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10
11 **UNITED STATES DISTRICT COURT**
12 **DISTRICT OF ARIZONA**
13

14 Securities and Exchange Commission,
15 Plaintiff,

16 vs.

17 Janus Spectrum LLC; David Alcorn;
18 Kent Maerki; Dominion Private Client
Group, LLC; Janus Spectrum Group,
19 LLC; Spectrum Management, LLC;
Spectrum 100, LLC; Spectrum 100
20 Management, LLC; Prime Spectrum,
LLC; Prime Spectrum Management,
21 LLC; Daryl G. Bank; Premier
Spectrum Group, PMA; Bobby D.
22 Jones; Innovative Group, PMA;
Premier Group, PMA; Prosperity
23 Group, PMA; Terry W. Johnson; and
Raymon G. Chadwick, Jr.,

24 Defendants.

Case No.

COMPLAINT

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

2 **SUMMARY**

3 1. This matter involves a securities offering fraud orchestrated by
4 Defendants David Alcorn and Kent Maerki, through the company they founded and
5 managed, Defendant Janus Spectrum LLC (“Janus Spectrum”). Janus Spectrum held
6 itself out as a company that prepares applications for Federal Communications
7 Commission (“FCC”) cellular spectrum licenses on behalf of third party fundraising
8 entities. Alcorn and Maerki organized the business so that the fundraising entities,
9 owned and managed by Defendants Daryl Bank, Bobby Jones, Terry Johnson, and
10 Raymon Chadwick, offered and sold securities purporting to raise funds to apply for
11 FCC licenses. In these offerings, Defendants misled investors by promising that their
12 investments would yield substantial returns through the sale or lease of the FCC
13 licenses to major wireless carriers, when in fact, Defendants knew or were reckless or
14 negligent in not knowing that the FCC licenses, if obtained, could never be sold or
15 leased by any major wireless carriers. Defendants further concealed the actual costs
16 associated with obtaining these FCC licenses, and pocketed substantial sums of
17 investor moneys for their own, undisclosed, uses.

18 2. In all, the fundraising entities controlled by Bank, Jones, Johnson, and
19 Chadwick raised over \$12.4 million from investors from May 2012 through October
20 2014. After collecting and pooling these investor funds, the fundraising entities
21 funneled a significant percentage of the funds to Janus Spectrum, Alcorn, and
22 Maerki, with only a small portion of these funds used to prepare applications for FCC
23 licenses. Alcorn and Maerki kept the remainder of the investor funds for personal
24 use. In all, Janus Spectrum received at least \$6,834,700 from the fundraising entities.
25 Of that amount, Alcorn received at least \$514,996, and Maerki received at least
26 \$867,665 of investor funds. Bank paid himself and his other businesses
27 approximately \$4,494,900 out of investor funds. Jones received approximately
28 \$622,700 from investor funds and referral fees from Janus Spectrum. Chadwick and

1 Johnson received approximately \$456,483 from investor funds and referral fees from
2 Janus Spectrum.

3 3. By conducting this fraudulent scheme and lying to investors, Defendants
4 violated the securities registration provisions of Sections 5(a) and 5(c) of the
5 Securities Act of 1933 (“Securities Act”), the antifraud provisions of Section 17(a) of
6 the Securities Act and Section 10(b) of the Securities Exchange Act of 1934
7 (“Exchange Act”) and Rule 10b-5 promulgated thereunder, and the broker-dealer
8 registration provisions of Section 15(a)(1) of the Exchange Act.

9 **JURISDICTION AND VENUE**

10 4. This Court has jurisdiction over this action pursuant to Sections 20(b),
11 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.
12 §§ 77t(b), 77t(d)(1) & 77v(a)], and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of
13 the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d)(1),
14 78u(d)(3)(A), 78u(e) & 78aa].

15 5. Defendants have, directly or indirectly, made use of the means or
16 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
17 securities exchange in connection with the transactions, acts, practices and courses of
18 business alleged in this complaint.

19 6. Venue is proper in this district pursuant to Section 22(a) of the Securities
20 Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]
21 because certain of the transactions, acts, practices and courses of conduct constituting
22 violations of the federal securities laws occurred within this district. In addition,
23 venue is proper in this district because Janus Spectrum’s principal place of business is
24 in this district and Alcorn and Maerki reside in this district.

25 **DEFENDANTS**

26 **A. The Janus Spectrum Defendants**

27 7. **Janus Spectrum** is a New Mexico limited liability company, formed in
28 October 2011, with its principal place of business in Glendale, Arizona. Janus

1 Spectrum holds itself out to be an FCC license application services company. Janus
2 Spectrum has not registered any offerings of securities under the Securities Act, nor
3 has it registered a class of any securities under the Exchange Act.

4 8. **David Alcorn**, age 70, of Scottsdale, Arizona is a founder and managing
5 director of Janus Spectrum. Alcorn is the president of David Alcorn Professional
6 Corporation, which became the sole owner of Janus Spectrum as of January 2014.
7 Prior to January 2014, David Alcorn Professional Corporation held a 55% ownership
8 interest in Janus Spectrum.

9 9. **Kent Maerki**, age 72, of Scottsdale, Arizona is a founder and former
10 owner of Janus Spectrum. Until January 2014, Maerki held a 45% ownership interest
11 in Janus Spectrum. Maerki is currently a consultant to Janus Spectrum.

12 **B. The Fundraising Entity Defendants**

13 10. The top fundraising entities for Janus Spectrum and their respective
14 principals were: (1) Dominion Private Client Group, LLC (“Dominion Private Client
15 Group”), Janus Spectrum Group, LLC (“Janus Spectrum Group”), Spectrum
16 Management, LLC (“Spectrum Management”), Spectrum 100, LLC (“Spectrum
17 100”), Spectrum 100 Management, LLC (“Spectrum 100 Management”), Prime
18 Spectrum, LLC (“Prime Spectrum”), and Prime Spectrum Management, LLC (“Prime
19 Spectrum Management”)—Daryl Bank; (2) Premier Spectrum Group, PMA
20 (“Premier Spectrum Group”)—Bobby Jones; and (3) Innovative Group, PMA
21 (“Innovative Group”), Premier Group, PMA (“Premier Group”), and Prosperity
22 Group, PMA (“Prosperity Group”)—Terry Johnson and Raymon Chadwick
23 (collectively, the “Fundraising Entities”).

24 **1. The Bank Defendants**

25 11. **Daryl G. Bank**, age 44, of Port St. Lucie, Florida is the managing
26 member of Dominion Private Client Group. Bank is the managing member of Janus
27 Spectrum Group, Spectrum 100, and Prime Spectrum through his entities Spectrum
28 Management, Spectrum 100 Management, and Prime Spectrum Management

1 respectively (collectively with Bank and Dominion Private Group, the “Bank
2 Defendants”).

3 12. **Dominion Private Client Group** is a Virginia limited liability company
4 with its principal place of business in Virginia Beach, Virginia. Dominion Private
5 Client Group offered and sold securities in connection with acquiring and monetizing
6 FCC licenses for 800 MHz spectrum. Dominion Private Client Group has not
7 registered any offerings of securities under the Securities Act, nor has it registered a
8 class of securities under the Exchange Act.

9 13. **Janus Spectrum Group** is a Virginia limited liability company with its
10 principal place of business in Virginia Beach, Virginia. Janus Spectrum Group
11 offered and sold securities in connection with acquiring and monetizing FCC licenses
12 for 800 MHz spectrum. Janus Spectrum Group has not registered any offerings of
13 securities under the Securities Act, nor has it registered a class of securities under the
14 Exchange Act.

15 14. **Spectrum Management** is a Virginia limited liability company with its
16 principal place of business in Virginia Beach, Virginia. Spectrum Management is the
17 managing member of Janus Spectrum Group. Spectrum Management has not
18 registered any offerings of securities under the Securities Act, nor has it registered a
19 class of securities under the Exchange Act.

20 15. **Spectrum 100** is a Virginia limited liability company with its principal
21 place of business in Virginia Beach, Virginia. Spectrum 100 offered and sold
22 securities in connection with acquiring and monetizing FCC licenses for 800 MHz
23 spectrum. Spectrum 100 has not registered any offerings of securities under the
24 Securities Act, nor has it registered a class of securities under the Exchange Act.

25 16. **Spectrum 100 Management** is a Virginia limited liability company
26 with its principal place of business in Virginia Beach, Virginia. Spectrum 100
27 Management is the managing member of Spectrum 100. Spectrum 100 Management
28 has not registered any offerings of securities under the Securities Act, nor has it

1 registered a class of securities under the Exchange Act.

2 17. **Prime Spectrum** is a Virginia limited liability company with its
3 principal place of business in Virginia Beach, Virginia. Prime Spectrum offered and
4 sold securities in connection with acquiring and monetizing FCC licenses for 800
5 MHz spectrum. Prime Spectrum has not registered any offerings of securities under
6 the Securities Act, nor has it registered a class of securities under the Exchange Act.

7 18. **Prime Spectrum Management** is a Virginia limited liability company
8 with its principal place of business in Virginia Beach, Virginia. Prime Spectrum
9 Management is the managing member of Prime Spectrum. Prime Spectrum
10 Management has not registered any offerings of securities under the Securities Act,
11 nor has it registered a class of securities under the Exchange Act.

12 2. **The Jones Defendants**

13 19. **Bobby D. Jones**, age 68, of Phoenix, Arizona, is the founder and trustee
14 of Premier Spectrum Group (collectively with Jones, the “Jones Defendants”).

15 20. **Premier Spectrum Group** is a Texas private membership association
16 with its principal place of business in Phoenix, Arizona. Premier Spectrum Group
17 offered and sold securities in connection with acquiring and monetizing FCC licenses
18 for 800 MHz spectrum. Premier Spectrum Group has not registered any offerings of
19 securities under the Securities Act, nor has it registered a class of securities under the
20 Exchange Act.

21 3. **The Johnson/Chadwick Defendants**

22 21. **Terry W. Johnson**, age 57, of Heath, Texas, is co-founder of Innovative
23 Group, Premier Group, and Prosperity Group. In addition, Johnson is a principal
24 trustee and managing member of Premier Group, and is the principal trustee and
25 managing member of Prosperity Group.

26 22. **Raymon G. Chadwick, Jr.**, of Grand Prairie, Texas, age 60, is co-
27 founder of Innovative Group, Premier Group, and Prosperity Group (together with
28 Johnson and Chadwick, the “Johnson/Chadwick Defendants”). In addition,

1 Chadwick is the principal trustee and managing member of Innovative Group, and is
2 a principal trustee and managing member of Premier Group.

3 23. **Innovative Group** is a Texas private membership association with its
4 principal place of business in Grand Prairie, Texas. Innovative Group offered and
5 sold securities in connection with acquiring and monetizing FCC licenses for 800
6 MHz spectrum. Innovative Group has not registered any offerings of securities under
7 the Securities Act, nor has it registered a class of securities under the Exchange Act.

8 24. **Premier Group** is a Texas private membership association with its
9 principal place of business in Grand Prairie, Texas. Premier Group offered and sold
10 securities in connection with acquiring and monetizing FCC licenses for 800 MHz
11 spectrum. Premier Group has not registered any offerings of securities under the
12 Securities Act, nor has it registered a class of securities under the Exchange Act.

13 25. **Prosperity Group** is a Texas private membership association with its
14 principal place of business in Heath, Texas. Prosperity Group offered and sold
15 securities in connection with acquiring and monetizing FCC licenses for 800 MHz
16 spectrum. Prosperity Group has not registered any offerings of securities under the
17 Securities Act, nor has it registered a class of securities under the Exchange Act.

18 STATEMENT OF FACTS

19 **A. The 800 MHz Wireless Spectrum**

20 26. Among other things, the FCC regulates wireless communications. It
21 does so in part through its oversight of the various frequencies that comprise the
22 country's available wireless capacity, or spectrum. The FCC issues licenses to use
23 the various frequencies throughout the country. The most common licenses involve
24 transmitting radio, television, and cellular telephone signals on certain frequencies.

25 27. In 2004, the FCC adopted a plan to reconfigure the 800 MHz portion, or
26 band, of the wireless spectrum. This plan was designed to address increasing
27 interference problems with the operation of public safety communication systems
28 using the 800 MHz band caused by the operation of closely situated high-density

1 commercial wireless systems.

2 28. The plan separated the frequencies on which public safety systems
3 operate from the frequencies on which commercial wireless carriers operate by
4 moving public safety operations to the lower portion of the 800 MHz band and
5 moving commercial wireless systems to the higher portion of the band.

6 29. As part of its plan, the FCC established the Expansion Band and Guard
7 Band to provide public safety licensees with a buffer from the cellular portion of the
8 band. The Expansion Band and Guard Band each provide one MHz of separation
9 from the cellular portion of the band.

10 30. The FCC's rules specify that a licensee using an Expansion Band or
11 Guard Band channel is only authorized to use a maximum bandwidth of 20 kilohertz
12 (20 thousand Hertz).

13 31. Major wireless carriers such as Sprint currently use technology for
14 cellular voice and data services that require a minimum bandwidth of 1.25 megahertz
15 (1.25 million Hertz) to 1.4 megahertz (1.4 million Hertz). Thus, the FCC would not
16 permit major wireless carriers to operate their cellular services on the 800 MHz
17 Expansion Band or Guard Band because those services would not fit within the
18 FCC's authorized maximum bandwidth of 20 kilohertz. This remains true regardless
19 of whether these major wireless carriers buy or lease the licenses from others.

20 **B. The Investment Scheme**

21 32. Janus Spectrum, Alcorn, and Maerki orchestrated an investment scheme
22 involving them, the Bank Defendants, the Jones Defendants, and the
23 Johnson/Chadwick Defendants, disguised as a business seeking to obtain and
24 monetize FCC licenses in the Expansion Band and Guard Band.

25 **1. Role of the Janus Spectrum Defendants in the scheme**

26 33. Janus Spectrum's business had two parts, each of which played a part in
27 the investment scheme.

28 34. The first part of Janus Spectrum's business involved offering and

1 providing FCC license application services to over 20 fundraising entities, including
2 all of the Fundraising Entity Defendants, which Janus Spectrum called “clients.”
3 These application services included working with third parties, such as engineers and
4 attorneys, to prepare and file spectrum applications with the FCC.

5 35. Janus Spectrum prepared applications for 800 MHz spectrum in the
6 Expansion Band and Guard Band. These bands represented the only spectrum that
7 non-public safety entities could apply for in the 800 MHz band from January 2013
8 through the present. As the FCC began releasing blocks of licenses, Janus Spectrum
9 submitted a number of applications, and as a result, some of the Fundraising Entities
10 received licenses.

11 36. The second part of Janus Spectrum’s business involved encouraging
12 investment in the Fundraising Entities. From the inception of Janus Spectrum,
13 Alcorn and Maerki created a layered investment scheme that structured the business,
14 relationships, and written agreements with the Fundraising Entities to avoid the
15 appearance that Janus Spectrum was offering securities. Alcorn and Maerki relied on
16 the Fundraising Entities to overtly offer securities, hoping to shield themselves from
17 the registration requirements and potential liability associated with offering securities.

18 37. Although the membership interests were offered and sold by the
19 Fundraising Entities, Alcorn and Maerki were intimately involved in their offer and
20 sale.

21 38. Alcorn and Maerki each referred potential investors to the Fundraising
22 Entities. They participated in conference calls with potential investors. They made
23 presentations to potential investors regarding the investments in the Fundraising
24 Entities. They promised investors potential returns on the investment during in-
25 person meetings or via email and telephone. Alcorn and Maerki frequently
26 encouraged the Fundraising Entities to use them to close sales. Alcorn also answered
27 investors’ questions regarding the possible uses of the 800 MHz spectrum.

28 39. Janus Spectrum, Alcorn, and Maerki also furthered the scheme through

1 numerous deceptive acts. Alcorn and Maerki, among other things, encouraged and
2 facilitated the setup and use of the Fundraising Entities. They used the layered
3 structure in an attempt to evade the securities laws, including the registration
4 requirements.

5 40. They also used the layered structure to funnel investor funds from the
6 Fundraising Entities to Janus Spectrum and themselves. From May 2012 to October
7 2014, the Fundraising Entities paid at least \$6,834,700 to Janus Spectrum. Of that
8 amount, Alcorn received at least \$514,996, and Maerki received at least \$867,665 of
9 investor funds, concealing from investors that the FCC license application costs were
10 substantially less than the amount they were charging per application. Alcorn and
11 Maerki controlled how much of these funds they paid to themselves and as referral
12 fees to Jones, Johnson, and Chadwick. Defendants did not disclose to investors how
13 much of their investment went to Alcorn, Maerki, Bank, Jones, Johnson, Chadwick or
14 their entities instead of toward the costs of obtaining FCC license applications.

15 41. In furtherance of their scheme, Alcorn and Maerki also made investor
16 referrals to the Fundraising Entities. They provided misleading videos entitled
17 “Money from Thin Air” and “Educational Preview About Airwaves Presentation” to
18 the Fundraising Entities for use in soliciting and deceiving investors. They also
19 provided sample offering documents to Bank which were virtually identical to the
20 offering documents used by Jones. All of these materials misrepresented the
21 anticipated use and value of the 800 MHz spectrum licenses by promising that they
22 could be sold or leased to major wireless carriers. Further, these materials concealed
23 the use of investor funds for referral fees, commissions, and payments to Alcorn,
24 Maerki, Bank, Jones, Johnson and Chadwick.

25 42. Alcorn and Maerki knew, or were reckless or negligent in not knowing,
26 that they committed deceptive acts in furtherance of the fraudulent scheme. Alcorn
27 and Maerki knowingly supported the solicitation and sales efforts of the Fundraising
28 Entities and controlled Janus Spectrum’s bank accounts into which the Fundraising

1 Entities funneled investor funds.

2 43. During the relevant time period, Alcorn and Maerki were owners and
3 managers of Janus Spectrum; thus, their knowledge that they committed deceptive
4 acts in furtherance of the fraudulent scheme is imputed to Janus Spectrum.

5 **2. The Janus Spectrum Defendants' material misrepresentations**

6 44. Janus Spectrum, Alcorn, and Maerki misrepresented the potential use of
7 the spectrum in the 800 MHz Expansion Band and Guard Band, the only type of
8 spectrum for which Janus Spectrum prepared applications. Specifically, Alcorn and
9 Maerki represented to the Fundraising Entities and investors that the licenses Janus
10 Spectrum applied for could be used by major wireless carriers, such as Sprint, to
11 operate their cellular systems.

12 45. Nonetheless, Alcorn falsely represented to investors that 800 MHz
13 spectrum in the Expansion Band and Guard Band could be used by major wireless
14 carriers like Sprint. At least one potential investor asked which entities would want
15 to lease the spectrum being applied for by Janus Spectrum, and Alcorn responded
16 "The most likely user will be Sprint but the market is very deep."

17 46. Maerki made the same misrepresentation to potential investors in two
18 video presentations. In the first video, entitled "Money from Thin Air," Maerki
19 repeatedly touted the potential of the 800 MHz spectrum and misrepresented the use
20 of this spectrum by major wireless carriers. Specifically, Maerki represented "Sprint
21 is going to need this [the 800 MHz spectrum] ...But if they don't take it, AT&T
22 needs it, and so does Verizon. More importantly T-Mobile really needs it. So do the
23 other ones."

24 47. Maerki emailed this video to the Fundraising Entities for their use and
25 directly to potential investors. Maerki knew that the Fundraising Entities would use
26 the video to solicit investors when he sent the video. For example, Jones sent Maerki
27 an email in which Jones clearly stated that he planned to use the video during a
28 webinar with potential investors.

1 48. In the second video, entitled “Educational Preview About Airwaves
2 Presentation” and also referred to as the “10-Minute Spectrum Preview,” Maerki
3 again repeatedly touted the potential of the 800 MHz spectrum. For example, Maerki
4 represented that: “Obviously, Sprint will be the very apparent candidate for us to
5 lease the 800 megahertz spectrum within [sic] interruption immediately after having
6 relinquished it to the FCC.” He also represented: “According to recent analytical
7 models, by owning an 800 megahertz license, one may achieve an annual income up
8 to 300 percent or more while sharing the license with a major wireless carrier.”

9 49. Maerki emailed this video to potential investors and, at Alcorn’s request,
10 Maerki sent the video to Fundraising Entities to use to solicit investors.

11 50. Alcorn and Maerki also attended a live presentation for potential
12 investors in Premier Spectrum Group hosted by Jones at which Maerki
13 misrepresented that the 800 MHz Expansion Band and Guard Band could be used by
14 Sprint. At that presentation, Maerki stated “We have two of our licenses. We will
15 have more and ultimately we will have all 25. Everybody will have their
16 licenses....If you hire us, we will go talk to Sprint and make a deal. That’s what we
17 can guarantee. We can’t guarantee anything else.”

18 51. In 2012, Alcorn and Maerki received questions from potential investors,
19 indicating that the 800 MHz spectrum in the Expansion Band and Guard Band may
20 not be able to be used by major wireless carriers. Some of these potential investors
21 raised questions regarding the feasibility of leasing or selling the spectrum to major
22 wireless carriers after speaking with FCC representatives. Despite these questions,
23 Alcorn and Maerki did not follow up on these questions and never spoke to anyone at
24 the FCC about whether major wireless carriers could use the Expansion Band and
25 Guard Band of the 800 MHz spectrum. They simply continued to market the
26 spectrum licenses as tremendously valuable to major wireless carriers.

27 52. Alcorn and Maerki made these misrepresentations even though they
28 knew, or were reckless or negligent in not knowing, that the statements were false.

1 Both knew, or were reckless or negligent in not knowing, that major wireless carriers
2 cannot use this particular spectrum to operate their cellular systems. Instead, this
3 spectrum is most typically used for small scale push-to-talk services, such as those
4 used by local law enforcement or small businesses such as pizza delivery companies.

5 53. In 2010, two years before the first securities offering, a Sprint
6 representative told Alcorn that Sprint would not be able to use the spectrum for which
7 Janus Spectrum was applying because of FCC restrictions. Alcorn was again advised
8 of this important limitation in 2011, a year before the first securities offering, when
9 Janus Spectrum's primary engineer told Alcorn that he did "not see Sprint being a
10 customer for a long time."

11 54. Both Alcorn and Maerki received questions from potential investors
12 indicating that the 800 MHz spectrum in the Expansion Band and Guard Band may
13 not be able to be used by major wireless carriers. Nevertheless, they failed to follow
14 up on this information and continued to market the spectrum licenses as tremendously
15 valuable to major wireless carriers.

16 55. During the relevant time period, Alcorn and Maerki were owners and
17 managers of Janus Spectrum; thus, their knowledge of the falsity of their
18 representations is imputed to Janus Spectrum.

19 56. Alcorn's and Maerki's misrepresentations and omissions were material.
20 Investors considered the ability to lease or sell the 800 MHz spectrum obtained by
21 Janus Spectrum to major wireless carriers important to their decision to invest in the
22 scheme. Knowing that the 800 MHz spectrum in the Expansion Band and Guard
23 Band could not be used by major wireless carriers, such as Sprint, affected investors'
24 likelihood and ability of obtaining a return on their investments. The technical
25 limitations of the Expansion Band and Guard Band meant they could not be used by
26 major wireless carriers, but instead only by small businesses, greatly diminishing the
27 value of the licenses.

28 ///

1 **3. The Role of the Fundraising Entity Defendants in the scheme**

2 57. With Janus Spectrum’s support, the Fundraising Entities offered
3 investors the opportunity to become members in a limited liability company, or
4 “LLC,” or in a private membership association, or “PMA,” by purchasing
5 membership interests. The Fundraising Entities pooled investor funds received from
6 the sale of these membership interests.

7 58. A significant portion of the investor funds raised by the Fundraising
8 Entities was funneled to Janus Spectrum. From May 2012 to October 2014, Janus
9 Spectrum received at least \$6,834,700 from the Fundraising Entities.

10 59. The Fundraising Entities used a portion of the funds to purchase license
11 preparation and submission services from Janus Spectrum for applications in specific
12 geographic areas.

13 60. The Fundraising Entities represented to investors that Janus Spectrum
14 would handle all aspects of the application process and that Janus Spectrum and the
15 Fundraising Entities would manage the FCC licenses and negotiate deals on their
16 behalf.

17 **a. The Bank Defendants’ securities offerings**

18 61. From September 2012 through October 2014, Bank’s three Dominion
19 Private Client Group offerings—Janus Spectrum Group, Spectrum 100, and Prime
20 Spectrum—raised a total of approximately \$8,194,600 from 111 investors
21 nationwide.

22 62. The structure of all three offerings was nearly identical. Dominion
23 Private Client Group and the respective issuer LLCs, Janus Spectrum Group,
24 Spectrum 100, and Prime Spectrum, each offered LLC membership interests.
25 Spectrum Management, Spectrum 100 Management, and Prime Spectrum
26 Management managed the offerings as the managing member. Pursuant to the
27 issuers’ operating agreements, Spectrum Management, Spectrum 100 Management,
28 and Prime Spectrum Management had “complete power and authority for the

1 management and operation of the [issuer's] assets and business...”

2 63. Dominion Private Client Group, the three issuer LLCs, and Bank
3 solicited investors nationwide both directly and through salespeople.

4 64. Potential investors received offering-specific documents for the three
5 Dominion Private Client Group spectrum offerings managed through Dominion
6 Private Client Group, Spectrum Management, Spectrum 100 Management, and Prime
7 Spectrum Management. The offering documents represented that the three issuer
8 LLCs would apply for and obtain FCC spectrum licenses using Janus Spectrum's
9 application services. Bank was the primary preparer of the offering documents and,
10 as principal and managing member of his respective Fundraising Entities, Bank had
11 ultimate authority over the offering documents' content and whether and how to
12 communicate that content to potential investors.

13 65. Bank also hosted a radio show, aired on public radio stations and
14 available on YouTube, during which he spoke about the spectrum investment
15 opportunity in general and interviewed Alcorn and Maerki.

16 66. In addition, Bank recorded a video presentation about the spectrum
17 opportunity, which was also uploaded to YouTube. Bank appeared in the video
18 presentation and, after giving an introduction in which he stated that “[t]here is an
19 opportunity, which is what Kent is going to talk about today, where . . . we can
20 actually invest in those airwaves,” he then played the “Money from Thin Air” video
21 which misrepresented the potential of 800 MHz spectrum in the Expansion Band and
22 Guard Band and misled investors regarding the use of this spectrum by major
23 wireless carriers.

24 67. Many of the investors in the three Dominion Private Client Group
25 spectrum offerings were unsophisticated, did not have a technical background or
26 understanding of spectrum, and did not have any substantial role in preparing the
27 applications or involvement in the entities in which they bought membership
28 interests. Investors were entirely dependent on the information and efforts of Janus

1 Spectrum and Bank's respective Fundraising Entities.

2 68. Bank, Dominion Private Client Group, and the three issuer LLCs, Janus
3 Spectrum Group, Spectrum 100, and Prime Spectrum, and the three managing
4 member LLCs, Spectrum Management, Spectrum 100 Management, and Prime
5 Spectrum Management, engaged in multiple deceptive acts that furthered the
6 fraudulent investment scheme. In addition to disseminating misleading information
7 to investors, Bank transferred almost \$4.5 million in investor funds raised through the
8 three entities to his personal and other business accounts, and concealed this
9 information from investors. Of this amount at least \$1,339,681 went to Bank
10 personally, and approximately \$3,040,904 was sent to Dominion Private Client
11 Group. Bank also funneled almost \$3.7 million of investor funds to Janus Spectrum.

12 69. Bank knew, or was reckless or negligent in not knowing, that he
13 committed deceptive acts in furtherance of the fraudulent scheme. Bank controlled
14 the bank accounts into which he funneled investor funds and from which he paid
15 himself substantial amounts.

16 70. During the relevant time period, Bank was the managing member of
17 Janus Spectrum Group, Spectrum 100, and Prime Spectrum through his entities
18 Spectrum Management, Spectrum 100 Management, and Prime Spectrum
19 Management; thus, his knowledge that he committed deceptive acts in furtherance of
20 the fraudulent scheme is imputed to his respective Fundraising Entities.

21 **b. Jones' Premier Spectrum Group offering**

22 71. From January 2013 to October 2013, Jones' Premier Spectrum Group
23 offering raised approximately \$407,050 from 13 investors nationwide.

24 72. Premier Spectrum Group, Jones, and his salesperson directly solicited
25 investors nationwide through the company's website (which was not password
26 protected), webinars, live presentations and email.

27 73. Premier Spectrum Group and Jones held webinars in which he appeared
28 and, after giving an introduction in which he stated "Kent [Maerki] will share with

1 you this evening his past and bring you up to speed on the present,” he then played
2 the “Money from Thin Air” video which misrepresented the potential of 800 MHz
3 spectrum in the Expansion Band and Guard Band and misled investors regarding the
4 use of this spectrum by major wireless carriers. Potential investors learned about
5 these webinars through emails that Jones sent them. Following the webinar, Jones
6 sent emails to potential investors reiterating his prior misrepresentations regarding the
7 purported 800 MHz spectrum opportunity.

8 74. In addition, Jones hosted at least one live presentation to solicit
9 investors. Alcorn and Maerki attended the presentation and Maerki was the main
10 presenter. Jones also solicited potential investors by sending a standard email
11 describing the spectrum opportunity to a list of people with whom he had no prior
12 relationship.

13 75. Potential investors received an offering document for the Premier
14 Spectrum Group offering. Jones was the primary preparer of the offering document
15 and, as founder and trustee of Premier Spectrum Group, Jones had ultimate authority
16 over the offering document’s content and whether and how to communicate that
17 content to potential investors.

18 76. Investors purchased membership units in Premier Spectrum Group, a
19 private membership association. Upon purchasing membership units, an investor
20 became a member in the association. Investors were told that the private membership
21 association would apply for and obtain FCC spectrum licenses through Janus
22 Spectrum.

23 77. Many of the investors in Jones’ offering were unsophisticated and
24 thereby dependent on Janus Spectrum and Premier Spectrum Group’s information
25 and efforts to monetize the spectrum opportunity presented by Jones, Premier
26 Spectrum Group, and Janus Spectrum.

27 78. Jones and Premier Spectrum Group engaged in multiple deceptive acts
28 that furthered the fraudulent investment scheme. In addition to disseminating

1 misleading information to investors, Jones transferred at least \$55,000 in investor
2 funds raised through Premier Spectrum Group to accounts he controlled, and
3 concealed this information from investors. Jones paid himself approximately \$47,160
4 in commissions and paid a salesperson approximately \$8,400 in commissions. Jones
5 also sent approximately \$350,000 in investor funds to Janus Spectrum. Jones
6 received undisclosed referral fees totaling \$567,140 from Janus Spectrum for
7 introducing other potential fundraising entities and persons, namely Daryl Bank, to
8 the spectrum opportunity and to Janus Spectrum's services. These referral fees
9 further incentivized him to raise money and funnel investor funds to Janus Spectrum.

10 79. Jones knew, or was reckless or negligent in not knowing, that he
11 committed deceptive acts in furtherance of the fraudulent scheme. Jones controlled
12 the bank accounts into which he funneled investor funds and from which he paid
13 himself substantial amounts.

14 80. During the relevant time period, Jones was the founder and trustee of
15 Premier Spectrum Group; thus, his knowledge that he committed deceptive acts in
16 furtherance of the fraudulent scheme is imputed to Premier Spectrum Group.

17 **c. The Johnson/Chadwick Defendants' securities offerings**

18 81. From December 2012 to October 2013, Johnson and Chadwick raised
19 approximately \$3,859,600 through at least three spectrum offerings of membership
20 interests issued by Innovative Group, Premier Group, and Prosperity Group from 201
21 investors nationwide.

22 82. Johnson and Chadwick solicited potential investors by email and word
23 of mouth. Johnson and Chadwick also held conference calls and hosted live
24 presentations and in-person meetings with potential investors, some of which were
25 attended by Alcorn and Maerki. The email invitations for these conference calls and
26 presentations were sent to prior investors, but the emails encouraged the recipients to
27 invite "anyone who might be interested." Jones, who was acquainted with Johnson
28 and Chadwick, also solicited potential investors for Innovative Group.

1 83. Investors purchased membership interests in Innovative Group, Premier
2 Group, or Prosperity Group, all private membership associations. Upon purchasing
3 membership interests, an investor became a member in the association and would
4 have a percentage ownership in the applications.

5 84. Similar to the investors in the other offerings, many of the investors in
6 Johnson and Chadwick's offerings were unsophisticated and also dependent on Janus
7 Spectrum and Innovative Group, Premier Group, and Prosperity Group's information
8 and efforts.

9 85. Johnson, Chadwick, Innovative Group, Premier Group, and Prosperity
10 Group engaged in multiple deceptive acts that furthered the fraudulent investment
11 scheme. In addition to disseminating misleading information to investors, the
12 Johnson/Chadwick Defendants transferred at least \$103,459 and \$93,024,
13 respectively, to accounts they controlled, concealing those transfers from investors.
14 Johnson and Chadwick also funneled approximately \$2,785,000 in investor funds to
15 Janus Spectrum. Johnson and Chadwick also received at least \$260,000 in referral
16 fees from Janus Spectrum for referring clients to Janus Spectrum, which further
17 incentivized them to raise money and send investor funds to Janus Spectrum.

18 86. Johnson and Chadwick knew, or were reckless or negligent in not
19 knowing, that they committed deceptive acts in furtherance of the fraudulent scheme.
20 Johnson and Chadwick controlled the bank accounts into which they funneled
21 investor funds and from which they paid themselves substantial amounts.

22 87. During the relevant time period, Johnson and Chadwick were the co-
23 founders of Innovative Group, Premier Group, and Prosperity Group; thus, their
24 knowledge that they committed deceptive acts in furtherance of the fraudulent
25 scheme is imputed to their respective Fundraising Entities.

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1 **4. The Fundraising Entity Defendants’ material**
2 **misrepresentations and omissions**

3 **a. The Bank and Jones offering materials**

4 88. Bank and Jones made misrepresentations and omitted material facts in
5 Dominion Private Client Group’s offering documents for the Janus Spectrum Group,
6 Spectrum 100, and Prime Spectrum offerings and in Premier Spectrum Group’s
7 offering documents.

8 89. These entities did not use standard private placement memoranda.
9 Instead, each offering had a short, approximately 20-page, offering document
10 generally describing the investment opportunity.

11 90. Bank’s entities, Dominion Private Client Group, Janus Spectrum Group,
12 Spectrum 100, and Prime Spectrum, used offering documents explaining that
13 Dominion Private Client Group “has partnered with Janus Spectrum and its team” to
14 apply for FCC spectrum licenses.

15 91. These offering documents falsely stated that “[t]oday this targeted 800
16 MHz Spectrum is among the most coveted Spectrum to wireless carriers....We
17 anticipate ownership of this valuable, lower band spectrum will provide [Janus
18 Spectrum Group, Spectrum 100, Prime Spectrum,] with opportunities for capital
19 appreciation—as the value of spectrum rises over time; and, attractive income
20 opportunities through a lease or joint-venture arrangement with one or more wireless
21 service provider.”

22 92. The offering documents that Jones used for the Premier Spectrum Group
23 offering made a virtually identical misrepresentation.

24 93. Both Bank and Jones’ offering documents, however, failed to disclose
25 that Janus Spectrum was only applying for spectrum in the 800 MHz Expansion Band
26 and Guard Band, which could not be used by major wireless carriers for their cellular
27 systems.

28 94. Bank knew, or was reckless or negligent in not knowing, that the

1 representations regarding the use of the 800 MHz spectrum were false and material
2 information had been omitted, rendering the representations misleading. Bank
3 developed suspicions and concerns about the investment based on Maerki's
4 mismanagement of other offerings, lack of communication, and unwillingness to
5 provide updates or answer questions. Bank had no basis upon which to represent that
6 the 800 MHz spectrum was "coveted" by wireless carriers aside from Maerki's and
7 Alcorn's representations. But Bank did not address his concerns and suspicions,
8 choosing to continue marketing the spectrum licenses as profitable and to repeat
9 misrepresentations in order to solicit investors.

10 95. Jones also knew, or was reckless or negligent in not knowing, that the
11 representations regarding the use of the 800 MHz spectrum were false and material
12 information had been omitted, rendering the representations misleading. Jones
13 received a number of questions from potential investors' asking about FCC rules
14 limiting the ability of major wireless carriers to use 800 MHz spectrum in the
15 Expansion Band and Guard Band. But he never conducted any follow-up research
16 even though he realized such restrictions would be cause for concern and would
17 "make a difference in the applications." Instead, he chose to continue soliciting
18 investors with promises that the 800 MHz spectrum in the Expansion Band and
19 Guard Band would be profitable because of its value to major wireless carriers. Jones
20 even went so far as to promise investors "double-digit returns" based on the value of
21 the 800 MHz spectrum in the Expansion Band and Guard Band.

22 96. Bank's and Jones' misrepresentations and omissions were material
23 because investors considered the representation that major wireless carriers would
24 lease or purchase the 800 MHz licenses from Janus Spectrum important in deciding
25 whether to invest.

26 97. The offering documents of Bank, Jones and their respective entities also
27 misrepresented how investor funds would be used.

28 98. Bank's offering documents falsely stated that the investor funds raised

1 would be used for “the application and acquisition of the [FCC] applications and
2 licenses.” This representation was misleading because it failed to disclose that Bank
3 kept a substantial portion of investor funds for his personal use. Specifically, he
4 commingled investor funds with funds from his numerous other business ventures
5 and used investor funds to pay himself and his salespeople undisclosed sales
6 commissions ranging from twelve to sixteen percent.

7 99. Jones’ offering documents falsely represented that “[e]ach membership
8 unit includes the application, acquisition, and management of the FCC licenses,” and
9 Jones made a similar representation in his webinars. These representations were
10 misleading because they failed to disclose that Jones used a portion of the investor
11 funds raised to pay himself and his salesperson undisclosed commissions ranging
12 from twelve to fourteen percent.

13 100. Bank and Jones knew, or were reckless or negligent in not knowing, that
14 the representations and omissions regarding the use of investor proceeds were false
15 and misleading because they controlled the bank accounts into which their respective
16 investor funds were deposited and thus knew that they kept a substantial portion of
17 investor funds for personal use.

18 101. Bank’s and Jones’ misrepresentations and omissions regarding the use of
19 investor proceeds were material because it was important to investors, when deciding
20 whether to enter into an investment, to know that Bank and Jones kept a portion of
21 investor funds and used them for purposes other than FCC license applications.

22 102. During the relevant time period, Bank was the owner and manager of
23 Dominion Private Client Group, Janus Spectrum Group, Spectrum Management,
24 Spectrum 100, Spectrum 100 Management, Prime Spectrum, and Prime Spectrum
25 Management, and Jones was the owner and manager of Premier Spectrum Group;
26 thus, Bank’s and Jones’ knowledge of the falsity of their representations is imputed to
27 their respective entities.

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1 **b. Use of the “Money from Thin Air” video**

2 103. Bank, Jones, Johnson, and Chadwick all used the materially false and
3 misleading “Money from Thin Air” video to solicit investors.

4 104. Bank included the “Money from Thin Air” video as part of his video
5 presentation on YouTube.

6 105. Jones sent links to the “Money from Thin Air” video in solicitation
7 emails to investors, and he played the video during a webinar he conducted.

8 106. Johnson and Chadwick sent the “Money from Thin Air” video to
9 potential investors.

10 107. Jones, Johnson, and Chadwick each knew, or were reckless or negligent
11 in not knowing, that the representations in the video concerning the use of the 800
12 MHz license by major wireless carriers were false. Each of them ignored red flags
13 created by questions from investors and potential investors regarding the ability of
14 major wireless carriers to use the 800 MHz spectrum.

15 108. Bank also knew, or was reckless or negligent in not knowing, that the
16 representations in the video concerning the use of the 800 MHz license by major
17 wireless carriers were false. Although Bank had developed suspicions and concerns
18 about the investment based on Maerki’s mismanagement of other offerings, lack of
19 communication, and unwillingness to provide updates or answer questions, Bank did
20 not address his concerns and suspicions and continued to market the spectrum
21 licenses as profitable.

22 109. Bank’s, Jones’, Johnson’s, Chadwick’s and knowledge of the falsity of
23 the representations in the video are imputed to their respective entities.

24 **c. Solicitation emails sent by Jones, Johnson, and**
25 **Chadwick**

26 110. Jones, Johnson, and Chadwick also sent solicitation emails to investors
27 which contained misrepresentations.

28 111. Jones solicited potential investors through emails that falsely claimed

1 “[t]his particular opportunity has [a] **double-digit** return on Membership projected
2 monthly within the next 24 months.” (emphasis in original). The representation
3 regarding “double-digit return” was false because the 800 MHz spectrum for which
4 Janus Spectrum was applying could not be used by major wireless carriers to operate
5 their cellular systems.

6 112. Johnson and Chadwick made misrepresentations and omitted material
7 facts in emails to investors. In a solicitation email that went to potential investors in
8 the Innovative Group offering, Johnson and Chadwick falsely stated “[a] little more
9 detail on the 800mhz spectrum that is being released to the public via 02-55
10 here....Once re-banding is complete and the public notices go out and we receive our
11 licenses, our plan is to go back to Sprint and negotiate a lease back to them.” In this
12 email, Johnson and Chadwick failed to disclose that 800 MHz spectrum in the
13 Expansion Band and Guard Band could not be used by major wireless carriers for
14 their cellular systems.

15 113. In addition, in a recent email sent to an Innovative Group investor on
16 November 14, 2014, Johnson and Chadwick falsely blame the lack of interest from
17 major wireless carriers on the limited number of licenses received, stating, “[w]e are
18 not getting interest from cell phone companies with only two markets. It is apparent
19 that we need more licenses to get their attention. . . . Until then we have to manage
20 and monetize them [as] best as possible as we acquire them.”

21 114. Jones, Johnson, and Chadwick each knew, or were reckless or negligent
22 in not knowing, that their representations and omissions were false. None of them
23 investigated or researched the questions they received from investors and potential
24 investors regarding the ability of major wireless carriers to use the 800 MHz
25 spectrum. Yet, they all continued to solicit investors by claiming that the licenses
26 would be leased or purchased by major wireless carriers.

27 115. Jones’s, Johnson’s, and Chadwick’s knowledge of the falsity of their
28 email representations are imputed to their respective entities.

1 **C. Lack Of Securities Registration And Broker-Dealer Registration**

2 116. During all relevant times, all of the offerings by the Fundraising Entities
3 required the investment of money by investors who received a membership interest or
4 membership unit upon investing.

5 117. Each of the Fundraising Entities then pooled investor money and
6 investors shared ownership in an LLC or private membership association.

7 118. Many investors were unsophisticated and uninvolved in the FCC license
8 application process. Janus Spectrum and the Fundraising Entities represented to
9 investors that they would apply for the licenses and work to negotiate deals to
10 monetize the licenses on behalf of investors. Moreover, the FCC license application
11 process and the profitability of the licenses were dependent on the actions of the
12 Defendants. Accordingly, investors were completely reliant on Janus Spectrum and
13 the Fundraising Entities for the investment's overall success.

14 119. During all relevant times, all of the Fundraising Entities' offerings each
15 made use of the means or instrumentalities of interstate commerce or of the mails in
16 connection with the transactions, acts, practices and courses of business alleged in
17 this complaint.

18 120. Bank and his respective Fundraising Entities solicited investors through,
19 among other things, a radio show that was aired on public radio stations and
20 YouTube and a video presentation that was uploaded to YouTube.

21 121. Jones and Premier Spectrum Group solicited investors through, among
22 other things, the entity's website (which was not password protected), webinars, and
23 email.

24 122. Johnson, Chadwick and their respective Fundraising Entities solicited
25 investors through, among other things, emails and conference calls.

26 123. During all relevant times, the Fundraising Entities' securities offerings
27 were required to be registered under the securities laws. None of the Fundraising
28 Entities' securities offerings had a registration statement in effect or on file; thus,

1 these offerings were not registered.

2 124. All of the Fundraising Entities' securities offerings solicited investors
3 nationwide. Many of the investors in each of the Fundraising Entities' offerings were
4 unsophisticated and there were at least several unaccredited investors in each
5 offering. The Bank Defendants, the Jones Defendants, and the Johnson/Chadwick
6 Defendants took no steps to verify that investors were accredited.

7 125. Bank had common control over all of the issuers, Dominion Private
8 Client Group, Janus Spectrum Group, Spectrum 100, and Prime Spectrum. Each
9 issuer was engaged in the same type of business, offering membership interests and
10 then using investor funds to try to obtain FCC spectrum licenses, and Bank
11 disregarded entity form by using Dominion Private Client Group's name on each
12 offering document. In addition, all of the offerings were a part of a single plan of
13 financing and for the same general purpose, which was to apply for FCC spectrum
14 licenses through Janus Spectrum, they all sold the same type of securities,
15 membership interests; the offerings overlapped for a period of time in 2013 and 2014;
16 and all three received cash as consideration.

17 126. Johnson and Chadwick controlled Innovative Group, Premier Group,
18 and Prosperity Group; each issuer was engaged in the same type of business, offering
19 membership interests and then using investor funds to try to obtain FCC spectrum
20 licenses; and Johnson and Chadwick disregarded entity form by commingling
21 investor money. In addition, all three offerings sold the same type of securities,
22 membership interests; the offerings occurred about the same time, overlapping in
23 2012 and 2013; and the same consideration, cash, was received from investors.

24 127. Janus Spectrum, Alcorn, Maerki, Bank, Jones, Johnson, and Chadwick
25 were not registered as broker-dealers as required by the federal securities laws.

26 128. Janus Spectrum, Alcorn, Maerki, Bank, Jones, Johnson, and Chadwick
27 acted as brokers because they actively solicited investors to purchase membership
28 interests or units through one-on-one meetings, live presentations, video

1 presentations, a radio show, conference calls, or email. They described the merits of
2 investing in spectrum to potential investors or answered investor questions.

3 129. Alcorn, Maerki, Bank, Jones, Johnson, and Chadwick each received
4 compensation from investor funds. Bank and Jones each personally received a
5 percentage of assets invested; Bank received \$1,339,681 or approximately sixteen
6 percent, and Jones received \$47,160 or approximately fourteen percent. Alcorn,
7 Maerki, Johnson and Chadwick did not receive a fixed percentage of assets invested,
8 but simply took investor funds for personal use. Each received at least the following:
9 \$514,996 - Alcorn; \$867,665 - Maerki; \$103,459 - Johnson; \$93,024 - Chadwick. In
10 addition, Jones received a \$567,140 referral fee from Janus Spectrum that was based,
11 at least in part, upon his referral of Bank to Janus Spectrum.

12 **FIRST CLAIM FOR RELIEF**

13 Violations of Sections 17(a) of the Securities Act

14 (Against All Defendants)

15 130. The SEC realleges and incorporates by reference paragraphs 1 through
16 129 above.

17 131. Defendants, by engaging in the conduct described above, in the offer or
18 sale of securities by the use of means or instruments of transportation or
19 communication in interstate commerce or by use of the mails, directly or indirectly:

- 20 (a) employed devices, schemes, or artifices to defraud;
- 21 (b) obtained money or property by means of untrue statements of a
22 material fact or by omitting to state a material fact necessary in order to make the
23 statements made, in light of the circumstances under which they were made, not
24 misleading; or
- 25 (c) engaged in transactions, practices, or courses of business which
26 operated or would operate as a fraud or deceit upon the purchaser.

27 132. By engaging in the conduct described above, Defendants violated, and
28 unless restrained and enjoined will continue to violate, Sections 17(a)(1), 17(a)(2)

1 and 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)].

2 **SECOND CLAIM FOR RELIEF**

3 Violations of Section 10(b) of the Exchange Act and Rule 10b-5

4 (Against All Defendants)

5 133. The SEC realleges and incorporates by reference paragraphs 1 through
6 129 above.

7 134. Defendants, by engaging in the conduct described above, directly or
8 indirectly, in connection with the purchase or sale of a security, by the use of means
9 or instrumentalities of interstate commerce, of the mails, or of the facilities of a
10 national securities exchange, with scienter:

11 (a) employed devices, schemes, or artifices to defraud;

12 (b) made untrue statements of a material fact or omitted to state a
13 material fact necessary in order to make the statements made, in the light of the
14 circumstances under which they were made, not misleading; or

15 (c) engaged in acts, practices, or courses of business which operated
16 or would operate as a fraud or deceit upon other persons.

17 135. By engaging in the conduct described above, Defendants violated, and
18 unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange
19 Act [15 U.S.C. § 78j(b)], and Rule 10b-5(a-c) thereunder [17 C.F.R. § 240.10b-5].

20 **THIRD CLAIM FOR RELIEF**

21 Violations of Sections 5(a) and 5(c) of the Securities Act

22 (Against All Defendants)

23 136. The SEC realleges and incorporates by reference paragraphs 1 through
24 129 above.

25 137. Defendants, by engaging in the conduct described above, directly or
26 indirectly, made use of means or instruments of transportation or communication in
27 interstate commerce or of the mails, to offer to sell or to sell securities, or to carry or
28 cause such securities to be carried through the mails or in interstate commerce for the

1 purpose of sale or for delivery after sale.

2 138. No registration statement has been filed with the SEC or has been in
3 effect with respect to any of the offerings alleged herein.

4 139. By engaging in the conduct described above, Defendants violated, and
5 unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the
6 Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

7 **FOURTH CLAIM FOR RELIEF**

8 Violations of Section 15(a)(1) of the Exchange Act

9 (Against Janus Spectrum, Alcorn, Maerki, Bank, Jones, Johnson, and Chadwick)

10 140. The SEC realleges and incorporates by reference paragraphs 1 through
11 129 above.

12 141. Defendants Janus Spectrum, Alcorn, Maerki, Bank, Jones, Johnson, and
13 Chadwick, by engaging in the conduct described above, made use of the mails or any
14 means or instrumentality of interstate commerce to effect any transactions in, or to
15 induce or attempt to induce the purchase or sale of, any security.

16 142. During the relevant time period, Defendants Janus Spectrum, Alcorn,
17 Maerki, Bank, Jones, Johnson, and Chadwick were not registered as a broker or
18 dealer.

19 143. By engaging in the conduct described above, Defendants violated, and
20 unless restrained and enjoined will continue to violate, Section 15(a)(1) of the
21 Exchange Act [15 U.S.C. §§ 78o(a)(1)].

22 **PRAYER FOR RELIEF**

23 WHEREFORE, the SEC respectfully requests that the Court:

24 **I.**

25 Issue findings of fact and conclusions of law that Defendants committed the
26 alleged violations.

27 **II.**

28 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of

1 Civil Procedure, permanently enjoining Defendants, and their agents, servants,
2 employees, and attorneys, and those persons in active concert or participation with
3 any of them, who receive actual notice of the judgment by personal service or
4 otherwise, and each of them, from violating Sections 5(a), 5(c), and 17(a) of the
5 Securities Act [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)], and Section 10(b) of the
6 Exchange Act [15 U.S.C. §§ 78j(b) and 78t(a)] and Rule 10b-5 thereunder [17 C.F.R.
7 § 240.10b-5].

8 **III.**

9 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
10 Civil Procedure, permanently enjoining Defendants Janus Spectrum, Alcorn, Maerki,
11 Bank, Jones, Johnson, and Chadwick, and their agents, servants, employees, and
12 attorneys, and those persons in active concert or participation with any of them, who
13 receive actual notice of the judgment by personal service or otherwise, and each of
14 them, from violating Section 15(a)(1) of the Exchange Act [15 U.S.C. §§ 78o(a)(1)].

15 **IV.**

16 Order Defendants to disgorge all funds received from their illegal conduct,
17 together with prejudgment interest thereon.

18 **VI.**

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

22 **VII.**

23 Retain jurisdiction of this action in accordance with the principles of equity and
24 the Federal Rules of Civil Procedure in order to implement and carry out the terms of

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1 all orders and decrees that may be entered, or to entertain any suitable application or
2 motion for additional relief within the jurisdiction of this Court.

3 **VIII.**

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

6
7 Dated this 6th day of April, 2015.

Respectfully submitted,

8 /s/ Sam S. Puathasnanon

9 Sam. S. Puathasnanon

10 Sana Muttalib

11 Attorneys for Plaintiff

12 Securities and Exchange Commission
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