

SUMMARY

1. This emergency matter involves an on-going *Ponzi* scheme targeting advisory clients of Defendant Titan Wealth Management, LLC, and its principal Thomas Lester Irby II. Beginning in 2007, Irby recommended to certain Titan advisory clients an investment in European mid-term notes, known as MTNs. Irby told investors that he would pool investor funds to purchase either an MTN or an interest in an MTN. The terms of investment varied, but Irby promised to pay short term returns ranging from 10% to 50%, with a 5% monthly default penalty if he was unable to sell the MTNs by specified dates. Irby raised at least \$3.1 million from approximately 30 Titan advisory clients to fund the MTN scheme.

2. In selling the MTN program to his investment advisory clients, Irby represented that: (i) Titan would not receive any fees or compensation from the purchase or sale of the MTNs; (ii) Titan client funds were protected because he personally owned a \$10 million MTN that could be liquidated to pay back his clients; and (iii) the MTNs were low risk because they were short term notes issued by established European banks.

3. Contrary to his representations to investors, Irby did not pool investor funds to purchase any MTN or any interest in an MTN. Instead, Titan and Irby misappropriated millions of dollars of investors' funds raised as part of the MTN scheme. Despite Irby's representation that Titan's clients would not be charged any fees to participate in the MTN program, Irby diverted at least \$974,787 of investor funds to Titan or directly into Irby's personal bank accounts. Irby transferred at least \$1,758,293 of investor funds to the Relief Defendants for no apparent consideration. And Irby used at least \$859,001 of investors funds to make Ponzi payments to other investors in the MTN scheme.

4. The Commission, in the interest of protecting investors from any further illegal activity, brings this action against the Defendants and Relief Defendants, seeking as applicable permanent injunctive relief, disgorgement of all illicit profits and benefits Defendants or Relief Defendants have received plus accrued prejudgment interest, civil monetary penalties, an asset freeze and other emergency and equitable relief.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to § 22(a) of the Securities Act of 1933 (the “Securities Act”), § 27 of the Securities Exchange Act of 1934 (“Exchange Act”) and § 214 of the Investment Advisers Act of 1940 (“Advisers Act”). Defendants, directly and indirectly, made use of the mails and of the means and instrumentalities of interstate commerce in connection with the acts, practices and courses of business described in this Complaint. Venue is proper in this district because many of the acts and transactions alleged in this Complaint occurred in the Eastern District of Texas and certain of the Defendants are located in this district.

PARTIES

6. **Titan Wealth Management, LLC** is a Texas Limited Liability Company located in Plano, Texas, which is currently registered with the Commission as an investment adviser. Titan was registered as an investment adviser in the state of Texas from August 2004 to August 2007 when it became Commissioner registered. In its amended Form ADV, signed by Irby and filed on March 27, 2009, Titan listed more than \$49 million in assets under management.

7. **Point West Partners, LLC** is a Texas Limited Liability Company located in Plano, Texas that, according the Texas Secretary of State, is owned by Irby.

8. **Thomas Lester Irby II**, age 38, resides in Farmers Branch, Texas and is the sole owner of Titan. Irby was a registered representative with various FINRA broker-dealers from 1996 to 2005. Irby is the sole owner and officer of Titan.

9. **Joseph Romanow** is purportedly a Canadian citizen, who Irby claims is a conduit for investor funds to invest in the MTNs. Irby has repeatedly offered to provide Joseph Romanow's contact information, but has failed to do so. Based in the staff's review of PWP bank records, Joseph Romanow received hundreds of thousands of dollars of investor funds. Joseph Romanow is named as a relief defendant solely for the purpose of obtaining equitable relief.

10. **David Romanow**, purportedly a Canadian citizen, is the son of Joseph Romano. David Romanow received \$90,000 of investor funds for no apparent consideration. David Romanow is named as a relief defendant solely for the purpose of obtaining equitable relief.

11. **Karen Bowie**, a Canadian citizen who maintains residences in York, Maine and Quebec, Canada, is a "private placement consultant" who purportedly served as an intermediary between the MTNs and Irby. Bowie claims to be the head of a "group" that includes Joseph and David Romanow and France Michaud. Bowie received at least \$700,000 of investor funds for no apparent consideration, which she used to purchase a home in York, Maine. Bowie is named as a relief defendant solely for the purpose of obtaining equitable relief.

12. **France Michaud**, a Canadian citizen and Bowie's domestic partner, received at least \$55,000 of investor funds for no apparent consideration. Michaud is named as a relief defendant solely for the purpose of obtaining equitable relief.

13. **John J. Kim**, age 39, resides in Rancho Santa Margarita, California. He is the president of Pegasus Holdings Group, Inc. According to Irby, Kim received as much as \$100,000 of investor funds for no apparent consideration. Kim is named as a relief defendant solely for the purpose of obtaining equitable relief.

14. **Pegasus Holdings Group, Inc.** is a Delaware company controlled by Kim. Pegasus received at least \$20,000 of investor funds from Irby for no apparent consideration. Pegasus is named as a relief defendant solely for the purpose of obtaining equitable relief.

BACKGROUND FACTS

15. Titan provides investment advice to individual clients, pension plans, and institutional clients. Prior to 2007, Titan primarily advised its clients to invest in Exchange Traded Funds and mutual funds using Charles Schwab and Fidelity Investments as third-party custodians for investors' money. Titan purported has \$35 million in assets under management.

16. Beginning in 2007, Irby recommended to certain Titan advisory clients an investment in "steeply discounted European MTNs." Irby told these clients that he would pool investor funds to purchase an MTN or an interest in an MTN. Irby promised to pay the clients short term returns ranging from 10% to 50%, with a 5% monthly default penalty if he was unable to sell the MTNs by specified dates.

17. In marketing the MTN scheme, Irby told Titan clients that Titan would not receive any fees or compensation from the purchase of the MTNs. Irby also told clients that: (i) their funds were protected because he personally owned a \$10 million MTN that could be liquidated to pay back his clients; and (ii) MTNs were low risk because they were short term notes issued by established European banks.

18. Irby raised at least \$3.1 million from approximately 30 Titan advisory clients. To fund their investments in the MTN scheme, Titan clients typically liquidated securities held at Charles Schwab and Fidelity Investments. Upon receipt of the investors' funds, Irby directed the monies to a PWP account that he controlled at Bank of America (the "PWP account").

19. Irby did not pool investor funds to purchase any MTN or any interest in an MTN. Instead, Irby admitted to the Commission that he misappropriated millions of dollars of investors' funds that were raised as part of the MTN scheme. Irby diverted at least \$974,787 of investor funds to his personal bank accounts or Titan's bank account. Irby misapplied at least \$859,001 of investor funds to pay putative profits (*i.e.*, Ponzi payments) to prior investors. Finally, Irby transferred at least \$1,758,293 of investor funds to the proposed Relief Defendants for no apparent consideration.

20. Between July 10, 2007 and February 11, 2008, Irby, through PWP, executed five wire transfers to David Romanow, totaling \$120,000. There was no apparent consideration for these wire transfers.

21. Between August 14, 2007 and March 12, 2008, Irby, through PWP, executed four wire transfers to Joseph Romanow, totaling \$752,000. There was no apparent consideration for these wire transfers.

22. Between July 9, 2007 and August 19, 2008, Irby, through PWP, executed seven wire transfers to France Michaud, totaling \$74,999.99. There was no apparent consideration for these wire transfers.

23. Between July 6, 2007 and September 30, 2008, Irby, through PWP, executed seven wire transfers, totaling 791,293.12, to entities controlled by or for the benefit of Karen

Bowie. For example, on November 28, 2007, PWP transferred \$698,262.87 to a law firm escrow account to fund Bowie's purchase of a house. There was no apparent consideration for these wire transfers.

24. On July 28, 2008, Irby, through PWP, executed a wire transfer, totaling \$20,000 to Pegasus Holdings, an entity controlled by John Kim. There was no apparent consideration for this wire transfer. According to Irby, he also transferred as much as \$100,000 to Kim or entities he controls.

CLAIMS

FIRST CLAIM

Violations of Section 17(a) of the Securities Act

25. Plaintiff Commission repeats and incorporates paragraphs 1 through 24 of this Complaint by reference as if set forth *verbatim*.

26. Defendants, directly or indirectly, singly, in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or 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; and (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

27. As part of and in furtherance of this scheme, Defendants, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of

material fact and which 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, including, but not limited to, those statements and omissions set forth in paragraph 1 through 24 above.

28. Defendants made the above-referenced misrepresentations and omissions knowingly or with severe recklessness with regard for the truth. Defendants were also negligent in their actions regarding the representations and omissions alleged herein.

29. By reason of the foregoing, Defendants violated, and unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM
Violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder

30. Plaintiff Commission repeats and incorporates paragraphs 1 through 24 of this Complaint by reference as if set forth *verbatim*.

31. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (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 operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

32. As a part of and in furtherance of their scheme, Defendants, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue

statements of material facts and misrepresentations of material facts, and which 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, including, but not limited to, those set forth in Paragraphs 1 through 24 above.

33. Defendants made the above-referenced misrepresentations and omissions knowingly or with severe recklessness regarding the truth.

34. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate the provisions 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].

THIRD CLAIM
Violations of Sections 206(1) and 206(2) of the Investment Advisers Act

35. Plaintiff Commission repeats and incorporates paragraphs 1 through 24 of this Complaint by reference as if set forth *verbatim*.

36. Defendants Titan and Irby, as investment advisers, used the mails and means or instrumentalities of interstate commerce, directly and indirectly: (i) to employ devices, schemes or artifices to defraud clients or prospective clients; or (ii) to engage in transactions, practices and courses of business which operated as a fraud or deceit upon clients and prospective clients.

37. By reason of the foregoing, Defendants Titan and Irby violated and, unless enjoined, will continue to violate the provisions of Sections 206(1) and 206(2) of the Investment Advisers Act [15 U.S.C. § 80b – 6(1), (2)].

FOURTH CLAIM
Claims Against Relief Defendants as Custodian of Investor Funds

38. Plaintiff Commission repeats and incorporates paragraphs 1 through 24 of this Complaint by reference as if set forth *verbatim*.

39. Relief Defendants received funds and property from one or more of the Defendants, which are the proceeds, or are traceable to the proceeds, of the unlawful activities of Defendants, as alleged in paragraphs 1 through 24 above.

40. Relief Defendants obtained the funds and property alleged above as part of and in furtherance of the securities violations alleged in paragraphs 1 through 24 and under circumstances in which it is not just, equitable or conscionable for them to retain the funds and property. As a consequence, Relief Defendants were unjustly enriched.

RELIEF REQUESTED

The Commission seeks the following relief:

41. An order of the Court permanently enjoining the Defendants, as appropriate, their agents, servants, employees, attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act, [15 U.S.C. §§ 77q(a)], Section 10(b) the Exchange Act, [15 U.S.C. § 78j(b)], and of Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder and Sections 206(1), (2) and (4) of the Advisers Act and Rule 206(4) – 8 thereunder.

42. An order of the Court directing Defendants to disgorge an amount equal to the funds and benefits obtained illegally as a result of the violations alleged, plus prejudgment interest on that amount.

43. An order of the Court directing Defendants, as appropriate, to pay civil monetary penalties in an amount determined as appropriate by the Court pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section 209(e)(2) of the Investment Advisers Act [15 U.S.C. § 80b-9] for their violations of the federal securities laws as alleged herein.

44. An order of the Court directing Relief Defendants to disgorge an amount equal to the funds and benefits obtained, plus prejudgment interest, as a result of the Defendants' violations alleged herein.

45. All further relief as the Court may deem just and proper.

Dated: August 25, 2009

Respectfully Submitted,

/s/ Michael D. King

Michael D. King

Texas Bar No. 24032634

U.S. Securities and Exchange Commission

Burnett Plaza, Suite 1900

801 Cherry Street, Unit #18

Fort Worth, TX 76102-6882

(817) 978-1405

(817) 978-4927 (fax)