

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TENNESSEE**

)	
UNITED STATES SECURITIES)	
AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	Civil Action No. 2:19-cv-2297
)	
v.)	COMPLAINT
)	
LLOYD SCHUMAN, AND)	
DANE JANES,)	JURY DEMAND
)	
Defendants.)	
)	
)	

Plaintiff, the United States Securities and Exchange Commission (“SEC” or “Commission”), for its Complaint against Lloyd Schuman and Dane Janes (collectively, “Defendants”), alleges as follows:

SUMMARY OF ALLEGATIONS

1. This case concerns multiple instances of insider trading and tipping by Defendant Lloyd Schuman (“Schuman”), an internal auditor at Verso Corp. (“Verso”), and tipping by his close friend, Defendant Dane Janes (“Janes”), an internal auditor for Ashford Hospitality Trust (“AHT”) and Ashford Hospitality Prime (“AHP”).

2. In the fall of 2013, Schuman learned material, nonpublic information that Verso, a publicly traded paper company then based in Memphis, was going to acquire a privately held paper company, NewPage Holdings Inc. (“NewPage”). In the weeks preceding the public announcement of Verso’s agreement to acquire NewPage, Schuman accumulated an unusually

large concentration of Verso shares, and tipped this material, nonpublic information to a close relative, Relative 1, who also purchased Verso shares.

3. On the morning of January 6, 2014, Verso and NewPage publicly announced that they had entered into a definitive agreement under which Verso would acquire NewPage in a \$1.4 billion transaction. Immediately after this announcement, the price of Verso stock surged on heavy trading and closed at \$3.21 per share, a 393 percent gain over the prior trading day's closing price. That day, Schuman sold all of his Verso stock, realizing total illicit profits of more than \$107,000. Relative 1 also profited more than \$2,500 on the sale of the shares that were purchased in advance of the announcement.

4. Later in 2014, Schuman's close friend, Janes, learned information about three material, nonpublic events concerning AHT and AHP, two publicly traded real estate investment trusts. Specifically, Janes acquired advanced knowledge of (i) January 2014 announcements that AHP would issue eight million additional shares of common stock; (ii) an April 8, 2014 announcement that AHT would issue seven million additional shares of common stock; and (iii) a May 8, 2014 AHT quarterly earnings release that exceeded analysts' estimates. Janes tipped Schuman in advance of each of these announcements, and Schuman placed timely, beneficial trades in AHP and AHT on the basis of these tips. In total, Schuman avoided losses and realized profits of more than \$15,000 from this trading.

5. By engaging in the conduct alleged in this Complaint, Schuman and Janes violated the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5. The Commission seeks in this action permanent injunctions and civil penalties as to Schuman and Janes, and disgorgement with prejudgment interest as to Schuman only.

JURISDICTION AND VENUE

6. The Commission brings this action under Sections 21(d) and 21A of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78u-1.

7. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), 21A, and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), 78u-1, and 78aa. Defendants, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

8. Venue is proper in this district under Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Schuman resides in this district and one or more acts or transactions constituting the violations alleged herein occurred within this district.

DEFENDANTS

9. **Lloyd Schuman**, age 44, currently resides, and at all times relevant to this Complaint has resided, in Cordova, Tennessee. From 2011 to 2017, Schuman was employed as an internal auditor for Verso. Schuman has been close friends with Janes since 2000.

10. **Dane Janes**, age 40, currently resides in McKinney, Texas, and at all times relevant to this Complaint, resided in Frisco, Texas. From 2008 to the present, Janes has been employed in various internal audit roles at AHT and Ashford, Inc., AHT's investment manager. Janes has been close friends with Schuman since 2000.

RELEVANT ENTITIES

11. **Verso Corporation (f/k/a Verso Paper Corporation) ("Verso")** is a Delaware corporation now headquartered in Miamisburg, Ohio. At all times relevant to this Complaint, Verso was headquartered in Memphis, Tennessee. Verso produces coated papers used in media and marketing applications. At all times relevant to this Complaint, Verso was party to a

management agreement with affiliates of Apollo Management L.P. (“Apollo”) whereby Apollo provided certain financial and advisory services to Verso. Verso has been an SEC-reporting company since 2008, and is quoted on the New York Stock Exchange under the symbol VRS.

12. **NewPage Holdings Inc. (“NewPage”)** was a private Delaware corporation headquartered in Miamisburg, Ohio. NewPage produced specialty papers used in commercial printing until it was acquired by Verso in the transaction alleged in this Complaint.

13. **Ashford Hospitality Trust, Inc. (“AHT”)** is a Maryland corporation headquartered in Dallas, Texas. It is a real estate investment trust focused on investments in the hospitality industry. It has been an SEC-reporting company since 2003, and is quoted on the New York Stock Exchange under the symbol AHT. At all times relevant to this Complaint, an AHT subsidiary served as an external advisor to AHP, responsible for managing AHP’s day-to-day operations.

14. **Ashford Hospitality Prime, Inc. (“AHP”)**, now known as Braemar Hotels & Resorts, Inc., is a Maryland corporation headquartered in Dallas, Texas. It is a real estate investment trust focused on investing in luxury and upscale hotels. It has been an SEC-reporting company since 2013. At all times relevant to this Complaint, it was quoted on the New York Stock Exchange under the symbol AHP. AHP has no employees, and in 2013 and 2014, its day-to-day operations were performed by employees of AHT.

TRADING TERMINOLOGY

15. “Short selling” is a trading practice whereby the trader borrows shares of stock, typically from his or her brokerage firm, and sells the borrowed shares at the current market price.

16. “Covering a short sale” occurs when the trader buys back shares of the same stock at the current market price to pay for the shares he or she borrowed. If the price of the relevant stock has fallen since the time of the short sale, the trader is able to profit by buying the shares back at a lower price than they were initially sold. Therefore, short selling often expresses a belief that a stock is going to lose value.

STATEMENT OF FACTS

I. Schuman Tipped And Traded On Material, Nonpublic Information Concerning The Verso-NewPage Acquisition In Breach Of His Duty To Verso And Its Shareholders

A. Around July 2013, Verso Prepares to Acquire NewPage

17. Verso and NewPage, two leading North American producers of specialty papers, began nonpublic discussions concerning a potential business combination on July 2, 2013.

18. By late summer 2013, Verso had approximately 30 employees in its headquarters confidentially working on the transaction.

19. In October 2013, Verso retained PriceWaterhouseCoopers LLP (“PWC”) to conduct due diligence on NewPage’s business in connection with the potential business combination.

20. PWC issued a preliminary due diligence report to certain Verso executives on November 5, 2013 (“PWC Due Diligence Report”). It was marked “Strictly Private and Confidential” and explicitly referenced an acquisition of privately held NewPage by publicly traded Verso.

B. Schuman Learns of the Forthcoming Acquisition and Buys Verso Stock

21. At all times relevant to this Complaint, Schuman worked as a senior internal auditor in Verso's headquarters. As a Verso employee, Schuman was an insider who owed a fiduciary duty or other duty of trust and confidence to Verso and its shareholders not to trade on the basis of material, nonpublic information that he learned through his position at Verso.

22. Schuman was not one of the employees working on the NewPage acquisition. However, as alleged in more detail below, Schuman learned of the forthcoming NewPage acquisition in the fall of 2013 based upon documents and activities he observed around the office, including the PWC Due Diligence Report.

23. Upon learning of Verso's nonpublic preparations to acquire NewPage, Schuman began purchasing a significant quantity of Verso shares. As set forth in the chart below, between November 5, 2013, and December 11, 2013, Schuman spent almost \$32,000 to purchase nearly 50,000 Verso shares across two brokerage accounts:

Security	Date Purchased	Quantity	Average Share Price	Total Price
VRS	11/5/2013	28,306	\$0.62	\$17,549.72
VRS	12/2/2013	14,348	\$0.69	\$9,900.12
VRS	12/4/2013	4,999	\$0.68	\$3,399.32
VRS	12/11/2013	1,450	\$0.61	\$884.50
		49,103		\$31,733.66

24. This trading constituted more than Schuman had ever previously invested in Verso. To finance his Verso purchases, Schuman used all the available cash in his brokerage accounts, sold shares in another security at a loss, and deposited \$1,200 of additional cash into his trading account. By mid-December 2013, Verso stock constituted approximately 90 percent of Schuman's portfolio, the largest amount of Verso stock that he had ever owned.

25. In the midst of his aggressive Verso purchases, Schuman exchanged text messages with his close friend, Janes, and a Verso colleague, Colleague 1, indicating his knowledge of the Verso-NewPage transaction.

26. On November 9, 2013, after making his single largest purchase of Verso stock, Schuman sent Janes a text message, stating “let’s hope the VRS deal goes down soon.”

27. On December 11, 2013, Schuman exchanged the following text messages with Colleague 1 that evidenced Schuman’s knowledge of the PWC due diligence report and its significance:

Date	Sender	Text Message
12/11/2013	Colleague 1	“So why would we do due diligence with PWC and have that NY law firm?”
12/11/2013	Lloyd Schuman	“Educated guess: the DD was to analyze the benefits of merger/acquisition.”
12/11/2013	Colleague 1	“When was the due diligence?”
12/11/2013	Lloyd Schuman	“The report was printed a few weeks ago.”

28. Over the next few weeks, Schuman exchanged additional text messages with his colleagues and Janes that further evidenced Schuman’s knowledge of the forthcoming acquisition.

29. For example, Colleague 1 sent Schuman a text message on December 20, 2013, asking whether Schuman thought “this event is going down before the end of the year?” Schuman responded, “I think something is going down on Monday.”

30. On December 26, 2013, Schuman sent an e-mail to another Verso colleague, Colleague 2, stating “[s]till no word or 8K filed.” Four days later, Schuman again emailed the Colleague 2 that there was “[s]till no news and those that know aren’t talking.”

31. In addition, Janes sent Schuman a text message on December 31, 2013, containing a screenshot of a Google search he had performed, querying “is verso paper merging

with newpage?” Janes lived and worked in Texas for a company unrelated to the paper industry. Janes knew to inquire about NewPage because Schuman had told him about the transaction between Verso and NewPage.

32. Schuman sent Janes a text message on January 2, 2014, asking “[d]id you or any of your people by [sic] VRS? 159k shares traded in first 30 min.” Janes responded “No. I haven’t mentioned to anyone.” Schuman replied, “[t]hen I would attribute it to evidence of something happening in the near future.” Colleague 1 then sent a text message to Schuman stating “[m]aybe its newpage employees,” to which Schuman responded “or Apollo or verso execs telling their friends.”

C. Schuman Tips Relative 1 about Verso’s Acquisition Plans

33. Schuman and his relative, Relative 1, have a close personal relationship. They see each other at least once per week for family meals or other social gatherings.

34. On November 26, 2013, Schuman had a 15-minute telephone call with Relative 1. During this telephone call, Schuman tipped Relative 1 regarding Verso’s material, nonpublic plans to acquire NewPage.

35. Schuman received a personal benefit from tipping Relative 1. Schuman provided this tip as a gift of confidential information to Relative 1 with the expectation that Relative 1 would trade on it.

36. Relative 1 had never previously traded in Verso securities before; however, two minutes after the call with Schuman, Relative 1 entered an order to purchase 1,000 Verso shares based on Schuman’s tip.

D. Schuman and Relative 1 Sell Their Verso Securities After the Acquisition is Announced

37. At 9:00 a.m. ET on January 6, 2014, Verso and NewPage jointly announced that they had entered into a definitive agreement under which Verso would acquire NewPage in a transaction valued at \$1.4 billion. Immediately after this public announcement, the price of Verso stock surged on heavy trading, ultimately closing at \$3.21 per share, a 393% gain over the prior trading day's closing price.

38. Less than an hour after the acquisition announcement, Schuman began selling his Verso shares. By the end of the day, Schuman had sold all his Verso shares. In total, Schuman realized net profits of approximately \$107,423, from selling the Verso shares he had purchased in November and December 2013.

39. Relative 1 also sold his Verso shares after this public announcement, realizing profits of more than \$2,500.

II. Janes Tips Material, Nonpublic Information Concerning AHT And AHP To Schuman On Three Occasions, And Schuman Trades On Those Three Tips In Violation of Janes' Duties To AHT, AHP, And Their Shareholders

40. Schuman and Janes have been close friends since 2000, when they met working as internal auditors for the same company. They have met one another's families, traveled between Texas and Tennessee to visit one another, and exchanged birthday and holiday gifts. In 2013 and 2014, Schuman and Janes spoke on the phone and exchanged text messages almost daily. They frequently discussed their families, job prospects, real estate purchases, estate planning, securities trading, and their respective employers.

41. In 2013 and 2014, Janes was employed by AHT. At this time, a subsidiary of AHT acted as an external advisor to AHP pursuant to an advisory agreement. AHP had no employees, so its day-to-day operations were performed by AHT employees.

42. As an AHT employee, Janes was an insider who owed a fiduciary duty or other duty of trust and confidence to AHT and its shareholders not to tip others with material, nonpublic information that he learned through his position at AHT. In addition, as an external advisor to AHP, Janes was an insider who owed a fiduciary duty or other duty of trust and confidence to AHP and its shareholders not to tip others with material, nonpublic information that he learned through his position at AHT.

43. In the course of his employment at AHT, Janes, either directly or indirectly, learned about and tipped Schuman in advance of three material, nonpublic announcements regarding AHP and AHT.

44. Janes received a personal benefit from tipping Schuman. Janes provided these tips as gifts of confidential information to Schuman with the expectation that Schuman would trade based on the tips.

45. In receiving these tips from Janes, Schuman knew, or was reckless in not knowing, that Janes was providing material, nonpublic information in breach of Janes' fiduciary duties to AHP, AHT, and their shareholders. Schuman also knew, or was reckless in not knowing, that Janes received a personal benefit from providing Schuman with this information.

46. Schuman placed trades in AHP and AHT on the basis of these tips and, in total, avoided losses and realized profits of more than \$15,000 from this trading.

A. The January 2014 Announcement that AHP Would Issue Additional Shares

47. From January 7 to 9, 2014, Schuman used nearly all of his Verso trading proceeds to purchase 9,000 AHP shares for more than \$162,000. Schuman purchased these shares to invest his Verso-related trading proceeds in a stable security, and he expected to hold his AHP shares long term.

48. After completing his purchase of the AHP shares on January 9, 2014, Schuman sent Janes a text message informing him of the purchase. That evening, Janes called Schuman, and they had a 16-minute conversation. On this telephone call, Janes informed Schuman that AHP would soon be issuing additional common stock, which would cause the share price to fall.

49. Within seconds of completing the phone call with Janes, Schuman called Colleague 1, who also held AHP shares, and the two spoke for approximately three minutes. A few minutes after their conversation, Colleague 1 sent a text message to Schuman asking “will we have time to sell tomorrow?” Schuman responded, “yes it’s not supposed to happen until next week.”

50. The next morning, Colleague 1 sent Schuman a text message, stating “don’t forget to sell ahp.” Despite having purchased the AHP shares only days earlier, Schuman immediately sold all 9,000 shares. Schuman incurred a \$4,142 loss on the sale in anticipation of avoiding further losses from the stock price falling in the days ahead.

51. Soon thereafter, Schuman sent Janes a text message updating him about the sale, stating “took a 0.50 hit on my shares and can’t short in my retirement accounts.”

52. After the close of trading on January 21, 2014, AHP publicly announced that it would issue eight million additional shares of common stock, and after the close of trading on January 23, 2014, it announced the pricing of the offering. AHP’s share price dropped 10.57 percent between the market close on January 21, 2014, and the market close on January 24, 2014. Schuman avoided a loss of approximately \$10,478 by selling his AHP shares before these announcements.

B. The April 2014 Announcement that AHT Would Issue Additional Shares

53. Janes tipped Schuman again in advance of an April 8, 2014 announcement that AHT would issue additional common stock.

54. On March 6, 2014, Janes sent Schuman a text message stating that he would be calling in a few minutes with information. Nine minutes later, Janes called Schuman, and they spoke for 10 minutes. On this telephone call, Janes informed Schuman that AHT would be issuing more shares, which would cause AHT's stock price to fall.

55. Immediately after this call, Schuman sent a text message to Colleague 1, stating "I have a new play. You need to free up some cash. Call to discuss." The two then spoke by telephone for six minutes.

56. That same day, Schuman borrowed \$20,000 from his father and drew \$10,000 from his home equity line. Schuman deposited these funds into his brokerage account as collateral necessary to sell short shares of AHT. Schuman entered an order to sell short 5,850 shares of AHT on March 7, 2014, for a total sale of \$65,116.

57. Later that day, Colleague 1 sent Schuman a text message, asking "Any idea how much of a drop is expected?" Schuman informed Colleague 1 that he "would estimate at least 1-2 point dropHopefully more."

58. Over the next few weeks, Schuman exchanged text messages with either Janes or Colleague 1 about the status of the AHT announcement and what AHT trades Schuman should place in the meantime, including the following messages:

Date	Sender	Recipient	Text Message
March 11, 2014	Schuman	Janes	Still no word on AHT
March 11, 2014	Janes	Schuman	It will happen soon. Hold the line. You got in at the right spot.
March 13, 2014	Schuman	Janes	How sure are you about the announcement this week
March 13, 2014	Janes	Schuman	90% by tomorrow...surprised it hasn't happened yet. It will happen soon.
March 13, 2014	Janes	Schuman	Sounds like it got pushed a week or so...He said it should've happened this week, but will most likely happen next week. They are tweaking the base amount to issue. It's going to happen.
March 14, 2014	Colleague 1	Schuman	Do you think dilution will drive the stock down for a while?
April 3, 2014	Janes	Schuman	Cut you off so I could talk to one of the acct mgrs... He said they are still planning on the equity raise but it looks like later in Q1

59. On April 8, 2014, AHT publicly announced it was issuing seven million additional shares of common stock, upon which AHT's share price fell 7 percent. After the announcement, Janes sent Schuman the following text message: "So I take it you are happy they issued the shares?" Schuman realized \$3,125 in profits from covering the short sales he placed in advance of the announcement.

C. The May 2014 AHT Quarterly Earnings Announcement

60. Janes tipped Schuman a third time in advance of a May 8, 2014 AHT quarterly earnings release that exceeded analysts' estimates for AHT's financial performance.

61. On May 6, 2014, Janes sent Schuman text messages notifying him that the AHT earnings release would be made on Friday and that good news was coming. Janes stated that he

was trying to find out how good the news would be, but that he knew AHT would at least beat the estimates.

62. Schuman responded, “do I need to jump in AHT?” Five minutes later, Schuman placed an order to buy 4,000 shares of AHT at \$10.27 per share, then sent Janes a text message updating him about the purchase, stating “Got 4K @ 10.27.”

63. Janes responded that he was not sure how much the share price would “pop” but that it may be up \$0.50 to \$1.50 per share within one to two days after the earnings release.

64. On the morning of May 8, 2014, Schuman purchased 2,000 more shares of AHT. After the market closed that day, AHT released a positive quarterly earnings report that exceeded analysts’ estimates for funds from operations by \$0.05 per share. That evening, Schuman shared the news of the earnings release with Colleague 1 in a text message, stating “Ashford Hospitality Trust beats by \$.05, beats on revenue.”

65. The next day AHT’s stock price rose 3.9 percent. Schuman sold the 6,000 AHT shares he had purchased in the preceding days, realizing a net profit of \$1,547.

III. Schuman and Janes Knew, Or Were Reckless In Not Knowing, That Their Tips And/Or Trading Of Material, Nonpublic Information Violated Their Duties To Verso, AHP, AHT, And Their Shareholders

66. Schuman knew, or was reckless in not knowing, that his tip and trading involving material, nonpublic information concerning Verso as alleged in this Complaint violated his duties to Verso and its shareholders.

67. As an employee of Verso, Schuman was subject to Verso’s Insider Trading Guidelines, a written policy that prohibited trading in Verso securities while an employee was “in possession of material, non-public information about Verso.” The Insider Trading Guidelines also prohibited trading in “any company” while in “possession of material, non-

public information about that company.” In 2011, Schuman had signed an acknowledgement stating that he “read, understands, and agrees to comply with the Verso Paper Corp. Insider Trading Guidelines for as long as” he is an employee.

68. Schuman was also subject to, and familiar with, Verso’s Code of Conduct, which stated “[w]e must not commit, aid or abet insider trading – *i.e.*, trading in Verso’s securities based on material, nonpublic information” and “any disclosure of confidential information to persons or entities outside of Verso without express authorization by Verso is unauthorized.”

69. Janes knew, or was reckless in not knowing, that his tips of material, nonpublic information concerning AHT and AHP as alleged in this Complaint violated his duties to AHT, AHP, and their shareholders.

70. As an employee of AHT, Janes was subject to, and provided with, AHT’s Policy on Insider Trading and Compliance, a written policy that prohibited AHT employees “who come into possession of material inside information” from “communicat[ing] that information to other persons prior to its public disclosure and dissemination.” Examples of material information outlined in the policy included “operating or financial results” and “public or private debt or equity transactions.”

71. AHP also had a written Policy on Insider Trading and Compliance, which contained the same prohibitions on insider trading as those set forth in the AHT policy. The AHT policy expressly stated that the AHP policy also applied to all AHT employees, and the AHP policy was provided to all AHT employees, including Janes.

FIRST CLAIM FOR RELIEF

**Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder
(Against Schuman for Verso-Related Trading)**

72. The Commission realleges and reincorporates paragraphs 1 through 71 as if fully set forth herein.

73. Schuman knew, or was reckless in not knowing, that the information he learned about Verso's plans to acquire NewPage was material, nonpublic information.

74. Schuman knew, or was reckless in not knowing, that he owed a fiduciary duty or other duty of trust and confidence to Verso and its shareholders to keep the information confidential and to refrain from both trading on it and from tipping others about it.

75. By trading on the material, nonpublic information about Verso's acquisition of NewPage, and by tipping Relative 1 with this information, Schuman breached his fiduciary duty or other duty of trust and confidence to Verso and its shareholders.

76. Schuman received a personal benefit from tipping Relative 1. Schuman tipped Relative 1 as a gift of confidential information with the expectation that Relative 1 would trade on it.

77. Schuman, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange:

- (a) employed devices, schemes, or artifices to defraud;
- (b) made untrue statements of material fact or 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/or

(c) engaged in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

78. By engaging in the foregoing conduct, Schuman 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.

SECOND CLAIM FOR RELIEF

Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder (Against Schuman and Janes for AHT- and AHP-Related Trading)

79. The Commission realleges and reincorporates paragraphs 1 through 71 as if fully set forth herein.

80. Schuman and Janes knew, or were reckless in not knowing, that the information about AHP and AHT alleged in this Complaint was material, nonpublic information.

81. Janes knew, or was reckless in not knowing, that he owed a fiduciary duty or other duty of trust and confidence to AHT, AHP, and their shareholders to keep this information confidential and to refrain from tipping others about it.

82. By tipping Schuman with the material, nonpublic information about AHP and AHT alleged in this Complaint, Janes breached his fiduciary duty or other duty of trust and confidence to AHT, AHP, and/or their shareholders.

83. Janes received a personal benefit from tipping Schuman. Janes tipped Schuman as a gift of confidential information with the expectation that Schuman would trade on it.

84. Schuman knew, or was reckless in not knowing, that Janes tipped him in breach of a fiduciary duty or other duty of trust and confidence. Schuman also knew, or was reckless in not knowing, that Janes received a personal benefit from tipping him.

85. Schuman and Janes, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange:

- (a) employed devices, schemes, or artifices to defraud;
- (b) made untrue statements of material fact or 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/or
- (c) engaged in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

86. By engaging in the foregoing conduct, Schuman and Janes 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.

PRAYER FOR RELIEF

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

- A. Finding that Schuman and Janes violated the antifraud provisions of the Federal securities laws as alleged herein;
- B. Permanently enjoining Schuman and Janes from violating 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;
- C. Ordering Schuman to disgorge, with prejudgment interest, all illicit trading profits or other ill-gotten gains resulting from the conduct alleged in this Complaint;

D. Ordering Schuman and Janes to each pay a civil monetary penalty under Section 21A of the Exchange Act, 15 U.S.C. § 78u-1; and

E. Ordering such other relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

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

Dated: May 9, 2019

Respectfully submitted,

s/ Matthew F. Scarlato

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admission *pro hac vice* pending)
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