

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No.: 1:26-cv-23237

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**REIGN FINANCIAL INTERNATIONAL, LLC;
REIGN FINANCIAL INTERNATIONAL, INC.;
GIORGIO JOHNSON;
GARY MILLS;
PATRICK ALLEN;
BERONE CAPITAL, LLC;
JEREMIAH BEGUESSE; and
FABIAN STONE,**

Defendants;

COMPLAINT

Plaintiff Securities and Exchange Commission (the “SEC”) files this Complaint against Defendants Reign Financial International, LLC; Reign Financial International, Inc. (together, “Reign”); Giorgio Johnson (“Johnson”); Gary Mills (“Mills”); Patrick Allen (“Allen”); Berone Capital, LLC (“Berone”); Jeremiah Beguesse (“Beguesse”); and Fabian Stone (“Stone”) (collectively, “Defendants”), and alleges as follows:

SUMMARY

1. This case concerns a fraudulent investment scheme involving three fraudulent high-yield investment programs perpetrated by Defendants Reign, Johnson, Mills, and Allen. This matter also concerns the misconduct of Defendants Berone, Beguesse, and Stone (collectively, the “Berone Defendants”), who misappropriated assets from a hedge fund they managed that held investor funds from at least one of the investment programs.

2. From at least March 2021 through October 2022, Defendants Reign, Johnson, and Mills (collectively, the “Reign Defendants”), individually and by providing substantial assistance to others, engaged in a scheme to defraud at least 31 investors, raising over \$26 million dollars through the offer and sale of securities in fraudulent high-yield investment programs purportedly administered by Allen, for the first two programs, and the Reign Defendants for the third program. Through these programs, Allen and the Reign Defendants purported to invest investor funds and generate extraordinary short-term profits for investors with little to no risk. They promised investors that their principal investments would be secure and returned in a matter of weeks, after which investors would receive weekly payments of significant profits generated by the programs. It was all a lie. The purported programs did not exist, and millions of dollars of investor funds were misappropriated by Defendants and others instead of remaining secure and returned to investors.

3. As detailed further below, the scheme involved three similar fraudulent high-yield investment programs. Allen, through companies he owned and controlled, administered the first two fraudulent investment programs—the “Compass Program” and “PBL & 5Js Program”—with the Reign Defendants’ substantial assistance. They enticed investors with promises of outsized short-term profits with little or no risk to their principal, claiming investor funds would be used to source opaque financial instruments involving leverage through European banks. Allen, substantially assisted by the Reign Defendants, promised to keep the funds secure and protected from depletion, return the principal after a few weeks, and pay investors profits generated from the program on a weekly basis.

4. In reality, Allen did not use investor funds for any legitimate investment program, and, instead, simply stole much of the money for his own personal use and benefit, leading to investor losses of over \$6 million. Despite investors’ complaints and repeated requests for

information, Allen and the Reign Defendants engaged in various delay tactics and concealed from investors that their funds had never been invested and, instead, had been misappropriated.

5. For the third program that was part of this scheme, the Reign Defendants determined to strike out on their own and administer their own high-yield investment program—the “Reign Program”—that was remarkably similar to the Compass and PBL & 5Js Programs. The Reign Defendants were purportedly going to use Allen’s contacts and bank trading platform to administer the Reign Program. However, they had never been introduced to Allen’s contacts nor knew their identities; none of the investors in Allen’s programs had received any profits (and many never received a return of their principal); and the Reign Defendants had no reasonable basis to believe they could satisfy the terms of the investment they promised. The Reign Defendants secured a \$20 million investment but never invested it in any legitimate investment program because it did not exist. Instead, portions of those funds were misappropriated by the Berone Defendants and misappropriated or squandered by the Reign Defendants and others.

6. Defendants Berone, Beguesse, and Stone (collectively the “Berone Defendants”) were involved in two of the fraudulent high-yield investment programs that were part of this scheme—the PBL & 5Js and Reign Programs. Under the agreements governing the two programs, investors’ money was to be held in a hedge fund named the Berone Capital Fund LP (“Berone Fund”) that the Berone Defendants managed. The investors’ funds were not to be depleted, used, or spent. However, the Berone Defendants allowed Allen and the Reign Defendants to misappropriate some of the investor funds. The Berone Defendants also violated their fiduciary duties and the terms of the Berone Fund governing documents by misappropriating hedge fund assets for their own personal use and benefit, including jewelry, luxury cars, and private jet travel.

VIOLATIONS AND RELIEF SOUGHT

7. By engaging in the conduct alleged in this Complaint, Defendants Reign, Johnson, Mills, and Allen violated Sections 17(a)(1) and (a)(3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)(1), (3)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)], and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (c)], and Defendants Reign, Johnson, and Mills also aided and abetted Allen’s violations of these same provisions. In addition, as control person over Reign, under Exchange Act Section 20(a) [15 U.S.C. § 78t(a)], Johnson violated these same provisions for Reign’s violations.

8. By engaging in the conduct alleged in this Complaint, the Berone Defendants violated Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. § 80b-6(1), (2)].

9. Unless Defendants are permanently restrained and enjoined, there is a reasonable likelihood that they will again in the future engage in the acts, practices, and courses of conduct and business as alleged in this Complaint and again in the future violate the federal securities laws.

10. The SEC seeks against all Defendants permanent injunctive relief, conduct-based injunctions, disgorgement of ill-gotten gains and prejudgment interest thereon, and civil penalties, and an officer and director bar against Defendant Johnson.

JURISDICTION AND VENUE

11. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t, 77v]; Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u, 78aa]; and Advisers Act Sections 209(d) and 209(e) [15 U.S.C. §§ 80b-9(d), (e)]. Defendants directly or indirectly, singly and in concert, made use of the means or

instrumentalities of interstate commerce or the mails in connection with the transactions, acts, practices, and courses of conduct and business alleged in this Complaint.

12. This Court has personal jurisdiction over Defendants, and venue is proper in this district, pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)]; Section 27 of the Exchange Act [15 U.S.C. § 78aa]; and Section 214 of the Advisers Act [15 U.S.C. § 80b-14] because certain of the transactions, acts, practices, and courses of conduct and business alleged in this Complaint occurred within this district, and certain Defendants can be found, are inhabitants, or transact business in this district. In addition, Defendants' violations of the federal securities laws alleged in this Complaint, and all of their conduct that constituted significant steps in furtherance of such violations, occurred within the United States, and any conduct alleged in this Complaint that occurred outside the United States had a foreseeable substantial effect within the United States.

13. Defendants Reign, Johnson, Mills, and Allen entered into tolling agreements with the SEC that tolled and suspended the running of any statute of limitations applicable to any action or proceeding brought against them, including any sanctions or relief that may be imposed, for the period January 16, 2026 through April 16, 2026, thereby tolling any applicable statute of limitations period until June 9, 2026.

DEFENDANTS

I. THE REIGN DEFENDANTS

14. **Reign Financial International, LLC** was an Oregon limited liability company during the relevant period that was owned and operated by Defendant Giorgio Johnson. It has never been registered with the Commission.

15. **Reign Financial International, Inc.** is a Delaware corporation owned and operated by Defendant Giorgio Johnson. It has never been registered with the Commission.

16. **Giorgio Johnson** is a resident of Oregon City, Oregon. He is the owner and Chief Executive Officer of Reign. Johnson was previously the President, CEO, and board member of a Commission registrant from 2011 until the entity's stock was de-registered in 2017.

17. **Gary Mills** is a resident of Palm Beach County, Florida. Mills was the Chief Operating Officer of Reign. Mills previously served a three-year jail sentence from 2005 to 2008 for conspiracy to commit bank fraud in connection with a mortgage loan scheme. Mills previously held law licenses, which he lost as a result of his criminal conviction. Mills has never been associated with a Commission registrant.

II. PATRICK ALLEN

18. **Patrick Allen** is a resident of Miami, Florida. Allen is the owner and/or principal control person of Compass Fuel & Oil, Inc.; Compass Fuel & Oil Ltd. (together with Compass Fuel & Oil, Inc., "Compass"); and PBL & 5Js Holdings, Inc. ("PBL & 5Js") (together with Compass, "Allen's Companies") through which he administered the fraudulent high-yield investment programs alleged in this Complaint. Allen purportedly used Compass for oil and gas ventures and PBL & 5Js Holdings as a holding company. Allen's Companies have all been dissolved and were never registered with the Commission. Allen has never been associated with a Commission registrant.

III. THE BERONE DEFENDANTS

19. **Berone Capital, LLC ("Berone")** is a Delaware limited liability company and investment adviser founded on or about June 24, 2021 by Defendants Beguesse and Stone with locations, as advertised, in Miami, Florida and Atlanta, Georgia. During the time period relevant to the conduct alleged in this Complaint, Berone was a state-registered investment adviser with active registrations in Georgia, North Carolina, and Texas. Berone has since terminated or taken steps to withdraw or terminate these state registrations. During the relevant time period, Berone

only had two employees—Defendants Beguesse and Stone—who, together, owned 100% of the membership interests and served as managers of Berone. During the relevant time period, as set forth in its June 9, 2023 Form ADV, Berone reported to have just over \$4 million assets under management as of the date of that filing. During the relevant period, Berone acted as investment manager for the Berone Capital Fund, LP (“Berone Fund”), a private and unregistered pooled investment vehicle formed as a Delaware limited partnership on or about July 12, 2021.

20. **Jeremiah Beguesse** is a resident of Miramar, Florida. Beguesse is an owner and is identified as the Manager and Chief Compliance Officer of Berone. Beguesse is a registered adviser and was formerly a registered representative with multiple SEC-registered broker-dealers.

21. **Fabian Stone** is a resident of Cobb County, Georgia. Stone is an owner and is listed as a manager of Berone.

FACTS

I. THE REIGN BUSINESS

22. Johnson formed Reign Financial International, LLC in or around October 2018 and Reign Financial International, Inc. in or around October 2021. Johnson controlled all aspects of Reign’s business and directed all of Reign’s activities. Mills served as Reign’s Chief Operating Officer during the relevant time period.

23. On Reign’s website, Reign portrayed itself as a global financial services firm run by “seasoned professionals with exceptional relevant experience and personal integrity” with offices worldwide. It also claimed that its “Executive Staff” consisted of “highly skilled financial, business and like-minded members whose sole goal is to assist clients in creating financial *solutions* specifically for those clients [it] interacts with.” None of this was true.

24. Defendants Johnson and Mills, Reign’s owner and two of its officers, had no meaningful experience in the financial products touted on its website. Reign had no physical offices or employees. Reign did not even have a bank account.

25. Reign’s website also claimed it offered investors access to numerous financial services and exclusive investment opportunities, including “[l]everaging and Private Placements Programs . . . not known to many outside [its] industry.” Its website touted that Reign specialized in these carefully “crafted financial strategies” and had its “own trade platforms” offering, *inter alia*, micro-cap, small-cap, and large-cap investment programs. These statements also were not true.

26. The investment opportunities Reign offered to investors were not carefully “crafted financial strategies” or based on Reign’s “own trade platforms.” Instead, Reign indiscriminately sourced vague and nonexistent investment opportunities from third parties. Reign purported to operate as a middleman, using its supposed expertise and network to locate the investment program, solicit investors directly and through its network of intermediaries, and connect investors to “offers” from third parties with various purported investment programs offering exorbitant returns.

27. The Reign Defendants knew virtually nothing about the third parties providing and administering the investments or investment programs, and the Reign Defendants generally did not conduct appropriate due diligence on the investment programs or administrators. Reign’s entire diligence process for the investment programs and program providers typically consisted of little more than an internet search. Reign did not obtain references, confirm investment track records, check registrations, or run background checks on the investment program providers. Reign did not speak with the banks that allegedly operated the trading platforms its program administrators used. Reign also did not know or verify how or where the investment programs

generated the promised returns. Moreover, the programs administrators typically refused to provide Reign with even the most basic information (*e.g.*, credentials, financial statements, and documentation of prior performance) about their investment programs. Nevertheless, Reign took the program providers at their word and repeated verbatim the terms of these investment opportunities to investors directly and through their network of intermediaries that assisted with the solicitation of investors.

28. Reign had no positive investment track record. In fact, it had never placed any investor in any successful investment program. Yet the Reign Defendants and other individuals affiliated with Reign, continued to pitch extraordinary investment opportunities—all with the indicia of fraudulent high-yield investment program schemes—run by unvetted third parties with the hope that one would lead to a lucrative and easy payday.

II. THE HIGH-YIELD INVESTMENT PROGRAM SCHEME

29. High-yield investment programs (“HYIP”) are purported investments that promise passive income with low risk and high returns in short periods of time. “Prime bank” investment schemes are one variation of a high-yield investment program scheme in which fraudulent actors claim that investors’ funds will be used to buy and trade purported “prime bank” instruments in an offshore trade or trading program or platform, using official-sounding names like debentures, standby letters of credit, and bank guarantees to characterize the purported financial interest.

30. Between at least March 2021 and late 2022, the Reign Defendants solicited and participated in the offering of a fraudulent high-yield investment program scheme to approximately 31 investors through at least three different high-yield investment program offerings, falsely promising unrealistically high returns at little or no risk: (1) the Compass Program (administered by Allen through Compass); (2) the PBL & 5Js Program (administered

by Allen through PBL & 5Js); and (3) the Reign Program (administered by the Reign Defendants through Reign).

31. As described further below, the Reign Defendants solicited investors for these investment programs directly and through a network of intermediaries. Almost all the investor interactions relating to the investment programs occurred through the Reign Defendants and their agents. For each program, the Reign Defendants provided each investor two agreements: (1) a Trade Agreement between the investor and the administrator of the particular investment program and (2) a Joint Venture Agreement (“JVA”) between the investor and Reign. The Trade Agreement provided the nature and terms of the investment, instructions for investors to send the money, and guarantees and plans for distribution for the return of the principal investment and payment of returns. The JVA outlined Reign’s role and responsibilities, including limitations on Reign’s authorization to deplete or transfer funds, and the profit distribution for Reign, its intermediaries, and the investors.

32. The three programs all had the following characteristics: (a) promises to investors that the principal investment is secure and the return of the principal investment and profits are guaranteed; (b) the supposed use of legitimate banking and other financial instruments, such as standby letters of credit (“SBLCs”) and medium term notes (“MTNs”); (c) claims by the Reign Defendants and program administrators of expertise or experience in investment activity relevant to the program, such as international banking or trading; (d) vague references to “trading” and “trading platforms” to obscure the commercial basis and source for the promised returns; (e) the importance of SWIFT messages in the “trading” process; (f) reliance on attorney escrow or paymaster accounts for the deposit of investor funds and payment of purported returns; (g) baseless invocations of legitimate financial institutions; (h) unnecessary secrecy and requirements of non-disclosure; (i) a purported international dimension; (j) continuing excuses

by the Reign Defendants and the program administrators for delays and lack of performance; and (k) failure to timely return in full the principal payments for all investors or make any payment of purported profits generated on the investments.

33. For all of the programs, the investor funds were not committed to any legitimate investment, financial instrument, or trading activity, nor did they yield any profit or pay any funds.

A. The Compass Program

34. By at least March 2021, Allen pitched the Reign Defendants on the Compass Program, a HYIP that purported to rely on commercial transactions and financial instruments. From approximately March through September 2021, the Reign Defendants placed approximately 29 investors in the Compass Program administered by Allen directly and through Compass, which he owned and controlled.

35. At the time, Johnson knew that the Compass Program was Allen's first attempt at offering an investment program of this nature. Allen had initially pitched an alleged oil and gas investment that was purportedly more in line with his purported experience. After Johnson rejected that idea, Allen pivoted and pitched this investment program structure instead. Yet the Reign Defendants performed no diligence on Allen or the Compass Program or the alleged investment program proposed.

i. The False and Misleading Compass Program Description Furthered the Fraudulent Scheme

36. According to Johnson and Mills, Allen purported to offer investments through a trade platform generating extraordinary returns. Allen said that the Compass Program could generate profits by trading commodities, MTNs, and SBLCs in Europe. Allen supposedly could source these financial instruments at a discount and had prearranged buyers willing to purchase the instruments at a markup. The use of leverage and credit lines purportedly allowed Allen to

purchase instruments with high notional values relative to the size of the investors' investments, and this leverage, when coupled with the spread Allen would make on the prearranged buy/sell transactions, made the astronomical returns possible.

37. Allen, directly and through Compass, promised to protect the investors' principal from depletion. The investors' money allegedly was to be kept safe and secure, with promises that it would only be used to secure credit lines that would be leveraged for Allen to fund the Compass Program. Allen, directly and through Compass, promised to return the investors' principal investment after a few weeks, and, from then on, pay investors weekly profits generated from the program.

38. While the stated terms of the Compass Program fluctuated slightly over time, Allen claimed \$700,000 was needed to enter the investment program, but he was willing to take as little as \$50,000 from investors, which he would aggregate to reach the \$700,000 threshold. Investors who put in \$700,000 or more were supposedly invested individually.

39. Using the description and terms of the Compass Program that Allen provided without any material modification, Mills prepared materials that the Reign Defendants and their intermediaries then used to solicit potential investors. The terms in the program description that Allen provided contained a number of false and misleading statements that were publicly disseminated and made their way to investors.

ii. **The False and Misleading Know-Your-Customer Package Furthered the Fraudulent Scheme**

40. Investors that received the Reign Defendants' solicitations and expressed interest in the Compass Program received a know-your-customer ("KYC") package from the Reign Defendants and their agents that also contained false and misleading statements about the investment opportunity. The KYC package presented the offers as exclusive opportunities in which the investors were lucky to have the chance to participate. For example, one document

“Understanding the Rules of the Road” stated: “It is a ‘privilege’ to be invited to participate in a Private Placement Transaction, not a ‘right.’ The trading administrators and managers have a virtually endless supply of financially qualified applicants.”

41. The KYC documents also claimed the investments were “highly regulated,” using terms like “U.S. Patriot Act . . . , U.S. Federal Regulatory Authorities, Western European Central Banks program management, licensed traders and trading banks” and that the transaction would be registered with a major world bank and/or the Federal Reserve. The KYC documents stressed confidentiality and discouraged investors from asking questions or discussing the investment opportunities with others, using statements like the following: “Any arrogant or demanding personality will be guaranteed to be rejected” and “[t]his marketplace is highly regulated and strictly confidential, and absolute confidentiality by the investor is a key element of every contract. A client who breaks confidentiality will precipitate instant cancellation.”

42. In reality, the Compass Program was not regulated, Allen and the Reign Defendants were not licensed, and the Compass Program investments were not registered with any bank or the Federal Reserve.

iii. The False and Misleading Compass Program JVA and Trade Agreement Furthered the Fraudulent Scheme

43. Once the KYC packages were submitted to Reign, the Reign Defendants took over the investor relationship. At least initially, investors generally had no direct contact with Allen, purportedly because confidentiality agreements between Reign and Compass prohibited such contact. Instead, all interactions between investors and Allen occurred through the Reign Defendants.

44. The Reign Defendants’ role in the process and inability to share information limited investors from performing their own diligence on the Compass Program and/or Allen and forced investors to rely entirely on the Reign Defendants.

45. The Reign Defendants provided each Compass Program investor a JVA and a Trade Agreement. The Trade Agreement included an addendum identifying a specific escrow agent or paymaster that would be used for the Compass Program payments. Mills prepared these agreements using existing Reign templates, tailoring the information to the Compass Program based on the information received from Allen. Each investor received the same or substantially similar versions of each agreement, but the amount invested and promised return varied by investor.

46. The JVAs confirmed that Reign was responsible for identifying and selecting the investment opportunity, and represented that Reign was “ready, willing, and able to facilitate and assist in the process of entering [the investor’s] funds into an investment structure or facilitate a private placement investment opportunity” The JVAs also gave Reign authority to enter “an investment structure or [to] facilitate a private placement investment opportunity” on behalf of the investor. However, the JVAs provided that such authorization “shall not authorize [Reign] to invade, deplete or transfer any of the initial deposit or [investor’s] share of the profits from the created account” other than to allow Reign’s share of the profit to be withdrawn.

47. The JVAs generally provided that the investors funds would be “quarantined for a period be [sic] determined by the private placement program . . . and will be entered into a 40-week program with a determined weekly or monthly yield will be [sic] determined by the Private Placement Program.”

48. According to the JVAs, the discussions with Reign regarding the “earnings” from the private placement program “are illustrative based on historical and/or general returns, as represented to [the investor] and [Reign] by the private placement program representative(s).” The JVAs also stated that Reign would provide the investors with “a true and accurate

description of the private placement trade program/investment structure that [Reign] has chosen to effectuate the purposes of the [JVA].”

49. The JVAs included the plan for distribution of profits generated by the Compass Program, typically with 20% allocated to Reign, 72% allocated to the investor, and 4-8% allocated to Reign’s intermediaries. The payments were to be made at the discretion of the assigned paymaster pursuant to the terms of the agreement.

50. The Compass Program JVAs that the Reign Defendants disseminated and entered into with investors were false and misleading. Among other things, the Reign Defendants knew or were reckless in not knowing that Allen and Compass had never offered a similar program and, therefore, the returns offered could not be historical or reliably estimated. In addition, the Reign Defendants took no steps to conduct meaningful due diligence or verify any information about Allen, Compass, and the Compass Program to be able to provide investors with a truthful and accurate Compass Program description. Indeed, the program itself did not exist.

51. Mills also drafted the Compass Program Trade Agreements memorializing the terms of the Compass Program because Allen and Compass lacked a viable trade agreement. That Compass lacked appropriate documentation for agreements associated with its investment program was a red flag that would have alerted any reputable investment professional to the potential for fraud, but the Reign Defendants ignored this red flag. Mills sent the Trade Agreements to Allen for review and approval, and Allen made no changes to the Trade Agreements before Reign sent them to the investors.

52. The Trade Agreements between Compass and the investor provided that “Compass has agreed to place [the investor’s] funds into the Compass’s Program to earn profits for the benefit of [the investor].” Under the Trade Agreements, Compass would place the investor’s investment capital in “financial private commercial transactions” for a 40-week period

(one year considering bank holidays) with the option to continue the program for two additional 40-week terms. Amounts less than certain thresholds (e.g., \$700,000 or €500,000) would be aggregated with the funds of other investors until the total pooled funds met the threshold.

53. The Trade Agreements contained confidentiality and non-circumvention clauses that generally read, “It is essential for the success of this Program that, whenever possible, the names and activities of the Parties of the Agreement, the amount of each transaction, and specific details of each transaction must be kept proprietary and confidential,” and, “Any unauthorized circumvention or disclosure of this transaction, parties to, or other material fact of, shall subject the violator to legal prosecution.”

54. As memorialized in the Trade Agreements, Allen promised to keep investor funds secure and “will not, for any reason, invade, deplete, move or transfer any of the funds . . . for any purpose.” Depending on the terms of the specific Trade Agreement, the funds could remain in a “Custodial Account,” and could only be used to obtain a credit line, or purchase Treasury bonds used to create leverage for the investment that was the subject of the Trade Agreement.

55. The Trade Agreements provided the Compass Program would commence “[a]pproximately 5-10 business days after all funds or cash are received” and guaranteed that Compass would return the investor’s initial capital within a few weeks (generally three to five) of the Compass Program beginning “trading.”

56. Under the Trade Agreements, the investor’s returns were to start 10 banking days after the investor’s principal was returned and would be between 75% and 125% per week (depending on the investor and Trade Agreement). The Trade Agreements also specified a profit distribution plan substantially similar to those described above.

57. Allen initialed each page of the Trade Agreement and signed the Trade Agreements on behalf of Compass.

iv. **The Reign Defendants and Allen Engaged in Further Deceptive Statements and Acts to Lull Investors and Conceal the Fraud**

58. Throughout the Compass Program, Allen consistently failed to deliver the payments to Compass Program investors as promised. None of the investors received any promised profits from the Compass Program. Certain early investors in the Compass Program received their principal back—well after the stated deadlines—but these payments were funded, at least in part, in Ponzi-like fashion with another investor’s invested funds. Many of the investors did not receive the promised return of their principal investments.

59. When Allen missed his first deadline for returning investors’ initial funds, Compass Program investors began complaining to the Reign Defendants and their intermediaries. The Compass Program investors could not complain to Allen directly because the Reign Defendants did not disclose contact information for Compass or Allen to the investors, purportedly because of non-disclosure agreements between Reign and Compass.

60. In response to Compass Program investors’ complaints, the Reign Defendants, knowingly or recklessly, and Allen, knowingly or with severe recklessness, lulled investors with further deceptive statements and acts and concealed the fact that the funds were not being invested as promised. The Reign Defendants provided the investors with various excuses verbally and via electronic mail messages from Johnson and/or Mills. They assured them that, while payments were delayed, everything was on track. They often relied upon and relayed Allen’s self-serving and unverified excuses, such as the banks and their internal policies were responsible for the delays. For example, in October 2021, Mills told one investor that he had been informed by Allen that “the contracts are in the legal department and should be done shortly to allow everything for the trade to begin.” Excuses like these were false and misleading because Allen and Compass never invested any investor funds in any trade program.

61. Allen and the Reign Defendants also provided excuses to investors through letters on Compass letterhead that Allen signed and Reign distributed via email. Mills drafted these letters on behalf of Allen, put the letters on Compass letterhead, and with Allen's consent, obtained Allen's signature on the letters before sending the excuse letters to investors. For example, a May 2021 letter signed by Allen stated the delays were "due to an unforeseen accounting error. We are currently in the process of backing the transaction with securities to offset the delays." Another letter from early September 2021 asserted that banks are "backed up partially due to bankers not working full time." A third letter from February 2022 explained delays as the result of Compass moving accounts to a "new hedge fund," and the old broker-dealer did not want to release accounts.

62. The Reign Defendants and Allen had no reasonable basis to convey these baseless and self-serving excuses to investors. These excuses allowed Allen and Reign to avoid detection and continue recruiting investors for the Compass Program despite the lack of performance. By Allen fabricating excuses and the Reign Defendants disseminating them to investors about the status of the Compass Program and investor returns to justify delays, the Reign Defendants and Allen engaged in material deceptive acts and practices in furtherance of the fraudulent scheme.

63. Despite the delayed return of principal and missed payments to early investors, the Reign Defendants and their intermediaries told subsequent Compass Program investors that they had a good track record and successful working relationship with Allen. They did not disclose the issues they were having with the delayed and missed payments.

64. In July 2021, when one investor requested confirmation that his funds were safe, Mills told this investor that Reign had "well over 20 clients send this trader money (in the last 3 months) and ALL of the clients have received their funds back, so there is nothing to worry

about on the client side for getting their funds returned.” Reign’s and Mills’ statements were misleading because they omitted that at least one investor still had not received any money back.

v. **Allen Misappropriated Investors’ Funds and Paid the Reign Defendants Undisclosed Compensation**

65. Allen did not use any of the Compass Program investors’ money for legitimate investment purposes. Allen did not obtain credit lines, deposit the money with any broker, or purchase any financial instruments on behalf of investors. Instead, Allen directly and through Compass misappropriated the investors’ money and spent it for his personal use and benefit, including (a) making donations to institutions of higher education, (b) paying tuition for relatives and friends, (c) buying exotic automobiles, (d) making personal investments, and (e) funding a lavish lifestyle.

66. Between approximately July and October 2021, even though the Compass Program had not generated any profits for investors, Allen made multiple payments to Reign, for a total amount of approximately \$260,000. These payments from Compass were funded at least in part by investments in the Compass Program that Reign had advertised and facilitated. Pursuant to the JVAs and Trade Agreements, the Reign Defendants knew that it should not receive any compensation until the Compass Program generated trading profits. The Reign Defendants knowingly or recklessly accepted these payments without disclosing the payments to Compass Program investors. By doing so, they engaged in deceptive acts and practices in furtherance of the fraudulent scheme.

vi. **The Compass Program Was a Fraudulent Securities Investment**

67. Investments in the Compass Program were offered and sold as investment contracts constituting securities. To participate in the Compass Program, investors committed funds through a principal investment ranging from approximately \$50,000 to \$1.6 million. Investors were merely passive investors in a common enterprise with Allen and the Reign

Defendants. Reign exerted complete control and undertook all managerial efforts pertaining to the selection and facilitation of the investments in the Compass Program, and Allen, through Compass, exerted complete control over and undertook all managerial efforts pertaining to the investment itself to generate profits. The investor was only responsible for providing the initial capital. The investment would succeed and the expected profits would be generated based on the efforts of Allen, directly and through Compass, and the Reign Defendants. Allen and the Reign Defendants maintained all control of the direction and management of the investments and essential efforts to generate promised returns. Investors shared in the risks and benefits of the investment program, and their fortunes were interwoven with and dependent upon the efforts and success of Allen and the Reign Defendants, because under the Trade Agreements and JVAs, nobody profited unless and until the Compass Program generated returns. The investors had a reasonable expectation of profits based solely on the efforts of others, as they had no control over or ability to participate in the management of the investment program themselves, and they expected profits in the form of returns of at least 75% to 125% per week from the efforts of the Allen and the Reign Defendants.

68. Allen knew or was severely reckless in not knowing that the Compass Program Trade Agreements were false and/or misleading because, *inter alia*, (a) the investors' funds were not used to secure any credit lines; (b) Allen never engaged any trading platform, commercial transaction, or other legitimate investment purpose with these funds; and (c) instead of keeping investor funds secure, Allen misappropriated the funds. For the same reasons, the Reign Defendants knew or were reckless in not knowing the Compass Program Trade Agreements were false and misleading.

69. The terms in the JVAs and Trade Agreements, including the (i) description of the investment; (ii) security and protection of investor funds from use, movement, or depletion; (iii)

return of principal; and (iv) payment of profits generated by the investment program were material to investors, as this was information any reasonably investor would consider important in making their investment decisions. The delayed and failed payments to investors and Allen's misappropriation of funds, including payments to Reign not permitted under the agreements, would also have been material information to investors.

70. Ultimately, the 29 investors that the Reign Defendants placed in the Compass Program between at least March 2021 and September 2021 invested a total amount of approximately \$7.1 million into the Compass Program, and only approximately \$1.3 million was returned. Allen did not invest the funds in any legitimate investment as represented. Instead, he misappropriated investor funds for his personal use and benefit, resulting in investor losses of approximately \$5.8 million.

B. PBL & 5Js Program

71. In or around April 2022, the Reign Defendants solicited a \$1 million investment from an investor ("Investor B") into a second fraudulent high-yield investment program administered by Allen through his entity PBL & 5Js ("the PBL & 5Js Program").

72. The PBL & 5Js Program was similar to the Compass Program. The Reign Defendants placed Investor B into this program notwithstanding that, by spring 2022, many of the Compass Program investors had still not received back their initial principal payments, and none of the Compass Program investors had received any profits.

i. False and Misleading Statements Disseminated to Investor B About the PBL & 5Js Program Furthered the Fraudulent Scheme

73. Reign told Investor B that they had done a number of deals with Allen. Reign did not disclose to Investor B the issues they experienced with Allen's nonperformance, that many investors had not received a return of their principal investment, and no investors had received any profits.

74. Despite Allen’s history of nonperformance, Reign told Investor B that there was no risk in the PBL & 5Js Program because Investor B’s capital investment would be returned in full in 6-8 weeks. The biggest risk was that there would be no profit, but, in the worst case that the trade did not work, Investor B’s capital would be returned.

75. When Investor B raised a question about how the profits were generated—an “unbelievable return on [Investor B’s] \$1M”—Mills told Investor B: “We can’t provide all the specifics of the structure of what the trader does to generate funds, that is his area of expertise, just as law is an attorney area of expertise.” Mills further explained that the instrument used to generate the profits is “[t]ypically MTNs.”

76. Investor B entered into a JVA dated April 19, 2022, a nondisclosure agreement dated April 19, 2022, and an escrow agreement dated April 18, 2022 with Reign, which Johnson signed on behalf of Reign. Investor B entered into a Trade Agreement dated April 20, 2022 with PBL & 5Js, which Allen, as President of PBL & 5Js, initialed and signed on behalf of PBL & 5Js. The terms of the JVA and Trade Agreement were largely identical to the agreements described above and contained substantially similar false and misleading statements about the PBL & 5Js Program.

77. Pursuant to the Trade Agreement, Allen, through PBL & 5Js, “agreed to place [Investor B’s funds] into [the PBL & 5Js Program] to earn profits for the benefit of [Investor B].”

78. The Trade Agreement provided that Investor B’s principal would be returned six weeks after the program began, and Investor B would receive 12 monthly returns of approximately \$4.6 million each for a total of \$55,205,750 pursuant to the funding schedule attached to the Trade Agreement. The terms pertaining to the return of the principal investment and payment of profits on the investment were material for Investor B.

79. Importantly, pursuant to the Trade Agreement, PBL & 5Js agreed it would not “for any reason, use, deplete, move or transfer any of the funds . . . for any purpose other than to allow the necessary credit line(s) to be opened, to leverage against cash collateral to complete the transactions(s) under this Agreement.” The Trade Agreement provided that Reign would have access to the account where the funds were held in order to provide Investor B with a weekly screenshot of the account. These terms ensuring the security of Investor B’s funds were material terms for Investor B.

ii. **Use of the Berone Fund for the PBL & 5Js Program**

80. For the PBL & 5Js Program, Investor B’s capital investment funds were to be transferred to and held in a private investment vehicle, the Berone Fund, rather than sent to the bank account of an entity that Allen directly owned or controlled.

81. According to Johnson, this structure was established because the funds would be kept at arm’s length from Allen, given Allen and Compass had not performed as promised in the Compass Program. However, Allen and Berone had a pre-existing relationship riddled with conflicts of interest—at least some of which Reign was aware—that were disregarded and not disclosed to Investor B. Beguesse (co-owner and principal of Berone) and Allen were friends and members of the same fraternal organization, and Beguesse had served as Allen’s financial advisor at another broker-dealer before Berone was formed. In addition, between approximately June and November 2021, Allen provided Beguesse and Berone with “gifts” to form Berone, totaling approximately \$350,000. Berone “selfishly” took the funds without questioning their source or why Allen was giving the funds without any expectation of repayment. In fact, at least some of Allen’s “gifts” to Beguesse and Berone came from investor funds that Allen had misappropriated from the Compass Program.

82. The Trade Agreement instructed Investor B to send the \$1 million investment to the Berone Fund for “Further Credit to: PBL & 5Js Holdings, Inc.” Investor B believed the reason for this was that PBL & 5Js Holdings held the main account at the Berone Fund, and Investor B’s funds would be held in a subaccount.

83. The Reign Defendants did not know and did not ask Allen why the funds were being credited to an Allen entity, if the purpose of the arrangement was to custody the funds at Berone, away from Allen.

84. On or about April 21, 2022, Investor B transferred the \$1 million investment to the Berone Fund’s bank account, and in May 2022, Berone moved the funds to the Berone Fund’s brokerage account. Investor B invested \$1 million in the PBL & 5Js Program based on the representations of the Reign Defendants and Allen, including that the capital investment would remain secure and would be returned in full. Those terms were material to Investor B.

iii. Allen Misappropriated Investor B’s Funds

85. Unbeknownst to Investor B, the funds were not used for an investment program as promised. Instead, Allen misappropriated Investor B’s money to fund Allen’s own investment (through PBL & 5Js) in the Berone Fund and spend for his personal use and benefit.

86. Allen’s prior attempt to invest in the Berone Fund through, and in the name of, Compass had been rejected due to concerns identified during an anti-money-laundering review conducted by Berone’s brokerage firm. Ignoring this red flag, in or around March 2022, Berone agreed to open an account for Allen at Berone using the PBL & 5Js entity, a holding company Allen purportedly used for his children. This became the first investment in the Berone Fund.

87. Investor B’s \$1 million funded the PBL & 5Js subscription in the Berone Fund. Even though Investor B was the source of the funds invested in the Berone Fund, Investor B did

not enter into any agreements with Berone or the Berone Fund and did not receive the Fund's offering memorandum.

88. Allen falsely told Berone that Investor B was Allen's escrow attorney and that he had instructed his escrow attorney to send money to fund PBL & 5Js' investment. Even though the funds came from the personal account of Investor B and not a law firm, Berone did not attempt to contact Investor B or otherwise verify this story. When Berone's fund administrator asked about the incoming funds from Investor B, Berone falsely told the fund administrator that the \$1 million was a small test amount from Berone's second largest fund subscription.

89. In or around June 2022, less than a month after Investor B's funds were transferred to the Berone Fund's brokerage account, Allen began misappropriating Investor B's funds for his personal benefit, which was contrary to the representations in the PBL & 5Js Program investment agreements and the terms of the Berone Fund. For example, in June and July 2022, through multiple transfers, Allen instructed Berone to transfer a total of approximately \$105,900 to a bank account in the name of PBL & 5Js, with Allen as the signatory. Through multiple transfers, Allen spent at least some of these funds on various personal expenses. Allen also instructed Berone to transfer \$240,000 in donations to institutions of higher education, and \$50,000 to Defendant Berone for "marketing."

iv. **The Reign Defendants and Allen Engaged in Further Deceptive Statements and Acts to Lull Investor B and Conceal the Fraud**

90. Beginning no later than August 2022, Investor B made multiple attempts to obtain information from the Reign Defendants and Allen about the status of the investment and return of funds. The Reign Defendants told Investor B that Allen had directed Reign not to provide Allen's phone number and instructed that all communications with Allen must go through Reign.

91. In response to Investor B's repeated requests, the Reign Defendants and Allen, through the Reign Defendants, made various excuses about Allen's nonperformance and the

delayed payments. For example, on September 6, 2022, Reign informed Investor B's counsel that Allen told Reign to convey to Investor B: "We are currently in the liquidation process. I expect [Investor B's] funding any day now to be released as we are receiving trade settlements on a weekly basis. I apologize for the delay, but we've had to take this step." Similarly, on September 16, 2022, Reign emailed Investor B's counsel, "[Johnson] was told by [Allen] that he is working to get [Investor B's] principal back. [Allen] is hoping to get the line released to get [Investor B's] principal back with profits."

92. On October 5, 2022, Reign emailed Investor B a letter on PBL & 5Js letterhead signed by Allen that purportedly provided an update on the disbursement of Investor B's funds. In the letter, Allen claimed that he had "been in meetings with our trade banks for the last two days" and based on the disbursement structure "they are close to releasing the account and yields for the group containing your trade." Allen also stated, "I am working on another option to return your principal because it cannot be released while it is in trade."

93. By letter dated December 7, 2022 that was emailed to Reign and Allen, Investor B, through counsel, summarized the issues and demanded by December 21, 2022 a return of the \$1 million capital investment and payment of two months of the promised profits. If the payment was not made, Investor B would report the matter to the SEC. The letter noted that the SEC had previously addressed these types of transactions, citing links to webpages concerning prime bank schemes. On December 13, Reign acknowledged receipt of the letter and stated, "Yesterday Patrick Allen advised us that [Investor B's] capital has still not been moved from the hedge fund. He is in the process of clearing the credit line that [Investor B's] capital secured, and that he is trying to have all funds returned before the new year."

94. None of the stated reasons for delay and Defendants' failure to return Investor B's funds was true. Investor B's funds were not used for any investment program. By the time of

these lies to Investor B, Allen had directed multiple transfers of Investor B's funds from the Berone Fund and spent significant sums on personal expenses.

v. **The PBL & 5Js Program Was a Fraudulent Securities Investment**

95. Investments in the PBL & 5Js Program were offered and sold as investment contracts constituting securities. Investor B committed funds through a principal investment of \$1 million. Investor B was merely a passive investor in a common enterprise with Allen and the Reign Defendants. Allen and the Reign Defendants maintained all control of the direction and management of the investments and essential efforts to generate promised returns. Indeed, Mills refused to provide Investor B with any details about how profits were generated and told Investor B they were generated based on the trader's expertise. Investor B shared in the risks and benefits of the investment program, and Investor B's fortunes were interwoven with and dependent upon the efforts and success of Allen and the Reign Defendants because under the JVA and Trade Agreement, nobody profited unless and until the investment programs generated returns. Investor B had a reasonable expectation of profits based solely on the efforts of others, as Investor B had no control over or ability to participate in the management of the investment program themselves, and Investor B expected profits in the form of returns of at least 300% per week from Allen and the Reign Defendants' efforts.

96. Allen, knowingly or with severe recklessness, and the Reign Defendants, knowingly or recklessly, made various false and misleading statements, including about the investment terms and security of the principal investment, that were material to Investor B. In addition, the failure to return and the misappropriation of Investor B's funds was material because Investor B—like any reasonable investor—would expect its funds to be used in accordance with the JVA and Trade Agreement, including the guarantee that the funds would remain secure in the Berone Fund with no use or depletion by Allen.

97. Investor B's \$1 million principal investment in the PBL & 5Js Program was never returned, and Investor B never received any investment profits from the alleged PBL & 5Js Program.

C. The Reign Program

98. Even though the investors in the Compass Program and PBL & 5Js Program had yet to receive their promised payments, in September or early October 2022, Reign recruited another investor ("Investor C") to invest \$20 million in a third fraudulent high-yield investment program that was similar to the Compass and PBL & 5Js Programs.

99. Unlike the prior investment programs, the Reign Defendants no longer wanted Allen to be involved because Allen had not delivered on his promises. Instead, Reign would purportedly operate the investment and enter the trade program itself to generate the promised investment returns.

100. Despite their history with Allen, Reign purportedly intended to use the same trading platform Allen purported to use and rely on Allen to make the introductions on Reign's behalf—even though Reign had never been introduced to the platform, did not know who the "traders" were, and had never seen these alleged platforms or investment opportunities perform.

101. Reign also engaged the Berone Fund to hold the funds for this investment program, even though Investor B's investment in the PBL & 5Js Program had not been held securely, and Investor B was still owed money. In other words, the Reign Defendants knowingly or with severe recklessness offered and sold a \$20 million investment despite having no reasonable basis to believe that it could deliver the results or maintain the security of the funds as promised.

i. False and Misleading Statements Disseminated to Investor C About the Reign Program Furthered the Fraudulent Scheme

102. During one or more telephone calls in or around September 2022, Investor C and Mills discussed the investment program before Investor C agreed to invest. Mills explained to Investor C that the Reign Defendants had experience in these types of programs and stressed that the funds would remain secure and be held in, and not move from, the Berone Fund account. Instead, the funds would simply be used as leverage for a program through BNP Paribas.

103. Reign created a JVA and Trade Agreement that documented the terms of the purported investment. The JVA and Trade Agreement were nearly identical to those of the Compass Program and PBL & 5Js Program, except Reign was identified on the agreements as administering the program, which was the role that Allen through Compass or PBL & 5Js held in the prior program trade agreements. The Trade Agreement was executed on October 3, 2022, and it incorporated the JVA dated September 28, 2022, with Johnson signing both on behalf of Reign.

104. Under the Trade Agreement between Reign and Investor C, Investor C was to “invest funds in [the Berone Fund], . . . so that the hedge fund can provide [Reign] the ability to create an account at BNP Paribas and take said account into the Program(s).” Reign promised to pay Investor C a 300% monthly return on the \$20 million investment. Under the terms of the JVA and Trade Agreement, Reign was to be paid 20% of the net proceeds from the program.

105. Like the other investment program agreements, the Reign Program agreements also guaranteed the safety and security of Investor C’s \$20 million investment. Per the Trade Agreement, while “Berone is authorized to work with [Reign] to allow [Reign] to enter the proposed program . . . this shall not authorize Berone to allow any of [Investor C’s]’s principal to be withdrawn or directly used for any transaction outside of Berone.” Investor C could cancel

the Agreement at any time due to non-performance of Reign's program, in which case its \$20 million would be returned.

106. On October 7, 2022, Investor C completed subscription papers for a \$20 million investment in the Berone Fund. The terms of the fund investment, including lock-up periods and withdrawal limitations, were the same as those for PBL & 5Js' investment in the fund.

107. Separately, by email dated October 9, 2022, Stone (co-owner of Berone) confirmed for Investor C certain exceptions to the terms in the subscription documents to align with Investor C's discussions with Mills, the Trade Agreement, and the JVA. Specifically, Stone confirmed that "[i]f the trade fails, [Reign] will unwind the funds sent to the trade and [Berone]/[Reign] will return all remaining funds to [Investor C]," and "[i]f the trade is successful, the funds will be locked with [Berone Fund] for 1 year from the trade execution date. Once the 1-year expiration date is met, [Investor C] and [Berone] will discuss next steps which can include return of funds or continued subscription."

108. In an October 10, 2022 email exchange with Mills and Stone, copying Beguesse, Investor C sought confirmation, prior to sending the funds, that if the Reign Program failed, Investor C would receive back the full \$20 million. Investor C noted the reference in Stone's October 9 email to "all remaining funds," stating "it can be implied that some of the funds will be used and we will get back the reminder." Investor C also asked that they set a 2-week deadline upon Investor C's request for return of the \$20 million.

109. In response, Stone and Mills promised Investor C that if the Reign investment program failed, Reign would unwind the investment and Berone would return the remaining funds to Investor C within two weeks. Specifically, Mills confirmed that "[y]es, it would be the whole \$20,000,000 that is returned." Mills also addressed the requested 2-week time period for the return: "Two weeks sounds reasonable, the only slight bit of uncertainty would be the actual

timing for BNP to unwind our portion. However, I think a total timeframe of two weeks is reasonable and should be able to be accomplished.” Mills further explained, “[Stone], of course can confirm, but the unwinding at BNP is Reign taking action, not Berone and we will take all required actions as soon as requested if the trade program should fail.”

110. By email dated October 10, 2022, Stone also confirmed Mills’ explanation and Investor C’s understanding, writing that Reign would be responsible for “unwinding and trade return” and Berone would be responsible for returning the remaining balance held by Berone.

111. On October 26, 2022, in reliance on the assurances concerning the security and return as needed, of Investor C’s funds, terms which were material to Investor C, Investor C wired \$20 million to the Berone Fund’s account to fund its investment in the Reign Program.

112. The Reign Defendants and Berone Defendants did not seek or receive Investor C’s approval for use of the funds for any transaction or use that was inconsistent with the terms of Investor C’s investment as memorialized in the JVA and Trade Agreement with Reign. Moreover, in discussing different investment opportunities, Investor C had previously given explicit instructions to Reign that its funds were not to be used in transactions involving a specific Escrow Attorney (“Escrow Attorney A”).

ii. Reign Misappropriates Investor C’s Funds for Unapproved Transactions

113. Despite its solicitation of, and agreements with, Investor C, the Reign Defendants did not pursue any investment program, and they did not maintain Investor C’s funds—untouched—in the Berone Fund as promised. Instead, almost immediately after Investor C’s funds were transferred to the Berone Fund, the Reign Defendants caused two transfers to be made from the Berone Fund to Escrow Attorney A to fund a short-term loan venture with Party A. Specifically, the funding of this loan venture included transfers of \$6 million on October 27 and \$5.9 million on November 9, totaling \$11.9 million in transfers from the Berone Fund. This

short-term loan venture was unrelated to the Reign Program and was coordinated through another Reign entity that Johnson owned and controlled.

114. At the time of these transfers, the only cash the Berone Fund account held was Investor C's funds and approximately \$260,000 remaining from Investor B's investment. Thus, the two transfers totaling \$11.9 were funded primarily with Investor C's funds, even though Investor C's funds were supposed to remain secure in the Berone Fund and to be used only for the Reign Program, and despite Investor C's express instructions that Escrow Attorney A was not to have access to its funds.

115. On or about November 8, 2022, Reign received \$1.017 million that Party A paid as "commission" for providing funds for the short-term loan venture, some of which was distributed to Johnson and Mills. In addition, between approximately November 22 and December 14, 2022, the Berone Fund received a total of approximately \$330,000 from Party A. Investor C's investment in the Berone Fund was the primary source of the transfers to Party A (via Escrow Attorney A) for the short-term loan venture and, thus, the payments from Party A to Reign and, at least in part, the payments from Party A to the Berone Fund. The \$11.9 million, which was to be repaid within a short time frame, was never repaid.

116. The Reign Defendants' and the Berone Defendants' transfers and use of Investor C's funds for the short-term loan venture and Party A's payments to Reign and Berone were inconsistent with the terms of Investor C's investment in the Reign Program as memorialized in the JVA and Trade Agreement. Under those agreements and pursuant to the Reign and Berone Defendants' respective representations, Investor C's funds would remain in the Berone Fund and be used exclusively for the Reign Program. According to the Trade Agreement, Reign was to open an account at BNP Paribas, but it never did. In addition, Reign's "commission" for the loan agreements was inconsistent with the JVA and Trade Agreement, which provided that Reign

would only get paid from investment profits. In addition, neither the JVA nor the Trade Agreement provided for any payment to the Berone Defendants.

117. The Reign Defendants knew or were severely reckless in not knowing that Investor C's funds were used to make the loans and fund their "commission," given the timing of the transfers after Investor C's funds reached Berone.

iii. **The Reign Defendants Engaged in Deceptive Acts and Practices to Lull Investor C and Conceal Their Fraud and Misappropriation**

118. The Reign Defendants engaged in deceptive acts and practices by concealing the use of the Investor C's funds in a manner inconsistent with the JVA and Trade Agreement. Reign also continued to provide Investor C with purported updates about the progress of the Reign Program even though there was no program and the \$11.9 million of Investor C's funds had been diverted for the other venture. For example, on or about November 18, 2022, in response to Investor C's inquiry about whether the funds had been set up with BNP and contract signed to enter the program, Mills stated that Reign was "in the process of negotiating" the trade program contract with the "platform." Approximately two weeks later, on or about November 30, 2022, Mills emailed Investor C that the contract with the platform had been signed. Both statements were false. Reign had not negotiated or signed any contract with any "platform." In fact, the Reign Defendants never sought to open an account with BNP Paribas. The Reign Defendants did not disclose to Investor C that \$11.9 million had been transferred from the Berone Fund for the other venture.

119. Between approximately November 30, 2022 and January 24, 2023, Investor C contacted Mills and Johnson on multiple occasions for a status update. The Reign Defendants repeatedly and falsely acknowledged they were continuing to work on the transaction.

120. On or about January 25, 2023, after Investor C had requested the return of his funds due to Reign's non-performance in the Reign Program, Mills told Investor C they would

“being the process of unwinding everything” so that “Berone can return the capital.” Because there was no program, the unauthorized transfers for the short-term loan venture had not been repaid. And, as set forth below, the Berone Defendants had misappropriated another portion of Investor C’s funds. As a result, the Reign and Berone Defendants could not and did not return Investor C’s investment.

iv. The Reign Program Was a Fraudulent Securities Investment

121. Investments in the Reign Program were offered and sold as investment contracts constituting securities. Investor C committed funds through a principal investment of \$20 million. Investor C was merely a passive investor in a common enterprise with the Reign Defendants. Defendants maintained all control of the direction and management of the investments and essential efforts to generate promised returns. Investor C shared in the risks and benefits of the investment program, and Investor C’s fortunes were interwoven with and dependent upon the efforts and success of the Reign Defendants because, under the Trade Agreement, nobody profited unless and until the investment programs generated returns. Investor C had a reasonable expectation of profits based solely on the efforts of others, as Investor C had no control over or ability to participate in the management of the investment program, and Investor C expected profits in the form of returns of at least 300% per month from the Reign Defendants’ efforts.

122. The Reign Defendants made and disseminated various false and misleading statements, including about the investment terms and security of the principal investment, that were material to Investor C. In addition, the failure to return and the misappropriation of Investor C’s funds, was material because Investor C—like any reasonable investor—would expect its funds to be used in accordance with the JVA, Trade Agreement, and express communications with the Reign and Berone Defendants, including the guarantee that it would

remain secure in the Berone Fund with no use or depletion, would not be transferred to Escrow Attorney A, and would be returned in full upon request.

III. THE BERONE DEFENDANTS VIOLATED THEIR FIDUCIARY DUTIES AND MISAPPROPRIATED INVESTED FUNDS

123. The Berone Defendants knowingly or with severe recklessness misappropriated assets from the Berone Fund in violation of their fiduciary duties, the terms of the Berone Fund documents, and their representations to Investor C. Those assets consisted of the money Investor C sent to the Fund.

124. According to the Offering Memorandum, the Berone Fund was to operate as a pooled investment vehicle through which the assets of the General Partner and the Limited Partners would be “invested in a wide variety of securities and financial instruments.”

125. The Investment Objective of the Berone Fund as defined in the Offering Memorandum was to provide long-term above-average returns for the partners.

126. Berone advised the Berone Fund and was responsible for the investment strategy, portfolio management, and all the investment decisions of the Berone Fund, including day-to-day management of the Berone Fund’s investment activities and holdings.

127. According to the Berone Fund’s governing documents, to achieve its Investment Objective, Berone intended to “invest in a broad class of assets, including but not limited to, public debt securities, initial public offerings and new issues, options, and real estate investment trusts (“REITS”).” The general investment strategy and asset allocation methodologies would primarily be centered on “global macro, event-driven and opportunistic investing,” however Berone intended to follow a flexible approach to place the Berone Fund “in the best position to capitalize on opportunities in the financial markets.”

128. As consideration for its services, Berone was to receive “Management Fees” equal to $\frac{1}{4}$ of 2% per quarter (approximately 2% annually) of each Limited Partners’ share of the

Partnership's Net Asset Value (generally equal to the amount by which the value of the Fund's assets exceeds the amount of its liabilities) that was payable quarterly and charged to each Limited Partner's Capital Account. The Investment Manager was entitled to waive or reduce the Management Fee or apply a different Management Fee for Limited Partners.

129. Under the terms of the Offering Memorandum, Berone was to pay its own general operating, administrative, and overhead expenses that were not part of its services provided to the Partnership.

130. Beguesse and Stone qualified as investment advisers for purposes of the Advisers Act. Specifically, Beguesse was the Chief Compliance Officer and 50% owner of Berone, principally responsible for providing discretionary advice and trading securities on behalf of Berone's clients. Stone was also a 50% owner of Berone, a manager of Berone, and handled the operations for Berone. Moreover, Berone's most recent ADV Part 2B Brochure Supplement for Stone contemplates that he provided investment advice to clients (supervised by Beguesse). As the principals of Berone, Beguesse and Stone were responsible for providing investment management and advisory services for the Berone Fund. Berone was entitled to a management fee from the Berone Fund, which would be shared by Beguesse and Stone.

131. As investment advisers, the Berone Defendants owed fiduciary duties to the Berone Fund, including a duty of care, loyalty, and good faith to act in the best interests of the Berone Fund. Pursuant to those fiduciary duties, the Berone Defendants had an affirmative duty of utmost good faith, full and fair disclosure of all material facts, and an affirmative obligation to employ reasonable care to avoid misleading clients.

132. Despite the clear understanding of the parties, Berone's fiduciary duties, and the requirement (documented in emails with Investor C) that Berone and Reign would return the entire \$20 million if the program failed, the Berone Defendants knowingly or with severe

recklessness failed to keep the funds secure and misappropriated investor funds. In fact, the Berone Defendants began misappropriating Berone Fund assets within days of when Investor C's funds arrived in the Berone Fund's bank account. At the time of Investor C's wire, the Berone Fund account's cash balance was approximately \$260,000.

133. Berone transferred funds from the Berone Fund to fund the Reign Defendants short-term loans described in paragraphs 113, 114, 116.

134. The Berone Defendants misappropriated funds on multiple occasions for their own personal use and benefit. On or about October 27, 2022, Berone wired \$3.4 million from the Berone Fund's brokerage account to the Berone Fund's bank account. The Berone Defendants used approximately \$850,000 of these funds to purchase corporate bonds that named Beguesse and Stone as the beneficiaries.

135. The Berone Defendants also misappropriated at least some of the \$3.4 million for other personal use, including to purchase two luxury cars (including, as referenced in one transfer's memo line, a Rolls Royce) and Atlanta Hawks tickets and transfer funds to private jet travel and jewelry companies. These purchases were inconsistent with the proper investment or use of Berone Fund funds as set forth in the governing documents.

136. Berone also wired another approximately \$1.187 million to the Berone Capital bank account where it was co-mingled with other investment advisory funds and used for Beguesse and Stone's personal benefit. This included at least approximately \$30,000 sent to Beguesse's girlfriend so that, according to Beguesse, she could buy a car.

137. The Berone Defendants' misappropriation of Investor C's funds for their own use and personal benefit breached the Berone Fund's governing documents, Berone's fiduciary duties, the agreement with Investor C to return all his money, and any reasonable investment purpose.

138. On or about October 16, 2023, the Berone Fund wired approximately \$1.865 million to Investor C. Besides this payment, Investor C lost almost all of the \$20 million investment.

FIRST CLAIM FOR RELIEF
Violations of Sections 17(a)(1) and (a)(3) of the Securities Act [15 U.S.C. § 77q(a)(1), (3)]
(Against Defendants Reign, Johnson, and Mills)

139. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1–122, inclusive, as if fully set forth herein.

140. By engaging in the acts and conduct alleged herein, Defendants Reign, Johnson, and Mills each directly and indirectly, in the offer or sale of securities, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

a. knowingly or with severe recklessness employed a device, scheme, or artifice to defraud; and/or

b. knowingly, recklessly, or negligently engaged in a transaction, practice, or course of business which operated or would operate as a fraud or deceit upon the purchaser.

141. By reason of the foregoing, Defendants Reign, Johnson, and Mills each violated and, unless restrained and enjoined, will continue to and in the future violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM FOR RELIEF
Violations of Sections 17(a)(1) and (a)(3) of the Securities Act [15 U.S.C. § 77q(a)(1), (3)]
(Against Defendant Allen)

142. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1–97, inclusive, as if fully set forth herein.

143. By engaging in the acts and conduct alleged herein, Defendant Allen directly and indirectly, in the offer or sale of securities, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

a. knowingly or with severe recklessness employed a device, scheme, or artifice to defraud; and/or

b. knowingly, recklessly, or negligently engaged in a transaction, practice, or course of business which operated or would operate as a fraud or deceit upon the purchaser.

144. By reason of the foregoing, Defendant Allen violated and, unless restrained and enjoined, will continue to and in the future violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM FOR RELIEF

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]
and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (c)]
(Against Defendants Reign, Johnson, and Mills)**

145. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1–122 above.

146. By engaging in the conduct described above, Defendants Reign, Johnson, and Mills each directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by the use of a means or instrumentality of interstate commerce, or of the mails, have:

a. employed a device, scheme, or artifice to defraud; and/or

b. engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon another person.

147. Defendants Reign, Johnson, and Mills each engaged in the above-referenced conduct knowingly or with severe recklessness.

148. By reason of the foregoing, Defendants Reign, Johnson, and Mills have violated and, unless restrained and enjoined, will continue to and in the future 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].

FOURTH CLAIM FOR RELIEF

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]
and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (c)]
(Against Defendant Allen)**

149. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1–97 above.

150. By engaging in the conduct described above, Defendant Allen directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by the use of a means or instrumentality of interstate commerce, or of the mails, have:

- a. employed a device, scheme, or artifice to defraud; and/or
- b. engaged in an act, practice, or course of business which operated or would operate as a fraud or deceit upon another person.

151. Defendant Allen engaged in the above-referenced conduct knowingly or with severe recklessness.

152. By reason of the foregoing, Defendant Allen violated and, unless restrained and enjoined, will continue to and in the future 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].

FIFTH CLAIM FOR RELIEF

**Aiding and Abetting Violations of Sections 17(a)(1) and (a)(3) of the Securities Act [15
U.S.C. § 77q(a)(1), (3)]
(Against Defendants Reign, Johnson, and Mills)**

153. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1–97 above.

154. As alleged above, Defendant Allen, directly and indirectly, violated Section 17(a)(1) and (a)(3) of the Securities Act [15 U.S.C. § 77q(a)(1), (3)]. Defendants Reign, Johnson, and Mills knowingly or recklessly provided substantial assistance to Allen’s violations of Section 17(a).

155. By engaging in the foregoing conduct, pursuant to Section 15(b) of the Securities Act [15 U.S.C. § 77o(b)], Defendants Reign, Johnson, and Mills each violated and, unless enjoined, will continue to and in the future will violate Section 17(a).

SIXTH CLAIM FOR RELIEF

**Aiding and Abetting Violations of Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (c)]
(Against Defendants Reign, Johnson, and Mills)**

156. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1–97 above.

157. As alleged above, Defendant Allen, directly and indirectly, violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a), (c)]. Defendants Reign, Johnson, and Mills knowingly or recklessly provided substantial assistance to Allen’s violations of Section 10(b).

158. By engaging in the foregoing conduct, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], Defendants Reign, Johnson, and Mills each violated and, unless enjoined, will continue to and in the future violate Section 10(b) of the Exchange Act.

SEVENTH CLAIM FOR RELIEF

**Control Person Liability Under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)]
(Against Defendant Johnson)**

159. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1–122 above.

160. By engaging in the conduct described above, Defendant Johnson directly or indirectly controlled Defendants Reign Financial International, LLC and Reign Financial International, Inc. and at no point in time acted in good faith.

161. As alleged above, Defendants Reign Financial International, LLC and Reign Financial International, Inc. each violated 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].

162. By reason of the foregoing, pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)], Defendant Johnson is liable as a controlling person for the securities violations committed by Defendants Reign Financial International, LLC and Reign Financial International, Inc. to the same extent as those entities are liable.

EIGHTH CLAIM FOR RELIEF
Fraud by Investment Adviser in Violation of
Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)]
(Against Defendants Berone, Beguesse, and Stone)

163. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1, 6-21, 80-89, 98-138 above.

164. By engaging in the conduct described above, Defendants Berone, Beguesse, and Stone, while acting as investment advisers, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly with scienter, employed a device, scheme, or artifice to defraud any client or prospective client.

165. By virtue of the foregoing, Defendants Berone, Beguesse, and Stone, directly or indirectly, violated, and unless enjoined, will continue to and in the future violate Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

NINTH CLAIM FOR RELIEF
Fraud by Investment Adviser in Violation of
Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)]
(Against Defendants Berone, Beguesse, and Stone)

166. The Commission realleges and incorporates by reference the allegations contained in paragraphs 1, 6-21, 80-89, 98-138 above.

167. By engaging in the conduct described above, Defendants Berone, Beguesse, and Stone, while acting as investment advisers, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly engaged in a transaction, practice, or course of business which operated as a fraud or deceit upon any client or prospective client.

168. By virtue of the foregoing, Defendants Berone, Beguesse, and Stone, directly or indirectly, violated and, unless enjoined, will continue to and in the future violate Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

PRAYER FOR RELIEF

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

I.

Finding that Defendants violated the federal securities laws alleged in this Complaint;

II.

In forms consistent with Fed. R. Civ. P. 65, permanently restraining and enjoining each of Defendants Reign, Johnson, Mills, Allen, and all persons in active concert or participation with them, from, directly or indirectly, violating Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)], 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(a)] by committing or engaging in specified actions or activities relevant to such violations;

III.

In forms consistent with Fed. R. Civ. P. 65, permanently restraining and enjoining each of Defendants Berone, Beguesse, and Stone, and all persons in active concert or participation with them, from, directly or indirectly, violating Sections 206(1) [15 U.S.C. § 80b-6(1)] and 206(2) [15 U.S.C. § 80b-6(2)] of the Advisers Act by committing or engaging in specified actions or activities relevant to such violations;

IV.

In forms consistent with Fed. R. Civ. P. 65, permanently restraining and enjoining each of Defendants Reign, Johnson, and Mills, directly or indirectly, including, but not limited to,

through any entity each owns, operates, manages or controls, from participating in the issuance, purchase, offer, or sale of any security; provided however, that such injunction shall not prevent Defendants Johnson and Mills from purchasing or selling securities for each of their own personal accounts;

V.

In forms consistent with Fed. R. Civ. P. 65, permanently restraining and enjoining Defendant Allen, directly or indirectly, including, but not limited to, through any entity he owns, operates, manages or controls, from participating in the issuance, purchase, offer, or sale of any security; provided however, that such injunction shall not prevent Defendant Allen from purchasing or selling securities for his own personal accounts;

VI.

In forms consistent with Fed. R. Civ. P. 65, permanently restraining and enjoining each of Defendants Berone, Beguesse, and Stone from, directly or indirectly, acting as or being associated with any broker, dealer, or investment adviser. For purposes of this paragraph: (a) a person is associated with a broker or dealer if such person is a partner, officer, director, or branch manager of such broker or dealer (or occupies a similar status or performs similar functions), directly or indirectly controls, is controlled by, or is under common control with such broker or dealer, or is an employee of such broker or dealer; and (b) a person is associated with an investment adviser if such person is a partner, officer, or director of such investment adviser (or performs similar functions), or directly or indirectly controls or is controlled by such investment adviser, including any employee of such investment adviser.

VII.

Ordering Defendants Reign, Johnson, Mills, Allen, Berone, Beguesse, and Stone to disgorge all ill-gotten gains and/or unjust enrichment received directly or indirectly as a result of

the violations and underlying acts alleged in this Complaint, with pre-judgment interest thereon, pursuant to Sections 21(d)(3), (d)(5), and (d)(7) of the Exchange Act [15 U.S.C. § 78u(d)(3), (5) and (7)].

VIII.

Ordering Defendants Reign, Johnson, Mills, Allen, Berone, Beguesse, and Stone to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]; Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and Section 209(e) of the Investment Advisers Act [15 U.S.C. § 80b-9(e)].

IX.

Permanently prohibiting Defendant Johnson 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)], 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 [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)];

X.

Retaining jurisdiction over this action and Defendants 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; and

XI.

Granting such other and further relief as the Court may deem just, proper, and equitable.

DEMAND FOR JURY TRIAL

The SEC hereby demands a trial by jury in this case.

Date: May 7, 2026

Respectfully submitted,

By: /s/ James M. Carlson

James M. Carlson

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SECURITIES AND EXCHANGE COMMISSION

100 F Street, N.E.

Washington, D.C. 20549-5977

*Attorney for Plaintiff Securities and Exchange
Commission*

JS 44 (Rev. 04/21) FLSD Revised 12/02/2022

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.) NOTICE: Attorneys MUST Indicate All Re-filed Cases Below.

I. (a) PLAINTIFFS

Securities and Exchange Commission

DEFENDANTS

Patrick Allen; Reign Financial International, LL

(b) County of Residence of First Listed Plaintiff

(EXCEPT IN U.S. PLAINTIFF CASES)

County of Residence of First Listed Defendant Miami-Dade

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

(c) Attorneys (Firm Name, Address, and Telephone Number)

James M. Carlson and Jennifer Farer, Securities and Exchange Commis

(d) Check County Where Action Arose: MIAMI-DADE MONROE BROWARD PALM BEACH MARTIN ST. LUCIE INDIAN RIVER OKEECHOBEE HIGHLANDS

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Grid for Basis of Jurisdiction and Citizenship of Principal Parties with checkboxes for U.S. Government Plaintiff/Defendant, Federal Question, Diversity, Citizen of This/Another State, and PTF/DEF for incorporated/principal places of business.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions

Large grid for Nature of Suit with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, and OTHER STATUTES.

V. ORIGIN

(Place an "X" in One Box Only)

Origin checkboxes: 1 Original Proceeding, 2 Removed from State Court, 3 Re-filed (See VI below), 4 Reinstated or Reopened, 5 Transferred from another district (specify), 6 Multidistrict Litigation Transfer, 7 Appeal to District Judge from Magistrate Judgment, 8 Multidistrict Litigation - Direct File, 9 Remanded from Appellate Court.

VI. RELATED/ RE-FILED CASE(S)

(See instructions): a) Re-filed Case YES NO b) Related Cases YES NO

JUDGE:

DOCKET NUMBER:

VII. CAUSE OF ACTION Fraud under 15 U.S.C. § 77q(a); 15 U.S.C. § 78j(b); 15 U.S.C. § 78t(a); 17 C.F.R. § 240.10b-5; 15 U.S.C. § 80b-6(1)

LENGTH OF TRIAL via 10 days estimated (for both sides to try entire case)

VIII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: Yes No

ABOVE INFORMATION IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

DATE 5/17/26 SIGNATURE OF ATTORNEY OF RECORD [Handwritten Signature]

FOR OFFICE USE ONLY: RECEIPT # AMOUNT IFP JUDGE MAG JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. (a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked. Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Nature of Suit. Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Refiled (3) Attach copy of Order for Dismissal of Previous case. Also complete VI.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

Remanded from Appellate Court. (8) Check this box if remanded from Appellate Court.

VI. Related/Refiled Cases. This section of the JS 44 is used to reference related pending cases or re-filed cases. Insert the docket numbers and the corresponding judges name for such cases.

VII. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553

Brief Description: Unauthorized reception of cable service

VIII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

Date and Attorney Signature. Date and sign the civil cover sheet.