750.00
	Storber, LLC	01/10/20 – 04/30/21	\$100,500.00
Blaylock	James Blaylock	01/02/18 – 06/14/19	\$121,415.54
	FreeLife Logistics LLC	01/02/18 – 02/28/20	\$292,198.00
Erskine	Personal Group, LLC	01/16/19 – 01/07/21	\$212,972.00
	Signature One Capital Inc	05/12/17 – 01/07/21	\$193,416.80
Penhollow	Gilbert Penhollow	07/14/17 – 05/18/21	\$133,015.64
	Gianna Inc.	07/06/18 – 09/04/20	\$1,282,107.05
	Gladiator, Inc.	10/16/20 – 04/09/21	\$345,870.91
	Health Networking, Inc.	01/22/21 – 03/05/21	\$45,187.04
	Mega Marketing Inc.	12/20/19 – 05/08/20	\$555,412.00
Total			\$3,363,844.98

56. None of Owen, Aguilar, Blaylock, Erskine, and Penhollow were, during the relevant time period, registered as a broker or dealer with the

1 Commission, nor associated with a broker or dealer registered with the
2 Commission.

3 **FIRST CLAIM FOR RELIEF**

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

5 **[15 U.S.C. § 77e(a); 77e(c)]**

6 ***(All Defendants)***

7 57. The Commission re-alleges and incorporates by reference each and
8 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

9 58. By engaging in the conduct described above each Defendant, directly
10 or indirectly:

11 a. made use of means or instruments of transportation or communication
12 in interstate commerce or of the mails to sell TKO Farms and/or Agravitae
13 securities, as to which no registration statement was in effect, through the
14 use or medium of any prospectus or otherwise;

15 b. carried or caused to be carried through the mails or in interstate
16 commerce, by any means or instrument of transportation, TKO Farms and/or
17 Agravitae securities, as to which no registration statement was in effect, for
18 the purpose of sale or for delivery after sale; and

19 c. made use of any means or instruments of transportation or
20 communications in interstate commerce or of the mails to offer to sell or
21 offer to buy through the use or medium of any prospectus or otherwise TKO
22 Farms and/or Agravitae securities as to which no registration statement had
23 been filed.

24 59. In regard to the sale of TKO Farms and Agravitae securities described
25 herein, no exemption validly applied to the registration requirements described
26 above.

27

1 **THIRD CLAIM FOR RELIEF**

2 **Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]**
3 ***(Defendants Owen, Aguilar, Blaylock, Erskine, and Penhollow Estate)***

4 65. The Commission re-alleges and incorporates by reference each and
5 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

6 66. By engaging in the conduct described above, Defendants Owen,
7 Aguilar, Blaylock, Erskine, and Penhollow each:

8 a. engaged in the business of effecting transactions in securities for the
9 account of others; and

10 b. directly or indirectly, made use of the mails or the means or
11 instrumentalities of interstate commerce to effect transactions in, or to
12 induce or attempt to induce the purchase or sale of, securities without being
13 registered as a broker or dealer with the Commission or associated with a
14 broker or dealer registered with the Commission.

15 67. By reason of the foregoing, Defendants Owen, Aguilar, Blaylock,
16 Erskine, and Penhollow each violated and, unless enjoined, will (other than the
17 Penhollow Estate) continue to violate Section 15(a)(1) of the Exchange Act [15
18 U.S.C. § 78o(a)(1)].

19 **FOURTH CLAIM FOR RELIEF**

20 **AIDING AND ABETTING**

21 **Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]**
22 ***(Defendants TKO Farms, Agravitae, and Owen)***

23 68. The Commission re-alleges and incorporates by reference each and
24 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

25 69. By engaging in the conduct described above, Defendants Aguilar,
26 Blaylock, Erskine, and/or Penhollow violated Section 15(a)(1) of the Exchange
27 Act [15 U.S.C. § 78o(a)(1)], and Defendants TKO Farms, Agravitae, and Owen,

1 knowingly or recklessly, provided substantial assistance to Defendants Aguilar,
2 Blaylock, Erskine, and/or Penhollow in their respective achievement of said
3 violations.

4 70. Pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)],
5 any person that knowingly or recklessly provides substantial assistance to another
6 person in violation of a provision of the Exchange Act, or of any rule or regulation
7 issued under the Exchange Act, shall be deemed to be in violation of such
8 provision to the same extent as the person to whom such assistance is provided.

9 71. By reason of the foregoing, Defendants TKO Farms and Agravitae are
10 liable for violations of Section 15(a)(1) of the Exchange Act to the same extent as
11 Defendants Aguilar, Blaylock, Erskine, and Penhollow are liable and, unless
12 enjoined, will continue to violate Section 15(a)(1) of the Exchange Act.

13 72. By reason of the foregoing, and in the alternative to his direct
14 violation of Section 15(a)(1) of the Exchange Act, Defendant Owen is liable for
15 violation of Section 15(a)(1) of the Exchange Act to the same extent as Defendants
16 Aguilar, Blaylock, Erskine, and Penhollow are liable and, unless enjoined, will
17 continue to violate Section 15(a)(1) of the Exchange Act.

18 **FIFTH CLAIM FOR RELIEF**

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

20 ***(Defendants TKO Farms, Agravitae, and Owen)***

21 73. The Commission re-alleges and incorporates by reference each and
22 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

23 74. By engaging in the conduct described above, each of Defendants TKO
24 Farms, Agravitae, and Owen, directly or indirectly, individually or in concert with
25 others, in the offer and sale of securities, by use of the means and instruments of
26 transportation and communication in interstate commerce or by use of the mails,

27 a. employed devices, schemes, or artifices to defraud;

1 b. obtained money or property by means of untrue statements of material
2 fact or omissions to state material facts necessary in order to make the
3 statements made, in light of the circumstances under which they were made,
4 not misleading; and

5 c. engaged in transactions, practices, or courses of business which
6 operated or would operate as a fraud or deceit.

7 75. With respect to violations of Section 17(a)(1) of the Securities Act [15
8 U.S.C. § 77q(a)], each of Defendants TKO Farms, Agravitae, and Owen engaged
9 in the above-referenced conduct knowingly or with severe recklessness.

10 76. With respect to violations of Sections 17(a)(2) and 17(a)(3) of the
11 Securities Act [15 U.S.C. §§ 77q(a)(2); 77q(a)(3)], each of Defendants TKO
12 Farms, Agravitae, and Owen was at least negligent in its/his conduct and in the
13 untrue and misleading statements alleged herein.

14 77. By reason of the foregoing, Defendants TKO Farms, Agravitae, and
15 Owen each violated and, unless enjoined, will continue to violate Section 17(a) of
16 the Securities Act.

17 **SIXTH CLAIM FOR RELIEF**

18 **AIDING AND ABETTING**

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

20 ***(Defendant Owen)***

21 78. The Commission re-alleges and incorporates by reference each and
22 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

23 79. By engaging in the conduct described above, Defendants TKO Farms
24 and Agravitae violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and
25 Defendant Owen, knowingly or recklessly, provided substantial assistance to
26 Defendants TKO Farms and Agravitae in their respective achievements of said
27 violations.

1 80. Pursuant to Section 15(b) of the Securities Act [15 U.S.C. § 77o(b)],
2 any person that knowingly or recklessly provides substantial assistance to another
3 person in violation of a provision of the Securities Act, or of any rule or regulation
4 issued under the Securities Act, shall be deemed to be in violation of such
5 provision to the same extent as the person to whom such assistance is provided.

6 81. By reason of the foregoing, and in the alternative to his direct
7 violation of Section 17(a) of the Securities Act, Defendant Owen is liable for
8 violations of Section 17(a) of the Securities Act to the same extent as Defendants
9 TKO Farms and Agravitae are liable and, unless enjoined, will continue to violate
10 Section 17(a) of the Securities Act.

11 **SEVENTH CLAIM FOR RELIEF**

12 **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and**
13 **Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]**
14 ***(Defendants TKO Farms, Agravitae, and Owen)***

15 82. The Commission re-alleges and incorporates by reference each and
16 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

17 83. By engaging in the conduct described above, each of Defendants TKO
18 Farms, Agravitae, and Owen directly or indirectly, individually or in concert with
19 others, in connection with the purchase or sale of securities, by use of the means
20 and instrumentalities of interstate commerce or by use of the mails,

- 21 a. employed devices, schemes, and artifices to defraud;
- 22 b. made untrue statements of material facts and/or omitted to state
23 material facts necessary in order to make the statements made, in light of the
24 circumstances under which they were made, not misleading; and
- 25 c. engaged in acts, practices, and course of business which operated as a
26 fraud and deceit upon purchasers, prospective purchasers, and other persons.
27

1 84. Each of Defendants TKO Farms, Agravitae, and Owen engaged in the
2 above-referenced conduct and made the above-referenced untrue and misleading
3 statements knowingly or with severe recklessness.

4 85. By reason of the foregoing, each of Defendants TKO Farms,
5 Agravitae, and Owen have violated and, unless enjoined, will continue to violate
6 Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule
7 10b-5 [17 C.F.R. § 240.10b-5].

8 **EIGHTH CLAIM FOR RELIEF**

9 **CONTROL PERSON**

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

12 ***(Defendant Owen)***

13 86. The Commission re-alleges and incorporates by reference each and
14 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

15 87. By engaging in the conduct described above, Defendants TKO Farms
16 and Agravitae violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and
17 Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

18 88. At all relevant times during which the violations occurred, Defendant
19 Owen (a) controlled Defendants TKO Farms and Agravitae, (b) did not act in good
20 faith, and (c) directly or indirectly induced the acts by Defendants TKO Farms and
21 Agravitae that constituted the violation or cause of action.

22 89. Pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)],
23 every person who, directly or indirectly, controls any person liable under the
24 Exchange Act or of any rule or regulation thereunder shall also be liable jointly
25 and severally with and to the same extent as such controlled person to any person
26 to whom such controlled person is liable (including to the Plaintiff Commission),
27

1 unless the controlling person acted in good faith and did not directly or indirectly
2 induce the act or acts constituting the violation or cause of action.

3 90. By reason of the foregoing, Defendant Owen is liable, jointly and
4 severally, for violations of Section 10(b) of the Exchange Act and Exchange Act
5 Rule 10b-5 to the same extent as Defendants TKO Farms and Agravitae are liable
6 and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act
7 and Exchange Act Rule 10b-5.

8 **NINTH CLAIM FOR RELIEF**

9 **AIDING AND ABETTING**

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

13 91. The Commission re-alleges and incorporates by reference each and
14 every allegation in paragraphs 1-56, inclusive, as if they were fully set forth herein.

15 92. By engaging in the conduct described above, Defendants TKO Farms
16 and Agravitae violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and
17 Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5], and Defendant Owen,
18 knowingly or recklessly, provided substantial assistance to Defendants TKO Farms
19 and Agravitae in their respective achievement of said violations.

20 93. Pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)],
21 any person that knowingly or recklessly provides substantial assistance to another
22 person in violation of a provision of the Exchange Act, or of any rule or regulation
23 issued under the Exchange Act, shall be deemed to be in violation of such
24 provision to the same extent as the person to whom such assistance is provided.

25 94. By reason of the foregoing, and in the alternative to his direct
26 violation of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5,
27 Defendant Owen is liable for violations of Section 10(b) of the Exchange Act and

1 Exchange Act Rule 10b–5 to the same extent as Defendants TKO Farms and
2 Agravitae are liable and, unless enjoined, will continue to violate Section 10(b) of
3 the Exchange Act and Exchange Act Rule 10b–5.

4 **PRAYER FOR RELIEF**

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

7 **I.**

8 Permanently restraining and enjoining each Defendant (other than the
9 Penhollow Estate) from, directly or indirectly, engaging in conduct in violation of
10 Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a); 77e(c)];

11 **II.**

12 Permanently restraining and enjoining each Defendant (other than the
13 Penhollow Estate) from, directly or indirectly, engaging in conduct in violation of
14 Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)];

15 **III.**

16 Permanently restraining and enjoining each of Defendants TKO Farms,
17 Agravitae, and Owen from, directly or indirectly, engaging in conduct in violation
18 of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

19 **IV.**

20 Permanently restraining and enjoining each of Defendants TKO Farms,
21 Agravitae, and Owen from, directly or indirectly, engaging in conduct in violation
22 of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule
23 10b–5 [17 C.F.R. § 240.10b–5];

24 **V.**

25 Permanently restraining and enjoining each of Defendants Owen, Aguilar,
26 Blaylock, and Erskine from, directly or indirectly, including, but not limited to,
27

1 through any entity owned or controlled by each, soliciting any person or entity to
2 purchase or sell any security;

3 **VI.**

4 Permanently restraining and enjoining Defendant Owen from, directly or
5 indirectly, including, but not limited to, through any entity owned or controlled by
6 Defendant Owen, participating in the issuance, purchase, offer, or sale of any
7 security, provided, however, that such injunction shall not prevent Defendant
8 Owen from purchasing or selling securities for his own personal account through a
9 Commission-registered broker-dealer;

10 **VII.**

11 Pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and
12 Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], unconditionally and
13 permanently prohibit Defendant Owen from acting as an officer or director of any
14 issuer that has a class of securities registered pursuant to Section 12 of the
15 Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to
16 Section 15o(d) of the Exchange Act [15 U.S.C. § 78o(d)];

17 **VIII.**

18 Ordering each Defendant and each Relief Defendant to disgorge all ill-
19 gotten gains or unjust enrichment derived from the activities set forth in this
20 Complaint, together with prejudgment interest thereon;

21 **IX.**

22 Ordering each Defendant (other than the Penhollow estate) to pay civil
23 monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §
24 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

25 **X.**

26 Retaining jurisdiction of this action in accordance with the principles of
27 equity and the Federal Rules of Civil Procedure in order to implement and carry

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

4 **XI.**

5 Granting such other and further relief as this Court may deem just, equitable,
6 or necessary in connection with the enforcement of the federal securities laws and
7 for the protection of investors.

8 Dated: May 6, 2022

9
10 /s/ Tracy S. Combs

11 Tracy S. Combs

12 Casey R. Fronk

13 Charles E. Canter

14 *Attorneys for Plaintiff*

15 *Securities and Exchange Commission*
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