

3. By the conduct described herein, Defendants violated the registration provisions of the federal securities laws and will continue to violate those provisions unless restrained or enjoined by the Court. Accordingly, the Commission seeks injunctive relief, a penny stock bar, disgorgement of ill-gotten gains, prejudgment interest, and civil penalties.

JURISDICTION AND VENUE

4. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a)].

5. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] because certain of the transactions, acts, practices and courses of conduct constituting violations of the federal securities laws occurred within this district and elsewhere, and because certain Defendants resided in this district. Venue is also appropriate pursuant to 28 U.S.C. § 1391.

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

DEFENDANTS

7. **Taylor Moffitt**, aka Taylor Moffitt of Halydean, age 45, is a resident of Eagle Grove, Iowa. Moffitt was a venture capitalist operating through various companies. Moffitt had control over several bank and brokerage accounts in the name of U.S. CoProducts, LLC, and provided administrative services for U.S. CoProducts, LLC as an independent contractor.

8. **Carlos Febles**, age 55, is a resident of Ocala, Florida. Febles was a former multimedia and sales consultant. Febles was a business partner with Moffitt in his venture capital firms. He also owned U.S. CoProducts, LLC.

9. **U.S. CoProducts, LLC** was an Iowa limited liability company owned by Febles and created by him in November 2013. U.S. CoProducts was to be involved in the removal and processing of deceased farm animals, although it never had any active business operations.

OTHER RELEVANT ENTITIES AND INDIVIDUALS

10. **Bud Genius**, formerly Rightsmile, Inc. (“Rightsmile”), was a Wyoming corporation headquartered in San Diego County, California. Bud Genius’ primary business involved the testing and analysis of strains of medical marijuana and providing a social web platform designed to assist patients in selecting cannabis medicine paired to their specific needs. Bud Genius’ common stock was quoted under the ticker “RIGH” on OTC Link operated by OTC Markets Group, Inc. (“OTC Markets”), an electronic inter-dealer quotation system that displays quotes from broker-dealers for securities of companies not registered with the Commission and not listed on stock exchanges. At all relevant times, Bud Genius did not have a reporting obligation under the Securities Act and its common stock qualified as a penny stock under Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

11. **Aaron “Angel” Stanz**, age 43, is a resident of San Diego, California. Stanz was the CEO and sole director of Bud Genius.

FACTUAL ALLEGATIONS

Background

12. In early 2012, in an attempt to help Bud Genius raise capital, Bud Genius entered into a reverse merger with Rightsmile, a public company then purportedly in the business of online marketing and development. The resulting public company began doing business as Bud Genius with Stanz taking over as CEO.

13. Bud Genius' common stock had been quoted on OTC Markets under the ticker "RIGH" since the reverse merger with Rightsmile. No registration statement has ever been filed with the Commission or has been in effect for the offer or sale of Bud Genius stock.

14. A few months prior Bud Genius' reverse merger with Rightsmile, Rightsmile's then-CEO ("the former CEO") was issued 300,000 restricted preferred shares of Rightsmile in exchange for the former CEO's transfer to Rightsmile of a web development company he owned. The preferred shares were convertible to common shares at a rate of 10,000 to 1, making the 300,000 preferred shares worth 3 billion common shares.

15. The former CEO, who was an unsophisticated investor, also agreed with Stanz that he would not sell the shares without first consulting Stanz. Further, he agreed that he would return the 300,000 preferred shares to Bud Genius if his web development company was ever transferred out of, or was "removed" from, Bud Genius.

Moffitt's Acquisition of Unregistered Securities

16. In 2013, the former CEO shut down and dissolved his web development company, and shortly thereafter Stanz reached out to the former CEO about getting the 300,000 preferred shares back. Stanz relayed to the former CEO that Taylor Moffitt – who was at that time a consultant for Bud Genius – would "purchase" the shares for \$2,000. Stanz

also convinced the former CEO that the shares were essentially worthless because they purportedly could not be converted to common stock, and therefore could not be sold. The former CEO agreed to transfer the preferred shares to Moffitt in exchange for \$2,000, an amount that Stanz told the former CEO he would like for him to receive for dealing with the hassle of transferring the purportedly worthless shares.

17. In early August 2013, Stanz facilitated the transfer by providing the former CEO with the necessary paperwork to send to Moffitt. However, the former CEO never received the \$2,000 – or any other compensation – for transferring the preferred shares to Moffitt.

Moffitt's Transfer of the Unregistered Securities to U.S. CoProducts

18. In early November 2013, Moffitt and business partner Carlos Febles, with Stanz's assistance, converted the 300,000 restricted preferred shares obtained from the former CEO into 3 billion common shares of Bud Genius.

19. Around the same time, Moffitt transferred to U.S. CoProducts – an entity controlled by Moffitt and Febles – 1,499,000,000 of the common shares that Moffitt obtained from the former CEO. The transfer took place after Bud Genius re-domiciled in Wyoming and Stanz increased the authorized shares of Bud Genius' common stock from approximately 4.3 billion to 30 billion. This was done, in part, to allow Moffitt and Febles to convert the preferred shares to common shares so they could be sold into the market – something Stanz claimed would be impossible for the former CEO to do just months earlier.

U.S. CoProducts' Sale of Unregistered Securities into the Market

20. In January 2014, Moffitt and Febles obtained an opinion letter from an attorney opining that U.S. CoProducts could resell the shares into the market. As discussed below, the

attorney improperly determined that U.S. CoProducts was exempt from the registration requirements of Section 5 of the Securities Act, in part because it held the shares for the requisite amount of time to allow it to comply with the safe harbor provisions of Rule 144 of the Securities Act from being deemed an underwriter.

21. Between approximately June 30, 2014, and July 6, 2015, Moffitt and Febles, through a brokerage account opened in the name of U.S. CoProducts, sold over 1 billion of these Bud Genius shares, which were not registered with the Commission, into the public market. They received approximately \$543,333 in proceeds from the sale of the stock. Moffitt and Febles also transferred approximately \$141,084 of the sale proceeds back to Bud Genius and Stanz.

22. U.S. CoProducts' sales of Bud Genius stock were not exempt from the registration requirement of Section 5 of the Securities Act. The federal securities laws exempt transactions by any person other than an issuer, underwriter, or dealer from the registration requirement of Section 5 of the Securities Act. Moffitt, Febles, and U.S. CoProducts were underwriters because they obtained the shares from an affiliate with a view to distribute them to the public market. U.S. CoProducts did not hold the shares for the requisite amount of time to allow it to comply with the safe harbor provisions of Rule 144 from being deemed an underwriter, and to permit the sale of the shares without registration. This was because, in part, Moffitt obtained the shares from the former CEO, who was an affiliate of Bud Genius given that he (and his 300,000 preferred shares) was under the control of Bud Genius and Stanz at the time of the transfer to Moffitt. Further, Moffitt never paid the former CEO for the shares.

23. Therefore, in selling the Bud Genius shares Moffitt, Febles, and U.S. CoProducts were acting as part of an unregistered public distribution of stock controlled by Bud Genius and Stanz in violation of Section 5 of the Securities Act.

CLAIM FOR RELIEF

(Violations of Section 5(a) and Section 5(c) of the Securities Act)

(As to All Defendants)

24. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 23 above as if set forth fully herein.

25. From at least August 2013 through July 2015, Defendants directly or indirectly, as to Bud Genius securities: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of a prospectus or otherwise; or carried securities or caused such securities to be carried through the mails or in interstate commerce, by means or instruments of transportation, for the purpose of sale or delivery after sale; and (b) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or to offer to buy, through the use or medium of any prospectus or otherwise, securities without a registration statement having been filed with the Commission or being in effect as to such securities.

26. No registration statements were filed with the Commission or were in effect in connection with offers or sales of securities of Bud Genius by Defendants, and no exemption from the registration requirements applied to Defendants' sales.

27. By reason of the foregoing, Defendants have violated, and unless restrained and enjoined, are reasonably likely to continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Enter judgment in favor of the Commission finding violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)], as alleged herein.

II.

Enter an Order of Permanent Injunction restraining and enjoining Defendants, their agents, servants, employees, attorneys and those persons in active concert or participation with them who receive actual notice of the Order, by personal service or otherwise, and each of them from, directly or indirectly, engaging in the transactions, acts, practices or courses of business described above, or in conduct of similar purport and object, in violation of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)].

III.

Enter an Order requiring Defendants to pay disgorgement of ill-gotten gains, derived directly or indirectly from the misconduct alleged, together with prejudgment interest thereon.

IV.

Enter an Order barring Defendants Moffitt and Febles from participating in offerings of penny stock pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)].

V.

Enter an Order requiring Defendants Moffitt and Febles to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].

VI.

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.

Dated: May 22, 2018

Respectfully submitted,

/s/ Timothy J. Stockwell

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