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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

JOEL J. NATARIO and  
JEFFERSON SCOTT (a/k/a "PATCH")  
BAKER,

Defendants.

Case No. 25-CV-00895

**COMPLAINT**

**JURY DEMAND**

Plaintiff Securities and Exchange Commission (the "SEC"), for its Complaint against Defendants Joel J. Natario ("Natario") and Jefferson Scott (a/k/a "Patch") Baker ("Baker") (collectively, "Defendants"), alleges as follows:

**JURISDICTION AND VENUE**

1. This 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), and 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), and 78aa(a)].

2. In connection with the conduct alleged in this Complaint, Defendants have, directly or indirectly, made use of the means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange.

3. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)], because some of the

1 transactions, practices, or courses of conduct constituting violations of the federal securities laws  
2 occurred within this district.

3 4. For example, during the time of the conduct alleged in the Complaint, the relevant  
4 securities were offered and sold in this district, and Defendants solicited certain investors residing in  
5 this district. Further, Defendants used the bank accounts of a Nevada corporation headquartered in  
6 this district to obtain and misappropriate investor funds and carry out the fraudulent scheme.

7 **SUMMARY**

8 5. This is a civil enforcement action concerning a fraudulent scheme—featuring Ponzi  
9 payments whereby early investors were paid returns from later investors’ money—carried out by  
10 Defendants beginning no later than February 2020 and continuing through at least August 2021.  
11 During that period, Defendants lied repeatedly to investors, including about how investor funds  
12 would be used, and engaged in other fraudulent and deceptive conduct.

13 6. Between February 2020 and February 2021, Natario and Baker defrauded  
14 approximately 23 investors out of more than \$10 million, soliciting and selling investments in a  
15 purported venture involving merchant cash advances (“MCAs”)—short-term loans to small  
16 businesses in need of immediate capital. Natario and Baker developed written purchase agreements  
17 they provided to investors and later signed. In those purchase agreements, they falsely promised  
18 investors that their money would be placed in MCAs and that the investors would earn 16% to 18%  
19 returns for every 12-week investment period. However, unbeknownst to investors, but as Natario  
20 and Baker each knew, or were reckless in not knowing, there were no MCAs and thus no MCA  
21 venture. And any purported returns paid to investors were financed, not from any actual MCA  
22 transactions, but with other investors’ money through Ponzi payments.

23 7. Natario and Baker had clear roles in carrying out this fraudulent scheme. Natario,  
24 through the bank accounts of a Nevada company he acquired at the end of 2019, received and  
25 controlled all invested funds, and made all the Ponzi payments in furtherance of the scheme. Baker,  
26 meanwhile, solicited investors in the purported MCA venture, mostly from a private networking  
27 group of entrepreneurs in Tampa, Florida, to which he belonged.

28 8. In addition to the false and misleading statements he and Natario made in the written

1 purchase agreements, Baker also told investors, among other misrepresentations, that the default  
2 rate for the MCA loans (that were never actually made) was minimal, miniscule, or four percent  
3 (depending on which investor he was misleading at the time). Baker also told investors he had  
4 personally invested millions of dollars in the MCA venture and had taken out a home equity line of  
5 credit to do so—statements that Baker knew to be false and misleading. Incredibly, Baker—in  
6 soliciting a \$250,000 investment from a Nevada resident (Investor G, *see infra* § II(E)) in or around  
7 September 2020—falsely represented that he had invested over \$45 million in the MCA venture.

8 9. Ultimately, Natario used nearly \$3 million in investor funds to make purported  
9 “interest” (but, really, Ponzi) payments to investors, creating the false and misleading appearance  
10 that the MCA venture was successful. As a result, many investors, at Baker’s urging, chose to “roll  
11 over” their principal and interest into new MCA investments, enabling Defendants to perpetuate the  
12 scheme.

13 10. Defendants also used investor funds to enrich themselves. Natario sent Baker over  
14 \$1 million during the life of the scheme, and Natario also used investor funds to pay credit card  
15 bills, purchase real property, and pay for personal travel and vacations.

16 11. By February 2021, investor withdrawal requests were outpacing Defendants’ ability  
17 to fraudulently solicit additional investments. In response to investor questions and complaints,  
18 Baker and Natario offered various false and misleading excuses, including that the bank had frozen  
19 the relevant account.

20 12. Later in 2021, Baker stopped responding to investors altogether, and Natario  
21 continued to deceive investors. For example, in August 2021, Natario sent one investor a sham  
22 monthly bank statement that he had doctored to reflect a fictitious account balance of approximately  
23 \$5.8 million. In truth, the balance for that account at the time was \$18.

24 13. By engaging in this conduct and as alleged further herein, the Defendants each  
25 violated Section 17(a) of the Securities Act [15 U.S.C. § 77q], and Section 10(b) of the Exchange  
26 Act, [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] thereunder.

27 14. The SEC seeks permanent injunctions; disgorgement of Defendants’ ill-gotten gains  
28 derived from the conduct alleged in the Complaint, plus prejudgment interest thereon; and civil

1 penalties against Defendants.

2 **THE DEFENDANTS**

3 15. Natario is 54 years old and has no fixed address, having recently lived in Naples,  
4 Florida, Ludlow, Massachusetts, and Scottsdale, Arizona. At the time of the securities law  
5 violations alleged herein, Natario resided in Las Vegas, Nevada, and owned a Nevada corporation  
6 called Creative Foam Shapes, Inc. (“Creative Foam Shapes”). Creative Foam Shapes was a closely-  
7 held manufacturing company, headquartered in Las Vegas, that purportedly sold advertising  
8 displays and insulation for construction projects. Natario acquired Creative Foam Shapes, and  
9 gained access to its bank accounts, in December 2019. The company ceased operations in early  
10 2021, and its corporate charter was revoked in 2022.

11 16. Baker is 47 years old and resides in Montgomery County, Pennsylvania. At the time  
12 of the securities law violations alleged herein, Baker resided in Barnstable, Massachusetts. Baker is  
13 the co-owner and CEO of Mobius Media Solutions, Inc., a small marketing company incorporated  
14 in Massachusetts and headquartered in Hyannis, Massachusetts.

15 **FACTS**

16 **I. DEFENDANTS MEET AND CREATE THE MERCHANT CASH ADVANCE VENTURE**

17 17. In the summer of 2019, Natario and Baker met at a meeting of a private networking  
18 group located in Tampa, Florida, called the Board of Advisors (“BA”).

19 18. The BA was comprised of entrepreneur members who were required to apply and  
20 pay an annual fee of approximately \$25,000 to join the group. The BA held quarterly in-person  
21 meetings and weekly videoconference calls, at which members would network and make  
22 investment pitches and other presentations.

23 19. At the BA meeting where Natario and Baker met in the summer of 2019, Natario  
24 presented himself to the BA as a successful entrepreneur from Phoenix, Arizona, and he began  
25 floating investment ideas to Baker and other members present at the meeting.

26 20. One of the investment ideas Natario discussed with Baker was a merchant cash  
27 advance business opportunity. This business venture would involve soliciting investments and  
28 loaning invested funds to small businesses in need of short-term capital, such as those who may not

1 have been able to secure a bank loan; then, they would purportedly use the high interest collected on  
2 those loans to pay returns to investors.

3 21. Natario and Baker continued discussing the MCA opportunity throughout 2019. As  
4 a result of those discussions, the two agreed to pursue the MCA venture. Natario was to take the  
5 lead on identifying small businesses in need of short-term MCA financing. Meanwhile, Baker  
6 would take the lead on soliciting investments in the MCA venture from BA members—which Baker  
7 began to do in or by early 2020.

8 **II. DEFENDANTS' FRAUDULENT SCHEME**

9 22. Defendants engaged in a fraudulent scheme, in connection with soliciting and selling  
10 investments in the purported MCA venture, by: (i) making materially false and misleading  
11 statements, including in written MCA purchase agreements, about the use of investor funds,  
12 promised returns, and the purported MCA venture; (ii) using later investors' principal to make  
13 Ponzi payments to earlier investors, to further the scheme and secure additional investments; and  
14 (iii) engaging in other fraudulent conduct to create the false and misleading appearance that the  
15 MCA venture was successfully yielding profits and that investor funds were safe, including by  
16 deploying a deceptive online investor portal and disseminating a fake bank account statement to at  
17 least one investor.

18 **A. The MCA Purchase Agreements**

19 23. Beginning in mid-February 2020, Baker and Natario sold investments in the MCA  
20 venture to, and raised approximately \$10 million from, approximately 23 investors, the  
21 overwhelming majority of whom were BA members.

22 24. In soliciting the MCA investments, Baker and Natario told investors their money  
23 would be used to fund MCA transactions, and they promised investors rates of return ranging from  
24 16% to 18% for a 12-week period. In fact, Defendants never used the invested money to fund MCA  
25 transactions, but rather misappropriated investors' money for their own benefit and otherwise used  
26 the money to make supposed "interest" payments owed to earlier investors. At least some of these  
27 payments to earlier investors were classic Ponzi payments, used to facilitate the fraudulent scheme.

28 25. With few exceptions, the MCA investments were memorialized in written purchase

1 agreements (the “MCA Purchase Agreements”).

2 26. Baker and Natario were both responsible for developing and utilizing the MCA  
3 Purchase Agreements. Natario was listed as the signatory on, and in fact signed and dated, all but a  
4 few of the MCA Purchase Agreements. Baker provided the written agreements to investors and  
5 signed the few agreements that did not have Natario’s signature.

6 27. The parties to the MCA Purchase Agreements were the respective MCA investor (or  
7 “Purchaser”) and the “Company,” which sold the investments. For some agreements, the  
8 “Company” identified was Creative Foam Shapes—a Nevada corporation that purportedly created  
9 advertising displays and insulation for small construction projects. Natario acquired Creative Foam  
10 Shapes in late December 2019.

11 28. For other MCA Purchase Agreements, however, the selling “Company” was  
12 identified as “Creative Financing Inc.,” which was purportedly a Nevada corporation with a  
13 principal place of business at the same address as Creative Foam Shapes. In fact, “Creative  
14 Financing, Inc.” was a fictitious company name. It was never incorporated or registered in Nevada  
15 or any other state or jurisdiction.

16 29. The MCA Purchase Agreements contained several materially false and misleading  
17 statements, including:

- 18 (i) that the “Company” was engaged in “Merchant Cash Advance Transactions”;
- 19 (ii) that the “Company” would use investor money to fund “a portion” of the  
20 MCAs to be loaned to the MCA merchant “Recipients” as part of those transactions;
- 21 (iii) that “[i]n exchange” for the Purchaser’s investment funds, each investor  
22 “shall acquire from the Company a property interest ... in the accounts receivable and/or  
23 other assets” of the MCA Recipient; and
- 24 (iv) that, by the end of the 12-week investment period, the Company would pay  
25 investors their “pro rata share” of the MCA amounts repaid to the Company by the MCA  
26 Recipient, plus the promised 16% to 18% interest.

27 30. As Defendants knew, or were reckless in not knowing, these representations were  
28 false and misleading. No MCAs were ever made to any small-business merchants. No such

1 merchant ever provided accounts receivable or other assets as collateral. And no interest was ever  
2 earned on an MCA. And to the extent investors received any purported “interest” payments, these  
3 payments were not generated from any MCA transaction but were made from a bank account that  
4 held *other* investors’ money.

5 31. Natario and Baker each knew, or were reckless in not knowing, that these statements  
6 were false and misleading when they made them, because they each knew, or were at least reckless  
7 in not knowing, that there was no MCA venture or opportunity whatsoever and therefore that  
8 investors were not going to earn “interest” from any actual MCA transactions, but only from the  
9 principal investments of other investors.

10 **B. The Ponzi Payments to Investors**

11 32. Upon, or around the time of, executing the MCA Purchase Agreements or otherwise  
12 agreeing to invest in the MCA venture, investors would remit invested funds—ranging from as low  
13 as \$10,000 to as high as \$700,000—to Creative Foam Shapes’ business checking account (the “CFS  
14 Checking Account”) at a large, national bank. Upon acquiring Creative Foam Shapes in December  
15 2019, Natario gained access to, and control of, the CFS Checking Account and two other accounts  
16 at the same bank.

17 33. For the entirety of Defendants’ scheme, all investor funds were deposited and pooled  
18 in the CFS Checking Account. And substantially all of the purported “interest” payments to  
19 investors were made from the same CFS Checking Account. (The remaining payments were made  
20 from the other two accounts Natario controlled.) By using new investor funds to pay out previous  
21 investors, the Defendants were making or facilitating traditional Ponzi payments.

22 34. For most if not all of the MCA investments made during the scheme, approximately  
23 10 to 14 days after an investor made his or her investment in the purported MCA venture, Natario  
24 would initiate weekly, purported “interest” payments to investors. This had the effect of creating  
25 the false and misleading appearance that those payments had been generated via MCA transactions,  
26 and more broadly that the MCA venture was real and successful. In fact, those payments were not  
27 funded by any MCA transactions but were paid out of, or derived from, the same CFS Checking  
28 Account into which other investors had paid their funds.

1 35. By the end of February 2020, just weeks into the scheme, investors had transferred  
2 approximately \$620,000 to the CFS Checking Account, and Natario had wired back approximately  
3 \$127,000 in ostensible interest payments. By the end of March 2020, Baker and Natario had raised  
4 around \$1.5 million and had made ostensible interest payments and return of capital totaling  
5 approximately \$520,000.

6 36. In March 2020, just weeks into the scheme, Baker began to solicit additional  
7 investments from those who had already invested and to whom Natario had made Ponzi payments.

8 37. In doing so, Baker encouraged those who had already invested to “roll over” their  
9 principal and interest into additional 12-week MCA investments, under the same terms as those  
10 investors’ initial investments.

11 38. Many of those investors, encouraged by the false and misleading appearance that  
12 Defendants had created of a successfully operating business, decided to roll over their principal and  
13 accruing interest into new MCA investments.

14 39. Having investors’ principal and (supposedly) accruing interest “reinvested” reduced  
15 the cash-flow pressure on Defendants because they did not need to return the principal to those  
16 investors. In other words, that left more funds available in the CFS Checking Account for Natario  
17 to continue making Ponzi payments, thereby enabling Defendants to make the MCA venture appear  
18 operational and successful for a longer period.

19 **C. The Flowallet Investor Portal**

20 40. At the outset of the scheme in February 2020, Baker created and used spreadsheets to  
21 track the investments and calculate the amounts owed to investors. In those spreadsheets, Baker  
22 also recorded wire transfer amounts and information as it became available, including as provided  
23 by Natario, who controlled the CFS Checking Account.

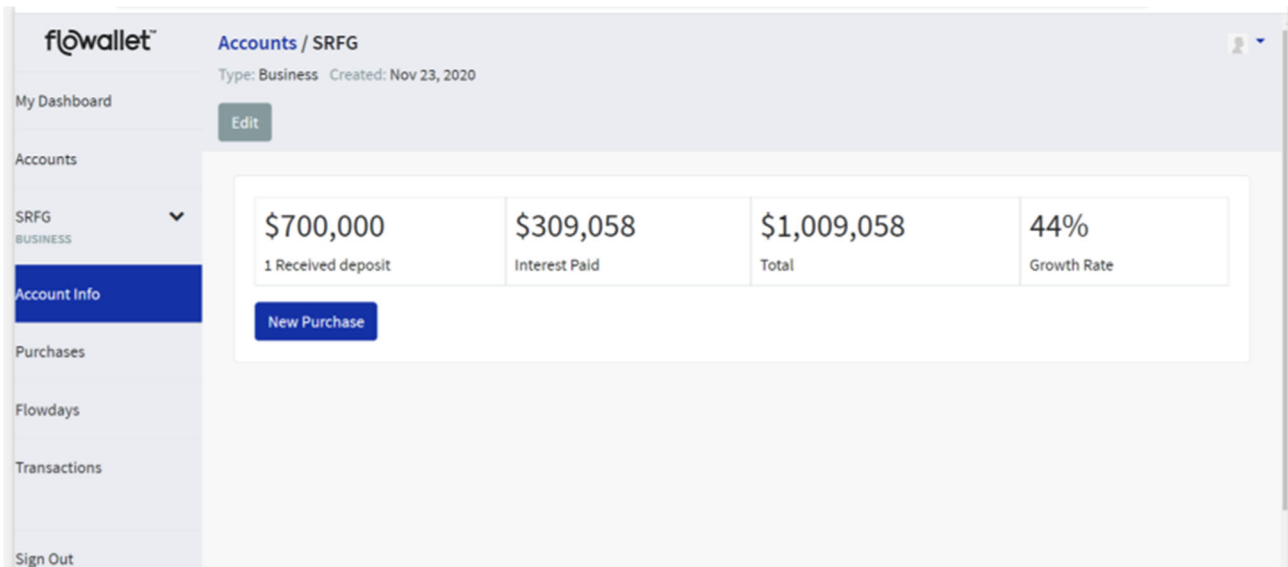
24 41. By March 2020, Defendants had secured several MCA investments, and it became  
25 too complex and burdensome for Baker to track the investments manually. So, he began seeking a  
26 way to automate the tracking process. Baker started working with a software developer to create a  
27 web-based system to track the funds paid in and due to be paid out. The result was a web-based  
28 portal named “Flowallet.”

1           42. Baker used Flowwallet to track the MCA investments. The information and data used  
2 to initially populate the Flowwallet portal were derived from the spreadsheets Baker had used  
3 previously to track those investments, which Baker provided to the software developer.

4           43. Baker arranged for MCA investors to be given Flowwallet login credentials, and he  
5 told investors they could access the Flowwallet portal to view their investments, the growth in their  
6 investments, and the interest they had accrued.

7           44. For each investor, Flowwallet would display, and investors could see, information for  
8 each “Account” (*i.e.*, each MCA Purchase Agreement or investment), including, as shown in the  
9 screenshot below (from the Flowwallet account of Investor A, *see infra* § II(D)(i)):

- 10           (i) the number and amount of “Received deposit[s]” (or principal invested),  
11           (ii) the “Interest Paid” (which reflected the amount of interest owed to the  
12 investor, not what the investor had actually received),  
13           (iii) the “Total” (summing (i) and (ii)), and  
14           (iv) the purported “Growth Rate” (the percentage by which the investor’s  
15 principal had grown).



25           45. Baker led investors to believe that the “Total” (reflected in their Flowwallet  
26 “Dashboard”) represented an available balance from which they could request redemptions or  
27 withdrawals. In fact, as Baker and Natario each knew, or were reckless in not knowing, there were  
28

1 not sufficient funds available if all investors were to request withdrawals of their “Total” amounts  
2 (of principal and accrued interest) at the same time.

3 46. For example, Baker told Investor B (*see infra* § II(D)(ii)) that Flowallet was a visual  
4 representation of Investor B’s MCA investment and was intended to give him and other investors  
5 clarity on the status and availability of investor funds. Based on what Investor B’s Flowallet  
6 account displayed under the “Total,” Investor B believed he had approximately \$2.3 million  
7 available for him to withdraw. The Flowallet portal, and the information it reflected, was a factor in  
8 Investor B choosing to make additional investments in the MCA venture.

9 47. Baker also told investors that on Flowallet they could request withdrawals directly in  
10 or from Flowallet. For example, on September 8, 2020, an investor asked Baker by text message,  
11 “How do I do a withdrawal?” Baker responded the same day, “It’s on the Flowdays tab” and in  
12 another text immediately thereafter, “Click on a date and enter the [withdrawal amount] number.”

13 48. Several investors did, in fact, submit withdrawal requests in Flowallet, and as Baker  
14 had told investors, those withdrawal requests were displayed on Flowallet—specifically, on a sub-  
15 page called “Flowdays,” which reflected the status of each request as having been “Requested,”  
16 “Rejected,” or “Approved.”

17 49. The Flowallet portal was not connected to any financial institution, and thus the  
18 process of fulfilling investor withdrawal requests was not automated. Instead, investor withdrawal  
19 requests were processed manually by Baker, who would approve or reject the request in Flowallet,  
20 and by Natario, who, if the request was approved, would authorize the corresponding wire transfer  
21 from the CFS Checking Account (or one of the other two accounts he controlled).

22 50. Flowallet did not provide or display any identifying information concerning the  
23 purported MCA transactions (apart from the amount of “Interest Paid” to investors from these  
24 supposed transactions) or the entities that purportedly received MCAs financed by investor funds.

25 **D. Additional Material Misrepresentations and Deceptive Acts**

26 51. In carrying out the scheme, Defendants made several materially false and misleading  
27 statements to investors (in addition to those they made in the MCA Purchase Agreements), and  
28 engaged in other deceptive conduct.

1 52. Baker, in particular, made numerous material misrepresentations in soliciting  
2 investors, convincing investors to reinvest, and otherwise carrying out the fraudulent scheme.

3 53. Representative examples of Baker's material misrepresentations to, and both Baker's  
4 and Natario's deceptive acts toward, specific investors, are set forth below.

5 (i) **Investor A**

6 54. In soliciting investors, Baker made oral, material misrepresentations similar to those  
7 that he and Natario made to investors in the MCA Purchase Agreements: that investor funds would  
8 be used to make MCA loans to small businesses, and that the interest earned as a result of those  
9 MCA transactions would be used to fund promised 16% to 18% returns.

10 55. For example, in or around November 2020, Baker solicited a BA member ("Investor  
11 A") to make a \$700,000 investment in "Creative Financing" through a North Dakota corporation  
12 controlled by Investor A.

13 56. In soliciting Investor A's investment, Baker described the opportunity as an MCA  
14 investment that would yield an 18% rate of return. Baker told Investor A the MCA investment was  
15 very solid and that Investor A could start withdrawing money from his account after only two  
16 months.

17 57. In addition, Baker showed Flowallet to Investor A and explained that, on Flowallet,  
18 Investor A could see and track his investment and learn when he would receive investment  
19 distributions.

20 58. Based on Baker's representations, Investor A believed his investment would earn the  
21 promised 18% return and decided to invest.

22 59. On or around November 23, 2020, Investor A wired \$700,000 to the CFS Checking  
23 Account controlled by Natario.

24 60. Investor A did not receive any purported interest payments, and only approximately  
25 \$25,000 of his invested principal was returned, well after Defendants' scheme had collapsed.

26 (ii) **Investor B**

27 61. In February 2020, Baker began soliciting investments from another BA member,  
28 who resided in Texas ("Investor B"). Baker pitched the MCA venture investment opportunity to

1 Investor B primarily by phone.

2 62. During those phone calls, Baker told Investor B that Natario, who by that time was  
3 also a BA member, was his partner and that Baker and others in the BA group were on the ground  
4 floor of this investment opportunity.

5 63. In soliciting Investor B's initial and subsequent MCA investments, beginning in  
6 February 2020 and continuing through early October 2020, Baker made the following materially  
7 false and misleading representations to Investor B:

8 (i) Baker told Investor B that he (Baker) had invested over \$1 million of his own  
9 money in the MCA venture.

10 (ii) Baker told Investor B that he (Baker) had secured a home equity line of credit  
11 ("HELOC") to generate additional liquidity to invest in the MCA venture.

12 (iii) Baker told Investor B that the MCA loans to the supposed merchants were  
13 collateralized at 150% of the loan value and that they would be able to recover all funds via  
14 the merchant-recipients' collateral.

15 (iv) Lastly, Baker told Investor B that the MCA venture had experienced a  
16 merchant-recipient default rate of only four percent.

17 64. These misrepresentations were false and misleading. Baker had not invested over \$1  
18 million in the MCA venture, nor had he obtained a HELOC to do so. Further, because no MCA  
19 loans were actually made, such loans could not be collateralized (at 150% or otherwise) and there  
20 could be no default rate (of four percent or otherwise). Baker knew he had not invested \$1 million  
21 of his own money to invest or obtained a HELOC to do so. And he knew, or was reckless in not  
22 knowing, that there were no MCA loans made, rendering his collateralization and default-rate  
23 statements false and misleading.

24 65. The material misrepresentations Baker made created, and were designed by Baker to  
25 create, the false and misleading appearance that investing in the MCA venture was safe, legitimate,  
26 worthwhile, and a great opportunity to make considerable returns in a short period of time.

27 66. Based on Baker's misrepresentations, Investor B invested a total of approximately  
28 \$954,000 in the MCA venture between March 1 and October 6, 2020.

1 67. Specifically, on March 1, 2020, Investor B signed an MCA Purchase Agreement (on  
2 behalf of an entity he controlled) to invest \$100,000. Natario signed the agreement on behalf of  
3 Creative Foam Shapes the same day.

4 68. After executing the agreement, Investor B wired \$100,000 from his entity's bank  
5 account to the CFS Checking Account.

6 69. Section 4(C) of the March 1, 2020, MCA Purchase Agreement provided that Investor  
7 B would receive purported "interest" payments, derived from MCA transactions, "every week."  
8 Between March 1 and April 6, 2020, four payments (ranging in amount from \$9,833 to \$11,800)  
9 were wired from the CFS Checking Account to Investor B.

10 70. On April 8, 2020, Investor B signed another MCA Purchase Agreement (on behalf of  
11 another entity he controlled), investing an additional \$160,000 in the MCA venture. Natario also  
12 signed this agreement on behalf of Creative Foam Shapes.

13 71. For Investor B's subsequent investments, Baker encouraged Investor B to "roll over"  
14 or reinvest his principal and accrued interest into new investments. After Investor B's March and  
15 April 2020 investments, Investor B's subsequent investments were not memorialized in written  
16 MCA Purchase Agreements. Following what Investor B thought was Baker's example, Investor B  
17 secured and used a HELOC to fund approximately \$200,000 of his subsequent investments in the  
18 MCA venture.

19 72. In all, Investor B invested approximately \$954,000 between March and October  
20 2020, and he received just over \$159,000 in purported interest and principal payments from the CFS  
21 Checking Account.

22 **(iii) Investor C**

23 73. Also in early February 2020, Baker solicited an investment from another BA  
24 member, who resided in Florida ("Investor C").

25 74. Baker and Investor C discussed the MCA venture investment opportunity by phone  
26 and via Skype messaging.

27 75. In describing the MCA venture, Baker told Investor C:

28 (i) that he had a partner and before he and his partner loaned money to any small

1 business, they made sure there was hard collateral to protect the MCA loans, in the form of  
2 real estate or other assets;

3 (ii) that if he and his partner were not receiving the MCA interest payments from  
4 an MCA merchant-recipient, they would get their money back by obtaining and selling the  
5 collateral; and

6 (iii) that he and his partner reviewed the finances and credentials of potential  
7 MCA merchant-recipients to make sure that each business was qualified to receive an MCA  
8 loan.

9 76. As Baker knew, or was reckless in not knowing, these statements were false and  
10 misleading. Again, there were no MCA loans. There was no qualification or review process for  
11 MCA loan recipients. There was no collateral from MCA loan recipients, and neither Baker nor  
12 Natario had undertaken the process of obtaining or selling collateral in the event of an MCA loan  
13 recipient defaulting.

14 77. Baker promised Investor C an investment rate of return of approximately 18%.  
15 Baker told Investor C that this rate was far better than Investor C could obtain by trading on the  
16 stock market, and that nowhere else could Investor C get returns so high in just 12 weeks.

17 78. The above statements by Baker led Investor C to believe that if he invested in the  
18 MCA venture, he would earn a high profit in a short period of time and his investment would be  
19 safe and protected.

20 79. On or around February 11, 2020, after discussing the investment with Baker,  
21 Investor C invested \$150,000, wiring the funds to the CFS Checking Account as Baker instructed  
22 him to do.

23 80. At the time of his initial investment, Investor C asked if there was paperwork for the  
24 investment. Baker told him there was not, explaining that paperwork and other administrative  
25 matters were too much of a hassle.

26 81. Between late February and early March 2020, Natario wired purported interest  
27 payments to Investor C, each in the amount of \$14,750, and totaling \$44,250. In fact, these were  
28 Ponzi payments funded, at least primarily, by new investor money.

1 82. On or around March 4, 2020, Baker messaged Investor C on Skype, “Let me know  
2 when you want to add more and I will get you squared away ... We have some really big deals  
3 coming up that are available whenever you [and your brother] are.” (Investor C’s brother had also  
4 invested.) In truth, there were no upcoming MCA deals, “really big” or otherwise, as Baker knew  
5 or was reckless in not knowing.

6 83. Just over an hour later, Investor C responded to Baker on Skype: “Awesome great to  
7 hear man” and said he and his brother were “definitely on board with adding more” money to their  
8 MCA investments.

9 84. On or around March 12, 2020, Investor C invested another \$100,000.

10 85. Investor C continued to receive Ponzi payments between mid-March and mid-July  
11 2020, and during that time invested another \$250,000.

12 86. Investor C ultimately invested a total of over \$500,000 in the purported MCA  
13 venture, and he received approximately \$447,000 in principal and purported interest.

14 **(iv) Investor D**

15 87. Early in the scheme, in February 2020, Baker also solicited an investment from a  
16 Florida resident who was also a member of the BA (“Investor D”).

17 88. Baker met with Investor D in person at least once, and they otherwise communicated  
18 by phone and text message, to discuss the MCA investment opportunity.

19 89. In soliciting Investor D’s investment, Baker told her that: (i) investor funds would  
20 be used to finance MCA loans to businesses; (ii) she would be paid high returns very quickly; (iii)  
21 the MCA loans would be collateralized; (iv) multiple MCA loans had already been provided to  
22 several merchant-recipients; and (v) MCA recipients’ failure to pay was “very minimal.” These  
23 statements were false and misleading, as discussed above.

24 90. Baker provided Investor D with an MCA Purchase Agreement between her and  
25 Creative Financing dated February 14, 2020.

26 91. Based on her conversations with Baker, Investor D decided to invest \$25,000 in mid-  
27 February 2020.

28 92. Between late February and early May 2020, Natario, almost weekly, wired purported

1 interest payments to Investor D, each in the approximate amount of \$2,458, and totaling  
2 approximately \$27,041. In fact, these were Ponzi payments funded by new investors' money.

3 93. On or around May 5, 2020, Investor D made an additional investment, rolling over  
4 the initial \$25,000 and wiring an additional \$30,000 to the CFS Checking Account Natario  
5 controlled.

6 94. Investor D made additional investments in the amount of \$50,000 each, in July,  
7 August, September, and twice in November of 2020. In all, Investor D committed over \$300,000 to  
8 the purported MCA venture, and she ultimately received only approximately \$84,500 in principal  
9 and purported interest from Natario.

10 **(v) Investor E**

11 95. In late May 2020, three months after the scheme had begun and during which time  
12 no MCA loans had been made, Baker solicited a \$150,000 investment from a BA member residing  
13 in Florida ("Investor E").

14 96. Baker told Investor E that Natario was Baker's "business partner" and that the MCA  
15 investment opportunity was "bigger than anything he had ever worked on" and "as safe as safe can  
16 be."

17 97. After receiving purported investment returns in October 2020, Investor E committed  
18 another \$120,000 to the MCA venture in late October and November 2020. Investor E ultimately  
19 recovered only approximately \$36,500 of the \$270,000 he had invested in total.

20 98. Between May and November 2020, Investor E asked Baker for information  
21 concerning the purported MCA transactions, including the identity of the MCA recipients. In  
22 response, Baker told Investor E the requested information was proprietary and confidential and  
23 would not be shared. That statement was false and misleading because there were no MCA  
24 transactions or MCA recipients, so there was no such information to be considered proprietary or  
25 confidential.

26 **(vi) Investor F**

27 99. Later in the scheme, in early November 2020, Baker solicited at least three MCA  
28 investments, totaling approximately \$390,000, from another BA member residing in Florida

1 (“Investor F”).

2 100. In soliciting Investor F’s investments during that period, Baker made several  
3 materially false and misleading statements, including that: (i) the MCA investment was safe; (ii)  
4 investor funds would be used to finance MCA transactions to generate investor returns at a 16%  
5 rate; and (iii) the default rate on the MCA loans was “miniscule.”

6 101. These statements to Investor F were false and misleading, because investor funds  
7 were not used on MCAs but to pay other investors, rendering the investments far from safe.  
8 Likewise, there was no MCA default rate because there were no MCAs.

9 102. Further, Baker told Investor F that Baker was invested in the same MCA venture and  
10 that he had refinanced his home for \$3.9 million to generate liquidity to invest. Investor E later  
11 learned that Baker did not even own a home.

12 103. Before investing in the MCA venture, Investor F spoke with several BA members  
13 who had already invested, who told Investor F that they were making money from their MCA  
14 investments. Of course, the investors with whom Investor F spoke did not know the money they  
15 were “making” was simply the invested principal of other investors.

16 104. Based on those conversations and Baker’s representations, verbally and in the MCA  
17 Purchase Agreements Baker provided, Investor F decided to make multiple investments, totaling  
18 approximately \$390,000, including funds from his retirement accounts.

19 105. At least two of Investor F’s investments were memorialized in MCA Purchase  
20 Agreements. One agreement was signed by an “Authorized Signatory” of Investor F’s individual  
21 retirement account (“IRA”), and also by Investor F, who added by hand, “Read And Approved.”  
22 Another agreement was signed by Investor F on behalf of an entity he controlled, and by Baker as  
23 “Patch Baker, CEO” for “Flowallet Underwriter.” However, both agreements identified “Creative  
24 Financing Inc.” as the “Company” with whom investors were contracting and did not otherwise  
25 mention Flowallet or define the term “Flowallet Underwriter.”

26 106. Between November 5 and 11, 2020, Investor F transferred, or caused to be  
27 transferred, \$390,000 from his three accounts to the CFS Checking Account controlled by Natario.

28 107. After November 11, 2020, Investor F never received any purported interest payments

1 or the return of his principal. Baker and Natario simply misappropriated Investor F’s funds, and  
2 Defendants used them to, among other things, make purported interest payments to other investors,  
3 enabling them to conceal and extend the scheme for a longer period of time.

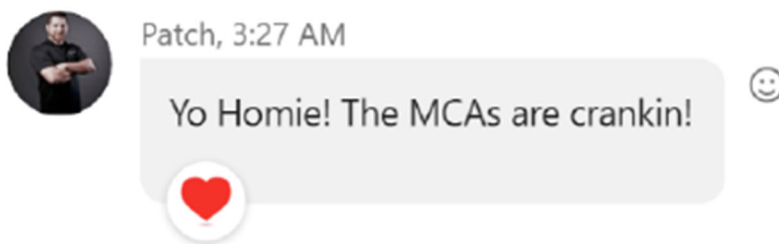
4 **E. Defendants Continue to Deceive Investors and the Scheme Collapses**

5 108. By December 2020, Natario had dissipated most of the funds, including by sending  
6 more than \$1 million to Baker. As a result, the Ponzi payments to most investors halted  
7 temporarily, and Baker and Natario stopped processing investor withdrawal requests.

8 109. Around the same time, several investors, including Investor A, repeatedly tried to  
9 access Flowallet to check the status of their investments but could not gain access.

10 110. Meanwhile, Defendants continued to mislead investors and solicit additional  
11 investments to perpetuate their fraudulent scheme.

12 111. For example, on or around January 15, 2021, Investor C asked Baker, on Skype,  
13 “How [have] loan applications been since November? Everything is as usual?” As reflected in the  
14 screenshot below, Baker responded: “Yo Homie! The MCAs are crankin!”—creating the false and  
15 misleading impression that the MCA venture was not only legitimate but thriving, and that Investor  
16 C’s investment remained safe.



23 112. But, at the time, Investor C’s and others’ investments were not safe. By the end of  
24 January 2021, the CFS Checking Account balance was less than zero, and the total balance of all  
25 three accounts Natario controlled was \$132.

26 113. To further their scheme, Defendants solicited additional investments, including from  
27 a small number of earlier investors who had continued to receive Ponzi payments from Natario or  
28

1 who were not aware that Defendants were defaulting on payments owed to other investors.

2 114. From January through February 2021, Defendants were able to solicit and obtain  
3 \$495,000 in additional investments, including \$165,000 from an earlier investor, a Nevada resident  
4 who had already invested \$250,000 (“Investor G”). In soliciting Investor G’s initial, \$250,000  
5 investment in or around September 2020, Baker had told Investor G that he (Baker) had invested  
6 over *\$45 million* in the MCA venture—a false statement Baker knew to be a lie.

7 115. Almost immediately, Natario used nearly all the \$495,000 in newly invested funds to  
8 make more Ponzi payments to earlier investors and to pay and otherwise enrich himself, *see infra* §  
9 IV.

10 116. By the end of February 2021, the CFS Checking Account had a balance of  
11 approximately \$58, and the total balance of the three accounts Natario controlled was  
12 approximately \$139.

13 117. From the spring through the fall of 2021, several investors repeatedly attempted to  
14 reach Baker (and later, Natario) and figure out what had happened to their investment proceeds and  
15 why their withdrawal requests were not being processed.

16 118. During that period, Baker set up a Zoom videoconference call with a group of BA  
17 investors, including Investors A and B, to address their complaints and answer their questions.  
18 Natario joined the call.

19 119. On the Zoom call, Baker and Natario represented that they were having issues with  
20 the bank (at which the CFS Checking Account was held) distributing investment proceeds and were  
21 working diligently to correct the issue. Neither Baker nor Natario told investors on the call that  
22 their withdrawal requests had not been processed because their investment proceeds were gone—  
23 having been used not to fund MCA transactions, as promised, but to carry out their fraudulent  
24 scheme.

25 120. Baker separately told investors that, due to the high volume and constant nature of  
26 transactions, the bank had frozen the CFS Checking Account.

27 121. In response to an April 13, 2021, Skype message from Investor C inquiring about his  
28 withdrawal request, which had not been approved, Baker told Investor C, “it is trapped in [the

1 bank]” and that it “[s]hould be cleared up soon.”

2 122. It was not cleared up soon. Between April and June 2021, Investor C sent several  
3 Skype messages to Baker inquiring about his MCA investment. Baker replied only once, on May  
4 25, 2021, telling Investor C that he (Baker) had been “traveling almost non-stop”; that he was “still  
5 working on the bank”; and that “it’s been a nightmare for me on this side.”

6 123. After the Zoom call with some of the BA investors, Baker generally stopped  
7 responding to investor emails and calls.

8 124. By the summer of 2021, many investors, who had been unable to reach or  
9 communicate with Baker, continued to pressure Natario to return their invested principal and  
10 promised interest.

11 125. For example, Investor B continued to ask Natario about the status of his investment  
12 in the summer of 2021. In response, in or around August 2021, Natario created and sent Investor B  
13 a sham monthly statement for a “Creative Foam” account at the bank.

14 126. That statement falsely reflected a July 2021 ending balance of approximately \$5.8  
15 million. In truth, the balance for that account at the time was \$18.

16 127. Natario used the fake statement to lead Investor B to believe his funds were safe and  
17 there was sufficient liquidity to make the promised principal and interest payments.

18 128. However, as Natario well knew, Investor B’s funds were gone and there was no  
19 sufficient liquidity to pay Investor B or any other investor.

20 129. In November 2021, Natario executed release agreements and promissory notes with  
21 multiple investors, including Investors A, B, C, and D (or entities they controlled and through which  
22 their MCA investments had been made). In the release agreements, Natario “accepted  
23 responsibility and “agree[d] to be personally liable for” repaying the plaintiffs’ invested principal.

24 130. Natario never made any of the payments owed on the promissory notes.

25 131. As a result of this conduct, on August 24, 2022, a group of investors brought a civil  
26 action against Natario in Florida State court, suing for breach of the promissory notes, captioned  
27 *Roka Solo 401k Trust, et al. v. Natario*, Case No. 22-CA-003326.

28 132. As reflected in the Consent Judgment and Final Order entered in that case on

1 September 19, 2022, Natario and plaintiffs reached a settlement agreement requiring Natario pay  
2 the plaintiffs approximately \$5.65 million, plus interest. The plaintiff investors have thus far been  
3 unable to collect any of the amounts owed to them by Natario.

4 **III. DEFENDANTS OFFERED AND SOLD THE MCA INVESTMENTS AS SECURITIES**

5 133. Natario and Baker offered and sold the MCA investments, including the MCA  
6 Purchase Agreements, as investment contracts and thus securities.

7 134. An “investment contract” is “a contract, transaction, or scheme” whereby the  
8 investor (1) invests his or her money, (2) in a “common enterprise” and (3) is “led to expect profits”  
9 derived “from the efforts of the promoter or a third party.” *SEC v. W.J. Howey Co.*, 328 U.S. 293,  
10 298-99 (1946).

11 135. These three prongs of the *Howey* test are satisfied here.

12 136. *First*, investors paid money that was sent to the CFS Checking Account controlled  
13 by Natario.

14 137. *Second*, the “common enterprise” prong is satisfied because (i) Baker told  
15 investors their investments would be pooled together and used to fund the MCA venture, and  
16 investor funds, in fact, were pooled in a single account—the CFS Checking Account Natario  
17 controlled and used to make the Ponzi payments; (ii) the MCA Purchase Agreements specified that  
18 each investor would “receive his pro rata share” of the loan repayments made by the (supposed)  
19 MCA recipients; and (iii) Defendants pitched to investors, and the MCA Purchase Agreements  
20 outlined, a single MCA venture on which investors’ fortunes would depend.

21 138. *Third*, investors were led by Defendants to reasonably expect profits derived from  
22 the efforts of others, including the Defendants, Creative Foam Shapes, Creative Financing, and the  
23 purported MCA recipients. The MCA Purchase Agreements provided just that: investors would  
24 receive the stated, high interest rate (up to 18%) through the efforts of “the Company” (Creative  
25 Financing or Creative Foam Shapes), which would provide MCAs to, and receive repayments from,  
26 certain small businesses.

1 **IV. DEFENDANTS MISAPPROPRIATED INVESTOR FUNDS AND ENRICHED THEMSELVES**

2 139. As a result of the scheme detailed herein, Natario and Baker defrauded investors of  
3 over \$10 million and enriched themselves. Each of Natario and Baker obtained money directly or  
4 indirectly by means of their untrue statements to investors of material facts and their omissions of  
5 material facts in connection with their offers and sales of the MCA investments.

6 140. Natario received all investor funds, more than \$10 million, in the CFS Checking  
7 Account that he controlled.

8 141. During the period February 2020 through February 2021, Natario used an aggregate  
9 of approximately \$3 million to make Ponzi payments to investors.

10 142. In August 2020, Natario hosted Baker and one investor for an all-expenses-paid trip  
11 to Las Vegas, using investor funds to pay for, among other things, first-class travel, chauffeur  
12 service, and a suite at the Bellagio hotel and casino.

13 143. Natario also used investor funds to enrich himself. For example, beginning in March  
14 2020, Natario used over \$1.14 million to buy real property in his name or the names of entities he  
15 controlled.

16 144. Natario further used investor funds to pay off amounts charged to his personal credit  
17 cards, to make additional payments to himself totaling approximately \$625,000, and to make  
18 withdrawals of approximately \$1.5 million.

19 145. Baker was also enriched by Defendants' scheme. Between late February 2020 and  
20 early December 2020, Natario transferred to Baker over \$1 million from the CFS Checking Account  
21 that housed investors' funds. In all, Natario made approximately 28 payments to Baker during that  
22 time period, ranging in amount from \$5,625 to \$100,000.

23 146. Baker has contended that these payments derived entirely from various transactions  
24 or deals in which Natario had invested him or from a variety of business arrangements that he had  
25 with Natario, although Baker has been unable to provide support for those purported arrangements.

26 147. All but one payment to Baker came from the CFS Checking Account that held the  
27 investor funds from the sale of MCA investments; Baker participated in the scheme and knew that  
28 the investor funds had been deposited into that account. (The source of the one other payment to

1 Baker was a Creative Foam Shapes' savings account at the same bank, which Natario also  
2 controlled).

3 148. In addition, Natario used investor funds from the CFS Checking Account to pay  
4 Creative Foam Shapes' actual business expenses. The CFS Checking Account included funds from  
5 Creative Foam Shapes that were commingled with MCA investor funds. However, Creative Foam  
6 Shapes' funds were not sufficient to cover the Ponzi payments to earlier MCA investors or the  
7 amounts Natario paid to himself and Baker.

8 **V. DEFENDANTS' TOLLING AGREEMENTS WITH THE SEC**

9 149. Each Defendant has entered into two tolling agreements with the SEC, in which  
10 each agreed to toll any statute of limitations applicable to the conduct and claims alleged herein for  
11 the period between February 1 and June 1, 2025.

12 **CLAIMS FOR RELIEF**

13 **CLAIM ONE**

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

16 150. The SEC re-alleges and incorporates by reference paragraphs 1 through 149 above.

17 151. By engaging in the conduct described above during the relevant time period, each  
18 Defendant, directly or indirectly, in the offer or sale of securities by the use of means or instruments of  
19 transportation or communication in interstate commerce or by use of the mails: (a) knowingly or  
20 recklessly employed one or more devices, schemes, or artifices to defraud; (b) knowingly, recklessly,  
21 or negligently obtained money or property by means of one or more untrue statements of a material  
22 fact or by omitting to state a material fact necessary in order to make the statements made, in light of  
23 the circumstances under which they were made, not misleading; and (c) knowingly, recklessly, or  
24 negligently engaged in one or more transactions, practices, or courses of business which operated or  
25 would operate as a fraud or deceit upon the purchaser.

26 152. By reason of the foregoing, each of the Defendants violated, and unless restrained  
27 and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].  
28

**CLAIM TWO**

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

153. The SEC re-alleges and incorporates by reference paragraphs 1 through 149 above.

154. By engaging in the conduct described above during the relevant time period, each Defendant, directly or indirectly, in connection with the purchase or sale of a security, and by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, knowingly or recklessly: (a) employed one or more devices, schemes, or artifices to defraud; (b) made one or more untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

155. By reason of the foregoing, each Defendant violated, and unless restrained and enjoined will continue to violate, 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].

**PRAYER FOR RELIEF**

WHEREFORE, the SEC respectfully requests that this Court enter a Final Judgment:

**I.**

Finding that Defendants committed the securities law violations alleged in this Complaint;

**II.**

Permanently enjoining Defendants from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 78q(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.**

Permanently enjoining Defendants from participating, directly or indirectly, including, but not limited to, through any entity owned or controlled by each of them, in the issuance, purchase, offer, or sale of any security, provided, however, that such injunction shall not prevent each of them from purchasing or selling securities for each of their own personal accounts, pursuant to Section

1 21(d)(1) and (5) of the Exchange Act [15 U.S.C. § 78u(d)(1) and (5)];

2 **IV.**

3 Ordering Defendants to disgorge all ill-gotten gains they received directly or indirectly, with  
4 prejudgment interest thereon, as a result of the violations alleged in this Complaint, pursuant to  
5 Sections 21(d)(3), (5), and (7) of the Exchange Act [15 U.S.C. §§ 78u(d)(3), (5), and (7)];

6 **V.**

7 Ordering Defendants to pay civil monetary penalties pursuant to Section 20(d) of the Securities  
8 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

9 **VI.**

10 Granting such other and further relief as this Court may determine to be necessary or  
11 appropriate.

12 **VII.**

13 Retaining jurisdiction over this action in accordance with the principles of equity and the  
14 Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and  
15 decrees that may be entered.

16 **JURY TRIAL DEMAND**

17 Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff demands a trial by jury in  
18 this action of all issues so triable.

19 Dated: May 21, 2025

Respectfully submitted,

20 U.S. SECURITIES AND EXCHANGE  
21 COMMISSION

22 */s/ Nicholas C. Margida*

23 *Nicholas C. Margida*  
24 *Counsel for Plaintiff*  
*Securities and Exchange Commission*