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13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**

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

17 **Plaintiff,**

18 **v.**

19 **CHARLES WINN LLC, AARON**
20 **DAVID SCOTT-BRITTEN, aka**
21 **AARON DAVID, AARON SCOTT,**
22 **and AARON DAVID K. BRITTEN,**
23 **OHRAN EMMANUEL STEWART,**
24 **aka ELLIOTT STEWART, CASEY**
25 **ALEXANDER, and CHARLIE JAKE**
26 **SMITH,**

27 **Defendants.**

Case No.

COMPLAINT

JURY DEMAND

28 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

1 **JURISDICTION AND VENUE**

2 1. The SEC brings this action pursuant Section 20(b) of the Securities Act
3 of 1933 (“Securities Act”), 15 U.S.C. § 77t(b), and Section 21(d) of the Securities
4 Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78u(d).

5 2. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331,
6 Sections 20(b), 20(d), and 22 of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and
7 77v, and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d),
8 78u(e), and 78aa(a).

9 3. Defendants, directly and indirectly, made use of the means or
10 instruments of transportation or communication in, and the means and instruments of,
11 interstate commerce, or of the mails, or of the facility of a national securities
12 exchange in connection with the alleged acts, practices, and courses of business
13 alleged in this Complaint.

14 4. Venue is proper in this district pursuant to Section 22(a) of the Securities
15 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a).
16 Acts, practices, and courses of business constituting violations alleged herein have
17 occurred within the jurisdiction of the United States District Court for the Central
18 District of California and elsewhere. Moreover, at least 15 victims of Defendants’
19 alleged securities violations reside in California, and six victims reside in this district.

20 **SUMMARY**

21 5. Between January 2018 and September 2021, Defendant Charles Winn
22 LLC (“Charles Winn”), through Defendants Aaron David Scott-Britten (“Scott-
23 Britten”), aka Aaron David, Aaron Scott, and Aaron David K. Britten, and Ohran
24 Emmanuel Stewart (“Stewart”), aka Elliot Stewart, Charles Winn’s senior managers,
25 Defendant Casey Alexander (“Alexander”), its senior sales representative, and
26 Defendant Charlie Jake Smith (“Smith”), its record managing member, engaged in a
27 fraudulent investment scheme involving fine wine.

1 6. Charles Winn raised at least \$8.5 million through the fraudulent and
2 unregistered offer and sale of investment contracts to at least 121 investors in the
3 United States, most of whom are elderly. Scott-Britten and Stewart orchestrated the
4 fraudulent scheme, and Alexander and Smith participated in it.

5 7. Charles Winn, through Scott-Britten and Stewart, its sales
6 representatives, including Alexander, and marketing materials, represented to
7 investors that Charles Winn would buy investment-grade wines for investors, later
8 sell the wine at a profit, and would share in a portion of the profits with investors.

9 8. Charles Winn, through Scott-Britten and Stewart, its sales
10 representatives, including Alexander, and marketing materials, falsely represented to
11 investors that: (a) their money would solely be used to purchase and store wine; (b)
12 the wine could be expected to achieve a return ranging between 10% to 45%; and (c)
13 the company would not receive any compensation or profit until the wine was sold;
14 and failed to disclose that sales representatives received up-front commissions of 5%
15 to 15% from investor funds.

16 9. These statements were false because Charles Winn, through Scott-
17 Britten, Stewart, and Smith, spent no more than 43% of the investors' funds on the
18 purchase and storage of wine.

19 10. Further, Charles Winn, through Scott-Britten, Stewart, and Smith, made
20 only *de minimis* payments to investors, and misused investor funds by spending them
21 on a variety of non-wine uses, including at least \$1.7 million for payments to
22 individuals, including sales representatives and workers who performed back-office
23 functions for Charles Winn, which included at least \$311,094, \$483,596, \$121,156,
24 and \$43,459 directly to Scott-Britten and Stewart (and their family and/or affiliated
25 entities), Alexander, and Smith, respectively.

26 11. From January 2018 and September 2021, Scott-Britten and Stewart acted
27 as control persons of Charles Winn.
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1 12. Defendants' scheme has now collapsed, and the company has stopped
2 responding to investors.

3 13. By engaging in the conduct described above, Defendants violated
4 numerous provisions of the federal securities laws, including antifraud, securities
5 offering registration, and broker registration provisions as detailed below.

6 14. The SEC seeks to enjoin each of the Defendants in this action from
7 violations of federal securities laws, and seeks disgorgement of their ill-gotten gains,
8 on a joint and several basis, along with prejudgment interest and civil penalties. The
9 SEC also requests that the Court bar Scott-Britten and Stewart from serving as an
10 officer or director of public companies.

11 **DEFENDANTS**

12 15. **Charles Winn LLC** is a Delaware limited liability company formed in
13 August 2017 with its principal place of business at a virtual office in Wilmington,
14 Delaware. In 2021, Charles Winn was the subject of state securities or consumer
15 protection orders in California, Illinois, Michigan, Oklahoma, Texas, Washington,
16 and Wisconsin in connection with its wine investment business. The state orders
17 found, among other things, that Charles Winn's wine investment business constituted
18 an unregistered offering of securities and that Charles Winn made material
19 misstatements of fact in connection with the offer or sale of securities. Charles Winn
20 has not registered with the Commission in any capacity, nor has it ever registered any
21 offering of securities under the Securities Act.

22 16. **Aaron David Scott-Britten**, aka Aaron David, Aaron Scott, and Aaron
23 David K. Britten, age 33, is a citizen of the United Kingdom believed to reside in
24 London, England. Scott-Britten was a *de facto* co-owner and senior manager of
25 Charles Winn. Scott-Britten has not registered with the Commission in any capacity,
26 nor has he ever registered any offering of securities under the Securities Act.

27 17. **Ohran Emmanuel Stewart**, aka Elliott Stewart, age 36, is a citizen of
28 the United Kingdom believed to reside in London, England. Stewart was a *de facto*

1 co-owner and senior manager of Charles Winn. Stewart has not registered with the
2 Commission in any capacity, nor has he ever registered any offering of securities
3 under the Securities Act.

4 18. **Casey Alexander**, age 26, is a citizen of the United Kingdom believed
5 to reside in London, England. From approximately 2017 to 2022, Alexander acted as
6 a senior sales representative for Charles Winn. On June 14, 2022, Alexander was
7 arrested on a criminal complaint in the Northern District of Ohio and charged with
8 conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349, arising out of a
9 fraudulent wine and whiskey investment scheme involving Charles Winn LLC,
10 Windsor Jones LLC, and VWC LLC. *United States v. Alexander*, 1:23-CR-149-SO-1
11 (N.D. Ohio). On March 21, 2023, Alexander waived indictment and pleaded guilty to
12 an information charging him with conspiracy to commit wire fraud arising out of a
13 fraudulent offer and sale of wine and whiskey investments by Company-1 and
14 Company-2 to U.S. investors. *Id.* Alexander has not registered with the Commission
15 in any capacity, was not associated with an entity registered with the SEC as a broker,
16 nor has he ever registered any offering of securities under the Securities Act.

17 19. **Charlie Jake Smith**, age 27, is a citizen of the United Kingdom who
18 resides in London, England. Smith founded Charles Winn and was its record
19 managing member. Smith had sole signature authority over Charles Winn's U.S.-
20 based bank accounts. In 2021, Smith was the subject of state securities orders in
21 Illinois, Texas, and Wisconsin, which found, among other things, that Charles Winn's
22 wine investment business constituted an unregistered offering of securities and that
23 Smith and Charles Winn made material misstatements of fact in connection with the
24 offer or sale of securities. Smith has not registered with the Commission in any
25 capacity, nor has he ever registered any offering of securities under the Securities
26 Act. Smith entered into tolling agreements to toll or suspend the running of any
27 statute of limitations for a period of five months.

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FACTS

20. Section 5(a) and (c) of the Securities Act requires persons who offer and sell securities to the public to register those offers and sales with the SEC, absent certain exemptions or safe harbors that do not apply to Defendants’ transactions.

21. The definition of a “security” under the Securities Act includes, among other instruments and investment vehicles, “investment contracts.”

22. Investment contracts are instruments through which a person invests money in a common enterprise with an expectation of profits or returns produced by the entrepreneurial or managerial efforts of others.

23. Between January 2018 and September 2021, Charles Winn raised at least \$8.5 million from approximately 121 investors in the United States through the sale of purported fine wine investments that were investment contracts.

24. The Charles Winn offering was not registered with the Commission.

25. The investors resided in various states throughout the United States, including 15 in California and six in this district. Most of them were elderly, and many were not accredited.

I. Scott-Britten Directed Smith to Form Charles Winn.

26. In or about August 2017, Scott-Britten directed Smith to form Charles Winn in the United States to solicit U.S. investors for purported fine wine investments.

27. Thereafter, Smith formed Charles Winn and became its sole record managing member.

28. In late 2017 or early 2018, Scott-Britten directed Smith to travel to the United States with Scott-Britten’s assistant to open bank accounts in the name of Charles Winn.

29. Smith followed these instructions and opened three U.S. bank accounts in the name of Charles Winn. Smith was listed as the company’s “manager/member,”

1 “member,” and “sole owner” in the account opening documents, and had sole
2 signature authority over Charles Winn’s U.S.-based bank accounts.

3 30. Following his return to the United Kingdom, Smith gave control over
4 Charles Winn’s U.S.-bank accounts to Scott-Britten, Stewart, and Scott-Britten’s
5 assistant.

6 31. From the inception of Charles Winn, Scott-Britten and Stewart acted as
7 co-owners and managers of Charles Winn, controlling all aspects of its business
8 including, without limitation, preparing marketing materials and a website, recruiting
9 and training sales representatives, disciplining sales representatives who did not
10 adhere to sales scripts, reviewing lead lists and hiring a foreign call center, reviewing
11 recordings of telephone calls Charles Winn sales representatives placed to U.S.
12 investors, managing investor funds, purchasing wine and arranging for its storage,
13 and directing payments from its bank accounts, including to Charles Winn staff, sales
14 representatives, and themselves.

15 32. From January 2018 and September 2021, Scott-Britten and Stewart acted
16 as control persons of Charles Smith.

17 **II. Charles Winn Offered Purported Investments in Fine Wine.**

18 33. Charles Winn offered fraudulent purported fine wine investments.

19 34. Investors typically learned about the fine wine investment opportunity
20 from unsolicited and repeated cold calls from sales representatives who said that they
21 were acting on behalf of Charles Winn.

22 35. Junior sales representatives made initial or “opener” calls and typically
23 used a script provided by Scott-Britten and Stewart.

24 36. The script included a series of questions for the junior sales
25 representative to ask to determine if investors were “qualified,” meaning that they
26 were the primary decision-maker in their household and had at least \$5,000 to
27 \$10,000 available for investment.
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1 37. The script also included questions about whether the investor was
2 accredited. However, the junior sales representatives did not always ask whether
3 investors were accredited, and sometimes ignored negative responses, proceeding
4 with the sales pitch regardless. If a prospective investor indicated interest, the junior
5 sales representative would arrange for Charles Winn to send marketing materials to
6 the investor via mail or email, using email addresses associated with Charles Winn.

7 38. Charles Winn’s senior sales representatives would then follow-up with
8 an additional call or calls to “close” the deal, following scripts prepared by Scott-
9 Britten and Stewart and sometimes using assumed names.

10 39. The senior sales representatives, who usually had British accents,
11 represented that: (a) they would recommend specific vintages of investment-grade
12 wines for the investor to purchase; (b) wine was a lucrative investment; (c) the
13 company had access to appropriate markets to sell the appreciated wines at a later
14 date; and (d) the wines would be stored in a secure, climate-controlled facility in
15 France or the United Kingdom for the duration of the investment to preserve the
16 wines’ value and minimize taxes.

17 40. The Charles Winn senior sales representatives also told investors that the
18 funds they invested would be used exclusively to purchase and store wine that would
19 be the property of the individual investors.

20 41. The investors, many of whom were not familiar with wine investments,
21 were not expected to participate in the selection of their wines, their storage, or the
22 resale process.

23 42. Instead, the investors relied on the expertise of Charles Winn to generate
24 a profit by recommending wines likely to increase in value, arranging to store them in
25 a manner that would preserve their value, and identifying buyers for the appreciated
26 wines.

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1 43. The only decisions the investors made were whether to invest in the
2 wine recommended by Charles Winn senior sales representatives and whether to
3 agree to the sale of their wine.

4 44. The Charles Winn senior sales representatives told investors that Charles
5 Winn had access to certain markets to sell the wine, including purported wealthy
6 individual buyers in China or India, high-end restaurants, and wine auctions.

7 45. The Charles Winn senior sales representatives also told investors that
8 they could expect to make a profit because the wine would appreciate significantly in
9 value (ranging from 10% to 45%) within a short time period (generally ranging from
10 several months to a few years).

11 46. The Charles Winn senior sales representatives did not tell investors that
12 they were required to hold the wine for any minimum period.

13 47. The Charles Winn senior sales representatives told investors they would
14 realize the profit when the wine was sold.

15 48. The Charles Winn senior sales representatives told investors that the
16 only compensation Charles Winn would receive for its wine investment services was
17 a commission – typically 10% of wine sale profits, but sometimes as low as 5% or as
18 high as 30% – upon sale of the investor’s wine to a new purchaser.

19 49. The Charles Winn senior sales representatives also told investors that
20 Charles Winn would not be entitled to any compensation until the sale of the wine.

21 50. Stewart trained Charles Winn senior sales representatives on what to tell
22 investors on “closer” calls.

23 51. Further, Scott-Britten, Stewart, and Smith received audio recordings via
24 email of these “closer” calls. For example:

25 (a) On January 30, 2019, Smith sent an email to Scott-Britten
26 attaching a recording of a telephone call between a Charles Winn senior sales
27 representative and an investor on which the sales representative stated: “Our clients
28 have consistently been able to achieve an average yield on their investment outlay

1 anywhere between 15% up to 40% on a year in and a year out basis” and touted that
2 Charles Winn sold clients’ wine to “blue chip conglomerates,” like restaurant chains,
3 casinos, hotels, and first class private jet airlines.

4 (b) On June 24, 2019, Smith sent an email to Scott-Britten attaching a
5 recording of a telephone call between a Charles Winn senior sales representative and
6 an investor where the sales representative stated: “We do not get paid until we sell
7 you out of the markets. . . . We are a performance-based brokerage . . . the more
8 money I make you, the more money I make myself.”

9 (c) On October 21, 2019, Smith sent an email to Stewart attaching
10 recordings of telephone calls between Charles Winn senior sales representatives and
11 investors where, in one call, the sales representative encouraged the investor to buy
12 more wine to make his portfolio more attractive instead of selling.

13 (d) In another recorded telephone call attached to the same October
14 21, 2019 email from Smith to Stewart, the Charles Winn senior sales representative
15 stated that: (a) the investor should expect 15-27% returns; and (b) “I am a
16 performance-based broker . . . I don’t take money up front. . . . I make 10% of the
17 profits I sell you and 10% only.”

18 52. Alexander made similar misstatements on recorded calls with investors.
19 For example:

20 (a) On or about June 26, 2020, Alexander told an investor that “all
21 you pay me . . . is 10%, but only from your profit. So . . . the more money I make for
22 you, the more money I make for myself.”

23 (b) On or about September 28, 2020, in an attachment to an email
24 from Smith to Stewart, Alexander told an investor that (a) a 20% annual return on
25 investment is the minimum expected return; and (b) a Charles Winn broker “is paid
26 solely based upon performance,” “only makes 10% of their client’s profit at the point
27 of sale,” and “I don’t get paid until you do.”

28 53. Alexander solicited investors by making numerous phone calls every

1 work day to try to persuade investors to invest in Charles Winn’s offering.

2 54. In making these sales calls for Charles Winn, Alexander (1) negotiated
3 the amount of each investment; (2) provided investment advice by espousing the
4 purported high return and low risk nature of wine investments as reasons to invest in
5 fine wine rather than other investment opportunities; and (3) received transaction-
6 based commissions from Charles Winn for each sale he made.

7 55. Charles Winn senior sales representatives urged existing investors to buy
8 more wine during subsequent “loader” calls, either because of a purported timely sale
9 opportunity that would be maximized by creating a more attractive package for the
10 supposed buyer, or in response to an investor request to sell some or all of their wine
11 to realize purported profits or free up investment capital for other uses.

12 **A. Charles Winn Provided Investors**
13 **with a Website and Marketing Materials.**

14 56. Charles Winn, through Scott-Britten and Stewart, maintained a public
15 website (“Website”) describing the wine investment and provided marketing
16 materials to investors (“Marketing Materials”).

17 57. Scott-Britten and Stewart controlled the Website and Marketing
18 Materials.

19 58. The Marketing Materials stated, among other things, that the goal of the
20 wine investments was to earn at least a 10% annual return.

21 59. The Website and Marketing Materials also touted the rising profitability
22 of the fine wine investment market, how fine wine has outperformed other investment
23 options, and the companies’ expertise in achieving those profits for investors.

24 60. For example, the Marketing Materials stated that the investment goal
25 was “to create high capital appreciation” and claimed Charles Winn had “repeatedly
26 achieved this through investing in . . . wines from Bordeaux.”
27
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1 61. The Marketing Materials further stated that Charles Winn would
2 “develop an individual portfolio[] for each customer, specifically tailored to suit your
3 investment goals.”

4 62. The Marketing Materials also stated that Charles Winn’s compensation
5 for their services would cover “the entire expense” of storing, handling, and insuring
6 the investor’s wine.

7 **B. Charles Winn Entered Into Contracts**
8 **with Investors and Collected Investor Funds.**

9 63. The written contracts between Charles Winn and its investors stated that
10 the investor funds would be used to buy and store wine and that Charles Winn would
11 charge a commission of 10% of the wine sale profits.

12 64. This 10% commission of the profits is the only form of compensation to
13 Charles Winn disclosed in the contract.

14 65. Charles Winn investors sent their funds via check or wire to two of the
15 three U.S.-based bank accounts held in the name of Charles Winn.

16 66. Following the receipt of investor funds, Charles Winn typically sent
17 investors an invoice listing the wine product and volume purportedly purchased on
18 their behalf.

19 67. Charles Winn solicited its existing investors multiple times, encouraging
20 them to add to their “wine portfolio.”

21 68. Numerous investors made multiple wine investments with Charles Winn.

22 69. Based on the foregoing, Charles Winn investors invested in investment
23 contracts.

24 **III. Charles Winn Made Misrepresentations and Omissions of Material Fact**
25 **to Investors and Misused Investor Funds.**

26 70. Between January 2018 and September 2021, Charles Winn received
27 approximately \$8,530,000 from about 121 investors in the fraudulent investment
28

1 scheme, but used no more than \$3.65 million (43%) on the purchase and storage of
2 wine.

3 71. Charles Winn has returned a total of approximately \$19,000 to two
4 investors.

5 72. Charles Winn representatives told the two investors that the returned
6 funds were purported profits from wine sales, but the investors did not receive any
7 sale documentation.

8 73. Charles Winn's \$19,000 payment to investors was well below the
9 promised return, which Charles Winn representatives said would range from 10% to
10 45% per investment.

11 74. Charles Winn, through Scott-Britten and Stewart, who directed the
12 payments from the bank accounts, and Smith, who opened the accounts, was sole
13 signatory on them, and approved certain payments, misused the remaining investor
14 funds on a variety of non-wine uses, including at least \$1.7 million for payments to
15 individuals, including Charles Winn sales representatives such as Alexander, who
16 received at least \$121,156, and workers who performed back-office functions.

17 75. Scott-Britten, Stewart, and Smith also caused Charles Winn to misuse
18 investor funds for their own benefit and the benefit of their family and affiliated
19 entities.

20 76. Specifically, out of the \$1.7 million payments to individuals, Charles
21 Winn sent at least \$311,094, \$483,596, and \$43,459 directly to Scott-Britten and
22 Stewart (and their family and/or affiliated entities), and Smith, respectively.

23 77. Scott-Britten, Stewart, Alexander, and Smith also received additional
24 investor funds indirectly, through payments from a U.K. affiliate of Charles Winn, to
25 which some Charles Winn investor funds were sent.

26 78. Other than the investor funds and approximately \$156,000 received from
27 another entity in the wine investment business, Charles Winn had minimal other
28 income during this period.

1 79. The payments to Charles Winn sales representatives and back-office
2 workers, Scott-Britten and Stewart (and their family and/or affiliated entities), and
3 Smith from investor funds were misuses because they were contrary to the oral and
4 written representations made to investors that investor funds would be used only to
5 purchase and store wine and that Charles Winn would only receive compensation
6 upon the sale of investors' wine, which had not occurred at the time the payments
7 were made.

8 80. In reality, Charles Winn paid its sales representatives a commission of
9 5% to 15% when the investor submitted funds, and not when Charles Winn sold the
10 investor's wine.

11 81. Moreover, on top of these sales commissions, Charles Winn offered
12 successful sales representatives various "opener[]" incentives" and "closer bonuses"
13 for settling multiple "deals." For example, in a June 1, 2020 email from Smith to
14 Stewart, Smith attached two flyers advertising such incentives, including £3,500 or a
15 Cartier or Rolex watch to openers who closed five or seven "deals," respectively, and
16 £5,000 or £10,000 watch of "your choice" to closers who "settled" eight or ten
17 "deals," respectively.

18 82. Pursuant to the investor contracts, Charles Winn, who paid individuals,
19 including Scott-Britten and Stewart (and their family and/or affiliated entities),
20 Alexander, and Smith, at least \$1.7 million of investor funds, was not entitled to
21 receive any money until an investor's wine was sold to a new buyer, and was then
22 only entitled to 10% of the profits from that sale.

23 83. As reflected in the recordings described above, Charles Winn senior
24 sales representatives did not disclose to investors that they were receiving any
25 compensation up front. Indeed, they repeatedly touted that they were a performance-
26 based brokerage and that only made money when the investor made money – when
27 the wine was sold at a profit.

28 84. Accordingly, Charles Winn, Scott-Britten, and Stewart knew, or were

1 reckless in not knowing, and Smith was at least negligent in not knowing that that the
2 statements and omissions to investors described above, via the Website, Marketing
3 Materials, contracts, and Charles Winn sales representatives, were false and/or
4 misleading because (a) Charles Winn, Scott-Britten, Stewart, and Smith were not
5 using all of investor funds to purchase and store wine; (b) Charles Winn was making
6 significant payments to, among others, Defendants, their family and/or affiliated
7 entities, sales representatives, and back-office workers, from investor funds before
8 the wine was sold; and (c) investors only received minimal payments and not the
9 represented 10% to 45% returns.

10 85. In addition, Alexander knew, or was reckless in not knowing, that the
11 statements and omissions he made to investors were false and/or misleading because
12 Charles Winn was making significant payments to him and other sales representatives
13 from investor funds before the wine was sold.

14 **IV. Charles Winn Lulls Investors and Ceases Operations.**

15 86. Charles Winn sales representatives repeatedly tried to lull investors into
16 holding their investments or reinvesting in the fraudulent wine investment scheme.

17 87. For example, when investors contacted Charles Winn to inquire about
18 selling their wine, sales representatives would tell them that their portfolios were not
19 desirable enough, and they needed to purchase additional wine to make their “wine
20 portfolio” attractive to a buyer.

21 88. In response to these solicitations, multiple investors sent additional
22 funds.

23 89. Similarly, Charles Winn sales representatives sometimes told investors
24 by telephone that a wine auction would be held several months in the future.

25 90. However, there is no evidence the wine auction actually occurred or that
26 Charles Winn ever sold investors’ wine, at a profit or otherwise, or returned any wine
27 profits to investors.

28

1 91. Charles Winn appears to have ceased soliciting investors and the
2 company has stopped responding to investor inquiries.

3 92. Charles Winn closed two of its U.S.-bank accounts in June 2020 and
4 June 2021, respectively. As of October 2022, Charles Winn's remaining account had
5 a balance of \$27.

6 **FIRST CLAIM FOR RELIEF**

7 **Violations of Securities Act Section 5(a) and (c)**
8 **(against all Defendants)**

9 93. The SEC repeats, realleges, and incorporates by reference paragraphs 1
10 through 92, as though fully set forth therein.

11 94. By reason of the acts and conduct described in this Complaint, Charles
12 Winn, Scott-Britten, Stewart, Alexander, and Smith, directly or indirectly, singly and
13 in concert with others, have: (a) made use of the means and instruments of
14 transportation or communication in interstate commerce and of the mails to sell,
15 through the use or medium of any prospectus or otherwise, securities as to which no
16 registration statement was in effect; and/or (b) for the purpose of sale or delivery after
17 sale, carried and caused to be carried through the mails and interstate commerce, by
18 the means and instruments of transportation, securities as to which no registration
19 statement was in effect; and/or (c) made use of the means and instruments of
20 transportation or communication in interstate commerce and of the mails to offer to
21 sell, through the use or medium of a prospectus or otherwise, securities as to which
22 no registration statement had been filed.

23 95. By reason of the foregoing, Charles Winn, Scott-Britten, Stewart,
24 Alexander, and Smith, directly or indirectly, violated, and unless restrained and
25 enjoined will continue to violate, Section 5(a) and (c) of the Securities Act, 15 U.S.C.
26 § 77e(a) and (c).

1 **SECOND CLAIM FOR RELIEF**

2 **Violations of Exchange Act Section 10(b) and Rule 10b-5**
3 **(against Defendants Charles Winn, Scott-Britten, Stewart, and Alexander)**

4 96. The SEC repeats, realleges, and incorporates by reference paragraphs 1
5 through 92, as though fully set forth therein.

6 97. By reason of the acts and conduct described in this Complaint, Charles
7 Winn, Scott-Britten, Stewart, and Alexander, directly or indirectly, in connection
8 with the purchase or sale of securities, by the use of means or instrumentalities of
9 interstate commerce or of the mails: (a) used and employed devices, schemes, or
10 artifices to defraud; (b) made untrue statements of a material fact or omitted to state
11 material facts necessary in order to make the statements made, in the light of the
12 circumstances under which they were made, not misleading; and (c) engaged in acts,
13 practices, or courses of business which operated or would operate as a fraud and
14 deceit upon any person.

15 98. Charles Winn, Scott-Britten, Stewart, and Alexander intentionally or
16 recklessly engaged in the fraudulent conduct described above.

17 99. By reason of the foregoing, Charles Winn, Scott-Britten, Stewart, and
18 Alexander, directly or indirectly, violated, is violating, and, unless enjoined, will
19 continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule
20 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder.

21 **THIRD CLAIM FOR RELIEF**

22 **Violations of Securities Act Section 17(a)(1)**
23 **(against Defendants Charles Winn, Scott-Britten, Stewart, and Alexander)**

24 100. The SEC repeats, realleges, and incorporates by reference paragraphs 1
25 through 92, as though fully set forth therein.

26 101. By engaging in the acts and conduct described in this Complaint,
27 Charles Winn, Scott-Britten, Stewart, and Alexander, directly or indirectly, in the
28 offer or sale of securities, by use of the means or instruments of transportation or

1 communication in interstate commerce or by use of the mails employed devices,
2 schemes, and artifices to defraud.

3 102. Charles Winn, Scott-Britten, Stewart, and Alexander intentionally or
4 recklessly engaged in the fraudulent conduct described above.

5 103. By reason of the foregoing, Charles Winn, Scott-Britten, Stewart, and
6 Alexander, directly or indirectly, violated, is violating, and, unless enjoined, will
7 continue to violate Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

8 **FOURTH CLAIM FOR RELIEF**

9 **Violations of Securities Act Section 17(a)(2) and (a)(3)**
10 **(against all Defendants)**

11 104. The SEC repeats, realleges, and incorporates by reference paragraphs 1
12 through 92, as though fully set forth therein.

13 105. By engaging in the acts and conduct described in this Complaint,
14 Charles Winn, Scott-Britten, Stewart, Alexander, and Smith, directly or indirectly, in
15 the offer or sale of securities, by use of the means or instruments of transportation or
16 communication in interstate commerce or by use of the mails: (a) obtained money or
17 property by means of untrue statements of material facts or omissions to state
18 material facts necessary in order to make the statements made, in light of the
19 circumstances under which they were made, not misleading; and (b) engaged in
20 transactions, practices, and courses of business which operated or would operate as a
21 fraud or deceit upon purchasers or prospective purchasers.

22 106. Charles Winn, Scott-Britten, Stewart, and Alexander were intentionally,
23 recklessly, or negligently engaged in the fraudulent conduct described above.

24 107. Smith was negligently engaged in the fraudulent conduct described
25 above.

26 108. By reason of the foregoing, Charles Winn, Scott-Britten, Stewart,
27 Alexander, and Smith, directly or indirectly, violated, is violating, and, unless
28

1 enjoined, will continue to violate Section 17(a) of the Securities Act, 15 U.S.C.
2 § 77q(a).

3 **FIFTH CLAIM FOR RELIEF**

4 **Violations of Exchange Act Section 15(a)(1)**
5 **(against Defendant Alexander)**

6 109. The SEC repeats, realleges, and incorporates by reference paragraphs 1
7 through 92, as though fully set forth therein.

8 110. By engaging in the acts and conduct described in this Complaint,
9 Alexander made use of the mails and other means or instrumentalities of interstate
10 commerce to effect transactions in, induced or attempted to induce the purchase or
11 sale of, securities for the accounts of others without being registered with the SEC in
12 accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

13 111. By reason of the foregoing, Alexander, directly or indirectly, violated, is
14 violating, and, unless enjoined, will continue to violate Exchange Act Section 15(a),
15 15 U.S.C. § 78o(a)(1).

16 **SIXTH CLAIM FOR RELIEF**

17 **Violations of Exchange Act Section 10(b) and Rule 10b-5**
18 **(against Defendants Scott-Britten and Stewart as**
19 **Control Persons over Defendant Charles Winn)**

20 112. The SEC repeats, realleges, and incorporates by reference paragraphs 1
21 through 92, as though fully set forth therein.

22 113. As alleged above, Charles Winn violated Section 10(b) of the Exchange
23 Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated
24 thereunder.

25 114. At all relevant times, Scott-Britten and Stewart were control persons of
26 Charles Winn for purposes of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

27 115. At all relevant times, Scott-Britten and Stewart exercised power and
28 control over Charles Winn, including by managing and directing that entity, and by

1 directing and participating in the acts constituting Charles Winn's violations of the
2 securities laws.

3 116. By reason of the foregoing, Scott-Britten and Stewart are liable as
4 control persons under Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), for
5 Charles Winn's violations of the Section 10(b) of the Exchange Act, 15 U.S.C.
6 § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder.

7 **PRAYER FOR RELIEF**

8 WHEREFORE, the SEC respectfully requests that the Court:

9 **I.**

10 Issue findings of fact and conclusions of law that Defendants Charles Winn,
11 Scott-Britten, Stewart, Alexander, and Smith committed the alleged violations.

12 **II.**

13 Issue orders of permanent injunction restraining and enjoining: (a) Defendants
14 Charles Winn, Scott-Britten, and Stewart, and their officers, agents, servants,
15 employees and attorneys, and those persons in active concert or participation with
16 any of them, who receive actual notice of the judgment by personal service or
17 otherwise, and each of them, from violating Sections 5(a) and (c) and 17(a) of the
18 Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), and Section 10(b) of the
19 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b;
20 (b) Defendant Alexander, and his officers, agents, servants, employees and attorneys,
21 and those persons in active concert or participation with him, who receive actual
22 notice of the judgment by personal service or otherwise, and each of them, from
23 violating Sections 5(a) and (c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a),
24 77e(c), and 77q(a), and Section 10(b) and 15(a)(1) of the Exchange Act, 15 U.S.C.
25 §§ 78j(b), 78o(a)(1), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b; and (c)
26 Defendant Smith, and his officers, agents, servants, employees and attorneys, and
27 those persons in active concert or participation with him, who receive actual notice of
28 the judgment by personal service or otherwise, and each of them, from violating

1 Sections 5(a) and (c) and 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C.
2 §§ 77e(a), 77e(c), 77q(a)(2), 77q(a)(3).

3 **III.**

4 Order Defendants Charles Winn, Scott-Britten, Stewart, Alexander, and Smith
5 to disgorge all ill-gotten gains derived from their illegal conduct as set forth in this
6 Complaint, including prejudgment interest thereon pursuant to Section 21(d)(3),
7 21(d)(5), and 21(d)(7) of the Exchange Act, 15 U.S.C. § 78u(d)(3), (d)(5), and (d)(7).

8 **IV.**

9 Order Defendants Charles Winn, Scott-Britten, Stewart, Alexander, and Smith
10 to pay civil monetary penalties under Section 20(d) of the Securities Act, 15 U.S.C.
11 § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

12 **V.**

13 Enter an Order, pursuant to Section 20(e) of the Securities Act, 15 U.S.C.
14 § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2),
15 permanently prohibiting Defendants Scott-Britten and Stewart from serving as an
16 officer or director of any issuer that has a class of securities registered pursuant to
17 Section 12 of the Exchange Act or that is required to file reports pursuant to Section
18 15(d) of the Exchange Act.

19 **VI.**

20 Retain jurisdiction of this action in accordance with the principles of equity and
21 the Federal Rules of Civil Procedure in order to implement and carry out the terms of
22 all orders and decrees that may be entered, or to entertain any suitable application or
23 motion for additional relief within the jurisdiction of this Court.

24 **VII.**

25 Grant such other and further relief as this Court may determine to be just and
26 necessary.

JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff SEC demands a trial by jury on all claims so triable.

Dated: April 20, 2023

/s/ Donald W. Searles

DONALD W. SEARLES

Attorney for Plaintiff

Securities and Exchange Commission

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Complaints and Other Initiating Documents

[2:23-cv-02988 Securities and Exchange Commission v. Charles Winn LLC et al](#)

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Notice of Electronic Filing

The following transaction was entered by Searles, Donald on 4/20/2023 at 1:47 PM PDT and filed on 4/20/2023

Case Name: Securities and Exchange Commission v. Charles Winn LLC et al

Case Number: [2:23-cv-02988](#)

Filer: Securities and Exchange Commission

Document Number: [1](#)

Docket Text:

COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attorney Donald W. Searles added to party Securities and Exchange Commission(pty:pla))(Searles, Donald)

2:23-cv-02988 Notice has been electronically mailed to:

Donald W. Searles searlesd@sec.gov, gilliamk@sec.gov, irwinma@sec.gov, LAROFiling@sec.gov, leungg@sec.gov, millerdou@sec.gov

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