

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10748 / January 23, 2020

SECURITIES EXCHANGE ACT OF 1934
Release No. 88018 / January 23, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19668

In the Matter of

BENJAMIN L. BUNKER,
ESQ.

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933, SECTIONS 4C,
15(b) AND 21C OF THE SECURITIES
EXCHANGE ACT OF 1934, SECTION
102(e)(1) OF THE COMMISSION’S RULES
OF PRACTICE, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 4C,¹ 15(b), and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 102(e)(1)(iii)² of the Commission’s Rules of Practice against Benjamin L. Bunker (“Respondent”).

¹ Section 4C provides, in relevant part, that:

The Commission may censure any person, or deny, temporarily or permanently, to any person the privilege of appearing or practicing before the Commission in any way, if that person is found . . . (1) not to possess the requisite qualifications to represent others; (2) to be lacking in character or integrity, or to have engaged in unethical or improper professional conduct; or (3) to have willfully violated, or willfully aided and abetted the violation of, any provision of the securities laws or the rules and regulations issued thereunder.

² Rule 102(e)(1)(iii) provides, in pertinent part, that:

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Sections 4C, 15(b) and 21C of the Securities Exchange Act of 1934, Section 102(e)(1) of the Commission’s Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds³ that:

SUMMARY

1. These proceedings arise out of a fraudulent scheme to place shares of the common stock of Greenway Design Group, Inc. (“Greenway”) into brokerage accounts, orchestrate a promotional campaign, and sell the shares into the artificially inflated market. From October 2014 to December 2016, Respondent Benjamin L. Bunker prepared false and misleading attorney opinion letters necessary for two individuals (“Clients”) to (1) obtain stock certificates for their shares of Greenway common stock from the company’s transfer agent, (2) deposit them into their accounts at a brokerage firm, and (3) sell them to the public during the promotional campaign. The Clients were Greenway’s undisclosed control person (“UCP”), who used a nominee (“Nominee”) for his stock sales, and the undisclosed control person’s colleague (“Colleague”) who helped him run Greenway at his direction. In order to sell their shares, the Nominee and the Colleague had to either file a registration statement with the Commission or meet one of the exceptions to the registration requirement under Section 5 of the Securities Act. In his letters, Bunker opined that the Nominee’s and the Colleague’s anticipated stock sales met one of the exceptions, but they did not, and Bunker knew that these statements in the opinion letters were false and misleading. After Greenway’s transfer agent received each opinion letter, it issued stock certificates without restrictive legends, which was a requirement of the brokerage firm where the Nominee and the Colleague held their accounts for accepting shares. The brokerage firm, after it received each

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³ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

opinion letter from Bunker, accepted the shares into the Nominee's and the Colleague's brokerage accounts after approving each of their deposit security requests ("DSRs"). Concurrent with the subsequent promotional campaign and the increase in Greenway's stock price and trading volume, the Nominee and the Colleague sold their shares to the public, and continued to sell their shares through May 2017 for total trading proceeds of about \$233,000.

Respondent

2. Benjamin L. Bunker, age 42, resides in Las Vegas, Nevada. At all relevant times, he was an attorney licensed to practice in the State of Nevada. In 2010, he founded Bunker Law Group, PLLC.

FACTS

3. Greenway Design Group, Inc. is a Delaware corporation headquartered in Upland, California. From 2010 to 2018, its stock was quoted under the ticker symbol "GDGI" on OTC Link, operated by OTC Markets Group, Inc. ("OTC Markets Group"). It is a non-reporting company and makes submissions to OTC Markets Group. From 2010 to 2017, Greenway purportedly produced and distributed consumer air conditioning cooling systems. Greenway entered the cannabis market in 2016. During the relevant period, GDGI securities were penny stocks within the meaning of Section 3(a)(51) of the Exchange Act and Rule 3a51 thereunder. In December 2017, the company entered into a reverse merger and was renamed Redwood Scientific Technologies, Inc. Since February 2018, its stock has been quoted on OTC Link under the ticker symbol "RSCI."

4. In 2013, the UCP purchased a control block of the company's common stock and a 2011 promissory note of a debt owed by Greenway. The UCP maintained control of Greenway throughout the scheme and employed puppet CEOs to give the appearance that they ran the company when in fact they took direction for all of their actions related to Greenway from the UCP. The Colleague helped the UCP run Greenway by following the UCP's instructions. Consequently, the UCP controlled Greenway, the Nominee, and the Colleague, which made the Nominee and the Colleague affiliates of Greenway for determining whether an exemption from the registration requirement under Section 5 of the Securities Act applied under Section 4(a)(1) of the Securities Act and the Rule 144 safe harbor to their offer and sale of Greenway stock.

5. The UCP then instructed the Colleague to make a new promissory note to replace the original 2011 note, which was recast as a convertible promissory note whereby, at the noteholder's discretion, Greenway could retire some or all the debt owed under the note by issuing shares of its common stock to the noteholder. Greenway's CEO and the original noteholder ("Original Noteholder") then signed the convertible promissory note as part of the UCP's acquisition of Greenway. The Original Noteholder was an affiliate because he was under common control with Greenway.

6. From September 2014 through December 2016, the UCP, through the Nominee, and the Colleague purchased portions of the convertible note from the Original Noteholder and converted them into Greenway shares. The UCP also had the Colleague prepare three new

convertible promissory notes, which were signed by the Greenway CEOs, two payable to the Nominee and one payable to the Colleague. The Nominee and the Colleague then purchased portions of the new convertible promissory notes from each other. Except in one instance, the Nominee and Colleague purchased and converted their portions of the notes into Greenway shares within one year, typically within about three weeks.

7. For each purchase, the Colleague prepared documents (collectively the “note conversion packages”) to memorialize the sale. Among the documents were a sales agreement and a seller representation letter, which both falsely stated that the Nominee and the Colleague were not affiliates of Greenway.

8. The UCP and Colleague then obtained stock certificates for their Greenway shares, deposited them into the Nominee’s and Colleague’s brokerage accounts, and sold the shares. A restrictive legend could not appear on the stock certificates because the Nominee’s and the Colleague’s broker-dealer would not allow its customers to deposit ones that bore a restrictive legend. However, Greenway’s transfer agent would not issue stock certificates without a restrictive legend, unless it received an opinion letter which concluded that the shareholder’s subsequent sales of Greenway shares would be exempt from the registration requirement under Section 5 of the Securities Act. The broker-dealer required a similar attorney opinion letter before accepting a deposit.

9. The UCP and the Colleague retained Bunker to prepare the opinion letters. Bunker knew that the UCP controlled Greenway, the Nominee, and the Colleague, and were therefore affiliates of Greenway. He also knew that, except for one note conversion package, neither the Nominee or the Colleague had held their Greenway shares for at least one year.

10. From October 2014 to December 2016, the Nominee and the Colleague provided a combined total of nine note conversion packages to Bunker so that he could review the materials and prepare the opinion letters. The Colleague was Bunker’s contact for all of the Nominee’s attorney opinion letters.

11. Bunker prepared an opinion letter based upon each note conversion package and received \$200 for each one. Each letter stated that he had reviewed Greenway’s quarterly and annual submissions to OTC Markets Group and the note conversion package. The letters identified the convertible promissory note and the terms of the sale of a portion of it to either the Nominee or the Colleague. Bunker’s opinion letters contained false and misleading statements that (a) the holder of the shares (either the Nominee or the Colleague) was not an affiliate of Greenway, even though the UCP controlled both of them and Greenway; (b) that the holder of the shares had held them for at least one year because the holder could tack on the holding period of the person or entity from whom the holder purchased the securities, even though tacking cannot be used if the seller is an affiliate, such as the Original Noteholder, Nominee, or Colleague; and (c) that neither the Nominee or the Colleague was working in concert with others.

12. The Nominee and the Colleague obtained the stock certificates without restrictive legends for their respective Greenway shares and submitted DSRs to deposit them into their brokerage accounts. In addition to the note conversion packages, the DSRs included Bunker’s

false opinion letters and other documents. The brokerage firm accepted the deposits in part based on the false representations Bunker made in his opinion letters.

13. The UCP and the Colleague orchestrated a promotional campaign to entice the investing public to purchase Greenway shares. Beginning January 30, 2015, which was during the campaign and concurrent with the increase in the stock price and trading volume of Greenway shares, the Nominee and the Colleague sold their shares publicly and continued to do so after the campaign for sales proceeds of approximately \$233,000. No registration statement was filed with the Commission or in effect for any of the stock sales.

VIOLATIONS

Section 5 of the Securities Act

14. Section 5(a) of the Securities Act prohibits any person, directly or indirectly, from selling a security through the mail or interstate commerce unless a registration statement is in effect. Section 5(c) prohibits any person, directly or indirectly, from offering for sale of a security through the mail or interstate commerce unless a registration statement has been filed.

15. One exemption to the Section 5 registration requirement is Section 4(a)(1) of the Securities Act, which exempts “transactions by any person other than an issuer, underwriter, or dealer.” An underwriter is defined to include anyone who purchased a security from “an issuer with a view to” later “distribut[e]” the security to others, or anyone who “offers or sells” securities “for an issuer” in connection with the distribution of those securities. For this definition of an underwriter, an “issuer” is additionally defined to include “any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.”

16. Rule 144 of the Securities Act creates a “safe harbor” from the underwriter definition for persons seeking to resell stock they acquired directly from an issuer without any registration. A person satisfying the applicable conditions of the Rule 144 safe harbor is deemed not to be an underwriter for purposes of the Section 4(a)(1) registration exemption, and therefore can sell the restricted securities without having to register the sale with the Commission.

17. Among other things, Rule 144 provides that the one-year holding period does not begin until the full purchase price is paid by the person acquiring the securities from the issuer or from an affiliate of the issuer. Under Rule 144, an affiliate is a “person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.” If the securities to be sold in transactions that are exempt from the registration requirement are acquired for a seller who is not an affiliate, the securities holder seeking the use of the exemption may add or “tack on” the time period that the seller held the securities. Otherwise, tacking is not permissible.

18. The Nominee and the Colleague engaged in unregistered offers and sales of Greenway shares, which were not exempt because, with the exception of one note conversion, they had not held the shares for at least one year, and tacking was not available because the sellers of the shares were affiliates.

19. As a result of the conduct above, Bunker willfully and indirectly violated Section 5(a) and 5(c) of the Securities Act.

Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

20. Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) prohibit any person from employing “any device, scheme, or artifice to defraud” or engaging in any “act, practice, or course of business” which operates as a fraud or deceit, in connection with the purchase or sale of a security. Similarly, Sections 17(a)(1) and (a)(3) of the Securities Act prohibit any person from, in the offer or sale of a security, employing “any device, scheme, or artifice to defraud” or engaging in any “transaction, practice, or course of business” which operates as a fraud or deceit.

21. Section 17(a)(2) of the Securities Act prohibits any person from in the offer or sale of a security, “obtain[ing] money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” Section 10(b) of the Exchange Act and Rule 10b-5(b) prohibit any person from “making any untrue statement of a material fact” or “omit[ting] to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading,” in connection with the purchase or sale of a security.

22. As a result of the conduct described above, Bunker willfully violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Bunker’s Offer.

Accordingly, it is hereby ORDERED, effective immediately, that:

A. Bunker shall cease and desist from committing or causing any violations and any future violations of Sections 5 and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondent is denied the privilege of appearing or practicing before the Commission as an attorney.

C. Respondent shall pay disgorgement of \$1,800 and prejudgment interest of \$249.84 to the Securities and Exchange Commission. However, this obligation shall be offset by the amount equal to the order of restitution that is entered against him in U.S. v. David M. Loflin, et al. in the U.S District Court for the District of Arizona, case number 2:19-cr-00411-DJH. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Bunker as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Katherine Zoladz, Division of Enforcement, Securities and Exchange Commission, 444 S. Flower St., Suite 900, Los Angeles, CA 90071.

D. Respondent Bunker be, and hereby is barred from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer, or issuer for purposes of the issuance of trading of any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

By the Commission.

Vanessa A. Countryman
Secretary