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10 **UNITED STATES DISTRICT COURT**
11 **DISTRICT OF ARIZONA**

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13 Securities and Exchange Commission,
14 Plaintiff,
15 vs.
16 David A. Spargo, CannaCloud, Inc.,
17 and D.A. Spargo & Co., LLC,
18 Defendants.

Case No.
COMPLAINT

19
20 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

21 **SUMMARY**

22 1. This civil enforcement action concerns a fraudulent securities offering
23 perpetrated by defendant David A. Spargo (“Spargo”) through two defendant
24 entities that he controlled, CannaCloud, Inc. (“CannaCloud”) and D.A. Spargo &
25 Co., LLC (“D.A. Spargo”). From February 2021 to December 2021, Spargo used
26 these entities to raise at least \$1.65 million from approximately 33 investors, who
27 invested in high-yield notes that could be converted into CannaCloud stock issued
28 by D.A. Spargo. When convincing investors, Spargo made false and misleading

1 representations about the true state of CannaCloud’s business, its financial
2 condition, and its ability to pay out the 20 percent annual return promised by the
3 terms of defendants’ high-yield notes. Once investors had transferred their funds
4 for investment, Spargo engaged these entities in a scheme to defraud by using
5 investor funds for his personal use. CannaCloud is now defunct with
6 approximately \$1.5 million of its investors’ funds having been misappropriated.

7 2. Spargo represented to investors that he would use their money to fund
8 CannaCloud’s business, claiming that the company was developing an application
9 that would give marijuana consumers the ability to access inventories of cannabis
10 dispensaries and to purchase cannabis products. Spargo told investors that they
11 would receive a 20 percent annual return on their investment and that they would
12 have the option to obtain equity shares in the company once shares were issued.
13 Spargo provided certain investors with an investor presentation about
14 CannaCloud’s business showing a 40 percent net profit margin for the prior year
15 and a \$7.25 billion valuation.

16 3. In reality, Spargo used little of the funds he raised from investors to
17 develop CannaCloud’s business. Instead, Spargo spent investors’ money at
18 casinos and on personal expenses. He took investor funds via cash withdrawals
19 and transferred investor funds to his wife’s bank account. Meanwhile, Spargo told
20 investors that CannaCloud’s business was doing well and that the company would
21 soon be sold to a wealthy third-party purchaser, benefitting shareholders. Spargo
22 never disclosed to investors that he was using their investments on personal
23 expenses or that there was no money for CannaCloud to pay them their promised
24 returns.

25 4. By engaging in the conduct described in this Complaint, Spargo,
26 CannaCloud, and D.A. Spargo violated Section 17(a) of the Securities Act of 1933
27 (“Securities Act”) [15 U.S.C. §§ 77(e)(a), 77(e)(c), 77q(a)], and Section 10(b) of
28 the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and

1 Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5(a)-(c)].

2 5. With this complaint, the SEC seeks: (i) the issuance of findings of fact
3 and conclusions of law that defendants Spargo, CannaCloud, and D.A. Spargo
4 committed these securities law violations; (ii) permanent injunctions prohibiting
5 future violations of the federal securities laws by defendants; (iii) a conduct-based
6 injunction against defendant Spargo; (iv) an officer and director bar against
7 defendant Spargo under Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)]
8 and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)]; (v) an order
9 requiring defendants to disgorge their ill-gotten gains with prejudgment interest in
10 accordance with Sections 21(d)(5) and 21(d)(7) of the Exchange Act [15 U.S.C.
11 §§ 78u(d)(5) and 78u(d)(7)]; and (vi) an order imposing a civil penalty on
12 defendant Spargo under Section 21(d)(3) of the Exchange Act [15 U.S.C. §
13 78u(d)(3)] and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].

14 **JURISDICTION AND VENUE**

15 6. This Court has jurisdiction over this action pursuant to Sections 20(b),
16 20(d)(1) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a)],
17 and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the Exchange Act [15
18 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e) & 78aa(a)].

19 7. Defendants have, directly or indirectly, made use of the means or
20 instrumentalities of interstate commerce, of the mails, or of the facilities of a
21 national securities exchange in connection with the transactions, acts, practices and
22 courses of business alleged in this complaint.

23 8. Venue is proper in this district pursuant to Section 22(a) of the
24 Securities Act [15 U.S.C. § 77v(a)], and Section 27(a) of the Exchange Act [15
25 U.S.C. § 78aa(a)], because certain of the transactions, acts, practices, and courses
26 of conduct constituting violations of the federal securities laws occurred within this
27 district. In addition, venue is proper in this district because Spargo resides in this
28 district and CannaCloud and D.A. Spargo conducted business in this district.

1 **DEFENDANTS**

2 9. **David A. Spargo**, age 56, is a resident of Mesa, Arizona. Spargo is
3 the director and co-founder of CannaCloud. Spargo is also the sole member of
4 D.A. Spargo. Spargo is not registered with the SEC in any capacity.

5 10. **CannaCloud, Inc.** is a Nevada corporation formed in March 2021,
6 with its principal place of business in Mesa, Arizona. CannaCloud is controlled by
7 defendant David Spargo. CannaCloud is not registered with the SEC in any
8 capacity, nor has it registered any offering of its securities with the SEC.

9 11. **D.A. Spargo & Co., LLC** is an Arizona limited liability company
10 formed by Spargo in September 2007, with its principal place of business in
11 Scottsdale. D.A. Spargo is controlled by defendant David Spargo. D.A. Spargo is
12 not registered with the SEC in any capacity, nor has it registered any offering of its
13 securities with the SEC.

14 **THE ALLEGATIONS**

15 **A. CannaCloud’s Purported Business**

16 12. In March 2021, Spargo filed a business license application for
17 CannaCloud with the Nevada Secretary of State.

18 13. Two weeks later, Spargo filed an application with the Arizona
19 Corporation Commission for CannaCloud to conduct business in Arizona.

20 14. In both applications, Spargo designated himself as the president,
21 treasurer, and a director of CannaCloud.

22 15. When formed in March 2021, CannaCloud’s ostensible business was
23 to develop and commercialize a software application that would facilitate the
24 purchase and sale of cannabis products between consumers and marijuana
25 dispensaries.

26 16. Spargo, who claimed to have expertise and contacts in the cannabis
27 industry, had already begun to raise funds from investors purportedly to build
28 CannaCloud’s business.

1 **B. Defendants' Fraudulent Securities Offering**

2 **1. Convertible note investments offered and sold by CannaCloud**

3 17. The investments offered by defendants were typically short-term notes
4 of three to nine months. These notes offered a 20 percent annual rate of return on
5 the principal amount invested.

6 18. These investments were documented as convertible notes for shares in
7 CannaCloud.

8 19. According to the terms of the convertible notes, in exchange for the
9 investor's transfer of the principal amount to CannaCloud, D.A. Spargo or another
10 Spargo-controlled entity agreed to pay the note purchaser a 20 percent annual
11 interest on the principal amount.

12 20. In addition, these notes would automatically convert to CannaCloud
13 stock if certain conditions occurred, such as maturity, a financing event, or a
14 change-in-control event. Each note provided a conversion price to calculate the
15 number of CannaCloud shares to be received by the note holder.

16 **2. Defendants' solicitation of investors**

17 21. Beginning in at least February 2021 and continuing through at least
18 December 2021, Spargo solicited investment in CannaCloud from individual
19 investors.

20 22. In most cases, Spargo either knew or had met these individual
21 investors, or the investors were the friends or family of people that Spargo knew.

22 23. When communicating with investors and potential investors about
23 CannaCloud, Spargo provided information about the company by phone, in text
24 messages, or via Whatsapp messages.

25 24. After Spargo convinced an investor to invest in CannaCloud, the
26 investor transferred their funds to a bank account controlled by Spargo and
27 executed a convertible note for shares in CannaCloud.

28 25. When soliciting their investment, Spargo explained to investors that if

1 CannaCloud became a publicly traded company, investors could profit
2 considerably by converting their notes into CannaCloud shares. Spargo further
3 represented to investors that even if CannaCloud did not become a public
4 company, he would personally guarantee a 20 percent annual return on their
5 investment.

6 26. Following their investment, Spargo continued to communicate with
7 investors about CannaCloud's ongoing business prospects in a positive light, and
8 several investors decided to invest additional funds in CannaCloud on the basis of
9 these further representations by Spargo.

10 27. In all, from February 2021 to December 2021, Spargo raised at least
11 \$1.65 million through CannaCloud convertible note agreements with
12 approximately 33 investors.

13 **3. CannaCloud's convertible notes are securities**

14 28. Investors in CannaCloud's convertible notes were primarily motivated
15 by the generation of profits.

16 29. Because of the representations made by Spargo and the terms of the
17 notes themselves, an investor in CannaCloud's convertible notes would reasonably
18 have expected to be making an investment. Indeed, CannaCloud investors
19 subjectively believed their notes were investments and that their invested funds
20 would be used to build CannaCloud's business, such that they would profit if
21 CannaCloud's business succeeded.

22 30. No other regulatory scheme significantly reduced CannaCloud
23 investors' risk of investment such that the enforcement of the federal securities law
24 is unnecessary.

25 31. Accordingly, the CannaCloud convertible notes that defendants
26 offered and sold to investors were securities within the meaning of the federal
27 securities laws.

28 32. In addition, each CannaCloud convertible note investor transferred

1 money to a Spargo-controlled entity with the understanding that their funds would
2 be used to build CannaCloud’s business. Thus the notes constituted an investment
3 of money.

4 33. Defendants pooled the investor funds they received from CannaCloud
5 convertible note investors in bank accounts controlled by Spargo.

6 34. Because defendants’ promised return was a percentage of investors’
7 principal invested, investors were led to believe they would share profits in a
8 manner proportional to the amount of their investment.

9 35. If CannaCloud succeeded commercially, then defendants and
10 CannaCloud convertible note investors all stood to profit.

11 36. CannaCloud convertible note investors expected the profits from their
12 investments to be derived solely from CannaCloud’s efforts to develop its
13 business, which was to commercialize and operate an application that gave
14 marijuana consumers the ability to access inventories of cannabis dispensaries and
15 purchase cannabis products.

16 37. For this separate reason, CannaCloud’s convertible notes are
17 securities within the meaning of the federal securities laws because they are
18 investment contracts.

19 **C. Defendants Made False and Misleading Statements When Offering and**
20 **Selling Securities to CannaCloud Investors**

21 38. First, Spargo made false or misleading statements to investors and
22 potential investors in which he represented that their invested funds would be used
23 to pay for CannaCloud’s business expenses, such as application development costs,
24 platform fees, professional service fees, and the overall commercialization of
25 CannaCloud’s cannabis marketplace application.

26 39. In truth, defendants spent only a small amount of the investor funds
27 raised on actual development work, making minimal progress in the relevant
28 period to commercialize CannaCloud’s purported cannabis marketplace

1 application. Accordingly, Spargo’s representations about how investor funds
2 would be used by defendants were false or misleading.

3 40. Second, Spargo made false or misleading statements to investors and
4 potential investors about certain unnamed, wealthy third-party investors who,
5 according to Spargo, would be making a “billion-dollar purchase” of CannaCloud.

6 41. When Spargo made these representations about a “billion-dollar”
7 acquisition of CannaCloud to investors and potential investors, there had been no
8 offer to buy the company. Accordingly, Spargo’s representations about a putative
9 buy-out were false or misleading.

10 42. Third, Spargo made false or misleading statements to investors and
11 potential investors in which he vastly overstated CannaCloud’s valuation.

12 43. In mid-2021, Spargo emailed investors a company valuation
13 document and an investor presentation. The valuation document stated that
14 CannaCloud was valued at \$7.45 billion.

15 44. The investor presentation contained an overview of CannaCloud’s
16 business, described its technology, and presented its purported leadership and
17 consultancy team. Further the presentation summarized the investment
18 opportunity available to investors and set forth CannaCloud’s operating and
19 revenue models, which included an assertion that CannaCloud had a 40 percent net
20 profit margin in 2020.

21 45. At the time that defendants provided investors with these valuation
22 and investor presentation materials, CannaCloud did not have the described
23 leadership team in place.

24 46. At the time that defendants provided investors with these valuation
25 and investor presentation materials, CannaCloud had not developed its claimed
26 cannabis marketplace application.

27 47. At the time that defendants provided investors with these valuation
28 and investor presentation materials, CannaCloud had never generated any

1 operating revenue.

2 48. Accordingly, defendants' foregoing representations about
3 CannaCloud's supposed leadership, valuation, and past and projected financial
4 performance were false or misleading.

5 49. Fourth, Spargo made false or misleading statements to at least one
6 investor claiming that they would be able to withdraw their investment at any time.

7 50. When Spargo made this representation, CannaCloud had insufficient
8 funds to honor investor redemption requests.

9 51. Accordingly, Spargo's representations about the liquidity of an
10 investment in CannaCloud were false or misleading.

11 52. The false and misleading statements alleged above were
12 communicated by Spargo either orally or via email communications that Spargo
13 had ultimate authority over, including their content and the manner in which they
14 were communicated.

15 53. In addition, the convertible notes purchased by CannaCloud investors
16 were all counter-signed by Spargo on the issuer's behalf and were sent by Spargo
17 to investors.

18 54. Accordingly, Spargo made all of the false and misleading statements
19 alleged above.

20 **D. Defendants Engaged in a Scheme to Defraud**

21 **1. Misappropriation of investor funds**

22 55. Instead of using the investor funds raised to grow CannaCloud's
23 claimed business, defendants misappropriated investors' money.

24 56. Of the approximately \$1,651,609 that defendants took from investors
25 in their securities offering, they misappropriated approximately \$1,500,000.

26 57. Within days of an investor deposit, Spargo often depleted the funds by
27 spending the money at casinos in Las Vegas or Arizona, withdrawing the money at
28 ATMs or paying for personal expenses.

1 58. Spargo also used investor funds to pay down his personal credit cards,
2 car loans, or luxury hotel account balances.

3 59. Spargo also used investor money to pay for personal expenses,
4 including purchases at retail stores, restaurants, grocery stores, gas stations, as well
5 as the payment of Spargo's personal federal taxes.

6 60. Spargo also transferred investor money to bank accounts controlled by
7 him or his spouse.

8 61. When misappropriating investor funds for Spargo's personal use,
9 defendants engaged in a scheme to defraud.

10 **2. Lulling of defrauded investors**

11 62. In time, CannaCloud's convertible note investors had received neither
12 their promised 20 percent annual return nor their stock in CannaCloud.

13 63. When certain investors requested their money back, Spargo did not
14 honor those requests.

15 64. Instead, Spargo made further false and misleading representations
16 about CannaCloud and its business prospects. Specifically, Spargo falsely claimed
17 to these investors that CannaCloud would soon be purchased by an unnamed third-
18 party investor. Spargo claimed that existing CannaCloud convertible note
19 investors stood to profit from that acquisition but only if they continued with their
20 investment in the company.

21 65. Through this pattern of additional false and misleading lulling
22 statements, Spargo intended to conceal defendants' ongoing fraud from detection.

23 66. Defendants' lulling efforts alleged above were made in furtherance of
24 their scheme to defraud.

25 **E. Defendants' False and Misleading Statements and Scheme to Defraud**
26 **Were Material**

27 67. Any reasonable investor would consider it significant to their
28 investment decision to know that defendants' representations about how their

1 funds would be used were false or misleading. Moreover, any reasonable investor
2 would have considered it important to know that Spargo spent only a de minimis
3 amount of investor funds on development expenses, and instead engaged in a
4 widescale misappropriation of investor funds for his personal use.

5 68. Any reasonable investor would also consider it significant to their
6 investment decision to know that defendants' representations about CannaCloud's
7 commercial progress and the status of its business were false or misleading.
8 Moreover, any reasonable investor would have considered it important to know
9 that CannaCloud never developed its claimed cannabis marketplace application,
10 generated no operating revenues, and took no meaningful steps to achieve its
11 business goals.

12 69. Any reasonable investor would consider it significant to their
13 investment decision to know that the business valuation and investor presentation
14 materials defendants provided to investors and potential investors—claiming,
15 among other things, that CannaCloud had been valued at \$7.25 billion and had
16 realized a 40 percent net profit margin in FY 2020—were false or misleading.

17 70. Any reasonable investor would consider it significant to their
18 investment decision to know that defendants' representations concerning
19 CannaCloud's anticipated acquisition by a third-party were false or misleading.
20 Moreover, any reasonable investor would have considered it important to know
21 that there had been no offer to buy CannaCloud.

22 71. Any reasonable investor would consider it significant to their
23 investment decision to know that defendants' claims that investors could take their
24 money out of CannaCloud at any time were false or misleading. Moreover, any
25 reasonable investor would have considered it important to know that CannaCloud
26 lacked the funds to honor any such redemption requests.

27 **F. Defendants Acted with Scienter and Their Conduct was Negligent**

28 72. Spargo knew or was reckless in not knowing that defendants'

1 representations to investors and potential investors—concerning the use of their
2 funds, the true state of CannaCloud’s business, the prospect of CannaCloud’s
3 acquisition by a well-financed third-party, the liquidity of their CannaCloud
4 investments, and CannaCloud’s asserted multi-billion valuation and track record of
5 profit—were all false or misleading.

6 73. Because Spargo controlled the financial accounts receiving investor
7 funds, Spargo knew that defendants were misappropriating investor funds for his
8 personal use.

9 74. Spargo’s conduct in making the foregoing false or misleading
10 statements to investors and potential investors was unreasonable, and therefore
11 negligent.

12 75. Spargo’s conduct in directing the misuse of investor funds through his
13 control of the financial accounts receiving investor funds was unreasonable, and
14 therefore negligent.

15 76. Spargo’s knowledge, intent, and negligence is imputed to defendants
16 CannaCloud and D.A. Spargo because he controlled both entity defendants.

17 **G. Defendants’ Fraudulent Scheme Collapses and Investors Sustain a**
18 **Seven-Figure Investment Loss**

19 77. Contrary to defendants’ representations, CannaCloud has not
20 commercialized its cannabis marketplace application. Further, CannaCloud has
21 not become a publicly-traded company or been sold to a new buyer.

22 78. Defendants refused the redemption requests from their convertible
23 note investors. With all of the notes having now reached maturity, defendants’
24 investor victims have sustained pecuniary harm, with approximately \$1.5 million
25 of investor funds having been misappropriated.

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FIRST CLAIM FOR RELIEF

Fraud in the Offer or Sale of Securities

Violations of Section 17(a) of the Securities Act

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4 79. The SEC realleges and incorporates by reference paragraphs 1
5 through 78 above.

6 80. From at least February 2021 to December 2021, Spargo carried out an
7 offering of securities in the form of convertible promissory notes through
8 CannaCloud and D.A. Spargo, entities that he controlled. Defendants raised
9 approximately \$1.65 million from approximately 33 convertible note investors
10 through representations concerning CannaCloud’s business and its future
11 prospects. Defendants misrepresented to investors CannaCloud’s financial
12 performance in 2020, the company’s valuation, the liquidity of their investments in
13 CannaCloud, the prospect of the company’s acquisition by a third-party, and how
14 defendants would use investor funds to further CannaCloud’s business operations.
15 These representations were materially false or misleading as CannaCloud engaged
16 in no meaningful operations and generated no revenue. Instead, defendants
17 engaged in a broad misappropriation of investor funds for Spargo’s personal use.

18 81. By engaging in the conduct described above, Defendants Spargo,
19 CannaCloud, and D.A. Spargo, directly or indirectly, in the offer or sale of
20 securities, and by the use of means or instruments of transportation or
21 communication in interstate commerce or by use of the mails directly or indirectly:
22 (a) employed devices, schemes, or artifices to defraud; (b) obtained money or
23 property by means of untrue statements of a material fact or by omitting to state a
24 material fact necessary in order to make the statements made, in light of the
25 circumstances under which they were made, not misleading; and (c) engaged in
26 transactions, practices, or courses of business which operated or would operate as a
27 fraud or deceit upon the purchaser.

28 82. Defendants Spargo, CannaCloud, and D.A. Spargo, with scienter,

1 employed devices, schemes and artifices to defraud; with scienter or negligence,
2 obtained money or property by means of untrue statements of a material fact or by
3 omitting to state a material fact necessary in order to make the statements made, in
4 light of the circumstances under which they were made, not misleading; and, with
5 scienter or negligence, engaged in transactions, practices, or courses of business
6 which operated or would operate as a fraud or deceit upon the purchaser.

7 83. CannaCloud and D.A. Spargo acted entirely through Spargo and his
8 knowledge, recklessness, or negligence, which may be imputed to CannaCloud and
9 D.A. Spargo.

10 84. By engaging in the conduct described above, Defendants Spargo,
11 CannaCloud, and D.A. Spargo violated, and unless restrained and enjoined will
12 continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. §§ 77q(a)(1),
13 77q(a)(2), & 77q(a)(3).

14 **SECOND CLAIM FOR RELIEF**

15 **Fraud in Connection with the Purchase and Sale of Securities**

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

17 85. The SEC realleges and incorporates by reference paragraphs 1
18 through 84 above.

19 86. From at least February 2021 to December 2021, Spargo carried out an
20 offering of securities in the form of convertible promissory notes through
21 CannaCloud and D.A. Spargo, entities that he controlled. Defendants raised
22 approximately \$1.65 million from approximately 33 convertible note investors
23 through representations concerning CannaCloud's business and its future
24 prospects. Defendants misrepresented to investors CannaCloud's financial
25 performance in 2020, the company's valuation, the liquidity of their investments in
26 CannaCloud, the prospect of the company's acquisition by a third-party, and how
27 defendants would use investor funds to further CannaCloud's business operations.
28 These representations were materially false or misleading as CannaCloud engaged

1 in no meaningful operations and generated no revenue. Instead, defendants
2 engaged in a broad misappropriation of investor funds for Spargo's personal use.

3 87. By engaging in the conduct described above, Defendants Spargo,
4 CannaCloud, and D.A. Spargo, directly or indirectly, in connection with the
5 purchase or sale of a security, by the use of means or instrumentalities of interstate
6 commerce, of the mails, or of the facilities of a national securities exchange: (a)
7 employed devices, schemes, or artifices to defraud; (b) made untrue statements of a
8 material fact or omitted to state a material fact necessary in order to make the
9 statements made, in the light of the circumstances under which they were made,
10 not misleading; and (c) engaged in acts, practices, or courses of business which
11 operated or would operate as a fraud or deceit upon other persons.

12 88. Defendants Spargo, CannaCloud, and D.A. Spargo, with scienter,
13 employed devices, schemes and artifices to defraud; made untrue statements of a
14 material fact or omitted to state a material fact necessary in order to make the
15 statements made, in the light of the circumstances under which they were made,
16 not misleading; and engaged in acts, practices or courses of conduct that operated
17 as a fraud on the investing public by the conduct described in detail above.

18 89. By engaging in the conduct described above, Defendants Spargo,
19 CannaCloud, and D.A. Spargo violated, and unless restrained and enjoined will
20 continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and
21 Rules 10b-5(a), 10b-5(b), and 10b-5(c) thereunder, 17 C.F.R. §§ 240.10b-5(a),
22 240.10b-5(b) & 240.10b-5(c).

23 **PRAYER FOR RELIEF**

24 WHEREFORE, the SEC respectfully requests that the Court:

25 **I.**

26 Issue findings of fact and conclusions of law that Defendants Spargo,
27 CannaCloud, and D.A. Spargo committed the alleged violations.
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II.

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants Spargo, CannaCloud, and D.A. Spargo, and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act [15 U.S.C. §77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

III.

Issue an order, pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), prohibiting Defendant Spargo from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 12 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 780(d).

IV.

Issue judgements, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendant Spargo from, directly or indirectly, including but not limited to, through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security in an unregistered offering, provided, however, that such injunction shall not prevent him from purchasing or selling securities for his own personal account.

V.

Order Defendants Spargo, CannaCloud, and D.A. Spargo to disgorge all funds received from their illegal conduct, together with prejudgment interest thereon, pursuant to Exchange Act Sections 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3), 78u(d)(5) and 78u(d)(7)].

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VI.

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

VII.

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

VIII.

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

Dated: March 28, 2025

/s/ Alec Johnson

Alec Johnson
Heather C. Gorman
Attorneys for Plaintiff
Securities and Exchange Commission