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13 Securities and Exchange Commission

14 **UNITED STATES DISTRICT COURT**

15 **CENTRAL DISTRICT OF CALIFORNIA**

16 SECURITIES AND EXCHANGE
COMMISSION,

18 Plaintiff,

19 vs.

20 PATRIC KEN BACCAM, a/k/a Khanh
Sengpraseuth,

22 Defendant, and

23 PRECISION RESEARCH GROUP
LLC, and PRIM GROUP LLC,

24 Relief Defendants.

Case No. 5:17-cv-00172

**COMPLAINT FOR SECURITIES
LAW VIOLATIONS**

(DEMAND FOR JURY TRIAL)

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1 of 28 unsecured promissory notes to 18 investors by making numerous material
2 misrepresentations and scheming to defraud investors, and by acting illegally as an
3 unregistered broker. Through Baccam's unlawful conduct, investors lost most of
4 their money.

5 5. In pitching the promissory notes to investors, Baccam typically told
6 investors that raised funds would be used to "flip" real estate by buying, renovating,
7 and then reselling the real estate for a profit. Starting in October 2010, he solicited
8 investors to purchase promissory notes issued by a third party called Moret Group
9 LLC ("Moret Group"), which was a small real estate venture run by an acquaintance
10 of Baccam. Moret Group promised Baccam a 10 percent commission on all money
11 he raised by selling Moret Group promissory notes. In selling these securities away
12 from, and without disclosing the sales to, his brokerage firm, Baccam violated the
13 Federal securities laws by acting as an unregistered broker.

14 6. A few months later, Baccam decided to raise money for his own
15 business, ostensibly to flip real estate, despite lacking any experience in that area.
16 Baccam initially issued promissory notes through a fictitious entity called "PR
17 Group," and later through two then-newly registered companies, Relief Defendants
18 Prim Group and Precision Research Group. All three entities were Baccam's alter
19 egos that he used to facilitate his fraudulent scheme.

20 7. Despite raising hundreds of thousands of dollars for his own venture,
21 Baccam made little effort to conduct a legitimate real estate venture that might
22 produce returns for investors. After purchasing and renovating his first property by
23 2012, Baccam quickly sold it to his niece at a significant loss, and then continued to
24 live in that property with his family. Thereafter, he used investor funds to pay his
25 niece's mortgage on that property even though it was no longer part of his real estate
26 venture. Baccam acquired his second "investment" property via a short-sale of his
27 sister's friend's house, which Baccam renovated but never sold. It was eventually
28 foreclosed upon.

1 8. In addition, Baccam frequently used investor funds for purposes other
2 than as part of his real estate venture. Among other things, bank records reflect that
3 Baccam paid himself more than \$200,000 in investor funds, and that he used up to
4 \$80,000 for personal expenses such as food and service for his car.

5 9. Yet in soliciting investments throughout this period, Baccam
6 fraudulently promised investors that the money would be used for a real estate
7 venture or, at times, that their funds would just sit in an investment account without
8 the risk of loss.

9 10. Baccam also misrepresented the nature of the real estate venture to
10 investors. For example, shortly after he began soliciting investments for his own
11 venture through the fictitious PR Group, Baccam directed a friend to sign
12 correspondence to investors that falsely stated that PR Group was “respected,
13 established” and had “earned a reputation for experience, innovation, and customer
14 satisfaction.”

15 11. Baccam further made false statements to investors about the nature of
16 their investment. Among other things, he told certain investors that their investment
17 was virtually risk free, would provide for a death benefit, and that the real estate
18 venture was managed by a third party that was soliciting large investments – none of
19 which were true.

20 12. Baccam also fraudulently promised investors premium rates of return
21 that ranged from seven to 15.6 percent annually. Baccam knew, or was reckless in
22 not knowing, that investors would never receive these rates of return. Throughout the
23 relevant period, Baccam misappropriated investor funds while conducting only
24 minimal real estate flipping that could never produce the type of returns necessary to
25 repay his investors – and never did.

26 13. Similarly, in November 2011, Baccam promised one Moret Group
27 investor a 12 percent annual rate of return on a new promissory note, but he knew, or
28 was reckless in not knowing, that Moret Group would never fulfill that promise.

1 From the outset, Moret Group was unable to make its promised interest payments to
2 its initial investors. Baccam had instead been misappropriating funds he raised for
3 his own real estate venture to cover interest payments that Moret Group owed.

4 14. Baccam later continued this misappropriation of investor funds in a
5 scheme to double down on his fraud. On several occasions, Baccam misappropriated
6 other investors' money to make small interest payments owed to an investor for the
7 purpose of deceiving that investor into believing that Baccam's investment was
8 capable of producing the promised returns. Baccam then used that deception to
9 fraudulently raise even more money from investors.

10 15. By the conduct alleged herein, Defendant Baccam violated Section 10(b)
11 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §
12 240.10b-5], Section 15(a) [15 U.S.C. § 78o(a)] of the Exchange Act, and Section
13 17(a) of the Securities Act [15 U.S.C. § 77q(a)]. Furthermore, Relief Defendants
14 Prim Group and Precision Research Group were unjustly enriched by receiving the
15 proceeds of Baccam's unlawful activity.

16 16. The Commission seeks permanent injunctive relief, including a conduct-
17 based injunction, disgorgement of ill-gotten gains, plus prejudgment interest, third-
18 tier civil penalties, and other appropriate and necessary equitable relief.

19 **DEFENDANT**

20 17. **Patric Ken Baccam**, a/k/a Khanh Sengpraseuth, 45, resides in Highland,
21 California. From February 22, 2002, until December 31, 2011, Baccam was a
22 registered representative associated with Centaurus Financial, Inc. ("Centaurus"),
23 which is registered with the Commission as a broker-dealer and investment adviser
24 and is headquartered in Anaheim, California. Baccam has not been associated with
25 any registered broker-dealer or investment adviser since leaving Centaurus.

26 **RELIEF DEFENDANTS**

27 18. **Prim Group LLC** is a single-member limited liability company that
28 Baccam registered with the California Secretary of State on July 14, 2011, and is

1 located in San Bernardino, California. Baccam is its sole member, owner, and agent
2 for service of process. At all times, Baccam solely controlled and operated Prim
3 Group, including managing its solicitation of investors, use of investor funds, and
4 business operations. Baccam sold one promissory note with Prim Group as the issuer
5 in December 2011.

6 19. **Precision Research Group LLC** is a limited liability company located
7 in San Bernardino, California, that Baccam registered with the California Secretary of
8 State on May 24, 2012, although Baccam issued promissory notes with Precision
9 Research Group as issuer as early as February 2012. At all times, Baccam solely
10 controlled and operated Precision Research, including managing its solicitation of
11 investors, use of investor funds, and business operations. It was registered as having
12 two “Managing Members,” Baccam’s wife and his niece, but they did not control,
13 operate, or have any role at Precision Research Group. From February 2012 to July
14 2013, Baccam sold eight promissory notes with Precision Research Group as issuer.

15 FACTUAL ALLEGATIONS

16 **I. Starting in 2010, Baccam Sold Moret Group Promissory Notes Illegally As** 17 **An Unregistered Broker**

18 20. As of 2010, Baccam was a registered representative with Centaurus. He
19 had a base of broker-dealer customers to whom he would give advice and for whom
20 he would typically purchase fairly conservative non-equity investments, such as
21 variable annuity contracts.

22 21. On or around the Spring of 2010, Baccam and an acquaintance had
23 discussions concerning the acquaintance’s business flipping real estate with a
24 company called Moret Group. Baccam offered to raise money for that business,
25 noting that Baccam had an existing investor customer base at Centaurus that he could
26 solicit. By October 2010, Baccam and the acquaintance agreed that Baccam would
27 solicit investors to purchase promissory notes issued by Moret Group, and that
28 Baccam would receive a 10 percent commission on all money raised.

1 22. Baccam then solicited several of his Centaurus customers and at least
2 one family member. His typical pitch was that he could provide a safer alternative to
3 investing their money in the stock market, which had been volatile in the wake of the
4 U.S. financial crisis of 2008. During certain of these customer pitches, Baccam
5 represented that the invested funds would be used for a venture to flip residential real
6 estate.

7 23. From October 2010 to November 2011, Baccam raised \$251,600 from
8 six investors by selling promissory notes for Moret Group that provided for 12 or 14
9 percent annual rates of return. Baccam was paid approximately \$25,000 in
10 commissions for these sales.

11 24. All of the promissory notes had maturity dates of more than a year. One
12 promissory note provided for monthly interest payments, and the remaining
13 promissory notes provided for annual interest payments.

14 25. In soliciting and selling these Moret Group notes, Baccam was acting as
15 a broker for Moret Group. He was engaged in the business of affecting transactions
16 in securities for the account of others. Baccam was the sole person soliciting these
17 investors, and he controlled the chain of distribution throughout the solicitation and
18 sale of all of these promissory notes. He actively identified and recruited investors,
19 advised investors as to the merits of their investment, facilitated and effectuated the
20 transfer of investor funds – which were typically wired to a custodian of individual
21 retirement accounts (“IRA”) and then wired to Moret Group – and he received
22 commissions for each sale.

23 26. Throughout 2010 and 2011, Baccam was a registered representative for
24 Centaurus, which was a broker-dealer registered with the Commission. Baccam
25 failed to disclose to Centaurus that he was engaged in private securities transactions
26 selling Moret Group notes, or otherwise obtain Centaurus’ approval to engage in
27 these transactions.

28 27. In fact, Baccam lied to conceal his promissory note sales from

1 Centaurus. Centaurus required Baccam to complete an annual compliance
2 questionnaire that, among other things, asked if Baccam had been engaged in any
3 private securities transactions. In 2010, Baccam lied by responding “no.” In
4 addition, in 2010, Baccam failed to update an “Outside Business Activity
5 Questionnaire” form that required him to report to Centaurus any business activities
6 outside of his regular Centaurus business. It was not until 2011 that Baccam reported
7 to Centaurus that he was flipping real estate, but even then he again lied by stating
8 that it was not “investment related.”

9 **II. By January 2011, Baccam Began To Fraudulently Sell Promissory Notes**
10 **Issued By A Fictitious “PR Group,” And To Misappropriate Investor Funds**

11 28. By January 2011, Baccam decided to raise money for his own real estate
12 venture, despite the fact that he had no prior real estate experience. He began to
13 solicit Centaurus customers and family members to buy promissory notes issued by
14 “PR Group.”

15 29. PR Group was merely Baccam’s doing-business-as entity name.
16 Baccam established a bank account in PR Group’s name. Throughout the relevant
17 period, PR Group served as Baccam’s alter ego in his real estate venture, and its
18 operations were controlled by Baccam, including its solicitation of investors, use of
19 funds, and real estate business.

20 30. From January 2011 to December 2011, Baccam sold 12 promissory
21 notes issued by PR Group to nine investors totaling \$407,300.

22 **A. Baccam Fraudulently Represented To PR Group Investors That**
23 **They Would Receive Premium Rates Of Return**

24 31. Baccam made numerous fraudulent misrepresentations to investors when
25 offering and selling PR Group promissory notes. Baccam, both orally and as
26 reflected in the executed promissory notes, represented to investors that they would
27 receive premium rates of return that ranged from eight to 12 percent, with interest due
28 annually, sometimes even stating that such returns were “guaranteed.”

1 32. PR Group investors never received the returns that Baccam represented.
2 Some received a few interest payments from Baccam (mostly in connection with
3 Baccam's scheme to induce additional investment, as alleged herein), but no PR
4 Group investor received their principal back, let alone the premium interest rates of
5 return in excess of that amount that Baccam had represented they would receive.

6 33. When soliciting investors, Baccam knew, or was reckless in not
7 knowing, that PR Group – that is, he – could not pay eight to 12 percent rates of
8 return. As of January 2011, Baccam had just begun to raise money for his real estate
9 venture, and he had no existing operations and no prior experience in real estate
10 flipping. In addition, as more fully alleged below, upon receiving investor funds,
11 Baccam almost immediately began misappropriating funds for purposes not related to
12 his real estate venture, including for his own personal use, and he continued to do so
13 throughout the relevant period. Thus, Baccam did not reasonably or genuinely
14 believe that PR Group could promise premium rates of return.

15 **B. Baccam Misrepresented The Nature Of The Real Estate Venture To**
16 **PR Group Investors**

17 34. Baccam further made material misrepresentations concerning the nature
18 of the real estate venture. For example, one investor (“Investor A”) and her husband
19 (“Investor B”) had a long-standing business relationship with Baccam, who had
20 managed their retirement accounts through Centaurus for years. In February 2011,
21 Baccam met with Investors A and B at their home to pitch a new investment strategy,
22 and Baccam guaranteed that they would receive a premium rate of return. When
23 pressed for more details, Baccam told Investors A and B that there was a property
24 group in Orange County looking to raise money to purchase and renovate real estate
25 to sell to Chinese buyers, that they were looking for \$100,000 minimum investments,
26 and that Baccam had invested his own money in the venture.

27 35. Investors A and B also informed Baccam that they wanted a low-risk
28 investment that they could count on to provide for their future retirement, and they

1 wanted the investment to have a death benefit if one of them survived the other.
2 Baccam lied and told Investors A and B that their investment was safe virtually risk
3 free, that the rate of return was guaranteed, and that it would provide for a death
4 benefit.

5 36. Baccam knew, or was reckless in not knowing, that his representations to
6 Investors A and B were false. Baccam knew that a promissory note from his new real
7 estate venture did not provide for a death benefit, and was not low risk. Furthermore,
8 the real estate venture was run solely by him, not a third-party property group in
9 Orange County that was looking for \$100,000 minimum investments. Baccam also
10 knew he had not put any of his own money in the venture.

11 37. Based on Baccam's misrepresentations, Investor A agreed to transfer
12 \$36,000 from her Centaurus account to an IRA custodial account. On February 16,
13 2011, at Baccam's direction, a friend of Baccam's wife ("Friend A") executed a
14 promissory note to Investor A on PR Group's behalf, but Baccam never gave Investor
15 A nor Investor B a copy of that note.

16 38. Baccam also misrepresented PR Group's experience (or complete lack
17 thereof) to at least two PR Group promissory note investors. After Investor A and
18 one other investor purchased PR Group promissory notes in early 2011, Baccam, on
19 PR Group letterhead, sent each investor a letter in March 2011 that thanked the
20 investor "for selecting PR Group to be your Investment planning partner. With PR
21 Group, you are choosing a respected, established Investment Planning services
22 provider. As a customer-focused organization, PR Group has earned a reputation for
23 experience, innovation to customer satisfaction." At Baccam's direction, Friend A
24 signed the letters as "Managing Officer."

25 39. Baccam drafted these letters to investors, and directed to whom and
26 when they should be sent.

27 40. In reliance upon these misrepresentations, both investors subsequently
28 invested more money with Baccam for his purported real estate business, one in

1 December 2011, and the other in February 2012, via the purchase of additional
2 promissory notes issued by Precision Research Group.

3 41. Baccam knew, or was reckless in not knowing, that these representations
4 were false. Baccam had only recently adopted the doing-business-as PR Group
5 name, and Baccam knew that PR Group did not, and could not, have established a
6 positive reputation. Indeed, Baccam knew PR Group had no reputation whatsoever.

7 **C. Baccam Misrepresented To PR Group Investors How Their Funds**
8 **Would Be Used**

9 42. Baccam also made material misrepresentations to investors concerning
10 how their funds would be used. For example, one PR Group investor (“Investor C”)
11 previously had an IRA with Centaurus that was losing money, and, on or around May
12 2011, Investor C informed Baccam that she did not want to lose any more money, but
13 wanted her money to simply sit in an IRA account that was not subject to the risk of
14 loss. Baccam agreed and instructed Investor C to transfer \$74,500 in her Centaurus
15 account to an IRA custodian, which she did via wire transfer.

16 43. On May 11, 2011, Baccam directed Friend A to execute a promissory
17 note on PR Group’s behalf for Investor C’s money, but he did not give Investor C a
18 copy.

19 44. Contrary to what he had told Investor C, Baccam did not let Investor C’s
20 money sit in an account; instead, he quickly pooled those funds with other investment
21 funds in the PR Group bank account and used them for other purposes, including his
22 personal use.

23 45. In December 2011, Baccam solicited Investor C for additional funds.
24 Baccam induced Investor C to transfer another \$20,000 to an IRA custodian, and
25 soon after pooled those funds in the PR Group account and used them for other
26 purposes, including his personal use. Baccam again did not tell Investor C that her
27 money would be used by PR Group, rather than just sitting in an account not subject
28 to the risk of loss.

1 46. Friend A, at Baccam's direction, executed a promissory note for the
2 \$20,000 on December 7, 2011, with PR Group as the issuer, but Baccam never gave
3 Investor C the promissory note.

4 47. On or around October 2011, Baccam similarly lied to two additional
5 investors, who were husband ("Investor D") and wife ("Investor E"), when soliciting
6 investment for PR Group promissory notes. Investors D and E affirmatively declined
7 to invest in Baccam's real estate venture, but they agreed to transfer \$82,350 funds to
8 an account based solely on Baccam's oral promise that they would receive a 12-
9 percent annual rate of return.

10 48. Baccam took Investor D's and E's money and executed two PR Group
11 notes for the total amount on their behalf without ever telling them, and then he
12 deposited that money in his PR Group account and used it for his real estate venture
13 and other purposes, including for his personal use.

14 49. In addition, while soliciting other PR Group investors, Baccam orally
15 misrepresented that invested funds would be used solely for a real estate venture.

16 50. Baccam knew, or was reckless in not knowing, that these representations
17 concerning the use of investor funds were false. Throughout the time he was
18 soliciting investors, Baccam knowingly used investor funds for purposes other than
19 he promised investors, including for his personal use.

20 51. All of the foregoing misrepresentations Baccam made to PR Group
21 investors were material because they concerned the nature, investment returns, risks
22 relating to the purchase of the PR Group promissory notes, and the use of funds, all of
23 which would be important to a reasonable investor in deciding whether to invest in
24 PR Group promissory notes.

25 **D. Soon After Baccam Began Raising Money For PR Group, He**
26 **Routinely Misappropriated Funds, Often For His Personal Use**

27 52. About a week after Baccam received the first raised funds in January
28 2011, he withdrew \$3,000, and then he periodically withdrew additional payments

1 that, by December 2011, had totaled about \$40,000. By this time, however, he had
2 spent little, if any, money on his real estate venture.

3 53. Baccam further routinely used investor funds for other personal
4 expenses, including charges for food, gas, car maintenance, and a “Rich Dad”
5 educational course. In total, bank records indicate that, while he was selling PR
6 Group notes from January 2011 to December 2011, Baccam spent as much as
7 \$13,000 for such personal expenses.

8 54. Bank records reflect that, between February 2011 and August 2011,
9 Baccam used \$42,800 in investor funds raised through the sale of PR Group
10 promissory notes to make payments to two of his Centaurus’ customers who never
11 invested in promissory notes; Baccam made at least one of the payments to pay off a
12 “loan.” These expenditures were not related to his real estate venture.

13 55. Furthermore, on several occasions, Baccam used PR Group investor
14 funds to repay Moret Group promissory note investors. By February 2011, Moret
15 Group owed at least one monthly interest payment to one investor who was Baccam’s
16 cousin (“Cousin A”), and, when Baccam asked a Moret Group principal for that
17 payment on Cousin A’s behalf, he claimed that it did not have the money and could
18 not make the promised interest payment on time.

19 56. As a result, Baccam decided to give Moret Group \$1,400 to cover
20 Cousin A’s interest payment using funds Baccam had raised through PR Group,
21 which Moret Group appeared to repay Baccam the following month. Baccam
22 subsequently made several, perhaps even monthly, payments to Cousin A on Moret
23 Group’s behalf using money Baccam had raised from investors in promissory notes
24 issued by his alter-ego companies, which Moret Group often, if not always, did not
25 repay Baccam.

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1 **III. In November 2011, Baccam Defrauded An Investor By Making Material**
2 **Misrepresentations And Using Misappropriated Investor Funds To Induce**
3 **Additional Investment**

4 57. On or around November 2011, Baccam met with an investor who had
5 previously purchased a \$79,000 Moret Group promissory note (“Investor F”). At the
6 time, Moret Group owed Investor F a \$9,600 interest payment on his promissory
7 note. Baccam used PR Group funds to make a \$9,600 cashier’s check out to Investor
8 F, but Baccam never disclosed to Investor F that the money came from other
9 investors. Baccam used that payment for the purpose of deceiving Investor F to
10 believe that Investor F’s prior investment was sound in a fraudulent scheme to induce
11 Investor F to invest again.

12 58. Investor F agreed to reinvest that \$9,600 rather than retain the payment.
13 On November 8, 2011, Moret Group executed a promissory note for \$9,600 to
14 Investor F.

15 59. On or around that same time, Investor F gave Baccam another \$76,000.
16 On November 18, 2011, Baccam directed Friend A to execute a \$76,000 promissory
17 note with PR Group as issuer.

18 60. Baccam’s act of misappropriating money from PR Group investors to
19 cover interest owed by Moret Group to Investor F constituted a scheme to defraud
20 because it deceptively led Investor F to believe his prior investment was profitable
21 such that Investor F was fraudulently induced to invest additional funds in both Moret
22 Group and in PR Group, when, in fact, Moret Group had been unable to make that
23 interest payment, and at the time Baccam’s own real estate business had no
24 operations that could produce a return on investment.

25 61. Baccam also orally promised to Investor F that Investor F would receive
26 12 percent annual rates of return on his \$9,600 and \$76,000 investments.

27 62. Investor F never received those returns on his investments. He received
28 a few interest payments from Baccam (mostly in connection with Baccam’s scheme

1 to defraud, as alleged herein), but Investor F never received his full investment back,
2 let alone the premium rates of return in excess of that amount that Baccam promised.

3 63. When soliciting Investor F, Baccam knew, or was reckless in not
4 knowing, that Moret Group could not pay a 12 percent annual rate of return to
5 Investor F. By November 2011, Baccam knew that Moret Group's business was
6 failing such that he, and not Moret Group, had to cover many, if not all, of the interest
7 payments that Moret Group made on the original six Moret Group notes. Thus,
8 Baccam did not reasonably or genuinely believe that Moret Group could promise a
9 premium rate of return on yet another promissory note to Investor F.

10 64. When soliciting Investor F, Baccam knew, or was reckless in not
11 knowing, that PR Group – that is, he – could not pay a 12 percent annual rate of
12 return. Baccam knew that he had no prior real estate experience and no meaningful
13 operations at that time such that he could expect PR Group to repay Investor F. In
14 addition, by November 2011, Baccam had already misappropriated tens of thousands
15 of dollars of investor funds, including for his own personal benefit. Thus, Baccam
16 did not reasonably or genuinely believe that PR Group could promise Investor F a
17 premium rate of return.

18 65. Baccam's misrepresentations to Investor F were material because they
19 concerned the investment returns relating to the purchase of these two promissory
20 notes, which would be important to a reasonable investor in deciding whether to
21 invest in these promissory notes.

22 **IV. From December 2011 To July 2013, Baccam Defrauded Investors**
23 **Through The Offer And Sale Of Promissory Notes Issued By Prim Group**
24 **And Precision Research Group**

25 66. By December 2011, Baccam had registered a company in California called
26 Prim Group and established a bank account in its name. Throughout the relevant period,
27 Baccam was the sole principal of Prim Group, and he controlled all of its operations,
28 including its solicitation of investors, use of funds, and real estate business.

1 67. Baccam sold one Prim Group promissory note for \$100,000 to Cousin
2 A's husband ("Cousin B"), who lived in Texas at the time. When soliciting the
3 purchase, Baccam orally represented to Cousin B that he would earn a 15.6 percent
4 annual rate of return on this investment, and he confirmed that promise in writing
5 when executing the Prim Group promissory note.

6 68. Cousin B never received his invested principal back, let alone the
7 premium rates of return that Baccam promised.

8 69. When soliciting Cousin B, Baccam knew, or was reckless in not
9 knowing, that Prim Group – that is, he – could not pay a 15.6 percent rate of return.
10 Baccam knew that he had no prior real estate experience and no meaningful
11 operations at that time such that he could expect to repay Cousin B. Thus, Baccam
12 did not reasonably or genuinely believe that Prim Group could promise premium
13 rates of return.

14 70. In addition, Baccam schemed to defraud Cousin B through his previous
15 use of investor funds to repay Cousin A's initial Moret Group promissory note. The
16 act of making those payments to Cousin A deceived Cousin B into believing that
17 Baccam's real estate venture was profitable, when, in fact, both the Moret Group and
18 Baccam real estate ventures were not profitable and Baccam had been
19 misappropriating investor funds to repay Cousin A for several months.

20 71. On or around February 2012, Baccam began using a new alter-ego
21 company name, Precision Research Group. On or around February 23, 2012, Baccam
22 raised \$37,700 through the sale of two promissory notes issued by this doing-
23 business-as alter ego.

24 72. On May 24, 2012, Baccam registered Precision Research Group in
25 California. He named his wife and niece as its sole Members and officers, but they had
26 no roles with the company. Although Baccam did not name himself as a Member or
27 officer, he controlled and operated all of Precision Research Group's operations,
28 including its investor solicitations, use of funds, and real estate business. Baccam asked

1 his sister-in-law to sign promissory notes and other documents on behalf of Precision
2 Research Group, but she otherwise had no role with Precision Research Group.

3 73. Baccam used Precision Research Group as his corporate alter ego to
4 continue to fraudulently sell unsecured promissory notes. Soon after the investors'
5 money was wired to a Precision Research Group bank account, Baccam typically
6 rerouted the money to a Prim Group bank account, from which money would be
7 disbursed. Thus, the two entities essentially served the same purpose – as alter egos
8 for Baccam's scheme to defraud investors.

9 74. In all, from February 2012 until July 2013, Baccam raised at least
10 \$204,100 from eight investors (four of whom had previously invested in Moret
11 Group, PR Group, or Prim Group promissory notes) by selling promissory notes
12 issued by Precision Research Group.

13 75. In soliciting the Precision Research Group investors, Baccam promised
14 premium rates of return ranging from seven to 10 percent annually, both orally and in
15 directing the execution of promissory notes from Precision Research Group that
16 promised these rates of return.

17 76. Precision Research Group investors never received that return on their
18 investment. Some received a few interest payments from Baccam (mostly in
19 connection with Baccam's scheme to defraud), but no Precision Research Group
20 investor received their principal investment back, let alone the premium rates of
21 return that Baccam promised.

22 77. When soliciting Precision Research Group investors, Baccam knew, or
23 was reckless in not knowing, that Precision Research Group – that is, he – could not
24 pay these premium rates of return. By February 2012, he had already
25 misappropriated considerable investor money for other purposes, including repaying
26 Moret Group investors and for his own personal expenses. Baccam had no
27 reasonable grounds to believe that his business would be profitable enough to pay
28 these premium rates of return. Yet he continued to sell promissory notes. Thus,

1 Baccam did not reasonably or genuinely believe that Precision Research Group could
2 promise premium rates of return.

3 78. In addition, in selling Precision Research Group promissory notes, Baccam
4 promised investors that the money would be used only for real estate flipping.

5 79. Baccam knew, or was reckless in not knowing, that these representations
6 were false. He had been misappropriating money for various purposes, including for
7 his personal benefit, since he began raising money for his own venture in January
8 2011, and his misappropriations continued through July 2013.

9 80. Furthermore, in or around February 2012, Baccam met with Investors A
10 and B and paid them the \$3,600 interest payment owed on Investor B's February
11 2011 PR Group note. Baccam misappropriated funds raised from other investors to
12 make that payment for the purpose of deceiving Investors A and B to believe their
13 prior investments were profitable such that they were fraudulently induced to invest
14 additional funds, when, in fact, Baccam's real estate business was failing.

15 81. This scheme induced Investor A to invest another \$30,000, and her
16 husband, Investor B, to invest another \$59,000 in March 2013, in Precision Research
17 Group promissory notes.

18 82. In soliciting Investors A and B, Baccam again confirmed that the money
19 was to be used for a real estate venture, but he failed to correct his earlier
20 representations to them concerning the nature of the real estate venture, and Investors
21 A and B continued to believe that they were investing in a real estate investment
22 group from Orange County, California, that was targeting Chinese real estate buyers.
23 Baccam also failed to disclose to Investors A and B that he was using investor funds
24 for other purposes, including his personal expenses, or that Baccam made the \$3,600
25 interest payment with funds raised not from real estate flipping but from selling
26 additional promissory notes to other investors. Indeed, Baccam could not have made
27 that payment with real estate flipping profits, as he had only recently purchased, and
28 had yet to sell, his first property.

1 83. Furthermore, when soliciting Investors A and B on or around March
2 2013, Baccam further lied by telling Investors A and B that the interest payment due
3 on Investor B's 2012 Precision Research Group promissory note had rolled up into
4 Investor B's IRA custodial account and thus had been reinvested. This further led
5 Investor B to make his \$59,000 Precision Research Group investment in March 2013.

6 84. Baccam knew, or was reckless in not knowing, that these representations
7 to Investors A and B were false. Baccam had control over the flow of investors'
8 money and knew that the interest payments had not rolled up into the IRA account or
9 been reinvested, and that he had misappropriated substantial sums for his own
10 personal benefit.

11 85. Similarly, in January 2013, Baccam again solicited Investor F. He paid
12 Investor F a \$9,120 interest payment owed on an earlier promissory note using other
13 investors' funds to induce Investor F to again invest, which deceived Investor F into
14 believing that the real estate investment was profitable such that he would agree to
15 invest again with Baccam.

16 86. Baccam also orally represented that Investor F would receive a 10
17 percent annual rate of return – a representation that Baccam knew, or was reckless in
18 not knowing, was false.

19 87. Thereafter, Investor F invested another \$44,000 in a promissory note
20 issued by Precision Research Group.

21 88. All of the foregoing misrepresentations to Prim Group and Precision
22 Research Group investors were material because they concerned the nature of the
23 investment, the investment returns, and the use of their funds, which would have been
24 important to a reasonable investor in deciding whether to invest with Baccam.

25 **V. Baccam's Real Estate Business Benefitted Him At The Expense Of His**
26 **Investors**

27 89. Despite raising hundreds of thousands of dollars, Baccam did not begin
28 any meaningful real estate investment until around December 2011, when he signed a

1 contract to purchase a residential property on West 20th Street in San Bernardino,
2 California (“20th Street Property”) for \$110,000.

3 90. After purchasing the 20th Street Property, Baccam spent between
4 \$190,000 and \$250,000 in investor funds to renovate the property. He paid Friend
5 A’s husband to do the work; they had an informal verbal contract to renovate the
6 house. They completed renovations on the 20th Street Property by April 2012. At
7 that time, Baccam moved into the house with his family.

8 91. Two months later, in June 2012, Baccam sold the 20th Street Property to
9 his niece for \$200,000, which was from \$100,000 to \$160,000 less than Baccam paid
10 to purchase and renovate it.

11 92. Despite the sale, Baccam and his family continued to live in the 20th
12 Street Property.

13 93. In addition, by at least January 2013, Baccam began paying his niece’s
14 approximately \$1,337 monthly mortgage on the 20th Street Property using investors’
15 funds, despite the fact that the property had become his primary residence.

16 94. Baccam and his family lived in the 20th Street Property until October
17 2015, when Baccam’s niece sold it to a third party for \$385,000. Baccam’s niece
18 transferred the proceeds of that sale back to Baccam.

19 95. Baccam also purchased a second and final property with investor funds. On
20 or around June 2012, Baccam used \$3,000 of investor funds to purchase, via quitclaim
21 deed, a house owned by his sister’s friend in Belleville, Illinois (“Belleville Property”).
22 Baccam subsequently assumed, and used investor funds to pay, the mortgage on the
23 house, which was over \$600 per month. Bank records show that Baccam spent
24 approximately \$30,000 to \$50,000 renovating the Belleville Property, which were
25 complete on or around September 2012. Baccam never sold the property; in November
26 2014, it was foreclosed upon and deeded to the Federal National Mortgage Association.
27
28

1 **VI. Baccam Continued To Solicit Investors And Misappropriate Investor**
2 **Funds Well After He Stopped Investing In Real Estate**

3 96. From June 2012 through July 2013, Baccam continued to regularly
4 misappropriate investor funds while he was soliciting investors for his failing real
5 estate venture. Bank records from 2012 and 2013 reflect numerous charges for food,
6 a car purchase, car service and gas, and \$8,000 in skincare products. In May 2013,
7 Baccam spent over \$1,600 to purchase a computer and related accessories,
8 purportedly to engage in securities trading in an effort to repay investors. He also
9 spent another \$4,000 for an online securities trading academy and/or a tool to
10 facilitate his securities trading. Eventually, Baccam gave up securities trading, but he
11 kept that computer for his own personal use.

12 97. Furthermore, after renovations on the Belleville house were complete on
13 or around September 2012, bank records indicate that Baccam spent only about
14 \$6,000 on his real estate venture, primarily nominal monthly charges for upkeep of
15 the Belleville property and to pay its mortgage.

16 98. Bank records further reflect that Baccam made frequent withdrawals
17 that, since Baccam engaged in no further real estate flipping, were for his own
18 personal use. In all, bank records reflect that, after September 2012, Baccam
19 misappropriated as much as \$180,000 in investor funds.

20 99. Nevertheless, Baccam continued to sell Precision Research Group
21 promissory notes through July 2013, including a \$44,000 note to Investor F in
22 January 2013, a \$59,000 promissory note to Investor B in March 2013, and a \$42,500
23 promissory note in July 2013 to a new investor who was Baccam's brother-in-law.
24 Baccam orally and in the promissory notes promised seven to 10 percent annual
25 returns, but he knew, or was reckless in not knowing, that Precision Research Group
26 could not promise those returns, given his significant misappropriation of investor
27 funds, the failure of his real estate venture, and the mounting debt owed to earlier
28 note holders that had accrued.

1 **VII. Baccam’s Scheme Worked For Him; Investors Lost Most Of Their Money**

2 100. All told, Baccam sold 28 unsecured promissory notes to 18 investors
3 totaling approximately \$963,000.

4 101. Baccam profited significantly from his real estate venture. In all,
5 Baccam received approximately \$25,000 in commissions from his Moret Group
6 promissory note sales, and bank records reflect that he paid himself over \$200,000 in
7 funds raised through the sale of notes issued by his alter-ego companies.

8 102. In addition, Baccam benefitted from his other misappropriations of
9 investor funds, which included as much as \$80,000 for personal expenses and training
10 courses and at least \$10,000 in mortgage payments for the 20th Street Property while
11 it served as Baccam’s primary residence.

12 103. All told, of the \$730,600 Baccam raised for his own real estate venture,
13 Baccam spent only about *half* (from \$340,000 to \$420,000) of investor funds for that
14 purpose.

15 104. Even Baccam’s limited use of investor funds for his real estate venture
16 benefitted him at the expense of investors. He sold the only property he flipped to his
17 niece at a substantial loss, and Baccam continued to live there and use investor funds
18 to pay the mortgage.

19 105. Meanwhile, Baccam’s investors lost most of their money. Bank records
20 reflect that investors received as little as \$120,000 of the \$963,000 that they invested
21 with Moret Group and Baccam, and even these payments were often used by Baccam
22 to fraudulently induce additional investment as alleged herein.

23 **VIII. The Promissory Notes Baccam Sold Constituted “Securities” Pursuant To**
24 **The Federal Securities Laws**

25 106. All of the promissory notes that Baccam sold on behalf of Moret Group,
26 PR Group, Prim Group, and Precision Research Group constituted securities pursuant
27 to Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)], and Section 3(a)(10)
28 of the Exchange Act [15 U.S.C. § 78c(a)(1)]. Baccam solicited the sale of

1 promissory notes to at least 18 investors in several States for the purpose of funding
2 Moret Group's and Baccam's own real estate businesses, and investors' expectations
3 were that they would receive premium rates of return based on the profits generated
4 by these businesses. Furthermore, most of the investors were Baccam's Centaurus
5 customers who had received investment advice from Baccam for years, and Baccam's
6 typical pitch in selling promissory notes to his Centaurus customers was that it was an
7 alternative to the purported more risky investments that they previously had entered
8 into through Baccam.

9 107. There is no alternative regulatory scheme that could have otherwise
10 reduced the risk to the investors in the promissory notes alleged in this Complaint.

11 **IX. Baccam's Securities Sales Occurred In Interstate Commerce**

12 108. Baccam's sales of 28 unsecured promissory notes issued by Moret
13 Group, PR Group, Prim Group, and Precision Research Group occurred in interstate
14 commerce, given that (1) he solicited investors in California, Texas, and Illinois; (2)
15 he often used the mails to send documents to investors; and (3) he used the wires to
16 transfer money to and from investors. For example, at least 14 investors had then-
17 existing accounts with Centaurus in California, and when investing in Baccam's
18 promissory notes, they authorized the transfer of funds from their Centaurus accounts
19 an IRA custodian account based in South Dakota, Baccam would then wire the
20 money back to Baccam's corporate accounts in California.

21 109. As another example, Baccam traveled from California to Texas on or
22 around November 2010 to solicit Cousin A to invest in a Moret Group promissory
23 note, and subsequently induced Cousin B to purchase a Prim Group promissory note
24 and a Precision Research Group promissory note. Baccam also solicited at least one
25 investor in Illinois who purchased two PR Group promissory notes.

1 **CLAIMS FOR RELIEF**

2 **COUNT I**

3 **Fraud in Connection With The Purchase And Sale Of Securities In Violation Of**
4 **Section 10(b) Of The Exchange Act and Rule 10b-5(a) Thereunder**

5 (Against Defendant Baccam)

6 110. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
7 Complaint as if fully set forth herein.

8 111. Defendant Baccam violated Section 10(b) of the Exchange Act [15
9 U.S.C. § 78j(b)] and Rule 10b-5(a) thereunder [17 C.F.R. § 240.10b-5(a)].

10 112. As set forth above, Defendant Baccam, in connection with the purchase
11 or sale of securities in the United States, by the use of the means or instrumentalities
12 of interstate commerce, or of the mails, or of the facilities of a national securities
13 exchange, directly or indirectly employed devices, schemes, and artifices to defraud.

14 113. Defendant Baccam knowingly or recklessly made material
15 misrepresentations to investors that (1) they would receive premium rates of return
16 ranging from seven to 15.6 percent annually; (2) money would be used solely for real
17 estate flipping, when, in fact, substantial funds were used for other purposes,
18 including for Baccam's personal benefit; (3) the promissory notes were virtually risk
19 free and offered a death benefit; (4) funds would just sit in an account and not be
20 invested; (5) the real estate venture was run by a property group in Orange County
21 that was marketing properties to Chinese buyers and seeking at least \$100,000 from
22 each investor; (6) Baccam had himself invested his own money in the real estate
23 venture; (7) PR Group was an "established" company with a positive "reputation;"
24 and (8) interest payments had rolled up in an investor's account and were reinvested.

25 114. Defendant Baccam, with scienter, employed devices, schemes, and
26 artifices to defraud by deceiving investors into believing that the business they were
27 investing in was profitable when Baccam was, in fact, using other investors' money
28 to make interest payments for the purpose of fraudulently inducing additional

1 investment.

2 115. By engaging in this conduct, Defendant Baccam violated Section 10(b)
3 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) thereunder [17 C.F.R. §
4 240.10b-5(a)].

5 **COUNT II**

6 **Fraud in Connection With The Purchase And Sale Of Securities In Violation Of**
7 **Section 10(b) Of The Exchange Act and Rule 10b-5(b) Thereunder**
8 (Against Defendant Baccam)

9 116. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
10 Complaint as if fully set forth herein.

11 117. Defendant Baccam violated Section 10(b) of the Exchange Act [15
12 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

13 118. As set forth above, Defendant Baccam, in connection with the purchase
14 or sale of securities in the United States, by the use of the means or instrumentalities
15 of interstate commerce, or of the mails, or of the facilities of a national securities
16 exchange, directly or indirectly made untrue statements of material fact or omitted to
17 state material facts necessary in order to make the statements made, in the light of the
18 circumstances under which they were made, not misleading.

19 119. Defendant Baccam knowingly or recklessly made material
20 misrepresentations to investors that (1) they would receive premium rates of return
21 ranging from seven to 14 percent annually; (2) money would be used solely for real
22 estate flipping, when, in fact, substantial funds were used for other purposes,
23 including for Baccam's personal benefit; (3) the promissory notes were virtually risk
24 free and offered a death benefit; (4) that funds would just "sit" in an account and not
25 be invested; (5) the real estate venture was run by a property group in Orange County
26 that was marketing properties to Chinese buyers and seeking at least \$100,000 from
27 investors; (6) Baccam had himself invested his own money in the real estate venture;
28 (7) PR Group was an "established" company with a positive "reputation;" and (8)

1 interest payments had rolled up in an investor's account and were reinvested.

2 120. By engaging in this conduct, Defendant Baccam violated Section 10(b)
3 of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. §
4 240.10b-5(b)].

5 **COUNT III**

6 **Fraud in Connection With The Purchase And Sale Of Securities In Violation Of**
7 **Section 10(b) Of The Exchange Act and Rule 10b-5(c) Thereunder**

8 (Against Defendant Baccam)

9 121. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
10 Complaint as if fully set forth herein.

11 122. Defendant Baccam violated Section 10(b) of the Exchange Act [15
12 U.S.C. § 78j(b)] and Rule 10b-5(c) thereunder [17 C.F.R. § 240.10b-5(c)].

13 123. As set forth above, Defendant Baccam, in connection with the purchase
14 or sale of securities in the United States, by the use of the means or instrumentalities
15 of interstate commerce, or of the mails, or of the facilities of a national securities
16 exchange, engaged in acts, practices, or courses of business which operated or would
17 operate as a fraud or deceit upon purchasers of securities.

18 124. Defendant Baccam knowingly or recklessly made material
19 misrepresentations to investors that (1) they would receive premium rates of return
20 ranging from seven to 14 percent annually; (2) money would be used solely for real
21 estate flipping, when, in fact, substantial funds were used for other purposes,
22 including for Baccam's personal benefit; (3) the promissory notes were virtually risk
23 free and offered a death benefit; (4) that funds would just "sit" in an account and not
24 be invested; (5) the real estate venture was run by a property group in Orange County
25 that was marketing properties to Chinese buyers and seeking at least \$100,000 from
26 investors; (6) Baccam had himself invested his own money in the real estate venture;
27 (7) PR Group was an "established" company with a positive "reputation;" and (8)
28 interest payments had rolled up in an investor's account and were reinvested.

1 investors; (6) Baccam had himself invested his own money in the real estate venture;
2 (7) PR Group was an “established” company with a positive “reputation;” and (8)
3 interest payments had rolled up in an investor’s account and were reinvested.

4 131. Defendant Baccam, with scienter, employed devices, schemes or
5 artifices to defraud by deceiving investors into believing that the business they were
6 reinvesting in was profitable when Baccam was, in fact, using other investors’ money
7 to make interest payments for the purpose of fraudulently inducing additional
8 investment.

9 132. By engaging in this conduct, Defendant Baccam violated Section
10 17(a)(1) of the Securities Act [15 U.S.C. §§ 77q(a)(1)].

11 **COUNT V**

12 **Fraud In The Offer Or Sale Of Securities**

13 **In Violation of Section 17(a)(2) Of The Securities Act**

14 (Against Defendant Baccam)

15 133. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
16 Complaint as if fully set forth herein.

17 134. Defendant Baccam violated Section 17(a)(2) of the Securities Act [15
18 U.S.C. § 77q(a)(2)].

19 135. As set forth above, Defendant Baccam directly or indirectly, singly or in
20 concert with others, in the offer or sale of securities, by use of the means and
21 instrumentalities of interstate commerce or of the mails, obtained money or property
22 by means of any untrue statement of a material fact or an omission to state a material
23 fact necessary in order to make the statements made, in light of the circumstances
24 under which they were made, not misleading.

25 136. Defendant Baccam at least negligently made material misrepresentations
26 to investors that (1) they would receive premium rates of return ranging from seven to
27 14 percent annually; (2) money would be used solely for real estate flipping, when, in
28 fact, substantial funds were used for other purposes, including for Baccam’s personal

1 use; (3) the promissory notes were virtually risk free and offered a death benefit; (4)
2 that funds would just “sit” in an account and not be invested; (5) the real estate
3 venture was run by a property group in Orange County that was marketing properties
4 to Chinese buyers and seeking at least \$100,000 from investors; (6) Baccam had
5 himself invested his own money in the real estate venture; (7) PR Group was an
6 “established” company with a positive “reputation;” and (8) interest payments had
7 rolled up in an investor’s account and were reinvested.

8 137. By engaging in this conduct, Defendant Baccam violated Section
9 17(a)(2) of the Securities Act [15 U.S.C. §§ 77q(a)(2)].

10 **COUNT VI**

11 **Fraud In The Offer Or Sale Of Securities**

12 **In Violation Of Section 17(a)(3) Of The Securities Act**

13 (Against Defendant Baccam)

14 138. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
15 Complaint as if fully set forth herein.

16 139. Defendant Baccam violated Section 17(a)(3) of the Securities Act [15
17 U.S.C. § 77q(a)(3)].

18 140. As set forth above, Defendant Baccam directly or indirectly, singly or in
19 concert with others, in the offer or sale of securities, by use of the means and
20 instrumentalities of interstate commerce or of the mails, engaged in transactions,
21 practices, or courses of business which operated or would have operated as a fraud or
22 deceit upon the purchaser.

23 141. Defendant Baccam at least negligently made material misrepresentations
24 to investors that (1) they would receive premium rates of return ranging from seven to
25 14 percent annually; (2) money would be used solely for real estate flipping, when, in
26 fact, substantial funds were used for other purposes, including for Baccam’s personal
27 use; (3) the promissory notes were virtually risk free and offered a death benefit; (4)
28 that funds would just “sit” in an account and not be invested; (5) the real estate

1 venture was run by a property group in Orange County that was marketing properties
2 to Chinese buyers and seeking at least \$100,000 from investors; (6) Baccam had
3 himself invested his own money in the real estate venture; (7) PR Group was an
4 “established” company with a positive “reputation;” and (8) interest payments had
5 rolled up in an investor’s account and were reinvested.

6 142. Defendant Baccam at least negligently engaged in transactions,
7 practices, or courses of business which operated or would have operated as a fraud or
8 deceit upon the purchaser by deceiving investors into believing that the business they
9 were reinvesting in was profitable when Baccam was, in fact, using other investors’
10 money to make interest payments for the purpose of fraudulently inducing additional
11 investment.

12 143. By engaging in this conduct, Defendant Baccam violated Section
13 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(3)].

14 **COUNT VII**

15 **Acting as an Unregistered Broker in Violation of Exchange Act Section 15(a)**

16 (Against Defendant Baccam)

17 144. The Commission repeats and re-alleges Paragraphs 1 through 109 of the
18 Complaint as if fully set forth herein.

19 145. As alleged above, Baccam acted as a “broker” pursuant to Exchange Act
20 Section 15(a)(1) by engaging in the business of effecting transactions in securities for
21 the accounts of others and induced the purchase and sale of securities in interstate
22 commerce without being registered with the Commission. He directly participated in
23 the solicitation of funds via promissory notes issued by Moret Group, controlled the
24 chain of distribution throughout the solicitation and sale of all of these promissory
25 note, actively identified and recruited investors, advised investors as to the merits of
26 their investment, facilitated and effectuated the transfer of investor funds, and
27 received commissions for each sale.

28 146. By reason of the foregoing, Baccam has violated Section 15(a) of the

1 Exchange Act [15 U.S.C. § 78o(a)].

2 **COUNT VIII**

3 **Unjust Enrichment**

4 (Against Relief Defendants Prim Group and Precision Research Group)

5 147. The Commission repeats and re-alleges Paragraphs 1 through 109 the
6 Complaint as if fully set forth herein.

7 148. Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)] states: “In
8 any action or proceeding brought or instituted by the Commission under any
9 provision of the securities laws, the Commission may seek, and any Federal court
10 may grant, any equitable relief that may be appropriate or necessary for the benefit of
11 investors.”

12 149. As further described above, Relief Defendants received funds and
13 property that were the proceeds, or are traceable to the proceeds, of Defendant’s
14 unlawful activities, as alleged in paragraphs 1 through 109 above, and Relief
15 Defendants had no legitimate claims to these proceeds, and gave no consideration in
16 exchange for receipt of those funds.

17 150. Relief Defendants obtained the funds and property alleged above as part
18 of and in furtherance of the securities violations alleged in paragraphs 1 through 109
19 above and under circumstances in which it is not just, equitable, or conscionable for
20 them to retain the funds and property. As a consequence, Relief Defendants were
21 unjustly enriched.

22 **RELIEF REQUESTED**

23 WHEREFORE, the Commission respectfully requests that this Court enter a
24 judgment:

- 25 **A.** Finding that Defendant violated the Federal securities laws and the
26 Commission Rule alleged in this Complaint;
- 27 **B.** Permanently restraining and enjoining Defendant as well as his
28 agents, servants, employees, attorneys and all persons in active concert

1 or participation with them who receive actual notice of the injunction by
2 personal service or otherwise, from violating, directly or indirectly,
3 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Exchange Act
4 Section 10(b) [15 U.S.C. §§78j(b)], and Rule 10b-5 thereunder [17
5 C.F.R. § 240.10b-5], and Section 15(a) of the Exchange Act [15 U.S.C.
6 78o(a)].

7 **C.** Permanently enjoining Defendant from, directly or indirectly,
8 participating in the issuance, purchase, offer, or sale of any security,
9 provided however that such injunction shall not prevent him from
10 purchasing or selling securities listed on a national securities exchange
11 for his own personal account.

12 **D.** Ordering Defendant and Relief Defendants to disgorge, jointly and
13 severally, all ill-gotten gains and/or unjust enrichment obtained as a
14 result of the fraudulent misconduct, acts, or courses of conduct described
15 in this Complaint, and to pay prejudgment interest thereon.

16 **E.** Ordering Defendant to pay civil monetary penalties pursuant to
17 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section
18 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

19 **F.** Granting such equitable relief as may be appropriate or necessary
20 for the benefit of investors pursuant to Section 21(d)(5) of the Exchange
21 Act [15 U.S.C. § 78u(d)(5)].

22 **G.** Retaining jurisdiction over this action to implement and carry out
23 the terms of all orders and decrees that may be entered.
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26
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28

1 Dated: January 31, 2017

Respectfully submitted,

2
3 /s/ Amy Jane Longo

4 Amy Jane Longo, Local Counsel
5 (Cal. Bar No. 198304)
6 SECURITIES AND EXCHANGE
COMMISSION

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*Attorneys for Plaintiff Securities and
Exchange Commission*

DEMAND FOR A JURY TRIAL

Under Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

DATED: January 31, 2017

Respectfully submitted,

/s/ Amy Jane Longo

Amy Jane Longo, Local Counsel

(Cal. Bar No. 198304)

SECURITIES AND EXCHANGE
COMMISSION

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