

RUTH C. PINKEL (Cal. Bar No. 164470)
Email: PinkelR@sec.gov
ROBERTO TERCERO (Cal. Bar No. 143760)
Email: TerceroR@sec.gov
WILLIAM S. FISKE (Cal. Bar No. 123071)
Email: FiskeW@sec.gov

Attorneys for Plaintiff
Securities and Exchange Commission
Katharine E. Zoladz, Regional Director
Gary Y. Leung, Associate Regional Director
Brent Wilner, Associate Regional Director
Douglas M. Miller, Regional Trial Counsel
444 S. Flower Street, Suite 900
Los Angeles, California 90071
Telephone: (323) 965-3998
Facsimile: (213) 443-1904

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

LIONEL SELWOOD, JR.,

Defendant.

Case No. 2:24-cv-08336

COMPLAINT

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

JURISDICTION AND VENUE

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

1 6. The registration statement and proxy materials disclosed (1) a possible
2 but uncertain risk associated with the ability of suppliers to deliver sufficient numbers
3 of cells to Romeo, or the potential for a cell shortage to occur, and (2) if either risk
4 became a reality, it would have a material, adverse effect on the company's business
5 prospects, financial condition, and operating results.

6 7. But contrary to these statements about the uncertainty of these risks,
7 Selwood knew or should have known that the suppliers were not able to deliver
8 enough cells and a cell shortage had already developed. Specifically, in the months
9 before RMG's last registration statement was filed, Selwood received substantial and
10 reliable information concerning the deteriorating market for cells, the suppliers'
11 inability to provide cells to the company, and the eventual shortage. Selwood
12 received this information before RMG filed its last amendment to the registration
13 statement and shareholders were able to vote on the proposed merger transaction.
14 Consequently, the cell shortage directly impacted Romeo's ability to meet the 2021
15 revenue projection. Selwood negligently failed to disclose this information to RMG's
16 shareholders, Romeo Systems' shareholders or prospective investors before the
17 merger closed on December 29, 2020.

18 8. After the merger closed, the cell shortage and the suppliers' ability to
19 provide cells to Romeo became more acute, and Selwood received substantial and
20 reliable information to that effect. Nevertheless, Selwood authorized his signature to
21 be placed on a Form S-1 registration statement that Romeo filed with the SEC in
22 January 2021, for a subsequent offering of securities that contained the same
23 materially false and misleading conditional risk disclosures, except the offering did
24 not include the revenue projection that was contained in the registration statement and
25 proxy materials that were filed before the merger.

26 9. On or about March 30, 2021, approximately two months after the close
27 of the merger, Romeo finally issued a press release disclosing the shortage of cells
28 from its suppliers and its negative effect upon the company, including requiring the

1 company to revise its revenue projection for 2021 down from \$139 million to a range
2 of \$18-\$40 million. After the announcement, Romeo's stock price dropped
3 approximately 19.7% on heavy trading volume.

4 10. By creating an unrealistic and misleading depiction of the company's
5 ability to manufacture batteries and to meet the revenue projection, Selwood failed to
6 exercise reasonable care in providing information contained in RMG's registration
7 and proxy statement for the merger. He also failed to exercise reasonable care in
8 providing the risk disclosures in Romeo's post-merger registration statement.

9 11. Through his conduct, and as further detailed in this complaint, Selwood
10 violated the antifraud provisions of Section 17(a)(2) and (a)(3) of the Securities Act
11 and Section 14(a) of the Exchange Act, 15 U.S.C. § 78n, and Rule 14a-9 thereunder,
12 17 C.F.R. § 240.14a-9.

13 12. With this complaint, the SEC seeks a permanent injunction against
14 Selwood for his violations of the federal securities laws and to bar Selwood from
15 acting as an officer or director of a public issuer pursuant to Section 21(d)(5) of the
16 Exchange Act, 15 U.S.C. § 78u(d)(5). The SEC further seeks to impose a civil
17 monetary penalty against Selwood pursuant to Section 20(d) of the Securities Act, 15
18 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

19 THE DEFENDANT

20 13. **Lionel Selwood, Jr.** ("Selwood"), age 35, was a resident of Florida and
21 California during the relevant period in this complaint. Selwood was the CEO of
22 Romeo Systems from September 2020 to December 2020 and CEO of Romeo Power
23 from December 2020 to August 2021. Previously, starting in February 2019, he was
24 president and general manager for North American operations of its predecessor
25 Romeo Systems.

26 RELATED ENTITIES

27 14. RMG Acquisition Corp. ("RMG"), was a Delaware corporation with its
28 principal place of business in New York, New York. It was a SPAC, and its common

1 stock was registered under Section 12(b) of the Exchange Act, 15 U.S.C. § 78l, and
2 traded on the NYSE under the ticker symbol “RMG.” On October 5, 2020, RMG
3 announced that it had entered into a definitive merger agreement to acquire Romeo
4 Systems. Upon the closing of the transaction on December 29, 2020, the combined
5 company’s name was changed to Romeo Power, Inc. (referred to herein as “Romeo”).

6 15. **Romeo Power, Inc.**, formerly known as Romeo Systems, Inc. was a
7 Delaware corporation with its principal place of business in Vernon, California.
8 After the December 29, 2020, merger with RMG, the common stock of the combined
9 entity was registered under Section 12(b) of the Exchange Act [15 U.S.C. § 78l] and
10 traded on the NYSE under the ticker symbol “RMO.” Romeo manufactured batteries
11 used to power commercial electric vehicles.

12 16. **“Supplier One”** was a foreign manufacturing conglomerate which
13 supplied Romeo Systems with battery cells. Supplier One was the company’s main
14 cell supplier but only provided samples, until about September 2020, when Romeo
15 Systems sought to obtain significantly larger numbers of cells to meet its anticipated
16 production needs.

17 17. **“Supplier Two”** was a foreign manufacturing conglomerate which was
18 a supplier of sample amounts of cells to Romeo Systems until about September 2020,
19 when Romeo sought to establish it as its secondary supplier.

20 THE ALLEGATIONS

21 **A. Romeo Systems and its Merger with RMG**

22 18. Romeo Systems designed and manufactured lithium-ion batteries for
23 commercial electric vehicles from school buses to long-haul freight trucks.

24 19. The main component of Romeo Systems’ batteries were cells that store
25 electric power, representing 60-80% of the battery’s cost.

26 20. Romeo Systems bought the cells that it needed through purchase orders
27 that it submitted to its suppliers, but these purchase orders did not guarantee delivery
28 of the cells until the suppliers allocated the cells to the company (i.e., accepted the

1 order) and was paid.

2 21. In March 2020, RMG approached Romeo Systems about a possible
3 merger. Prior to the merger, Romeo Systems used Supplier One as its main supplier
4 of the cells that it used to manufacture batteries.

5 **1. RMG's due diligence, cell supply, and Romeo Systems' 2021 revenue**
6 **projection**

7 22. From April through July 2020, RMG conducted due diligence in
8 connection with the anticipated merger. On July 21, 2020, RMG and Romeo Systems
9 signed a letter of intent.

10 23. During the due diligence process, RMG and its financial advisors asked
11 Romeo Systems executives and staff questions about the battery cells and its supply
12 arrangements to obtain them. On or about August 17, 2020, Selwood told RMG and
13 its financial advisors that Romeo had a good relationship with its suppliers and
14 described Romeo as a "preferred customer" of Supplier One.

15 24. As part of the merger process, Romeo Systems provided RMG with a
16 five-year revenue projection, which included a revenue target of about \$139 million
17 for the 2021 calendar year. Selwood's role in preparing the revenue projection was to
18 determine the probability that the revenue would materialize.

19 25. Cell supply and procurement were critical to Romeo's business because
20 94% of its 2021 projected revenue was derived from battery sales. Cells were the
21 main supply components of the batteries, and for Romeo to meet its 2021 \$139
22 million revenue projection, it would have to secure at least 30 million cells from its
23 suppliers.

24 26. Under the forecast, Romeo planned to increase battery production in
25 March 2021 and planned to ramp up its manufacturing capacity in May 2021.

26 27. From approximately September 9, 2020 to December 18, 2020, RMG
27 and Romeo Systems conducted a private investment in public equity (or "PIPE")
28 securities offering, in which investors could acquire RMG shares, a publicly traded

1 company, through a private offering, in anticipation of the merger. The \$139 million
2 revenue projection was also included in the PIPE offering materials.

3 **2. RMG's proxy and registration statement for the merger transaction**
4 **and Romeo's Form S-1 registration statement**

5 28. On October 15, 2020, RMG filed with the SEC a Form S-4 registration
6 statement which included a proxy statement for the proposed merger, as well as a
7 notice of solicitation of written consent to Romeo stockholders, upon which Selwood
8 authorized his signature to be placed on, recommending the merger's approval.

9 29. Following the October 15, 2020 Form S-4 filing, there were three
10 amendments, which were filed with the SEC on November 20, December 4, and
11 December 29, 2020.

12 30. Selwood reviewed the October 15, 2020 registration statement on Form
13 S-4 and the three amendments to it through December 29, 2020 all of which were
14 filed by RMG with SEC. The S-4 registration statement and its amendments
15 contained a proxy statement, which included a notice of solicitation of written
16 consent to Romeo Systems stockholders, signed by Selwood, recommending the
17 merger's approval. Selwood was responsible for the content of the S-4 registration
18 statement and proxy statement about Romeo, including the discussion of risks and
19 Romeo Systems' business. Selwood also signed a form, attached to the S-4
20 registration statement as an exhibit, consenting to the use of his name in the proxy
21 statement as a person who would become a member of Romeo's board of directors if
22 the merger was approved.

23 31. On January 19, 2021, after the merger was consummated, Romeo filed
24 with the SEC a Form S-1 registration statement. This filing was signed by Selwood
25 as CEO, to register the sale of Romeo common stock and warrants held by certain
26 selling security holders, including about 720,000 shares that he owned.

1 **3. Statements in the relevant SEC filings concerning the risk and**
2 **existence of a cell shortage**

3 32. The registration statement and proxy materials disclosed certain risks to
4 the business.

5 33. The RMG Form S-4 EMF, including the Proxy Statement, filed
6 December 29, 2020, included the two following statements regarding risks:

7 “We are dependent on our suppliers to fulfill our customers’
8 orders, and if we fail to manage our relationships effectively with,
9 or lose the services of, these suppliers and we cannot substitute
10 suitable alternative suppliers, our operations would be materially
11 adversely affected. We rely on third-party suppliers for the
12 provision and development of many of the key components and
13 materials used in our battery modules and packs, such as cells,
14 electrical components, and enclosure materials. The inability of
15 our suppliers to deliver necessary components of our battery
16 products at prices and volumes, performance and specifications
17 acceptable to us could have a material adverse effect on our
18 business, prospects, financial condition and operating results. . .”

19 “Increases in costs, disruption of supply or shortage of any of our
20 battery components, particularly cells, could harm our business.
21 From time to time, we may experience increases in the cost or a
22 sustained interruption in the supply or shortage of our
23 components. Any such increase or supply interruption could
24 materially and negatively impact our business, prospects, financial
25 condition and operating results. . .”
26

27 34. The Romeo Form S-1 registration statement filed January 19, 2021,
28 included the same statements regarding risks.

B. Selwood Had Previously Received Information Negatively Impacting the Risks to Battery Production

35. After RMG and Romeo Systems signed the letter of intent and continuing up until January 19, 2021, Selwood received substantial, reliable information of an impending cell shortage, and ultimately that a shortage had materialized.

36. Indeed, prior to the close of the merger, Selwood learned that Romeo's cell suppliers would not be able to deliver the volume of cells the company needed to meet its requirements for the first half of Romeo's 2021 revenue projection, and that suppliers' ability to deliver enough cells to meet Romeo's needs for the second half of the year was in serious doubt.

37. On August 4, 2020, Romeo Systems' Cell Procurement Director texted Selwood that he was concerned the company would not be able to secure the required cell allocation from Supplier One because a prominent electric car manufacturer was buying out the market. He also told Selwood that Romeo Systems needed to secure a second cell supplier because "[s]ingle sourcing is too dangerous," and he was concerned Supplier One might "betray us again."

38. On September 21, 2020, Romeo Systems Chief Financial Officer ("CFO") again raised a potential supply issue with the Cell Procurement Director in an email in which Selwood was copied. The Cell Procurement Director responded saying, "the shortage will become an issue based on the current trending and circumstances." The Cell Procurement Director gave several reasons, including increased competition for Supplier One's cells and Supplier Two's confirmation that it would not be able to supply the cells Romeo needed for Romeo's largest customer in 2021 and 2022.

39. On November 2, 2020, the Cell Procurement Director texted Selwood about a call he had with Supplier One, saying Supplier One was "a mess", citing a cell "shortage" and noting the company might not be able to provide Romeo with the

1 cells it needed for its largest customer.

2 40. Shortly thereafter, the Cell Procurement Director drafted an email to
3 Supplier One and copied Selwood, beneath the subject line “Severe Shortage Issue.”
4 The email summarized a call with Supplier One, in which he was told the supplier’s
5 main factory was already operating at full capacity, “*2021 1H [half] will be [a]*
6 *challenge to produce battery cells,*” and that the supplier currently was unable to
7 allocate about three quarters of a small, existing order for cells Romeo Systems had
8 placed “*due to the severity of shortage.*”

9 41. On November 15, 2020, Selwood informed Romeo Systems’ CFO,
10 Chief Operating Officer, and Chief Technology Officer that although the company
11 was closing deals to sell batteries, “*if we don’t have cells it doesn’t matter.*” Selwood
12 also said he was “*personally negotiating with [Supplier One’s sales director of its]*
13 *battery cell group] until we get a deal done.*”

14 42. On December 9, 2020, the sales director of Supplier One’s battery group
15 spoke to Selwood and told him that it was very unlikely Supplier One would be able
16 to supply Romeo the 27 million cells that Selwood had listed in an email he sent
17 earlier that day.

18 43. On December 17, 2020, Selwood asked his Cell Procurement Director to
19 look into Supplier Two’s cell availability and noted that Supplier Two might have to
20 provide all the cells the company needed if Supplier One could not “*pull a miracle.*”
21 The Cell Procurement Director replied, “*we cannot let [Supplier Two] know [that]*
22 *Supplier One] is messed up on shortage.*”

23 44. The same day, the Cell Procurement Director told Selwood that Supplier
24 Two could not provide all the cells that were needed but that it might be able to
25 provide 1.5 million cells per quarter beginning in the third quarter of 2021. This
26 amount was substantially less than the approximately 26.3 million cells the company
27 needed for the second half of the year according to its forecast and potentially left the
28 company without any of the cells that it needed during the first two quarters of 2021

1 (approximately 4.1 million cells).

2 45. On January 8, 2021, Romeo's Cell Procurement Director copied
3 Selwood on his in response to an email from Romeo's joint venture partner
4 requesting information regarding a lack of cell supply. The Cell Procurement
5 Director stated "*the [cell supply] shortage has not showed signs of improvement*" and
6 that Supplier One "*still shows tight [supply] in first half of 2021.*" While discussing
7 Supplier Two, he also referred to a "*global shortage.*"

8 46. On January 13, 2021, Supplier One sent Selwood and the Cell
9 Procurement Director an email, acknowledging Supplier One's receipt of a Romeo
10 purchase order for 21 million cells, but saying the purchase order would only be used
11 for reference to see if allocation capacity existed in the third and fourth quarters
12 of 2021. Supplier One added that they were "*facing very tight supply due to market*
13 *dynamic[s].*"

14 47. On January 19, 2021, during a conference call, Supplier One informed
15 Selwood and the Cell Procurement Director that other Supplier One customers with
16 long term agreements in place had increased their 2021 demand; that Supplier One
17 was not making cell allocation commitments to Romeo until further notice; that
18 Supplier One's long-term agreement negotiations with Romeo were on hold; and that
19 no samples from Supplier One's Chinese facility were available.

20 **C. Selwood Negligently Made Materially False and Misleading Statements in**
21 **SEC Filings Regarding the Risks to Romeo's Cell Supply**

22 **1. The materially false and misleading statements**

23 48. No later than December 17, 2020, Selwood had substantial, reliable
24 information making it increasingly clear that Supplier One and Supplier Two were
25 each experiencing a shortage of the cells that the company needed to manufacture its
26 batteries. Despite having this information, Selwood negligently made a series of
27 materially false and misleading statements in the following SEC filings regarding the
28 risks faced by the company's cell suppliers and the existence of a cell shortage:

a. RMG's Form S-4 Registration Statement

DATE	SOURCE	MATERIALLY FALSE AND MISLEADING STATEMENT
Filed with the SEC on December 29, 2020	RMG Form S-4 EMF, including the Proxy Statement	<ul style="list-style-type: none"> • <i>“We are dependent on our suppliers to fulfill our customers’ orders, and if we fail to manage our relationships effectively with, or lose the services of, these suppliers and we cannot substitute suitable alternative suppliers, our operations would be materially adversely affected. We rely on third-party suppliers for the provision and development of many of the key components and materials used in our battery modules and packs, such as cells, electrical components, and enclosure materials. The inability of our suppliers to deliver necessary components of our battery products at prices and volumes, performance and specifications acceptable to us could have a material adverse effect on our business, prospects, financial condition and operating results. . .”</i> • <i>“Increases in costs, disruption of supply or shortage of any of our battery components, particularly cells, could harm our business. From time to time, we may experience increases in the cost or a sustained interruption in the supply or shortage of our components. Any such increase or supply interruption could materially and negatively impact our business, prospects, financial condition and operating results. . .”</i>

b. Romeo's Form S-1 Registration Statement

DATE	SOURCE	MATERIALLY FALSE AND MISLEADING STATEMENT
Filed with the SEC on January 19, 2021	Romeo Form S-1 Registration Statement	<ul style="list-style-type: none"> • <i>“We are dependent on our suppliers to fulfill our customers’ orders, and if we fail to manage our relationships effectively with, or lose the services of, these suppliers and we cannot substitute suitable alternative suppliers, our operations would be materially adversely affected. We rely on third-party suppliers for the provision and development of many of the key components and materials used in our battery modules and packs, such as cells, electrical components, and enclosure materials. The inability of our suppliers to deliver necessary components of our battery products at prices and volumes, performance and specifications acceptable to us could have a material adverse effect on our business, prospects, financial condition and operating results. . .”</i> • <i>“Increases in costs, disruption of supply or shortage of any of our battery components, particularly cells, could harm our business. From time to time, we may experience increases in the cost or a sustained interruption in the supply or shortage of our components. Any such increase or supply interruption could materially and negatively impact our business, prospects, financial condition and operating results. . .”</i>

2. The False and Misleading Statements Selwood Made in SEC Filings Were Material

49. Each of the statements outlined in the tables above contained materially false and misleading statements about the risks associated with Romeo's ability to procure and take possession of cells, manage its relationships with its suppliers, and the existence of a cell shortage.

50. Specifically, each of the statements warned that Romeo's business, prospects, financial condition, and operating results "could" be materially and adversely affected if its suppliers were not able to deliver the necessary components, including cells, at acceptable prices and volumes. The registration statements further warned that a shortage of any of Romeo's battery components, particularly cells, "could" also harm its business, prospects, financial condition, and operating results.

51. These risk disclosures were materially false and misleading because, at the time they were made and disseminated, Selwood had received substantial, reliable information about the lack of cells Romeo would need to manufacture batteries due to the cell shortage and the inability of the suppliers to fulfill the purchase orders that were being discussed and ultimately submitted by Romeo after the merger, at least not in the time or in the amounts needed for Romeo to meet the 2021 revenue projection of \$139 million.

52. A reasonable investor would have wanted to know the truth about Romeo's ability to procure cells for manufacturing batteries before investing and would want to know about Romeo's relationship with its cell suppliers because they went to the heart of Romeo's ability to generate revenue and consequently its financial condition.

53. This disclosure ultimately was made on March 30, 2021, when Romeo announced that it was revising its 2021 revenue expectations downward from \$139 million, stating that "[a]s global demand for raw materials outpaces supply, Romeo Power is subject to a significant shortfall in cell capacity industrywide, and now

1 expects its revenue for 2021 to be in the range of \$18-\$40 million.”

2 54. That same day, Romeo held an earnings call with investors in which
3 Selwood further explained “the worldwide market for battery sales is experiencing a
4 significant shortage of certain high quality performance cells. That shortage has
5 affected our ability to source adequate supplies of key battery cells critical to our
6 specialized, high density battery solutions.” Selwood also disclosed that Romeo was
7 “making material updates to our production and revenue outlook for 2021” and that
8 “the impact to [Romeo’s] ability to generate revenue in 2021 is significant.”

9 55. Following these announcements, Romeo’s stock price dropped \$2.04 per
10 share, or approximately 19.7%, to close at \$8.33 per share on trading volume
11 approximately 7,250% higher than the previous day.

12 **3. Selwood acted negligently**

13 56. Selwood failed to act as a reasonable person would under the
14 circumstances. The registration and proxy statement stated that Romeo’s financial
15 condition and business “could” be harmed by its suppliers’ inability to provide cells
16 or a cell shortage, when in fact, Selwood had substantial, reliable information that this
17 was already happening, and that Romeo’s business, financial condition, and operating
18 results would be harmed through 2021. He nevertheless: reviewed and signed off on
19 the disclosure contained in the SEC filings; signed the notice of solicitation in the
20 proxy statement/prospectus; consented to the inclusion of his name in the proxy
21 statement/prospectus as a director nominee; and authorized his signature to be placed
22 on the Form S-1 registration statement.

23 57. Selwood had a duty to provide prompt written notice of any
24 development known to him that would cause the proxy statement/prospectus to
25 contain materially false or misleading information. Instead, Selwood failed to act
26 reasonably under the circumstances by not disclosing the substantial and reliable
27 information he had received and continued to receive, about Romeo Systems’
28 suppliers experiencing a shortage of cells and the negative impact this had on the

1 company's financial condition and prospects.

2 **4. Selwood obtained property through the materially false and**
3 **misleading statements**

4 58. Romeo Systems' merger with RMG closed on December 29, 2020, and
5 provided the company with access to approximately \$394 million in capital, including
6 \$160 million that was raised from the PIPE offering.

7 59. Selwood also personally benefitted from the materially false and
8 misleading statements identified above in the Form S-4 registration statement and the
9 proxy statement, because the proxy statement was used to solicit votes to approve a
10 merger which, upon consummation of the transaction: (i) placed him on the board of
11 directors of a public company; (ii) allowed him to convert his Romeo Systems stock
12 options into publicly tradeable common stock of Romeo; and (iii) allowed him to
13 exchange his existing Romeo Systems shares into publicly tradable Romeo stock.

14 **D. Selwood's Conduct Operated as a Fraud**

15 60. In the time period leading up to the December 29, 2020 final amendment
16 to RMG's S-4 registration statement, Selwood negligently failed to convey the
17 information he knew about a cell shortage to the public. Instead, Selwood regularly
18 provided mostly positive updates about the company's efforts to secure new business
19 and the size of its backlog, thereby negligently conveying a false impression of
20 Romeo's condition and ability to operate as planned. Selwood engaged in this
21 practice despite Romeo's obligation to disclose any development known to Romeo
22 that would cause the proxy statement in the S-4 to contain materially false or
23 misleading information he knew or should have known would be used to solicit votes
24 in favor of the merger.

25 61. After the merger closed on December 29, 2020 through January 18,
26 2021, Selwood received additional information that the cell shortage had become
27 more acute and that cell suppliers were not able to provide cells timely or in the
28 quantities that Romeo needed. Selwood, however, authorized his signature to be

1 placed on the materially false and misleading S-1 registration statement on January
2 18, 2021. He did not make any attempt to halt the offering that the S-1 covered or
3 correct the misleading risk factor disclosure, even after learning on January 19, 2021
4 that Supplier One had stopped cell allocation commitments until further notice and
5 placed its long-term negotiations with Romeo on hold. Before the S-1 was declared
6 effective on January 26, 2021, Selwood continued his practice of negligently failing
7 to convey the information he knew or should have known about a cell shortage.

8 62. Selwood failed to act as a reasonable person would under the
9 circumstances. At all times, Selwood, as CEO of a soon to be, and then, publicly
10 traded company, failed to use the degree and skill that a reasonable person preparing
11 documents for filing with the SEC would be expected to use.

12 **FIRST CLAIM FOR RELIEF**

13 **Materially False or Misleading Statements**

14 **Violations of Securities Act Section 17(a)(2)**

15 63. The SEC realleges and incorporates by reference paragraphs 1 through
16 62 above.

17 64. By engaging in the conduct described above, Defendant Selwood,
18 directly or indirectly, in the offer or sale of securities, and by the use of means or
19 instruments of transportation or communication in interstate commerce or by use of
20 the mails, obtained money or property by means of untrue statements of a material
21 fact or by omitting to state a material fact necessary in order to make the statements
22 made, in light of the circumstances under which they were made, not misleading.

23 65. By engaging in the conduct described above, Defendant Selwood
24 violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(2)
25 of the Securities Act, 15 U.S.C. § 77q(a)(2).
26
27
28

SECOND CLAIM FOR RELIEF

Fraud in the Offer or Sale of Securities

Violations of Securities Act Section 17(a)(3)

66. The SEC realleges and incorporates by reference paragraphs 1 through 62 above.

67. By engaging in the conduct described above, Defendant Selwood, directly or indirectly, in the offer or sale of securities, and by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

68. By engaging in the conduct described above, Defendant Selwood violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

THIRD CLAIM FOR RELIEF

Solicitation of Proxies in Violation of Rules and Regulations

Violations of Section 14(a) of the Exchange Act and

Rule 14a-9 Thereunder

69. The SEC realleges and incorporates by reference paragraphs 1 through 62 above.

70. By engaging in the conduct described above, Selwood, by use of the mails, or the means of instrumentalities of interstate commerce or any facility of a national securities exchange, solicited proxies without furnishing each person solicited a proxy statement containing the information specified by the proxy rules, and used proxy statement containing statements which, at the time and in light of the circumstances under which they are made, were false or misleading with respect to a material fact, or omitted to state material facts necessary to make the statement therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or

1 subject matter which has become false or misleading.

2 71. By engaging in the conduct above, Selwood violated, and unless
3 enjoined will continue to violate, Exchange Act Section 14(a), 15 U.S.C. § 78n(a),
4 and Rule 14a-9 thereunder, 17 C.F.R. § 240.14a-9.

5 **PRAYER FOR RELIEF**

6 WHEREFORE, the SEC respectfully requests that the Court:

7 **I.**

8 Issue findings of fact and conclusions of law that Defendant Selwood
9 committed the alleged violations.

10 **II.**

11 Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of
12 Civil Procedure, permanently enjoining Defendant Selwood, and his officers, agents,
13 servants, employees and attorneys, and those persons in active concert or
14 participation with any of them, who receive actual notice of the judgment by personal
15 service or otherwise, and each of them, from violating Section 17(a) of the Securities
16 Act, 15 U.S.C. §77q(a), and Section 14(a) of the Securities Exchange Act of 1934
17 (“Exchange Act”), 15 U.S.C. § 78n(a), and Rule 14a-9, 17 C.F.R. § 240.14a-9.

18 **III.**

19 Issue an order against Defendant Selwood, pursuant to Section 21(d)(5) of the
20 Exchange Act, 15 U.S.C. § 78u(d)(5), prohibiting him from acting as an officer or
21 director of any issuer that has a class of securities registered pursuant to Section 12 of
22 the Exchange Act, 15 U.S.C. § 781, or that is required to file reports pursuant to
23 Section 15(d) of the Exchange Act, 78 U.S.C. § 78o(d).

24 **IV.**

25 Order Defendant Selwood to pay a civil penalty under Section 20(d) of the
26 Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15
27 U.S.C. § 78u(d)(3).
28

1 V.

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

6 VI.

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

9 Dated: September 27, 2024

10 /s/ Ruth C. Pinkel

11 RUTH C. PINKEL

12 Attorney for Plaintiff

13 Securities and Exchange Commission
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