

**SECURITIES AND EXCHANGE COMMISSION**  
**950 East Paces Ferry Rd, N.E., Suite 900**  
**Atlanta, GA 30326**  
**Tel: 404.842.7616**

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**SEETHRUEQUITY, LLC,  
AJAY TANDON, and  
AMIT TANDON,**

**Defendants.**

**Civil Action No. \_\_\_\_\_**

**Jury Trial Demanded**

**COMPLAINT**

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint alleges as follows:

**SUMMARY OF THE ALLEGATIONS**

1. Ajay Tandon and Amit Tandon, with and through their company, SeeThruEquity, LLC (“STE”), defrauded investors and prospective investors by purporting to provide unbiased research reports on certain publicly-traded small and microcap companies. Defendants represented that STE’s reports were “unbiased” and “not paid for,” that the price targets included in them were objectively determined, that Defendants did not own the stocks being covered, and that Defendants took precautions to maintain STE’s objectivity. Contrary to those claims,

Defendants were compensated handsomely by the covered companies for the research reports they published. In addition, Defendants inflated price targets for the companies for which they published research reports and made other false statements and omissions, repeatedly violating both the anti-fraud and anti-touting provisions of the federal securities laws.

2. In addition, Ajay Tandon violated the anti-fraud provisions by investing in STE-covered companies and selling his holdings in the immediate aftermath of favorable STE research reports, reaping profits from that illegal pattern of trading.

### **JURISDICTION AND VENUE**

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

4. The Defendants, directly or indirectly, made use of the means and instrumentalities of interstate commerce, of the mails or of the facilities of a national securities exchange, in connection with the acts, practices and courses of business alleged herein, certain of which occurred within the Southern District of New York.

5. Venue in this district is proper under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because defendants transact business in this district and certain of the acts, practices, transactions and courses of business constituting the violations alleged herein occurred within the Southern District of New York.

### **THE DEFENDANTS**

6. **SeeThruEquity, LLC** is a Delaware limited liability company that was co-founded in 2011 by brothers Ajay Tandon and Amit Tandon. STE purports to be a stock research company that primarily covers small and microcap issuers. In addition to publishing stock research reports, which it has done since its inception in 2011, STE also periodically hosts investor conferences, which it has done approximately twenty-five times since June 2012.

7. **Ajay Tandon**, 41, is a resident of New York, New York. He is the co-founder and CEO of defendant STE. He has experience in the securities industry, having held Series 7 and 63 licenses (general securities representative) as well as a Series 24 license (general securities principal).

8. **Amit Tandon**, 47, is a resident of New York, New York. He is the co-founder and Director of Research of defendant STE. He is an attorney and a member of the New York Bar.

### **FACTS**

#### **Background of SeeThruEquity, LLC**

9. Unless another time is specified, each of the allegations in this Complaint refers to the period November 9, 2013 to present.

10. STE purports to be an equity research company focused on smaller emerging growth companies.

11. Headquartered in New York City (Manhattan) at all times described herein, STE publishes research reports on the companies that it covers.

12. STE posts those research reports (including all reports referred to herein) on its website ([www.seethruequity.com](http://www.seethruequity.com)), distributes them to an opt-in email distribution list estimated to include 20,000 investors, transmits them for further distribution to aggregators of equity research reports such as Thomson First Call, makes them available via links to its website on other social media platforms including Facebook and Twitter, and, often, announces and links to them through press releases.

13. Brothers Ajay Tandon and Amit Tandon co-founded STE in 2011.

14. Amit Tandon filed the formation documents for STE, creating the company as a Delaware single member limited liability company.

15. Ajay Tandon is the sole member of STE and its Chief Executive Officer.

16. Amit Tandon is STE's Director of Research.

17. Both Ajay Tandon and Amit Tandon had log-in credentials for STE's website and social media accounts.

18. Ajay Tandon and, from approximately early 2016, Amit Tandon, had signatory authority over STE's primary bank account.

19. Both Amit Tandon and Ajay Tandon drew regular salaries from STE.

**Research Reports on Companies in STE's Coverage Universe**

20. Defendants refer to the collection of companies for which STE has issued research reports as STE's "coverage universe."

21. As of the date of this complaint, STE's coverage universe consists of at least 240 companies.

22. An STE “initiation report” is STE’s first research report on a company. Such reports typically are 15 to 20 pages long.

23. An STE “update report” is a research report on a company for which STE has previously published an initiation report. Such reports typically are three to five pages long.

24. Ajay Tandon and Amit Tandon divided roughly evenly the responsibilities of STE’s research business, including responsibility for overseeing the completion of STE research reports.

25. In general, the Tandon brother responsible for any specific report is listed as a “contact person” in the specific report.

26. The report preparation process began with Amit Tandon or Ajay Tandon giving to an analyst, retained as an STE contractor, an assignment to prepare a research report.

27. STE compensated its contract analysts on a per report basis, typically at a rate of \$1,000 per report.

28. Having received an assignment, STE’s contract analysts input relevant financial data into a spreadsheet quantitative model (“the STE Model” or “Model”) designed to perform a quantitative analysis and produce certain outputs, including a purportedly objective “price target” for the company’s stock.

29. Each STE research report listed the price target next to a recent historical price of the stock.

30. For example, the October 5, 2017 STE initiation report published on issuer Centrex, Inc. (NASDAQ: CETX), includes the following:

Price Target:	\$6.45
---------------	--------

Recent Share Price: \$2.84

31. Investors and prospective investors who read that report therefore would reasonably conclude that STE's purportedly objective analysis revealed a potential for price appreciation in CETX stock of more than double the current trading price.

32. Every single purportedly objective price target that STE has ever published has been higher than the stock in question's then-current trading price.

33. STE's contract analysts used the product of the STE Model to prepare a draft of the research report, which they then forwarded either to Amit Tandon or Ajay Tandon, depending on which of the Tandons had given them the assignment.

34. Working from the draft, Amit Tandon and Ajay Tandon finalized, published, and distributed the research reports.

35. As more fully set forth below, in connection with the creation and publication of STE research reports and related communications, Defendants made misrepresentations and omissions relating to, among other things: (1) the supposed "unbiased" and "not paid for" nature of STE's research, (2) Ajay Tandon's ownership of stocks in the STE coverage universe, (3) the objectivity of STE's published price targets, (4) the existence of "customary internal trading restrictions," and (5) the scalping of STE covered-stocks.

**Misrepresentations and Omissions Regarding  
Supposedly "Unbiased" and "Not Paid For" Research**

36. All of the research reports issued by Defendants from November 9, 2013 through at least March 30, 2018, made the representation, or some variation thereof, that "SeeThruEquity

has not been compensated for the preparation of this report by any third party or the company covered in the report.”

37. STE also represented on its website, on which it posted all STE research reports, and in press releases that often accompanied newly issued STE research reports, that its research was “unbiased” and “not paid for.”

38. Both Ajay Tandon and Amit Tandon knew when they finalized and issued the reports for which they were responsible that these representations in STE’s reports and press releases and on STE’s website were false and that STE had, in fact, been compensated for each report to the tune of several thousand dollars in each instance.

39. In addition, Ajay Tandon, as STE’s CEO and the person with ultimate authority over the content of STE’s research reports, provided substantial assistance to STE by approving for publication STE’s reports, all of which omitted any disclosure regarding the compensation received for those reports.

40. To obscure the compensation they received for preparing and disseminating research reports, Defendants ostensibly invited companies to make a “presentation” at an investor conference in return for STE providing a “free” research report for that company.

41. Defendants charged between \$4,000 and \$7,000 for the company to make a presentation at an STE conference. Defendants then claimed that the STE equity research report that STE published thereafter was provided at no charge.

42. Defendants held out the research reports as “not paid for,” although they received thousands of dollars for issuing each research report.

43. On at least one occasion, Ajay Tandon directed a STE research analyst to put a research report on hold because a company had “not paid for the conference.”

44. Approximately 233 out of the 241 companies in STE’s research coverage universe as of March 30, 2018, or 97%, paid STE ostensible conference presentation fees, and four other companies paid STE for supposed “distribution” or “press release” services relating to STE’s research. Put another way, 237 out of the 241 companies in STE’s research coverage universe as of March 30, 2018, or 98%, paid STE.

45. STE received at least \$500,000 from companies in its coverage universe, from January 1, 2014 to the present.

46. In at least one instance, Defendants did not even bother to hide behind their conference model.

47. Specifically, in September 2017, Cemtrex, Inc. (NASDAQ: CETX) explicitly agreed to pay STE \$14,500, in exchange for STE providing Cemtrex 18 months of research coverage, including one initiation report and five quarterly update reports, with press releases to accompany each report.

48. Defendant Ajay Tandon negotiated this arrangement with CETX

49. Yet the press release announcing the publication of the CETX initiation report included the following:

SeeThruEquity has pioneered an innovative business model for equity research that is **not paid for** and is **unbiased**. (emphasis added).

50. None of the Defendants’ research reports for CETX disclosed this compensation.



51. Beginning in or about August 2016, STE began stating in its “Disclosures” that it “may” receive compensation from the companies featured in its report for “non-report-related services,” including presenting at STE conferences. At no time, however, did any of the Defendants tell investors and prospective investors that STE was in fact receiving compensation from the covered companies.

**Defendants’ Research Reports for Quadrant 4 Systems Corp.  
Misrepresent Compensation and Ownership of a Covered Stock**

52. In connection with its coverage of Quadrant 4 Systems Corp. (OTCMKTS: QFOR), Defendants concocted an elaborate scheme to conceal STE’s receipt of compensation from that issuer and ownership of the issuer’s shares, structuring the payment of QFOR shares through a third-party nominee.

53. Ajay Tandon was primarily responsible for the QFOR initiation report (issued in December 2012), and update report (issued in December 2013).

54. Approximately one month prior to the publication of the initiation report, QFOR issued a QFOR stock certificate for 10,000 shares of restricted stock to a Rajinder Bither (“Bither”).

55. Bither is Ajay and Amit Tandon’s uncle.

56. Bither has never lived in the United States. He lives in India.

57. Rather than mail the stock certificate to Bither in India, however, Ajay Tandon directed the issuer (or its transfer agent) to mail the stock certificate to STE’s Manhattan office.

58. Bither has never done any work for QFOR or STE, but the 10,000 shares of QFOR issued to Bither were allegedly compensation for consulting work he did for QFOR.

59. The only evidence of that consulting work is a “consulting agreement” purporting to be between Bither and QFOR.

60. As originally drafted, the consulting agreement was between QFOR and STE, not Bither.

61. There are handwritten edits on the consulting agreement by which someone crossed out STE’s name and inserted Bither’s.

62. The consulting agreement was edited to hide the fact that Ajay Tandon owned 10,000 shares of QFOR, received as payment for a favorable STE research report.

63. In December 2012, STE published its initiation report on QFOR.

64. STE’s price target for QFOR in the initiation report was \$.59, more than four times the then-current trading price of \$.14.

65. The December 2012 QFOR initiation report falsely claimed that neither STE nor its principals owned shares of QFOR.

66. In December 2013, STE published its QFOR update report.

67. That December 2013 report falsely claimed that neither STE nor its principals owned shares of QFOR.

68. Ajay Tandon and STE still had the 10,000 certificated shares (issued to Bither) in their possession on the day the update report was published in December 2013.

69. Ajay Tandon considered those shares his, and he knew that the insertion of Bither into the scenario was designed to hide his ownership of these shares.

70. In fact, on December 4, 2013, five days prior to the publication of the update report, Ajay Tandon wrote a letter to the QFOR transfer agent requesting the removal of the

restrictive legend from the 10,000 shares and further asking that the shares be reissued, unrestricted, in his (Ajay Tandon's) name.

71. An unrestricted QFOR share certificate was in fact issued in Ajay Tandon's name on December 9, 2013, the same day that STE published the QFOR update report.

72. By using his uncle's name on the QFOR consulting agreement and as the initial purported holder of QFOR stock, Ajay Tandon hid the fact that STE was not the "unbiased" equity research company that the Tandons represented it to be.

73. Moreover, QFOR is not the only stock about which Ajay Tandon has misrepresented share ownership.

74. In 2014 and 2015, Ajay Tandon gave multiple interviews to an online publication called the Life Sciences Report.

75. In each of his interviews he affirmatively disclaimed both stock ownership and any financial interest in the issuers discussed.

76. However, at the time he was interviewed, Ajay Tandon owned stock in at least two of the issuers discussed during the interviews, and nearly all of the issuers discussed had paid to present at STE conferences.

**Misrepresentations and Omissions Regarding Objectivity of STE Price Targets**

77. As mentioned above (paragraphs 26 through 34), Defendants contracted with analysts to perform purportedly objective quantitative modeling in order to project future prices of equity securities of STE-covered issuers.

78. The Defendants used the STE Model from the inception of STE in 2011 to present.

79. The STE Model required an STE analyst to input certain data about the issuer, at which point the Model would produce a figure called a “price target,” representing the Model’s projection of what a share of the issuer’s stock would be worth in the future.

80. STE often issued press releases in conjunction with publication of its research reports and often highlighted the “price target” in such releases.

81. Although the STE Model through which STE performed analysis of issuers yielded a supposedly objective price target, 100% of STE’s published price targets were in excess of the then-current trading price.

82. Moreover, STE often published a different, higher, price target, going well above the Model’s initial results.

83. Having paid STE thousands of dollars, issuers expected to, and often did, receive input into the substance of STE’s supposedly unbiased research reports, including the price target.

84. Again, for all 233 companies in STE’s coverage universe as of March 31, 2018 on which STE had issued a price target, every single price target was higher than the subject stock’s current trading price.

85. Moreover, the average STE price target was more than 300% higher than the current trading price.

86. Both Ajay and Amit Tandon periodically instructed STE analysts to increase the price targets generated by the STE Model.

87. On the instruction of the Tandons, STE analysts increased the price targets above the targets generated by the STE Model.

88. On occasion, the Tandons instructed their analysts to make the price target a certain specific figure, or within a specific range, even before the financial modeling had been completed.

89. By way of specific example for a report created by Amit Tandon, in March 2017, in connection with the preparation of a research report on a company with the ticker symbol FTNW, Amit Tandon instructed the analyst preparing the draft (“Analyst 1”), “Let’s try and do \$2.75 on the PT.”

90. Analyst 1 complied, and Amit Tandon approved the report for release on March 21, 2017, with a price target of \$2.75.

91. The FTNW report does not disclose that Amit Tandon dictated the price target for FTNW.

92. On other occasions the Tandons directed STE analysts to increase the price targets after issuers – who were provided an initial draft of the report before publication – complained that the price target should be higher.

93. The Defendants failed to disclose in STE reports that price targets were increased in order to better satisfy the issuers.

94. Such information would have been important to a reasonable investor.

95. The above-mentioned QFOR update report issued in December 2013 (see paragraphs 52 through 73) provides another example of undisclosed influence (this time of Ajay Tandon) on STE’s supposedly unbiased price targets.

96. In December 2013, QFOR was trading at \$1.14.

97. In or about November 2013, an STE analyst (“Analyst 2”) was assigned to prepare a draft of the QFOR update report.

98. Analyst 2 input the relevant data into the STE quantitative model, at which point the model produced a price target of \$1.78, 56 percent above the then-current price (\$1.14).

99. On December 6, 2013, Analyst 2 sent Ajay Tandon the draft QFOR update report showing the price target of \$1.78.

100. On the morning of December 9, the date of publication, Ajay Tandon responded to Analyst 2, stating, “let’s push it north of \$2,” referring to the price target.

101. Analyst 2 responded, “I can make it any #, but I had to stretch it very much just to get to these #s.”

102. Ajay Tandon responded that he nevertheless wanted to push the price target “above \$2, because it is a stock ‘hurdle’ if you get my meaning.”

103. Analyst 2 responded, “[u]nderstood, just wanted to let you know this one is a real stretch,” and Ajay Tandon stated, “[f]air enough.” Analyst 2 then adjusted the price target to \$2.26 in a 10:47 AM draft of the report.

104. Around noon on December 9, Ajay Tandon sent the draft update report, with the \$2.26 price target, to QFOR’s CEO.

105. QFOR’s CEO expressed displeasure with the price target.

106. In reaction to that displeasure, Ajay Tandon instructed Analyst 2 to raise the price target further.

107. By 3:30 PM on December 9, at Ajay Tandon's direction, Analyst 2 raised STE's price target to \$3.16, at which point Ajay Tandon told Analyst 2 that he still wanted it raised "considerably."

108. By 4:30 PM on December 9, at Ajay Tandon's direction, Analyst 2 raised the price target to \$5.25—more than double the "real stretch" price target of earlier in the day.

109. Thereafter, also on December 9, 2013, Ajay Tandon finalized and published STE's update report on QFOR by, among other things, posting it on the STE website, distributing it to the STE opt-in email distribution list, transmitting it to Thomson First Call, Fact Set, and Capital IQ, and issuing a press release.

110. That press release said, among other things:

SeeThruEquity, LLC, a New York City based firm focused on providing unbiased and institutional equity research ... issued a company update report on ... QFOR.

SeeThruEquity is an approved equity research contributor on Thomson One Analytics (First Call).

[STE] research is unbiased and not paid for research.

111. In truth, the research report was both paid for and biased.

112. No investor reading the report or the press release could know that the price target reflected in the published QFOR report was nearly 300 percent higher than the price target produced by STE's supposedly objective quantitative analysis, nor that Ajay Tandon had ordered the price target increased dramatically to better please the issuer.

113. Both the facts misrepresented and the facts omitted would have been important to a reasonable investor.

**Misrepresentations Concerning Nonexistent “Customary Trading Restrictions”**

114. In or about August 2016, STE began adding language to the “Disclosures” portion of each STE research report, including initiation and update reports, stating that STE “follows customary internal trading restrictions pending the release of its reports.”

115. That representation was false each time the Defendants made it, and it furthered the false impression that STE reports were not colored by the Tandons’ financial interests.

116. At no time did STE have any formal or informal trading restrictions, and the Tandons observed no such restrictions.

117. In fact, on at least one occasion described in more detail below, Ajay Tandon engaged in scalping of an STE-covered stock despite STE representing that it “follow[ed] customary internal trading restrictions pending release of its report.”

118. Specifically, on October 24, 2016, Ajay Tandon scalped an STE-covered stock (MassRoots, Inc. (OTCMKTS: MSRT)) on the same day that STE published a research report on the issuer that contained the misrepresentation about “customary internal trading restrictions.”

**Ajay Tandon Scalped Covered Stocks**

119. Making a stock recommendation and then contemporaneously trading against that recommendation without adequate disclosure of that trading is a form of securities fraud known as “scalping.”

120. Ajay Tandon engaged in multiple instances of scalping between 2014 and the present.

121. A representative example of Ajay Tandon’s scalping occurred in 2014. In mid-January 2014, the issuer Medient Studios, Inc. (OTCMKTS: MDNT) was introduced to STE.



122. By January 27, 2014, MDNT had agreed to pay STE several thousand dollars for research.

123. On March 17, 2014, Ajay Tandon purchased \$12,700 of MDNT stock—850,000 shares, at an average share price of approximately \$.015.

124. The next day—March 18, 2014—STE published its initiation report on MDNT, with a price target of \$.13, more than eight times the price Ajay Tandon paid for his shares the day prior.

125. Also on March 18, MDNT's stock price nearly doubled—from approximately \$.01 to \$.02—and Ajay Tandon sold all 850,000 shares, for a one-day profit of approximately \$6,500.

126. The MDNT report's "Disclosures" stated only that "SeeThru and/or its affiliates may have a long or short position with respect to the publicly traded shares of the subject company covered in this report."

127. The report did not disclose that Ajay Tandon in fact owned MDNT shares or that he was planning to sell them on the date of publication.

128. Ajay Tandon engaged in similar scalping activity—selling STE-covered stocks for prices less than STE's price targets, within one to two days of STE publishing research on the issuers, and without disclosure—in at least ten other issuers (including MSRT, as mentioned above).

129. Ajay Tandon generated approximately \$20,000 in profits from those trades.

130. The chart below includes the specifics of Ajay Tandon's repeated scalps of STE-covered stocks.

<u>Ticker</u>	<u>SeeThru Report Date</u>	<u>Ajay Sale Date</u>	<u>Time Between Report and Ajay Sale</u>	<u>Price Target (PT) at Time of Scalp</u>	<u>Ajay Sale Price</u>	<u>Difference Between Ajay Sale Price and PT</u>	<u>Ajay Profit</u>
MDNT	3/18/2014	3/18/2014	Same day	\$0.13	\$0.02	-\$0.11	\$6,530.00
OHGI	5/13/2015	5/13/2015	Same day	\$4.05	\$2.00	-\$2.05	\$4,892.10
MHTX	6/26/2014	6/27/2014	One day	\$0.25	\$0.18	-\$0.07	\$2,652.50
IGC	5/6/2014	5/6/2014	Same day	\$3.05	\$0.80	-\$2.25	\$1,783.92
IGC	4/21/2014	4/22/2014	One day	\$3.05	\$0.84	-\$2.21	\$1,247.70
MSRT	10/24/2016	10/24/2016	Same day	\$2.40	\$0.82	-\$1.58	\$1,201.50
TPIV	7/1/2014	7/1/2014	Same day	\$6.97	\$1.95	-\$5.02	\$1,063.37
NETE	9/22/2014	9/23/2014	One day	\$5.17	\$2.80	-\$2.37	\$406.50
NNVC	3/27/2014	3/27/2014	Same day	\$7.21	\$3.65	-\$3.56	\$94.95
BVAP	6/18/2015	6/19/2015	One day	\$0.35	\$0.09	-\$0.26	\$0.00
HOTR	1/20/2015	1/20/2015	Same day	\$5.00	\$1.78	-\$3.22	\$0.00
OXYS	5/11/2015	5/13/2015	Two days	\$2.30	\$0.70	-\$1.60	\$0.00

131. Many of the stocks listed in paragraph 130 above were penny stocks as defined in the Securities Act and the Exchange Act.

### COUNT I

#### Securities Fraud

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

#### (STE and Ajay Tandon)

132. Paragraphs 1 through 131 are hereby re-alleged and incorporated herein by reference.

133. From at least November 9, 2013 to present, defendants STE and Ajay Tandon, in connection with the purchase or sale of securities described herein, by the use of means and instrumentalities of interstate commerce or by use of the mails or a facility of any national securities exchange, directly and indirectly:

- a. employed devices, schemes, and artifices to defraud;
- b. made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- c. engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities,

all as more particularly described above.

134. By reason of the foregoing, defendants STE and Ajay Tandon, directly and indirectly, have violated and, unless enjoined, will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

## COUNT II

### **Securities Fraud**

#### **Violations of Section 17(a)(1) of the Securities Act**

#### **(STE and Ajay Tandon)**

135. Paragraphs 1 through 131 are hereby re-alleged and incorporated herein by reference.

136. From at least November 9, 2013 to present, defendants STE and Ajay Tandon, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

137. While engaging in the course of conduct described above, defendants STE and Ajay Tandon acted with scienter, that is, with an intent to deceive, manipulate or defraud or with severe recklessness.

138. By reason of the foregoing, defendants STE and Ajay Tandon, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

### **COUNT III**

#### **Securities Fraud**

#### **Violations of Section 17(a)(3) of the Securities Act**

#### **(STE and Ajay Tandon)**

139. Paragraphs 1 through 131 are hereby re-alleged and incorporated herein by reference.

140. From at least November 9, 2013 to present, defendants STE and Ajay Tandon, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

141. By reason of the foregoing, defendants STE and Ajay Tandon directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

**COUNT IV**

**Securities Fraud**

**Violations of Section 17(a)(2) of the Securities Act**

**(Ajay Tandon)**

142. Paragraphs 1 through 131 are hereby re-alleged and incorporated herein by reference.

143. From at least November 9, 2013 to present, defendant Ajay Tandon, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, all as more particularly described above.

144. By reason of the foregoing, defendant Ajay Tandon directly and indirectly violated and, unless enjoined, will continue to violate Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

**COUNT V**

**Aiding and Abetting Fraud**

**Aiding and Abetting Violations of Section 10(b)  
of the Exchange Act and Rule 10b-5 thereunder**

**(Ajay Tandon and Amit Tandon)**

145. Paragraphs 1 through 131 are hereby re-alleged and incorporated herein by reference.

146. From at least November 9, 2013 to present, defendant Ajay Tandon knowingly or with the requisite scienter, provided substantial assistance to the violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)] by STE, and therefore is liable as an aider and abettor.

147. From at least November 9, 2013 to present, defendant Amit Tandon knowingly or with the requisite scienter, provided substantial assistance to the violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] by STE and Ajay Tandon, and therefore is liable as an aider and abettor.

148. Unless enjoined, defendant Ajay Tandon will continue to aid and abet violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

149. Unless enjoined, defendant Amit Tandon will continue to aid and abet violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

## **COUNT VI**

### **Anti-Touting**

#### **Failure to Disclose Compensation in Violation of Section 17(b) of the Securities Act**

#### **(All Defendants)**

150. Paragraphs 1 through 131 are hereby re-alleged and incorporated herein by reference.

151. From at least November 9, 2013 to present, Defendants, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, published, gave publicity to, or circulated any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a

security for sale, described such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether part of prospective, of such consideration and the amount thereof.

152. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b).

**COUNT VII**

**Aiding and Abetting Anti-Touting**

**Aiding and Abetting Violations of  
Section 17(b) of the Securities Act**

**(Ajay Tandon)**

153. Paragraphs 1 through 131 are hereby re-alleged and incorporated herein by reference.

154. From at least November 9, 2013 to the present, defendant Ajay Tandon knowingly or with the requisite scienter, provided substantial assistance to the violations of Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)], by STE and therefore is liable as an aider and abettor.

155. Unless enjoined, defendant Ajay Tandon will continue to aid and abet violations of Section 17(b) of the Securities Act.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court:

I.

Conduct a jury trial for all issues so triable.

II.

Permanent injunctions enjoining Defendants from (a) violating, directly or indirectly, or aiding and abetting violations of the laws and rules alleged in this complaint and (b) promoting any issuer of any security, causing the promotion of any issuer of any security, or deriving compensation from the promotion of any issuer of any security.

III.

An order requiring the disgorgement by Defendants of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

IV.

Enter an Order prohibiting defendants Ajay Tandon and Amit Tandon from participating in any offering of penny stock pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)], and Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)].

V.

Enter an Order prohibiting defendants Ajay Tandon and Amit Tandon from acting as officers or directors of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(b) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

With regard to Defendants' violative acts, practices and courses of business set forth herein, issue an Order imposing upon each of them civil penalties pursuant to Section 20(d) of



the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

VII.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VIII.

Grant such other relief as this Court deems appropriate.

Dated: November 8, 2018

Respectfully submitted,

s/ Paul Kim

Paul Kim

M. Graham Loomis\*

Pat Huddleston II\*

U.S. Securities and Exchange Commission

950 East Paces Ferry Road, N.E., Suite 900

Atlanta, Georgia 30326-1234

(404) 842-7600

[kimpau@sec.gov](mailto:kimpau@sec.gov)

---

\*Application for admission *pro hac vice* forthcoming.