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

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17 SECURITIES AND EXCHANGE
COMMISSION,

18 Plaintiff,

19 vs.

20 FAIZ M. CHOWDHURY, DTI
21 HOLDINGS, INC. and QUANTUM AGE
CORPORATION,

22 Defendants.

Case No.

COMPLAINT

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1 Plaintiff Securities and Exchange Commission alleges:

2 **I. JURISDICTION AND VENUE**

3 1. The Court has jurisdiction over this action pursuant to the Securities
4 Act of 1933 (“Securities Act”) Sections 20(b), 20(d) and 22(a) [15 U.S.C. §§ 77t(b),
5 77t(d) and 77v(a)] and the Securities Exchange Act of 1934 (“Exchange Act”)
6 Sections 21(d) and 27(a) [15 U.S.C. §§ 78u(d) and 78aa(a)].

7 2. In connection with the conduct alleged in this Complaint, Defendants,
8 directly and indirectly, singly, or in concert with others, have made use of the means
9 or instrumentalities of interstate commerce, the means or instruments of
10 transportation or communication in interstate commerce, the mails, and/or the
11 facilities of a national securities exchange.

12 3. Venue is proper in this district pursuant to Securities Act Section 22(a)
13 [15 U.S.C. § 77v(a) and Exchange Act Section 27 [15 U.S.C. § 78aa] because certain
14 of the acts and transactions constituting the violations alleged in this Complaint
15 occurred in this district, and because all Defendants reside or resided in this district.

16 **II. DEFENDANTS**

17 4. **Faiz M. Chowdhury (“Chowdhury”)**, age 54, resides in Irvine,
18 California and is a dual citizen of Bangladesh and the United States. He is the
19 founder and majority shareholder of both DTI and QAC, and at all times relevant to
20 the complaint was the chairman, president, and chief executive officer of each
21 company.

22 5. **DTI Holdings, Inc. (“DTI”)** is a defunct Delaware corporation that
23 previously had its principal office in Irvine, California.

24 6. **Quantum Age Corp. (“QAC”)** is a Delaware corporation with its
25 principal office in Irvine, California.

26 **III. INTRODUCTION**

27 7. The Commission brings this action to enjoin Chowdhury and his
28 companies DTI and QAC (collectively, “Defendants”) from violating the antifraud

1 provisions of the federal securities laws. Beginning in at least 2018, Defendants
2 engaged in a scheme to raise money from investors through a series of material
3 misrepresentations and other deceptive acts, raising over \$25 million from more than
4 50 debt and equity investors in the United States and around the world. Investors
5 were told they were investing in a global enterprise of groundbreaking, IP-rich start-
6 up companies, and were misled about the assets, technologies, and finances of DTI
7 and QAC, as well as Chowdhury's own experience and credentials.

8 8. In his marketing pitches to potential investors, Chowdhury falsely
9 presented himself as a Doctor of Science, a physicist, and an intellectual prodigy.
10 He fabricated an elite academic pedigree, including degrees from Harvard
11 University, the Massachusetts Institute of Technology ("MIT"), and Johns Hopkins
12 University.

13 9. Chowdhury promised investors that their money would be used by his
14 companies, DTI and QAC, to "Pioneer the Next Age of Humanity" through
15 innovative graphene-based technologies. He falsely told investors that he was the
16 original inventor of graphene but could not be publicly credited because the work
17 had been top secret.

18 10. Chowdhury assured investors that he would use their money to fund a
19 vast array of affiliated and subsidiary start-up companies working on game-
20 changing, graphene-based nanotechnologies, including fast-charge batteries, cancer
21 detection and treatment solutions, anti-counterfeiting devices, and snake-venom
22 antidotes. Promising that his graphene-based technologies were "commercial-ready
23 solutions" that would soon be available on the market, Chowdhury presented
24 investors with misleading financial proformas projecting astronomical revenues into
25 the tens and even hundreds of millions of dollars.

26 11. In reality, only a small amount of investor money was used for business
27 purposes. In addition to his own salary, Chowdhury used the DTI and QAC bank
28 accounts as a personal piggy bank, making excessive cash withdrawals, funding

1 extravagant trips around the world, transferring funds to various entities he
2 controlled, purchasing luxury items for himself and his family, and using investor
3 funds to indulge in gambling and leisure.

4 12. As a result of the conduct alleged in this Complaint, Defendants
5 violated Securities Act Section 17(a) [15 U.S.C. §§ 77(q)(a)] and Exchange Act
6 Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §§
7 240.10b-5]. Chowdhury also aided and abetted DTI's and QAC's violations of the
8 foregoing anti-fraud provisions pursuant to Exchange Act Section 20(e) [15 U.S.C.
9 § 78t(e)], and alternatively is liable as a control person of both DTI and QAC
10 pursuant to Exchange Act Section 20(a) [15 U.S.C. § 78t(a)].

11 13. Unless restrained and enjoined, Defendants are reasonably likely to
12 continue to violate the federal securities laws.

13 **IV. FACTS**

14 **A. History of DTI and QAC**

15 14. Chowdhury has controlled, operated, and held executive positions with
16 DTI and QAC since their inceptions. Beginning no later than May 2018, Defendants
17 have offered and sold securities in the form of subscription agreements and
18 convertible promissory notes, first in DTI and later in QAC, raising over \$25 million
19 from more than 50 debt and equity investors.

20 15. Chowdhury incorporated DTI on June 23, 2016, and has always served
21 as the company's CEO, chairman, and majority shareholder. He rented a large
22 commercial space for its headquarters in Irvine, California, and by no later than May
23 2018, was raising money from U.S. and overseas investors, primarily in Asia.

24 16. Chowdhury touted DTI as a holding company of cutting-edge
25 technology companies purportedly using a material called graphene to forge new
26 advances in health, energy, and transportation. Promising to "Pioneer the Next Age
27 of Humanity," Chowdhury presented himself as a degreed academic, a visionary,
28 and an accomplished businessman who had started and successfully exited numerous

1 technology companies.

2 17. In marketing materials, Chowdhury described DTI as a company that
3 was already “inventing, innovating, and commercializing disruptive technologies”
4 through wholly-owned subsidiaries, many of which were headed by several
5 prominent scientists, inventors, and academics. Chowdhury told investors that these
6 companies were ready to commercialize revolutionary discoveries in areas like
7 cancer detection, fast-charging batteries, and antibody research.

8 18. As discussed below, Chowdhury’s representations to investors about
9 his academic credentials and experience, as well as DTI’s and its subsidiaries’
10 ownership of intellectual property and ability to commercialize purported
11 technology, were false and misleading. And while Chowdhury spent some investor
12 money furthering the aims of DTI by making small payments to contractors and
13 other companies with which Chowdhury had some connection, he largely
14 misappropriated investor funds, contrary to his promises and representations to
15 investors.

16 19. By late 2019, some investors in DTI began complaining that
17 Chowdhury had misled them, mismanaged their investments, and failed to make any
18 progress toward commercializing the purported technologies. Chowdhury created
19 QAC on September 23, 2019, to rebrand the DTI venture and separate the growing
20 number of disgruntled DTI investors from his continuing solicitations for investor
21 money.

22 20. Since its inception, Chowdhury has served as QAC’s CEO, chairman,
23 and majority shareholder. Chowdhury used the same marketing model for touting
24 QAC that he used for DTI, claiming he operated a holding company of graphene-
25 centered tech companies on the verge of bringing groundbreaking products to
26 market. Chowdhury claimed that QAC would “dynamically address the unmet
27 needs that are foundational to our existence,” and that it invented and developed
28 “products and solutions that are critical to sustain life.”

1 21. When some DTI investors began demanding their money back,
2 Chowdhury used some of the new investor funds raised by QAC to make Ponzi-like
3 payments to prior investors. DTI is currently defunct, though Chowdhury continues
4 to operate QAC.

5 **B. Chowdhury’s Material Misrepresentations to Investors**

6 22. During in-person meetings, calls, communications, and on-screen
7 presentations to investors, Defendants made materially false and misleading
8 statements about Chowdhury, DTI, and QAC. Defendants knew or were reckless in
9 not knowing that these statements were false and misleading. Chowdhury had the
10 ultimate authority over all statements made to investors.

11 **1. Material Misrepresentations Regarding the Use of Investor**
12 **Funds**

13 23. Defendants promised investors that the funds raised from their purchase
14 of securities would be used to develop and commercialize the technologies of the
15 purported subsidiaries, or for other operating expenses such as rent, payroll, and
16 insurance. These statements, however, were materially false and misleading. As
17 described in more detail in Section C below, less than \$7 million of the more than
18 \$25 million raised by the Defendants was used for those purposes.

19 24. In addition to general misrepresentations regarding DTI’s and QAC’s
20 use of investor funds, Chowdhury made specific misstatements about the
21 companies’ uses of funds during personal appeals to individual investors. For
22 instance, Chowdhury approached an existing DTI investor in November 2019 and
23 asked for an additional \$100,000 investment so he could pay employee salaries for
24 the holidays and back-rent that DTI owed. The investor provided the funds, but
25 Chowdhury did not pay employee salaries or the rent as promised.

26 25. Chowdhury told another potential investor during a sales pitch for DTI
27 that 300 Cells, Inc. (“300 Cells”) – a purported DTI subsidiary working on cancer
28 detection technologies – had discovered a cure for cancer. That individual invested

1 \$150,000 based on Chowdhury’s promise that the funds would be used to further the
2 mission of 300 Cells. In fact, neither DTI nor 300 Cells had discovered or even
3 attempted to develop a cure for cancer, and the investor’s funds were not used for or
4 transferred to 300 Cells.

5 **2. Material Misrepresentations Regarding DTI and QAC**
6 **Assets & Technology**

7 26. Starting no later than 2018, Defendants made material
8 misrepresentations to investors about the assets purportedly held by DTI and QAC.
9 They falsely told investors that DTI and QAC were holding companies with
10 subsidiaries that owned intellectual property rights over numerous technologies and
11 the associated right to any revenue and profits from those technologies. These
12 claims were false. Nearly all of the purported subsidiary companies touted to
13 investors were either companies not owned or affiliated with DTI or QAC, or were
14 shell companies with little or no revenue, assets, or operations.

15 27. Chowdhury frequently claimed to investors that DTI owned various
16 subsidiaries that operated in multi-billion-dollar markets. Some of the purported
17 subsidiaries included 300 Cells, Quantum Core Corporation (“QCC”), and Vittoria
18 Tire, Ltd. (“Vittoria”).

19 28. In one investor presentation, Chowdhury claimed that Vittoria was one
20 of DTI’s “current subsidiaries” providing \$70M of revenue. Vittoria was an Italian
21 tire manufacturer that had been in business for nearly 70 years, but it was never
22 owned or affiliated with DTI or Chowdhury. Chowdhury approached Vittoria in
23 2017 concerning a possible acquisition or affiliation, but nothing resulted from that
24 inquiry. Chowdhury falsely claimed the company was a DTI subsidiary for years
25 afterward.

26 29. Chowdhury also misrepresented the intellectual property and other
27 assets DTI and QAC purportedly owned through its subsidiaries. Chowdhury falsely
28 claimed in documents provided and shown to investors that DTI and QAC

1 subsidiaries owned or had exclusive use of patents and other forms of intellectual
2 property, including the right to distribute numerous revolutionary technologies.

3 30. In one presentation, Chowdhury claimed that QAC owned or had
4 exclusive use of seven or more patents and other forms of intellectual property. This
5 claim was false. Neither DTI nor QAC owned any patents. While DTI did lease
6 from a few third parties the option to use their intellectual property for limited uses,
7 Defendants did not make the scheduled payments as agreed, did not use the
8 intellectual property toward commercializing any products, and the options expired.

9 31. Chowdhury also misled investors about when DTI's and QAC's
10 technologies would be commercially viable.

11 32. In one marketing document, Chowdhury told investors that purported
12 subsidiaries Quantum Dots and 300 Cells were "commercially ready solutions," and
13 that DTI's fast-charging battery "will start generating revenue in Q4 2018." In
14 another DTI marketing document, Chowdhury told investors that QCC was "ready
15 for commercialization" and would be "in product" by 2018. These statements were
16 materially and knowingly misleading as Chowdhury had no reasonable factual basis
17 for making them. In fact, only one company in the DTI or QAC family – a small
18 manufacturer of medical cooling vests that operated for years before Chowdhury's
19 involvement – ever generated any revenue, and that revenue totaled less than
20 \$100,000. That company ultimately ceased all operations after Chowdhury left it so
21 cash-strapped that it was unable to pay its employees.

22 33. On more than one occasion, Chowdhury falsely told investors during
23 marketing pitches that DTI had created a cure for cancer. In one instance, aware that
24 the mother-in-law of one investor had recently died from cancer and that the issue
25 was emotional for him, Chowdhury went so far as to hold up a vile filled with a
26 black liquid and falsely told the audience it contained a "cure for cancer."

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1 **3. Material Misrepresentations Regarding Chowdhury’s**
2 **Experience and Credentials**

3 34. Chowdhury repeatedly made material misrepresentations to investors
4 about his experience, accomplishments, and academic credentials.

5 35. Chowdhury falsely represented that as a child in Bangladesh, village
6 leaders identified him as a savant and that the U.S. government later recruited him
7 to work on a top-secret government program to develop graphene for military and
8 commercial applications. Chowdhury falsely told investors that he was the original
9 inventor of graphene, but because of the secrecy of his government work, he could
10 not be named on any patent or given credit in any public sphere. He also falsely told
11 investors that before he left the government he served as a scientific advisor to
12 President George W. Bush and that he was later an advisor and friend of Senator
13 John McCain.

14 36. Chowdhury falsely represented to investors that he “pioneered
15 scientific breakthroughs” at some of the nation’s most prestigious scientific research
16 centers, including the National Aeronautics and Space Administration, Oak Ridge
17 National Laboratory, California Institute of Technology and the Johns Hopkins
18 Applied Physics Lab.

19 37. Chowdhury also touted completely fabricated academic credentials.
20 Presenting himself in person and in documents with the title “Doctor,” he claimed at
21 different times and in different settings the following academic credentials:

- 22 • Doctor of Science in Physics from MIT
- 23 • Doctor of Science in Nuclear and Particle Physics from MIT
- 24 • Doctor of Science in Quantum Physics from Johns Hopkins APL
- 25 • Senior Executive Fellow at Harvard Kennedy School of Government
- 26 • Senior Executive Fellow at MIT Sloan

27 These claims were material and false.

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1 **4. Material Misrepresentations Regarding Chowdhury’s Own**
2 **Investment in DTI**

3 38. Chowdhury falsely told several investors that he had invested anywhere
4 between \$1 million and \$3 million of his own money in DTI. He falsely told one
5 investor that he had acquired the money he invested in DTI by selling to a major
6 Korean electronics company a patent for a valuable technology he invented.

7 39. In fact, Chowdhury did not invest any of his own money in DTI. His
8 only so-called personal investment in the company was a purported \$1 million
9 “loan” from one investor who had himself invested several million dollars in DTI.
10 Chowdhury used the loan to pay his own salary and personal expenses.

11 **5. Material Misrepresentations Regarding Projected Revenue**
12 **of DTI and QAC**

13 40. DTI and QAC marketing documents shown to prospective investors
14 contained revenue projections that were false and misleading because there was no
15 reasonable factual basis for the projections.

16 41. One DTI marketing document that Chowdhury used during investor
17 pitches in 2018 provided an “Income Statement” for QCC, one of the purported
18 subsidiaries of DTI. It projected QCC would produce a majority of DTI’s revenue
19 between 2019 and 2021, including \$18 million in 2019, \$39.7 million in 2020, and
20 \$78.8 million in 2021. QCC was not a subsidiary of DTI and had no employees or
21 revenue, and Chowdhury had not reasonable basis for these projections.

22 42. DTI sent a May 2018 marketing presentation for one of its purported
23 subsidiaries, QCC, to an investor in advance of a June 2018 investment. That
24 document projected QCC revenue of \$11.5 million for 2019, \$143.5 million for
25 2020, \$341 million for 2021, and \$577 million for 2022. Later that year, Chowdhury
26 updated the projected revenue of QCC to \$2 *billion* by 2025.

27 43. On December 10, 2018, Chowdhury emailed an investor a DTI
28 financial model “base case” and noted in his cover email that “we will have over \$15

1 million cash in 2020 and \$40 million cash in 2021” in what he described as “the
2 worst-case scenario.” Chowdhury went on to claim that “we shall generate over
3 \$100 million EBITDA by 2023 which will give DTI a value over \$1 Billion USD.”

4 44. Chowdhury had no reasonable basis for making these statements.

5 45. A QAC marketing document utilized by Chowdhury during investor
6 presentations in 2020 included 2021 revenue projections for the purported
7 subsidiaries of QAC. It projected \$5.3 million of revenue for Quantum Cyber AI,
8 \$3.7 million for 3RDGP Corporation, and \$5.5 million for a subsidiary called
9 QZULU Corporation. Chowdhury had no reasonable basis for these revenue
10 projections.

11 46. Chowdhury emailed another investor on July 1, 2020, attaching a
12 prospectus for QZULU Corporation. In the cover email, Chowdhury told the
13 investor that the only challenge for the QZULU project was “timing,” and assured
14 him that they would receive “a good amount of fund [sic] in July,” from five different
15 investors. The prospectus itself claimed that QZULU was offering \$8 million of
16 preferred stock in the form of QZULU tokens (which never launched), and projected
17 year-one revenue of more than \$15 million from QZULU’s two biggest projects,
18 QPOWER and QFARMS, and year-five revenue from the same entities of more than
19 *\$1.5 billion*.

20 47. These materially misleading revenue forecasts were unsupported and
21 internally inconsistent. Despite the claims of massive future revenue, only one
22 company owned by DTI or QAC ever produced actual revenue. The revenue from
23 that company was less than \$100,000 before it became illiquid and ceased
24 operations.

25 **C. Chowdhury’s Misappropriation of Investor Funds and Other**
26 **Deceptive Acts**

27 48. All told, Chowdhury raised approximately \$26.4 million from DTI and
28 QAC investors between May 2018 and December 2022. Chowdhury promised

1 investors the funds would be used to develop and commercialize the technologies of
2 the purported subsidiaries, or for other operating expenses, such as rent, payroll, and
3 insurance.

4 49. While he used some funds for such expenses, Chowdhury fraudulently
5 misappropriated most of the DTI and QAC investor funds, transferring money to
6 overseas bank accounts and entities with no apparent connection to DTI or QAC, or
7 using them for his personal expenditures. Chowdhury also used investor funds to
8 make Ponzi-like payments, as money from new investors was used to pay current
9 investors who had accused Chowdhury of misconduct, threatened legal action, and
10 demanded their money be returned.

11 50. For example, one investor in early November 2018 demanded
12 Chowdhury return his \$150,000 investment in DTI after he became suspicious of
13 Chowdhury. Within a week, Chowdhury received three new investments from other
14 investors, totaling \$150,000, which Chowdhury used to pay the prior investor.

15 51. As another example, Chowdhury in texts throughout 2020 and 2021
16 repeatedly told an investor who was seeking repayment of promissory notes that DTI
17 had no money to pay him until he could secure investments from new investors.
18 Chowdhury's pitches to the new QAC investors did not disclose that funds would
19 be used to pay off previous investors in DTI.

20 52. To conceal his misappropriation of investor funds, Chowdhury
21 maintained tight control of DTI's and QAC's finances and enlisted family members
22 with little or no financial experience to help him. For example, Chowdhury hired
23 his cousin, who had no previous experience in accounting or finance, as DTI's
24 purported "Corporate Controller." He added his cousin's wife – who had no
25 experience with finances – as a co-signer on QAC bank accounts, also listing her,
26 falsely, as the company's "Controller." He falsely listed his wife, who had no role
27 with either DTI or QAC, as the companies' "Corporate Secretary" to sign and
28 authorize bank account opening documents.

1 53. Chowdhury also maintained at least 40 bank accounts at four different
2 banks and created no less than 30 entities purportedly related to DTI and QAC.
3 Neither DTI nor QAC kept consistent financial records, and neither undertook
4 independent or internal audits. Chowdhury did not use a transfer agent and did not
5 appear to adequately record and maintain the companies' stock issuances. At one
6 point, Chowdhury hired a contractor to organize the companies' finances, but did
7 not provide that person complete access to banking and financial records, and soon
8 stopped paying his invoices.

9 54. Records indicate that Chowdhury used the money he raised from DTI
10 and QAC investors in the following ways:

- 11 • \$2.1 million withdrawn from ATM machines or bank tellers in cash by
12 Chowdhury and his family, including numerous withdrawals from
13 ATM machines located at casinos in Lake Tahoe and Las Vegas
- 14 • \$1 million used by Chowdhury and his family for personal expenses,
15 including car payments, meals, wine, travel and jewelry
- 16 • \$7.9 million wired to businesses that have no known or apparent
17 connection to DTI or QAC
- 18 • \$1.8 million used to pay back other investors in Ponzi-like payments,
19 often after investors raised concerns about Chowdhury and his
20 companies
- 21 • \$7 million unaccounted for, largely due to Chowdhury's many
22 domestic and overseas bank accounts, spread across four different
23 financial institutions, and encompassing thousands of unexplained bank
24 transactions

25 55. Defendants used only about \$6.6 million of the \$26.4 million they
26 raised from investors for operating expenditures relating to DTI and QAC, including
27 rent, payroll, investments, equipment, and insurance.

28 ///

1 **THE STATUTORY PERIOD HAS BEEN TOLLED**

2 56. On February 1, 2023, Chowdhury entered into a tolling agreement with
3 the SEC (“Tolling Agreement”) on behalf of himself, DTI, and QAC (as CEO of
4 both entities) tolling and suspending the statute of limitations from March 1, 2023
5 to September 1, 2023.

6 **FIRST CLAIM FOR RELIEF**

7 **Violations of Section 17(a) of the Securities Act**

8 **(All Defendants)**

9 57. The Commission repeats and realleges Paragraphs 1 through 56 of its
10 Complaint.

11 58. From no later than May 2018 through at least 2022, Defendants, by
12 engaging in the conduct described above, directly or indirectly, in the offer or sale
13 of securities, by the use of means or instruments of transportation or communication
14 in interstate commerce or by the use of the mails: (a) with scienter, employed
15 devices, schemes, or artifices to defraud; (b) obtained money or property by means
16 of untrue statements of material fact or by omitting to state a material fact necessary
17 in order to make the statements made, in light of the circumstances under which they
18 were made, not misleading; and (c) engaged in transactions, practices, or courses of
19 business that operated or would operate as a fraud or deceit upon the purchaser of
20 such securities.

21 59. By reason of the foregoing, Defendants violated, and unless enjoined
22 are reasonably likely to continue to violate, Securities Act Section 17(a) [15 U.S.C.
23 § 77q(a)(1), (2) and (3)].

24 **SECOND CLAIM FOR RELIEF**

25 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder**

26 **(All Defendants)**

27 60. The Commission repeats and realleges Paragraphs 1 through 56 of its
28 Complaint.

1 knowingly or recklessly, provided substantial assistance to, and thereby aided and
2 abetted, DTI's and QAC's violations of Securities Act Section 17(a) [15 U.S.C. §
3 77q(a)(1), (2) and (3)].

4 66. Accordingly, Chowdhury, pursuant to Securities Act Section 15(b)
5 [15 U.S.C. § 77o(b)], is liable for those violations.

6 **FOURTH CLAIM FOR RELIEF**

7 **Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rule**
8 **10b-5 thereunder**
9 **(Defendant Chowdhury)**

10 67. The Commission repeats and realleges Paragraphs 1 through 56 of its
11 Complaint.

12 68. From no later than May 2018 through at least 2022, Defendants DTI
13 and QAC, by engaging in the conduct described above, directly or indirectly, in
14 connection with the purchase or sale of a security; by the use of means or
15 instrumentalities of interstate commerce, or of the mails, or of the facilities of a
16 national securities exchange, with scienter: (a) employed devices, schemes, or
17 artifices to defraud; (b) made untrue statements of material fact or omitted to state a
18 material fact necessary in order to make the statements made, in light of the
19 circumstances under which they were made, not misleading; and (c) engaged in acts,
20 practices, or courses of business which operated or would operate as a fraud or deceit
21 upon any person.

22 69. By reason of the conduct described above, Chowdhury, acting
23 knowingly or recklessly, provided substantial assistance to, and thereby aided and
24 abetted, DTI's and QAC's violations of Exchange Act Section 10(b) and Rule 10b-
25 5 [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a), (b) and (c)].

26 70. Accordingly, Chowdhury, pursuant to Exchange Act Section 20(e) [15
27 U.S.C. § 78t(e)], is liable for these violations.

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1 **FIFTH CLAIM FOR RELIEF**

2 **Control Person Liability**

3 **(Defendant Chowdhury)**

4 71. The Commission repeats and realleges Paragraphs 1 through 56 of its
5 Complaint.

6 72. From no later than May 2018 through at least 2022, Defendants DTI
7 and QAC, which were under Chowdhury’s control, by engaging in the conduct
8 described above, directly or indirectly, in connection with the purchase or sale of a
9 security; by the use of means or instrumentalities of interstate commerce, or of the
10 mails, or of the facilities of a national securities exchange, with scienter: (a)
11 employed devices, schemes, or artifices to defraud; (b) made untrue statements of
12 material fact or omitted to state a material fact necessary in order to make the
13 statements made, in light of the circumstances under which they were made, not
14 misleading; and (c) engaged in acts, practices, or courses of business which operated
15 or would operate as a fraud or deceit upon any person.

16 73. By reason of the conduct described above, Chowdhury was a control
17 person of DTI and QAC in that Chowdhury exercised actual power and control over
18 DTI and QAC and was a culpable participant in their violations of Exchange Act
19 Section 10(b) and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R.
20 § 240.10b-5(a), (b) and (c)].

21 74. Accordingly, Chowdhury, pursuant to Exchange Act Section 20(a) [15
22 U.S.C. § 78t(a)], is liable for these violations.

23 **PRAYER FOR RELIEF**

24 **WHEREFORE**, the Commission respectfully requests that the Court:

25 **I.**

26 Issue findings of fact and conclusions of law that Defendants committed the
27 alleged violations.

28 ///

1 **II.**

2 Issue judgments, in a form consistent with Rule 65(d) of the Federal Rules of
3 Civil Procedure, permanently restraining and enjoining Defendants from, directly or
4 indirectly, violating Securities Act Section 17(a) [15 U.S.C. § 77q(a)] and Exchange
5 Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §§
6 240.10b-5].

7 **III.**

8 Issue judgments, in a form consistent with Rule 65(d) of the Federal Rules of
9 Civil Procedure, permanently restraining and enjoining Defendant Chowdhury from
10 aiding or abetting any violation of Securities Act Section 17(a) [15 U.S.C. § 77q(a)]
11 and Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17
12 C.F.R. §§ 240.10b-5].

13 **IV.**

14 Issue judgments, in a form consistent with Rule 65(d) of the Federal Rules of
15 Civil Procedure, permanently restraining and enjoining Defendants from directly or
16 indirectly, including, but not limited to, through any entity owned or controlled by
17 them, participating in the issuance, purchase, offer, or sale of any securities,
18 provided, however, that such injunction shall not prevent Defendant Chowdhury
19 from purchasing or selling securities listed on a national securities exchange for his
20 own personal account.

21 **V.**

22 Order Defendants to disgorge all funds received from their illegal conduct,
23 together with prejudgment interest thereon, pursuant to Exchange Act
24 Sections 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)].

25 **VI.**

26 Order Defendants to pay civil penalties under Securities Act Section 20(d) [15
27 U.S.C. § 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)(3)].

28 ///

1 **VII.**

2 Bar Defendant Chowdhury from serving as an officer or director of a public
3 company pursuant to Securities Act Section 20(e) [15 U.S.C. § 77t(e)] and Exchange
4 Act Section 21(d)(3) [15 U.S.C. § 78u(d)(6)].

5 **VIII.**

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

10 **IX.**

11 Grant such other and further relief as this Court may deem just, equitable, or
12 necessary in connection with the enforcement of the federal securities laws and for
13 the protection of investors.

14
15 DATED: September 19, 2023

/s/ Gary Y. Leung

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Complaints and Other Initiating Documents

[8:23-cv-01741 Securities and Exchange Commission v. Chowdhury et al](#)

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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Case Name: Securities and Exchange Commission v. Chowdhury et al

Case Number: [8:23-cv-01741](#)

Filer: Securities and Exchange Commission

Document Number: [1](#)

Docket Text:

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

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