

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20695

In the Matter of

STEPHEN SCOTT
MOLESKI,

Respondent.

DIVISION OF ENFORCEMENT'S MOTION FOR
DEFAULT JUDGMENT AND IMPOSITION OF SANCTIONS

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The Division of Enforcement (“Division”) respectfully submits this Motion for Default Judgment and Imposition of Sanctions, pursuant to Rules 155(a) and 220(f) of the Commission’s Rules of Practice, 17 C.F.R. §§ 201.155(a) and 201.220(f), requesting that a default judgment be entered against Respondent Stephen Scott Moleski (“Moleski” or “Respondent”), and that the Commission sanction Moleski by entering industry-wide associational and penny stock bars against him. In support, the Division submits the memorandum below and its attached exhibits, including a sworn declaration by James Thibodeau (“Thibodeau Decl.”), the staff attorney who conducted the two investigations that led to this proceeding, to which evidence adduced during the investigation is attached for the Commission’s consideration in its assessment of sanctions.¹

I. PROCEDURAL HISTORY

The Commission filed two civil enforcement actions against Moleski in the U.S. District Court for the Central District in 2020 and 2021, both of which form the basis for this proceeding.

The first, *SEC v. Gregory Lamont Drake, et al.*, (2:20-cv-00405), filed on January 15, 2020 (the “Drake action”), alleged that from 2015 to 2018, Moleski worked as an unregistered broker in a prolific Southern California “boiler room” operation, eventually becoming a manager supervising other unregistered brokers working there. *See* Exhibit 1 (Compl. in Drake Action); Exhibit 2 (Docket Sheet of Drake action). On March 27, 2020, Moleski consented to, and the Court entered, a judgment that permanently enjoined Moleski from future violations of Section 15(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”), and left to the Court, upon motion by the Commission, to resolve whether Moleski should disgorge ill-gotten gains associated with his

¹ *See David E. Lynch*, Exchange Act Rel. No. 46439, 2002 WL 1997953, at *1 & n.12 (Aug. 30, 2002) (instructing that, “if additional evidence is adduced in a proceeding against a respondent” who is in default, “the decisionmaker properly should consider that evidence in the determination of the proceeding”).

violations of Section 15(a)(1) and pay a civil penalty. *See* Exhibit 2, Dkt. Nos. 23-24; Exhibit 3 (Stipulation for Judgment). After considering briefs from both the Commission and Moleski as to disgorgement and penalties, *see* Exhibit 2, Dkt. Nos. 79, 82, 84, on October 7, 2021, the Court, in a written opinion, determined that Moleski should disgorge ill-gotten gains from his unregistered broker activity and found that a third-tier penalty was warranted because “Moleski recklessly disregarded registration requirements for three years and ‘created a significant risk of substantial loss[]’ to various investors . . . Moleski also has not recognized the wrongful nature of his conduct . . . [nor] reassured the SEC or the Court that he will avoid future federal securities law violations.” *See* Exhibit 4 (Order Re: Motions for Final Judgment as to Monetary Remedies) at 9. The same day, the Court entered a final judgment as to Moleski, ordering him to pay \$206,524.57 in disgorgement, \$35,375.21 in prejudgment interest, and a civil penalty of \$195,047. *See* Exhibit 5 (Final Judgment).

The second action, *SEC v. Stephen Scott Moleski, et al.*, (2:21-cv-01065), filed on February 5, 2021 (the “Moleski action”), alleged that, from 2018 to 2019, Moleski again engaged in unregistered broker activity by soliciting numerous investors to purchase securities in connection with three unregistered securities offerings, including one or more purported private pooled investment vehicles operated, managed, and advised by Moleski and his co-defendant, David Michael, from which Michael and Moleski misappropriated investor funds. Exhibit 6 (Compl in Moleski Action); Exhibit 7 (Docket Sheet in Moleski Action). After Moleski failed to answer or

otherwise respond to the Complaint, the Commission requested entry of default on August 26, 2021, which the Court granted on August 27, 2021. *See* Exhibit 7, Dkt. Nos. 32-33.

On October 21, 2021, the U.S. District Court for the Central District of California granted the Commission's motion for default judgment, finding in a written opinion that by defaulting, Moleski thereby admitted all well-pleaded allegations in the Complaint, and that based on those allegations, he violated Sections 5(a) and 5(c) and Section 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and Section 206(1), (2), and (4) of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 206(4)-8 thereunder (relating to pooled investment vehicles). *See* Exhibit 8 (Order Granting Motion for Default Judgment) at 3-8 (discussing Moleski's violations and the Court's legal analysis). The Court also reasoned that a tier-three penalty in the statutory maximum amount of Moleski's gross pecuniary gain was appropriate. *See id.* at 10-11. On the same date, the Court issued a final judgment permanently enjoining Moleski from future violations of the federal securities laws and rules set forth above and ordering him to pay disgorgement of \$61,625.07 and \$775.99 in prejudgment interest. *See* Exhibit 7, Dkt. No. 38. In an amended judgment entered on November 23, 2021, the Court also ordered Moleski to pay a \$61,625.07 penalty. *See* Exhibit 9 (Amended Final Judgment of Default).

Based on the entry of the permanent injunctions against Moleski in the Drake and Moleski Actions, the Commission issued an Order Instituting Administrative Proceedings pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act on January 7, 2021 to determine whether the allegations against Moleski are true, to provide Moleski an opportunity to respond and assert defenses, and determine what, if any, remedial action is appropriate and in the

public interest. *See* Exhibit 10 (OIP). On January 15, 2022, the Office of the Secretary served both Moleski and his attorney in the Drake Action with a copy of the OIP by certified mail in accordance with Commission Rules of Practice 141(a)(1)-(2) and 150(d). *See* Exhibit 11 (Notice of Service and exhibits).

On April 4, 2022, the Commission issued an Order to Show Cause, ordering Moleski to show cause why he should not be deemed in default and the proceeding determined against him for failure to file an answer or otherwise defend the proceeding. *See* Exhibit 12 (Order to Show Cause). Michael did not respond to the Order to Show Cause. On July 19, 2022, the Commission ordered the Division to file a motion for default and other relief. *See* Exhibit 13 (Order Directing Submission).

II. FACTUAL SUMMARY

A. The Drake Action

From early 2015 to roughly March 2018, Moleski worked as an unregistered broker in a prolific Southern California “boiler room” operated and managed by his co-defendant in the Drake Action, David Wolfson, eventually becoming a manager supervising other unregistered brokers. *See* Exhibit 1 (Drake Action Compl.) at ¶¶ 24–28; *see also* Exhibit 10 (OIP) at ¶¶ 1, 3; Exhibit 14 (Thibodeau Decl.) at ¶ 7 and Exhibit 1 (Wolfson Decl.) attached thereto. Using scripts and lead lists given to him by Wolfson, Moleski would cold-call prospective investors and pitch them on various securities, largely thinly-traded micro-cap stocks. *See* Exhibit 1 (Drake Action Compl.) at ¶ 25; Exhibit 1 to Thibodeau Decl. (Exhibit 14) (Wolfson Decl.) at ¶ 11-12. In 2017, Wolfson promoted Moleski to work as the manager of one of Wolfson’s “call centers.” *See* Exhibit 1 (Drake Action Compl.) at ¶ 26; Exhibit 1 to Thibodeau Decl. (Exhibit

14) (Wolfson Decl.) at ¶ 12. As a manager, Moleski both continued to solicit individual investors and oversaw the work of other individual solicitors. *See* Exhibit 1 (Drake Action Compl.) at ¶ 27; Exhibit 1 to Thibodeau Decl. (Exhibit 14) (Wolfson Decl.) at ¶ 13. Moleski was not registered as a broker with the Commission at any time during which he engaged in this solicitation and management work. *See* Exhibit 1 (Drake Action Compl.) at ¶¶ 8, 10, 51–52; *see also* Exhibit 10 (OIP) at ¶¶ 1, 3. For his work as a solicitor for Wolfson, Moleski was paid commissions of at least 20% on his own sales, and an additional 5% commission on the sales of those he supervised. *See* Exhibit 1 (Drake Action Compl.) at ¶ 28; *see also* Exhibit 1 to Thibodeau Decl. (Exhibit 14) (Wolfson Decl.) at ¶ 14; *See* Exhibit 14 (Thibodeau Decl.) at ¶ 8 (attaching Mr. Thibodeau’s calculations of the amount of commissions received by Moleski).

B. The Moleski Action

After the Wolfson operation shut down, between at least June 2018 and December 2019, Moleski solicited numerous investors to purchase securities in connection with two unregistered securities offerings in exchange for transaction-based compensation paid by the issuers either to Moleski directly or to entities controlled by Moleski and his co-defendant in the Moleski Action, David Michael. *See* Exhibit 6 (Compl. in Moleski Action) at ¶¶ 7, 17-18, 20; *accord.* Exhibit 10 (OIP) ¶ 5. At no point during this time was Moleski registered as a broker or dealer with the Commission nor associated with a broker or dealer registered with the Commission. Exhibit 6 (Moleski Action Compl.) at ¶¶ 26, 33.

The first offering was of convertible promissory note securities issued by Web Blockchain Media, Inc. (the “Web Convertible Note Securities Offering”). *Id.* ¶¶ 21-27. Web entered into a Consulting Agreement with “David Michael, a California corporation” that, among other things,

called for Moleski's co-defendant, Michael, to assist in raising capital for Web. *Id.* ¶ 22 and Exhibit A thereto; Exhibit 14 (Thibodeau Decl.) ¶ 9(e). The agreement specified that Michael (who was working with Moleski) was to be compensated "in the amount of thirty-four (34%) percent of any funds raised..." from investors. Exhibit 6 (Moleski Action Compl.) at ¶ 24 and Exhibit A thereto. In 2018 and 2019, approximately \$1,149,321.60 was raised through the Web Convertible Note Securities Offering from approximately 30 investors solicited by Moleski, Michael, and/or agents hired by Moleski and Michael. *Id.* ¶ 25.

The second unregistered securities offering for which Michael solicited investors was issued by Heartland Income Properties, LLC ("Heartland"). *Id.* ¶¶ 28-33. Heartland and an entity controlled by Moleski and Michael entered into an unsigned agreement that called for them to solicit investors in exchange for 30% of the funds raised. *Id.* ¶ 29-30; *see also* Exhibit B thereto; Exhibit 14 (Thibodeau Decl.) at ¶ 9(f). In 2019, \$55,000.00 was raised by Moleski, Michael, or other agents/solicitors they engaged from three investors. Exhibit 1 (Compl.) ¶ 31. Both Web and Heartland paid commissions to Moleski, Michael, and entities they controlled for their solicitations. *See* Exhibit 14 (Thibodeau Decl.) at ¶ 11 (attaching Mr. Thibodeau's calculations of the amount of commissions received by, *inter alia*, Moleski from the Web and Heartland offerings).

During early 2019, Moleski and Michael created a private, pooled investment fund, Austin Partners I, LLC, and began, both directly and indirectly, to solicit investors for the fund. Exhibit 6 (Moleski Action Compl.) at ¶ 34; *see also* Exhibit 14 (Thibodeau Decl.) at ¶¶ 9(a)-(d) (attaching declarations and testimony by investors in Austin Partners and Moleski's co-defendant, Erik Jones). Moleski and Michael were both managing members, co-CEOs, and

advisors of Austin Partners I, LLC. Exhibit 6 (Moleski Action Compl.) at ¶ 35. The ostensible purpose of Austin Partners I, LLC was to pool investment capital from investors and to invest that capital in a pooled portfolio of securities selected, advised, and managed by Moleski and Michael. *Id.* ¶ 36; Exhibit 10 (OIP) ¶ 6.

In connection with the offer and sale of interests in the Austin Partners I pooled investment fund, Moleski and Michael, operating through Austin Marketing Group, LLC and/or Austin Partners I, LLC, created and distributed to potential investors a document titled *Austin Partners I, LLC Summary of Partnership Activity*. Exhibit 6 (Moleski Action Compl.) ¶ 37 and Exhibit C thereto; *see also* Exhibit 14 (Thibodeau Decl.) at 9(g). The Summary represented to investors that Austin Marketing Group “manages and oversees all activities” of a pooled investment fund that held or would hold “a portfolio of high-quality investments” in securities issued by Web, Heartland, and an entity called Life Investors Management Company, LP (“LIMC”) for the benefit of its “clients.” Exhibit 6 (Moleski Action Compl.) at ¶ 38. The Summary also stated—falsely—that Michael and Moleski retained “a full-time expert licensed broker who monitors daily activity of all stocks” *Id.* at ¶¶ 38-39.

In reality—and as set forth in Mr. Thibodeau’s Declaration—rather than creating an investment-grade portfolio of high-quality investments, Moleski and Michael caused the fund to make only one investment: \$85,000 in the illiquid Heartland offering referenced above, upon which Moleski and Michael received 30% commissions paid out to themselves from the fund. *See* Exhibit 14 (Thibodeau Decl.) at ¶ 12. Further, Moleski and Michael, *inter alia*, commingled investor funds in various entity accounts they controlled, which were used by Moleski and Michael as *de facto* personal accounts; Moleski and Michael used investor funds to pay personal

expenses, withdrew investor funds in cash, made payments to Michael directly, and transferred investor funds to other companies controlled by Moleski and/or Michael. *Id.*

After learning that the Commission was investigating their conduct, Moleski and Michael continued the Austin Partners I pooled fund offering, but ceased operating through the Austin Marketing Group, LLC entity and began operating through another entity also owned and controlled by Moleski and Michael called Alliance Management Group, LLC, in which they pooled investor funds instead, falsely telling investors their money would be invested in LIMC offerings. Exhibit 6 (Moleski Action Compl.) ¶¶ 41-42. Investor money pooled in the Alliance Management Group, LLC and Austin Partners, LLC entities was used by at least Defendant Michael either to pay expenses incurred in soliciting investors or for Michael's personal expenses; those entities held no investments whatsoever. *Id.; see also* Exhibit 14 (Thibodeau Decl.) at ¶ 12.

III. ARGUMENT

A. Entry of Default Judgment Is Appropriate

Moleski was properly served with the OIP under Commission Rules of Practice 141(a)(1)-(2) and 150(d). Having been properly served, Respondent was required by Commission Rule of Practice 220(b) to file an answer to the allegations contained in the OIP within twenty days from service of the OIP. *See* 17 C.F.R. § 201.220(b); *see also* Exhibit 10 (OIP) § IV, ¶ 2 (directing Moleski to file an answer to the OIP within 20 days of service); Exhibit 12 (Order to Show Cause). As of the date of this Motion, Moleski has not filed an answer nor entered any appearance in this matter. Accordingly, pursuant to Rules 155(a) and 220(f) of the Commission's Rules of Practice, the Commission may deem true the allegations of the OIP. *See* Rules 155(a)(1)-(2), 220(f).

Further, because Moleski has not responded to the OIP, the Commission may also deem true the allegations of the Complaints in the Drake and Moleski Actions, because they were incorporated by reference in the OIP and have been submitted with this motion. *See, e.g., Gregory Reyftmann*, Admin. Proc. File No. 3-17959 (Mar. 25, 2019) (imposing collateral bar by default in follow-on administrative proceeding on the basis of the deemed-true facts in the OIP and the exhibits supporting the Division’s motion); *see also, e.g., Daniel Imperato*, Exch. Act Rel. No. 628, 2014 WL 3048126 (Jul. 7, 2014) (noting that “in assessing whether a bar is in the public interest, ‘follow-on proceedings have long considered district court findings.’”). Accordingly, default judgment is appropriate.

B. Imposition of Sanctions Is Warranted

Section 15(b) of the Exchange Act “gives the Commission authority to impose collateral . . . bars against a respondent if (1) the respondent was associated with or seeking to become associated with a broker or dealer at the time of his misconduct; (2) the respondent has, as relevant here, been enjoined from any conduct in connection with the purchase or sale of a security; and (3) imposing a bar is in the public interest.” *See Demitrios Hallas*, Initial Decision of Default Rel. No. 1358, 2019 WL 857547, at *4 (Feb. 22, 2019); *see also* 15 U.S.C. 78o(b)(4)(C), (b)(6)(A)(iii). Section 203(f) of the Advisers Act authorizes the Commission to impose remedial sanctions against a person (1) who at the time of alleged misconduct was associated with an investment adviser, (2) who has been permanently or temporarily enjoined by a court from violating the federal securities laws, and (3) against whom the Commission finds that it is in the public interest to impose remedial sanctions. *See* 15 U.S.C. § 80b-3(f). Each element is readily apparent here.

First, although Moleski was not registered as a broker, nor was he a representative of any registered investment adviser, he acted as both a broker and investment adviser in connection with his collective misconduct. *See Tzemach David Netzer Korem*, Exchange Act Rel. No. 70044, 2013 WL 3864511, at *8 (July 26, 2013) (stating that “[i]t is well established that we are authorized to sanction an associated person of an unregistered broker-dealer or investment adviser in a follow-on administrative proceeding”); *see also Anthony J. Benincasa*, Advisers Act Rel. No. 1923 (Feb. 7, 2001) (Comm’n Op.) (explaining that “Congress added the definition of ‘person associated with an investment adviser’ to the Advisers Act in 1970 in order to permit the Commission to proceed directly against individuals,” and concluding that “by functioning as an investment adviser in an individual capacity, [the petitioner] will be in a position of control with respect to the investment adviser, and therefore, meets the definition of a ‘person associated with an investment adviser’”). Moleski acted as broker by participating at key points in the offer, purchase and sale of both registered and unregistered securities, soliciting prospective investors by cold-calling them by telephone, recommending that prospective investors purchase certain securities, and receiving transaction-based compensation. *See, e.g., SEC v. Battoo*, 158 F. Supp. 3d 676, 695-97 (N.D. Ill. Jan. 25, 2016); *SEC v. Hansen*, 1984 WL 2413 at *10, *26 (S.D.N.Y. April 6, 1984). Moleski acted as an unregistered investment adviser by providing securities investment advice to and managing a pooled investment vehicle on behalf of investors in exchange for compensation; he was, therefore, a person associated with an investment adviser. *Benincasa, supra*.

Second, Moleski was permanently enjoined by the federal district courts from violating Section 15(a)(1) of the Exchange Act (twice) and Sections 206(1), (2), and (4) of the Advisers Act and Rule 206(4)-8 thereunder. *See* Exhibits 5, 9.

And third, it is in the public interest to impose remedial sanctions against Moleski, including by barring him from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. To determine whether a sanction is in the public interest, the Commission should look to the six factors set forth in *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979) *aff'd on other grounds*, 450 U.S. 91 (1981): (a) the egregiousness of the defendant's actions; (b) the isolated or recurrent nature of the infraction; (c) the degree of scienter involved; (d) the sincerity of the defendant's assurances against future violations; (e) the defendant's recognition of the wrongful nature of his conduct; and (f) the likelihood that the defendant's occupation will present opportunities for future violations. *See Brian Michael Berger*, Initial Decision Rel. No. 1346, 2019 WL 446432, at *3 (Feb. 5, 2019). "In most cases involving fraud, the public-interest analysis will weigh in favor of a severe sanction." *Berger*, 2019 WL 446432, at *3 (citation and quotation omitted); *see also Talman Harris and Victor Alfaya*, Initial Decision Rel. No. 1402, 2020 WL 5407727, at *8 (Sept. 2, 2020) (noting that "from 1995 to [September 2020], there have been over fifty litigated follow-on proceedings based on antifraud injunctions or convictions in which the Commission issued opinions, and all of the respondents were barred").

Moleski's conduct was egregious, recurrent, and committed with a high degree of scienter. Over the course of years, he repeatedly and regularly engaged in unregistered broker activity and fraud, and he misappropriated investor money from the pooled investment fund he purported to

advise and manage for his personal use. *See Hallas*, 2019 WL 857547, at *5 (“Misappropriation of client funds is quintessentially egregious conduct.”). Further, he paid himself exorbitant commissions on the Heartland investment by the fund and failed to disclose that fact to investors. *See SEC v. All. Leasing Corp.*, No. 98-CV-1810-J, 2000 WL 35612001, at *10 (S.D. Cal. Mar. 20, 2000), *aff’d*, 28 F. App’x 648 (9th Cir. 2002) (ruling that “30% commissions were so obviously important to an investor, that reasonable minds cannot differ on the question of materiality.”) (internal quotation marks omitted).

Moleski has offered no assurances against future violations, nor any indication of recognition of the wrongful nature of his conduct. *See* Exhibit 14 (Thibodeau Decl.) at ¶ 13; *see also* Exhibit 4 at 9. Given Moleski’s repeated violations, the egregiousness of those violations, the level of scienter shown by his conduct, and his lack of any assurances against future violations, if he is not barred from the securities industry, it is likely he will engage in future misconduct. *See Berger*, 2019 WL 446432, at *4 n.38 (quoting *Korem*, 2013 WL 3864511, at *6 & n.50 (quoting *Geiger v. SEC*, 363 F.3d 481, 489 (D.C. Cir. 2004)) (“[T]he existence of a violation raises an inference that it will be repeated.” (alteration in original); *John A. Carley*, Securities Act Rel. No. 8888, 2008 WL 268598, at *22 (Jan. 31, 2008) (holding that “[o]ur finding that a violation is egregious ‘raises an inference that [the misconduct] will be repeated’” (quoting *Geiger v. SEC*, 363 F.3d at 489)), *remanded on other grounds sub nom. Zacharias v. SEC*, 569 F.3d 458 (D.C. Cir. 2009).

IV. CONCLUSION

For the reasons set forth above, the Division requests that the Commission find Moleski in default and impose an industry-wide associational bar and a penny stock bar as authorized by Exchange Act Section 15(b) and Advisers Act Section 203(f).

Dated: August 16, 2022

Respectfully submitted,

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Service List

Pursuant to Rules 150 and 151 of the Commission's Rules of Practice, I hereby certify that a true and correct copy of the foregoing, along with the attached Exhibits, was served on each of the following, on August 16, 2022, in the manner indicated below.

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Via eFAP

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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20695

In the Matter of

**STEPHEN SCOTT
MOLESKI,**

Respondent.

DIVISION OF ENFORCEMENT'S INDEX OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
Exhibit 1	Complaint, <i>SEC v. Gregory Lamont Drake, et al.</i> , (2:20-cv-00405, C.D.CA.), filed January 15, 2020
Exhibit 2	Docket Sheet (Drake Action)
Exhibit 3	Stipulation for Judgment as to Defendant Stephen Scott Moleski (Drake Action)
Exhibit 4	Order Re: Motions for Final Judgment as to Monetary Remedies (Drake Action)
Exhibit 5	Final Judgment as to Defendant Stephen Scott Moleski (Drake Action)
Exhibit 6	Complaint, <i>SEC v. Stephen Scott Moleski, et al.</i> (2:21-cv-01065, C.D.CA.), filed February 5, 2021
Exhibit 7	Docket Sheet (Moleski Action)
Exhibit 8	Order Granting Motion for Default Judgment (Moleski Action)
Exhibit 9	Amended Final Judgment of Default (Moleski Action)
Exhibit 10	Order Instituting Proceedings in the Matter of Stephen Scott Moleski (File No. 3-20695), entered January 7, 2021

Exhibit 1

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

vs.

**GREGORY LAMONT DRAKE, an
individual; STEPHEN KENNETH
GROSSMAN, an individual;
STEPHEN SCOTT MOLESKI, an
individual; JASON DAVID ST.
AMOUR, an individual; and
DAVID ALAN WOLFSON, an
individual,**

Defendants.

Case No.

COMPLAINT

1 Plaintiff, Securities and Exchange Commission (the “Commission”), alleges
2 as follows:

3 **JURISDICTION AND VENUE**

4 1. The Commission brings this action pursuant to Sections 20(b) and
5 20(d) of the Securities Act [15 U.S.C. § 77t(b) and (g)] and Sections 21(d) and (e)
6 of the Exchange Act [15 U.S.C. § 78u(d) and (e)] to enjoin such acts, practices,
7 and courses of business, and to obtain disgorgement, prejudgment interest, civil
8 money penalties, and such other and further relief as this Court may deem just and
9 appropriate.

10 2. Defendants were involved in the offer and sale of the common stock
11 of numerous microcap companies, which are each a “security” as that term is
12 defined under Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and
13 Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

14 3. Defendants, directly or indirectly, made use of the mails or the means
15 or instrumentalities of interstate commerce in connection with the conduct alleged
16 in this Complaint.

17 4. This Court has subject matter jurisdiction over this action pursuant to
18 Section 22 of the Securities Act [15 U.S.C. § 77v], Sections 21(d) and 27 of the
19 Exchange Act [15 U.S.C. §§ 78u(d) and 78aa], and 28 U.S.C. § 1331.

20 5. Venue in this District is proper because Defendants are found, inhabit,
21 and/or transacted business in the Central District of California and because one or
22 more acts or transactions constituting the violations occurred in the Central District
23 of California.

24 **SUMMARY OF THE ACTION**

25 6. Gregory Lamont Drake (“Drake”), Stephen Kenneth Grossman
26 (“Grossman”), Stephen Scott Moleski (“Moleski”), Jason David St. Amour (“St.
27 Amour”), and David Alan Wolfson (“Wolfson”) (collectively “Defendants”)
28 operated call centers and/or worked in call centers that were engaged in soliciting

1 investors to purchase the securities of numerous microcap companies whose shares
2 traded on the over-the-counter market.

3 7. Without telling investors, Defendants Drake, St. Amour, and Wolfson
4 coordinated the trades between the sellers of the shares and solicited investors to
5 enable the sellers to offload their shares without significantly affecting the market
6 for the thinly-traded stock.

7 8. While they engaged in these solicitations, Defendants were neither
8 registered with the Commission as brokers or dealers nor associated with a broker
9 or dealer registered with the Commission.

10 9. Defendants earned transaction-based compensation for their
11 solicitation activities, which ranged from approximately 18% to 50% of investment
12 proceeds.

13 10. By engaging in this conduct, as further described herein, Defendants
14 violated and, unless restrained and enjoined by this Court, may continue to violate
15 Section 15(a)(1) of the Securities Exchange Act of 1934 (“Exchange Act”) [15
16 U.S.C. § 78o(a)(1)].

17 11. Additionally, by engaging in this conduct, as further described herein,
18 Defendants Drake, St. Amour, and Wolfson violated and, unless restrained and
19 enjoined by this Court, may continue to violate Section 17(a)(1) and (3) of the
20 Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)(1) and (3)], Section
21 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b–5(a)
22 and (c) [17 C.F.R. § 240.10b–5(a) and (c)].

23 **DEFENDANTS**

24 12. **Gregory Lamont Drake**, born in 1976, is last known to reside in
25 Inglewood, California and operated a securities solicitation call center in Los
26 Angeles County, California until approximately February 2018.

27 13. **Stephen Kenneth Grossman**, born 1949, is last known to reside in
28 Woodland Hills, California. Grossman worked as a solicitor in one of Wolfson’s

1 call centers and eventually became the manager of Wolfson's Thousand Oaks call
2 center.

3 14. **Stephen Scott Moleski**, born 1959, is last known to reside in
4 Woodland Hills, California. Moleski worked as a solicitor in one of Wolfson's call
5 centers and eventually became the manager of Wolfson's Garden Grove call
6 center.

7 15. **Jason David St. Amour**, born 1969, is last known to reside in
8 Beaconsfield, Canada, but also maintains a residence in Redondo Beach,
9 California. St. Amour has been involved in various investor-solicitation operations,
10 including Drake's and Wolfson's operations, in addition to briefly running his own
11 operation out of Montreal, Canada.

12 16. **David Alan Wolfson**, born 1956, is last known to reside in Los
13 Angeles, California. Wolfson operated four securities solicitation call centers in
14 California until approximately March 2018.

15 FACTS

16 **Wolfson**

17 17. From at least October 2014 until March 2018, Defendant Wolfson
18 operated four call centers in California for the purpose of soliciting investors to
19 purchase various securities: two in Tarzana, California, one in Garden Grove,
20 California, and one in Thousand Oaks, California.

21 18. Wolfson hired various individuals to work as solicitors in these call
22 centers as part of the securities solicitation business.

23 **Grossman**

24 19. In or around March 2016, Wolfson hired defendant Grossman to work
25 as an investor solicitor in one of his Tarzana, California call centers.

26 20. As an investor solicitor, Grossman cold called prospective investors,
27 pitched them on an investment in the promoted security, and assisted investors in
28 purchasing the promoted security.

1 21. In or around the spring of 2017, Wolfson promoted Grossman to work
2 as the manager of his Thousand Oaks call center.

3 22. As manager, Grossman both oversaw the work of several individual
4 solicitors and continued to directly solicit investors.

5 23. Wolfson paid Grossman commissions of at least 18% on his own sales
6 and an additional 5% commission on the sales of those he supervised.

7 **Moleski**

8 24. In or around the spring of 2015, Wolfson hired defendant Moleski to
9 work as a solicitor in one of his call centers.

10 25. As an investor solicitor, Moleski cold called prospective investors,
11 pitched them on an investment in the promoted security, and assisted investors in
12 purchasing the promoted security.

13 26. Sometime in 2017, Wolfson promoted Moleski to work as the
14 manager of his Garden Grove call center.

15 27. As manager, Moleski both over saw the work of several other
16 individual solicitors and continued to directly solicit investors.

17 28. Wolfson paid Moleski commissions of at least 20% on his own sales
18 and an additional 5% commission on the sales of those he supervised.

19 **Drake**

20 29. Sometime in or around early 2016, Wolfson hired defendant Drake to
21 work as a solicitor in Wolfson's Garden Grove call center.

22 30. As an investor solicitor, Drake cold called prospective investors,
23 pitched them on an investment in the promoted security, and assisted investors in
24 purchasing the promoted security.

25 31. Wolfson paid Drake a commission of at least 15% of investor
26 proceeds.

27 32. After working for the Wolfson operation for several months, Drake
28 left in or around the late summer of 2016 over a disagreement over his

1 compensation.

2 33. Drake then set up his own securities-solicitation call center in
3 California that operated until approximately February 2018.

4 **St. Amour**

5 34. During 2015, Defendant St. Amour was working for an investor-
6 solicitation call center in the Philippines run by a British citizen, M.M.

7 35. St. Amour became dissatisfied with working for M.M. and began
8 searching for other opportunities.

9 36. Through his search, he came across a Craigslist advertisement that
10 Wolfson posted recruiting securities solicitors.

11 37. St. Amour contacted Wolfson, and although St. Amour never actually
12 worked in one of Wolfson's call centers, he introduced Wolfson to M.M.

13 38. Through this connection, Wolfson and M.M. began a partnership
14 pursuant to which Wolfson would provide M.M. with stocks to promote, and M.M.
15 would give Wolfson a portion of the commissions earned through M.M.'s
16 operation.

17 39. For connecting Wolfson and M.M., St. Amour received a 9%
18 commission on all deals the two worked together. Eventually, that commission was
19 cut to 1%.

20 40. For a brief period in or around the summer of 2016, St. Amour
21 operated his own securities solicitation call center in Montreal, Canada.

22 41. After shutting down his Montreal operation, St. Amour worked as a
23 solicitor in Drake's Los Angeles County call center, where he worked until late
24 2017.

25 **The Matched-Trading Scheme**

26 42. While involved in the securities solicitation business, Drake,
27 Grossman, Moleski, St. Amour, and Wolfson participated in a matched-trading
28 scheme that generally operated as follows:

- 1 a. The call-center operators (*i.e.*, Wolfson, St. Amour, and Drake),
2 would enter into arrangements with certain individuals,
3 hereinafter referred to as the “selling shareholders,” who would
4 obtain large blocks of at least nominally unrestricted shares of
5 microcap issuers.
- 6 b. The selling shareholders sought to profit quickly by selling their
7 shares into the market, but understood that selling large
8 amounts of thinly-traded microcap stock through standard
9 brokerage sell orders would take a long time (if using limit
10 orders) and/or cause a collapse in the share price (if using
11 market orders).
- 12 c. To avoid these results, a selling shareholder would hire the call-
13 center operators to engage their call centers in soliciting
14 investors to purchase the selling shareholders’ shares.
- 15 d. At the call-center operators’ direction, the solicitors (such as
16 Grossman and Moleski) used scripts and purchased lead lists to
17 cold call prospective investors throughout the United States and
18 inquired whether the prospect had an active brokerage account
19 with online order-entry functionality.
- 20 e. If the prospective investor had such a brokerage account, the
21 solicitors were instructed to pitch the promoted security—*i.e.*,
22 the one the selling shareholder owned and wished to liquidate—
23 to the prospect.
- 24 f. Once a prospective investor was persuaded to purchase the
25 promoted security and determined how much money he or she
26 would like to invest, the solicitor would tell the investor that a
27 “market maker” needed to be contacted to determine the
28 appropriate share price.

- 1 g. Instead of contacting a market maker, the solicitor (e.g.,
2 Grossman and Moleski) would pass this information on to the
3 call-center operator (e.g., Drake, St. Amour, and Wolfson), who
4 would contact the selling shareholder.
- 5 h. The selling shareholder would then check the then-current level
6 II quotation (which shows the offers on the ask and bid) for the
7 subject security and provide the call center-operator with a limit
8 order price and volume.
- 9 i. The call-center operator would communicate that price and
10 volume to the solicitor, who would pass the information along
11 to the investor.
- 12 j. The solicitor would instruct the investor to enter a purchase
13 limit order online in the investor's brokerage account at the
14 coordinated price. At the same time, the selling shareholder
15 would place a sell limit order for the same amount of shares at
16 the same price.
- 17 k. Through these means, the investor's buy order and the selling
18 shareholder's sell order were likely to match, thus enabling the
19 selling shareholder to liquidate his or her position in the subject
20 security piecemeal into a market with ready purchasers.
- 21 l. The source of the purchased shares (i.e., the selling
22 shareholders) was not disclosed to investors, who were instead
23 led to believe that they were participating in standard open
24 market transactions.
- 25 m. The call-center operators and the selling shareholder would
26 discuss how many shares of the investor's order were
27 "captured" (i.e., matched between the investor and the selling
28 shareholder), and the selling shareholder would pay the call-

1 center operators a commission that was generally between 25%
2 and 50% of the invested funds.

3 n. The call-center operators then paid a portion of these
4 commissions to the solicitor who was responsible for the trade.

5 43. During the timeframe that Wolfson ran his call centers, his operation
6 solicited investors to purchase the shares of at least 41 microcap companies with
7 the following ticker symbols: ADAD, AGYP, ASNT, BBGP, BMXI, CSSI,
8 CGLD, DAVC, ECEZ, ETKR, GMER, GMNI, GOPH, GVCL, GYST, HVST,
9 ITEC, ITLL, KAST, KPOC, LBTD, LSDC/SIRC, MCPI, MIHI, MJLB, MMEG,
10 NSRS, NWGI, PCFP, PYTG, REAC, SCNA, SHRV, SIGO, SMPI, SOAN,
11 SSWH, TPTW, TRBO, UATG, and WRIT.

12 44. For his work as a call-center operator, Wolfson received gross
13 commissions from the selling shareholders of at least \$10,008,133.49 between
14 October 2014 and February 2018, a portion of which he used to pay the solicitors
15 working in his call centers.

16 45. Wolfson paid Grossman gross commissions of at least \$259,585.68
17 between March 2016 and January 2018 for Grossman's work as a
18 solicitor/manager.

19 46. Wolfson paid Moleski gross commissions of at least \$260,679.15
20 between May 2015 and March 2018 for Moleski's work as a solicitor/manager.

21 47. During the timeframe that Drake ran his call center, his operation
22 solicited investors to purchase the shares of at least six microcap companies with
23 the following ticker symbols: GMNI, KPOC, SIRC, SMAA, TPTW, and UATG.

24 48. Collectively, Wolfson and the selling shareholders paid Drake gross
25 commissions of at least \$748,654.43 between May 2016 and February 2018, a
26 portion of which Drake used to pay the solicitors working in his call center.

27 49. Between July 2016 and November 2017, St. Amour earned gross
28 commissions of at least \$72,021.00 for his involvement in the Wolfson operation,

1 the Drake operation, and through St. Amour's Montreal, Canada investor
2 solicitation operation.

3 **FIRST CLAIM FOR RELIEF**

4 **Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]**
5 ***(Against each Defendant)***

6 50. The Commission re-alleges and incorporates by reference each and
7 every allegation in paragraphs 1–49, inclusive, as if they were fully set forth
8 herein.

9 51. By engaging in the conduct described above, Defendants:

10 a. engaged in the business of effecting transactions in securities
11 for the account of others; and

12 b. directly or indirectly, made use of the mails or the means or
13 instrumentalities of interstate commerce to effect transactions in, or to induce or
14 attempt to induce the purchase or sale of, securities without being registered as a
15 broker or dealer with the Commission or associated with a broker or dealer
16 registered with the Commission.

17 52. By reason of the foregoing, Defendants violated and, unless enjoined,
18 will continue to violate Sections 15(a)(1) of the Exchange Act [15 U.S.C.
19 § 78o(a)(1)].

20 **SECOND CLAIM FOR RELIEF**

21 **Violations of Section 17(a)(1) and (3) of the Securities Act [15 U.S.C. §**
22 **77q(a)(1) and (3)]**

23 ***(Against Defendants Drake, St. Amour, and Wolfson)***

24 53. The Commission re-alleges and incorporates by reference each and
25 every allegation in paragraphs 1–49, inclusive, as if they were fully set forth
26 herein.

27 54. By engaging in the conduct described above, Defendants Drake, St.
28 Amour, and Wolfson, directly or indirectly, individually or in concert with others,

1 in the offer and sale of securities, by use of the means and instruments of
2 transportation and communication in interstate commerce or by use of the mails
3 have

- 4 a. employed devices, schemes, or artifices to defraud; and
- 5 b. engaged in transactions, practices, or courses of business which
6 operated or would operate as a fraud or deceit.

7 55. With respect to violations of Sections 17(a)(3) of the Securities Act,
8 each of Defendants Drake, St. Amour, and Wolfson was at least negligent in their
9 conduct.

10 56. With respect to violations of Section 17(a)(1) of the Securities Act,
11 each of Defendants Drake, St. Amour, and Wolfson engaged in the above-
12 referenced conduct knowingly or with sever recklessness.

13 57. By reason of the foregoing, Defendants Drake, St. Amour, and
14 Wolfson violated and, unless enjoined, will continue to violate Sections 17(a)(1)
15 and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (3)].

16 **THIRD CLAIM FOR RELIEF**

17 **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and**
18 **Exchange Act Rule 10b–5(a) and (c) [17 C.F.R. § 240.10b–5(a) and (c)]**
19 ***(Against Defendants Drake, St. Amour, and Wolfson)***

20 58. The Commission re-alleges and incorporates by reference each and
21 every allegation in paragraphs 1–49, inclusive, as if they were fully set forth
22 herein.

23 59. By engaging in the conduct described above, Defendants Drake, St.
24 Amour, and Wolfson, directly or indirectly, in connection with the purchase or sale
25 of securities, by use of the means and instrumentalities of interstate commerce or
26 by use of the mails have

- 27 a. employed devices, schemes, and artifices to defraud; and
- 28 b. engaged in acts, practices, and course of business which

1 operated as a fraud and deceit upon purchasers, prospective purchasers, and other
2 persons.

3 60. Each of Defendants Drake, St. Amour, and Wolfson engaged in the
4 above-referenced conduct knowingly or with severe recklessness.

5 61. By reason of the foregoing, Defendants Drake, St. Amour, and
6 Wolfson violated and, unless enjoined, will continue to violate Section 10(b) of the
7 Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(a) and (c) [17
8 C.F.R. § 240.10b-5(a) and (c)].

9 **PRAYER FOR RELIEF**

10 WHEREFORE, the Commission respectfully requests that this Court enter a
11 final judgment:

12 **I.**

13 Permanently restraining and enjoining Defendants from, directly or
14 indirectly, engaging in conduct in violation of Section 15(a)(1) of the Exchange
15 Act [15 U.S.C. § 78o(a)(1)];

16 **II.**

17 Permanently restraining and enjoining Defendants Drake, St. Amour, and
18 Wolfson from, directly or indirectly, engaging in conduct in violation of Section
19 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act
20 [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5];

21 **III.**

22 Permanently restraining and enjoining Defendants from directly or
23 indirectly, including, but not limited to, through any entity owned or controlled any
24 of them, soliciting any person or entity to purchase or sell any security;

25 **IV.**

26 Ordering Defendants to disgorge all ill-gotten gains or unjust enrichment
27 derived from the activities set forth in this Complaint, together with prejudgment
28 interest thereon;

1 V.

2 Ordering Defendants to pay a civil penalty pursuant to Section 21(d)(3) of
3 the Exchange Act [15 U.S.C. § 78u(d)(3)] and, as to Drake, St. Amour, and
4 Wolfson, also Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)];

5 VI.

6 Retaining jurisdiction of this action in accordance with the principles of
7 equity and the Federal Rules of Civil Procedure in order to implement and carry
8 out the terms of all orders and decrees that may be entered, or to entertain any
9 suitable application or motion for additional relief within the jurisdiction of this
10 Court; and,

11 VII.

12 Granting such other and further relief as this Court may deem just, equitable,
13 or necessary in connection with the enforcement of the federal securities laws and
14 for the protection of investors.

15
16 Dated: January 15, 2020

17 /s/ Amy Jane Longo

18 Amy Jane Longo
19 Attorney for Plaintiff
20 Securities and Exchange Commission
21
22
23
24
25
26
27
28

Complaints and Other Initiating Documents

2:20-cv-00405 Securities and Exchange Commission v. Drake et al

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Notice of Electronic Filing

The following transaction was entered by Longo, Amy on 1/15/2020 at 7:18 AM PST and filed on 1/15/2020

Case Name: Securities and Exchange Commission v. Drake et al

Case Number: 2:20-cv-00405

Filer: Securities and Exchange Commission

Document Number: 1

Docket Text:

COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attorney Amy J Longo added to party Securities and Exchange Commission(pty:pla))(Longo, Amy)

2:20-cv-00405 Notice has been electronically mailed to:

Amy J Longo longoa@sec.gov, irwinma@sec.gov, kassabguir@sec.gov, LAROFiling@sec.gov

2:20-cv-00405 Notice has been delivered by First Class U. S. Mail or by other means **BY THE FILER** to :

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:F:\marcelom\Drake (SLRO)\Complaint (FINAL) (for filing).pdf

Electronic document Stamp:

[STAMP cacdStamp_ID=1020290914 [Date=1/15/2020] [FileNumber=29097810-0]
] [935f431a187a64e315c17dcddc6fc0d9a71f464e5b70a6ef4145c14afff1a862dc5
76b16721733127208ba13b22dc43155cb065159c3470776196fac05799aeb]]

Exhibit 2

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA (Western Division - Los Angeles)
CIVIL DOCKET FOR CASE #: 2:20-cv-00405-MCS-PLA**

Securities and Exchange Commission v. Gregory Lamont Drake et al
Assigned to: Judge Mark C. Scarsi
Referred to: Magistrate Judge Paul L. Abrams
Cause: 15:77 Securities Fraud

Date Filed: 01/15/2020
Date Terminated: 10/07/2021
Jury Demand: None
Nature of Suit: 850 Securities/Commodities
Jurisdiction: U.S. Government Plaintiff

Plaintiff

Securities and Exchange Commission

represented by **Amy J Oliver**
US Securities and Exchange Commission
351 South West Temple Suite 6.100
Salt Lake City, UT 84101
801-524-5796
Fax: 801-524-3558
Email: olivera@sec.gov
TERMINATED: 11/13/2020
PRO HAC VICE

Casey R. Fronk
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Email: fronkc@sec.gov
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David D Whipple
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TERMINATED: 11/05/2020
PRO HAC VICE

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Division of Enforcement
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ATTORNEY TO BE NOTICED

V.

Defendant

Gregory Lamont Drake
an indiviudal
TERMINATED: 01/31/2020

Defendant

Stephen Kenneth Grossman
an indiviudal

represented by **Ronald J Stauber**
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ATTORNEY TO BE NOTICED

Defendant

Stephen Scott Moleski
an indiviudal

represented by **Leonard J Comden**
Wasserman Comden Casselman & Esensten
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Tarzana, CA 91356
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Email: ljc@leonardjcomdenlaw.com
ATTORNEY TO BE NOTICED

Defendant

Jason David St. Amour
an indiviudal
TERMINATED: 01/31/2020

Defendant

David Alan Wolfson
an indiviudal

represented by **Paul L Gabbert**
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LEAD ATTORNEY
ATTORNEY TO BE NOTICED

Date Filed	#	Docket Text
01/15/2020	<u>1</u>	COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attorney Amy J Longo added to party Securities and Exchange Commission(pty:pla))(Longo, Amy) (Entered: 01/15/2020)
01/15/2020	<u>2</u>	CIVIL COVER SHEET filed by Plaintiff Securities and Exchange Commission. (Longo, Amy) (Entered: 01/15/2020)
01/15/2020	<u>3</u>	Request for Clerk to Issue Summons on Complaint (Attorney Civil Case Opening) <u>1</u> filed by Plaintiff Securities and Exchange Commission. (Longo, Amy) (Entered: 01/15/2020)
01/15/2020	<u>4</u>	APPLICATION of Non-Resident Attorney David D. Whipple to Appear Pro Hac Vice on behalf of Plaintiff Securities and Exchange Commission (Pro Hac Vice Fee - Not Required for US Government Attorney) filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Longo, Amy) (Entered: 01/15/2020)
01/15/2020	<u>5</u>	APPLICATION of Non-Resident Attorney Amy J. Oliver to Appear Pro Hac Vice on behalf of Plaintiff Securities and Exchange Commission (Pro Hac Vice Fee - Not Required for US Government Attorney) filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Longo, Amy) (Entered: 01/15/2020)
01/15/2020	<u>6</u>	NOTICE OF ASSIGNMENT to District Judge Otis D. Wright, II and Magistrate Judge Paul L. Abrams. (esa) (Entered: 01/15/2020)
01/15/2020	<u>7</u>	NOTICE TO PARTIES OF COURT-DIRECTED ADR PROGRAM filed. (esa) (Entered: 01/15/2020)
01/15/2020	<u>8</u>	21 DAY Summons issued re Complaint <u>1</u> as to defendants Gregory Lamont Drake, Stephen Kenneth Grossman, Stephen Scott Moleski, Jason David St. Amour, David Alan Wolfson. (esa) (Entered: 01/15/2020)
01/16/2020	<u>9</u>	MINUTE ORDER IN CHAMBERS by Judge Otis D Wright, II: This action has been assigned to the calendar of Judge Otis D. Wright II. Counsel are STRONGLY encouraged to review the Central Districts website for additional information. (SEE DOCUMENT FOR SPECIFIC FILING REQUIREMENTS AND INFORMATION. The parties may consent to proceed before a Magistrate Judge appearing on the voluntary consent list. PLEASE refer to Local Rule 79-5 for the submission of CIVIL ONLY SEALED DOCUMENTS. CRIMINAL SEALED DOCUMENTS will remain the same. all proposed sealed documents must be submitted via e-mail to the Judges Chambers email address, EXCLUDING those submitted by pro se parties and IN CAMERA filings, which shall continue to comply with Local Rule 79-5.1. Please refer to the Judges procedures and schedules for detailed instructions for submission of sealed documents. (lc) (Entered: 01/16/2020)
01/21/2020	<u>10</u>	ORDER GRANTING APPLICATION of Non-Resident Attorney David D. Whipple to Appear Pro Hac Vice on behalf of Plaintiff Securities and Exchange Commission and designating Amy J. Longo as local counsel <u>4</u> by Judge Otis D. Wright, II (lc) (Entered: 01/21/2020)
01/21/2020	<u>11</u>	ORDER GRANTING APPLICATION of Non-Resident Attorney Amy J. Oliver to Appear Pro Hac Vice on behalf of Plaintiff Securities and Exchange Commission and designating Amy J. Longo as local counsel <u>5</u> by Judge Otis D. Wright, II (lc) (Entered: 01/21/2020)
01/23/2020	<u>12</u>	STIPULATION for Judgment as to DEFENDANT GREGORY LAMONT DRAKE filed by plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Whipple, David) (Entered: 01/23/2020)

01/23/2020	<u>13</u>	STIPULATION for Judgment as to DEFENDANT JASON DAVID ST. AMOUR filed by plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Whipple, David) (Entered: 01/23/2020)
01/23/2020	<u>14</u>	STIPULATION for Judgment as to DEFENDANT DAVID ALAN WOLFSON filed by plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Whipple, David) (Entered: 01/23/2020)
01/31/2020	<u>15</u>	WAIVER OF SERVICE Returned Executed filed by plaintiff Securities and Exchange Commission. upon Stephen Kenneth Grossman waiver sent by Plaintiff on 1/28/2020, answer due 3/30/2020. Waiver of Service signed by Ronald J. Stauber. (Whipple, David) (Entered: 01/31/2020)
01/31/2020	<u>16</u>	FINAL JUDGMENT AS TO DEFENDANT GREGORY LAMONT DRAKE <u>12</u> by Judge Otis D. Wright, II: Defendant Gregory Lamont Drake and his agents etc., are Permanently Restrained and Enjoined from violating the Securities Acts (as cited therein). Defendant is liable for disgorgement of \$269,012.31, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$15,356.33 and a civil penalty in the amount of \$150,000.00. Defendant shall satisfy this obligation by paying the amounts set forth above to the Securities and Exchange Commission within 30 days after entry of this Final Judgment. (SEE DOCUMENT FOR OTHER SPECIFICS AND INSTRUCTIONS THEREIN) (lc) (Entered: 01/31/2020)
01/31/2020	<u>17</u>	FINAL JUDGMENT AS TO DEFENDANT JASON DAVID ST. AMOUR <u>13</u> by Judge Otis D. Wright, II: Defendant Jason David St. Amour and his agents etc., are Permanently Restrained and Enjoined from violating the Securities Acts (as cited therein). Defendant is liable for disgorgement of \$69,660.66, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$3,830.81 and a civil penalty in the amount of \$25,000.00. Defendant shall satisfy this obligation by paying the amounts set forth above to the Securities and Exchange Commission within 30 days after entry of this Final Judgment. (SEE DOCUMENT FOR OTHER SPECIFICS AND INSTRUCTIONS THEREIN). (lc) Modified on 1/31/2020 (lc). (Entered: 01/31/2020)
01/31/2020	<u>18</u>	JUDGMENT AS TO DEFENDANT DAVID ALAN WOLFSON <u>14</u> by Judge Otis D. Wright, II: Defendant David Alan Wolfson and his agents Permanently Restrained and Enjoined from violating cited Securities Act. Upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty. If disgorgement is ordered, Defendant shall payprejudgment interest thereon, calculated from January 1, 2018, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. 6621(a)(2). (SEE DOCUMENT FOR OTHER SPECIFICS AND INSTRUCTIONS THEREIN) (lc) (Entered: 01/31/2020)
02/04/2020	<u>19</u>	PROOF OF SERVICE Executed by Plaintiff Securities and Exchange Commission, upon Defendant Stephen Scott Moleski served on 1/31/2020, answer due 2/21/2020. Service of the Summons and Complaint were executed upon Defendant in compliance with Federal Rules of Civil Procedure by personal service. Original Summons NOT returned. (Whipple, David) (Entered: 02/04/2020)
02/20/2020	<u>20</u>	STIPULATION Extending Time to Answer the complaint as to Stephen Scott Moleski answer now due 3/20/2020, re Complaint (Attorney Civil Case Opening) <u>1</u> filed by Defendant Stephen Scott Moleski.(Attorney Leonard J Comden added to party Stephen Scott Moleski(pty:dft))(Comden, Leonard) (Entered: 02/20/2020)
02/21/2020	<u>21</u>	MINUTE ORDER IN CHAMBERS by Judge Otis D. Wright, II: Plaintiff Securities And

		Exchange Commission and Defendant Stephen Scott Moleski by and through their respective counsel of record, having stipulated that Moleski shall have until March 20, 2020 to respond to Plaintiffs Complaint <u>20</u> , for good cause shown,IT IS SO ORDERED. (lc) (Entered: 02/21/2020)
03/25/2020	<u>22</u>	MINUTE ORDER IN CHAMBERS by Judge Otis D. Wright, II:Plaintiff(s) is ordered to show cause in writing no later than March 27, 2020 why this action shouldnot be dismissed for lack of prosecution. The Court will consider the filing of the following, as an appropriate response to this OSC, on or before the above date: Plaintiff's request for entry of default as to the defendant-Stephen Scott Moleski. In the event both documents are filed before the above date, the answer will take precedence. Answer by the defendant(s). No oral argument on this Order to Show Cause will be heard unless ordered by the Court. The Order will stand submitted upon the filing of the response to the Order to Show Cause. Failure to respond to the Court's Order may result in the dismissal of the action. (lc) (Entered: 03/25/2020)
03/26/2020	<u>23</u>	STIPULATION for Judgment as to DEFENDANT STEPHEN SCOTT MOLESKI filed by plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Whipple, David) (Entered: 03/26/2020)
03/27/2020	<u>24</u>	STIPULATION FOR JUDGMENT AND JUDGMENT UPON CONSENT AS TO DEFENDANT STEPHEN SCOTT MOLESKI <u>23</u> by Judge Otis D. Wright, II : Defendant and and its officers etc are permanently restrained and enjoined re violation of the Exchange Act (SEE DOCUMENT FOR SPECIFIC CITES). Upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty. If disgorgement is ordered, Defendant shall pay prejudgment interest thereon, calculated from January 1, 2018, based on the rate of interest used by the Internal Revenue Service. (lc) (Entered: 03/27/2020)
03/30/2020	<u>25</u>	ANSWER to Complaint (Attorney Civil Case Opening) <u>1</u> filed by Defendant Stephen Kenneth Grossman.(Attorney Ronald J Stauber added to party Stephen Kenneth Grossman(pty:dft))(Stauber, Ronald) (Entered: 03/30/2020)
03/30/2020	<u>26</u>	NOTICE TO FILER OF DEFICIENCIES in Electronically Filed Documents RE: Stephen Kenneth Grossman Answer to Complaint (Attorney Civil Case Opening) <u>25</u> . The following error(s) was/were found: Local Rule 7.1-1 No Notice of Interested Parties and/or no copies. In response to this notice, the Court may: (1) order an amended or correct document to be filed; (2) order the document stricken; or (3) take other action as the Court deems appropriate. You need not take any action in response to this notice unless and until the Court directs you to do so. (lc) (Entered: 03/30/2020)
03/30/2020	<u>27</u>	ANSWER to Complaint (Attorney Civil Case Opening) <u>1</u> <i>Notice of Interested Party</i> filed by Defendant Stephen Kenneth Grossman.(Stauber, Ronald) (Entered: 03/30/2020)
03/30/2020	<u>28</u>	ORDER that the Scheduling Conference is set for 7/6/2020 1:30 PM ; compliance with FRCP 16, and 26(f) and filing of joint report; Counsel for plaintiff shall immediately serve this Order on all parties, including any new parties to the action by Judge Otis D Wright, II (lc) (Entered: 03/30/2020)
03/30/2020	<u>29</u>	NOTICE TO FILER OF DEFICIENCIES in Electronically Filed Documents RE: Answer to Complaint (Attorney Civil Case Opening) <u>27</u> by Stephen Kenneth Grossman. The following error(s) was/were found: Incorrect event selected. Correct event to be used is: Notice: Certificate/Notice of Interested Parties. Answer is already on file as docket no. 25. The pdf is the missing certificate of interested party. Other error(s) with document(s): Note: To assist in a search for correct events, please use the "SEARCH" option for a "key word" to narrow the selection process. In response to this notice, the Court may: (1) order an amended or correct document to be filed; (2) order the document stricken; or (3) take

		other action as the Court deems appropriate. You need not take any action in response to this notice unless and until the Court directs you to do so. (lc) (Entered: 03/30/2020)
06/24/2020	<u>30</u>	JOINT REPORT Rule 26(f) Discovery Plan ; estimated length of trial SEC estimates 5 days; Defendant estimates 10 days, filed by Plaintiff Securities and Exchange Commission.. (Whipple, David) (Entered: 06/24/2020)
06/29/2020	<u>31</u>	SCHEDULING AND CASE MANAGEMENT ORDER (BENCH TRIAL) by Judge Otis D. Wright, II. This Order is to advise the parties and counsel of the schedule that will govern this case. THE SCHEDULING CONFERENCE IS VACATED. Schedule of Trial and Pretrial Dates: Bench Trial : 6/18/21 9:00 AM; Hearing on Motions in Limine 6/7/21 1:30 PM; Final Pretrial Conference 5/24/21 1:30 PM. SEE THE LAST PAGE OF THIS ORDER FOR THE SPECIFIED DATES. (lc) (Entered: 06/29/2020)
06/29/2020	<u>32</u>	ORDER/REFERRAL to ADR Procedure No 1 by Judge Otis D. Wright, II. Case ordered to Magistrate Judge Paul L. Abrams for Settlement Conference. (lc) (Entered: 06/29/2020)
06/30/2020	<u>33</u>	SCHEDULING NOTICE TEXT ONLY ENTRY (In Chambers) by Magistrate Judge Paul L. Abrams. This case has been referred to Magistrate Judge Abrams for settlement. IT IS ORDERED that plaintiff(s) and defendant(s) confer with each other and set a date and time for a settlement conference, after clearing the date with Magistrate Judge Abrams clerk, Christianna Howard at christianna_howard@cacd.uscourts.gov or (213) 894-7103. The date selected must be soon enough to comply with any deadlines imposed by the District Judge, but not before the parties have engaged in sufficient discussions to make a settlement conference meaningful. In general, the parties should contact the court clerk at least 30 days prior to the date on which they wish to hold the settlement conference. Please note that settlement conferences are usually conducted on Thursdays and begin at 9:00 a.m. <u>32</u> THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (ch) TEXT ONLY ENTRY (Entered: 06/30/2020)
09/24/2020	<u>34</u>	ORDER OF THE CHIEF JUDGE (#OCJ 20-115) approved by Judge Philip S. Gutierrez. Pursuant to the recommended procedure adopted by the Court for the CREATION OF CALENDAR of Judge Mark C. Scarsi, this case is transferred from Judge Otis D. Wright, II to the calendar of Judge Mark C. Scarsi for all further proceedings. The case number will now reflect the initials of the transferee Judge 2:20-cv-00405 MCS(PLAx). (rm) (Entered: 09/27/2020)
10/05/2020	<u>35</u>	APPLICATION of Non-Resident Attorney Casey R. Fronk to Appear Pro Hac Vice on behalf of Plaintiff Securities and Exchange Commission (Pro Hac Vice Fee - Not Required for US Government Attorney) filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Longo, Amy) (Entered: 10/05/2020)
10/05/2020	<u>36</u>	ORDER by Judge Mark C. Scarsi: granting <u>35</u> Non-Resident Attorney Casey Fronk APPLICATION to Appear Pro Hac Vice on behalf of Securities and Exchange Commission a, designating Amy J Longo as local counsel. (lom) (Entered: 10/06/2020)
11/05/2020	<u>37</u>	Notice of Appearance or Withdrawal of Counsel: for attorney David D Whipple counsel for Plaintiff Securities and Exchange Commission. David D. Whipple is no longer counsel of record for the aforementioned party in this case for the reason indicated in the G-123 Notice. Filed by Plaintiff Securities and Exchange Commission. (Whipple, David) (Entered: 11/05/2020)
11/12/2020	<u>38</u>	Notice of Electronic Filing re Order on Motion to Appear Pro Hac Vice <u>36</u> e-mailed to Casey R Fronk at fronk@sec.gov bounced due to typo in email address. Primary e-mail address corrected. Notice of Electronic Filing resent addressed to fronkc@sec.gov. Pursuant to Local Rules it is the attorneys obligation to maintain all personal contact information including e-mail address in the CM/ECF system. THERE IS NO PDF

		DOCUMENT ASSOCIATED WITH THIS ENTRY. (ir) TEXT ONLY ENTRY (Entered: 11/12/2020)
11/13/2020	<u>39</u>	INITIAL STANDING ORDER FOR CIVIL CASES ASSIGNED TO JUDGE MARK C. SCARSI upon filing of the complaint by Judge Mark C. Scarsi. (smo) (Entered: 11/13/2020)
11/13/2020	<u>40</u>	Notice of Appearance or Withdrawal of Counsel: for attorney Amy J Oliver counsel for Plaintiff Securities and Exchange Commission. Amy J. Oliver is no longer counsel of record for the aforementioned party in this case for the reason indicated in the G-123 Notice. Filed by Plaintiff Securities and Exchange Commission. (Oliver, Amy) (Entered: 11/13/2020)
01/29/2021	<u>41</u>	ORDER RE: COURT TRIAL by Judge Mark C. Scarsi. Final Pretrial Conference set for 5/24/2021 at 2:00 PM and Bench Trial set for 6/18/2021 at 8:30 AM before Judge Mark C. Scarsi. See document for additional pretrial dates and deadlines. (smo) (Entered: 01/29/2021)
02/18/2021	<u>42</u>	NOTICE of Motion for Entry of Protective Order and to Extend Fact Discovery for the Limited Purpose of Producing Documents Subject to the Protective Order filed by Plaintiff Securities and Exchange Commission. (Fronk, Casey) (Entered: 02/18/2021)
02/18/2021	<u>43</u>	NOTICE OF MOTION AND MOTION for Protective Order for use and access to discovery material <i>and to Extend Fact Discovery for the Limited Purpose of Producing Documents Subject to the Protective Order</i> filed by Plaintiff Securities and Exchange Commission. Motion set for hearing on 3/22/2021 at 09:00 AM before Judge Mark C. Scarsi. (Attachments: # <u>1</u> Exhibit A - Proposed Protective Order, # <u>2</u> Exhibit B - Email from Commission Counsel to Mr. Stauber)(Fronk, Casey) (Entered: 02/18/2021)
02/19/2021	<u>44</u>	SCHEDULING NOTICE TEXT ONLY ENTRY (In Chambers) by Magistrate Judge Paul L. Abrams. Plaintiff's Motion for Entry of Protective Order and to Extend Fact Discovery for the Limited Purpose of Producing Documents Subject to the Protective Order (ECF Nos. 43) has been referred to this Court. The hearing is set for March 24, 2021, at 10:00 a.m. before United States Magistrate Judge Paul L. Abrams. Any opposition is due consistent with the Local Rules. <u>43</u> THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (ch) TEXT ONLY ENTRY (Entered: 02/19/2021)
03/01/2021	<u>45</u>	Joint STIPULATION to Extend Discovery Cut-Off Date to April 4, 2021 (non-expert); April 19, 2021 (expert and motion deadline) filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order Amending Scheduling Order)(Fronk, Casey) (Entered: 03/01/2021)
03/04/2021	<u>46</u>	MINUTES (IN CHAMBERS) Motion for Protective Order (ECF No. 43) by Magistrate Judge Paul L. Abrams. Plaintiff's Motion for a Protective Order is GRANTED. While the District Judge may otherwise modify the discovery cut-off in this action (see ECF No. 45), this Court extends the non-expert discovery cut-off date by three business days, i.e., to NO LATER THAN MARCH 9, 2021, for the limited purpose of allowing plaintiff to produce the sensitive and confidential documents that are subject to the Protective Order. The Protective Order, as modified by the Court, will issue separately. The hearing scheduled for March 24, 2021, is ORDERED OFF CALENDAR. See L.R. 7-15. SEE ORDER FOR DETAILS. <u>43</u> (ch) (Entered: 03/04/2021)
03/04/2021	<u>47</u>	NOTE CHANGES MADE BY THE COURT - PROTECTIVE ORDER by Magistrate Judge Paul L. Abrams. SEE ORDER FOR DETAILS. <u>43</u> <u>46</u> (ch) (Entered: 03/04/2021)
03/15/2021	<u>48</u>	NOTICE of Motion for Partial Summary Judgment filed by Plaintiff Securities and Exchange Commission. (Fronk, Casey) (Entered: 03/15/2021)

03/15/2021	<u>49</u>	NOTICE OF MOTION AND MOTION for Partial Summary Judgment as to Defendant Stephen Kenneth Grossman filed by Plaintiff Securities and Exchange Commission. Motion set for hearing on 4/19/2021 at 09:00 AM before Judge Mark C. Scarsi. (Attachments: # <u>1</u> Statement of Facts, # <u>2</u> Declaration of Casey R. Fronk, # <u>3</u> Exhibit 1 to Fronk Decl. - Wolfson Declaration, # <u>4</u> Exhibit 2 to Fronk Decl. - S. Grossman deposition transcript (excerpts), # <u>5</u> Proposed Order) (Fronk, Casey) (Entered: 03/15/2021)
03/18/2021	<u>50</u>	Notice of Appearance or Withdrawal of Counsel: for attorney Tracy Schloss Combs counsel for Plaintiff Securities and Exchange Commission. Adding Tracy S. Combs as counsel of record for Securities and Exchange Commission for the reason indicated in the G-123 Notice. Filed by Plaintiff Securities and Exchange Commission. (Attorney Tracy Schloss Combs added to party Securities and Exchange Commission(pty:pla))(Combs, Tracy) (Entered: 03/18/2021)
04/14/2021	51	TEXT ONLY ENTRY (IN CHAMBERS) by Judge Mark C. Scarsi. The Court will conduct the Motion for Partial Summary Judgment as to Defendant Stephen Kenneth Grossman (ECF No. <u>49</u>) currently set for April 19, 2021, at 9:00 a.m., before Judge Mark C. Scarsi, by Zoom videoconference. Call-in instructions will be emailed to everyone listed on the docket prior to the hearing and are also available on the Court's website under our "Judges Procedures and Schedules" page. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (smo) (Entered: 04/14/2021)
04/19/2021	<u>52</u>	MINUTES OF Motion for Partial Summary Judgment as to Defendant Stephen Kenneth Grossman <u>49</u> Hearing held before Judge Mark C. Scarsi: The motion hearing is held by Zoom videoconference. Counsel, the Court, and court staff all appear in that manner. No appearance by defendant Stephen Kenneth Grossman nor his attorney, Ronald J. Stauber. Recording or rebroadcasting of the proceedings is strictly prohibited. The motion hearing is held. The Court questions plaintiffs counsel regarding any recent contact with Mr. Stauber. The Court may issue an order to show cause for Mr. Stauber's non-appearance at today's hearing and for his client's non-opposition to the Motion for Partial Summary Judgment <u>49</u> . For reasons stated on the record, the Court takes the Motion UNDER SUBMISSION and a ruling will be issued. Court Reporter: Anne Kielwasser. (lc) (Entered: 04/19/2021)
04/21/2021	<u>53</u>	MINUTE ORDER IN CHAMBERS by Judge Mark C. Scarsi: Plaintiff Securities and Exchange Commission moves for partial summary judgment as to its claim against Defendant Stephen Kenneth Grossman <u>49</u> . Defendant did not file a timely response, did not meet and confer with Plaintiff, and did not appear at the hearing. The Court orders Defendant to show cause as to why sanctions should not issue for his failure to file a response to the motion, meet and confer with Plaintiff, or appear at the hearing. Defendant may satisfy this Order to show cause by filing a response to this Order within seven days of its issuance. An opposition, a notice of settlement, or a stipulation for judgment will satisfy this Order. Plaintiff shall file any reply within seven days of the filing of Defendant's response should a reply be necessary. The Court admonishes Defendant for failing to meet and confer with Plaintiff and for failing to appear at the hearing. (lc) Modified on 4/21/2021 (lc). (Entered: 04/21/2021)
04/28/2021	<u>54</u>	STIPULATION for Order Granting Plaintiff's Partial Motion for Summary Judgment filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Fronk, Casey) (Entered: 04/28/2021)
04/29/2021	<u>55</u>	STIPULATED ORDER GRANTING PLAINTIFF'S PARTIAL MOTION FOR SUMMARY JUDGMENT <u>49</u> by Judge Mark C. Scarsi (lc) (Entered: 04/29/2021)
04/30/2021	<u>56</u>	Joint STIPULATION to Continue Trial Date (and Associated Pre-Trial Deadlines) from June 18, 2021 to September 6, 2021 filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order)(Fronk, Casey) (Entered: 04/30/2021)

04/30/2021	<u>57</u>	NOTICE TO FILER OF DEFICIENCIES in Electronically Filed Documents RE: Stipulation to Continue <u>56</u> and proposed order. The following error(s) was/were found: Case number is incorrect or missing. Incorrect Judge's initials as "ODW". Refer to 9/24/20 order of reassignment to Judge Scarsi, whose initials are "MCS". The correct case number is to read as: 2:20-cv-00405 MCS(PLAx). In response to this notice, the Court may: (1) order an amended or correct document to be filed; (2) order the document stricken; or (3) take other action as the Court deems appropriate. You need not take any action in response to this notice unless and until the Court directs you to do so. (lc) (Entered: 04/30/2021)
04/30/2021	58	TEXT ONLY ENTRY (IN CHAMBERS) RESPONSE BY THE COURT TO NOTICE TO FILER OF DEFICIENCIES IN ELECTRONICALLY FILED DOCUMENTS by Judge Mark C. Scarsi: In accordance with the Notice to Filer of Deficiencies in Electronically Filed Documents (ECF No. <u>57</u>), regarding Stipulation <u>56</u> , filed on April 30, 2021. It is hereby ordered the document is accepted as filed. OFFICIAL case number is to read as: 2:20-cv-00405-MCS-PLA. Any future document that is filed with the wrong case number or judge's initials may result in the document being stricken. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (smo) (Entered: 04/30/2021)
04/30/2021	<u>59</u>	AMENDED SCHEDULING ORDER <u>56</u> by Judge Mark C. Scarsi: Final Pretrial Conference set for 7/12/2021 02:00 PM; Court Trial set for 7/27/2021 08:30 AM (SEE DOCUMENT FOR ALL SPECIFIED DEADLINES). (lc) (Entered: 04/30/2021)
06/03/2021	<u>60</u>	Joint STIPULATION to Reschedule Settlement Conference Deadline filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order)(Fronk, Casey) (Entered: 06/03/2021)
06/07/2021	<u>61</u>	ORDER AMENDING THE SCHEDULING ORDER <u>60</u> by Judge Mark C. Scarsi: Deadline to complete Settlement Conference (Magistrate Judge) modified to July 8, 2021. (lc) (Entered: 06/07/2021)
06/08/2021	<u>62</u>	ORDER RE TELEPHONIC SETTLEMENT CONFERENCE by Magistrate Judge Paul L. Abrams. This case has been referred to Magistrate Judge Paul L. Abrams for settlement proceedings. In light of the Covid-19 pandemic, a telephonic Settlement Conference will be held on June 24, 2021, at 9:00 a.m. No later than June 17, 2021, each party shall submit a Confidential Settlement Conference Statement directly to the chambers of Magistrate Judge Abrams. SEE ORDER FOR DETAILS. <u>61</u> (ch) (Entered: 06/08/2021)
06/21/2021	63	TEXT ONLY ENTRY NOTICE by Magistrate Judge Paul L. Abrams. Defendant Grossman has not submitted the required Confidential Settlement Conference Statement (see ECF No. 62, at para. 9). No later than noon on Tuesday, June 22, 2021, defendant Grossman is ordered to show cause why the settlement conference scheduled for June 24, 2021, should not be taken off calendar and sanctions imposed for failure to follow court orders. The submission of the Confidential Settlement Conference Statement fully consistent with the Courts Order re Telephonic Settlement Conference shall be deemed compliance with this Order. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (san) TEXT ONLY ENTRY (Entered: 06/21/2021)
06/21/2021	<u>64</u>	Witness List filed by Plaintiff Securities and Exchange Commission.. (Fronk, Casey) (Entered: 06/21/2021)
06/21/2021	<u>65</u>	Exhibit List filed by Plaintiff Securities and Exchange Commission.. (Fronk, Casey) (Entered: 06/21/2021)
06/21/2021	<u>66</u>	MEMORANDUM of CONTENTIONS of FACT and LAW filed by Plaintiff Securities and Exchange Commission. (Fronk, Casey) (Entered: 06/21/2021)
06/21/2021	<u>67</u>	STATUS REPORT <i>Regarding Settlement</i> filed by Plaintiff Securities and Exchange

		Commission. (Fronk, Casey) (Entered: 06/21/2021)
06/21/2021	<u>68</u>	TRIAL BRIEF filed by Plaintiff Securities and Exchange Commission.. (Fronk, Casey) (Entered: 06/21/2021)
06/22/2021	<u>69</u>	SCHEDULING NOTICE TEXT ONLY ENTRY (In Chambers) by Magistrate Judge Paul L. Abrams. On June 21, 2021, as defendant Grossman had not submitted the required Confidential Settlement Conference Statement (see ECF No. 62, at para. 9), he was ordered, no later than noon on Tuesday, June 22, 2021, to show cause why the settlement conference scheduled for June 24, 2021, should not be taken off calendar and why sanctions should not imposed for failure to follow court orders. Defendant was informed that the timely submission of the Confidential Settlement Conference Statement fully consistent with the Court's Order re Telephonic Settlement Conference would be deemed compliance with the Order. See ECF No. 63. As of 1:00 p.m. on June 22, 2021, defendant Grossman has still not submitted the required Statement, and has not shown cause why the settlement conference should not be taken off calendar and why sanctions should not be imposed. Accordingly, the settlement conference is hereby vacated, and defendant Grossman is sanctioned in the amount of \$500, payable to the Clerk of Court no later than June 25, 2021, for failure to follow court orders. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (ch) TEXT ONLY ENTRY (Entered: 06/22/2021)
06/28/2021	<u>70</u>	MINUTE ORDER (IN CHAMBERS) by Magistrate Judge Paul L. Abrams: Accordingly, in light of defendant Grossman and defense counsel's repeated failure to comply with Court orders, the Court hereby imposes a further sanction on both defendant Grossman and his counsel of \$100 per day for each day starting Wednesday, June 30, 2021, that the \$500 sanction remains unpaid. Defendant and counsel are further advised that failure to promptly satisfy this sanction may result in the initiation of contempt proceedings for violating Court orders, and on counsel for apparently abandoning this case. [See document for details.] (es) (Entered: 06/28/2021)
06/28/2021	<u>71</u>	NOTICE OF LODGING Proposed Pretrial Conference Order Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order)(Fronk, Casey) (Entered: 06/28/2021)
06/28/2021	<u>72</u>	STATUS REPORT <i>Regarding Settlement (Supplemental)</i> filed by Plaintiff Securities and Exchange Commission. (Fronk, Casey) (Entered: 06/28/2021)
06/30/2021	<u>73</u>	FINANCIAL ENTRY: Received \$600.00 from RONALD J STAUBES. Re: Minutes of In Chambers Order/Directive - no proceeding held,, <u>70</u> . Receipt number LA224360. (rsm) (Entered: 06/30/2021)
07/13/2021	<u>74</u>	MINUTES OF Final Pretrial Conference held before Judge Mark C. Scarsi: Cause called; appearances made. No appearance by defendants nor defense counsel. The Court questions Mr. Fronk about his communications with defense counsel. For reasons stated on the record, the Court orders Plaintiff to move this Court to enter default judgment against Defendant Stephen Kenneth Grossman. Fed. R. Civ. P. 16(f)(1)(A). Plaintiff shall file this motion within twenty-one (21) days of the entry of this Order. The Court also extends Plaintiff's deadline to file motions for disgorgement, prejudgment interest, and civil penalties as to Defendants Stephen Scott Moleski and David Alan Wolfson to August 16, 2021. Court Reporter: Katie Thibodeaux. (lc) (Entered: 07/13/2021)
07/22/2021	<u>75</u>	STIPULATION for Judgment as to Defendant Stephen Kenneth Grossman filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order)(Fronk, Casey) (Entered: 07/22/2021)
07/26/2021	<u>76</u>	JUDGMENT AS TO DEFENDANT STEPHEN KENNETH GROSSMAN by Judge Mark C. Scarsi: IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is

		permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, to effect transactions in, or induce or attempt to induce the purchase or sale of, securities while not registered with the Commission as a broker or dealer or while not associated with an entity registered with the Commission as a broker or dealer. IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from, directly or indirectly, including, but not limited to, through any entity owned or controlled by Defendant, soliciting any person or entity to purchase or sell any security. IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The Court shall determine the amounts of the disgorgement and civil penalty upon motion of the Commission. Prejudgment interest shall be calculated from January 26, 2018, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment. See order for further details. (shb) (Entered: 07/26/2021)
07/26/2021	<u>77</u>	TEXT ONLY ENTRY SCHEDULING NOTICE by Judge Mark C. Scarsi. The Court, on its own motion, takes the Court Trial currently set for July 27, 2021 off calendar. No appearance by counsel is necessary. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (jgr) (Entered: 07/26/2021)
08/16/2021	<u>78</u>	NOTICE OF MOTION AND MOTION for Order for Final Judgment Against Defendant Grossman as to Monetary Remedies filed by Plaintiff Securities and Exchange Commission. Motion set for hearing on 9/20/2021 at 09:00 AM before Judge Mark C. Scarsi. (Attachments: # <u>1</u> Memorandum of Points and Authorities in Support of Plaintiff's Motion for Monetary Remedies as to Defendant Grossman, # <u>2</u> Exhibit 1 - Proposed Order, # <u>3</u> Exhibit 2 - Casey Fronk Decl., # <u>4</u> Exhibit 3 - James Thibodeau Decl.) (Fronk, Casey) (Entered: 08/16/2021)
08/16/2021	<u>79</u>	NOTICE OF MOTION AND MOTION for Order for Final Judgment Against Defendant Moleski as to Monetary Remedies filed by Plaintiff Securities and Exchange Commission. Motion set for hearing on 9/20/2021 at 09:00 AM before Judge Mark C. Scarsi. (Attachments: # <u>1</u> Memorandum of Points and Authorities in Support of Plaintiff's Motion for Monetary Remedies as to Defendant Moleski, # <u>2</u> Exhibit 1 - Proposed Order, # <u>3</u> Exhibit 2 - Casey Fronk Decl., # <u>4</u> Exhibit 3 - James Thibodeau Decl.) (Fronk, Casey) (Entered: 08/16/2021)
08/16/2021	<u>80</u>	NOTICE OF MOTION AND MOTION for Order for Final Judgment Against Defendant Wolfson as to Monetary Remedies filed by Plaintiff Securities and Exchange Commission. Motion set for hearing on 9/20/2021 at 09:00 AM before Judge Mark C. Scarsi. (Attachments: # <u>1</u> Memorandum of Points and Authorities in Support of Plaintiff's Motion for Monetary Remedies as to Defendant Wolfson, # <u>2</u> Exhibit 1 - Proposed Order, # <u>3</u> Exhibit 2 - Casey Fronk Decl., # <u>4</u> Exhibit 3 - James Thibodeau Decl.) (Fronk, Casey) (Entered: 08/16/2021)
08/26/2021	<u>81</u>	MEMORANDUM in Opposition to NOTICE OF MOTION AND MOTION for Order for Final Judgment Against Defendant Grossman as to Monetary Remedies <u>78</u> filed by Defendant Stephen Kenneth Grossman. (Stauber, Ronald) (Entered: 08/26/2021)
09/02/2021	<u>82</u>	MEMORANDUM in Opposition to NOTICE OF MOTION AND MOTION for Order for Final Judgment Against Defendant Moleski as to Monetary Remedies <u>79</u> filed by Defendant Stephen Scott Moleski. (Comden, Leonard) (Entered: 09/02/2021)

09/07/2021	<u>83</u>	REPLY in Support of NOTICE OF MOTION AND MOTION for Order for Final Judgment Against Defendant Grossman as to Monetary Remedies <u>78</u> filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Exhibit 1 - Almagarby Report & Recommendation, # <u>2</u> Exhibit 2 - Declaration of Joseph Darragh)(Fronk, Casey) (Entered: 09/07/2021)
09/07/2021	<u>84</u>	REPLY in Support of NOTICE OF MOTION AND MOTION for Order for Final Judgment Against Defendant Moleski as to Monetary Remedies <u>79</u> filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Exhibit 1- Almagarby Report and Recommendation, # <u>2</u> Exhibit 2 - Declaration of Joseph Darragh)(Fronk, Casey) (Entered: 09/07/2021)
09/20/2021	<u>85</u>	MINUTES OF Motion Hearing held before Judge Mark C. Scarsi: RE Motion for Order for Final Judgment Against Defendant Grossman as to Monetary Remedies <u>78</u> ; Motion for Order for Final Judgment Against Defendant Moleski as to Monetary Remedies <u>79</u> ; and Motion for Order for Final Judgment Against Defendant Wolfson as to Monetary Remedies <u>80</u> . Cause called; appearances made. No appearance by defendant David Alan Wolfson nor his attorney. Counsel address the Court. The Court takes the Motions UNDER SUBMISSION and a ruling will be issued. Court Reporter: Katie Thibodeaux. (lc) (Entered: 09/21/2021)
10/07/2021	<u>86</u>	ORDER RE: MOTIONS FOR FINAL JUDGMENT AS TO MONETARY REMEDIES by Judge Mark C. Scarsi: The Court GRANTS all of Plaintiff Securities and Exchange Commissions three motions: Motion for Final Judgment Ordering Disgorgement of Ill-Gotten Gains, Prejudgment Interest, and a Civil Penalty against Defendant Stephen Kenneth Grossman ("Grossman Mot.") <u>78</u> ; Motion for Final Judgment Ordering Disgorgement of Ill-Gotten Gains, Prejudgment Interest, and a Civil Penalty against Defendant Stephen Scott Moleski ("Moleski Mot.") <u>79</u> and Motion for Final Judgment Ordering Disgorgement of Ill-Gotten Gains, Prejudgment Interest, and a Civil Penalty against Defendant David Alan Wolfson ("Wolfson Mot.") <u>80</u> . The Court will issue separate judgments for all three defendants. (lc) Modified on 10/7/2021 (lc). (Entered: 10/07/2021)
10/07/2021	<u>87</u>	FINAL JUDGMENT AS TO DEFENDANT STEPHEN KENNETH GROSSMAN by Judge Mark C. Scarsi, : Defendant Stephen Kenneth Grossman and his agents etc Defendant are permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. 78o(a)(1)]. Defendant is ordered to pay disgorgement of \$289,078.74, representing net profits gained and net losses avoided as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$49,515.71. The Court further imposes a civil penalty in the amount of \$195,047.00 pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. 78u(d)(3). Defendant shall satisfy these obligations by paying the amount of disgorgement, prejudgment interest, and civil penalty, totaling \$533,641.45, to the Securities and Exchange Commission within 30 days after entry of this Final Judgment. (SEE DOCUMENT FOR OTHER SPECIFICS AND COMPLIANCE REQUIREMENTS AND DEADLINES). (lc) Modified on 10/7/2021 (lc). Modified on 10/7/2021 (smo). (Entered: 10/07/2021)
10/07/2021	<u>88</u>	FINAL JUDGMENT AS TO DEFENDANT STEPHEN SCOTT MOLESKI by Judge Mark C. Scarsi, : Defendant Stephen Scott Moleski and his agents etc Defendant are permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. 78o(a)(1)]. Defendant is ordered to pay disgorgement of \$ 206,524.57, representing net profits gained and net losses avoided as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$ 35,375.17. The Court further imposes a civil penalty in the amount of \$195,047.00 pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. 78u(d)(3). Defendant shall satisfy these obligations by paying the amount of disgorgement, pre-

		judgment interest, and civil penalty, totaling \$ 426,946.74, to the Securities and Exchange Commission within 30 days after entry of this Final Judgment. (SEE DOCUMENT FOR OTHER SPECIFICS AND COMPLIANCE REQUIREMENTS AND DEADLINES). (lc) Modified on 10/7/2021 (lc). (Entered: 10/07/2021)
10/07/2021	<u>89</u>	FINAL JUDGMENT AS TO DEFENDANT DAVID ALAN WOLFSON by Judge Mark C. Scarsi: Defendant David Alan Wolfson and his agents etc are permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. 78o(a)(1)]. Defendant is ordered to pay disgorgement of \$ 2,490,555.07, representing net profits gained and net losses avoided as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$ 426,602.09. The Court further imposes a civil penalty in the amount of \$195,047.00 pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. 78u(d)(3). Defendant shall satisfy these obligations by paying the amount of disgorgement, pre-judgment interest, and civil penalty, totaling \$3,112,204.16, to the Securities and Exchange Commission within 30 days after entry of this Final Judgment. (SEE DOCUMENT FOR OTHER SPECIFICS AND COMPLIANCE REQUIREMENTS AND DEADLINES). (MD JS-6. Case Terminated.). (lc) Modified on 10/7/2021 (lc). (Entered: 10/07/2021)

PACER Service Center			
Transaction Receipt			
08/12/2022 20:08:48			
PACER Login:	racyscomb	Client Code:	
Description:	Docket Report	Search Criteria:	2:20-cv-00405-MCS-PLA End date: 8/12/2022
Billable Pages:	12	Cost:	1.20

Exhibit 3

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

vs.

**GREGORY LAMONT DRAKE, an
individual; STEPHEN KENNETH
GROSSMAN, an individual;
STEPHEN SCOTT MOLESKI, an
individual; JASON DAVID ST.
AMOUR, an individual; and
DAVID ALAN WOLFSON, an
individual,**

Defendants.

**Case No.
2:20-cv-00405- ODW(PLAx)**

**STIPULATION FOR JUDGMENT
AS TO DEFENDANT STEPHEN
SCOTT MOLESKI [23]**

JUDGMENT OF DEFENDANT STEPHEN SCOTT MOLESKI

The Securities and Exchange Commission having filed a Complaint and Defendant Stephen Scott Moleski (“Moleski” or “Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Judgment without admitting

1 or denying the allegations of the Complaint (except as to jurisdiction and except as
2 otherwise provided herein in paragraph V); waived findings of fact and
3 conclusions of law; and waived any right to appeal from this Judgment:

4 I.

5 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that
6 Defendant is permanently restrained and enjoined from violating, directly or
7 indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by using
8 any means or instrumentality of interstate commerce, or of the mails, or of any
9 facility of any national securities exchange, to effect transactions in, or induce or
10 attempt to induce the purchase or sale of, securities while not registered with the
11 Commission as a broker or dealer or while not associated with an entity registered
12 with the Commission as a broker or dealer.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
14 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
15 binds the following who receive actual notice of this Judgment by personal service
16 or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys;
17 and (b) other persons in active concert or participation with Defendant or with
18 anyone described in (a).

19 II.

20 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that pursuant
21 to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)] Defendant is
22 permanently restrained and enjoined from, directly or indirectly, including, but not
23 limited to, through any entity owned or controlled by Defendant, soliciting any
24 person or entity to purchase or sell any security.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
26 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
27 binds the following who receive actual notice of this Judgment by personal service
28

1 or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys;
2 and (b) other persons in active concert or participation with Defendant or with
3 anyone described in (a).

4 III.

5 Upon motion of the Commission, the Court shall determine whether it is
6 appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant
7 to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the
8 amount(s) of the disgorgement and/or civil penalty. If disgorgement is ordered,
9 Defendant shall pay prejudgment interest thereon, calculated from January 1, 2018,
10 based on the rate of interest used by the Internal Revenue Service for the
11 underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In
12 connection with the Commission's motion for disgorgement and/or civil penalties,
13 and at any hearing held on such a motion: (a) Defendant will be precluded from
14 arguing that he did not violate the federal securities laws as alleged in the
15 Complaint; (b) Defendant may not challenge the validity of the Consent or this
16 Judgment; (c) solely for the purposes of such motion, the allegations of the
17 Complaint shall be accepted as and deemed true by the Court; and (d) the Court
18 may determine the issues raised in the motion on the basis of affidavits,
19 declarations, excerpts of sworn deposition or investigative testimony, and
20 documentary evidence, without regard to the standards for summary judgment
21 contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection
22 with the Commission's motion for disgorgement and/or civil penalties, the parties
23 may take discovery, including discovery from appropriate non-parties.

24 IV.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
26 the Consent is incorporated herein with the same force and effect as if fully set
27 forth herein, and that Defendant shall comply with all of the undertakings and
28

1 agreements set forth therein.

2 V.

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely
4 for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy
5 Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by
6 Defendant, and further, any debt for disgorgement, prejudgment interest, civil
7 penalty or other amounts due by Defendant under this Judgment or any other
8 judgment, order, consent order, decree or settlement agreement entered in
9 connection with this proceeding, is a debt for the violation by Defendant of the
10 federal securities laws or any regulation or order issued under such laws, as set
11 forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

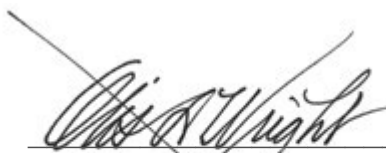
12 VI.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
14 this Court shall retain jurisdiction of this matter for the purposes of enforcing the
15 terms of this Judgment.

16 VII.

17 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
18 Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and
19 without further notice.

20 Dated: March 27, 2020

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24 OTIS D. WRIGHT, II

25 UNITED STATES DISTRICT JUDGE

Exhibit 4

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

GREGORY LAMONT DRAKE, et al.,

Defendants.

Case No.: 2:20-cv-00405 MCS (PLAx)

**ORDER RE: MOTIONS FOR FINAL
JUDGMENT AS TO MONETARY
REMEDIES [ECF NOS. 78–80]**

Before the Court are Plaintiff Securities and Exchange Commission’s (“SEC”) following motions:

- Motion for Final Judgment Ordering Disgorgement of Ill-Gotten Gains, Prejudgment Interest, and a Civil Penalty against Defendant Stephen Kenneth Grossman (“Grossman Mot.”), ECF No. 78;
- Motion for Final Judgment Ordering Disgorgement of Ill-Gotten Gains, Prejudgment Interest, and a Civil Penalty against Defendant Stephen Scott Moleski (“Moleski Mot.”), ECF No. 79; and

- 1 • Motion for Final Judgment Ordering Disgorgement of Ill-Gotten Gains,
2 Prejudgment Interest, and a Civil Penalty against Defendant David Alan
3 Wolfson (“Wolfson Mot.”), ECF No. 80.

4 Defendants Stephen Kenneth Grossman (“Grossman”) and Stephen Scott
5 Moleski (“Moleski”) filed oppositions and the SEC filed replies. Grossman Opp’n, ECF
6 No. 81; Moleski Opp’n, ECF No. 82; Reply ISO Grossman Mot., ECF No. 83; Reply
7 ISO Moleski Mot., ECF No. 84. Wolfson did not file an opposition. The Court heard
8 oral argument on September 20, 2021. ECF No. 85. For the following reasons, the Court
9 **GRANTS** all three motions.

10 **I. BACKGROUND**

11 The SEC filed a Complaint on January 15, 2020 against multiple defendants. *See*
12 Compl., ECF No. 1. Defendants Grossman, Moleski, and Wolfson are three of the
13 defendants (“Defendants”). *Id.* The three Defendants have each consented to the entry
14 of a judgment and the Court entered those judgments. J. as to Defendant David Alan
15 Wolfson (“Wolfson Judgment”), ECF No. 18; J. as to Defendant Stephen Scott Moleski
16 (“Moleski Judgment”), ECF No. 24; J. as to Stephen Kenneth Grossman (“Grossman
17 Judgment”), ECF No. 76. The judgments permanently enjoin the Defendants from
18 violating various federal securities laws and give the Court, upon the SEC’s motion,
19 discretion to order disgorgement of ill-gotten gains, prejudgment interest, and a civil
20 penalty. Wolfson Judgment; Moleski Judgment; Grossman Judgment. The judgments
21 also state that the allegations in the Complaint are to be taken as true for the purposes
22 of the SEC’s motions. Wolfson Judgment; Moleski Judgment; Grossman Judgment.

23 According to the Complaint, the Defendants operated and worked in call centers
24 that sold microcap securities as part of a “matched trading scheme.” *See* Compl. None
25 of the Defendants registered with the SEC as brokers or dealers and none of the
26 Defendants associated with a registered broker or dealer. *Id.* ¶ 8. Defendant Wolfson
27 “operated four call centers” and hired individuals to “cold call[] prospective investors.”
28 *Id.* ¶¶ 18, 20, 25. Defendant Grossman initially “cold called prospective investors” and

1 later managed one of the call centers. *Id.* ¶¶ 20, 21. Defendant Moleski also initially
2 “cold called prospective investors” and later managed one of the call centers. *Id.* ¶¶ 24–
3 26. The Complaint alleges the following claims against Defendant Wolfson: violations
4 of Section 15(a)(1) of the Exchange Act; violations of Section 17(a)(1) and (3) of the
5 Securities Act; and violations of Section 10(b) of the Exchange Act as well as Rule 10b-
6 5(a) and (c). *Id.* ¶¶ 50–61. The Complaint also alleges that Defendants Grossman and
7 Moleski violated Section 15(a)(1) of the Exchange Act. *Id.* ¶¶ 50–52. According to each
8 judgment, the “allegations of the Complaint shall be accepted as and deemed true” and
9 the Defendants are precluded from arguing that they “did not violate the federal
10 securities laws as alleged in the Complaint.” Wolfson Judgment; Grossman Judgment;
11 Moleski Judgment.

12 II. LEGAL STANDARD

13 “District courts have broad equity powers to order disgorgement of ill-gotten
14 gains obtained through violations of securities laws.” *SEC v. Lyndon*, 39 F. Supp. 3d
15 1113, 1120 (D. Haw. 2014), *aff’d sub nom. SEC v. Lyndon*, 714 Fed. Appx. 816 (9th
16 Cir. 2018). The Supreme Court recently held that a “disgorgement award that does not
17 exceed a wrongdoer's net profits and is awarded for victims is equitable relief
18 permissible under § 78u(d)(5).” *Liu v. SEC*, 140 S. Ct. 1936, 1940 (2020). In entering
19 disgorgement awards, “courts must deduct legitimate expenses” from the amount of
20 potential disgorgement. *Id.* at 1950. The amount of disgorgement need “only [be] a
21 reasonable approximation of profits causally connected to the violation.” *SEC v.*
22 *Platforms Wireless Int’l Corp.*, 617 F.3d 1072, 1096 (9th Cir. 2010) (quoting *SEC v.*
23 *First Pac. Bancorp.*, 142 F.3d 1186, 1192 n.6 (9th Cir. 1998)). The SEC carries the
24 “burden of persuasion” as to whether the “disgorgement figure reasonably approximates
25 the amount of unjust enrichment.” *Id.* (quoting *SEC v. First City Fin. Corp.*, 890 F.2d
26 1215, 1232 (D.C.Cir.1989)). After the SEC meets this burden, a defendant must then
27 “demonstrate that the disgorgement figure was not a reasonable approximation.” *Id.*
28 (quoting *First City Fin.*, 890 F.2d at 1232). Additionally, “[t]he ill-gotten gains include

1 prejudgment interest to ensure that the wrongdoer does not profit from the illegal
2 activity.” *SEC v. Cross Fin. Servs., Inc.*, 908 F. Supp. 718, 734 (C.D. Cal. 1995).

3 Courts can also assign civil penalties under both the Securities Act and Exchange
4 Act. 15 U.S.C. §§ 77t(d), 78u(d)(3). The Securities Act and Exchange Act have three
5 tiers of penalties. For both the Securities Act and Exchange Act, a third-tier civil penalty
6 applies to violations involving “fraud, deceit, manipulation, or deliberate or reckless
7 disregard of a regulatory requirement” and the violation must have “directly or
8 indirectly resulted in substantial losses or created a significant risk of substantial losses
9 to other persons.” 15 U.S.C. §§ 77(t)(d)(2)(C), 78u(d)(3)(B)(iii). The amount for a third-
10 tier civil penalty committed by a natural person is \$195,047. *See* Release No. 34-90874,
11 dated January 8, 2021 (effective January 15, 2021); *see also* 17 C.F.R. § 201.1001 (civil
12 monetary penalties are adjusted for inflation). Courts have discretion to set the civil
13 penalty at an amount “equal to the disgorgement amount.” *SEC v. Yuen*, 272 Fed. Appx.
14 615, 618 (9th Cir. 2008). In assigning a civil penalty, courts consider the following
15 factors: “the degree of scienter involved; the isolated or recurrent nature of the
16 infraction; the defendant's recognition of the wrongful nature of his conduct; the
17 likelihood, because of defendant's professional occupation, that future violations might
18 occur; and the sincerity of his assurances against future violations.” *SEC v. Murphy*,
19 626 F.2d 633, 655 (9th Cir. 1980). “A court may also examine a defendant's ability to
20 pay the civil fine in determining the appropriate amount.” *SEC v. Mizrahi*, No. CV 19-
21 2284 PA (JEMx), 2020 WL 6114913, at *2 (C.D. Cal. Oct. 5, 2020).

22 **III. DISCUSSION**

23 The SEC seeks disgorgement and a third-tier civil penalty against all three
24 Defendants. The Court addresses each Defendant in turn.

25 **A. Stephen Kenneth Grossman**

26 The SEC seeks disgorgement of \$289,078.74 in net profits Grossman received
27 for his unregistered broker activities, \$49,515.71 in prejudgment interest, and a third-
28 tier civil penalty. Decl. of James J. Thibodeau ISO Grossman Mot. ¶¶ 5–11, ECF No.

1 78-4; *see also* Grossman Mot. 9–13. Grossman does not dispute the SEC’s \$289,078.74
2 compensation estimate. Grossman Opp’n 4. Instead, Grossman disputes the SEC’s
3 ability to seek disgorgement, prejudgment interest, and a third-tier civil penalty. *See*
4 *generally*, Grossman Opp’n.

5 i. Disgorgement and Prejudgment Interest

6 Grossman primarily makes three legal challenges to the SEC’s ability to seek
7 disgorgement. First, Grossman argues the SEC does not have statutory authority to seek
8 disgorgement. Grossman Opp’n 5, 6. However, the Exchange Act expressly allows the
9 SEC to seek disgorgement. 15 U.S.C. § 78u(d)(3)(A)(ii). Second, Grossman argues that
10 the Supreme Court in *Kokesh v. SEC*, 137 S. Ct. 1635, 1643, 44, 198 L. Ed. 2d 86 (2017)
11 (*Kokesh*) determined disgorgement is a penalty that the SEC cannot seek. *Id.* at 5–9.¹
12 This is also incorrect. In a case decided after *Kokesh*, the Supreme Court held that “a
13 disgorgement award that does not exceed a wrongdoer’s net profits and is awarded for
14 victims is equitable relief permissible under § 78u(d)(5).” *Liu v. SEC*, 140 S. Ct. 1936,
15 1940 (2020) (*Liu*).² Third, Grossman argues that the Supreme Court in *Liu* held the SEC
16 can only seek disgorgement in an amount that equals the “net profits that are returned
17 to victims.” Grossman Opp’n 6 (emphasis in original). According to Grossman, the SEC
18 should not be awarded disgorgement because it failed to show Grossman’s net profits
19 will be returned to the investors or that any investors suffered losses. *Id.* at 7. However,
20 the Supreme Court did not create any such limitation in *Liu*. *Liu*, 140 S. Ct. at 1948
21 (“The equitable nature of the profits remedy *generally* requires the SEC to return a
22 defendant’s gains to wronged investors for their benefit.” (emphasis added)); *see also*

23 _____
24 ¹ Grossman further argues that the SEC’s own Proposed Judgment improperly refers to
25 disgorgement as a penalty. Grossman Opp’n 8. It is clear, however, that the language
26 from the SEC’s Proposed Judgment is referring to a civil penalty and not disgorgement.
27 Reply ISO Grossman Mot. 6, 7.

28 ² Notably, Grossman concedes this point later in his Opposition. Grossman Opp’n 8
(stating “. . . *Liu* did hold that the Commission can continue to seek disgorgement from
wrongdoers”).

1 *SEC v. Blackburn*, No. CV 15-2451, 2020 WL 10787527, at *3 (E.D. La. Nov. 3, 2020)
2 (stating *Liu* “did not create a rule requiring all disgorged funds be returned to investors
3 or that a disgorgement award be limited to those funds that could be returned to
4 investors”). Further, *Liu* stated that “lower courts are well equipped to evaluate the
5 feasibility of returning funds to victims of fraud.” *Liu*, 140 S. Ct. at 1949 n.5. Here, the
6 SEC has provided a declaration detailing the data and methods it typically uses to
7 “identify the parties on each side of a transaction.” Decl. of Joseph Darragh ISO
8 Grossman Mot. ¶ 4, ECF No. 83-2. Grossman has failed to show that it is improper for
9 the SEC to seek disgorgement in this instance.³

10 Grossman has not provided any evidence to show that the SEC’s disgorgement
11 figure is an unreasonable approximation. *Platforms Wireless*, 617 F.3d at 1096 (quoting
12 *First City Fin.*, 890 F.2d at 1232). The Court thus **ORDERS** Grossman to disgorge
13 \$289,078.74 in net profits and \$49,515.71 in prejudgment interest.

14 ii. Civil Penalty

15 The SEC seeks a third-tier civil penalty against Grossman. Grossman Mot. 10–
16 13. The SEC argues that “Grossman recklessly disregarded” registration requirements
17 for fifteen months and “created a significant risk of substantial losses to the solicited
18 investors who purchased the stock at prices artificially inflated by the matched-trading
19 scheme.” Grossman Mot. 12. The SEC also argues that the *Murphy* factors support a
20 third-tier civil penalty for the following reasons: Grossman’s violations were
21 “egregious;” his violations continued for fifteen months; the “matched trading” scheme
22 is a sophisticated scheme; Grossman eventually managed one of the boiler rooms;
23 Grossman has not acknowledged his violations; Grossman has not made any assurances
24

25 ³ Grossman also makes numerous undeveloped arguments throughout his Opposition.
26 It is not the role of the Court to make parties’ arguments for them. *See Indep. Towers*
27 *of Wash. v. Washington*, 350 F.3d 925, 929 (9th Cir. 2003); *see also Hibbs v. HDM*
28 *Dep’t of Human Res.*, 273 F.3d 844, 873 n.34 (9th Cir. 2001) (declining to address an
“argument . . . too undeveloped to be capable of assessment”).

1 about avoiding future violations; and Grossman has not complied with Court orders and
2 deadlines. *Id.* at 12, 13. In response, Grossman argues that he should either receive no
3 penalty or just a first-tier penalty. Grossman Opp’n 10. Grossman further argues a third-
4 tier civil penalty is inappropriate for the following reasons: he was not charged with a
5 scienter-based violation; he admitted to the SEC that he did not have a license; he
6 cooperated with the SEC’s investigation; he was only a “worker bee” at the boiler room;
7 the failure to comply with Court deadlines is his lawyer’s fault; he is elderly and cannot
8 afford to pay any disgorgement, interest, or penalty; and a penalty would limit his ability
9 to obtain “future employment that may require a license.” *Id.* at 10.

10 The Court finds that a third-tier civil penalty is warranted under both the
11 Exchange Act and the *Murphy* factors. Grossman recklessly violated securities laws for
12 fifteen months and “created a significant risk of substantial losses” to various investors
13 who purchased stocks. 15 U.S.C. § 78u(d)(3)(B)(iii)(aa), (bb). Grossman still disputes
14 his full role in the scheme by arguing he was merely a “worker bee” despite consenting
15 to allegations in the Complaint that he was a manager of one of the boiler rooms. *See*
16 Grossman Opp’n 2, 11 (calling Grossman a “worker bee” and attempting to minimize
17 his role as a manager); *but see* Compl. ¶¶ 13, 21, 22, 45 (describing Grossman as a
18 manager). Though Grossman may seek “future employment that may require a license,”
19 he has not assured the Court or the SEC that he will refrain from future federal securities
20 law violations. Grossman Opp’n 10. Grossman does not explain how his participation
21 in the investigation warrants against assigning a third-tier civil penalty. Finally,
22 Grossman fails to provide the Court with any evidence about his inability to pay a
23 penalty. The Court thus assigns Grossman a third-tier civil penalty of \$195,047.

24 Based on the above, the Court **GRANTS** the SEC’s Motion as it pertains to the
25 disgorgement of \$289,078.74, \$49,515.71 in prejudgment interest, and a third-tier civil
26 penalty in the amount of \$195,047.⁴

27
28 ⁴ Grossman asks that if the Court awards any disgorgement, prejudgment interest, or a

1 **B. Stephen Scott Moleski**

2 i. Disgorgement and Prejudgment Interest

3 The SEC seeks disgorgement of \$206,524.57 in net profits Moleski received and
4 \$35,375.17 in prejudgment interest. Decl. of James J. Thibodeau ISO Moleski Mot. ¶¶
5 5–11, ECF No. 79-4; *see also* Moleski Mot. 9–13. Moleski does not dispute the
6 \$206,524.57 calculation or the prejudgment interest calculation. Moleski Opp’n 3.
7 Instead, Moleski makes the same arguments as Grossman. Moleski argues that
8 disgorgement is improper for the following reasons: the SEC has not shown a loss to
9 any victim; the SEC has not shown that profits will be returned to investors or victims;
10 the SEC can only seek “profits that are returned to victims;” disgorgement does not
11 compensate victims because the SEC “usually does not return disgorged funds to the
12 victims;” and the SEC’s Proposed Judgment states the SEC is seeking a penalty.
13 Moleski Opp’n 3, 4.

14 The Court already addressed Moleski’s arguments.⁵ *Supra* (III)(A)(i). And again,
15 the SEC provided a declaration detailing the data and methods it typically uses to
16 “identify the parties on each side of a transaction.” Decl. of Joseph Darragh ISO
17 Moleski Mot. ¶ 4, ECF No. 84-2. Further, the SEC provided evidence about how it
18 calculated Moleski’s net profits. Decl. of James J. Thibodeau ISO Moleski Mot. ¶¶ 5–
19 10, ECF No. 79-4. Moleski has not provided any evidence to show that the SEC’s
20 disgorgement figure is an unreasonable approximation. *Platforms Wireless*, 617 F.3d at
21 1096 (quoting *First City Fin.*, 890 F.2d at 1232). As such, the Court **ORDERS** Moleski
22 to disgorge \$206,524.57 and \$35,375.17 in prejudgment interest.

23 _____
24 civil penalty, he “be permitted to file a confidential sworn disclosure statement showing
25 his assets, liabilities, income, or other funds received and expenses or other payments
26 made to determine whether the amount of disgorgement, interest or a penalty is in the
public interest.” Grossman’ Opp’n 12. The Court **DENIES** this request.

27 ⁵ Like Grossman, Moleski argues the SEC’s Proposed Judgment states the
28 disgorgement is a penalty. Moleski Opp’n 4. However, the portion of the Proposed
Judgment Moleski cites to is referring to civil penalties, not disgorgement. Reply 5.

1 ii. Civil Penalty

2 The SEC argues that the Court should assign a third-tier civil penalty for the
3 following reasons: Moleski “solicited thousands of investors to invest in a fraudulent
4 matched-trading scheme” over the course of three years with “reckless disregard” of the
5 registration requirements; Moleski was both a solicitor and a manager; Moleski “created
6 a significant risk of substantial losses to the investors;” Moleski committed “egregious”
7 federal securities law violations; Moleski has not acknowledged his violations; and it is
8 possible Moleski will commit future violations. Moleski Mot. 9–12. Moleski argues that
9 a third-tier civil penalty is not warranted for the following reasons: he only made calls
10 to solicit investors; he did not admit that he acted with a reckless disregard of the
11 registration requirements; he was just an employee; his conduct was “unintentional by
12 nature” and not intended to deceive investors; and he did not grow the trading program
13 or have control over Wolfson’s intent in how he ran the boiler rooms. Moleski Opp’n
14 4, 5. Moleski asks the Court to either refuse to assign a civil penalty or only assign a
15 first-tier civil penalty. Moleski Mot. 5.

16 The Court finds that a third-tier penalty is warranted under both the Exchange
17 Act and the *Murphy* factors. Moleski recklessly disregarded registration requirements
18 for three years and “created a significant risk of substantial loss[]” to various investors.
19 15 U.S.C. § 78u(d)(3)(B)(iii)(aa), (bb). Moleski also has not recognized the wrongful
20 nature of his conduct. He argues that he was merely an “employee” despite the
21 Complaint’s allegations that he managed one of the boiler rooms. *See* Moleski Opp’n 2
22 (stating Moleski was only an employee); *but see* Compl. ¶¶ 14, 26, 27, 46 (stating
23 Moleski was a manager). Moleski has not reassured the SEC or the Court that he will
24 avoid future federal securities law violations. The Court thus assigns Moleski a third-
25 tier civil penalty of \$195,047.

26 Based on the above, the Court **GRANTS** the SEC’s Motion as it pertains to the
27 disgorgement of \$206,524.57 in net profits Moleski received, \$35,375.17 in
28 prejudgment interest, and a third-tier civil penalty in the amount of \$195,047.

1 **C. David Alan Wolfson**

2 i. Disgorgement and Prejudgment Interest

3 The SEC seeks \$2,490,555.07 in disgorgement and \$426,602.09 in prejudgment
4 interest from Wolfson. Decl. of James J. Thibodeau ISO Wolfson Mot. ¶¶ 5–14
5 (“Thibodeau Decl. ISO Wolfson Mot.”), ECF No. 80-4; *see also* Wolfson Mot. 9–12.
6 To calculate the reasonable approximation of disgorgement, the SEC issued subpoenas
7 on multiple banks and reviewed bank records, “account statements, account opening
8 documents, signature cards, wire transfers, deposit slips and copies of items deposited,
9 checks, withdrawal slips, and bank account transfers.” Thibodeau Decl. ISO Wolfson
10 Mot. ¶ 4. The SEC subtracted certain business expenses from Wolfson’s gross
11 commissions. *Id.* ¶ 13. Wolfson has not filed an opposition and thus has not
12 provided any evidence showing that the SEC’s disgorgement figure is an unreasonable
13 approximation. *Platforms Wireless*, 617 F.3d at 1096 (quoting *First City Fin.*, 890 F.2d
14 at 1232). The Court **ORDERS** Wolfson to disgorge \$2,490,555.07 and \$426,602.09 in
15 prejudgment interest.

16 ii. Civil Penalty

17 The SEC seeks a third-tier civil penalty. Wolfson Mot. 9–12. The SEC argues
18 that the Court should issue a third-tier civil penalty for the following reasons: Wolfson
19 committed “egregious” federal securities law violations for almost four years; Wolfson
20 cannot contest that he violated federal securities laws “knowingly or with severe
21 recklessness;” Wolfson was the “mastermind” behind the boiler rooms and operated at
22 least four boiler rooms while managing over thirty employees; Wolfson has not
23 acknowledged the wrongfulness of his conduct; and Wolfson has not provided any
24 assurance that he will avoid future violations. Wolfson Mot. 9–12. The Court assigns a
25 civil penalty of \$195,047.

26 Based on the above, the Court **GRANTS** the SEC’s Motion as it pertains to the
27 disgorgement of \$2,490,555.07, \$426,602.09 in prejudgment interest, and a third-tier
28 civil penalty in the amount of \$195,047.

1 **IV. CONCLUSION**

2 For the foregoing reasons, the Court **GRANTS** the SEC's Motions and will issue
3 separate judgments for all three Defendants.

4

5

6 **IT IS SO ORDERED.**

7

8 Dated: October 7, 2021

9



MARK C. SCARSI
UNITED STATES DISTRICT JUDGE

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Exhibit 5

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

GREGORY LAMONT DRAKE, an
individual; STEPHEN KENNETH
GROSSMAN, an individual;
STEPHEN SCOTT MOLESKI, an
individual; JASON DAVID ST.
AMOUR, an individual; and DAVID
ALAN WOLFSON, an individual,

Defendants.

Case No.: 2:20-cv-00405-MCS-PLA

**FINAL JUDGMENT AS TO
DEFENDANT STEPHEN SCOTT
MOLESKI**

1 This matter came before the Court on plaintiff United States Securities and
2 Exchange Commission's ("Commission's") Motion for Monetary Remedies as to
3 Defendant Stephen Scott Moleski. The Court, having considered all the evidence
4 and arguments presented by the parties with regard to the Motion, Plaintiff's
5 Memorandum of Points and Authorities in support of the Motion, all other
6 documents filed in support of the Motion, and the record in this action, finds that:

7 **I.**

8 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the
9 Commission's Motion for Monetary Remedies as to Defendant Stephen Scott
10 Moleski is GRANTED.

11 **II.**

12 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
13 that Defendant is permanently restrained and enjoined from violating, directly or
14 indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by using
15 any means or instrumentality of interstate commerce, or of the mails, or of any
16 facility of any national securities exchange, to effect transactions in, or induce or
17 attempt to induce the purchase or sale of, securities while not registered with the
18 Commission as a broker or dealer or while not associated with an entity registered
19 with the Commission as a broker or dealer.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
21 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
22 binds the following who receive actual notice of this Judgment by personal service
23 or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys;
24 and (b) other persons in active concert or participation with Defendant or with
25 anyone described in (a).

26 **III.**

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
28 that Defendant is permanently restrained and enjoined from, directly or indirectly,

1 including, but not limited to, through any entity owned or controlled by Defendant,
2 soliciting any person or entity to purchase or sell any security.

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
4 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
5 binds the following who receive actual notice of this Judgment by personal service
6 or otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys;
7 and (b) other persons in active concert or participation with Defendant or with
8 anyone described in (a).

9 **IV.**

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
11 that Defendant is ordered to pay disgorgement of \$206,524.57, representing net
12 profits gained as a result of the conduct alleged in the Complaint, together with
13 prejudgment interest thereon in the amount of \$35,375.17. The Court further
14 imposes a civil penalty in the amount of \$195,047 pursuant to Section 21(d)(3) of
15 the Exchange Act, 15 U.S.C. § 78u(d)(3). Defendant shall satisfy these obligations
16 by paying the amount of disgorgement, pre-judgment interest, and civil penalty,
17 totaling \$436,946.74, to the Securities and Exchange Commission within 30 days
18 after entry of this Final Judgment.

19 Defendant may transmit payment electronically to the Commission, which
20 will provide detailed ACH transfer/Fedwire instructions upon request. Payment
21 may also be made directly from a bank account via Pay.gov through the SEC
22 website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by
23 certified check, bank cashier's check, or United States postal money order payable
24 to the Securities and Exchange Commission, which shall be delivered or mailed to

25 Enterprise Services Center
26 Accounts Receivable Branch
27 6500 South MacArthur Boulevard
28 Oklahoma City, OK 73169

1 and shall be accompanied by a letter identifying the case title, civil action number,
2 and name of this Court; Stephen Scott Moleski as a defendant in this action; and
3 specifying that payment is made pursuant to this Final Judgment.

4 Defendant shall simultaneously transmit photocopies of evidence of
5 payment and case identifying information to the Commission's counsel in this
6 action. By making this payment, Defendant relinquishes all legal and equitable
7 right, title, and interest in such funds and no part of the funds shall be returned to
8 Defendant.

9 The Commission shall hold the funds (collectively, the "Fund") until further
10 order of this Court. The SEC may propose a plan to distribute the Fund subject to
11 the Court's approval, and the Court shall retain jurisdiction over the administration
12 of any distribution of the Fund.

13 The Commission may enforce the Court's judgment for disgorgement and
14 prejudgment interest by using all collection procedures authorized by law,
15 including, but not limited to, moving for civil contempt at any time after 30 days
16 following entry of this Final Judgment.

17 The Commission may enforce the Court's judgment for penalties by the use
18 of all collection procedures authorized by law, including the Federal Debt
19 Collection Procedures Act, 28 U.S.C. § 3001 *et seq.*, and moving for civil
20 contempt for the violation of any Court orders issued in this action. Defendant
21 shall pay post judgment interest on any amounts due after 30 days of the entry of
22 this Final Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the
23 funds, together with any interest and income earned thereon (collectively, the
24 "Fund"), pending further order of the Court.

25 The Commission may propose a plan to distribute the Fund subject to the
26 Court's approval. Such a plan may provide that the Fund shall be distributed
27 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act
28 of 2002. The Court shall retain jurisdiction over the administration of any

1 Defendant of the federal securities laws or any regulation or order issued under
2 such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C.
3 §523(a)(19).

4 **VI.**

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
6 that this Court shall retain jurisdiction of this matter for the purposes of enforcing
7 the terms of this Final Judgment.

8 **VII.**

9 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
10 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment
11 forthwith and without further notice.

12
13 Dated: October 7, 2021



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15 MARK C. SCARSI
16 UNITED STATES DISTRICT JUDGE
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Exhibit 6

1 CASEY R. FRONK (Illinois State Bar No. 6296535)
2 *PRO HAC VICE* APPLICATION PENDING

3 FronkC@sec.gov

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15 Tel: (323) 965-3835

16 Fax: (213) 443-1904

17 **UNITED STATES DISTRICT COURT**
18 **CENTRAL DISTRICT OF CALIFORNIA**
19 **Western Division**

20 SECURITIES AND EXCHANGE
21 COMMISSION,

22 Plaintiff,

23 vs.

24 STEPHEN SCOTT MOLESKI;
25 DAVID MICHAEL; and, ERIK
26 CHRISTIAN JONES,

27 Defendants,

28 and

29 ALLIANCE MANAGEMENT
30 GROUP, LLC, a private Nevada
31 Limited Liability Company; AUSTIN
32 MARKETING GROUP, LLC, a
33 private Nevada Limited Liability
34 Company; AUSTIN MEDIA GROUP,
35 LLC, a private Nevada Limited
36 Liability Company; AUSTIN
37 PARTNERS LLC, a private Nevada
38 Limited Liability Company; and,
39 AUSTIN PARTNERS I, LLC, a
40 private Nevada Limited Liability
41 Company,

42 Relief Defendants.

Case No.

COMPLAINT

1 Plaintiff, Securities and Exchange Commission (the “Commission”), alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has subject matter jurisdiction over this action pursuant to
5 Sections 20(b) and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.
6 §§ 77t(b) and 77v(a)]; Sections 21(d) and 27(a) of the Exchange Act of 1934
7 (“Exchange Act”) [15 U.S.C. §§ 78u(d) and 78a(a)]; Sections 209(d) and 214(a) of
8 the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b–9(d) and
9 80b–14(a)]; and 28 U.S.C. § 1331.

10 2. The Commission brings this action pursuant to Sections 20(b) and (d) of
11 the Securities Act [15 U.S.C. §§ 77t(b), (d)]; Sections 21(d) and (e) of the Exchange
12 Act [15 U.S.C. §§ 78u(d), (e)]; and Sections 209(d) and (e) of the Advisers Act [15
13 U.S.C. §§ 80b–9(d), (e)] to enjoin such acts, practices, and courses of business, and to
14 obtain civil money penalties and such other and further relief as this Court may deem
15 just and appropriate.

16 3. Defendants Moleski, Michael, and Jones were, individually and
17 collectively, involved in the offer and sale of the securities, as that term is defined
18 under Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section
19 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)], of multiple issuers.

20 4. Additionally, Defendants Moleski and Michael offered securities in one
21 or more pooled investment vehicles (as that term is defined under Advisers Act Rule
22 206(4)–(8)(b) [17 C.F.R. § 275.206(4)–8(b)]) for which Michael and, in regard to at
23 least one of the pooled investment vehicles, Moleski, served as investment advisers
24 (as that term is defined in Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b–
25 2(a)(11)]).

26 5. Each Defendant, directly or indirectly, made use of the mails or means
27 or instrumentalities of interstate commerce in connection with the conduct alleged in
28 this Complaint.

1 5]; Sections 206(1), (2), and (4) of the Investment Advisers Act [15 U.S.C. §§ 80b–
2 6(1), (2), (4)]; and Advisers Act Rule 206(4)–(8) [17 C.F.R. § 275.206(4)–8] thereby.

3 **DEFENDANTS**

4 13. **Stephen Scott Moleski (a/k/a Steve Scott)**, age 61, is believed to be a
5 resident of the Los Angeles, California, area. Moleski, individually or with Michael,
6 controlled one or more of the limited liability companies named as relief defendants
7 in this action. Moleski was also a co-defendant in another recent suit brought by
8 Plaintiff (*see Securities and Exchange Commission v. Drake et al.*, No. 2:20-cv-
9 00405 (C.D. Cal. filed January 15, 2020)) and also was a subject of previous
10 securities-related state actions.

11 14. **David Michael (a/k/a David Michael Newman, Jr.; David**
12 **Washington)**, age 50, is believed to be a resident of Encino, California, or Oak Park,
13 California. Michael, individually or with Moleski, controlled one or more of the
14 limited liability companies named as relief defendants in this action.

15 15. **Erik Christian Jones**, age 49, is a resident of Redondo Beach,
16 California. Jones worked as a telephone securities solicitor for Moleski, Michael, and
17 their companies.

18 **RELIEF DEFENDANTS**

19 16. **Alliance Management Group, LLC**, is a Nevada limited liability
20 company with its primary place of business in Tarzana, California, and is controlled
21 by Moleski and Michael. Alliance Management Group received funds through the
22 misconduct described herein.

23 17. **Austin Marketing Group, LLC**, is a Nevada limited liability company
24 with its primary place of business in Tarzana, California, and is controlled by
25 Moleski and Michael who serve as co-CEOs. Austin Marketing Group received funds
26 through the misconduct described herein.

27 18. **Austin Media Group, LLC**, is a Nevada limited liability company with
28 its primary place of business in Tarzana, California, and is controlled by Moleski and

1 Michael. Austin Media Group received funds through the misconduct described
2 herein.

3 19. **Austin Partners, LLC**, is a Nevada limited liability company with its
4 primary place of business in Tarzana, California, and is controlled by Michael. Austin
5 Partners received funds through the misconduct described herein.

6 20. **Austin Partners I, LLC**, is a Nevada limited liability company with its
7 primary place of business in Tarzana, California, and is controlled by Moleski and
8 Michael who serve as co-CEOs. Austin Partners I received funds through the
9 misconduct described herein.

10 FACTS

11 **Defendants' Illicit Brokerage Activities**

12 *The Web Blockchain Media, Inc., convertible promissory note securities offering*

13 21. During or around January 2018, Web Blockchain Media, Inc. (f/k/a Web
14 Global Holdings, Inc.; f/k/a Webb Interactive Services, Inc.) (“Web”) desired to raise
15 funds from investors via the offer and sale of convertible promissory note securities
16 (the “Web Convertible Note Securities Offering”).

17 22. To further the Web Convertible Note Securities Offering, Web entered
18 into a *Consulting Agreement* with “David Michael, a California corporation” that,
19 among other things, called for Michael to assist in raising capital for Web. (*See*
20 *Consulting Agreement*, attached as Ex. A.)

21 23. On information and belief, Web entered into a similar agreement with
22 Moleski operating as or through Austin Marketing Group, LLC.

23 24. The *Consulting Agreement* specified that Michael was to be
24 compensated “in the amount of thirty-four (34%) percent of any funds raised...” from
25 investors. (*See Ex. A. at 2 ¶ 4.*)

26 25. In 2018 and 2019, approximately \$1,149,321.60 was raised through the
27 Web Convertible Note Securities Offering from approximately 30 investors solicited
28 by Moleski, Michael, and/or their agents, including Jones, and Web paid at least the

1 following commissions to Defendants for these solicitations:

2 Payor	3 Payee	4 Date Range	5 Amount
Allocation Media Entertainment (a Web affiliate)	Austin Media Group, LLC	10/18/18 – 04/15/19	\$67,650.00
Allocation Media Entertainment	Austin Partners I, LLC	07/09/19	\$1,550.00
Allocation Media Entertainment	David Michael	08/22/18 – 10/15/19	\$243,850.00
Allocation Media Entertainment	Stephen Moleski	06/21/18 – 12/21/18	\$54,237.96
<i>Total</i>		<i>06/21/18 – 10/15/19</i>	<i>\$367,287.96</i>

6 26. During the time Defendants solicited investors for the Web Convertible
7 Note Securities Offering, they were neither registered as brokers or dealers with the
8 Commission nor associated with a broker or dealer registered with the Commission.

9 27. During the time Defendants were involved as solicitors for the Web
10 Convertible Note Securities Offering, no registration statement, in regard to the
11 securities offering, was in effect, and no registration statement had been filed with the
12 Commission.

13 *The Heartland Income Properties, LLC, securities offering*

14 28. In late 2018, Heartland Income Properties, LLC (“Heartland”) posted a
15 series of Craigslist advertisements in search of solicitors to raise funds from investors
16 for Heartland’s private placement securities offering (the “Heartland Offering”). An
17 individual associated with one of the relief defendants contacted Heartland’s CEO in
18 response to these postings.

19 29. Thereafter, Heartland’s CEO traveled to Tarzana, California, to meet
20 with Moleski and Michael and to view their telemarketing operation. Following that
21 meeting, Heartland and Austin Marketing Group, LLC, entered into an unsigned
22 *Strategic Alliance Agreement*, dated December 5, 2018, that called for Austin
23 Marketing Group to “use its best efforts to assist Heartland in sourcing equity capital
24 pursuant to its Private Placement.” (See *Strategic Alliance Agreement*, attached as
25 Ex. B.)

26 30. The *Strategic Alliance Agreement* provided that Austin Marketing Group
27 was to be compensated for its efforts in the form of a payment of 30% of the funds it
28 raised from investors for the Heartland Offering, including funds invested in the

1 Heartland Offering by Austin Partners I, LLC, a private pooled investment vehicle
2 (*i.e.*, a fund) advised by Moleski and Michael.

3 31. In 2019, \$55,000.00 was raised by the Austin Marketing from three
4 investors and another \$85,000.00 was invested by Austin Partners I.

5 32. Heartland made at least the following payments pursuant to the *Strategic*
6 *Alliance Agreement*. Of these payments, all but \$500 were commissions for soliciting
7 investors in the Heartland Offering.

Payor	Payee	Date Range	Amount
Heartland Income Properties	Austin Marketing Group, LLC	01/15/19 – 10/10/19	\$29,500.00
Heartland Income Properties	Austin Media Group, LLC	12/26/18 – 01/11/19	\$4,000.00
Heartland Income Properties	Austin Partners I, LLC	12/09/19	\$9,000.00
<i>Total</i>		<i>12/26/18 – 12/09/19</i>	<i>\$42,500.00</i>

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11 33. During the time Defendants were involved as solicitors for the Heartland
12 Offering, they were neither registered as a brokers or dealers with the Commission
13 nor associated with a broker or dealer registered with the Commission.

14 **The Pooled Investment Vehicles**

15 34. During early 2019, Defendants Moleski and Michael created a private
16 investment fund, Austin Partners I, LLC, and began, both directly and indirectly
17 through hired securities solicitors (*i.e.*, telephone salespersons) such as Defendant
18 Jones, soliciting investors to invest in the fund.

19 35. Defendants Moleski and Michael were managing members, co-CEOs,
20 and advisors of Austin Partners I, LLC.

21 36. The ostensible purpose of Austin Partners I, LLC was to pool investment
22 capital from investors and to invest that capital in a pooled portfolio of securities
23 selected, advised, and managed by Defendants Moleski and Michael.

24 37. In connection with the offering and sale of interests in the Austin
25 Partners I, LLC, fund, Defendants Moleski and Michael, operating through Austin
26 Marketing Group, LLC, and/or Austin Partners I, LLC, created and distributed to
27 potential investors a document titled *Austin Partners I, LLC Summary of Partnership*
28 *Activity* (the “Austin Partners I Offering Document”) (*See* Austin Partners I Offering

1 Document, attached as Ex. C.)

2 38. The offering document contained an *Executive Summary* that stated,
3 *inter alia*:

- 4 • “Austin Partners I, a Nevada LLC, was formed to create an investment
5 grade portfolio of high-quality Investments. Austin Marketing Group
6 manages and oversees all activities of the partnership.” (Ex. C at 2.)
- 7 • “Our investment objectives are to maximize the returns to our clients and
8 show them phenomenal returns. We will accomplish this by investing as
9 a group giving us more buying power. This will include stocks, real
10 estate, precious metals, energy – such as oil and gas, and a variety of
11 other investment opportunities.” (Id.)
- 12 • “We attain [sic] a full-time expert licensed broker who monitors daily
13 activity of all stocks, giving a ‘third eye’ on the market’s agile
14 movement. This gives our investors peace of mind, knowing that their
15 investment are not only safe in the market, but are also maneuverable
16 between stocks to insure maximum growth and avoid any pitfalls.” (Id.)
- 17 • “We are extremely confident that we not only provide a ‘Safe Harbor’
18 for our investors[’] money but will continue to ultimately strive for their
19 financial freedom.” (Id.)
- 20 • “Please remember Austin Partners I motto – ‘Helping our clients not
21 only achieve magnificent financial gains, but more importantly,
22 achieving financial freedom in a world where NOTHING is free! WE
23 TREAT YOUR MONEY LIKE IT’S OUR OWN!” (Id.)

24 The Austin Partners I Offering Document also suggested that the fund held or would
25 hold investments in securities issued by Web, Heartland, and Life Investors
26 Management Company, LP (f/k/a Life Investors Management Company, LLC)
27 (“LIMC”), with the latter of these being related to life insurance policies issued on
28 the lives of terminally-ill persons.

1 39. These statements and the offering document were false or misleading. In
2 particular:

- 3 • Although the offering document contained several pages concerning
4 Heartland, Web, and LIMC (thus suggesting that they were or would
5 become portfolio holdings), and although multiple investors (*e.g.*, T.H.
6 of Kansas, V.H. of Michigan, S.S. of Illinois, J.V. of Nevada, and D.Y.
7 of California, each of whom invested between September 2019 and
8 December 2019) stated that they were solicited specifically or primarily
9 on the basis of the LIMC life insurance settlement investments, no
10 Austin Partners I, LLC, investor money was ever invested in, with, by,
11 or through Web or LIMC.
- 12 • Rather than creating an investment-grade portfolio of high-quality
13 investments, Austin Partners I, LLC, held only one investment: a
14 cumulative \$85,000 invested into the illiquid Heartland Offering, and
15 Defendants Moleski and Michael, through various Austin entities,
16 received 30% commissions on that investment (*i.e.*, they received
17 \$25,500 in commissions effectively paid out from the \$85,000 that they
18 advised and caused Austin Partners I, LLC, to invest in the Heartland
19 Offering).
- 20 • There was no “full-time expert licensed broker” monitoring Austin
21 Partners I’s portfolio. In fact, none of the Relief Defendant entities
22 controlled by Defendants Moleski and/or Michael ever established a
23 brokerage account anywhere or traded in any stocks (despite that the TD
24 Ameritrade brokerage firm logo featured prominently on the Austin
25 Marketing website).
- 26 • In at least one instance, an investor (S.S. of Illinois who invested during
27 December 2019) was “gifted” half a unit (*i.e.*, he invested \$10,000 for
28 the purchase of one unit of Austin Partners I, LLC, and was gifted with

1 an additional 0.5 units nominally valued at \$5,000), thus meaning that
2 investor interests in Austin Partners I were being diluted. (See
3 “Welcome Aboard” correspondence, attached as Ex. D.)

- 4 • Instead of providing Austin Partners I, LLC, investor clients with a “safe
5 harbor” for their money, investor money was routinely misused,
6 including by:
 - 7 • being used to pay operational expenses of the Relief Defendants (e.g.,
8 office rent, salaries, commissions to solicitors such as Defendant Jones,
9 etc.);
 - 10 • being commingled in bank accounts that appear to have been used as a
11 de facto personal accounts by Defendants Moleski and/or Michael;
 - 12 • being used to make payments to Defendant Michael;
 - 13 • being used to pay personal expenses of Defendants Moleski and
14 Michael;
 - 15 • being withdrawn, in cash, by Defendants Moleski and/or Michael;
 - 16 a. being transferred to other companies controlled by Defendants
17 Moleski and/or Michael; and
 - 18 b. being used to make payments to certain other investors.

19 40. Additionally, (a) in the Austin Partners I Offering Document; (b) on the
20 Austin Marketing and Media Group, LLC/Austin Marketing Group, LLC, and the
21 Alliance Management Group, LLC, websites (*see* Images from Websites, attached as
22 Ex. E); and (c) in his oral communications with multiple investors (e.g., investors
23 B.K. of Florida, T.H. of Kansas, S.S. of Minnesota, and J.V. of Nevada, each of
24 whom invested between July 2019 and April 2020); Defendant Moleski misleadingly
25 held himself out as Steve(n) Scott, instead of as Stephen Scott Moleski (his full
26 name), thus preventing investors and prospective investors from conducting due
27 diligence and learning of his past and disciplinary history.

28 41. After learning of Plaintiff’s investigation into their conduct, Defendants

1 Moleski and Michael ceased operating as Austin Marketing Group, LLC, and began
2 operating as Alliance Management Group, LLC. Additionally, Defendants Moleski
3 and Michael phased out use of (in regard to new investor solicitations) the Austin
4 Partners I, LLC, entity for their private investment fund, and Defendant Michael
5 (possibly with Defendant Moleski) replaced it with use of the Alliance Management
6 Group, LLC, and Austin Partners, LLC, entities (as private funds) and continued to,
7 either directly or indirectly through solicitors such as Defendant Jones, solicit
8 investments from prospective investors.

9 42. In connection with the solicitation of investors to invest in or through the
10 Alliance Management Group, LLC, or Austin Partners, LLC, private funds,
11 Defendant Michael, either directly (*e.g.*, in regard to prospective investor J.A. of
12 Alabama and investors C.B. of Georgia and C.B. of Michigan, the latter two invested
13 between March 2020 and August 2020) or indirectly through solicitors such as
14 Defendant Jones (*e.g.*, in regard to investor J.R. of Ohio who invested during April
15 2020), continued to tell prospective investors that their investment monies would, via
16 the private funds, be invested in the LIMC offerings. No such investments were ever
17 made with the monies contributed to either fund by investors and, instead, the money
18 provided by investors were misappropriated and spent by Defendant Michael on
19 business (*e.g.*, rent, salaries, commissions, etc.) and personal expenses.

20 **FIRST CLAIM FOR RELIEF**

21 **Violations of Sections 5(a) and 5(c) of the Securities Act**

22 **[15 U.S.C. § 77e(a), (c)]**

23 ***(Against each Defendant)***

24 43. The Commission re-alleges and incorporates by reference each and
25 every allegation in paragraphs 1–42, inclusive, as if they were fully set forth herein.

26 44. By engaging in the conduct described above each Defendant, directly or
27 indirectly:

28 a. made use of means or instruments of transportation or

1 communication in interstate commerce or of the mails to sell Web; Austin Partners I,
2 LLC; Alliance Management Group, LLC; and/or Austin Partners, LLC, securities, as
3 to which no registration statement was in effect, through the use or medium of any
4 prospectus or otherwise;

5 b. carried or caused to be carried through the mails or in interstate
6 commerce, by any means or instrument of transportation, Web; Austin Partners I,
7 LLC; Alliance Management Group, LLC; and/or Austin Partners, LLC, securities, as
8 to which no registration statement was in effect, for the purpose of sale or for delivery
9 after sale; and,

10 c. made use of any means or instruments of transportation or
11 communications in interstate commerce or of the mails to offer to sell or offer to buy
12 through the use or medium of any prospectus or otherwise Web; Austin Partners I,
13 LLC; Alliance Management Group, LLC; and/or Austin Partners, LLC, securities as
14 to which no registration statement had been filed.

15 45. In regard to the sale of Web; Austin Partners I, LLC; Alliance
16 Management Group, LLC; and/or Austin Partners, LLC, securities described herein,
17 no exemption validly applied to the registration requirements described above.

18 46. By reason of the foregoing, each of the Defendants violated and, unless
19 enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15
20 U.S.C. § 77e(a), (c)].

21 **SECOND CLAIM FOR RELIEF**

22 **Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]**

23 ***(Against each Defendant)***

24 47. The Commission re-alleges and incorporates by reference each and
25 every allegation in paragraphs 1–42, inclusive, as if they were fully set forth herein.

26 48. By engaging in the conduct described above, each Defendant:

27 a. engaged in the business of effecting transactions in securities for
28 the account of others; and

1 54. By reason of the foregoing, each of Defendants Moleski and Michael
2 violated and, unless enjoined, will continue to violate Section 17(a) of the Securities
3 Act.

4 **FOURTH CLAIM FOR RELIEF**

5 **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and**
6 **Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]**
7 ***(Against Defendants Moleski and Michael)***

8 55. The Commission re-alleges and incorporates by reference each and
9 every allegation in paragraphs 1-42, inclusive, as if they were fully set forth herein.

10 56. By engaging in the conduct described above, each of Defendants
11 Moleski and Michael, directly or indirectly, individually or in concert with others, in
12 connection with the purchase or sale of securities, by use of the means and
13 instrumentalities of interstate commerce or by use of the mails, (a) employed devices,
14 schemes, and artifices to defraud; (b) made untrue statements of material facts and/or
15 omitted to state material facts necessary in order to make the statements made, in
16 light of the circumstances under which they were made, not misleading; and, (c)
17 engaged in acts, practices, and course of business which operated as a fraud and
18 deceit upon purchasers, prospective purchasers, and other persons.

19 57. Each of Defendants Moleski and Michael engaged in the above-
20 referenced conduct and made the above-referenced untrue and misleading statements
21 knowingly or with severe recklessness.

22 58. By reason of the foregoing, each of Defendants Moleski and Michael
23 have violated and, unless enjoined, will continue to violate Section 10(b) of the
24 Exchange Act and Exchange Act Rule 10b-5.

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1 **FIFTH CLAIM FOR RELIEF**

2 **Violations of Sections 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C.**
3 **§§ 80b–6(1), (2), (4)] and Rule 206(4)–8 thereunder [17 C.F.R. § 275.206(4)–8]**

4 ***(Against Defendants Moleski and Michael)***

5 59. The Commission re-alleges and incorporates by reference each and
6 every allegation in paragraphs 1–42 inclusive, as if they were fully set forth herein.

7 60. Defendants Moleski and Michael served as investment advisers to the
8 Austin Partners I, LLC, fund. As co-officers of Austin Partners I, LLC, Moleski and
9 Michael controlled the fund, advised, and made investment decisions on its behalf.
10 Defendant Michael (and possibly Defendant Moleski) similarly served as investment
11 advisers to the Alliance Marketing Group, LLC, and Austin Partners, LLC, funds
12 through his control of the funds and his advising and making investment decisions on
13 their behalf.

14 61. Each of Defendants Moleski and Michael received, directly or indirectly,
15 compensation for serving as investment advisers from Austin Partners I, LLC, via
16 distributions taken from the Austin Partners I, LLC, bank account, and Defendant
17 Michael similarly received compensation through distributions taken from the
18 Alliance Management Group, LLC, and Austin Partners, LLC, bank accounts. As
19 such, Defendants Moleski and Michael each met the definition of investment adviser
20 under the Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b–2(a)(11)].

21 62. By engaging in the conduct described above, each of Defendants
22 Moleski and Michael, directly or indirectly, individually or in concert with others, by
23 use of the mails or any means or instrumentality of interstate commerce, directly or
24 indirectly (1) employed one or more devices, schemes, or artifices to defraud any
25 client or prospective client; (2) engaged in one or more transactions, practices, or
26 courses of business which operated as a fraud or deceit upon any client or prospective
27 client; and, (3) engaged in one or more acts, practices, or courses of business which
28 was fraudulent, deceptive, or manipulative, by making one or more untrue statements

1 of a material fact or omitting to state a material fact necessary to make the statements
2 made, in the light of the circumstances under which they were made, not misleading,
3 to any investor or prospective investor in a pooled investment vehicle; and/or by
4 engaging in one or more acts, practices, or courses of business that was fraudulent,
5 deceptive, or manipulative with respect to any investor or prospective investor in a
6 pooled investment vehicle.

7 63. Each of Defendants Moleski and Michael engaged in the above-
8 referenced conduct knowingly or with severe recklessness.

9 64. By reason of the foregoing, each of Defendants Moleski and Michael
10 have violated and, unless enjoined, will continue to violate Sections 206(1), 206(2),
11 and 206(4) of the Advisers Act and Rule 206(4)–8 thereunder.

12 **PRAYER FOR RELIEF**

13 WHEREFORE, the Commission respectfully requests that this Court enter a
14 final judgment:

15 **I.**

16 Permanently restraining and enjoining each Defendant from, directly or
17 indirectly, engaging in conduct in violation of Section 5 of the Securities Act
18 [15 U.S.C. § 77e] and Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)];

19 **II.**

20 Permanently restraining and enjoining each of Defendants Moleski and
21 Michael from, directly or indirectly, engaging in conduct in violation of Section 17(a)
22 of the Securities Act [15 U.S.C. § 77q]; Section 10(b) of the Exchange Act [78j(b)]
23 and Rule 10b–5 thereunder [17 C.F.R. § 240.10b–5]; and, Sections 206(1), 206(2),
24 and 206(4) of the Advisers Act [15 U.S.C. §§ 80b–6(1), (2), (4)] and Rule 206(4)–8
25 thereunder [17 C.F.R. § 275.206(4)–8].

26 **III.**

27 Permanently restraining and enjoining each of Defendants Michael and Jones
28 from, directly or indirectly, including, but not limited to, through any entity owned or

1 controlled by each, soliciting any person or entity to purchase or sell any security;

2 **IV.**

3 Ordering each of the Defendants and Relief Defendant to disgorge all ill-gotten
4 gains or unjust enrichment derived from the activities set forth in this Complaint,
5 together with prejudgment interest thereon;

6 **V.**

7 Ordering (A) each of Defendants Moleski and Michael to pay civil monetary
8 penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]; Section
9 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and Section 209(e) [15 U.S.C.
10 § 80b-9(e)] of the Advisers Act; and (B) ordering Defendant Jones to pay civil
11 monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §
12 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

13 **VI.**

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

18 **VII.**

19 Granting such other and further relief as this Court may deem just, equitable, or
20 necessary in connection with the enforcement of the federal securities laws and for
21 the protection of investors.

22
23 Dated: February 5, 2021

24 */s/ Amy Jane Longo*

25 AMY JANE LONGO

26 CASEY R. FRONK

27 Attorneys for Plaintiff

28 Securities and Exchange Commission

EXHIBIT A

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (this "**Agreement**") is made and entered into as of Jan 17, 2018 by and between **David Michael** ("**Consultant**"), a California corporation, and **Web Global Holdings, Inc.** ("**Company**" or "**Client**"), a public corporation (OTC Pink: WEBB).

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and the benefits that have and will inure to each of the parties hereto, the parties hereto do agree as follows:

1. **Services.** Subject to the terms and conditions of this Agreement, Consultant agrees to perform for Company the following services:
 - A. Provide capital formation services in identifying and coordinating with micro/small cap broker dealers, underwriters, funds, institutional investors and other capital sources for equity capital, debt financing, and loans;
 - B. Business development services including, negotiations, and the formation of relationships with potential strategic investors/business partners/alliances and other general consulting needs as expressed by Company;
 - C. Identify and direct affiliates who specialize in public/investor relations thru media portals and financial media to the investment community through social networking, digital marketing, and other online communications;
 - D. Attend all shooting days for the Company's CryptoCake pilots for TV formats of its streaming channel development and assist as a Producer and investor liaison.
 - E. As a Coordinating Producer, provide casting and celebrity outreach for TV formats that are shot for the TV pilots.
 - F. Be available for all Company meetings and calls regarding the pre-production and postproduction for the CryptoCake trailers shoots or promotions.
 - G. Provide TV format coloration for the television talk show, "5 Guys."

Such services are hereinafter referred to as "**Services.**" Company agrees that Consultant shall have ready access to Company's staff and resources as necessary to perform the Consultant's Services provided for by this Agreement. Company agrees that the cost of legal, accounting, investor relations and Director services are the responsibility of the Company and not of the Consultant. Consultant and its members, principles, employees and agents are not officers or directors of the Company. Consultant shall have no power to bind Company to any contract or obligation or to transact any business in Company's name or on behalf of Company in any manner.

Consultant, as part of this Agreement, will consult with the Company with respect to its capital raising efforts, advising the Company on capital raising strategies, and introducing and referring the Company to its retail/institutional capital sources (i.e.: funds, family offices, broker dealers, investment banks, underwriters, accredited investors, etc. referred to herein as "**Contacts**") on a best-efforts basis. Consultant will not provide the services of a broker, and Company acknowledges that it is not engaging Consultant as a registered broker-dealer under Section 15A of the U.S. Securities Exchange Act of 1934, or any similar state law, and that Consultant cannot, and shall not be required hereunder to, engage in the offer or sale of securities for or on behalf of the Company. While Consultant has preexisting relationships with Contacts, Consultant's participation in any actual or proposed offer or sale of Company securities shall be limited to that of an advisor to the Company and, if applicable, a "finder" of accredited investors, underwriters and funds. The Company acknowledges and agrees that the solicitation and consummation of any purchases of the Company's securities shall be handled by the Company and/or any other licensed firms engaged by the Company for such purposes. Consultant will determine the method, details, and means of performing the services.

It is expressly understood and agreed by Company that, in reliance upon Company's representations, warranties and covenants contained herein, immediately upon execution and delivery of this Agreement by Company, Consultant is setting aside and allocating for the benefit of Company valuable resources (including, without limitation, capital and reservation of work schedules of employees) required to fulfill Consultant's obligations described in Item 1, above. In doing so, Consultant agrees to forebear from undertaking other opportunities and commitments (that would result in enrichment to Consultant) in order to be available to provide Company the services contemplated by this Agreement.

2. Period of Performance. The Company shall hire Consultant for a period of twelve (12) month commencing on the date hereof, unless earlier terminated pursuant to the terms of this Agreement, see Section 6, below. The Agreement may also be extended for additional time periods, upon agreement by both parties.

3. Exclusivity, Performance and Confidentiality. The services of Consultant hereunder shall not be exclusive, and Consultant and its agents may perform similar or different services for other persons or entities whether or not they are competitors of Company. The Consultant agrees that it will, at all times, faithfully and in a professional manner perform all of the duties that may be reasonably required of the Consultant pursuant to the terms of this Agreement. Consultant shall be required to expend only such time as is necessary to service Company in a commercially reasonable manner. The Consultant does not guarantee that its efforts will have any impact upon the Company's business or that there will be any specific result or improvement from the Consultant's efforts. Consultant acknowledges and agrees that confidential and valuable information proprietary to Company and obtained during its engagement by the Company, shall not be, directly or indirectly, disclosed without the prior express written consent of the Company, unless and until such information is otherwise known to the public generally or is not otherwise secret and confidential. Additionally, Company acknowledges and agrees that Contacts and other confidential and valuable information proprietary to Consultant that is introduced and/or employed during its engagement with the Consultant, shall not be, directly or indirectly, disclosed or employed without the prior express written consent of the Consultant.

4. Compensation for Services. As consideration for Consultant entering into this Agreement, Client agrees to pay and deliver to Consultant the following consideration ("Management Fees"), which consideration is nonrefundable regardless of the circumstances, Company agrees to compensate Consultant for Services in the amount of thirty-four (34%) percent of any funds raised through Consultant's services for the Company, payable immediately once funds have been secured into Client's bank account or if such date is not a business day, on the next business day thereafter.

After careful review and extensive discussions and negotiations between Company and Consultant and their advisors, Company agrees that, when received by Consultant, the above-described consideration shall be nonrefundable regardless of the circumstances, whether foreseen or unforeseen upon execution and delivery of this Agreement. Company further acknowledges and agrees that said consideration is earned by Consultant: (1) upon Company's execution and delivery of the Agreement and prior to the provision of any service hereunder; (2) in part, by reason of Consultant's agreement to make its resources available to serve Company and as further described in the Preliminary Statement and elsewhere herein; and (3) regardless of whether Company seeks to terminate this Agreement prior to consultant's delivery of any services hereunder. To avoid any uncertainty, Company agrees that Consultant is not required to deliver any services until the first allocation of Company's common stock is remitted in accordance with Section 4(a) above. Company further agrees that Consultant's right to withhold Services until payment under Section 4(a) will not be deemed a breach or violation of this Agreement. Nor will such conduct relieve Company from satisfying its obligations under Section 4(a) and (b). If Company takes any action to terminate this Agreement or to recover any consideration paid or delivered by Company to Consultant other than by reason of Consultant's gross negligence or willful misconduct, Consultant shall be entitled to all available

equitable remedies, consequential and incidental damages and reasonable attorneys' fees and costs incurred as a result thereof, regardless of whether suit is filed and regardless of whether Company or Consultant prevails in any such suit.

5. Expense Reimbursement: Consultant agrees that it will supply all instrumentalities, tools, implements, appliances, and other materials needed for the performance of Services and will bear all routine business and operational expenses incurred to perform such Services. The Company will reimburse Consultant for all pre-approved out-of-pocket expenses, so long as such expenses are pre-approved and documented and incurred in performing the Services. The Company shall reimburse Consultant for the following reasonable travel expenses incurred by Consultant directly in the performance of Services for the Company: transportation expenses, including air fare, rental cars, gas, and taxi fare, hotel expenses, meals, and dry-cleaning expenses for trips longer than three (3) days. Company shall pay the amounts due to Consultant upon receipt of an invoice, which shall be sent to Company by Consultant. Company shall pay the amount of such invoice to Consultant within ten (10) days from the date the invoice is received by Company.

6. Termination. For the duration of the Period of Performance, this Agreement may be terminated by either party, who may cancel this Agreement in the event the other party violates any material provision of this Agreement and fails to cure such violation within twenty (20) days of written notification of such violation from the other party. Such termination shall not excuse the breach or non-performance by the other party or relieve the breaching party of its obligation incurred prior to the date of termination, including, without limitation, the obligation of Company to pay the nonrefundable consideration described in Section 4, above. Effective as of the date of termination, all compensation previously paid to Consultant has been earned, but Consultant's right to receive further compensation hereunder shall cease (except to the extent, as of the cancellation date, that the Company owes the Consultant consideration).

7. Representations, Warrants and Covenants. Company represents, warrants and covenants to Consultant as follows:

- a. Company has the full authority, right, power and legal capacity to enter into this Agreement and to consummate the transactions which are provided for herein. The execution of this Agreement by Company and its delivery to Consultant, and the consummation by it of the transactions which are contemplated herein have been duly approved and authorized by all necessary action by Company's Board of Directors and no further authorization shall be necessary on the part of the Company for the performance and consummation by Company of the transactions which are contemplated by this Agreement.
- b. The business and operations of Company have been and are being conducted in all material respects in accordance with all applicable laws, rules and regulations of all authorities which affect Company or its properties, assets, businesses or prospects. Company further represent that it and its officers, employees and directors are not the subject of any investigation or enforcement, regulatory or court proceeding by any state or federal securities agency or stock exchange. The performance of this Agreement shall not result in any breach of, or constitute a default under, or result in the imposition of any lien or encumbrance upon any property of Company or cause an acceleration under any arrangement, agreement or other instrument to which Company is a party or by which any of its assets are bound. Company has performed in all respects all its obligations which are, as of the date of this Agreement, required to be performed by it pursuant to the terms of any such agreement, contract or commitment.

8. **Notices.** All notices, consents, changes of address and other communications required or permitted to be made under the terms of this Agreement shall be in writing and shall be (i) personally delivered by an agent of the relevant party, or (ii) transmitted by postage prepaid, certified or registered mail, or (iii) email or facsimile transmission with an original mailed by first class mail, postage prepaid, addressed as follows:

To Company: **Web Global Holdings, Inc.**
3940 Laurel Canyon Blvd. #160
Studio City, CA 91604
Attn: General Counsel

To Consultant: **David Michael**
5567 Reseda Blvd. Suite #218
Tarzana, CA 91356
Email: davidmichael179@yahoo.com
Attention: David Michael

or in each case to such other address and facsimile number as shall have last been furnished by like notice. If mailing is impossible due to an absence of postal service, and other methods of sending notice are not otherwise available, notice shall be hand-delivered to the aforesaid addresses. Each mailed notice or communication shall be deemed to have been delivered as of five (5) days after the date of mailing, as the case may be; provided, however, that any notice sent by email or facsimile shall be deemed to have been given as of the date sent by email or facsimile if a copy of such notice is also mailed by first class mail on the date sent by email or facsimile; if the date of mailing is not the same as the date of sending by facsimile, then the date of mailing by first class mail shall be deemed to be the date upon which notice given.

9. **Waiver of Breach.** The waiver by any party of a breach by another party of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by the breaching party. No waiver shall be valid unless in writing and signed by the party sought to be bound.

10. **Assignment.** Consultant acknowledges that the services to be rendered by Consultant are unique and personal. Accordingly, Consultant may not assign any of Consultant's rights or delegate any of Consultant's duties or obligations under this Agreement, except to the extent amounts are payable to Consultant hereunder after Consultant's death, in which case those benefits may be assigned by will or the law of descent. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the Company and its successors and assigns.

11. **Severability.** In the event that any of these provisions shall be held to be invalid or unenforceable, the remaining provisions hereof shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included therein. The parties in no way intend to include a provision that contravenes public policy. Therefore, if any provision of this Agreement is unlawful, against public policy, or otherwise declared void or unenforceable, such provision shall be deemed excluded from this Agreement, which shall in all other respects remain in effect.

12. **Entire Agreement, Modification or Amendment.** The parties hereby agree that this Agreement contains the entire agreement and understanding by and between the parties with respect to the subject matter hereof, and no representations, promises, agreements, or understandings, written or oral, relating to the subject matter hereof not contained herein shall be of any force or effect. Consultant agrees that Consultant has actively participated in negotiating the provisions contained in this Agreement, that these provisions have been negotiated in good faith by all parties, and that the terms of this Agreement

should not be construed against either the Company or Consultant. This Agreement may be amended only by written amendment signed by the parties.

13. **Counterparts.** This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument. Rebut table proof of execution of this Agreement by any party may be made by presentation of a copy of this Agreement bearing a facsimile or photostatic copy of the signature of the party whose execution is sought to be proved, and such copies shall be as valid as the originals and as admissible as evidence of proof of the execution and terms and provisions hereof as the originals.

14. **Headings.** The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

15. **Jurisdiction.** This Agreement is entered into and is to be performed in the County of Orange in the State of California. Company submits and consents to the exclusive jurisdiction of any causes of action arising directly or indirectly from the Agreement in any federal or state court located in the State of California.

16. **Arbitration.** Any and all disputes arising out of or relating to the interpretation, application, formation, or the termination of this Contract shall, upon the election of either party, be subject to binding and final arbitration in Orange County, California, pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision issued there from shall be binding upon the parties and shall be enforceable as a judgment in any court of competent jurisdiction. The prevailing party in such arbitration, court action, or other proceeding shall be entitled, in addition to such other relief as many be granted, to a reasonable sum as and for attorney's fees in such arbitration, court action, or other proceeding which may be determined by the arbitrator, judicial officer, or other officer in such proceeding. If a confirmation proceeding or collection action is required for any payment not made when due, the creditor shall be entitled to collect statutory interest and the cost of collection, including attorney's fees whether or not court action is required for enforcement. The prevailing party in any such proceeding shall also be entitled to reasonable attorneys' fees and costs in connection with any and all appeals of any judgment.

17. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to California's rules of conflicts of law, and regardless of the place or places of its physical execution and performance.

18. **Independent Contractor Relationship.** The parties hereto intend that an independent contractor-owner relationship will be created by this Agreement. Company is interested only in the result to be achieved, and the conduct and control of the Services will lie solely with Consultant. Consultant is not to be considered an agent or employee of Company for any purpose, and neither Consultant nor his employees are entitled to any of the benefits that Company may provide for its own employees. Payments to consultant hereunder shall not be subject to withholding taxes or other employment taxes as required with respect to compensation paid to an employee. It is understood that Company does not agree to use Consultant exclusively. It is further understood that Consultant is free to contract for similar or other services to be performed for other owners while under this Agreement with Company.

18. **Preliminary Statement.** The Preliminary Statement is incorporated herein by this reference and made a material part of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above-written.

COMPANY

Web Global Holdings, Inc.

By: *Steve Slome*
Name: Steve Slome
Title: CEO

CONSULTANT

By: *David Michael*
Name: David Michael
Title: Managing Director

David Michael wire instructions (below):

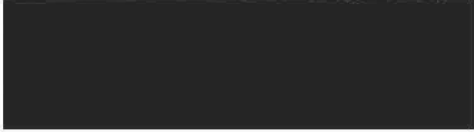


EXHIBIT B

STRATEGIC ALLIANCE AGREEMENT

WHEREAS, Heartland Income Properties, LLC, (“Heartland”) 7702 E Doubletree Ranch Road, Suite 300, Scottsdale, Arizona 85258 is engaged in a Regulation D Rule 506 (c) Private Placement dated April 30, 2018 for the purpose of raising capital to create a portfolio of commercial real estate, and;

WHEREAS, Heartland seeks to develop a strategy for continued growth and capital formation, and;

WHEREAS, Austin Marketing Group, LLC, (“AMG”) 5567 Reseda Blvd, Suite 218, Tarzana, California 91356, is a known and respected enterprise engaged in assisting companies in creating strategic initiatives for growth and capital formation;

Heartland and AMG have entered into this non-exclusive AGREEMENT dated December 5, 2018.

- 1) AMG will use its best efforts to assist Heartland in sourcing equity capital pursuant to its Private Placement.
- 2) Heartland will compensate AMG in the form of a “Finder’s Fee” an amount based on AMG’s successful efforts in securing equity capital and in providing strategic consultation to Heartland.
- 3) Except as noted below, it is understood that said compensation shall not exceed 30% of the combination of any Finder’s Fee and consultation services.
- 4) In addition to the Finder’s Fee compensation noted above, upon Heartland securing equity capital through the efforts of AMG exceeding \$1,000,000, AMG shall be entitled to additional compensation in the form of five (5) Units of the above referenced Private Placement. If AMG’s efforts result in capital formation in excess of \$1,000,000, they will be compensated with two and one-half (2.5) additional Units for every \$500,000 in equity capital secured.
- 5) This AGREEMENT is subject to cancellation by either party to the AGREEMENT at any time subject to thirty (30) days written notice to the addresses noted above.

EXHIBIT C

AUSTIN PARTNERS I, LLC

SUMMARY OF PARTNERSHIP ACTIVITY

MAXIMUM PARTNERSHIP

UNITS OFFERED: 400

MINIMUM PARTNERSHIP

UNITS OFFERED: 1

PRICE PER UNIT: \$10,000

MINIMUM INVESTMENT: \$10,000

EXECUTIVE SUMMARY

Austin Partners I, a Nevada LLC, was formed to create an investment grade portfolio of high-quality investments. Austin Marketing Group manages and oversees all activities of the partnership.

Our investment objectives are to maximize the returns to our clients and show them phenomenal returns. We will accomplish this by investing as a group giving us more buying power. This will include stocks, real estate, precious metals, energy - such as oil and gas, and a variety of other investment opportunities.

We do a full investigation and background check on each company we partner with to ensure that they are authentic and secure investments.

We attain a full-time expert licensed broker who monitors daily activity of all stocks, giving a "third eye" on the market's agile movement. This gives our investors peace of mind, knowing that their investments are not only safe in the market, but are also maneuverable between stocks to insure maximum growth and avoid any pitfalls.

We also keep our investors updated on the progress of each stock via email or newsletter informing them of current news and press releases. This gives our investors a full understanding of what they are involved and invested in.

Everyone is always looking for a second pair of eyes to help them navigate through the volatile movement of the market. We are extremely confident that we not only provide a "Safe Harbor" for our investor's money but will continue to ultimately strive for their financial freedom.

We are always there for our clients, not just now, but in the future. And, for their friends and family as well. The only way that is achieved, is by being successful with the companies that we carefully select.

We will send you information on the current companies we have partnered with. We've already spent a considerable amount of time and energy ensuring that these are great investment for our clients.

Please remember Austin Partners I motto – "Helping our clients not only achieve magnificent financial gains, but more importantly, achieving financial freedom in a world where NOTHING is free! WE TREAT YOUR MONEY LIKE IT'S OUR OWN!"

We look forward to working with you, not only now, but for many years to come.

Thank you.

Steve Scott	David Michael
CEO	CEO



March 14, 2019

Mr. Steve Scott
Austin Marketing Group, LLC
5567 Reseda Blvd, Suite 218
Tarzana, CA 91356

Re: Austin Partners Fund I, LLC

Dear Mr. Scott,

On behalf of the Managers of Heartland Income Properties, LLC, I wish to thank you for the participation of Heartland as an approved investment of Austin Partners Fund I.

We look forward to providing your investors with competitive risk-adjusted returns through their investment in Austin Partners Fund I.

Best Regards,

A handwritten signature in black ink that reads "Bill Deegan". The signature is written in a cursive, flowing style.

Bill Deegan
Chief Executive Officer



May 14, 2019

Heartland Income Properties, LLC continues to make progress as we advance our capital raising efforts and the identification of property acquisition candidates.

As part of our capital raising efforts, we are pleased to announce that we have secured a relationship with Austin Partners I, LLC, a California based private equity group. Austin has established an equity position with the company and has committed to increasing its position in the weeks and months ahead. In addition to the Partners fund itself, Austin's managers are presenting the Heartland opportunity directly to their clients. This demonstrates their commitment to our company. We value this relationship as we do our relationship with all our investors.

We have many properties under consideration for acquisition and expect to close shortly on a Scooter's Coffee ground lease in Clear Lake, Iowa. We are under contract to acquire this property which includes a Scooter's Coffee corporate guarantee. Scooter's Coffee is a growing chain of drive-up coffee shops that recently received a large capital infusion from an investment group. They expect to grow to more than 1,000 units from their current roster of approximately 200 stores.

We have several properties under Letters of Intent which we expect to move to contract status and due diligence soon. These include a Dollar General in Kansas and a Safelite Auto Glass in Nebraska. Both properties feature corporate guarantees. We are also currently reviewing a Sonic restaurant in Texas that has very favorable metrics.

As you know, our underwriting standards are strict. Although there are literally thousands of properties available in our target geographic area, finding the few that meet our standards and price points take considerable due diligence on our part.

We are also pleased to announce that we expect to pay our first dividend to investors as early as September of this year. As soon as the amount of the dividend is finalized, we will let you know. We fully expect that as more properties are added to the portfolio the quarterly dividend will increase over time.

On behalf of Heartland's management team, thank you for your participation as an investor.

Please call me if you have any questions.

Best Regards,

A handwritten signature in black ink that reads "Bill Deegan". The signature is written in a cursive, slightly slanted style.

Bill Deegan

CEO



Investing in Single-Tenant Triple Net Leases?

Consider these 6 questions before you make your investment.

Many real estate investors are attracted to single-tenant commercial buildings occupied under triple net leases in which the tenant pays for some or all the costs of operating the building, including real estate taxes, insurance, utilities, maintenance and capital improvements. Although simple in concept and a very attractive investment, triple net lease properties can have pitfalls, so investors must do proper due diligence.

Here are several questions investors must answer as they consider any deal:

- What are my objectives?
- Where is the location of the investment?
- What type of triple net lease is acceptable to me?
- What are the criteria for the tenant?
- What type of building use is acceptable to me?
- Why is the seller selling the property?

Objectives

It is crucial to define your investment objectives. Your objectives may change as you receive more information and data about geographical areas, types of investment, lease terms and returns on investment. For example, one investor who focuses on currently occupied single-tenant Midwest properties defines his acquisition objectives according to the following criteria. Each acquisition must have:

- Occupation by strong regional or national tenants.
- An acceptable triple net lease.
- A positive cash flow.
- E-commerce-resistant retail businesses such as convenience stores, dollar stores and fast food restaurants.
- At least five years remaining on the lease.

Location

Location, location, location. That's the age-old adage of real estate investment. Determining a good location for your investment is crucial.

For an investor seeking a high-density population area, the investment may be much more expensive. But, the rewards of rapid growth are often worth the high cost of the investment. Remember, too, that a downturn in the economy will have the most significant impact on these areas, ushering in rapidly decreasing values.

In lower density areas, the investment required is much lower and the returns are more stable. That's because these areas do not experience the significant high values of rapidly growing areas, nor the significant lows during economic downturns.

Types of Triple Net Leases

When analyzing the triple net lease of a potential investment, think of the lease as the investment rather than the building. The two primary questions to ask when reviewing the lease are:

- Is the tenant responsible for all the obligations for the building, including real estate taxes, insurance, utilities, maintenance and capital improvements?
- Does the landlord/investor have any obligations for the building such as capital improvements (e.g., a new HVAC) or structural improvements (e.g., roof or foundation repairs or replacements)?

All triple net leases are not the same. It is imperative that you carefully analyze the lease to understand the risks and returns on your potential investment and determine which type of triple net leases are acceptable to you.

The types of triple net leases include:

Absolute Triple Net Lease or Bond Lease

This type of lease is the most attractive for an investor because the lease requires the tenant to be responsible for all the fixed and operating expenses for the building, including real estate taxes, insurance, utilities, maintenance and capital improvements.

Triple Net Lease

The type of lease you may see most is the Triple Net Lease, in which the landlord is responsible for all or some of the capital improvements of the building (e.g., HVAC, roof, foundation and walls).

Modified Net Lease

In this type of lease, the tenant pays for utilities, insurance and interior maintenance and repairs. The landlord is responsible for all the other obligations such as real estate taxes and capital improvements.

Gross Lease

It is not likely an investor would invest in a building with a gross lease. In a gross lease, the tenant pays only for the rent on the building, and the landlord pays for all the fixed and operating expenses for the building.

Some other issues and risk factors you'll want to consider when analyzing the lease are:

- If there are escalators, are they a flat percentage increase? Or, are they tied to some local or national indicator such as "fair market rent" or a percentage return on capital based upon the value of the building?
- Is the term of the lease near its end?
- What is the perceived risk in the market in which you are investing?

Tenant Criteria

Possibly the most important question an investor must address is the tenant's ability to pay and meet the terms of the lease. The capitalization rate (cap rate) is an indicator of the risk factor. The leases for more creditworthy tenants, such as well-capitalized national tenants, will have a lower cap rate, and less creditworthy tenants will have a higher cap rate.

Building Use

The categories of commercial real estate are:

- Office
- Industrial
- Retail
- Multifamily
- Hotels
- Undeveloped land

As discussed, some types of commercial real estate, such as multifamily and hotels, are management intensive. Retail and industrial are the uses most often acquired by investors.

You must also determine whether the use is a specialized use that may be harder to convert at the end of the term of the lease or in the event the tenant vacates the lease for any reason. Examples of specialized uses are restaurants and medical buildings.

Most retail spaces other than restaurants are standard in design and scope, and a reuse is more easily accomplished. The same is true for industrial use, which will often meet the requirements of any type of industrial user.

In conclusion, it is crucially important to do comprehensive due diligence when considering a real estate investment.



bill deegan

Bill Deegan has more than 40 years of real estate development, accounting, finance and sales experience. Deegan served as senior vice president of the New York State Urban Development Corporation, a major public authority in New York State with more than \$2 billion in real estate assets, including more than 10,000 rental units. In the private sector, he participated in the development of single-family and resort properties in Central America, was involved in the syndication and distribution of real estate limited partnerships and real estate investment trusts and has consulted with several businesses on the implementation of business strategies designed to enhance shareholder value. Deegan maintained an active license as a certified public accountant for more than 30 years and is a graduate of Pace University in New York.



About Web Global Holdings

Web Global Holdings, Inc., is a California-Headquartered, publicly traded (OTC: WEBB) incorporated in the state of Colorado. We are a diversified holdings company that creates growth through asset acquisition and development to produce long-term cash flow and favorable returns for stakeholders.

Web Global Holdings has a diverse array of operating subsidiaries specializing in both traditional television production, internet, streaming media along with crypto, blockchain and fin-tech space. Webb is currently building out OTT streaming channels, reality television productions, online videos, and scripted television around the rapidly expanding crypto and blockchain universe. Web Global Holdings' largest operating subsidiaries are Allocation Media Entertainment and CryptoCake Studios™. For more information on our corporate entities, please click on the logos below.

About Us

Web Global Holdings, Inc., is a California-Headquartered, publicly traded (OTC: WEBB) incorporated in the state of Colorado. We are a diversified holdings company that creates growth through asset acquisition and development to produce long-term cash flow and favorable returns for stakeholders. *Web Global Holdings has a diverse array of operating subsidiaries specializing in both traditional television production, internet, streaming media along with crypto, blockchain and the FinTech space. Webb is currently building out OTT streaming channels, reality television productions, online videos, and scripted television around the rapidly expanding crypto and blockchain universe. Web Global Holdings' largest operating subsidiaries are Allocation Media Entertainment and CryptoCake™. More information is available [here](#).*

Please find our company's SEC filings [here](#).

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Latest News

CryptoCorner: CryptoCake™ – A #Blockchain and Fintech News and Entertainment Streaming Channel

December 4, 2018 1:47 am

Point Roberts, WA and Delta, BC – December

Bitcoin's Market Crash & Rebound

November 30, 2018 2:41 am

by Jacob Wolinsky Recently, the world closely watched what

Web Global Holdings, Inc. Announces Launch of CryptoCake™ YouTube Channel Currently with 1.9 Million Subscribers

November 14, 2018 6:00 am

STUDIO CITY, Calif., Nov. 14, 2018 (GLOBE NEWSWIRE)

Web Global Holdings, Inc. Unveils New "CryptoCake" Streaming TV Channel at World Crypto Con 2018 in Las Vegas

October 23, 2018 6:00 am

STUDIO CITY, Calif., Oct. 23, 2018 (GLOBE NEWSWIRE)

Portfolio Companies



CryptoCake

CryptoCake™ is developing the world's first-ever streaming 24-hour Crypto TV News Channel named CryptoCake. The channel will be devoted to emerging digital currencies, Blockchain and fintech technology news and information. CryptoCake will first stream on Amazon Fire, Apple TV, GoogleCast, Twitch and Roku players. All of the content for this digital currency TV channel will be produced, distributed, and owned by CryptoCake. CryptoCake plans to move into more traditional satellite and cable TV markets such as DirectTV, Time Warner, Dish and Cox Cable.

CryptoCake also aims to syndicate part of the show lineups to Netflix, Hulu along with other numerous foreign satellite and cable providers. CryptoCake plans to also stream on mobile devices as well as on the cryptocake.com website.



BitGen Mining was founded in 2018 to generate revenues and growth for its parent company Web Global Holdings, Inc. in the cryptocurrency market. Web Global Holdings is in negotiations with associate mining companies for operational partnerships. BitGen Mining will generate profits from ownership of state-of-the-art mining rigs in a secure and insured facility. The sophisticated hardware setup and expert mining management software will allow BitGen to mine the most profitable cryptos of the day.

BitGen Mining's mission is to become the global leader in coin mining, stimulating growth within the cryptocurrency space while advancing our parent company's investment success in this exploding FinTech sector.



Allocation Media Entertainment is a production company that is a subsidiary of a publicly-traded company, Web Global Holdings, Inc. (a Subsidiary of OTC Ticker, WEBB.) AME creates and distributes both scripted and unscripted traditional television programming. We create and own original programming and monetize its distribution via daytime first-run syndication television to numerous broadcast, cable, digital, sports networks and foreign territories around the world.

Our content is also geared for second screen friendly viewing distributed through social media, mobile devices and other video platforms. Additionally, AME also develops piloted scripted and non-scripted television formats and shows targeted to full series orders for broadcast, cable and streaming outlets.



March 15, 2019

Dear Mr. Scott,

Thank you for our recent visit. We are excited to work with AMG in putting together a custom life settlement portfolio for the fund. Our core philosophy of putting our investors first and providing them with an opportunity to achieve high returns fit well with AMG's fund management.

We have developed a network of relationships that afford us broad look at a great deal of life insurance policies, giving us the opportunity to be selective and apply our successful due diligence process.

We look forward to further conversation on Monday and eventual meeting to cover the details and plans of this endeavor.

Sincerely,

A handwritten signature in black ink that reads "Dirk Davis". The signature is fluid and cursive.

Dirk Davis
Chief Operating Officer
Life Investors Management Company

Life Investors Management Company, LLC

2600 E. Southlake Blvd, Suite 120-375
Southlake, Texas 76092

P: 817-575-9553
F: 817-549-2901

OS Received 08/16/2022

Exhibit C Page 35



March 19, 2019

Dear Mr. Scott,

I wanted to go over a few items that highlight Life Investors Management Company, LLC. We believe we are a unique company in this space and offer a great deal to our investors.

- We believe in, and value long-term relationships with our investors and work hard to give them a substantial opportunity to achieve high returns.
- It is not a cliché for us to tout our investors interest first. We have successfully provided high returns for years. The last three settlements on our books provide an annualized rate of return of: \$500,000 policy – 12.19% (the lowest return to date); \$11,000,000 policy – 54.43%; and \$20,000,000 policy – 83.03%. The policies settled to date have average over 50% annualized return.
- LIMC currently manages 81 policies and over 190 partnership entities. The 190 entities own various interest in the 81 policies. For example, we manage two policies for one insured totaling \$50,000,000. There are 23 partnerships that own various levels of interest in these two policies.
- Each policy account and each partnership entity have their own bank account at Amarillo National Bank. There is no co-mingling of funds. Everything is managed clean and crisp.
- LIMC has extensive relationships with agents, providers, and brokers around the country. Through these relationships, we can procure policies that enables us to bring economic value to the investments. Working with agents that have personal knowledge of the insured is valuable in our due diligence.
- LIMC does extensive due diligence, updated medicals, agent input, premium optimizations, and third-party Life Expectancy evaluations.
- Every policy closing, even ones done via a LS provider, is handled by our attorney who has over 15 years of LS experience. He also assist with all Private Placement Memorandum LS offerings as well as Closed-End LS fund offerings.

LIMC's core management has over 16 years of LS experience. We work hard to provide our clients with the best investment experience possible.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Dirk Davis', written in a cursive style.

Dirk Davis
Chief Operating Officer
Life Investors Management Company



Re: GRAPEVINE POLICIES OFFERING
One Unit - \$21,095
Total Death Benefit - \$124,762

Dear Investor:

Life Investors Management Company, LLC (LIMC) is pleased to make available an offering of thirty-five (35) units in each of six entities referred to as Grapevine Policies One, LLC through Grapevine Policies Six, LLC, making up a total of two hundred and ten (210) units in the offering.

The cost to the investor for one unit is \$21,095. The death benefit to be received for one unit is \$124,762. The initial capital call of \$5,614 per unit will be due April 1, 2019. Administrative fees of \$343 to LIMC are included in the capital call and the remaining \$5,271 go toward the annual premium payment due on each of the six policies (Cook Policy, LLC, Fine Policy, LLC, Andelman Policy, LLC, Decker Policy, LLC, Fuller Policy, LLC, and Klein Policy, LLC).

The attached package has material referencing each insured, projected cost, and projected investment returns associated with the investment.

The Summary Sheet provides details of each insured, including a brief medical summary. It also reflects a projected internal rate of return (IRR) for each insured policy based on the policy settling on the month of expectancy. There is a projected IRR for the entire investment of 38.10% over seven years supported by an Investment Sheet following the Summary. If each insured lives fifty percent (50%) longer than expected, the projected IRR is 19.43% over a ten-year period. This projection is shown on a subsequent Investment Sheet.

Also included in the attached material is an Investment Sheet representing each of the six policies. This investment sheet shows the estimated premium expense and projected returns for each policy. It represents a pro-rated portion of one unit of the two hundred and ten (210) Grapevine Policies, LLC. In other words, all six of the individual policy Investment Sheets add up to equal one unit of a Grapevine Policies offering.

Sincerely,

A handwritten signature in black ink that reads "Dirk Davis". The signature is fluid and cursive, written over a light grey circular stamp.

Dirk Davis
Chief Operating Officer
Life Investors Management Company

AUSTIN PARTNERS I, LLC

WEBSITES

AUSTIN MARKETING AND MEDIA GROUP LLC –

Austinmarketinggroup.net

COMMERCIAL R.E. –

heartlandincome.com

CONVERTIBLE NOTE –

Webglobalholdings.com

INSURANCE –

limcollc.com



www.nuviewtrust.com

Approved



AUSTIN MARKETING GROUP, LLC

SUBSCRIPTION AGREEMENT

Austin Partners I, LLC
5567 Reseda Blvd.
Suite 218
Tarzana, CA 91356

Dear Sir:

You have informed the undersigned (the "Purchaser") that Austin Partners I, LLC, a Nevada company (the "Company") wishes to raise a minimum of One Hundred Thousand Dollars (\$100,000) and a maximum of Two Million, Five Hundred Thousand Dollars (\$2,500,000) from various persons by selling up to 250 Membership Units of ownership, (the "Units"), at a price of Ten Thousand Dollars (\$10,000) per Unit.

I have received, read, and understand the Limited Offering Memorandum dated March 1, 2019 (the "Memorandum"). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms and conditions of this Subscription Agreement, the Memorandum and the Operating Agreement of Austin Partners, LLC.

This Subscription Agreement is one of a number of such subscriptions for Units. By signing this Subscription Agreement, I offer to purchase and subscribe from the Company, the number of Units set forth below on the terms specified herein. The Company reserves the right, in its complete discretion, to reject any subscription offer or to reduce the number of Units allotted to me. If this offer is accepted, the Company will execute a copy of this Subscription Agreement and return it to me. I understand that, commencing on the date of this Memorandum, all funds received by the Company in full payment of subscription for Units, will be deposited in an Investment Holding Account. After the minimum number of Units are sold, all proceeds from the sale of Units will be delivered directly to the Company and be available for its use.

1. Accredited Investor. I am an Accredited Investor because I qualify within one of the following categories:

Please Check the Appropriate Category

\$1,000,000 Net Worth.

A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000 excluding the value of the primary residence of such natural person.

Purchaser's Initials

\$200,000/\$300,000 Income.

A natural person who had an individual income more than \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse more than \$300,000 per year in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.

Director or Officer of Issuer.

Any director or executive officer of the Company

All Equity Owners in Entity Are Accredited.

An entity, (i.e. corporation, partnership, trust, IRA, etc.) in which all the equity owners are Accredited Investors as defined herein.

Corporation.

A corporation not formed for the specific purpose of acquiring the Shares offered, with total assets more than \$5,000,000.

other Accredited Investor.

Any natural person or entity which qualifies as an Accredited Investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:

2. Representations and Warranties. I represent and warrant to the Company that:

(A) I (i) have adequate means of providing for my current needs and possible contingencies and I have no need for liquidity of my investment in the Units, (ii) can bear the economic risk of losing the entire amount of my investment in Units, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment; (iv) the purchase of Units is consistent, in both nature and amount, with my overall investment program and financial condition.

(B) The address set forth below is my true and correct residence, and I have no intention of becoming a resident of any other state or jurisdiction.

(C) I have not utilized the services of a "Purchaser Representative" (as defined in Regulation D promulgated under the Securities Act) because I am a sophisticated, experienced investor, capable of determining and understanding the risks and merits of this investment.

Purchaser's Initials

(D) I have received and read, and am familiar with the Offering Documents, including the Memorandum, Subscription Agreement, and Operating Agreement of the Company. All documents, records and books pertaining to the Company and the Units requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.

(E) I have had the opportunity to ask questions of and receive answers from the Company's officers and representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Units.

(F) I understand the risks implicit in the business of the Company. Among other things, I understand that there can be no assurance that the Company will be successful in obtaining the funds necessary for its success. If only a fraction of the maximum amount of the Offering is raised, the Company may not be able to expand as rapidly as anticipated, and proceeds from this Offering may not be sufficient for the Company's long-term needs.

(G) Other than as set forth in the Memorandum, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering, and I am purchasing the Units based solely upon my own investigation and evaluation.

(H) I understand that no Units have been registered under the Securities Act, nor have they been registered pursuant to the provisions of the securities or other laws of applicable jurisdictions.

(I) The Units for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. To induce the Company to sell Units to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Units by anyone but me.

(J) I am aware of the following:

- (i) The Units are a speculative investment which involves a high degree of risk; and
- (ii) My investment in the Units is not readily transferable; it may not be possible for me to liquidate my investment.
- (iii) The financial statements of the Company have merely been compiled and have not been reviewed or audited.
- (iv) There are substantial restrictions on the transferability of the Units registered under the Securities Act; and

Purchaser's Initials

(v) No federal or state agency has made any finding or determination as to the fairness of the Units for public investment nor any recommendation or endorsement of the Units;

(K) Except as set forth in the Memorandum, none of the following information has ever been represented, guaranteed, or warranted to me expressly or by implication, by any broker, the Company, or agents or employees of the foregoing, or by any other person:

- (i) The appropriate or exact length of time that I will be required to hold the Units;
- (ii) The percentage of profit and/or amount or type of consideration, profit, or loss to be realized, if any, as a result of an investment in the Units; or
- (iii) That the past performance or experience of the Company, or associates, agents, affiliates, or employees of the Company or any other person, will in any way indicate or predict economic results in connection with the purchase of Units;
- (iv) The amount of dividends or distributions that the Company will make;

(L) I have not distributed the Memorandum to anyone, no other person has used the Memorandum, and I have made no copies of the Memorandum; and

(M) I hereby agree to indemnify and hold harmless the Company, its managers, directors, and representatives from and against any and all liability, damage, cost or expense, including reasonable attorney's fees, incurred because of or arising out of:

- (i) Any inaccuracy in the declarations, representations, and warranties set forth above;
- (ii) The disposition of any of the Units by me which is contrary to the foregoing declarations, representations, and warranties; and
- (iii) Any action, suit or proceeding based upon (1) the claim that said declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (2) the disposition of any of the Units.

I have hereby read and understand the Operating Agreement and understand how an LLC functions as a corporate entity.

Purchaser's Initials

8. Ownership Information. Please print here the total number of Units to be purchased, and the exact name(s) in which the Units will be registered.

Total Units: _____

Name(s): _____

- _____ Single Person
- _____ Husband and Wife, as community property
- _____ Joint Tenants (with right of survivorship)
- _____ Tenants in Common
- _____ A Married Person as separate property
- _____ Corporation or other organization

Purchaser's Initials

- _____ A Partnership
- _____ Trust
- _____ IRA
- _____ Tax-Qualified Retirement Plan
 - (i) Trustee(s)/ Custodian _____
 - (ii) Trust Date _____
 - (iii) Name of Trust _____
 - (iv) For the Benefit of _____
- _____ Other: _____
(please explain)

Residence Address:

Street Address

City State Zip

Mailing Address: (Complete only if different from residence)

Street Address (If P.O. Box, include address for surface delivery if different than residence)

City State Zip

Email

Occupation: _____

(1) Business Address: _____

(2) Business Telephone Number: (_____) _____

Phone Numbers

Home: (_____) _____

Mobile: (_____) _____

Facsimile: (_____) _____

Date of Birth: _____

Citizenship: _____

Social Security or Tax I.D. #: _____

Purchaser's Initials

Prospective Investor's Representations

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Date and Signatures. Dated _____, 20__.

Signatures Purchaser Name (Print)

Signatures Purchaser Name (Print)

(Each co-owner or joint owner must sign - Names must be signed exactly as listed under "Purchaser Name")

ACCEPTED:

AUSTIN PARTNERS I, LLC

By: _____ Dated: _____, 20__

Steve Scott
CEO

By: _____ Dated: _____, 20__

David Michael
CEO

AUSTIN PARTNERS I, LLC

WIRING AND BANKING INSTRUCTIONS

CHECK MADE PAYABLE TO –

AUSTIN PARTNERS I, LLC
5567 Reseda Blvd.
Suite 218
Tarzana, CA 91356

WIRING INSTRUCTIONS –

BANK --	[REDACTED]
COMPANY --	AUSTIN PARTNERS I, LLC
BANK ROUTING NO. --	[REDACTED]
ACCOUNT NO. --	[REDACTED]
SWIFT CODE --	[REDACTED]

EXHIBIT D

AUSTIN PARTNERS I, LLC

January 9, 2020

[REDACTED]
[REDACTED]
[REDACTED], IL [REDACTED]

Dear [REDACTED]:

Once again, we would like to welcome you aboard to our family of investors.

You will find, enclosed with this letter, your Austin Partners I, LLC signed Subscription Agreement and your Certificate of Ownership both in the amount of 1.5 Units (\$15,000) reflecting your initial investment of 1 Unit (\$10,000) and our additional gift of .5 Units (\$5,000) equaling a total of 1.5 Units (\$15,000.)

We sincerely appreciate your business, trust, and vote of confidence.

We look forward to showing you magnificent financial gains, and building a prosperous relationship for many years to come.

Please feel free to reach out to us at any time if you have ANY questions or concerns -- 323-310-8222.

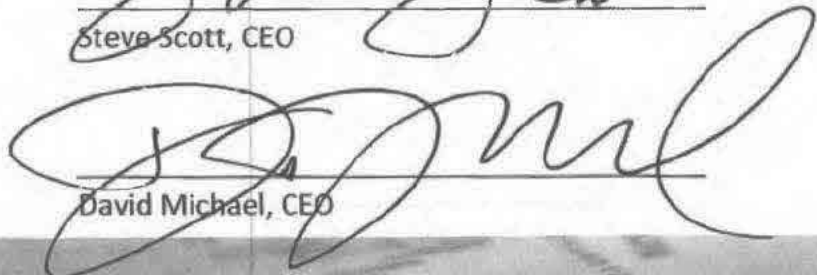
Once again, wishing you the happiest of Holidays and a very happy, healthy, and prosperous 2020.

We thank you and look forward to speaking with you soon.

Sincerely,



Steve Scott, CEO



David Michael, CEO

PHONE: (323) 310-8222

5567 RESEDA BLVD., SUITE 218
TARZANA, CA 91356

EMAIL: austinmarketinggroup.net

austinmarketinggroup.net

OS Received 08/16/2022

Exhibit D Page 49

AUSTIN PARTNERS I, LLC

December 30, 2019

[REDACTED]
[REDACTED]
[REDACTED], IL [REDACTED]

see attached info

Dear [REDACTED]:

We here at Austin Marketing Group, LLC, would like to welcome you aboard to our family of investors.

We sincerely appreciate your business, trust, and vote of confidence.

We would like you to know that we take your investments and portfolio growth extremely seriously, and look forward to showing you magnificent financial gains, and building a prosperous relationship for many years to come.

As stated in your conversation with our Account Specialist, Erik Jones, today, December 30, 2019, we are pleased to provide you with another half unit - \$5,000 (.5 Units) as a gift from Austin Partners I which, combined with your initial investment of \$10,000 (1 Unit) increases your total investment to -- \$15,000 (1.5 Units.)

Please feel free to reach out to us at any time if you have ANY questions or concerns.

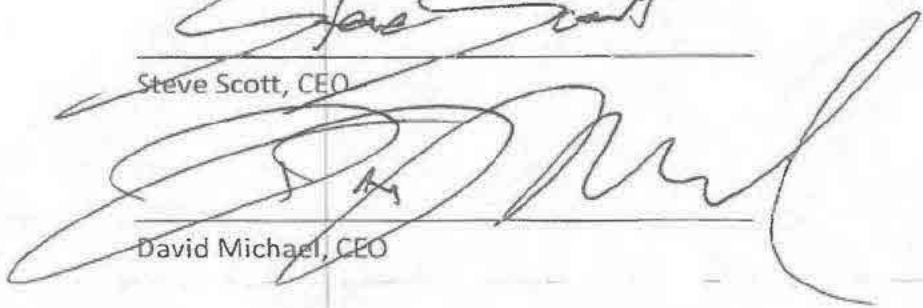
Wishing you the happiest of Holidays and a very happy, healthy, and prosperous 2020.

We thank you again and look forward to speaking with you soon.

Sincerely,



Steve Scott, CEO



David Michael, CEO

AUSTIN PARTNERS I, LLC

December 30, 2019

██████████
██████████
██████████, IL ██████████

Reference: INVESTMENT – AUSTIN PARTNERS I, LLC – 1.5 UNITS -- \$15,000

Dear Mr. ██████████ –

Let this document serve as a written agreement to Mr. ██████████, that, over the course of our agreement (24 months), Austin Partners I, LLC will grant and disburse dividends to you equaling 2-3% paid quarterly of your initial investment of \$10,000 (1 Unit) plus an extra half unit \$5,000 (.5 Units) gifted from Austin Partners I equaling – \$15,000 total investment (1.5 Units.)

At the conclusion of the initial 24-month anniversary date of this written agreement, Mr. ██████████ may, if he so chooses, request and receive, a complete refund of his entire investment (or any part thereof.)

Agreed to this 30th day of December, 2019 –

AUSTIN PARTNERS I, LLC



David Michael
CEO



Steve Scott
CEO

EXHIBIT E



Austin Marketing and Media Group LLC

[Home](#) [About Us](#) [CEOS](#) [Representation History](#) [Contact Us](#) [Austin Partners](#)

CEOS

Meet the Team

Steve Scott

CEO

Steve's extensive background in the Market has over 40 years experience in the business, responsible for launching companies such as "Cellular One" and "Papa John's Pizza" and helping them reach the level of success that catapulted them into the companies they are today! Steve is responsible for building 250 oil wells in the oil and gas industry! Steve prides himself on the personal relationships he develops with his clients that travels FAR beyond their financial needs, but treats them as family! This template is the reason why he has been extremely successful for the last 40 years and he still uses that exact same method today!

In a brutal dog eat dog industry that is designed for the company to make the majority of the gains, Steve is one of the few with old school morals and beliefs that the art of conversing is lost and in order for the client to feel important, and establish trust, there has to be continuous Communication and one on one personal attention to the clients needs and goals! Steve will not only achieve your financial goals but will restore the loss of faith in people you trust your money with!

David Michael

CEO

David's Background is extremely substantial, over the last 22 years he has overseen a number of Financial Firms, with growths from \$1 Million to \$22.5 Million in Annual Revenue, and Averaging a 300 to 1000% returns for 76% of his clients. David prides himself on keeping his word to his clients, his integrity and loyalty, and has established a certain level of trust that far supersedes any financial relationships out there today!

David works extremely hard to insure that his clients not only make substantial returns but feel financially safe in a world where trust is so few and far between, and when it comes to your families financial future, he understands that it's extremely hard and stressful to make a continuous healthy living, but even more stressful fearing the loss of all your hard work. David makes it his goal to not only make great returns for his clients, but give them financial freedom and peace of mind which is more valuable than anything!

CEOS

Meet the Team

Steve Scott

CEO

Steve's extensive background in the Market has over 40 years experience in the business, responsible for launching companies such as "Cellular One" and "Papa John's Pizza" and helping them reach the level of success that catapulted them into the companies they are today! Steve is responsible for building 250 oil wells in the oil and gas industry! Steve prides himself on the personal relationships he develops with his clients that travels FAR beyond their financial needs, but treats them as family! This template is the reason why he has been extremely successful for the last 40 years and he still uses that exact same method today!

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CEO

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Complaints and Other Initiating Documents

2:21-cv-01065 Securities and Exchange Commission v. Moleski et al

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Notice of Electronic Filing

The following transaction was entered by Longo, Amy on 2/5/2021 at 11:20 AM PST and filed on 2/5/2021

Case Name: Securities and Exchange Commission v. Moleski et al

Case Number: 2:21-cv-01065

Filer: Securities and Exchange Commission

Document Number: 1

Docket Text:

COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attachments: # (1) Exhibit A, # (2) Exhibit B, # (3) Exhibit C, # (4) Exhibit D, # (5) Exhibit E) (Attorney Amy J. Longo added to party Securities and Exchange Commission(pty:pla))(Longo, Amy)

2:21-cv-01065 Notice has been electronically mailed to:

Amy J. Longo longoa@sec.gov, irwinma@sec.gov, kassabguir@sec.gov, LAROFiling@sec.gov

2:21-cv-01065 Notice has been delivered by First Class U. S. Mail or by other means **BY THE FILER** to :

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:F:\marcelom\Moleski\Complaint.pdf

Electronic document Stamp:

[STAMP cacdStamp_ID=1020290914 [Date=2/5/2021] [FileNumber=31354040-0]
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Document description:Exhibit A

Original filename:F:\marcelom\Moleski\Exhibit A David Michael Consulting Producer Agreement (SEC-WBM-E-0000001) Redacted.pdf

Electronic document Stamp:

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Document description:Exhibit B

Original filename:F:\marcelom\Moleski\Exhibit B Strategic Alliance Agreement (SEC-HEARTLAND-E-0003112).pdf

OS Received 08/16/2022

<https://ecf.cacd.uscourts.gov/cgi-bin/Dispatch.pl?125319866628855>

2/5/2021

Electronic document Stamp:

[STAMP cacdStamp_ID=1020290914 [Date=2/5/2021] [FileNumber=31354040-2]
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Document description:Exhibit C

Original filename:F:\marcelom\Moleski\Exhibit C API Offering Doc (SEC-HurstV-E-0000003)
Redacted.pdf

Electronic document Stamp:

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CMECF.widgit.ProcessingWindowDestroy() G>Document description:Exhibit D

Original filename:F:\marcelom\Moleski\Exhibit D Welcome Aboard (SEC-SchulzS-E-0000001)
Redacted.pdf

Electronic document Stamp:

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Document description:Exhibit E

Original filename:F:\marcelom\Moleski\Exhibit E Images from Websites.pdf

Electronic document Stamp:

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Exhibit 7

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA (Western Division - Los Angeles)
CIVIL DOCKET FOR CASE #: 2:21-cv-01065-SVW-E**

Securities and Exchange Commission v. Stephen Scott Moleski et al
Assigned to: Judge Stephen V. Wilson
Referred to: Magistrate Judge Charles F. Eick
Cause: 15:77 Securities Fraud

Date Filed: 02/05/2021
Date Terminated: 10/21/2021
Jury Demand: None
Nature of Suit: 850 Securities/Commodities
Jurisdiction: U.S. Government Plaintiff

Plaintiff

Securities and Exchange Commission

represented by **Amy J. Longo**
US Securities and Exchange Commission
444 South Flower Street Suite 900
Los Angeles, CA 90071
323-965-3835
Fax: 213-443-1904
Email: amy.longo@ropesgray.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

Casey R. Fronk
US Securities and Exchange Commission
351 South West Temple Street, Suite 6.100
Salt Lake City, UT 84101
801-524-5796
Fax: 801-524-3558
Email: fronkc@sec.gov
PRO HAC VICE
ATTORNEY TO BE NOTICED

Tracy Schloss Combs
US Securities and Exchange Commission
Division of Enforcement
351 South West Temple Suite 6100
Salt Lake City, UT 84105
801-524-5393
Email: combst@sec.gov
ATTORNEY TO BE NOTICED

V.

Defendant

Stephen Scott Moleski

Defendant

David Michael

Defendant

Erik Christian Jones**Defendant****Alliance Management Group, LLC**

Relief Defendant, a private Nevada Limited Liability Company

Defendant**Austin Marketing Group, LLC**

Relief Defendant, a private Nevada Limited Liability Company

Defendant**Austin Media Group, LLC**

Relief Defendant, a private Nevada Limited Liability Company

Defendant**Austin Partners LLC**

Relief Defendant, a private Nevada Limited Liability Company

Defendant**Austin Partners I, LLC**

Relief Defendant, a private Nevada Limited Liability Company

Date Filed	#	Docket Text
02/05/2021	<u>1</u>	COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Exhibit A, # <u>2</u> Exhibit B, # <u>3</u> Exhibit C, # <u>4</u> Exhibit D, # <u>5</u> Exhibit E) (Attorney Amy J. Longo added to party Securities and Exchange Commission(pty:pla))(Longo, Amy) (Entered: 02/05/2021)
02/05/2021	<u>2</u>	CIVIL COVER SHEET filed by Plaintiff Securities and Exchange Commission. (Longo, Amy) (Entered: 02/05/2021)
02/05/2021	<u>3</u>	Request for Clerk to Issue Summons on Complaint (Attorney Civil Case Opening), <u>1</u> filed by Plaintiff Securities and Exchange Commission. (Longo, Amy) (Entered: 02/05/2021)
02/08/2021	<u>4</u>	APPLICATION of Non-Resident Attorney Casey R. Fronk to Appear Pro Hac Vice on behalf of Plaintiff Securities and Exchange Commission (Pro Hac Vice Fee - Not Required for US Government Attorney) filed by Plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order) (Longo, Amy) (Entered: 02/08/2021)
02/08/2021	<u>5</u>	NOTICE OF ASSIGNMENT to District Judge Stephen V. Wilson and Magistrate Judge Charles F. Eick. (et) (Entered: 02/08/2021)
02/08/2021	<u>6</u>	NOTICE TO PARTIES OF COURT-DIRECTED ADR PROGRAM filed. (et) (Entered: 02/08/2021)
02/08/2021	<u>7</u>	NOTICE OF DEFICIENCIES in Request to Issue Summons RE: Summons Request <u>3</u> . The following error(s) was found: The caption of the summons must match the caption of the complaint verbatim. If the caption is too large to fit in the space provided, enter the name of the first party and then write see attached.Next, attach a face page of the

		complaint or a second page addendum to the Summons. The summons cannot be issued until this defect has been corrected. Please correct the defect and re-file your request. (et) (Entered: 02/08/2021)
02/09/2021	<u>8</u>	Request for Clerk to Issue Summons on Complaint (Attorney Civil Case Opening), <u>1</u> filed by Plaintiff Securities and Exchange Commission. (Longo, Amy) (Entered: 02/09/2021)
02/10/2021	<u>9</u>	NEW CASE ORDER upon filing of the complaint by Judge Stephen V. Wilson. (pc) (Entered: 02/10/2021)
02/10/2021	<u>10</u>	21 DAY Summons Issued re Complaint (Attorney Civil Case Opening), <u>1</u> as to defendants Alliance Management Group, LLC, Austin Marketing Group, LLC, Austin Media Group, LLC, Austin Partners I, LLC, Austin Partners LLC, Erik Christian Jones, David Michael, Stephen Scott Moleski. (mrgo) (Entered: 02/10/2021)
02/10/2021	<u>11</u>	ORDER by Judge Stephen V. Wilson: granting <u>4</u> Non-Resident Attorney Casey R. Fronk APPLICATION to Appear Pro Hac Vice on behalf of plaintiff United States Securities and Exchange Commission, designating Amy J. Longo as local counsel. (mrgo) (Entered: 02/11/2021)
03/18/2021	<u>12</u>	Notice of Appearance or Withdrawal of Counsel: for attorney Tracy Schloss Combs counsel for Plaintiff Securities and Exchange Commission. Adding Tracy S. Combs as counsel of record for Securities and Exchange Commission for the reason indicated in the G-123 Notice. Filed by Plaintiff Securities and Exchange Commission. (Attorney Tracy Schloss Combs added to party Securities and Exchange Commission(pty:pla))(Combs, Tracy) (Entered: 03/18/2021)
03/25/2021	<u>13</u>	WAIVER OF SERVICE Returned Executed filed by Plaintiff Securities and Exchange Commission. upon David Michael waiver sent by Plaintiff on 3/9/2021, answer due 5/10/2021. Waiver of Service signed by David Michael. (Combs, Tracy) (Entered: 03/25/2021)
04/16/2021	<u>14</u>	PROOF OF SERVICE Executed by Plaintiff Securities and Exchange Commission, upon Defendant Alliance Management Group, LLC served on 4/14/2021, answer due 5/5/2021. Service of the Summons and Complaint were executed upon Nancy Avila/Corporate Creations Network, Inc., Registered Agent in compliance with Federal Rules of Civil Procedure by personal service.Original Summons NOT returned. (Combs, Tracy) (Entered: 04/16/2021)
04/16/2021	<u>15</u>	PROOF OF SERVICE Executed by Plaintiff Securities and Exchange Commission, upon Defendant Austin Partners LLC served on 4/14/2021, answer due 5/5/2021. Service of the Summons and Complaint were executed upon Nancy Avila/Corporate Creations Network, Inc., Registered Agent in compliance with Federal Rules of Civil Procedure by personal service.Original Summons NOT returned. (Combs, Tracy) (Entered: 04/16/2021)
04/26/2021	<u>16</u>	PROOF OF SERVICE Executed by Plaintiff Securities and Exchange Commission, upon Defendant Austin Marketing Group, LLC served on 4/18/2021, answer due 5/10/2021. Service of the Summons and Complaint were executed upon David Michael as Deputy CEO of Austin Marketing Group LLC. in compliance with Federal Rules of Civil Procedure by personal service.Original Summons returned. /s/ Tracy Combs (Combs, Tracy) (Entered: 04/26/2021)
04/26/2021	<u>17</u>	PROOF OF SERVICE Executed by Plaintiff Securities and Exchange Commission, upon Defendant Austin Media Group, LLC served on 4/18/2021, answer due 5/10/2021. Service of the Summons and Complaint were executed upon David Michael as managing agent of Austin Media Group LLC in compliance with Federal Rules of Civil Procedure by personal service.Original Summons NOT returned. (Combs, Tracy) (Entered: 04/26/2021)

04/26/2021	<u>18</u>	PROOF OF SERVICE Executed by Plaintiff Securities and Exchange Commission, upon Defendant Austin Partners I, LLC served on 4/18/2021, answer due 5/10/2021. Service of the Summons and Complaint were executed upon David Michael as managing agent of Austin Partners I LLC. in compliance with Federal Rules of Civil Procedure by personal service.Original Summons NOT returned. (Combs, Tracy) (Entered: 04/26/2021)
05/03/2021	<u>19</u>	WAIVER OF SERVICE Returned Executed filed by plaintiff Securities and Exchange Commission. upon Erik Christian Jones waiver sent by Plaintiff on 3/1/2021, answer due 4/30/2021. Waiver of Service signed by Ashley L. Duran, Of Counsel, Wilson Bradshaw LLP attorney for Erik Christian Jones.. (Combs, Tracy) (Entered: 05/03/2021)
05/13/2021	<u>20</u>	MINUTE ORDER IN CHAMBERS - ORDER TO SHOW CAUSE WHY THIS CASE SHOULD NOT BE DISMISSED FOR LACK OF PROSECUTION by Judge Stephen V. Wilson. (Show Cause Response due by 5/27/2021.) (mrgo) (Entered: 05/14/2021)
05/18/2021	<u>21</u>	REQUEST for Clerk to Enter Default against defendant and relief defendants Alliance Management Group, LLC, Austin Marketing Group, LLC, Austin Media Group, LLC, Austin Partners I, LLC, Austin Partners LLC, David Michael filed by plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Declaration of Tracy S. Combs) (Combs, Tracy) (Entered: 05/18/2021)
05/19/2021	<u>22</u>	DEFAULT BY CLERK F.R.Civ.P.55(a) as to David Michael, Alliance Management Group, LLC, Austin Marketing Group, LLC, Austin Media Group, LLC, Austin Partners LLC, Austin Partners I, LLC. (mrgo) (Entered: 05/19/2021)
05/27/2021	<u>23</u>	NOTICE OF MOTION AND MOTION for Extension of Time to File Extension of time to service of defendant by alternative means, NOTICE OF MOTION AND MOTION for Service by Publication filed by plaintiff Securities and Exchange Commission. Motion set for hearing on 6/28/2021 at 01:30 PM before Judge Stephen V. Wilson. (Attachments: # <u>1</u> Memorandum Memo ISO Motion Alternative Service, # <u>2</u> Exhibit Sybor Declaration ISO Motion Alternative Service, # <u>3</u> Exhibit TJ Cahill Declaration, # <u>4</u> Exhibit Combs Declaration ISO Motion Alternative Service, # <u>5</u> Exhibit Public Notice to Stephen Scott Moleski, # <u>6</u> Proposed Order Proposed Order Motion Alternative Service) (Combs, Tracy) (Entered: 05/27/2021)
05/27/2021	<u>24</u>	RESPONSE filed by Plaintiff Securities and Exchange Commission to Minutes of In Chambers Order/Directive - no proceeding held, Set/Reset Deadlines <u>20</u> (Combs, Tracy) (Entered: 05/27/2021)
06/09/2021	<u>25</u>	STIPULATION for Judgment as to Defendant Erik Christian Jones filed by plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Proposed Order)(Combs, Tracy) (Entered: 06/09/2021)
06/10/2021	<u>26</u>	NOTICE TO FILER OF DEFICIENCIES in Electronically Filed Documents RE: Stipulation for Judgment <u>25</u> . The following error(s) was/were found: Case number is incorrect or missing. In response to this notice, the Court may: (1) order an amended or correct document to be filed; (2) order the document stricken; or (3) take other action as the Court deems appropriate. You need not take any action in response to this notice unless and until the Court directs you to do so. (mrgo) (Entered: 06/10/2021)
06/24/2021	<u>27</u>	SCHEDULING NOTICE-IN CHAMBERS ORDER/TEXT ONLY ENTRY by Judge Stephen V. Wilson re: <u>23</u> MOTION for Extension of Time to File Extension of time to service of defendant by alternative means, NOTICE OF MOTION AND MOTION for Service by Publication filed by plaintiff Securities and Exchange Commission - The motion is submitted. Order to issue. The hearing scheduled for 06/28/2021 at 1:30 p.m. is vacated and off-calendar. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (pc) TEXT ONLY ENTRY (Entered: 06/24/2021)

06/24/2021	<u>28</u>	ORDER GRANTING PLAINTIFF'S MOTION FOR ALTERNATE SERVICE AND EXTENSION OF TIME FOR SERVICE OF PROCESS by Judge Stephen V. Wilson re: <u>23</u> MOTION for Extension of Time to File; and <u>23</u> MOTION for Service by Publication. IT IS HEREBY ORDERED that: 1. The Commission may serve defendant Moleski by email at the email address; 2. The Commission may serve defendant Moleski by publication in The Los Angeles Times once a week for four consecutive weeks pursuant to Rule4(e)(1) of the Federal Rules of Civil Procedure and Section 415.50 of the California Code of Civil Procedure. (See document for details) (mrgo) (Entered: 06/24/2021)
06/25/2021	<u>29</u>	FINAL JUDGMENT AS TO DEFENDANT ERIK CHRISTIAN JONES by Judge Stephen V. Wilson, in favor of plaintiff Securities and Exchange Commission against defendant Erik Christian Jones in the principal amount of \$68,550.00, interest in the amount of \$2,914.59, civil penalty of \$25,000.00 for a total judgment of \$96,464.59. Related to: Stipulation for Judgment <u>25</u> . IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78o(a)(1)] by making use of the mails or any means or instrumentality of interstate commerce, to effect any transactions in, or to induce or attempt to induce the purchase or sale of any security (other than an exempt security or commercial paper, bankers' acceptance, or commercial bills) unless Defendant is registered in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)]. (SEE DOCUMENT FOR DETAILS) (mrgo) (Entered: 06/28/2021)
08/05/2021	<u>30</u>	NOTICE OF SERVICE filed by plaintiff Securities and Exchange Commission, (Attachments: # <u>1</u> Declaration of Combs Compliance with Order to Serve by Alternate Means, # <u>2</u> Exhibit A to Combs Declaration, Proof of Publication and Affidavit from The LA Times, # <u>3</u> Exhibit B to Combs Declaration, Service of Process by Email, # <u>4</u> Exhibit C to Combs Declaration, Email Relay Confirmation)(Combs, Tracy) (Entered: 08/05/2021)
08/23/2021	<u>31</u>	MINUTE IN CHAMBERS - ORDER TO SHOW CAUSE WHY THIS CASE SHOULD NOT BE DISMISSED FOR LACK OF PROSECUTION by Judge Stephen V. Wilson. The Court, on its own motion, hereby orders plaintiff(s) to show cause in writing no later than August 30, 2021 why this action should not be dismissed as to all remaining defendants for lack of prosecution. As an alternative to a written response by plaintiff(s), the Court will accept one of the following, if it is filed on or before the above date, as evidence that the matter is being prosecuted diligently. Proof of service of summons and complaint (applicable for defendant (s) who have not been served); In cases removed from State Court, responsive pleadings filed by all defendants; Request for entry of default by plaintiff(s) (applicable where defendants have been served but not answered); Motion for default judgment. No oral argument of this matter will be heard unless ordered by the Court. The Order will stand submitted upon the filing of a responsive pleading or motion on or before the date upon which a response by plaintiff(s) is due. (shb) (Entered: 08/23/2021)
08/26/2021	<u>32</u>	REQUEST for Clerk to Enter Default against defendant Stephen Scott Moleski filed by plaintiff Securities and Exchange Commission. (Attachments: # <u>1</u> Declaration Tracy S. Combs) (Combs, Tracy) (Entered: 08/26/2021)
08/27/2021	<u>33</u>	DEFAULT BY CLERK F.R.Civ.P.55(a) as to Stephen Scott Moleski. (mrgo) (Entered: 08/27/2021)
09/01/2021	<u>34</u>	IN CHAMBERS ORDER/TEXT ONLY ENTRY by Judge Stephen V. Wilson - The Order to Show Cause <u>31</u> , issued on 08/23/2021, is DISCHARGED. Plaintiff is grant three weeks, to and including 09/22/2021, to move for default judgment. THERE IS NO PDF

		DOCUMENT ASSOCIATED WITH THIS ENTRY. (pc) TEXT ONLY ENTRY (Entered: 09/01/2021)
09/22/2021	<u>35</u>	NOTICE OF MOTION AND MOTION for Default Judgment against Defendants and Relief Defendants Stephen Scott Moleski, David Michael, Alliance Management Group, LLC, Austin Marketing Group, LLC, Austin Media Group, LLC, Austin Partners LLC, and Austin Partners I, LLC filed by Plaintiff Securities and Exchange Commission. Motion set for hearing on 10/25/2021 at 01:30 PM before Judge Stephen V. Wilson. (Attachments: # <u>1</u> Memorandum of Points and Authorities, # <u>2</u> Declaration of Tracy S. Combs, # <u>3</u> Exhibit 1 to Combs Decl., # <u>4</u> Exhibit 2 to Combs Decl., # <u>5</u> Exhibit 3 to Combs Decl., # <u>6</u> Exhibit 4 to Combs Decl., # <u>7</u> Exhibit 5 to Combs Decl., # <u>8</u> Exhibit 6 to Combs Decl., # <u>9</u> Declaration of James J. Thibodeau, # <u>10</u> Proposed Order) (Combs, Tracy) (Entered: 09/22/2021)
10/21/2021	36	SCHEDULING NOTICE - IN CHAMBERS ORDER/TEXT ONLY ENTRY by Judge Stephen V. Wilson re: MOTION for Default Judgment against Defendants and Relief Defendants <u>35</u> - The motion is submitted. Order to issue. The hearing scheduled for 10/25/2021 at 1:30 p.m. is vacated and off-calendar. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (pc) TEXT ONLY ENTRY (Entered: 10/21/2021)
10/21/2021	<u>37</u>	MINUTE ORDER (IN CHAMBERS) GRANTING MOTION FOR DEFAULT JUDGMENT <u>35</u> by Judge Stephen V. Wilson: granting <u>35</u> MOTION for Default Judgment. For the foregoing reasons, the Court GRANTS Plaintiff's motion for default judgment. The individual defendants are enjoined from further violations of Sections 5 and 17(a) of the Securities Act, Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5, and Sections 206(1), (2), and (4) of the Advisors Action and Rule 206(4)-8. Further, Defendant Michael is enjoined from directly or indirectly soliciting any person or entity to purchase or sell any security. Each Defendant is liable for disgorgement in the amounts specified in the table above. And finally, Defendant Moleski is liable for \$61,625.07 in civil penalties, and Defendant Michael is liable for \$327,815.55 in civil penalties. (SEE ATTACHED DOCUMENT FOR DETAILS) (mrgo) (Entered: 10/22/2021)
10/21/2021	<u>38</u>	FINAL JUDGMENT OF DEFAULT AGAINST DEFENDANTS STEPHEN SCOTT MOLESKI AND DAVID MICHAEL AND RELIEF DEFENDANTS ALLIANCE MANAGEMENT GROUP, LLC, AUSTIN MARKETING GROUP, LLC, AUSTIN MEDIA GROUP, LLC, AUSTIN PARTNERS LLC and AUSTIN PARTNERS I, LLC by Judge Stephen V. Wilson, Related to: NOTICE OF MOTION AND MOTION for Default Judgment against Defendants and Relief Defendants Stephen Scott Moleski, David Michael, Alliance Management Group, LLC, Austin Marketing Group, LLC, Austin Media Group, LLC, Austin Partners LLC, and Austin Part <u>35</u> . IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Moleski and Michael are each permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, to effect transactions in, or induce or attempt to induce the purchase or sale of, securities while not registered with the Commission as a broker or dealer or while not associated with an entity registered with the Commission as a broker or dealer. (SEE ATTACHED DOCUMENT FOR INDIVIDUAL JUDGMENTS AND DETAILS). (MD JS-6. Case Terminated) (mrgo) (Entered: 10/22/2021)
10/27/2021	<u>39</u>	NOTICE OF MOTION AND MOTION to AMEND Default Judgment,,,,, <u>38</u> filed by plaintiff Securities and Exchange Commission. Motion set for hearing on 11/29/2021 at 01:30 PM before Judge Stephen V. Wilson. (Attachments: # <u>1</u> Exhibit A - Proposed Amended Order of Default Judgment) (Fronk, Casey) (Entered: 10/27/2021)
11/23/2021	40	SCHEDULING NOTICE - IN CHAMBERS ORDER/TEXT ONLY ENTRY by Judge

	<p>Stephen V. Wilson re: <u>39</u> MOTION to AMEND Default Judgment filed by plaintiff - The motion is granted. The hearing scheduled for 11/22/2021 at 1:30 p.m. is vacated and off-calendar. THERE IS NO PDF DOCUMENT ASSOCIATED WITH THIS ENTRY. (pc) TEXT ONLY ENTRY (Entered: 11/23/2021)</p>
<p>11/23/2021</p>	<p><u>41</u> [AMENDED] FINAL JUDGMENT OF DEFAULT AGAINST DEFENDANTS STEPHEN SCOTT MOLESKI AND DAVID MICHAEL AND RELIEF DEFENDANTS ALLIANCE MANAGEMENT GROUP, LLC, AUSTIN MARKETING GROUP, LLC, AUSTIN MEDIA GROUP, LLC, AUSTIN PARTNERS LLC and AUSTIN PARTNERS I, LLC by Judge Stephen V. Wilson: granting <u>39</u> MOTION to Amend/Correct NOTICE OF MOTION AND MOTION to AMEND Default Judgment, <u>38</u> <u>39</u> , Default Judgment, <u>38</u> . (SEE ATTACHED DOCUMENT FOR INDIVIDUAL JUDGMENTS AND DETAILS). (mrgo) (Entered: 11/24/2021)</p>

PACER Service Center			
Transaction Receipt			
08/09/2022 23:40:57			
PACER Login:	tracyscombs	Client Code:	
Description:	Docket Report	Search Criteria:	2:21-cv-01065-SVW-E End date: 8/9/2022
Billable Pages:	7	Cost:	0.70

Exhibit 8

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. 2:21-cv-01065-SVW-E

Date October 21, 2021

Title

Securities and Exchange Commission v. Stephen Scott Moleski et al

Present: The Honorable STEPHEN V. WILSON, U.S. DISTRICT JUDGE

Paul M. Cruz
Deputy Clerk

N/A
Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

N/A

N/A

Proceedings: ORDER GRANTING MOTION FOR DEFAULT JUDGMENT [35]

I. Introduction

The Securities and Exchange Commission (“SEC”) brought this action alleging several violations of the securities laws against Stephen Moleski and David Michael (“the individual Defendants”) and asserting claims for unjust enrichment against several companies alleged to be controlled by them (“the relief Defendants”).¹ After Defendants failed to answer Plaintiff’s complaint, the Clerk entered a default.

Plaintiff now brings the instant motion for default judgment [35]. For the below reasons, Plaintiff’s motion is GRANTED.

II. Background

The SEC filed this suit, alleging a number of securities violations by individual Defendants Moleski and Michael. First, the SEC alleged that Moleski and Michael solicited investors for unregistered securities offered by Web Blockchain Media, Inc. (“Web”) and Heartland Income Properties, LLC (“Heartland”) in exchange for a commission from the issuers. Compl. ¶¶ 21-33, ECF No. 1. Further, the SEC alleges that Moleski and Michael were not registered as brokers while doing so, nor affiliated with any registered broker. *Id.* The SEC alleges that the issuers paid some of the commissions to three relief Defendants: Austin Partners I, LLC, Austin Media Group, LLC, and Austin Marketing Group, LLC, entities controlled by Moleski and Michael. *Id.* ¶¶ 25, 32.

¹ The SEC also named Erik Jones as a defendant; Jones reached a settlement with the SEC and is not part of this order.

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

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Second, the SEC alleges that the individual Defendants created Austin Partners I as a private pooled investment fund (“the Fund”), soliciting investors to purportedly invest in a portfolio of “high-quality Investments” selected by Moleski and Michael, such as securities from Web, Heartland, and Life Investors Management Company (“LIMC”) and other investments in “stocks, real estate, precious metals, energy” and other opportunities. *Id.* ¶¶ 34-38. However, according to the SEC, the Fund actually held only one investment: Heartland securities. Moleski and Michael did not disclose to investors that they received a commission on this investment, and the SEC further alleges that the two misappropriated money from the Fund for their own personal expenses. *Id.* ¶ 39. When the individual Defendants learned the SEC was investigating their conduct, they allegedly phased out the use of Austin Partners I and Austin Marketing Group for Fund activities, replacing them with Alliance Management Group, LLC and Austin Partners, LLC. *Id.* ¶ 41.

After the SEC brought this suit and served the Defendants, the Defendants failed to answer or otherwise respond, prompting the SEC to now bring this motion for default judgment.

III. Motion for Default Judgment

Courts consider the following factors in deciding whether to enter default judgment: (1) the possibility of prejudice to plaintiff, (2) the merits of plaintiff’s substantive claims, (3) the sufficiency of the complaint, (4) the sum of money at stake in the action, (5) the possibility of a dispute concerning the material facts, (6) whether defendant’s default was the product of excusable neglect, and (7) the strong public policy favoring decisions on the merits. *See Eitel v. McCool*, 782 F.2d 1470, 1471–72 (9th Cir. 1986); *see also Elektra Entertainment Group Inc. v. Bryant*, 2004 WL 783123, *1-2 (C.D. Cal. Feb. 13, 2004). Upon consideration of Plaintiff’s complaint and the materials provided in support of Plaintiff’s motion, the Court is persuaded that the *Eitel* factors favor granting Plaintiff’s motion.

A. Merits of Plaintiff’s Claims and Sufficiency of the Complaint

Together, the second and third *Eitel* factors test the allegations in the plaintiff’s complaint and whether they state a claim on which the plaintiff may recover. *PepsiCo, Inc. v. Cal. Sec. Cans*, 238 F.Supp.2d 1172, 1175 (C.D. Cal. 2002). In evaluating these factors, the well-pleaded allegations of the complaint are taken as admitted. *Benny v. Pipes*, 799 F.2d 489, 495 (9th Cir. 1986).

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UNITED STATES DISTRICT COURT
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The factual allegations in Plaintiff’s complaint state claims for relief against Defendants.

1. Section 5 of the Securities Act

The first claim for relief in the Complaint is for violations of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a), (c). Compl. ¶¶ 43-46. These sections prohibit the marketing or sale in interstate commerce of unregistered securities. 15 U.S.C. §§ 77e(a), (c). To establish a violation, a plaintiff must show that no registration statement was in effect regarding the securities, the defendant offered or sold the securities, and that the defendant did so through interstate commerce. *SEC v. Phan*, 500 F.3d 895, 902 (9th Cir. 2007).

Here, the Complaint alleges that the individual Defendants offered and sold securities issued by Web Blockchain Media, Inc., Heartland Income Properties, LLC, and Austin Partners I, LLC, for which there were no registration statements in effect. Compl. ¶ 27, 38-42, 44. Further, the Complaint alleges that these sales and offers took place through interstate commerce, as Defendants solicited customers across the country. *See, e.g., id.* ¶ 39.

Thus, these well-pleaded allegations state a claim for violations of Section 5 of the Securities Act.

2. Section 15 of the Exchange Act

The second claim for relief asserts a violation of Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1). *Id.* ¶¶ 47-49. This section prohibits unregistered brokers or dealers from effecting or attempting to effect any securities transaction through interstate commerce. 15 U.S.C. § 78o(a)(1). A broker is “any person engaged in the business of effecting transactions in securities for the account of others.” 15 U.S.C. § 78c(a)(4)(A).

Here, the Complaint alleges that the individual Defendants were actively soliciting and selling securities from issuers to individuals in exchange for transaction-based compensation from the issuers. Compl. ¶¶ 24-26, 30-32, 37-38. These allegations are sufficient to establish that the individual Defendants met the definition of a broker. *See SEC v. Feng*, 935 F.3d 721, 731-32 (9th Cir. 2019)

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UNITED STATES DISTRICT COURT
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(approving use of the factors set out in *SEC v. Hansen*, 1984 WL 2413, at *10 (S.D.N.Y. Apr. 6, 1984) to determine whether a party is a broker). Further, the Complaint alleges that the individual Defendants acted as brokers while attempting to sell securities across the country in interstate commerce, all without having registered as a broker or being affiliated with a registered broker. Compl. ¶¶ 7, 24-26, 30-32, 37-39.

Thus, these well-pleaded allegations state a claim for violations of Section 15 of the Exchange Act.

3. Section 17 of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5

The third and fourth claims for relief assert violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5. Compl. ¶¶ 50-58. All of these claims require a fraudulent misstatement, material omission, or other fraudulent scheme or artifice in connection with the offer or sale of a security by means of interstate commerce. *SEC v. Dain Rauscher, Inc.*, 254 F.3d 852, 855-56 (9th Cir. 2001). Further, they all require scienter, which is satisfied by recklessness, except in the case of Section 17(a)(2) and (3) which require only negligence. *Id.* at 856. Finally, Section 17(a)(2) requires a showing that the defendant obtained money or property by means of the fraud. *Vernazza v. SEC*, 327 F. 3d 851, 858 (9th Cir. 2003).

Here, the Complaint alleges that the individual Defendants made fraudulent misstatements and material omissions in connection with the Austin Partners I Fund. Namely, it alleges that the individual Defendants represented to investors that their money would be used to purchase “stocks, real estate, precious metals, energy” and interests in Web and LIMC, when in fact the Fund made only one investment in Heartland, and that they also omitted the fact that they were paid a 30% commission on the Heartland investment. Compl. ¶¶ 37-39, 42. Further, the Complaint alleges that the individual Defendants made these misrepresentations or omissions knowingly or at least recklessly, *id.* ¶¶ 53, 57, in that their misleading nature was “so obvious that the [defendants] must have been aware of it.” *Hollinger v. Titan Capital Corp.*, 914 F.2d 1564, 1569 (9th Cir. 1990) (internal quotation marks and citation omitted). Finally, with respect to Section 17(a)(2), the Complaint alleges that the individual Defendants received money or property from their frauds by virtue of the commissions they received from Heartland and from the money they misappropriated from the Fund for their own personal expenses. Compl. ¶ 39.

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Accordingly, these well-pleaded allegations state a claim for violations of Section 17 of the Securities Act, Section 10 of the Exchange Act, and Rule 10b-5.

4. Advisers Act Violations

The Complaint also alleges that the individual Defendants violated Sections 206(1), (2), and (4) of the Investment Advisers Act, 15 U.S.C. §§ 80b-6(1), (2), (4), and Rule 206(4)-8, 17 C.F.R. § 275.206(4)-8(a). Compl. ¶¶ 59-64. An “investment adviser” includes “any person who, for compensation, engages in the business of advising others [...] as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.” 15 U.S.C. § 80b-2(a)(11).

Sections 206(1) and (2) prohibit an investment adviser from using instruments of interstate commerce to employ any scheme or to engage in any transaction, practice, or course of business that defrauds or operates as a fraud or deceit on a client or prospective client. 15 U.S.C. §§ 80b-6(1), (2). Section 206(4) and Rule 206(4)-8 prohibit an investment adviser to a pooled investment vehicle from making an untrue or misleading statement or omission of material fact to investors. *Id.* § 80b-6(4); 17 C.F.R. § 275.206(4)-8(a). A fact is “material” if a reasonable investor would consider it important in making an investment decision. *Basic, Inc. v. Levinson*, 485 U.S. 224, 231 (1988).

Here, the Complaint alleges that the individual Defendants acted as “investment advisers” by advising potential investors in the Fund about the advisability of purchasing shares of the Fund and its portfolio and doing so for compensation through the distributions they took from the Fund. Compl. ¶¶ 34-40. The Complaint also alleges that the individual Defendants used instruments of interstate commerce, including telemarketing sales calls, to defraud investors by soliciting their money for purported investments and then misappropriating it for their own personal expenses. *Id.* ¶¶ 34-42.

Further, facts showing a misleading statement or omission for purposes of a Section 10(b) and Rule 10b-5 violation will also support a violation of Section 206(4) and Rule 206(4)-8 given their parallel elements. *SEC v. Rana Research, Inc.*, 8 F.3d 1358, 1363 n.4 (9th Cir. 1993). Thus, since, as previously discussed, the Complaint adequately alleges a violation of Section 10(b) and Rule 10b-5, it also alleges misleading statements or omissions under Section 206(4) and Rule 206(4)-8. The Complaint alleges misrepresentations that were material, such as representing that investors’ money would be

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invested in multiple securities when it was in fact only invested in Heartland and much of it was misappropriated for the individual Defendants' personal expenses. Compl. ¶¶ 38-39. A reasonable investor would have wanted to know these facts prior to investing. *See Basic*, 485 U.S. at 231.

Therefore, the well-pleaded allegations state a claim for violations of the Advisers Act and Rule 206(4)-8.

5. Unjust Enrichment

The Complaint also seeks disgorgement from the unjustly enriched relief Defendants. Compl. Prayer for Relief IV. A "relief defendant" is unjustly enriched if the SEC can demonstrate that it "(1) received ill-gotten funds and (2) do[es] not have a legitimate claim to those funds." *SEC v. World Capital Mkt., Inc.*, 864 F.3d 996, 1003 (9th Cir. 2017).

Here, the Complaint alleges that the relief Defendants, entities controlled by the individual Defendants, received some of the investor funds from the individual Defendants' fraudulent Fund offering, as well as some of the commissions paid by Web and Heartland for the individual Defendants' unregistered brokerage activity. Compl. ¶¶ 25, 29-32, 41-42. These allegations establish that these funds were ill-gotten and that the relief Defendants have no legitimate entitlement to them. *See World Capital Mkt.*, 864 F.3d at 1003.

Accordingly, the well-pleaded allegations in the Complaint state a claim for unjust enrichment against the relief Defendant.

6. Conclusion

Thus, the Complaint contains well-pleaded allegations which, taken as true, state a claim for a relief on all of Plaintiff's causes of action. Accordingly, the second and third *Eitel* factors weigh strongly in favor of granting default judgment.

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B. Remaining *Eitel* Factors

The Court now turns to the remaining *Eitel* factors, which also largely favor granting default judgment.

First, the Plaintiff is likely to be prejudiced absent a grant of default judgment because its ability to vindicate the securities laws would be frustrated. *See SEC v. Wallace*, 2017 WL 8230026, at *3 (C. D. Cal. May 8, 2017) (“The SEC’s duty to enforce federal securities laws would be undermined if the Court were to allow [defendant] to escape liability simply by not responding to the case”).

As for the amount of money at stake, in general, a greater sum weighs in favor of a decision on the merits whereas default judgment may be more appropriate in a case involving a lesser sum. *See* 12 Charles Alan Wright & Arthur R. Miller, *Federal Practice and Procedure* § 2685 (3d ed. 2014). Here, the SEC is seeking to disgorge approximately \$830,000 from the Defendants and is also seeking civil penalties against the individual Defendants. Mot. Default J. 22-24. While this is certainly not an insignificant amount, it is not so large an amount as to clearly warrant denying default judgment. *See, e.g., Rual Trade Ltd. v. Viva Trade LLC*, 549 F.Supp.2d 1067 (E.D. Wis. 2008) (denying default judgment where claims amounted to more than \$10 million). This conclusion is bolstered when considering the amount at stake relative to the seriousness of the Defendant’s conduct, *see PepsiCo*, 238 F.Supp.2d at 1176, given that the allegations here detail serious, repeated violations of the securities laws.

Nor does the fifth factor, the possibility of disputed material facts, weigh against granting default judgment here. When a defendant has defaulted, the well-pleaded allegations of the complaint are taken as admitted. *Benny*, 799 F.2d at 495. Further, the Defendants have not appeared at all to contest the issues; this is not a case where a defaulted defendant makes an appearance and disputes the material facts in the pleadings. *See, e.g., Eitel*, 782 F.2d at 1472. Thus, the minimal possibility of disputes of material facts also supports granting default judgment.

Similarly, because Defendants were properly served and have not appeared or participated in this litigation, it is unlikely that the failure to respond is due to excusable neglect. *See Baccam*, 2017 WL 5952168, at *8 (“The possibility of excusable neglect is remote where the defendant is provided proper notice of the pending suit, but does not contact the court or the plaintiff in any manner.”).

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Finally, while the last *Eitel* factor reflects the policy favoring judgment on the merits, this factor is not given significant weight when default judgment is otherwise warranted. *See id.*; *PepsiCo*, 238 F.Supp.2d at 1177.

Thus, while the amount of money at stake and the policy favoring merits judgments do militate slightly against granting default judgment, they are heavily outweighed by the other factors discussed above. Accordingly, in light of the *Eitel* factors, the Court concludes that a default judgment is warranted here.²

IV. Remedies

a. Injunction

The SEC seeks a permanent injunction enjoining the individual Defendants from future violations of Sections 5 and 17(a) of the Securities Act, Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5, and Sections 206(1), (2), and (4) of the Advisers Act and Rule 206(4)-8. Compl., Prayer for Relief I., II. It also seeks an injunction against Michael, enjoining him from directly or indirectly soliciting any person or entity to purchase or sell any security, including through any entity owned or controlled by him. *Id.*, Prayer for Relief III.³

The Securities Act, Exchange Act, and Advisers Act all provide for the entry of a permanent injunction. 15 U.S.C. §§ 77t(b), 78u(d)(1), 80b-9(d). To obtain a permanent injunction, the SEC must show that there is a reasonable likelihood of future violations of the securities laws. *SEC v. Murphy*, 626 F.2d 633, 655 (9th Cir. 1980). In making this determination, courts look to past violations, the degree of scienter involved, the defendant's professional occupation, whether the current violations were isolated or repeated, and whether the defendant recognized the wrongfulness of his conduct or assured against future violations. *Id.* Further, the Exchange Act authorizes "any equitable relief that may be appropriate

² The Court also concludes that the SEC has complied with the procedural requirements of Fed. R. Civ. P. 55(a) and 54(c) and Local Rule 55-1, as required for entry of a default judgment.

³ The SEC is already seeking a similar injunction against Moleski in a separate action for other securities violations, and thus it does not seek one here.

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or necessary for the benefit of investors,” 15 U.S.C. § 78u(d)(5), which can include conduct-based injunctions to prohibit individuals from soliciting others to buy or sell securities.

Here, the SEC has shown that there is a reasonable likelihood that the individual Defendants will commit future violations of the securities laws absent injunction. The Complaints alleges repeated violations of the securities laws committed knowingly or at least with severe recklessness. Compl. ¶¶ 21-42, 53, 57. And because the individual Defendants have not participated in this action, they have not demonstrated any recognition of the wrongfulness of their conduct, nor provided any assurances that they will not commit future violations. *See Baccam*, 2017 WL 5952168, at *9 (issuing injunction in default judgment where defendants did not answer and thus did not provide assurances against future violations). Finally, the Complaint also alleges that Moleski is a repeat offender, being the subject of another ongoing SEC enforcement action and previous securities-related state suits. Compl. ¶ 13. These considerations therefore warrant the issuance of an injunction against the individual Defendants enjoining them from future securities violations and an injunction against Michael enjoining him from future solicitations to buy or sell securities.

b. Disgorgement and Prejudgment Interest

The SEC also seeks disgorgement of the ill-gotten proceeds from the Defendants, as well as prejudgment interest on those amounts. Mot. Default J. 22-23. The following table summarizes the amounts sought.

Party	Disgorgement Amount	Prejudgment Interest	Total
Stephen Moleski	\$61,625.07	\$775.99	\$62,401.06
David Michael	\$327,815.55	\$4,127.85	\$331,943.40
Alliance Management Group, LLC	\$0	\$0	\$0
Austin Marketing Group, LLC	\$117,635.00	\$1,481.26	\$119,116.26
Austin Media Group, LLC	\$50,545.00	\$636.47	\$51,181.47
Austin Partners LLC	\$6,225.12	\$78.39	\$6,303.51
Austin Partners I, LLC	\$260,606.70	\$3,281.56	\$263,888.26

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UNITED STATES DISTRICT COURT
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A disgorgement award equal to the wrongdoer's net profit is permissible under 15 U.S.C. § 78u(d)(7). *Liu v. SEC*, 140 S.Ct. 1936, 1942-43 (2020). Because the aim of disgorgement is to divest all ill-gotten gains from the illegal conduct, disgorgement typically includes prejudgment interest, thus preventing the wrongdoer from otherwise profiting off the illicit proceeds. *SEC v. Cross Fin. Servs., Inc.*, 908 F.Supp. 718, 734 (C.D. Cal. 1995). To justify a particular amount of disgorgement, the SEC must establish that the amount is a reasonable approximation of the defendant's ill-gotten gains. *SEC v. Platforms Wireless Internet Corp.*, 617 F.3d 1072, 1096 (9th Cir. 2010).

Here, the SEC has established that the amounts it seeks in disgorgement are reasonable approximations of the profit each Defendant received from the violations of the securities laws. The SEC has submitted a sworn declaration from James Thibodeau, one of the staff attorneys who investigated this case, which indicated that he analyzed bank records and other financial documents, spoke to witnesses, and reviewed other documentary evidence to calculate the profit each Defendant obtained from the illegal conduct. Mot. Default J., Thibodeau Decl. ¶¶ 1-9. The SEC also submitted a sworn declaration from Tracy Combs, another attorney on the case, detailing the calculations of prejudgment interest on the amount of each Defendant's profit. Mot. Default J., Combs. Decl. ¶¶ 12-19; *id.*, Ex. 1-6.

These declarations are sufficient to establish a reasonable approximation of each Defendant's ill-gotten gains. *See Baccam*, 2017 WL 5952168, at *10. And because the Defendants have not responded to this action, they have produced no evidence that the SEC's calculation is inaccurate. *See Platforms Wireless*, 617 F.3d at 1096 (noting that once a reasonable approximation is established, the burden then shifts to the defendant to show that the approximation is incorrect). Accordingly, the Defendants are liable for disgorgement in the amounts specified above.

c. Civil Penalties

Finally, the SEC also seeks civil penalties against the individual Defendants. Compl., Prayer for Relief V. The Securities Act, Exchange Act, and Advisers Act all provide for a three-tiered structure of civil penalties. 15 U.S.C. §§ 77t(d)(2)(A), 78u(d)(3)(B), 80b-9(e)(2). The steepest penalties enumerated in the third tier may be imposed where the violation involved "fraud, deceit, manipulation, or deliberate or reckless disregard of a regulatory requirement" and "directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons." *Id.*

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UNITED STATES DISTRICT COURT
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Title	<i>Securities and Exchange Commission v. Stephen Scott Moleski et al</i>		

Because civil penalties, like injunctions, are intended to deter future violations, courts often look to the same factors for determining whether an injunction should issue that are set out in *Murphy*, 626 F.2d at 655. *See, e.g., SEC v. Abacus Int'l Holding Corp.*, 2001 U.S. Dist. LEXIS 12635, at *15 (N.D. Cal. Aug.16, 2001). Thus, for the same reasons the *Murphy* factors suggest that an injunction is warranted, they also suggest that civil penalties are warranted. *See supra* Section III.a.

The violations of the individual Defendants regarding the Austin Partners I Fund involved fraud and deceit, including misrepresentations as to how investors' money would be used. Compl. ¶¶38-39. Further, the violations resulted in substantial losses and risk thereof because Fund assets were invested in only one security, rather than a portfolio of assets as Defendants claimed, and also because Fund assets were misappropriated by the individual Defendants for personal use. *Id.* Accordingly, third-tier penalties are appropriate. *See Baccam*, 2017 WL 5952168, at *10-11 (imposing third-tier penalties); *SEC v. Souza*, 2011 WL 2181365, at *3 (E.D. Cal. June 3, 2011) (same).

Third-tier penalties cannot exceed the greater of a statutory maximum, which is \$195,047 for natural persons, or the gross pecuniary gain to the defendant. *See* 15 U.S.C. §§ 77t(d)(2)(A), 78u(d)(3)(B), 80b-9(e)(2). Accordingly, the Court imposes a civil penalty of the pecuniary gain to each individual Defendant: \$61,625.07 for Defendant Moleski and \$327,815.55 for Defendant Michael.

V. Conclusion

For the foregoing reasons, the Court GRANTS Plaintiff's motion for default judgment. The individual defendants are enjoined from further violations of Sections 5 and 17(a) of the Securities Act, Sections 10(b) and 15(a)(1) of the Exchange Act and Rule 10b-5, and Sections 206(1), (2), and (4) of the Advisers Act and Rule 206(4)-8. Further, Defendant Michael is enjoined from directly or indirectly soliciting any person or entity to purchase or sell any security. Each Defendant is liable for disgorgement in the amounts specified in the table above. And finally, Defendant Moleski is liable for \$61,625.07 in civil penalties, and Defendant Michael is liable for \$327,815.55 in civil penalties.

IT IS SO ORDERED.

Initials of Preparer

PMC

Exhibit 9

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

STEPHEN SCOTT MOLESKI;
DAVID MICHAEL; and, ERIK
CHRISTIAN JONES,

Defendants,

and

ALLIANCE MANAGEMENT
GROUP, LLC, a private Nevada
Limited Liability Company; AUSTIN
MARKETING GROUP, LLC, a
private Nevada Limited Liability
Company; AUSTIN MEDIA GROUP,
LLC, a private Nevada Limited
Liability Company; AUSTIN
PARTNERS LLC, a private Nevada
Limited Liability Company; and,
AUSTIN PARTNERS I, LLC, a
private Nevada Limited Liability
Company,

Relief Defendants.

Case No. 2:21-cv-01065-SVW-E

**AMENDED] FINAL JUDGMENT OF
DEFAULT AGAINST DEFENDANTS
STEPHEN SCOTT MOLESKI AND
DAVID MICHAEL AND RELIEF
DEFENDANTS ALLIANCE
MANAGEMENT GROUP, LLC,
AUSTIN MARKETING GROUP,
LLC, AUSTIN MEDIA GROUP, LLC,
AUSTIN PARTNERS LLC and
AUSTIN PARTNERS I, LLC**

1 This matter comes before the Court on the Plaintiff Securities and Exchange
2 Commission’s (“Commission’s”) Motion for Entry of Default Judgment Against
3 Defendants Stephen Scott Moleski (“Moleski”) and David Michael (“Michael”) and
4 Relief Defendants Alliance Management Group, LLC, Austin Marketing Group,
5 LLC, Austin Media Group, LLC, Austin Partners LLC and Austin Partners I, LLC.
6 The Court having considered the Commission’s Complaint, the Motion, the
7 supporting Memorandum of Points and Authorities, the supporting Declarations and
8 exhibits, and other evidence and argument presented to the Court, finds that:

9 **I.**

10 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the
11 Commission’s Motion for Default Judgment Against Defendants Stephen Scott
12 Moleski And David Michael And Relief Defendants Alliance Management Group,
13 LLC, Austin Marketing Group, LLC, Austin Media Group, LLC, Austin Partners
14 LLC and Austin Partners I, LLC is GRANTED.

15 **II.**

16 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Moleski and
17 Michael are each permanently restrained and enjoined from violating, directly or
18 indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange
19 Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R.
20 § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the
21 mails, or of any facility of any national securities exchange, in connection with the
22 purchase or sale of any security:

- 23 (a) to employ any device, scheme, or artifice to defraud;
- 24 (b) to make any untrue statement of a material fact or to omit to state a
25 material fact necessary in order to make the statements made, in the light of the
26 circumstances under which they were made, not misleading; or
- 27 (c) to engage in any act, practice, or course of business which operates or
28 would operate as a fraud or deceit upon any person.

1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Final Judgment by personal
4 service or otherwise: (a) Moleski’s and/or Michael’s officers, agents, servants,
5 employees, and attorneys; and (b) other persons in active concert or participation with
6 Moleski and/or Michael and/or with anyone described in (a).

7 **III.**

8 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
9 Moleski and Michael are each permanently restrained and enjoined from violating
10 Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §
11 77q(a)] in the offer or sale of any security by the use of any means or instruments of
12 transportation or communication in interstate commerce or by use of the mails,
13 directly or indirectly:

- 14 (a) to employ any device, scheme, or artifice to defraud;
- 15 (b) to obtain money or property by means of any untrue statement of a
16 material fact or any omission of a material fact necessary in order to make the
17 statements made, in light of the circumstances under which they were made,
18 not misleading; or
- 19 (c) to engage in any transaction, practice, or course of business which
20 operates or would operate as a fraud or deceit upon the purchaser.

21 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
22 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
23 binds the following who receive actual notice of this Final Judgment by personal
24 service or otherwise: (a) Moleski’s and/or Michael’s officers, agents, servants,
25 employees, and attorneys; and (b) other persons in active concert or participation with
26 Moleski and/or Michael and/or with anyone described in (a).

1 IV.

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
3 Moleski and Michael are each permanently restrained and enjoined from violating
4 Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the
5 absence of any applicable exemption:

- 6 (a) Unless a registration statement is in effect as to a security, making use of
7 any means or instruments of transportation or communication in
8 interstate commerce or of the mails to sell such security through the use
9 or medium of any prospectus or otherwise;
- 10 (b) Unless a registration statement is in effect as to a security, carrying or
11 causing to be carried through the mails or in interstate commerce, by any
12 means or instruments of transportation, any such security for the purpose
13 of sale or for delivery after sale; or
- 14 (c) Making use of any means or instruments of transportation or
15 communication in interstate commerce or of the mails to offer to sell or
16 offer to buy through the use or medium of any prospectus or otherwise
17 any security, unless a registration statement has been filed with the
18 Commission as to such security, or while the registration statement is the
19 subject of a refusal order or stop order or (prior to the effective date of
20 the registration statement) any public proceeding or examination under
21 Section 8 of the Securities Act [15 U.S.C. § 77h].

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
23 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
24 binds the following who receive actual notice of this Final Judgment by personal
25 service or otherwise: (a) Moleski's and/or Michael's officers, agents, servants,
26 employees, and attorneys; and (b) other persons in active concert or participation with
27 Moleski and/or Michael and/or with anyone described in (a).
28

V.

1
2 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Moleski and
3 Michael are each permanently restrained and enjoined from violating, directly or
4 indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by using any
5 means or instrumentality of interstate commerce, or of the mails, or of any facility of
6 any national securities exchange, to effect transactions in, or induce or attempt to
7 induce the purchase or sale of, securities while not registered with the Commission as
8 a broker or dealer or while not associated with an entity registered with the
9 Commission as a broker or dealer.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
11 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
12 binds the following who receive actual notice of this Judgment by personal service or
13 otherwise: (a) Moleski's and/or Michael's officers, agents, servants, employees, and
14 attorneys; and (b) other persons in active concert or participation with Moleski and/or
15 Michael and/or with anyone described in (a).

16 VI.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Moleski
18 and Michael are each permanently enjoined and restrained from violating, directly or
19 indirectly, Section 206(1) or (2) of the Investment Advisers Act of 1940 [U.S.C. §§
20 80b-6(1) and (2)] by, while acting as an investment adviser, directly or indirectly, by
21 use of the means or instruments of interstate commerce or by use of the mails:

- 22 (1) employing any device, scheme, or artifice to defraud clients; or
23 (2) engaging in transactions, practices, or courses of business which operated
24 as a fraud or deceit upon clients or prospective clients.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
26 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
27 binds the following who receive actual notice of this Judgment by personal service or
28 otherwise: (a) Moleski's and/or Michael's officers, agents, servants, employees, and

1 attorneys; and (b) other persons in active concert or participation with Moleski and/or
2 Michael and/or with anyone described in (a).

3 **VII.**

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Moleski
5 and Michael are each permanently enjoined and restrained from violating, directly or
6 indirectly, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule
7 206(4)-8 promulgated thereunder [17 C.F.R. § 275.206(4)-8] by, while acting as an
8 investment adviser to a pooled investment vehicle, using any means and
9 instrumentalities of interstate commerce, or of the mails:

- 10 (a) to engage in transactions, practices, and courses of business which
11 operate as a fraud or deceit upon investors;
- 12 (b) to make untrue statements of a material fact or omit to state a material
13 fact necessary to make the statements made, in the light of the
14 circumstances under which they were made, not misleading, to any
15 investor or prospective investor; or
- 16 (c) to otherwise engage in acts, practices or courses of business that was
17 fraudulent, deceptive, or manipulative with respect to any investor or
18 prospective investor.

19 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
20 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
21 binds the following who receive actual notice of this Judgment by personal service or
22 otherwise: (a) Moleski's and/or Michael's officers, agents, servants, employees, and
23 attorneys; and (b) other persons in active concert or participation with Moleski and/or
24 Michael and/or with anyone described in (a).

25 **VIII.**

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to
27 Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)], Defendant Michael is
28 permanently restrained and enjoined from directly or indirectly, including, but not

1 limited to, through any entity owned or controlled by him, soliciting any person or
2 entity to purchase or sell any security.

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
4 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
5 binds the following who receive actual notice of this Final Judgment by personal
6 service or otherwise: (a) Michael's officers, agents, servants, employees, and
7 attorneys; and (b) other persons in active concert or participation with Michael or
8 with anyone described in (a).

9 **VIII.**

10 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
11 Moleski is liable for disgorgement of \$61,625.07, representing net profits gained as a
12 result of the conduct alleged in the Complaint, together with prejudgment interest
13 thereon in the amount of \$775.99, and a civil penalty in the amount of \$61,625.07
14 pursuant to Section 20(d) of the Securities Act, Section 21(d)(3) of the Exchange Act,
15 and Section 209(e) of the Advisers Act. Moleski shall satisfy this obligation by
16 paying \$124,026.13 to the Securities and Exchange Commission within 30 days after
17 entry of this Final Judgment.

18 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
19 Michael is liable for disgorgement of \$327,815.55, representing net profits gained as
20 a result of the conduct alleged in the Complaint, together with prejudgment interest
21 thereon in the amount of \$4,127.85, and a civil penalty in the amount of \$327,815.55
22 pursuant to Section 20(d) of the Securities Act, Section 21(d)(3) of the Exchange Act,
23 and Section 209(e) of the Advisers Act. Michael shall satisfy this obligation by
24 paying \$659,758.95 to the Securities and Exchange Commission within 30 days after
25 entry of this Final Judgment.

26 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
27 Relief Defendant Austin Marketing Group, LLC is liable for disgorgement of
28 \$117,635.00, representing net profits gained as a result of the conduct alleged in the

1 Complaint, together with prejudgment interest thereon in the amount of \$1,481.26.
2 Austin Marketing Group, LLC shall satisfy this obligation by paying \$119,116.26 to
3 the Securities and Exchange Commission within 30 days after entry of this Final
4 Judgment.

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
6 Relief Defendant Austin Media Group, LLC is liable for disgorgement of \$50,545.00,
7 representing net profits gained as a result of the conduct alleged in the Complaint,
8 together with prejudgment interest thereon in the amount of \$636.47. Austin Media
9 Group, LLC shall satisfy this obligation by paying \$51,181.47 to the Securities and
10 Exchange Commission within 30 days after entry of this Final Judgment.

11 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
12 Relief Defendant Austin Partners LLC is liable for disgorgement of \$6,225.12,
13 representing net profits gained as a result of the conduct alleged in the Complaint,
14 together with prejudgment interest thereon in the amount of \$78.39. Austin Partners
15 LLC shall satisfy this obligation by paying \$6,303.51 to the Securities and Exchange
16 Commission within 30 days after entry of this Final Judgment.

17 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
18 Relief Defendant Austin Partners I, LLC is liable for disgorgement of \$260,606.70,
19 representing net profits gained as a result of the conduct alleged in the Complaint,
20 together with prejudgment interest thereon in the amount of \$3,281.56. Austin
21 Partners I, LLC shall satisfy this obligation by paying \$263,888.26 to the Securities
22 and Exchange Commission within 30 days after entry of this Final Judgment.

23 Moleski, Michael, Austin Marketing Group, LLC, Austin Media Group, LLC,
24 Austin Partners LLC, and Austin Partners I, LLC (together or individually, the
25 “Parties”) may transmit payment electronically to the Commission, which will
26 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
27 be made directly from a bank account via Pay.gov through the SEC website at
28 <http://www.sec.gov/about/offices/ofm.htm>. The Parties may also pay by certified

1 check, bank cashier’s check, or United States postal money order payable to the
2 Securities and Exchange Commission, which shall be delivered or mailed to
3 Enterprise Services Center
4 Accounts Receivable Branch
5 6500 South MacArthur Boulevard
6 Oklahoma City, OK 73169

7 and shall be accompanied by a letter identifying the case title, civil action number,
8 and name of this Court; the Party’s name as a defendant or relief defendant in this
9 action; and specifying that payment is made pursuant to this Final Judgment.

10 The Parties shall simultaneously transmit photocopies of evidence of payment
11 and case identifying information to the Commission’s counsel in this action. By
12 making this payment, the Parties relinquish all legal and equitable right, title, and
13 interest in such funds and no part of the funds shall be returned to the Parties.

14 The Commission may enforce the Court’s judgment for disgorgement and
15 prejudgment interest by using all collection procedures authorized by law, including,
16 but not limited to, moving for civil contempt at any time after 30 days following entry
17 of this Final Judgment.

18 The Commission may enforce the Court’s judgment for penalties by the use of
19 all collection procedures authorized by law, including the Federal Debt Collection
20 Procedures Act, 28 U.S.C. § 3001 *et seq.*, and moving for civil contempt for the
21 violation of any Court orders issued in this action. The Parties shall pay post
22 judgment interest on any amounts due after 30 days of the entry of this Final
23 Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds,
24 together with any interest and income earned thereon (collectively, the “Fund”),
25 pending further order of the Court.

26 The Commission may propose a plan to distribute the Fund subject to the
27 Court’s approval. Such a plan may provide that the Fund shall be distributed
28 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of


1 regulation or order issued under such laws, as set forth in Section 523(a)(19) of the
2 Bankruptcy Code, 11 U.S.C. §523(a)(19).

3 **X.**

4 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court
5 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
6 Judgment.

7
8 **IT IS SO ORDERED.**

9
10 Dated: November 23, 2021



STEPHEN V. WILSON
UNITED STATES DISTRICT JUDGE

Exhibit 10

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 93923 / January 7, 2022

INVESTMENT ADVISERS ACT OF 1940
Release No. 5940 / January 7, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20695

In the Matter of

**STEPHEN SCOTT
MOLESKI,**

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940
AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Stephen Scott Moleski (“Respondent”).

II.

After an investigation, the Division of Enforcement alleges that:

1. Respondent, age 62, is last known to reside in Woodland Hills, California. From at least January 2015 until at least December 2019, Respondent was engaged in the business of effecting transactions in, or inducing or attempting to induce the purchase and sale of, securities and received transaction-based compensation. During the period relevant to this action, Respondent was neither registered with the Commission as either a broker or a dealer nor was he associated with a broker or dealer registered with the Commission. In addition, beginning in early 2019, Respondent, acting as an investment advisor, employed devices, schemes, and artifice to defraud investor clients

and prospective clients, made untrue statements of material fact and material omissions to investors, and misappropriated investor funds.

2. On October 7, 2021, a final judgment was entered against Respondent, permanently enjoining him from future violations of Section 15(a)(1) of the Exchange Act in the civil action entitled Securities and Exchange Commission v. Gregory Lamont Drake, et al., Civil Action Number 2:20-cv-00405-MCS-PLA, in the United States District Court for the Central District of California (the “Drake Civil Action”).

3. The Commission’s complaint in the Drake Civil Action alleged that, from at least January 2015 until March 2018, Respondent, using the mails or other means or instrumentalities of interstate commerce, effected transactions in, or induced or attempted to induce the purchase and sale of, securities and received commissions while he was not registered with the Commission as a broker or dealer nor while he was associated with an entity registered with the Commission as a broker or dealer.

4. On November 23, 2021, a final judgment was entered against Respondent, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 15(a)(1) of the Exchange Act, and Sections 206(1), 206(2), and 206(4) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Stephen Scott Moleski et al., Civil Action No. 2:21-cv-01065-SVW-E, in the United States District Court for the Central District of California (the “Moleski Civil Action”).

5. The Commission’s complaint in the Moleski Civil Action alleged that, between at least June 2018 and December 2019, Respondent, using the mails or other means or instrumentalities of interstate commerce, solicited numerous investors to purchase securities in connection with two unregistered securities offerings in exchange for transaction-based compensation that was paid to Respondent and to entites controlled by Respondent. The complaint further alleged that during the time Respondent was inducing or attempting to induce the purchase of these securities, Respondent was not registered with the Commission as a broker or dealer nor while he was associated with an entity registered with the Commission as a broker or dealer.

6. The Commission’s complaint in the Moleski Civil Action also alleged that Respondent, in early 2019, created a private investment fund, Austin Partners I, LLC, and began, both directly and indirectly (through hired securities solicitors) to solicit investors to invest in the fund. Respondent was a managing member, co-CEO, and advisor of Austin Partners I, LLC. Despite that Respondent solicited investment in Austin Partners I, LLC by falsely representing, among other things, that the fund would “create an investment grade portfolio of high-quality Investments,” the fund held only a single investment, and the money invested in Austin Partners I, LLC was misappropriated by Respondent to pay personal or business expenses or to repay other investors.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. Where, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

IV.

IT IS ORDERED that a public hearing before the Commission for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed by further order of the Commission, pursuant to Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b).

IT IS FURTHER ORDERED that the Division of Enforcement and Respondent shall conduct a prehearing conference pursuant to Rule 221 of the Commission's Rules of Practice, 17 C.F.R. § 201.221, within fourteen (14) days of service of the Answer. The parties may meet in person or participate by telephone or other remote means; following the conference, they shall file a statement with the Office of the Secretary advising the Commission of any agreements reached at said conference. If a prehearing conference was not held, a statement shall be filed with the Office of the Secretary advising the Commission of that fact and of the efforts made to meet and confer.

If Respondent fails to file the directed Answer, or fails to appear at a hearing or conference after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondent by any means permitted by the Commission's Rules of Practice.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R.

§ 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to service of paper copies, service to the Division of Enforcement of all opinions, orders, and decisions described in Rule 141, 17 C.F.R. § 201.141, and all papers described in Rule 150(a), 17 C.F.R. § 201.150(a), in these proceedings shall be by email to the attorneys who enter an appearance on behalf of the Division, and not by paper service.

Attention is called to Rule 151(a), (b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(a), (b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed electronically in administrative proceedings using the Commission's Electronic Filings in Administrative Proceedings (eFAP) system access through the Commission's website, www.sec.gov, at <http://www.sec.gov/eFAP>. Respondent also must serve and accept service of documents electronically. All motions, objections, or applications will be decided by the Commission.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that notwithstanding any contrary reference in the Rules of Practice to filing with or disposition by a hearing officer, all filings, including those under Rules 210, 221, 222, 230, 231, 232, 233, and 250 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.210, 221, 222, 230, 231, 232, 233, and 250, shall be directed to and, as appropriate, decided by the Commission. This proceeding shall be deemed to be one under the 75-day timeframe specified in Rule of Practice 360(a)(2)(i), 17 C.F.R. § 201.360(a)(2)(i), for the purposes of applying Rules of Practice 233 and 250, 17 C.F.R. §§ 201.233 and 250.

The Commission finds that it would serve the interests of justice and not result in prejudice to any party to provide, pursuant to Rule 100(c) of the Commission's Rules of Practice, 17 C.F.R. § 201.100(c), that the Commission shall issue a decision on the basis of the record in this proceeding, which shall consist of the items listed at Rule 350(a) of the Commission's Rules of Practice, 17 C.F.R. § 201.350(a), and any other document or item filed with the Office of the Secretary and accepted into the record by the Commission. The provisions of Rule 351 of the Commission's Rules of Practice, 17 C.F.R. § 201.351, relating to preparation and certification of a record index by the Office of the Secretary or the hearing officer are not applicable to this proceeding.

The Commission will issue a final order resolving the proceeding after one of the following: (A) The completion of post-hearing briefing in a proceeding where the public hearing has been completed; (B) The completion of briefing on a motion for a ruling on the pleadings or a motion for summary disposition pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250, where the Commission has determined that no public hearing is necessary; or (C) The determination that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155, and no public hearing is necessary.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related

proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not “rule making” within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Vanessa A. Countryman
Secretary


By: J. Lynn Taylor
Assistant Secretary

Exhibit 11

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20695

In the Matter of

**STEPHEN SCOTT
MOLESKI,**

Respondent.

**DIVISION OF ENFORCEMENT'S NOTICE
OF SERVICE**

The Division of Enforcement of the Securities and Exchange Commission (the "Division"), through its undersigned counsel, submits the following Notice of Service.

This follow-on administrative proceeding was instituted on January 7, 2022. Shortly thereafter, the Office of the Secretary mailed the Order Instituting Proceedings ("OIP") to Respondent and his attorney at his attorney's office in Tarzana, California via Certified Mail. *See Exhibit 1* (Certified Mail Receipts addressed to Respondent and Respondent's attorney, Leonard Comden). On January 15, 2022, both packages were delivered. *See Exhibit 2* (United States Postal Service Tracking). On February 14, 2022, the Division filed Proof of Service (Filing ID 3799) and received a Notice of Deficient of Filing. This Notice of

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Service serves as the replacement filing to Filing ID 3799 and is in compliance with Rule 153 of the Commission's Rules of Practice.

Respectfully submitted this 15th day of February, 2022.

Combs, Tracy Digitally signed by Combs,
Tracy
Date: 2022.02.15 12:29:25
-07'00'

Tracy S. Combs
Casey R. Fronk
combst@sec.gov
fronkc@sec.gov
[#slro-docket@sec.gov](https://twitter.com/slro-docket)

United States Securities and Exchange Commission
Salt Lake Regional Office
351 S. West Temple, Suite 6.100
Salt Lake City, UT 84101
(801) 524-5796
Counsel for the Division of Enforcement

Service List

Pursuant to Rules 150 and 151 of the Commission's Rules of Practice, I hereby certify that a true and correct copy of the foregoing was served on each of the following, on February 15, 2022, in the manner indicated below.

Mr. Stephen Scott Moleski
c/o Leonard J. Comden, Esq.
Leonard J. Comden, APC
5567 Reseda Boulevard, Suite 330
Tarzana, CA 91356
ljc@leonardjcomdenlaw.com
Via Email

/s/ Marlea Furlong

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20695

In the Matter of

STEPHEN SCOTT MOLESKI,

Respondent.

DIVISION OF ENFORCEMENT'S INDEX OF ATTACHMENTS

<u>Attachment</u>	<u>Description</u>
Exhibit 1	Certified Mail Receipts Addressed to Stephen Moleski and Leonard Comden
Exhibit 2	U.S. Postal Service Tracking (delivered January 15, 2022)

Exhibit 1

7017 2400 0000 0835 1691

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee	\$	3.75
Extra Services & Fees (check box, add fees as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$	3.05
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	

Postmark
Here

Postage 1.16
CERTIFIED MAIL
 OIP-3050 / 3-20695 / 34-93923 / TQ
 Stephen Moleski
 c/o Leonard J. Comden, Esq.
 Leonard J. Comden, APC
 5567 Reseda Boulevard, Suite 330
 Tarzana, California 91356

8.56

Instructions

7017 2400 0000 0835 1684

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee	\$	3.75
Extra Services & Fees (check box, add fees as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$	3.05
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	

Postmark
Here

Postage 1.16
CERTIFIED MAIL
 OIP-3050 / 3-20695 / 34-93923 / TQ
 Leonard Comden
 Leonard J. Comden, APC
 5567 Reseda Boulevard, Suite 330
 Tarzana, California 91356

8.56

See reverse for instructions

Exhibit 2

[Track Another Package +](#)

Tracking Number: 70172400000008351691

[Remove X](#)

Your item was delivered to the front desk, reception area, or mail room at 10:45 am on January 15, 2022 in TARZANA, CA 91356.

USPS Tracking Plus[™] Available [v](#)

Delivered, Front Desk/Reception/Mail Room

January 15, 2022 at 10:45 am
TARZANA, CA 91356

Feedback

Get Updates [v](#)

Text & Email Updates [v](#)

Tracking History [v](#)

USPS Tracking Plus[™] [v](#)

Product Information [v](#)

See Less [^](#)

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

FAQs

Feedback

OS Received 08/16/2022

[Track Another Package +](#)

Tracking Number: 7017240000008351684

[Remove X](#)

Your item was delivered to the front desk, reception area, or mail room at 10:45 am on January 15, 2022 in TARZANA, CA 91356.

[Feedback](#)

USPS Tracking Plus® Available 

Delivered, Front Desk/Reception/Mail Room

January 15, 2022 at 10:45 am
TARZANA, CA 91356

Get Updates 

Text & Email Updates 

Tracking History 

USPS Tracking Plus® 



See Less

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

[FAQs](#)

Exhibit 12

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 94604 / April 4, 2022

INVESTMENT ADVISERS ACT OF 1940
Release No. 5994 / April 4, 2022

Admin. Proc. File No. 3-20695

In the Matter of
STEPHEN SCOTT MOLESKI

ORDER TO SHOW CAUSE

On January 7, 2022, the Securities and Exchange Commission issued an order instituting administrative proceedings (“OIP”) against Stephen Scott Moleski pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940.¹ On February 14, 2022, the Division of Enforcement filed a Notice of Service, which establishes that service of the OIP was made on Moleski on January 15, 2022, pursuant to Rule 141(a)(2)(i) of the Commission’s Rules of Practice.²

As stated in the OIP, Moleski’s answer was required to be filed within 20 days of service of the OIP.³ As of the date of this order, Moleski has not filed an answer. The prehearing conference and the hearing are thus continued indefinitely.

Accordingly, Moleski is ORDERED to SHOW CAUSE by April 18, 2022, why he should not be deemed to be in default and why this proceeding should not be determined against him due to his failure to file an answer and to otherwise defend this proceeding. Moleski’s submission shall address the reasons for his failure to timely file an answer, and include a proposed answer to be accepted in the event that the Commission does not enter a default against him.

¹ *Stephen Scott Moleski*, Exchange Act Release No. 93923, 2022 WL 73837 (Jan. 7, 2022).

² 17 C.F.R. § 201.141(a)(2)(i).

³ *Moleski*, 2022 WL 73837, at *2; Rules of Practice 151(a), 160(b), 220(b), 17 C.F.R. §§ 201.151(a), .160(b), .220(b).

When a party defaults, the allegations in the OIP will be deemed to be true and the Commission may determine the proceeding against that party upon consideration of the record without holding a public hearing.⁴ The OIP informed Moleski that a failure to file an answer could result in deeming him in default and determining the proceedings against him.⁵

If Moleski files a response to this order to show cause, the Division may file a reply within 14 days after its service. If Moleski does not file a response, the Division shall file a motion for entry of an order of default and the imposition of remedial sanctions by May 16, 2022. The motion for sanctions should address each statutory element of the relevant provisions of Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act.⁶ The motion should discuss relevant authority relating to the legal basis for, and the appropriateness of, the requested sanctions and include evidentiary support sufficient to make an individualized assessment of whether those sanctions are in the public interest.⁷ The parties may file opposition and reply briefs within the deadlines provided by the Rules of Practice.⁸ The failure to timely oppose a dispositive motion is itself a basis for a finding of default;⁹ it may result in the determination of particular claims, or the proceeding as a whole, adversely to the non-moving party and may be deemed a forfeiture of arguments that could have been raised at that time.¹⁰

⁴ Rules of Practice 155, 180, 17 C.F.R. §§ 201.155, .180.

⁵ *Moleski*, 2022 WL 73837, at *3.

⁶ *See, e.g., Shawn K. Dicken*, Exchange Act Release No. 89526, 2020 WL 4678066, at *2 (Aug. 12, 2020) (requesting additional information from the Division “regarding the factual predicate for Dicken’s convictions” and “why these facts establish” the need for remedial sanctions); *see also Shawn K. Dicken*, Exchange Act Release No. 90215, 2020 WL 6117716, at *1 (Oct. 16, 2020) (clarifying the additional information needed from the Division).

⁷ *See generally Rapoport v. SEC*, 682 F.3d 98, 108 (D.C. Cir. 2012) (requiring “meaningful explanation for imposing sanctions”); *McCarthy v. SEC*, 406 F.3d 179, 190 (2d Cir. 2005) (stating that “each case must be considered on its own facts”); *Gary L. McDuff*, Exchange Act Release No. 74803, 2015 WL 1873119, at *1, *3 (Apr. 23, 2015); *Ross Mandell*, Exchange Act Release No. 71668, 2014 WL 907416, at *2 (Mar. 7, 2014), *vacated in part on other grounds*, Exchange Act Release No. 77935, 2016 WL 3030883 (May 26, 2016); *Don Warner Reinhard*, Exchange Act Release No. 61506, 2010 WL 421305, at *3-4 (Feb. 4, 2010), *appeal after remand*, Exchange Act Release No. 63720, 2011 WL 121451, at *5-8 (Jan. 14, 2011).

⁸ *See* Rules of Practice 154, 160, 17 C.F.R. §§ 201.154, .160.

⁹ *See* Rules of Practice 155(a)(2), 180(c), 17 C.F.R. §§ 201.155(a)(2), .180(c); *see, e.g., Behnam Halali*, Exchange Act Release No. 79722, 2017 WL 24498, at *3 n.12 (Jan. 3, 2017).

¹⁰ *See, e.g., McBarron Capital LLC*, Exchange Act Release No. 81789, 2017 WL 4350655, at *3-5 (Sep. 29, 2017); *Bennett Grp. Fin. Servs., LLC*, Exchange Act Release No. 80347, 2017 WL 1176053, at *2-3 (Mar. 30, 2017), *abrogated in part on other grounds by Lucia v. SEC*, 138 S. Ct. 2044 (2018); *Apollo Publ’n Corp.*, Securities Act Release No. 8678, 2006 WL 985307, at *1 n.6 (Apr. 13, 2006).

The parties' attention is directed to the most recent amendments to the Commission's Rules of Practice, which took effect on April 12, 2021, and which include new e-filing requirements.¹¹

Upon review of the filings in response to this order, the Commission will either direct further proceedings by subsequent order or issue a final opinion and order resolving the matter.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman
Secretary


By: Jill M. Peterson
Assistant Secretary

¹¹ *Amendments to the Commission's Rules of Practice*, Exchange Act Release No. 90442, 2020 WL 7013370 (Nov. 17, 2020), 85 Fed. Reg. 86,464, 86,474 (Dec. 30, 2020), <https://www.sec.gov/rules/final/2020/34-90442a.pdf>; *Instructions for Electronic Filing and Service of Documents in SEC Administrative Proceedings and Technical Specifications*, <https://www.sec.gov/efapdocs/instructions.pdf>. The amendments impose other obligations such as a new redaction and omission of sensitive personal information requirement. *Amendments to the Commission's Rules of Practice*, 85 Fed. Reg. at 86,465-81.

Exhibit 13

UNITED STATES OF AMERICA
before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95315 / July 19, 2022

Admin. Proc. File No. 3-20695

In the Matter of

STEPHEN SCOTT MOLESKI

ORDER DIRECTING SUBMISSION FROM THE DIVISION OF ENFORCEMENT

On January 7, 2022, the Securities and Exchange Commission issued an order instituting administrative proceedings (“OIP”) against Stephen Scott Moleski pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940.¹ On February 14, 2022, the Division of Enforcement filed a Notice of Service, which established that service of the OIP was made on Moleski on January 15, 2022, pursuant to Rule 141(a)(2)(i) of the Commission’s Rules of Practice.² Moleski did not answer the OIP.

On April 4, 2022, the Commission issued an order requiring Moleski to show cause by April 18, 2022, why he should not be deemed to be in default and why this proceeding should not be determined against him due to his failure to file an answer and to otherwise defend this proceeding.³ If Moleski did not file a response, the order required the Division to file a motion for default and other relief by May 16, 2022.⁴ Although Moleski has not responded to the order to show cause, the Division has not filed a motion for default and other relief.

Accordingly, the Division of Enforcement is ORDERED to file a motion for default and other relief by August 16, 2022. As noted in the Commission’s April 4, 2022 order, the motion for sanctions should address each statutory element of the relevant provisions of Section 15(b) of the Exchange Act and Section 203(f) of the Advisers Act.⁵ The motion should discuss relevant

¹ *Stephen Scott Moleski*, Exchange Act Release No. 93923, 2022 WL 73837 (Jan. 7, 2022).

² 17 C.F.R. § 201.141(a)(2)(i).

³ *Stephen Scott Moleski*, Exchange Act Release No. 94604, 2022 WL 1014882, at *1 (Apr. 4, 2022).

⁴ *Id.*

⁵ *See, e.g., Shawn K. Dicken*, Exchange Act Release No. 89526, 2020 WL 4678066, at *2 (Aug. 12, 2020) (requesting additional information from the Division “regarding the factual predicate for Dicken’s convictions” and “why these facts establish” the need for remedial

authority relating to the legal basis for, and the appropriateness of, the requested sanctions and include evidentiary support sufficient to make an individualized assessment of whether those sanctions are in the public interest.⁶ The parties may file opposition and reply briefs within the deadlines provided by the Rules of Practice.⁷ The failure to timely oppose a dispositive motion is itself a basis for a finding of default;⁸ it may result in the determination of particular claims, or the proceeding as a whole, adversely to the non-moving party and may be deemed a forfeiture of arguments that could have been raised at that time.⁹

The parties' attention is directed to the most recent amendments to the Commission's Rules of Practice, which took effect on April 12, 2021, and which include new e-filing requirements.¹⁰

sanctions); *see also* *Shawn K. Dicken*, Exchange Act Release No. 90215, 2020 WL 6117716, at *1 (Oct. 16, 2020) (clarifying the additional information needed from the Division).

⁶ *See generally* *Rapoport v. SEC*, 682 F.3d 98, 108 (D.C. Cir. 2012) (requiring “meaningful explanation for imposing sanctions”); *McCarthy v. SEC*, 406 F.3d 179, 190 (2d Cir. 2005) (stating that “each case must be considered on its own facts”); *Gary L. McDuff*, Exchange Act Release No. 74803, 2015 WL 1873119, at *1, *3 (Apr. 23, 2015); *Ross Mandell*, Exchange Act Release No. 71668, 2014 WL 907416, at *2 (Mar. 7, 2014), *vacated in part on other grounds*, Exchange Act Release No. 77935, 2016 WL 3030883 (May 26, 2016); *Don Warner Reinhard*, Exchange Act Release No. 61506, 2010 WL 421305, at *3-4 (Feb. 4, 2010), *appeal after remand*, Exchange Act Release No. 63720, 2011 WL 121451, at *5-8 (Jan. 14, 2011).

⁷ *See* Rules of Practice 154, 160, 17 C.F.R. §§ 201.154, .160.

⁸ *See* Rules of Practice 155(a)(2), 180(c), 17 C.F.R. §§ 201.155(a)(2), .180(c); *see, e.g., Behnam Halali*, Exchange Act Release No. 79722, 2017 WL 24498, at *3 n.12 (Jan. 3, 2017).

⁹ *See, e.g., McBarron Capital LLC*, Exchange Act Release No. 81789, 2017 WL 4350655, at *3-5 (Sep. 29, 2017); *Bennett Grp. Fin. Servs., LLC*, Exchange Act Release No. 80347, 2017 WL 1176053, at *2-3 (Mar. 30, 2017), *abrogated in part on other grounds by Lucia v. SEC*, 138 S. Ct. 2044 (2018); *Apollo Publ'n Corp.*, Securities Act Release No. 8678, 2006 WL 985307, at *1 n.6 (Apr. 13, 2006).

¹⁰ *Amendments to the Commission's Rules of Practice*, Exchange Act Release No. 90442, 2020 WL 7013370 (Nov. 17, 2020), 85 Fed. Reg. 86,464, 86,474 (Dec. 30, 2020), <https://www.sec.gov/rules/final/2020/34-90442a.pdf>; *Instructions for Electronic Filing and Service of Documents in SEC Administrative Proceedings and Technical Specifications*, <https://www.sec.gov/efapdocs/instructions.pdf>. The amendments impose other obligations such as a new redaction and omission of sensitive personal information requirement. *Amendments to the Commission's Rules of Practice*, 85 Fed. Reg. at 86,465-81.

For the Commission, by the Office of the General Counsel, pursuant to delegated authority.

Vanessa A. Countryman
Secretary

Exhibit 14

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20695

In the Matter of

**STEPHEN SCOTT
MOLESKI,**

Respondent.

DECLARATION OF JAMES J. THIBODEAU

I, James J. Thibodeau, declare under penalty of perjury that the following is true and correct to the best of my belief, and that I am over the age of eighteen and competent to testify as to the matters herein stated.

1. I am employed as a staff attorney in the Salt Lake Regional Office (“SLRO”) of the Securities and Exchange Commission (“Commission”). I have been employed by the Commission since September 2010.¹

2. My official duties as a staff attorney in the Commission’s Division of Enforcement include participating in fact-finding inquiries and investigations concerning possible violations of the federal securities laws and assisting in the Commission’s litigation of federal securities law violations and the pursuit of appropriate relief.

3. As part of my duties, I was assigned to:

¹ I am currently on a twelve-month detail to the Division of Examinations, which will end in April 2023.

- a. the Commission’s investigation of Respondent Stephen Scott Moleski (and others), entitled *In the Matter of Clarity Communications Group*, Case Number SL-02789 (the “Clarity Investigation”), which resulted in, *inter alia*, the following actions: *Securities and Exchange Commission v. Gregory Lamont Drake, Stephen Kenneth Grossman, Stephen Scott Moleski, Jason David St. Amour, and David Alan Wolfson*, Civil Action No. 2:20-cv-00405, filed on January 15, 2020, in the United States District Court for the Central District of California, and the instant administrative proceeding. The Clarity Investigation focused on the operators and participants in various unregistered securities solicitation operations (*i.e.*, boiler rooms) soliciting investments in (primarily) thinly-traded microcap securities and—in addition to the above-referenced action—has, to date, resulted in multiple other Commission-authorized actions being filed in various district courts around the country; and
- b. the Commission’s investigation of Respondent Moleski (and others), entitled *In the Matter of Austin Marketing Group, LLC*, Case Number SL-02842 (the “Austin Marketing Investigation”), which resulted in the following actions: *Securities and Exchange Commission v. Stephen Scott Moleski, David Michael, and Eric Christian Jones*, Civil Action No. 2:21-cv-01065, filed on February 5, 2021, in the United States District Court for the Central District of California, and the instant administrative proceeding. The Austin Marketing Investigation focused on the unregistered broker activity of, *inter alia*, Moleski in connection with two unregistered securities offerings: first, convertible promissory note securities offered and sold by Web Blockchain Media, Inc. (f/k/a Web Global Holdings,

Inc.; f/k/a Webb Interactive Services, Inc.) (“Web”) (the “Web Convertible Note Securities Offering”) and, second, a private placement securities offering by Heartland Income Properties, LLC (“Heartland”) (the “Heartland Offering”). The Investigation also focused on Moleski’s and David Michael’s creation and promotion of at least one private fund advised and managed by Moleski and Michael and variously called Austin Partners I, LLC; Alliance Management Group, LLC; or Austin Partners, LLC (the “Austin Partners Fund”), the ostensible purpose of which was to pool investment capital from investors and to invest that capital in a pooled portfolio of securities selected by Moleski and Michael.

4. I learned the information set forth in this declaration from my personal knowledge and experience; documents I reviewed in the course of the Clarity and Austin Marketing Investigations, including bank records I reviewed and analyzed; witness interviews and testimony that I conducted; witness and investor declarations that I reviewed; and/or other information provided to me by other Commission staff.

5. My review of the evidence developed during the Clarity and Austin Marketing Investigations (collectively referred to as the “Investigations”) indicates that Moleski once held a Series 22 (Direct Participation Programs Representative) license in 1989 and was formerly president of S & S Capital, Inc. (CRD #: 21965; SEC #: 8-39449; terminated August 14, 1989), but, at all relevant times to the events at issue in the Investigations, was not registered with the Commission as either a broker or a dealer, associated with a broker or dealer registered with the Commission, nor was he an investment advisor representative of any investment advisor registered with the Commission.²

² Records available through the FINRA CRD legacy disclosure system indicate that agencies of the states of Maine, Kansas, and South Dakota each instituted actions against Moleski for soliciting their respective residents in

6. My review of the evidence developed during the Investigations indicated that Moleski would sometimes use the alias “Steve Scott” (amongst other aliases) rather than his full name when corresponding with investors and others.

7. During the course of the **Clarity Investigation**, I reviewed, *inter alia*, the sworn declaration of David A. Wolfson, who operated a securities solicitation business employing multiple individuals, including Moleski. A true and correct copy of Wolfson’s declaration is attached hereto as Exhibit 1.

8. I provided a sworn declaration to the District Court in *Securities and Exchange Commission v. Gregory Lamont Drake, Stephen Kenneth Grossman, Stephen Scott Moleski, Jason David St. Amour, and David Alan Wolfson*, Civil Action No. 2:20-cv-00405, in support of the Commission’s Motion for Monetary Remedies as to Defendant Moleski. A true and correct copy of my declaration in support of the Motion is attached hereto as Exhibit 2. My declaration to the District Court provides my calculations of the total amounts of commissions Moleski received in connection with his unregistered broker activity for David Wolfson’s securities solicitation business.

9. During the course of the **Austin Marketing Investigation**, I obtained, directly or indirectly, *inter alia*, the following evidence attached hereto:

- a. The sworn declaration of Patricia Young, an investor in the Austin Partners Fund, whom Moleski, along with Michael, was involved in the solicitation of. A true and correct copy of Young’s declaration is attached hereto as Exhibit 3.

connection with securities offerings. These actions appear to be contemporaneous with news articles from 1989 indicating that Moleski was involved in a law enforcement raid of California boiler rooms. Given the age of these events, however, I was unable to obtain any prosecution or conviction information.

- b. The testimony of Erik Jones, Moleski's co-defendant in the *SEC v. Moleski, et al.*, District Court case. Jones was directly or indirectly hired by Moleski to solicit investors for the Web Convertible Note Securities Offering, the Heartland Offering, and the Austin Partners Fund (and possibly other investments). A true and correct copy of Jones's transcript of testimony is attached hereto as Exhibit 4.
- c. The testimony of Thomas Haling, an investor in the Web Convertible Note Securities Offering and Austin Partners Fund, whom Moleski solicited. A true and correct copy of Haling's transcript of testimony is attached hereto as Exhibit 5.
- d. The testimony of Jeffrey Vogl, an investor in the Austin Partners Fund, whom Moleski solicited. A true and correct copy of Vogl's transcript of testimony is attached hereto as Exhibit 6.
- e. A "Consulting Agreement" between Web and "David Michael, a California corporation" that, among other things, called for Michael to assist in raising capital for Web in exchange for 34% commissions on any funds he raised. A true and correct copy of the Consulting Agreement obtained during the Investigation is attached to the complaint in the District Court action as Exhibit A.³ Documents produced by Web and other records produced during the Investigation indicate that, in 2018 and 2019, approximately \$1,149,321.60 was raised in the Web Convertible Note Securities Offering from approximately 30 investors solicited by Moleski, Michael, and/or solicitor agents working for them.

³ During the Austin Marketing Investigation, I took the testimony of Web's CEO, who stated that Web, directly or indirectly, in fact paid Michael, Moleski, and/or entities controlled by them commissions for investments they directly or indirectly solicited pursuant to the Consulting Agreement between June 2018 and October 2019.

- f. A Strategic Alliance Agreement between Heartland and Austin Marketing Group, LLC,⁴ that, among other things, called for Austin Marketing Group to assist in raising capital for Heartland in exchange for 30% commissions. A true and correct copy of the Strategic Alliance Agreement obtained during the Investigation is attached to the complaint in the District Court action as Exhibit B.⁵ Documents produced by Heartland during the Investigation indicate that, in 2019, \$55,000 was raised by Austin Marketing Group from three investors.
- g. A “Summary of Partnership Activity” for Austin Partners I, LLC, that included, *inter alia*, an “Executive Summary” from Moleski and Michael, listing both as CEOs of the fund. A true and correct copy of the “Summary of Partnership Activity” obtained during the Investigation is attached to the complaint in the District Court action as Exhibit C. This document, which included a subscription agreement, appears to have been the only offering document provided to investors in the fund.
10. Process servers were unable to find Moleski during the pendency of the Investigations, so I did not take Moleski’s testimony in connection with the Investigations.
11. I provided a sworn declaration to the District Court in *Securities and Exchange Commission v. Stephen Scott Moleski, David Michael, and Eric Christian Jones*, Civil Action No. 2:21-cv-01065, in support of the Commission’s Motion for Default Judgment against, *inter*

⁴ Evidence adduced in the Austin Marketing Investigation, including bank records, indicate that Austin Marketing Group, LLC, was, at all relevant times, controlled and operated by Moleski and Michael.

⁵ During the Austin Marketing Investigation, I took the testimony of Heartland’s CEO, who stated that Heartland in fact paid entities directly or indirectly controlled by Michael and Moleski commissions for investments they directly or indirectly solicited pursuant to the Strategic Alliance Agreement between December 2018 and December 2019. Counsel for Heartland indicated in a May 24, 2020, letter sent to me during the Austin Marketing Investigation that “Heartland does not have a signed copy of this agreement in its files, however it believes that the parties were acting consistently with the concepts contained therein.”

alia, Moleski. A true and correct copy of my declaration in support of the Motion is attached hereto as Exhibit 7. My declaration to the District Court provides my calculations of the total amounts of commissions and/or distributions of investor funds Moleski received in connection with the Web Convertible Note Securities Offering, the Heartland Offering, and the Austin Partners Fund.

12. Pursuant to my review of the bank records of Moleski; Michael; Alliance Management Group, LLC; Austin Marketing Group, LLC; Austin Media Group, LLC; Austin Partners LLC; and Austin Partners I, LLC (the LLCs I understand to have been controlled and used by Moleski and/or Michael in connection with the activity alleged in the Commission’s complaint in District Court)—described in detail in Exhibit 7—I determined that Moleski and Michael routinely misused investor funds raised pursuant to the Austin Partners fund offering, as follows:

- a. **First**, rather than creating an investment-grade portfolio of high-quality investments, as represented in the “Summary of Partnership Activity” for Austin Partners I, LLC, Austin Partners I had only one investment: \$85,000 invested into the illiquid Heartland private placement offering (which has generated minimal returns), and Moleski and Michael, through various Austin entities, received 30% commissions on that investment of Austin Partners I’s money (*i.e.*, \$25,500 in commissions effectively paid out from the \$85,000 invested by Austin Partners I). Austin Partners and Alliance Management Group, by contrast, had no investments whatsoever.
- b. **Second**, Moleski and Michael, amongst other things: commingled investor funds in accounts (Austin Marketing Group, Austin Partners I, Austin Partners, Alliance

Management Group) that appear to have been used as *de facto* personal accounts by Moleski and/or Michael; used investor funds to pay personal expenses; withdrew investor funds in cash; made payments to Michael directly; transferred investor funds to other companies controlled by Moleski and/or Michael; and used investor funds to make payments to certain other Austin enterprise investors.

13. During the Investigations and to date, I have not received or observed—nor am I aware of any other member of the Commission staff receiving or observing—any assurances from Moleski against future violations of the federal securities laws nor any recognition by Moleski of the wrongful nature of his conduct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 10, 2022

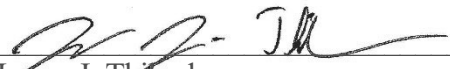

James J. Thibodeau

Exhibit 1

DECLARATION OF DAVID ALAN WOLFSON

I, David Alan Wolfson, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over the age of 21 and a resident of the State of California. I make this declaration based upon my personal knowledge. If called to testify, I could and would competently testify to the following facts:

Investor Solicitation Business

2. In 2014, I began operating a call center in Tarzana, California, for the purpose of soliciting investors to purchase various securities.

3. Between 2015 and 2017, I expanded this operation and opened three additional call centers: an additional one in Tarzana, California, one in Garden Grove, California, and one in Thousand Oaks, California.

4. I hired various individuals to work as solicitors in these call centers as part of an investor solicitation business, which operated in the following manner:

- a. I became familiar with certain individuals (the “selling shareholders”) who would acquire large blocks of microcap securities, would deposit those securities into brokerage accounts, and would seek to sell their securities.
- b. The selling shareholders would hire me to assist them in promoting and selling their shares.
- c. Once hired by a given selling shareholder, I would begin a sales campaign for the promoted security at my call centers.
- d. To conduct the sales campaign, I would provide the solicitors working at my call centers with scripts and lead lists.

- e. The solicitors would then cold call prospective investors and pitch them on the security being promoted.
- f. If the solicitor succeeded in persuading a prospective investor to purchase the promoted security, the solicitor would inform me of how much money the prospect wanted to invest, and I would communicate with the selling shareholder to determine a price and volume at which the prospect should place a buy limit order through the prospect's own brokerage account.
- g. I then conveyed the determined price and volume to the solicitor, who would instruct the investor to place a buy limit order at that price and volume.
- h. Simultaneously, the selling shareholder would place a sell limit order at the same price and volume, thus making it highly likely that the selling shareholder's order would match with the solicited investor's buy order, enabling the selling shareholder to liquidate his or her position in the subject securities.
- i. If the selling shareholder succeeded in selling his or her shares, the selling shareholder would pay me a commission, generally 30% to 40% of the invested funds.
- j. I would then pass on a portion of the commission payment to the solicitor(s) responsible for the investment.
- k. I paid the solicitors' commissions using funds from financial accounts held either in my name or in the name of an entity I own(ed) and control(led), including Avalon Group Marketing, Inc.; David Wolfson d/b/a Avalon Group Marketing; and David Wolfson d/b/a Golden Lion Penny Stock (collectively, the "Wolfson Entities").

1. Between 2014 and 2018, my call centers participated in the offerings of at least forty-one securities with the following ticker symbols: ADAD, AGYP, ASNT, BBGP, BMXI, CSSI, CGLD, DAVC, ECEZ, ETKR, GMER, GMNI, GOPH, GVCL, GYST, HVST, ITEC, ITLL, KAST, KPOC, LBTD, LSDC/SIRC, MCPI, MIHI, MJLB, MMEG, NSRS, NWGI, PCFP, PYTG, REAC, SCNA, SHRV, SIGO, SMPI, SOAN, SSWH, TPTW, TRBO, UATG, and WRIT.

Stephen Kenneth Grossman

5. Among the solicitors who worked in my call centers was Stephen Kenneth Grossman, who responded to a Craigslist job announcement that I posted in the fall of 2016.

6. I initially hired Grossman to work as a solicitor in my principal Tarzana call center, but in the spring of 2017 I promoted him to work as the manager of my Thousand Oaks call center.

7. As manager, Grossman both oversaw the work of several individual solicitors and continued to directly solicit investors.

8. I paid Grossman commissions of 20% - 25% of investor proceeds on his own sales and a 5% additional commission on the sales of those he supervised.

9. All payments made by me or any of the Wolfson Entities to Grossman or Insurance Services For America, LLC (an entity owned and controlled by Grossman) between October 2016 and February 2018 were either commissions for Grossman's own investor solicitation activities or commissions he received for the investor solicitation activities of those he supervised.

10. In total, I paid Grossman commissions of at least \$270,821.23.

Stephen Scott Moleski

11. In the spring of 2015, I hired Stephen Scott Moleski, with whom I had previously worked as an investor solicitor, to work for my investor solicitation business.
12. In 2017, I promoted Moleski to work as the manager of my Garden Grove call center.
13. As manager, Moleski both oversaw the work of several individual solicitors and continued to directly solicit investors.
14. I paid Moleski commissions of 20% - 25% of investor proceeds on his own sales and a 5% additional commission on the sales of those he supervised.
15. All payments made by me or any of the Wolfson Entities to Moleski or Austin Marketing Group (a d/b/a under which Moleski operates) between May 2015 and March 2018 were either commissions for Moleski's own investor solicitation activities or commissions he received for the investor solicitation activities of those he supervised.
16. In total, I paid Moleski commissions of at least \$260,679.15.

Other Solicitors

17. The following individuals also worked as investor solicitors in one or more of my call centers, and all payments made by me or any of the Wolfson Entities to them (or entities they control, as indicated below) between December 2014 and March 2018 were commissions for their investor solicitation activities:
 - a. Christopher Lee;
 - b. David Michael;
 - c. Clinton Maurice Tucker III;
 - d. Keesha Williams;
 - e. Alphonse Lewis (Trend Trade Group LLC);

- f. Ted/Theodore Goldman/Goldmann/Goldmen/Goldmenn (Collahan Investments, S.A.);
- g. Christopher Black;
- h. Andre Marins;
- i. Ira Itskowitz;
- j. Daniel Cape (Managed Futures Associates, LLC);
- k. Joe Cronin;
- l. William Vorburger;
- m. Latasha Norwood (Agau Consulting LLC);
- n. Sandra Kurtz;
- o. Raynard Williams;
- p. Joan Demarest;
- q. Ahmed Lee Clark;
- r. Renardo Page;
- s. Ronald McCan;
- t. Andre Stepsky;
- u. Steven Slome;
- v. Alex Forester/Duane Preitz;
- w. Steve Grant (S & G Marketing);
- x. Mary Ellen Hill (Hamilton Hills LLC);
- y. Michael Robert Hicks (2 Tone Marketing LLC);


z. Lee Sobel;

aa. William Cordo;

bb. Virginia Navrides.

I declare under penalty of perjury that the foregoing is true and correct.

Executed in October on 29th, 2019.



David Alan Wolfson

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles)

On OCTOBER 29, 2019 before me, Erik John Glode Notary Public
(insert name and title of the officer)

personally appeared DAVID ALAN WOLFSON,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature 

(Seal)

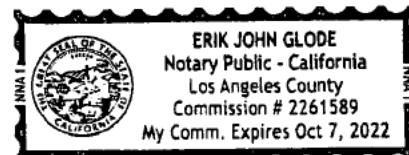


Exhibit 2

Exhibit 3

1 CASEY R. FRONK (Illinois State Bar No. 6296535)
 2 *ADMITTED PRO HAC VICE*
 3 FronkC@sec.gov
 4 TRACY S. COMBS (Cal. Bar No. 298664)
 5 CombsT@sec.gov
 6 Counsel for Plaintiff
 7 U.S. Securities and Exchange Commission
 8 351 South West Temple, Suite 6.100
 9 Salt Lake City, UT 84101-1950
 10 Tel.: (801) 524-5796
 11 Fax: (801) 524-3558

12 Local Counsel:
 13 AMY JANE LONGO (Cal. Bar No. 198304)
 14 444 S. Flower Street, Suite 900
 15 Los Angeles, California 90071
 16 Email: LongoA@sec.gov
 17 Phone: (323) 965-3835
 18 Fax: (213) 443-1904

19 **UNITED STATES DISTRICT COURT**
 20 **CENTRAL DISTRICT OF CALIFORNIA**
 21 **WESTERN DIVISION**

22 **SECURITIES AND EXCHANGE**
 23 **COMMISSION,**

24 **Plaintiff,**

25 **vs.**

26 **GREGORY LAMONT DRAKE, an**
 27 **individual; STEPHEN KENNETH**
 28 **GROSSMAN, an individual;**
STEPHEN SCOTT MOLESKI, an
individual; JASON DAVID ST.
AMOUR, an individual; and
DAVID ALAN WOLFSON, an
individual,

Defendants.

Case No. 2:20-cv-00405-MCS-PLA

DECLARATION OF JAMES J.
THIBODEAU IN SUPPORT OF
PLAINTIFF'S MOTION FOR
MONETARY REMEDIES AS TO
DEFENDANT MOLESKI

1 I, James J. Thibodeau, do hereby declare, under penalty of perjury, in
2 accordance with 28 U.S.C. § 1746, that the following is true and correct to the best
3 of my belief and, further, that this declaration is made on my personal knowledge,
4 and that I am competent to testify as to the matters herein stated:

5 1. I am presently employed as a staff attorney in the Division of
6 Enforcement by the United States Securities and Exchange Commission (the
7 “Commission”) working from the Commission’s Salt Lake Regional Office located
8 at 351 South West Temple, Suite 6.100, Salt Lake City, Utah, 84101. I have been
9 employed as an attorney with the Commission since September 2010. My official
10 duties as an attorney in the Commission’s Division of Enforcement include
11 participating in fact-finding inquiries and investigations to determine whether the
12 federal securities laws have been, are presently being, or are about to be violated,
13 and assisting, as requested, in the Commission’s litigation of securities laws
14 violations.

15 2. As part of my duties, I was assigned to the Commission’s
16 investigation of Stephen Scott Moleski and other entities and individuals. In
17 connection with this assignment, I have, among other things, obtained and
18 reviewed various documentary evidence and spoken with multiple witnesses. In
19 addition, as part of my duties, I have analyzed bank and other financial records and
20 produced calculations and made observations based upon those records. Based
21 upon these and other activities, I am informed and therefore state the information
22 set forth in paragraphs 3 through 11 below.

23 3. During the course of the Commission’s investigation into Mr.
24 Moleski, and pursuant to my responsibilities as a staff attorney with the
25 Commission, I caused one or more subpoenas to be issued to Woodforest National
26 Bank and U.S. Bank to obtain bank records for Mr. Moleski. In addition, I caused
27 one or more subpoenas to be issued to Bank of America, Los Angeles Federal
28 Credit Union, JP Morgan Chase Bank, U.S. Bank, MUFG Union Bank, and Wells

1 Fargo Bank to obtain bank records for Avalon Auto Protection, Inc.; David
2 Wolfson; David Wolfson dba Golden Lion Penny Stocks; David Wolfson dba
3 Avalon Group Marketing; and Avalon Group Marketing, Inc. These entities and
4 accounts are each associated with Defendant David Wolfson. In response, those
5 banks produced records associated with those accounts.

6 4. During the course of the Commission’s investigation into Mr. Moleski
7 *et al.*, and pursuant to my responsibilities as a staff attorney, I reviewed the records
8 produced in response to the subpoenas detailed in paragraph 3, above, including
9 underlying detail, such as (as applicable) account statements, account opening
10 documents, signature cards, wire transfers, deposit slips and copies of items
11 deposited, checks, withdrawal slips, and bank account transfers.

12 5. In particular, I reviewed bank records of the following accounts
13 (among others):

14 a) Bank of America Account No. XXXXXXXXX6707 in the name
15 of Avalon Auto Protection, Inc. (the “Avalon Auto Protection
16 Account”);

17 b) Bank of America Account No. XXXXXXXXX9879 in the name
18 of Avalon Auto Protection, Inc. (the “Avalon Auto Protection Payroll
19 Account”);

20 c) Los Angeles Federal Credit Union Account No. XX3834 in the
21 name of David Wolfson (the “David Wolfson Account”);

22 d) JP Morgan Chase Account No. XXXXXX6356 in the name of
23 David Wolfson dba Golden Lion Penny Stocks (the “Golden Lion
24 Account”);

25 e) U.S. Bank Account No. XXXXXXXXX3912 in the name of
26 David Wolfson dba Avalon Group Marketing (the “David Wolfson
27 dba Avalon Group Marketing Account”);
28

1 f) MUFG Union Bank Account No. XXXX4553 in the name of
2 Avalon Group Marketing, Inc. (the “Avalon Union Bank Account”);

3 g) Wells Fargo Bank Account No. XXXXXX6564 in the name of
4 Avalon Marketing Group, Inc. (the “Avalon Marketing Group
5 Account”);

6 h) U.S. Bank Account No. XXXXXXXX1938 in the name of
7 Stephen Scott Moleski dba Austin Marketing Group (the “Austin
8 Marketing Account 1”); and

9 i) U.S. Bank Account No. XXXXXXXX1606 in the name of
10 Stephen Scott Moleski dba Austin Marketing Group (the “Austin
11 Marketing Account 2”).

12 6. Based on my review of the bank records noted in paragraph 5, I
13 determined that, between January 12, 2015, and March 8, 2018, the Avalon Auto
14 Protection Account, the Avalon Auto Protection Payroll Account, the David
15 Wolfson Account, the Golden Lion Account, the David Wolfson dba Avalon
16 Group Marketing Account, the Avalon Union Bank Account, and the Avalon
17 Marketing Group Account made payments totaling \$217,106.57 to Mr. Moleski or
18 his dba. A summary of the records I used to calculate this amount is attached
19 hereto as Exhibit A.

20 7. Based on my review of the bank records noted in paragraph 5, I also
21 determined that, between August 1, 2017, and February 23, 2018, the Austin
22 Marketing Account 1 and Austin Marketing Account 2 accounts made payments to
23 a number of individuals (as listed in Exhibit A). The total amount of those
24 payments was \$10,582.00). A summary of the records I used to calculate this
25 amount is included in the attached Exhibit A.

26 8. I understand and have been informed that, as Mr. Wolfson admitted
27 via declaration, and subject to the further explanation contained in paragraph 9
28 below, all payments made to Mr. Moleski or his dba between May 2015 and March

1 2018 from the Avalon Auto Protection Account, the Avalon Auto Protection
2 Payroll Account, the David Wolfson Account, the Golden Lion Account, the David
3 Wolfson dba Avalon Group Marketing Account, the Avalon Union Bank Account,
4 and the Avalon Marketing Group Account were commission payments for Mr.
5 Moleski's own investor solicitation activities or commissions Mr. Moleski
6 received for the investor solicitation activities of those he supervised.

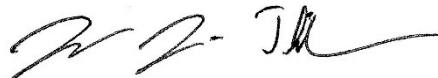
7 9. For purposes of this motion, I have assumed that all payments
8 described in paragraph 7, above, made between August 1, 2017, and February 23,
9 2018, from the Austin Marketing Account 1 and Austin Marketing Account 2 to
10 the individuals as detailed in Exhibit A were payments of commissions by Mr.
11 Moleski to or for the benefit of other individuals who worked as telephone
12 solicitors for Mr. Wolfson.

13 10. Based on my review of all the information set forth above, I have
14 determined that a reasonable estimation of the amount of Mr. Moleski's ill-gotten
15 gains from his violations of the securities laws as described in the Commission's
16 Complaint in the above-captioned action is \$206,524.57.

17 11. I have also calculated the pre-judgment interest owed on the
18 disgorgement amount the Commission requests (\$206,524.57). In making this
19 calculation, I utilized a computer program maintained by the Commission to
20 calculate prejudgment interest in Commission enforcement actions. The result of
21 this calculation is set forth in detail in the attached Exhibit B. As provided in
22 Exhibit B, the calculation of pre-judgment interest is, to my understanding, made
23 on a quarterly basis and is based on a beginning date of January 1, 2018, and an
24 ending date of September 20, 2021, which is the date range specified in the consent
25 judgment previously entered by the Court against Mr. Moleski. I further
26 understand that the interest rate used in the calculation is the same interest rate
27 used by the Internal Revenue Service to calculate underpayment penalties, and is
28 defined as the federal short term rate (also known as the period rate) plus three

1 percentage points (also known as the annual rate). *See* 26 U.S.C. § 6621(a)(2). As
2 a result of this calculation, I determined that the prejudgment interest on the
3 requested disgorgement of \$206,524.57 is \$35,375.17. *See* Ex. B.

4
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6 Executed this 16th day of August, 2021

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9 James J. Thibodeau

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Exhibit A

STEPHEN MOLESKI: SUMMARY OF PAYMENTS

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
01/12/15	Avalon Auto Protection	Stephen Scott Moleski	\$175.00	1019	XXXXXXXXXX6707
01/16/15	Avalon Auto Protection	Stephen Scott Moleski	\$870.00	1026	XXXXXXXXXX6707
01/23/15	Avalon Auto Protection	Stephen Scott Moleski	\$4,470.00	1035	XXXXXXXXXX6707
01/30/15	Avalon Auto Protection, Inc. (payroll)	Stephen Scott Moleski	\$1,190.00	1005	XXXXXXXXXX9879
02/25/15	Avalon Auto Protection, Inc. (payroll)	Stephen Scott Moleski	\$718.00	1010	XXXXXXXXXX9879
03/06/15	Avalon Auto Protection	Stephen Scott Moleski	\$400.00	1053	XXXXXXXXXX6707
03/13/15	Avalon Auto Protection	Stephen Scott Moleski	\$2,274.50	1057	XXXXXXXXXX6707
03/18/15	Avalon Auto Protection	Stephen Scott Moleski	\$49.00	ACH	XXXXXXXXXX6707
03/20/15	Avalon Auto Protection	Stephen Scott Moleski	\$2,107.00	1065	XXXXXXXXXX6707
03/20/15	Avalon Auto Protection	Stephen Scott Moleski	\$49.00	XFR	XXXXXXXXXX6707
03/27/15	Avalon Auto Protection	Stephen Scott Moleski	\$815.00	1070	XXXXXXXXXX6707
04/07/15	David Wolfson	Stephen Moleski	\$230.00	1006	XX3834
04/17/15	Avalon Auto Protection	Stephen Scott Moleski	\$2,061.34	1085	XXXXXXXXXX6707
04/24/15	Avalon Auto Protection	Stephen Scott Moleski	\$2,076.35	1093	XXXXXXXXXX6707
05/01/15	Avalon Auto Protection	Stephen Scott Moleski	\$900.00	1101	XXXXXXXXXX6707
05/01/15	Avalon Auto Protection	Stephen Scott Moleski	\$766.50	1106	XXXXXXXXXX6707
05/07/15	Avalon Auto Protection	Stephen Scott Moleski	\$2,833.00	1117	XXXXXXXXXX6707
05/15/15	Golden Lion Penny Stocks	Stephen Moleski	\$1,458.00	1004	XXXXXX6356
05/22/15	Golden Lion Penny Stocks	Stephen Moleski	\$4,860.00	1018	XXXXXX6356
05/29/15	Golden Lion Penny Stocks	Stephen Moleski	\$1,480.00	1025	XXXXXX6356
05/29/15	Golden Lion Penny Stocks	Stephen Moleski	\$2,927.00	1033	XXXXXX6356
06/05/15	Golden Lion Penny Stocks	Stephen Moleski	\$239.00	1047	XXXXXX6356
06/05/15	Golden Lion Penny Stocks	Stephen Moleski	\$4,029.00	1050	XXXXXX6356
06/12/15	Golden Lion Penny Stocks	Stephen Moleski	\$3,313.00	1063	XXXXXX6356
06/19/15	Golden Lion Penny Stocks	Stephen Moleski	\$500.00	1077	XXXXXX6356

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
06/19/15	Golden Lion Penny Stocks	Stephen Moleski	\$3,095.00	1080	XXXXXX6356
06/29/15	Golden Lion Penny Stocks	Stephen Moleski	\$1,591.00	1092	XXXXXX6356
07/10/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,000.00	109	XXXXXXXXXX3912
07/17/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,824.00	1008	XXXXXXXXXX3912
07/25/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$838.50	1004	XXXXXXXXXX2773
07/31/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$2,813.50	1143	XXXXXXXXXX3912
08/07/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,589.00	1125	XXXXXXXXXX3912
08/07/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$414.00	1130	XXXXXXXXXX3912
08/14/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$831.00	1116	XXXXXXXXXX3912
08/21/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$7,145.50	1100	XXXXXXXXXX3912
08/21/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,560.00	1107	XXXXXXXXXX3912
08/28/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$2,189.70	1075	XXXXXXXXXX3912
08/28/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$6,549.00	1085	XXXXXXXXXX3912
08/28/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$2,344.95	1089	XXXXXXXXXX3912
09/04/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$4,793.00	1059	XXXXXXXXXX3912
09/11/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$3,826.00	1047	XXXXXXXXXX3912
09/17/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$2,001.53	1034	XXXXXXXXXX3912
09/25/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,800.00	2002	XXXXXXXXXX3912
10/02/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,700.00	2024	XXXXXXXXXX3912
10/09/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,581.00	2044	XXXXXXXXXX3912
10/09/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,800.00	2056	XXXXXXXXXX3912
10/16/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,750.00	2073	XXXXXXXXXX3912
10/23/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,800.00	2102	XXXXXXXXXX3912
10/30/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,800.00	2125	XXXXXXXXXX3912
12/18/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$300.00	2231	XXXXXXXXXX3912
12/23/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$200.00	2240	XXXXXXXXXX3912

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
12/31/15	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$300.00	2266	XXXXXXXXXX3912
01/08/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$254.78	2274	XXXXXXXXXX3912
01/16/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$300.00	2289	XXXXXXXXXX3912
01/21/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$363.88	2295	XXXXXXXXXX3912
01/29/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$925.00	2301	XXXXXXXXXX3912
02/05/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$1,800.00	2311	XXXXXXXXXX3912
02/12/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$2,153.00	2334	XXXXXXXXXX3912
02/19/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$2,925.00	2350	XXXXXXXXXX3912
03/11/16	Wolfson dba Avalon Group Marketing	Stephen Moleski	\$200.00	2384	XXXXXXXXXX3912
07/15/16	Avalon Group Marketing, Inc.	Stephen Moleski	\$396.00	1071	XXXXX4553
09/23/16	Avalon Group Marketing, Inc.	Stephen Moleski	\$306.00	2083	XXXXXXX6564
10/07/16	Avalon Group Marketing, Inc.	Stephen Moleski	\$699.26	2026	XXXXXXX6564
10/07/16	Avalon Group Marketing, Inc.	Stephen Moleski	\$200.00	2038	XXXXXXX6564
02/10/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$300.00	2636	XXXXXXX6564
02/17/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$631.80	2665	XXXXXXX6564
02/23/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$735.84	2673	XXXXXXX6564
03/02/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$1,233.27	2713	XXXXXXX6564
03/09/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$360.00	2719	XXXXXXX6564
03/10/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$179.99	2733	XXXXXXX6564
03/16/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$441.00	2743	XXXXXXX6564
03/31/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$500.00	2786	XXXXXXX6564
04/06/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$639.99	2792	XXXXXXX6564
04/13/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$719.94	2835	XXXXXXX6564
04/24/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$259.20	2856	XXXXXXX6564
04/28/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$180.00	2886	XXXXXXX6564
05/01/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$300.00	2887	XXXXXXX6564

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
05/12/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$553.32	2940	XXXXXXXX6564
05/15/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$200.00	2771	XXXXXXXX6564
05/19/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$530.92	2963	XXXXXXXX6564
05/20/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$453.00	2977	XXXXXXXX6564
05/26/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$2,241.77	3001	XXXXXXXX6564
06/09/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$200.00	3101	XXXXXXXX6564
06/16/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$242.75	3119	XXXXXXXX6564
06/16/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$676.39	3142	XXXXXXXX6564
06/16/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$449.50	3146	XXXXXXXX6564
06/22/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$425.30	3163	XXXXXXXX6564
06/22/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$2,260.80	3182	XXXXXXXX6564
07/07/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$367.50	3223	XXXXXXXX6564
07/08/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$200.00	3226	XXXXXXXX6564
07/14/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$1,300.00	3233	XXXXXXXX6564
07/21/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$449.90	3251	XXXXXXXX6564
07/21/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$249.94	3256	XXXXXXXX6564
07/21/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$248.28	3259	XXXXXXXX6564
07/21/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$999.98	3264	XXXXXXXX6564
07/28/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$2,335.67	3295	XXXXXXXX6564
07/28/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$943.94	3305	XXXXXXXX6564
07/28/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$303.75	3307	XXXXXXXX6564
07/28/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$495.82	3311	XXXXXXXX6564
07/28/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,874.00	3313	XXXXXXXX6564
08/01/17	Stephen Scott Moleski dba Austin Marketing Group	Lee Sobel	(\$526.00)	1102	XXXXXXXXXX1938

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
08/01/17	Stephen Scott Moleski dba Austin Marketing Group	Lucas Jiles	(\$612.00)	1103	XXXXXXXXXX1938
08/03/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$2,332.62	3331	XXXXXXX6564
08/03/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$332.75	3332	XXXXXXX6564
08/03/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$241.66	3334	XXXXXXX6564
08/03/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$381.00	3337	XXXXXXX6564
08/04/17	Stephen Scott Moleski dba Austin Marketing Group	Erik Jones	(\$750.00)	1104	XXXXXXXXXX1938
08/06/17	Stephen Scott Moleski dba Austin Marketing Group	Lee Sobel	(\$500.00)	1106	XXXXXXXXXX1938
08/10/17	Stephen Scott Moleski dba Austin Marketing Group	GRD, LLC	(\$448.00)	1107	XXXXXXXXXX1938
08/10/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,022.28	3374	XXXXXXX6564
08/10/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$3,036.89	3376	XXXXXXX6564
08/17/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$3,127.61	3397	XXXXXXX6564
08/17/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$485.99	3398	XXXXXXX6564
08/24/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$2,342.62	3411	XXXXXXX6564
08/25/17	Stephen Scott Moleski dba Austin Marketing Group	Lee Sobel	(\$288.00)	1109	XXXXXXXXXX1938
08/25/17	Stephen Scott Moleski dba Austin Marketing Group	Matthew Castenda	(\$222.00)	1110	XXXXXXXXXX1938
08/31/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$89.39	3448	XXXXXXX6564
08/31/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$355.30	3449	XXXXXXX6564
09/07/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$690.00	3469	XXXXXXX6564

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
09/07/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$3,465.70	3470	XXXXXXX6564
09/14/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,548.60	3492	XXXXXXX6564
09/21/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,500.00	3504	XXXXXXX6564
09/28/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$2,407.96	3542	XXXXXXX6564
10/05/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,824.00	3608	XXXXXXX6564
10/12/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,868.75	3643	XXXXXXX6564
10/12/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$6,465.90	3645	XXXXXXX6564
10/19/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$3,659.21	3698	XXXXXXX6564
10/26/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$3,734.18	3669	XXXXXXX6564
10/26/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$459.00	3672	XXXXXXX6564
10/26/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$499.09	3673	XXXXXXX6564
11/02/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$2,789.71	3744	XXXXXXX6564
11/03/17	Stephen Scott Moleski dba Austin Marketing Group	Kayla Kramers	(\$345.00)	1001	XXXXXXXXX1606
11/03/17	Stephen Scott Moleski dba Austin Marketing Group	Erik Jones	(\$250.00)	1003	XXXXXXXXX1606
11/16/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$2,448.00	3784	XXXXXXX6564
11/26/17	Stephen Scott Moleski dba Austin Marketing Group	Erik Jones	(\$1,000.00)	1004	XXXXXXXXX1606
11/27/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$10,088.40	Cashier's Chk	XXXXXXX6564
12/01/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$374.00	3829	XXXXXXX6564
12/01/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,337.07	3830	XXXXXXX6564
12/07/17	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$199.97	3853	XXXXXXX6564

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
12/21/17	Avalon Group Marketing, Inc.	Stephen Moleski	\$1,999.06	3905	XXXXXXX6564
12/23/17	Stephen Scott Moleski dba Austin Marketing Group	Erik Jones	(\$232.00)	1029	XXXXXXXXX1606
12/28/17	Stephen Scott Moleski dba Austin Marketing Group	Barbra Jones	(\$1,600.00)	1102	XXXXXXXXX1606
01/02/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$6,946.00	Cashier's Chk	XXXXXXX6556
01/04/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$248.91	3998	XXXXXXX6564
01/04/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$3,106.50	3999	XXXXXXX6564
01/08/18	Stephen Scott Moleski dba Austin Marketing Group	Erik Jones	(\$1,169.00)	1007	XXXXXXXXX1606
01/11/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$124.19	3939	XXXXXXX6564
01/16/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$500.00	3955	XXXXXXX6564
01/18/18	Stephen Scott Moleski dba Austin Marketing Group	[no payee listed]	(\$200.00)	1053	XXXXXXXXX1606
01/18/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,944.65	4027	XXXXXXX6564
01/18/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$2,136.92	4028	XXXXXXX6564
01/18/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$300.00	4031	XXXXXXX6564
01/19/18	Stephen Scott Moleski dba Austin Marketing Group	Allan Mamkash	(\$300.00)	1054	XXXXXXXXX1606
01/19/18	Stephen Scott Moleski dba Austin Marketing Group	Anthony Marin	(\$600.00)	1059	XXXXXXXXX1606
01/25/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,205.00	4063	XXXXXXX6564
01/29/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$360.00	4002	XXXXXXX6564
02/01/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$249.99	4084	XXXXXXX6564

<u>Date</u>	<u>Pavor</u>	<u>Pavee</u>	<u>Amount</u>	<u>Via</u>	<u>Pavor Account</u>
02/01/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$786.55	4085	XXXXXXX6564
02/08/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$1,012.12	4108	XXXXXXX6564
02/15/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$2,386.20	4035	XXXXXXX6564
02/15/18	Avalon Group Marketing, Inc.	Stephen Scott Moleski dba Austin Marketing Group	\$419.00	4036	XXXXXXX6564
02/23/18	Stephen Scott Moleski dba Austin Marketing Group	Giovani Lorasio (or Locasio)	(\$400.00)	1066	XXXXXXXXXX1606
02/23/18	Stephen Scott Moleski dba Austin Marketing Group	Dennys Cisne	(\$530.00)	1071	XXXXXXXXXX1606
02/23/18	Stephen Scott Moleski dba Austin Marketing Group	Allan Mamkash	(\$250.00)	1072	XXXXXXXXXX1606
02/23/18	Stephen Scott Moleski dba Austin Marketing Group	Erik Jones	(\$360.00)	1073	XXXXXXXXXX1606
03/08/18	Avalon Group Marketing, Inc.	Austin Marketing Group (Stephen Moleski)	\$1,039.98	4152	XXXXXXX6564
		Total:	\$206,524.57		

Exhibit B



**U.S. Securities and Exchange Commission
Prejudgment Interest Report**

Stephen Moleski Prejudgment Interest

Quarter Range	Annual Rate	Period Rate	Quarter Interest	Principal+Interest
Violation Amount				\$206,524.57
02/01/2018-03/31/2018	4.00%	0.65%	\$1,335.34	\$207,859.91
04/01/2018-06/30/2018	5.00%	1.25%	\$2,591.13	\$210,451.04
07/01/2018-09/30/2018	5.00%	1.26%	\$2,652.26	\$213,103.30
10/01/2018-12/31/2018	5.00%	1.26%	\$2,685.69	\$215,788.99
01/01/2019-03/31/2019	6.00%	1.48%	\$3,192.49	\$218,981.48
04/01/2019-06/30/2019	6.00%	1.5%	\$3,275.72	\$222,257.20
07/01/2019-09/30/2019	5.00%	1.26%	\$2,801.05	\$225,058.25
10/01/2019-12/31/2019	5.00%	1.26%	\$2,836.35	\$227,894.60
01/01/2020-03/31/2020	5.00%	1.24%	\$2,833.12	\$230,727.72
04/01/2020-06/30/2020	5.00%	1.24%	\$2,868.34	\$233,596.06
07/01/2020-09/30/2020	3.00%	0.75%	\$1,761.54	\$235,357.60
10/01/2020-12/31/2020	3.00%	0.75%	\$1,774.83	\$237,132.43
01/01/2021-03/31/2021	3.00%	0.74%	\$1,754.13	\$238,886.56
04/01/2021-06/30/2021	3.00%	0.75%	\$1,786.74	\$240,673.30
07/01/2021-08/31/2021	3.00%	0.51%	\$1,226.44	\$241,899.74
Prejudgment Violation Range			Quarter Interest Total	Prejudgment Total
02/01/2018-08/31/2021			\$35,375.17	\$241,899.74

Exhibit 3

I, Patricia Young, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over the age of 21 and a resident of Delray Beach, Florida. I make this declaration based upon my personal knowledge. If called to testify, I could and would competently testify to the following facts.

2. During or around February or March 2019, my son, Daniel Robert Scherr, was hired by Steve Scott and David Michael to work as a salesperson.

3. Steve Scott and David Michael were associated with at least three business entities: Austin Marketing Group, Austin Partners I, LLC, and Austin Media Group, LLC.

4. Austin Partners I, LLC, offered an investment opportunity via which investors could choose to allocate their money in up to three different offerings which I understood to be:

- Life Investors Management Company, which involved viatical settlements;
- Heartland Group, which involved real estate; and,
- Austin Media Group, which involved entertainment and/or cryptocurrency.

5. Also, I learned from my son that Steve Scott said that his uncle was employed by the Securities and Exchange Commission; therefore, Steve Scott would never get involved in any bad activity.

6. My son had not earned any commissions in three to four months and he was concerned about paying his rent. I decided to make an investment to help him.

7. I was directed to review the websites for Life Investors Management Company and Heartland Group, in addition to austinmarketinggroup.net.

8. When my son asked in which option I wished to place my money, I told him to ask his boss what he would recommend for his own mother. Steve Scott indicated that he would

recommend the Life Investors Management Company viaticals option without hesitation, and that it was safer than the stock market.

9. Based on these representations, I decided to invest \$10,000 in Austin Partners I, LLC, for placement in the Life Investors Management Company viatical offering.

10. Accordingly, on or around July 5, 2019, I transferred \$10,000 to Austin Partners I, LLC, via bank transfer to a Bank of America account ending in 7684.

11. It was my understanding at the time that Austin Partners I, LLC, would hold my funds in escrow then pass them along to Life Investors Management Company.

12. After investing, I received a certificate of ownership in the mail indicating that I am a member owning one unit of Austin Partners I, LLC.

13. Prior to investing, I was not given background information about Steve Scott or David Michael of Austin Partners I, LLC, except that Steve Scott's uncle was employed by the Securities and Exchange Commission. ^{(or had been) P.Y.}

14. After I invested, my son told me that he was not earning enough from the commission-only job, and he was growing concerned about the legitimacy of Steve Scott and David Michael's activity. Accordingly, he stopped working for David Michael and Steve Scott.

15. After my son stopped working there, David Michael telephoned me twice to solicit me to invest in another unit of Austin Partners I, LLC. He said I could make even more money because interest rates were so high. I declined to invest and reminded him that I was Daniel Scherr's mother.

16. In early 2020, I contacted Austin Partners to collect any tax documents and check on the status of my investment since I had never received any returns.

17. I spoke to Steve Scott who told me that Austin Partners had dissolved its partnership with Life Investors Management Company.

18. I asked him to explain where my money had gone since his company was no longer working with Life Investors Management Company, but Steve Scott did not provide a clear explanation. I have since had multiple conversations with Steve Scott and David Michael about the status of my investment.

19. Steve Scott told me that he could make me whole again and then move my money over to Heartland Group. He said it would be a good investment choice in light of the COVID-19 pandemic because it involved real estate, which is secure.

20. Steve Scott reminded me that his uncle was ^{or had been} employed by the Securities and Exchange Commission and, therefore, he would never get involved in any bad activity. P.S.

21. David Michael asked me to give him and Steve Scott some time to make good on their promise. He also suggested that I allow them to place my \$10,000 in Heartland Group and offered to have the CEO of Heartland Group call me.

22. The Heartland Group CEO never called me, so I called the company myself. They told me that Steve Scott and David Michael had only placed investments of around \$85,000 in Heartland Group.

23. I declined David Michael's offer to invest in Heartland Group and asked him to return my money instead. He agreed to repay me in installments of \$2,500 per month, but when I asked his secretary, Sandy Kurtz, to provide a written confirmation of the agreement nothing was provided.

Exhibit 4

1 APPEARANCES:
 2
 3 On behalf of the Securities and Exchange Commission:
 4 JAMES J. THIBODEAU, ESQ.
 5 Securities and Exchange Commission
 6 Division of Enforcement
 7 351 South West Temple
 8 Suite 6.100
 9 Salt Lake City, UT 84101
 10
 11 On behalf of the Witness:
 12 ASHLEY DURAN, ESQ.
 13 Wilson, Bradshaw & Cao, LLP
 14 9110 Irvine Center Dr.
 15 Irvine, CA 92618
 16
 17
 18
 19
 20
 21
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1 PROCEEDINGS
 2 MR. THIBODEAU: So, on the record on Monday,
 3 November 2nd, 2020 at 3:07 p.m. Mountain Standard Time.
 4
 5 Please raise your right hand. Do you swear to
 6 tell the truth, the whole truth and nothing but the
 7 truth?
 8 MR. JONES: Yes.
 9 MR. THIBODEAU: Thank you. You may lower your
 10 hand.
 11 Whereupon,
 12 ERIK JONES
 13 was called as a witness and, having been first duly
 14 sworn, was examined and testified as follows:
 15 BY MR. THIBODEAU:
 16 Q Please state and spell your full name for the
 17 record?
 18 A Erik Christian Jones. E-r-i-k, C-h-r-i-s-t-i-
 19 a-n, Jones, J-o-n-e-s.
 20 Q Thank you. Mr. Jones, I'd like to note for
 21 the record because we're conducting this testimony
 22 session remotely, can I ask that you please state for
 23 the record, whatever it is, where your current location
 24 is?
 25 A I'm in Irvine, California at the offices of

1 Wilson Bradshaw.
 2 Q Thank you. My name is James Thibodeau, and I
 3 am a member of the staff of the Enforcement Division of
 4 the Salt Lake Regional Office of the United States
 5 Securities and Exchange Commission.
 6 I am also an officer of the Commission for the
 7 purposes of this proceeding. This is an investigation
 8 by the Commission, titled: In the matter of Austin
 9 Marketing Group, LLC et al., to determine whether there
 10 have been any violations of the federal securities laws
 11 or rules for which the Commission has enforcement
 12 authority. However, facts developed in this
 13 investigation might constitute violations of other
 14 federal or state, criminal or civil laws.
 15 Prior to the opening of the record, you were
 16 provided with a copy of the formal order directing
 17 private investigation and designating officers to take
 18 testimony in this matter. It will be available for your
 19 examination during the course of this proceeding.
 20 Have you had an opportunity to review the
 21 formal order?
 22 A Yes.
 23 Q Do you have any questions about the formal
 24 order?
 25 A Not at this time.

1 Q Prior to the opening of the record you also
2 were provided with a copy of the Commission's Form 1662
3 titled, supplemental information for persons requested
4 to supply information or directed to supply information
5 voluntarily or directed to supply information pursuant
6 to a Commission subpoena.

7 A copy of this form has been previously marked
8 as Exhibit 1.

9 (SEC Exhibit No. 1 was
10 marked for identification.)

11 BY MR. THIBODEAU:

12 Q Have you had the opportunity to read Exhibit
13 1?

14 A Yeah.

15 Q Do you have any questions concerning this
16 notice?

17 A No.

18 Q Are you represented by counsel?

19 A Yes.

20 Q Would counsel please identify herself and her
21 firm?

22 MS. DURAN: Ashley Duran from Wilson &
23 Bradshaw, LLP. I'm representing Erik Jones in his
24 individual capacity.

25 MR. THIBODEAU: Thank you. Ms. Duran, do you

1 If you answer a question, I will assume that
2 you both heard and understood the question. Do you
3 understand that?

4 A Yes.

5 Q The court reporter is here to create a written
6 transcript of your testimony. There are several things
7 that we both need to do to help the court reporter to
8 create a clean and accurate transcript.

9 First, please say yes or no and avoid using
10 ah-uhs or uh-huhs, which can be easily confused.
11 Second, please use names. For example, Susan or George,
12 rather than pronouns such as she or he.

13 Finally, please let me finish each question
14 before you begin your answer. I'll do my best to let
15 you finish your answer before I ask my next question.

16 Because we're conducting this testimony
17 session remotely I sent the exhibits to you -- excuse me
18 -- to your counsel in advance of this session. As such,
19 I ask that both you and your counsel please provide me
20 with your agreement on the record to destroy the exhibit
21 and formal order documents after the conclusion of this
22 testimony session.

23 Do I have your agreement to do this, Mr.
24 Jones?

25 A Yes.

1 represent any other parties in connection with this
2 investigation?

3 MS. DURAN: No.

4 BY MR. THIBODEAU:

5 Q Mr. Jones, before we begin with the
6 substantive portion of your testimony, let's first go
7 over a few preliminaries. Your testimony today is under
8 oath and will consist of a series of questions and
9 answers.

10 I will ask the questions and you are to answer
11 the questions truthfully and to the best of your
12 ability. Do you understand that?

13 A Yes.

14 Q To the extent that you do not know the answer
15 to one of my questions and are merely speculating,
16 please say so. If you answer a question and do not
17 indicate otherwise, I will assume that the answer is
18 based on knowledge you have and that you are not
19 speculating. Do you understand that?

20 A Yes.

21 Q It is important that you both hear and
22 understand my questions. If you do not hear a question,
23 please ask me to repeat it. If you do not understand a
24 question, please let me know and I will attempt to
25 clarify or rephrase it.

1 Q Do I have your agreement to do this, Ms.
2 Duran?

3 MS DURAN: Yes

4 BY MR THIBODEAU:

5 Q If you need to take a break for any reason
6 please let me know and I will find an appropriate time
7 to go off the record.

8 The court reporter will only go off the record
9 at the request of an SEC officer. Is there any reason
10 at all that you cannot provide complete and truthful
11 testimony today?

12 A No

13 Q Have you taken any medication that might
14 affect your memory or impair your mental capacity in any
15 way?

16 A No

17 Q Have you had anything alcoholic to drink in
18 the last eight hours?

19 A No

20 Q Are you at all ill today?

21 A No

22 Q I would now like to direct your attention to a
23 copy of the subpoena that has been marked as Exhibit 41.

24 (SEC Exhibit No. 41 was
25 marked for identification.)

1 BY MR. THIBODEAU:
 2 Q You are appearing for testimony today because
 3 of the subpoena that appears as Exhibit 41. Correct?
 4 A Yes.
 5 Q Thank you. At this time I'll transition to
 6 some background questions. Have you ever provided
 7 testimony to the SEC before?
 8 A No.
 9 Q Have you ever been interviewed by the SEC
 10 before?
 11 A No.
 12 Q Have you ever been the subject of an SEC
 13 proceeding?
 14 A No.
 15 Q Have you ever been the subject of a state
 16 securities related proceeding?
 17 A No.
 18 Q Have you ever been the subject of a cease and
 19 desist proceeding or order?
 20 A To the best of my knowledge, no.
 21 Q Within the past five years have you been party
 22 to a civil lawsuit?
 23 A No.
 24 Q Within the past five years have you been the
 25 subject of a criminal proceeding?

1 A No.
 2 Q Did you graduate from high school?
 3 A Yes.
 4 Q What is your post high school educational
 5 history, if any?
 6 A It is a bachelor of science, business
 7 administration.
 8 Q And from what institution did you obtain that
 9 degree?
 10 A Cal Poly San Luis Obispo.
 11 Q And what year did you obtain that degree?
 12 A 1994.
 13 Q Are you presently employed?
 14 A No.
 15 Q When were you last employed?
 16 A March of 2020.
 17 Q And by whom were you then employed?
 18 A Austin Marketing Group.
 19 Q What was your position or role there?
 20 A Telemarketing.
 21 Q How long were you employed there?
 22 A Approximately two years.
 23 Q And were you previously affiliated with an
 24 entity named N.L. Walker Associates, Inc.?
 25 A Yes.

1 Q And what was your position or role with N.L.
 2 Walker Associates, Inc.?
 3 A Telemarketing.
 4 Q How long were you employed by N.L. Walker
 5 Associates?
 6 A Approximately two years.
 7 Q Do you recall, approximately, when you began
 8 and when you ended that employment?
 9 A I do not, no.
 10 Q Were you previously employed by David Wolfson
 11 or one of his companies such as Avalon Group Marketing,
 12 Inc.?
 13 A Yes.
 14 Q What was your position or role there?
 15 A Telemarketing.
 16 Q And do you recall how long you were employed
 17 there?
 18 A To the best of my knowledge, less than two
 19 years.
 20 Q And were you also employed by Gregory Drake or
 21 one of his companies? Possibly, G Street Marketing
 22 Company?
 23 A Yes.
 24 Q And what was your position or role there?
 25 A Telemarketing.

1 Q And what were you marketing for Mr. Drake or G
 2 Street Marketing?
 3 A It was a option for --
 4 Q Was it like an education training program?
 5 A Yes.
 6 Q And how long were you employed by Mr. Drake or
 7 G Street Marketing?
 8 A Approximately three months.
 9 Q Do you recall, approximately, when that was?
 10 A I do not, no.
 11 Q Do you now, or have you ever, held any
 12 professional licenses or registrations?
 13 A Yes. In 1996 I was Series 6, life agent Blue
 14 Skies.
 15 Q Okay. And do you still maintain that license?
 16 A No.
 17 Q Do you recall, approximately, when it was that
 18 that license was no longer maintained by you?
 19 A No.
 20 Q Did it basically expire? In other words,
 21 after two years was it automatically termed by FINRA?
 22 A Yes.
 23 Q Any other professional licenses or
 24 registrations other than the FINRA Series 6?
 25 A Series 3.

1 Q Okay. Any others?

2 A No.

3 Q Do you now or have you ever gone by an alias

4 or used another name?

5 A No.

6 Q And what is your current residential address?

7 A [REDACTED] Redondo

8 Beach, CA [REDACTED].

9 Q Thank you. Do you know an individual named

10 Barbara Jones?

11 A Yes.

12 Q And how do you know her or what is your

13 relationship to her?

14 A That's my mother.

15 Q Thank you. I'd like to start off by asking

16 you a number of business entities names. Initially I'll

17 just ask you if you're familiar with the entity and then

18 we can talk about them in particular.

19 So, the first one is Alliance Management

20 Group, LLC.

21 A Yes, I am familiar with the name.

22 Q The next one is Austin Marketing

23 A Yes.

24 Q The next one is Austin Media Group, LLC.

25 A To the best of my knowledge I'm not familiar

1 with them

2 Q The next one is Austin Marketing and Media

3 Group, LLC.

4 A To the best of my knowledge I'm not familiar

5 with that

6 Q The next one is called Austin Partners, LLC.

7 A I am familiar with that

8 Q And the final one is Austin Partners I, LLC.

9 A I am familiar with that

10 Q So let's kind of take them in order. So in

11 regard to Alliance Management Group, LLC, when did you

12 first become familiar with that entity?

13 A To the best of my knowledge I do not remember

14 Q Can you approximate it?

15 A I can't because of the names I don't

16 remember During the same time as the Austin Marketing

17 Group During that timeframe

18 Q And how did you first become familiar with

19 Alliance Management Group, LLC?

20 A When they closed or cease and desist the

21 Austin Marketing Group they mentioned that they were

22 going to be Alliance

23 Q And who are the they that you're referring to?

24 A Steve Scott and David Michaels

25 Q Okay and you had mentioned something about

1 when it was closed because of a cease and desist. Can

2 you elaborate on that, please?

3 A They said in March of '20 that they received a

4 complaint from one of the customers and they decided

5 they were going to close Austin Marketing Group

6 Q Did you ever see the complaint?

7 A I did not No

8 Q Let's talk about Austin Marketing Group next.

9 So, not to belabor the same question. So it sounds

10 like, if I understood you correctly and certainly

11 welcome to correct me if I'm wrong, that you initially

12 knew of Austin Marketing Group but somewhere along the

13 line you were told that because of a customer complaint

14 David -- excuse me -- Steven Scott and David Michael

15 decided to close Austin Marketing Group and then reopen

16 under the name of Alliance Management Group, LLC. Is

17 that correct?

18 A To the best of my knowledge, yes

19 Q Do you recall when it was, approximately, when

20 you first learned of Austin Marketing Group, LLC?

21 A It was -- to the best of my knowledge that was

22 during the time when Avalon had been closed

23 Q Okay. So let me just recapitulate some of

24 these to make sure that I understand you correctly. So

25 around the time when David Wilson's Avalon entities and

1 there were multiple ceased operations, that's when

2 Austin Marketing Group went up and running according to

3 your understanding? Is that right?

4 A Yes

5 Q And to your knowledge and understanding, who

6 controlled Austin Marketing Group and then also Alliance

7 Management Group?

8 A Steve Scott

9 Q Steve Scott by himself or Steve Scott in

10 conjunction with David Michael?

11 A To the best of my knowledge Steve Scott and

12 David Michaels

13 Q Okay. And what is the basis of your knowledge

14 and understanding of that?

15 A That they were partners in the new company

16 Q Okay and to your knowledge and understanding,

17 what was the business purpose of Austin Marketing Group,

18 LLC?

19 A To my knowledge and understanding it was to

20 market companies that they had relationships with

21 Q When they changed over to Alliance Management

22 Group is it your understanding that the purpose was the

23 same, just under a different name or did that entity

24 operate with a different business purpose, to your

25 knowledge?

1 A Same, to my knowledge.
 2 **Q So you also indicated that you're familiar**
 3 **with Austin Partners, LLC. When did you first become**
 4 **familiar with that entity?**
 5 A That was during the time of Austin Marketing
 6 Group and that was a partnership with Steve Scott and
 7 David Michaels, the name Austin Partners.
 8 **Q Do you have any understanding or knowledge of**
 9 **what the business purpose of Austin Partners, LLC was?**
 10 A It's the same as Austin Marketing Group, to
 11 the best of my knowledge.
 12 **Q The next entity, Austin Partners I, LLC, when**
 13 **and how did you first become familiar with that entity?**
 14 A When I was at Austin Marketing Group they
 15 mentioned that Austin Partners was doing, to the best of
 16 my knowledge and understanding, the same as Austin
 17 Marketing Group at that time.
 18 **Q So would it be fair to say, or accurate to**
 19 **say, that in your mind Austin Marketing Group, Austin**
 20 **Partners, Austin Partners I, Alliance Management Group,**
 21 **LLC, were all kind of one big entity or did you ever**
 22 **draw any distinctions between any of these four**
 23 **entities?**
 24 A To the best of my knowledge and understanding,
 25 they seemed to be the same company.

1 **Q Okay. Let's talk about a couple individuals.**
 2 **So you mentioned Steven Scott. Do you know any other**
 3 **names Steven Scott has used or gone by?**
 4 A Steve Taylor.
 5 **Q Any others?**
 6 A Steve Moleski.
 7 **Q Any others?**
 8 A No.
 9 **Q I will try to say Steven Scott throughout the**
 10 **testimony today but my understanding is his real name,**
 11 **his legal name if you will, is Steven Moleski. So, if I**
 12 **slip and say Steven Moleski, just to be clear, if we say**
 13 **Steven Moleski or Steven Scott, we're talking about the**
 14 **same individual. Right?**
 15 A Yes.
 16 **Q So let's talk about Steven Moleski. When did**
 17 **you first get to know Steven Moleski or Steven Scott?**
 18 A I had -- in phone room. He had been in
 19 telemarketing before.
 20 **Q So did you meet him, for example, when you**
 21 **were working at N.L. Walker?**
 22 A Yes.
 23 **Q And did you work with Steven Scott/Steven**
 24 **Moleski while you were working for David Wilson?**
 25 A Yes.

1 **Q Did you work in the call center that Steven**
 2 **Scott managed for a period before David Wilson?**
 3 A Yes.
 4 **Q And when did you first come to know David**
 5 **Michael?**
 6 A After Avalon had closed.
 7 **Q Okay. So did you work with David Michael at**
 8 **all while you were working at the Wilson operation?**
 9 A No.
 10 **Q Did you meet David Michael through an**
 11 **introduction by Steven Scott or some other means?**
 12 A Through Steven Scott.
 13 **Q And do you recall, was that introduction in**
 14 **regards specifically to what became the Austin business?**
 15 A Yes.
 16 **Q So, how did you find out -- let me rephrase**
 17 **that. How did you come to work for the Austin entities**
 18 **or businesses? In other words, did you see a help**
 19 **wanted ad or did Steve Scott reach out to you? How did**
 20 **that come to pass?**
 21 A Yeah. There was an ad that I answered.
 22 **Q Was that like a Craigslist ad?**
 23 A Yes.
 24 **Q Did you know it was Steven Scott's business or**
 25 **were you surprised when you applied and he contacted**

1 **you?**
 2 A I was surprised.
 3 **Q And I believe you indicated -- we talked about**
 4 **different entities. I'll just ask it again. So what**
 5 **was your position or role during the entire tenure of**
 6 **your work with the Austin entities?**
 7 A Telemarketing.
 8 **Q What was it that you were marketing on behalf**
 9 **of the Austin/Alliance entities?**
 10 A They were companies that had opportunities of
 11 growth and we marketed to accredited investors.
 12 **Q Okay. So, were you like a telephone solicitor**
 13 **then?**
 14 A Yes.
 15 **Q Was that your sole job at the Austin/Alliance**
 16 **entities or was that just one job or role or task that**
 17 **you had there?**
 18 A No. That was my only job there.
 19 **Q Okay and so I believe you said you worked for**
 20 **the Austin entities up through approximately March of**
 21 **2020. Is that right?**
 22 A Yes.
 23 **Q And you began approximately when?**
 24 A To the best of my knowledge and understanding,
 25 those two years that I worked with Austin Marketing

1 Group and became Austin Partners
 2 **Q** Okay. So in your mind, when you're saying two
 3 years it was all just one, kind of, seamless transition
 4 from Austin Marketing Group to Alliance Management
 5 Group. Right?
 6 A Yes
 7 **Q** In terms of your employment there, who did you
 8 report to?
 9 A Steve Scott
 10 **Q** Did you also report to David Michael?
 11 A Yes
 12 **Q** Was your understanding that they were co-CEOs
 13 or what was your understanding of their positions with
 14 the company?
 15 A Co-CEOs
 16 **Q** During the period of time that you worked – I
 17 probably should have clarified this earlier but would it
 18 be acceptable to you for ease of conversation if going
 19 forward when I say the Austin entities or Austin
 20 companies, I'm referring to Alliance Management Group
 21 LLC, Austin Marketing Group LLC, Austin Partners LLC and
 22 Austin Partners I LLC?
 23 A Yes
 24 **Q** If at any point you feel it's important or
 25 necessary to delineate among those, certainly use their

1 proper names but for just speaking in general terms
 2 since you previously testified that you kind of view
 3 them all as one business operation, it's probably easier
 4 if we just refer to them as the Austin entities or
 5 Austin companies.
 6 So, where – over the period of time that you
 7 worked for the Austin entities, were they always located
 8 in the same place or did they have multiple locations
 9 that you worked from?
 10 A Same location.
 11 **Q** Where is that? I'm sorry. What did you say?
 12 A Tarzana.
 13 **Q** Do you recall the street address?
 14 A 5567 Reseda Boulevard.
 15 **Q** And is there a suite number?
 16 A They had different suite numbers.
 17 **Q** Did they change offices within that building
 18 at some point?
 19 A Yes.
 20 **Q** Okay and when you – so you ceased working for
 21 the Austin entities completely in March of 2020?
 22 A Yes.
 23 **Q** And what led to you ceasing your employment at
 24 that time?
 25 A COVID. They closed the office and COVID and -

1 - yes.
 2 **Q** Any other reasons?
 3 A Well I didn't want to go on with Steve's
 4 company.
 5 **Q** Why not?
 6 A Because even though I felt that he wanted to
 7 do the right thing, I don't think he knew how to do it
 8 the right way and that was -- that bothered me.
 9 **Q** We'll get into that in a little bit, likely.
 10 So let's talk a little bit about your position. So,
 11 when you were functioning as a telemarketer were you
 12 just cold calling prospective investors? Is that what
 13 your primary task was?
 14 A Yes.
 15 **Q** And how did you obtain information on which
 16 prospective investors to contact? In other words, were
 17 you provided with lead lists?
 18 A Yes.
 19 **Q** And who provided those lead lists to you?
 20 A The company.
 21 **Q** And then were you also provided with like a
 22 telephone sales script to use on your contact with
 23 prospective investors?
 24 A Yes.
 25 **Q** Do you recall who drafted that telephone sales

1 script?
 2 A To the best of my knowledge and understanding,
 3 Steve Scott.
 4 **Q** What is your understanding based on?
 5 A That he is the -- his company. To the best of
 6 my knowledge and understanding, David Michaels may have
 7 participated and there was another gentleman named Matt
 8 who also assisted with that.
 9 **Q** Do you recall Matt's last name?
 10 A I do not. Newman. Excuse me. Matt Newman.
 11 **Q** Newman? Matt Newman. Okay.
 12 A I believe, yes.
 13 **Q** And in regard to that telephone sales script,
 14 do you have any of those telephone sales scripts still?
 15 A I do not.
 16 **Q** Okay. Then were you required to read from the
 17 telephone sales script or was it just something that you
 18 were given when you were new to get you started and then
 19 you adlibbed or freelanced after that?
 20 A We were required to read from the script.
 21 **Q** Were there multiple scripts? In other words,
 22 were there different scripts for different investment
 23 products?
 24 A Yes.
 25 **Q** Over the period of time that you worked for

1 the Austin entities, what investments were you marketing
2 to prospective investors?

3 A There was a Bitcoin investment. There was a
4 real estate investment. There was a life settlement and
5 cannabis.

6 Q Okay. For the Bitcoin related investment are
7 you referring to the convertible promissory notes that
8 were issued by -- I can't think of the company's exact
9 name. I think it's Web Blockchain Media, Inc.

10 A To the best of my knowledge and understanding,
11 yes.

12 Q Okay and then in regards to the real estate
13 investments, would those be a private offering for
14 Heartland Income Properties, LLC?

15 A Yes.

16 Q And in regard to the life insurance related
17 product, would that be a product that was offered by or
18 through Life Investors Management Company?

19 A Yes.

20 Q Okay and then what was the cannabis investment
21 option?

22 A That's when they -- it was a company called
23 Brookdale and that's when they closed Austin Marketing
24 Group. It was about the same time. They were talking
25 about doing cannabis through Brookdale.

1 Q Would that be raising money for Seneca Capital
2 Group, LP?

3 A Excuse me. For who?

4 Q Seneca Capital Group, LP?

5 A I'm not familiar with that.

6 Q You don't recall the name of the cannabis
7 related company?

8 A American Hemp.

9 Q Okay. And did you ever know anyone at
10 Brookdale Consulting, LLC?

11 A No.

12 Q So, let's talk a little bit -- one more thing
13 on the investing. What about individual stocks? Were
14 you ever asked to solicit investors to purchase any
15 individual stocks through your work at the Austin
16 entities?

17 A David Michaels mentioned the promotion and the
18 -- for a very short time period, approximately two
19 weeks, there was a stock promotion.

20 Q Do you recall which stock that was or which
21 stocks?

22 A I do not know.

23 Q And was that, did that operate like a match
24 trading program kind of like that David Wilson had,
25 where if you had the investor on the line who was

1 interested you'd let someone know. They would contact
2 the so called market maker, obtain a price, and then you
3 would tell the prospective investor what price to put
4 his or her order in at that particular moment.

5 A Yes.

6 Q And in regard to other investments, did you
7 solicit investors to invest in either the Austin
8 Partners, LLC private fund or the Austin Partners I, LLC
9 private fund?

10 A Yes. I talked with accredited investors and I
11 believed what I was saying was true and accurate.
12 Because I was with my real name -- was on the line. I
13 was being honest with the accredited investors.

14 Q So just to clarify this for the record. So,
15 what it sounds like -- I just want to make sure I'm
16 interpreting you correctly, so correct me if I'm wrong,
17 is that you were involved in soliciting investors to
18 invest directly in the Web Blockchain Media promissory
19 notes, soliciting them invest directly in the Heartland
20 Income Properties private offering and also in the Life
21 Investors Management offering and the Brookdale
22 Consulting cannabis related offering and then on top of
23 that you also were soliciting investors to invest in the
24 Austin Partners or Austin Partners I private funds. Is
25 that correct?

1 A No.

2 Q Explain to me where I'm mistaken.

3 A So, the accredited investors -- we had Will
4 Richards. There was Chris Black. There was Andre Marin
5 and if some of those qualified accredited investors --
6 Will Richard was a manager of -- at the time, Austin
7 Marketing Group. So I would give him that information,
8 that lead, and also Steve and David were also available
9 to take, you know, the accredited investor and solicit
10 them to the investment.

11 Q So are you describing your role as, what I
12 think is referred to as, a frontier? So if you got
13 someone on the line who was potentially interested and
14 potentially had money ready to invest, that you would
15 just pass them onto someone else to close?

16 A I did that. And I also, with some of these
17 investments, the accredited investors, I did solicit
18 them.

19 Q And then you closed the transactions. Okay.
20 And so, the part I'm a little confused on and this is
21 what I'm trying to get to with my questions, is so from
22 what I've seen of the records there -- it looks like the
23 Austin entities, again it depends on the time and what
24 name they were using, two activities that I'm interested
25 in.

1 One is that they -- I would say they brokered
2 investments. In other words, for example, with the Web
3 promissory notes investors that were solicited would
4 send their investment money directly to Web Blockchain
5 Media or whatever it's called and then Web Blockchain
6 Media would then pay the Austin entities or their
7 principals a commission on those transactions. So the
8 investor money never actually flowed through any of the
9 Austin entities.

10 And the second form of conduct that I've seen
11 is it appears where the Austin entities and sometimes
12 the Alliance entity represented that they were offering,
13 essentially, a private fund. So it was like a private
14 mutual fund or something where investors would send
15 their money and invest directly into either Austin
16 Partners or Austin Partners I or Alliance Management
17 Group. And then those entities were theoretically using
18 those investor funds to create a portfolio of
19 investments.

20 So that's what I'm trying to get at. So is
21 that your understanding, that they were also using a
22 fund in addition to placing investors directly in
23 investments?

24 A To the best of my knowledge and understanding,
25 the accredited investors had an option of what direction

1 if you were calling a lead list were you telling the
2 investors -- were you calling specifically about one
3 investment at a time?

4 So, in other words, you know, here it is.
5 It's Tuesday and whatever. You're calling the investors
6 and every prospective investor you call on that given
7 day, that Tuesday, hypothetical, you're calling each one
8 about -- for example, the Life Investors Management
9 product and only that product. Is that how it operated?

10 A Yes

11 Q Okay and then as time went by then it would
12 switch to WEBB or HIP or maybe I got the order backwards
13 but basically you understood that you were only working
14 on one investment at a time. Is that right?

15 A Yes

16 Q And then -- so did you have any understanding
17 about why some investments were supposed to send their
18 money directly to Heartland Income Properties or
19 directly to Web Blockchain and other investors were told
20 to send their funds into Austin Partners or Austin
21 Partners I or Alliance Management Group?

22 A I don't know why No

23 Q Was that just information that was provided to
24 you by someone at Austin?

25 A I don't know

1 they wanted to go in

2 Q Okay. Sorry to be pedantic but I just got to
3 drill down on this. In your understanding then, does
4 that mean if the investor was being asked to invest in -
5 - let's use a hypothetical, Austin Partners, LLC. So
6 let's say you've got an investor, the investor is
7 interested in it and is going to invest, say \$10,000,
8 did you tell the investor that, for example, okay Austin
9 Partners, LLC has four different investments and then
10 when you put your money in Austin Partners you can have
11 it spread among all four of those investments or you can
12 pick only those you want your money to go towards. Was
13 that it or were you, instead, calling investors and
14 pitching them only on one investment.

15 For example, Life Investment Management and
16 then if the investor was interested you told him or her
17 to send his or her money to Austin Partners just for the
18 purposes of handling a transaction?

19 A To the best of my knowledge and understanding,
20 there was an opportunity to invest in more than one
21 It's not what I had said to accredited investors
22 However, it was kind of confusing to me

23 Q So I guess maybe we can address them maybe
24 through some hypotheticals. So, perhaps if we look at
25 it that way it might shed some light. So for example,

1 Q Okay. In terms of documents, did you ever
2 send out any written materials or emails to prospective
3 investors?

4 A We had a secretary, Sandy, who sent that to
5 them. I had forwarded one or two. That was not normal.
6 Typically it was all done through administration.

7 Q Would that be Sandra Kurtz?

8 A Yes.

9 Q So you occasionally did email directly to some
10 prospective investors information about the investments
11 but you're saying typically that was handled through
12 Sandy Kurtz. Is that right?

13 A Yes.

14 Q And then did you ever have any involvement in
15 the drafting or putting together the content for any of
16 the marketing or offering documents related to these
17 investments?

18 A No.

19 Q Were you ever asked to review them by anyone?

20 A No.

21 Q And what was your compensation? How was that
22 structured at the Austin companies?

23 A That was approximately ten percent of the
24 amount that was invested.

25 Q Okay. So, in other words, if an investor

1 invested \$10,000 you would receive \$1,000 typically. Is
 2 that how it worked?
 3 A Correct. Yes.
 4 Q Was that your sole source of compensation or
 5 was there also like an hourly rate or anything like
 6 that?
 7 A No.
 8 Q No, what? I just need to be really clear on
 9 this record.
 10 A There was no hourly.
 11 Q So it was purely commission. Is that correct?
 12 A Yes.
 13 Q And then did the commissions change based on
 14 the product or was it always 10 percent?
 15 A To my -- best of my knowledge and
 16 understanding, there were different amounts. I don't
 17 remember what and how much.
 18 Q Okay and did you -- were there any kind of
 19 bonuses at any point in time? Like, if you can raise
 20 over X dollars from investors by the end of the week you
 21 get an extra five percent or anything like that?
 22 A No.
 23 Q Did you only receive commissions on the
 24 investments you were responsible for bringing in or did
 25 you also receive a share of commissions for anybody else

1 who worked there?
 2 A No. Just myself.
 3 Q Did you ever supervise anyone else while you
 4 worked there?
 5 A No.
 6 Q And in regard to the investor funds that came
 7 in directly to the Austin or Alliance entities, do you
 8 have any insight or knowledge about what those funds
 9 were used for?
 10 A No.
 11 Q Then in regard to your pay and the commissions
 12 you received, were you always paid via check or Zelle
 13 transaction or were there other forms of payment such as
 14 cash or crypto currencies?
 15 A I never received crypto currency. Cash,
 16 sometimes, yes. Not often.
 17 Q Do you know why you were paid cash in some
 18 instances?
 19 A No.
 20 Q So when you were soliciting prospective
 21 investors, did you ever disclose to prospective
 22 investors what your commission would be?
 23 A No.
 24 Q Were you instructed not to do that?
 25 A No.

1 Q It was just something that never came up?
 2 A Yes.
 3 Q Was there anything, for example, Steven Scott
 4 or David Michael ever instructed you or told you that
 5 you were specifically not supposed to tell investors?
 6 A Guarantee.
 7 Q So don't provide any investment guarantees?
 8 A Correct.
 9 Q Anything else?
 10 A Not that I can remember, no.
 11 Q So you referred to accredited investors
 12 numerous times. So, how was the accredited status of
 13 each prospective investor determined?
 14 A Qualification, a form, ask questions about
 15 their income and assets and --
 16 Q So was it purely just a self certification via
 17 a form that was provided to the investor to complete?
 18 A Yes.
 19 Q Did you, for example, request that people
 20 provide, for example, W-2s or financial statements or
 21 letters from their accountants to prove that they were
 22 accredited investors?
 23 A No.
 24 Q To your knowledge, were any investments from
 25 any non-accredited investors ever accepted?

1 A To the best of my knowledge and understanding,
 2 no
 3 Q When you were contacted prospective investors
 4 and cold calling them and what not, how did you identify
 5 yourself and the company that you were calling from?
 6 A Erik Jones and the name of the company
 7 Q So would that always be either Austin
 8 Marketing Group or Alliance Management group or did you
 9 ever use any other company names?
 10 A Those names, yes
 11 Q Okay. Only those two names?
 12 A To the best of my knowledge and understanding,
 13 yes
 14 Q And I -- you testified previously that you
 15 used your real name when contacting investors. Did
 16 anyone tell you that you should use a fake name?
 17 A Yes
 18 Q Who told you that?
 19 A Steve Scott?
 20 Q Did he explain why he thought you should use a
 21 fake name?
 22 A No
 23 Q So when you were talking to prospective
 24 investors, how did you explain your role to them?
 25 A I said we worked with a company that was

1 raising capital, that we were looking for accredited
2 investors, that we were looking for growth opportunity
3 and started to qualify.

4 **Q Did you tell prospective investors that the**
5 **securities you were marketing represented a good value**
6 **or otherwise were a good investment idea?**

7 A No.

8 **Q So you just called them and said, we have this**
9 **investment, take it or leave it?**

10 A Yeah. I'd like to share this information with
11 you and ask them questions and if they were qualified
12 then, you know.

13 **Q Did you ever tell that they should respect to**
14 **return a good return or a high rate of return on these**
15 **investments?**

16 A I believe that there's a probability and with
17 these -- a lot of these companies were not public so the
18 chances of the company doing well, they knew that this
19 was private placement.

20 **Q Okay. So, did you tell them there was a**
21 **probability the investment would do well?**

22 A Possibility. There was a chance.

23 **Q Did you ever give them any kind of examples**
24 **like 20 to 30 percent gain within that year or anything**
25 **along those lines?**

1 **needed to provide additional money in order to receive**
2 **the returns that their investments had generated?**

3 A No

4 **Q So you never made any calls like that?**

5 A No

6 **Q Okay. And you had mentioned some names in**
7 **passing that I want to come back to now. So, I just**
8 **want to ask you who else worked there. So we know**
9 **Steven Scott and David Michael. And then I believe you**
10 **said Christopher Black worked there for a while. Was he**
11 **a tele-solicitor soliciting investors as well?**

12 A Yes

13 **Q Andre Marins, he was a tele solicitor**
14 **soliciting investors to your knowledge as well?**

15 A Yes

16 **Q And then I think you said there was a -- I**
17 **think you said Michael Newman or Christopher Newman? I**
18 **can't remember what you said.**

19 A Matt Newman

20 **Q Matt Newman. Okay. What was he doing there?**

21 A He -- Matt Newman worked on the script He
22 worked on numbers He, to my knowledge -- best of my
23 knowledge and understanding, he was not soliciting

24 **Q Was he just kind of like a manager or**
25 **something?**

1 A Only the possibility It was not something
2 that was guaranteed

3 **Q Okay. Did you use specific numbers?**

4 A Yes In the script I believe it was 8 to 10
5 percent

6 **Q Okay. Did you ever tell anybody, for example,**
7 **that the Life Investment Management Company product was**
8 **attractive because Warren Buffet was investing in**
9 **similar investments?**

10 A Yes

11 **Q Who told you that Warren Buffet was investing**
12 **in similar investments?**

13 A It was in the script

14 **Q At any point did the principals of the Austin**
15 **entities, Steven Scott and David Michael, did they ever**
16 **ask you about whether or not you were licensed to**
17 **solicit investors?**

18 A No

19 **Q Did they ever require that the solicitors they**
20 **employed become licensed as brokers to solicit**
21 **investors?**

22 A No

23 **Q Are you aware of any kind of activity where**
24 **people with the Austin entities were contacting previous**
25 **investors and telling those previous investors that they**

1 A Not that I know of, no

2 **Q He was just like an administrative person?**

3 A Yes

4 **Q When you say he was working on numbers, what**
5 **kind of numbers? What do you mean?**

6 A Statistics for -- numbers for -- looking for
7 leads I don't -- to the best of my knowledge and
8 understanding, I don't know exactly what he did

9 **Q Okay. So, to your knowledge did anyone else**
10 **ever work at the Austin entities soliciting prospective**
11 **investors?**

12 A Will Richards

13 **Q Anyone else?**

14 A Not that I can think of

15 **Q Will Richards, is that his real name or is**
16 **that just a fake name he used to solicit investors?**

17 A I don't know

18 **Q So, the other thing I wanted to ask you about**
19 **was, at some point did you obtain trading authority on**
20 **the TD Ameritrade brokerage account of an investor named**
21 **Daniel Burns?**

22 A Yes

23 **Q So tell me how you ended up obtaining trading**
24 **authority on Daniel Burns' TD Ameritrade brokerage**
25 **account.**

1 A We were talking about trading and I talked to
2 TD Ameritrade. He said, well, I have small account and
3 he said it was -- he wanted someone to trade that. I
4 said, well, I'm not sure if I can do that. He said,
5 well, contact TD Ameritrade. They said that's okay as
6 long as he signs and says that he's allowing someone to
7 do that. I did it as a friend. You know, we were
8 friends. I felt like we had a friendship.

9 **Q What was the purpose of your trading his TD
10 Ameritrade account?**

11 A Just trading, just to see what we could do. A
12 small account, like I said, he wasn't having much luck
13 with and he said that he'd be willing to allow me to do
14 that.

15 **Q Was the purpose or a purpose in doing that to
16 try to generate money that could be used to invest in
17 the Life Investors Management Company offering?**

18 A No.

19 **Q Was any purpose of trading his account to
20 generate funds to invest in any other investment
21 offering that was offered by, in, with or through any of
22 the Austin entities?**

23 A No.

24 **Q So do you still have trading authority on
25 Daniel Burns' account?**

1 A No.

2 **Q When did you terminate that authority?**

3 A Approximately nine months ago.

4 **Q How did you terminate it?**

5 A I just wasn't trading it.

6 **Q Did you notify TD Ameritrade?**

7 A They didn't require me to.

8 **Q So to your knowledge, you probably still have
9 trading authority on Daniel Burns' account?**

10 A Oh. That's a possibility. I don't know.

11 **Q All right. Let's just -- let's take a break.**

12 (A brief recess was taken.)

13 BY MR. THIBODEAU:

14 **Q So, I want to -- some specific questions for
15 you. What due diligence did you perform on the
16 investment opportunities and options you were soliciting
17 investors to invest in?**

18 A Personally?

19 **Q Yes.**

20 A I believed what I was saying was true and
21 accurate, best of my knowledge, for the company I worked
22 for.

23 **Q So did you perform any due diligence of your
24 own?**

25 A No.

1 **Q So you just assumed what the principals of the
2 Austin entity told you was accurate and complete. Is
3 that right?**

4 A Yes.

5 **Q Did you ever -- withdraw that. So let's talk
6 about some investors. So, did you solicit Daniel Burns
7 to invest in, with, by or through any of the Austin
8 entities?**

9 A I did, yes and Steve Scott as well. Both our
10 client.

11 **Q Did you solicit John Dinmore to invest in,
12 with by or through any of the Austin entities?**

13 A Yes.

14 **Q Did you solicit Leonila Dufva to invest in,
15 with by or through any of the Web Blockchain Media?**

16 A I--

17 **Q I'm sorry. There was some background noise.
18 What did you say?**

19 A I said I don't remember.

20 **Q And then did you solicit Daniel Burns to
21 invest directly in Heartland Income Properties?**

22 A To the best of my knowledge and understanding,
23 yes.

24 **Q Okay and did you solicit Thomas Halling to
25 invest in the convertible promissory notes offered by**

1 **Web Blockchain Media?**

2 A No.

3 **Q Did you solicit Kevin O'Brien to invest in,
4 with by or through any of the Austin entities?**

5 A No.

6 **Q Did you solicit Sharon Rogow to invest in
7 either the Web Blockchain Media promissory notes or in,
8 with, by or through any of the Austin entities?**

9 A Yes.

10 **Q Did you solicit Siegfried Schulz to invest in,
11 with, by or through any of the Austin entities?**

12 A Yes.

13 **Q Did you solicit James Senstock to invest in,
14 with by or through any of the Austin entities?**

15 A Yes.

16 **Q Did you solicit Steven Spaeith to invest in,
17 with by or through any of the Austin entities?**

18 A Yes.

19 **Q Did you solicit David Yousefi to invest in,
20 with by or through any of the Austin entities?**

21 A Yes.

22 **Q Did you solicit Jason Rusk to invest in, with
23 by or through any of the Austin entities?**

24 A Yes.

25 **Q Did you solicit Charles Brinker to invest in,**

1 with by or through any of the Austin entities?
 2 A No
 3 Q Did you solicit Dr. Christine Rosenfield to
 4 invest in, with by or through any of the Austin
 5 entities?
 6 A Yes
 7 Q Okay. So at this time I want to transition to
 8 some financial transactions. So, what I'm going to do
 9 is give you kind of the range of the financial
 10 transactions and then I have some questions to ask for
 11 you about them.
 12 So, the first set of payments, I show four
 13 payments between March 25th, 2020 and July 13th, 2020 from
 14 Alliance Management Group, LLC to Erik Jones. Those
 15 payments total \$7,050. What were those payments in
 16 regard to?
 17 A To the best of my knowledge and understanding,
 18 I don't know
 19 Q So did you receive those payments?
 20 A Yes
 21 Q And you have no idea what they related to?
 22 A they could have been rolled over from --
 23 between Austin Marketing Group -- call clients, previous
 24 clients, and then ask them about a new investment and
 25 these were clients that were talking about a new

1 investment that probably trickled in after Austin
 2 Marketing Group
 3 Q So, would it be fair to say -- these payments
 4 represent commissions that were payable to you for
 5 investors investing in whatever securities offers that
 6 you solicited them for?
 7 A Yes.
 8 payments between March 29th, 2018 and June 8th, 2019 from
 9 Austin Marketing Group, LLC to you. Those payments
 10 totaled \$9,555. What were those payments in regard to?
 11 A Commissions for soliciting accredited
 12 investors
 13 Q I also see two payments. The first was on
 14 March 17th, 2018 and the second was on March 20th, 2018,
 15 from Austin Marketing Group to Barbara Jones. Did
 16 Barbara Jones work for Austin Marketing Group or any of
 17 the Austin entities soliciting investors?
 18 A No
 19 Q Do you know what those payments are in regard
 20 to?
 21 A I do not, no
 22 Q Did you ever ask them, the Austin people, to
 23 pay -- make a payment in the name of your mother that
 24 was actually for you?
 25 A Yes

1 Q Okay. Do you believe that's what those two
 2 payments were?
 3 A I believe that is what those two payments
 4 were
 5 Q Okay. So next we have 10 payments between
 6 October 24th, 2018 and May 22nd, 2019 from Austin Media
 7 Group to you. Those payments total \$7,705. What were
 8 those payments in regard to?
 9 A Commissions
 10 Q Okay and I believe previously when I asked you
 11 if you're familiar with Austin Media Group you said you
 12 were not. So do you know why you're receiving payments
 13 from Austin Media Group for commissions?
 14 A To the best of my knowledge and understanding,
 15 I thought it was the company I don't know
 16 Q I'm sorry. Your microphone cut out. You said
 17 you thought it was what company?
 18 A The same company
 19 Q The same company?
 20 A As Austin Marketing Group I did not know
 21 that those coming from Austin Media Group -- I did not
 22 make that distinction I did not know
 23 Q Okay. So I noticed the memo field on the last
 24 payment, it was a check dated May 22nd, 2019. The memo
 25 field said commission for VFRM. Do you know what that's

1 in regard to?
 2 A I do not know what that is
 3 Q Okay. So next we have a series of payments,
 4 14 payments between July 12th, 2019 and April 23rd, 2020.
 5 Those payments were all from Austin Partners I, LLC to
 6 you. Do you know what those payments were in regard to?
 7 A Commissions
 8 Q I noticed the memo field on a number of those
 9 payments reference Kevin O'Brien but I believe you told
 10 me you did not solicit Kevin O'Brien. So do you know
 11 why you'd be receiving payments that reference Kevin
 12 O'Brien?
 13 A That was Steve Scott and like I said, if they
 14 were accredited and qualified they were given to Steve
 15 Scott He would actually solicit it then he would give
 16 me money back because I had talked with them
 17 Q Okay. Next we have a series of 9 payments
 18 between December 13th, 2019 and June 8th, 2020. Those
 19 payments were -- totaled \$27,480 and they were from
 20 Austin Partners, LLC. What were those payments in
 21 regard to?
 22 A Commissions
 23 Q Okay. Next I show one payment dated November
 24 18th, 2019 from David Michael to you for \$100. Do you
 25 recall what that payment was in regard to?

1 A I do not recall
2 Q Next I have a series of payments dated between
3 August 4th, 2017 and February 23rd, 2018 from Steven
4 Moleski doing business as Austin Marketing Group to you.
5 Those payments total \$3,961. Do you know -- what were
6 those payments in regard to?

7 A Commissions

8 Q Were any of those -- were those all through
9 the Austin entity commissions or were any of those
10 commissions that were being passed through to you for
11 your work at the Avalon Company?

12 A None of those were Avalon

13 Q I'm sorry?

14 A No That was commissions for the Austin

15 Q Okay and then, I also see one payment from
16 Steven Moleski doing business as Austin Marketing Group
17 dated December 28th, 2017. It was made payable to
18 Barbara Jones for \$1,600. Do you know what that payment
19 was in regard to?

20 A That's commissions That's a way -- it was
21 intended for me

22 Q Okay. So, it looks like Austin Marketing
23 Group, for example, wasn't legally formed until late
24 February of 2018. So, like for example, the one payment
25 from Steven Moleski doing business as Austin Marketing

1 Group was back in August of 2017. So, how do you
2 explain that?

3 A My understanding is that Austin Marketing
4 Group is a company that Steve has had previously It's
5 his company

6 Q Okay. But to your knowledge, none of the
7 payments that you received from Steven Moleski were
8 commission pass-throughs from David Wilson. Is that
9 right?

10 A To my -- best of my knowledge and
11 understanding, that is correct Yes

12 Q Okay. So the last one I want to ask you about
13 is I see between August 10st, 2017 and March 1st, 2018 you
14 received -- or I should say Avalon Group Marketing,
15 Inc., made a total of \$27,936.16 in payments to you.
16 Although they were spelled E-r-i-c as opposed to E-r-i-
17 k. Did you receive those payments?

18 A Yes

19 Q And what were those payments in regard to?

20 A Commission

21 Q That was for commissions for the match trading
22 operation that David Wilson was running. Is that right?

23 A Yes

24 Q Thank you. Other than the payments I just
25 described and I believe you also mentioned that there

1 may have been a small number of cash payments along the
2 way, have you either directly or indirectly received any
3 other commission funds on behalf of any of the Austin
4 entities or their principals?

5 A No

6 Q Okay. So before I conclude this testimony
7 session I have a few final questions for you. Is there
8 anything that you told me today that you now believe you
9 may have misstated?

10 A No

11 Q Is there anything you told me today that you
12 now wish to supplement, clarify or correct?

13 A No

14 Q And other than conversations with your
15 attorney, have you communicated with anyone else about
16 this investigation or about your appearance for
17 testimony today?

18 A No

19 Q So you haven't spoken to, say for example,
20 David Michael or Steven Scott about this investigation
21 or about your testimony?

22 A No

23 Q Before I turn it over to your attorney,
24 there's one question. I asked you earlier and I think
25 you answered it but I don't remember exactly. So I just

1 want to ask it again because in case I didn't ask it and
2 I get the transcript later and I find out I missed it.

3 So, your understanding, if I remember right,
4 is that you always thought you were soliciting investors
5 for specific investments and that you didn't understand
6 or you don't recall ever soliciting investors to invest
7 in a private fund such as Austin Partners or Austin
8 Partners I that the principals like Moleski and Michael
9 were operating. Is that correct?

10 A Yes, that is correct.

11 Q So at this time I will turn it over to your
12 counsel in case she has any clarifying questions for
13 you.

14 BY MS. DURAN:

15 Q I just have one question. Sorry for the
16 feedback. Other than the accredited investor
17 questionnaire that was provided to investors, was there
18 another individual that was involved that would verify
19 accredited investor status? This is to you, Erik.

20 A Oh. Can you repeat the question, please?

21 Q Other than the accredited investor
22 questionnaire that was provided to investors, was there
23 another individual that was involved that would verify
24 accredited investor status, perhaps?

25 A Yes. Steve Scott to David Michael.

1 **Q So before you spoke with individuals Scott or**
 2 **Michael would verify that they were accredited?**
 3 A Yes.
 4 **Q That will be all.**
 5 BY MR. THIBODEAU:
 6 **Q How do you know that they verified the**
 7 **investors were accredited?**
 8 A Because the paperwork went through the
 9 administration office. So they had the answers to what
 10 the -- to the best of my knowledge, what the accredited
 11 investors had stated and signed on.
 12 **Q But that's -- there's no point in belaboring**
 13 **it now, but that's -- so it sounds like that's just like**
 14 **the subscription agreement that had the questionnaire in**
 15 **it. So the investors would be asked to complete that.**
 16 **Is that what you're referring to?**
 17 A Yes.
 18 **Q Okay.**
 19 BY MS. DURAN:
 20 **Q Is it possible that any further documents were**
 21 **provided to David Michael?**
 22 A Yes, it is possible.
 23 **Q Okay.**
 24 BY MR. THIBODEAU:
 25 **Q But you have no independent knowledge of that.**

1 **Correct?**
 2 A Not to my knowledge.
 3 **Q Mr. Jones, I have no further questions for you**
 4 **at this time. However, I may decide to seek additional**
 5 **testimony from you in this investigation in the future.**
 6 **Thank you, Mr. Jones, for speaking with me today.**
 7 **Actually, I'm sorry. Before I take this off**
 8 **the record there is something I forgot to ask earlier.**
 9 **So, you have bank accounts or had bank accounts at Bank**
 10 **of America and JP Morgan Chase. Is that correct?**
 11 A Yes.
 12 **Q Any other banks or credit unions within the**
 13 **last five years?**
 14 A No.
 15 **Q Okay. Thank you. All right. Off the record.**
 16 **(Whereupon, at 4:14 p.m. the examination**
 17 **was concluded.)**
 18 **(End of audio.)**
 19 * * * * *
 20
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 22
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 24
 25

1 PROOFREADER'S CERTIFICATE
 2
 3 In The Matter of: AUSTIN MARKETING GROUP, LLC
 4 Witness: Erik Jones
 5 File Number: SL-02842-A
 6 Date: Monday, November 2, 2020
 7 Location: Salt Lake City, UT
 8
 9 This is to certify that I, Christine Boyce,
 10 (the undersigned), do hereby certify that the
 11 foregoing transcript is a complete, true and accurate
 12 transcription of all matters contained on the recorded
 13 proceedings of the investigative testimony.
 14
 15 _____ 11-16-2020
 16 (Proofreader's Name)
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 REPORTER'S CERTIFICATE
 2
 3 I, PETER SHONERD, reporter, hereby certify that the
 4 foregoing transcript of 57 pages is a complete, true
 5 and accurate transcript of the testimony indicated,
 6 held on October 16, 2020, at Salt Lake City, UT in the
 7 matter of:
 8 AUSTIN MARKETING GROUP, LLC
 9
 10 I further certify that this proceeding was recorded by
 11 me, and that the foregoing transcript has been
 12 prepared under my direction.
 13
 14
 15 Date: 11-16-20
 16 Official Reporter:
 17
 18
 19
 20
 21
 22
 23
 24
 25

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Exhibit 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. SL-02842-A
AUSTIN MARKETING GROUP, LLC,)
ET AL.)

WITNESS: Thomas Anthony Halling

PAGES: 1 through 39

PLACE: Securities and Exchange Commission
351 South West Temple, Suite 6.100
Salt Lake City, Utah 84101

DATE: Wednesday, July 22, 2020

The above entitled matter came on for hearing,
pursuant to notice, at 1:06 p.m.

Diversified Reporting Services, Inc.

(202) 467-9200

1 APPEARANCES:
 2
 3 On behalf of the Securities and Exchange Commission:
 4 JAMES J. THIBODEAU, ESQ.
 5 Senior Counsel
 6 Securities and Exchange Commission
 7 Division of Enforcement
 8 Salt Lake Regional Office
 9 351 South West Temple, Suite 6.100
 10 Salt Lake City, Utah 84101-1950
 11 (801) 524-6749
 12
 13 On behalf of the Witness:
 14 THOMAS ANTHONY HALLING, Pro se
 15 [REDACTED]
 16 Denton, Kansas [REDACTED]
 17
 18
 19
 20
 21
 22
 23
 24
 25

1 PROCEEDINGS
 2 MR. THIBODEAU: On the record on Wednesday,
 3 July 22, 2020, at 1:06 p.m. Mountain Daylight Time.
 4 Please raise your right hand. Do you swear to tell
 5 the truth, the whole truth and nothing but the truth?
 6 MR. HALLING: I do.
 7 MR. THIBODEAU: Thank you. You may lower
 8 your hand.
 9 Whereupon,
 10 THOMAS ANTHONY HALLING
 11 was called as a witness and, having been first duly
 12 sworn, was examined and testified as follows:
 13 EXAMINATION
 14 BY MR. THIBODEAU:
 15 Q Please state and spell your full name for
 16 the record.
 17 A Thomas Anthony Halling.
 18 Q Okay. Could you spell that, please, for the
 19 record
 20 A T-h-o-m-a-s A-n-t-h-o-n-y H-a-l-l-i-n-g.
 21 Q Thank you. And Mr. Halling, because we are
 22 doing this telephonically and we're not all meeting
 23 together in one room would you please provide the
 24 address of wherever it is that you're presently
 25 located at?

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1 A [REDACTED], Denton, Kansas [REDACTED].
 2 Q Okay. My name is James Thibodeau, and I'm a
 3 member of the staff of the Enforcement Division of the
 4 Salt Lake Regional Office of the United States
 5 Securities & Exchange Commission. I am also an
 6 officer of the Commission for the purposes of this
 7 proceeding.
 8 This is an investigation by the Commission
 9 titled, "In the Matter of Austin Marketing Group, LLC,
 10 et al.," to determine whether there have been any
 11 violations of the federal security laws or rules for
 12 which the Commission has enforcement authority.
 13 However, facts developed in this investigation might
 14 constitute violations of other federal or state
 15 criminal or civil laws.
 16 Prior to the opening of the record you were
 17 provided with a copy of the Formal Order directing
 18 private investigation and designating officers to take
 19 testimony in this matter. It will be available for
 20 your examination during the course of this proceeding.
 21 Have you had an opportunity to review the Formal
 22 Order?
 23 A Yes.
 24 Q Do you have any questions about the Formal
 25 Order?

Page 6

1 A No.

2 Q Prior to the opening of the record you also

3 were provided with a copy of the Commission's Form

4 1662 titled Supplemental Information for Persons

5 Requested to Supply Information Voluntarily or

6 Directed to Supply Information Pursuant to a

7 Commission Subpoena. A copy of this form has been

8 previously marked as Exhibit 1. Have you had the

9 opportunity to read Exhibit 1?

10 A Pretty boring reading, but yeah.

11 Q Do you have any questions about the content

12 of that notice?

13 A No.

14 Q Are you represented by counsel?

15 A No.

16 Q You have the right to be accompanied,

17 represented and advised by counsel. This means that

18 you may have an attorney present and that your

19 attorney can advise you before, during and after your

20 examination here today. Do you understand this?

21 A Yes.

22 Q Because you are not represented by counsel

23 there are certain matters discussed in Exhibit 1 that

24 I wish to highlight for you. Do you understand that

25 upon your request these proceedings will be adjourned

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1 so that you may obtain counsel?

2 A Yes.

3 Q Do you understand that the statutes set

4 forth in Exhibit 1 provide criminal penalties for

5 knowingly providing false testimony or knowingly using

6 false documents in connection with this investigation?

7 A Yes.

8 Q Do you understand that you may assert your

9 rights under the Fifth Amendment to the Constitution

10 and refuse to answer any question which may tend to

11 incriminate you?

12 A Yes.

13 Q Before we begin with the substantive portion

14 of your testimony let's first go over a few

15 preliminaries. Your testimony today is under oath and

16 will consist of a series of questions and answers. I

17 will ask the questions, and you are to answer the

18 questions truthfully and to the best of your ability.

19 Do you understand that?

20 A Yes.

21 Q To the extent that you do not know the

22 answer to one of my questions and are merely

23 speculating, please say so. If you answer a question

24 and do not indicate otherwise, I will assume that the

25 answer is based on knowledge you have and that you are

Page 8

1 not speculating. Do you understand that?

2 A Yes.

3 Q It is important that you both hear and

4 understand my questions. If you do not hear a

5 question, please ask me to repeat it. If you do not

6 understand a question, please let me know, and I will

7 attempt to clarify or rephrase it. If you answer a

8 question, I will assume that you both heard and

9 understood the question. Do you understand that?

10 A Yes.

11 Q The court reporter is here to create a

12 written transcript of your testimony. There are

13 several things that we both need to do to help the

14 court reporter to create a clean and accurate

15 transcript. First, please say yes or no and avoid

16 using uh-huhs or uh-uhs, which can be easily confused.

17 Second, please use names; for example, Susan or

18 George, rather than pronouns such as she or he.

19 A Can you repeat that?

20 Q Sure. I said please use names; for example,

21 Susan or George, rather than pronouns such as she or

22 he. Finally, please let me finish each question before

23 you begin your answer. I'll do my best to let you

24 finish your answer before I ask my next question.

25 Because we're conducting this testimony session

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1 telephonically I sent the exhibits to you in advance

2 of this session. As such, I ask that you please

3 provide me with your agreement on the record to

4 destroy the exhibit and Formal Order documents after

5 the conclusion of this testimony session. Do I have

6 your agreement to do this?

7 A Yes.

8 Q If you need to take a break for any reason,

9 please let me know, and I will find an appropriate

10 time to go off the record. The court reporter will

11 only go off the record at the request of an SEC

12 officer. Is there any reason at all that you cannot

13 provide complete and truthful testimony today?

14 A No.

15 Q Have you taken any medication that might

16 affect your memory or impair your mental capacity in

17 any way?

18 A No.

19 Q Have you had anything alcoholic to drink in

20 the last eight hours?

21 A No.

22 Q Are you at all ill today?

23 A No.

24 (SEC Exhibit No. 30 was marked for

25 identification.)

1 **Q** I would now like to direct your attention to
2 a copy of the subpoena that has been marked as Exhibit
3 30. Are you appearing for testimony today because of
4 the subpoena that appears as Exhibit 30?

5 A Can you repeat the question?

6 **Q** Are you appearing for testimony today
7 because of the subpoena that appears as Exhibit 30?

8 A Yes.

9 **Q** Thank you. So I thought we'd start out by
10 asking you the name of -- I'm just going to read the
11 name to you of some various companies, and I just want
12 you to say yes or no on whether or not you recognize
13 the names, and then we can talk about the names you
14 recognize after that. So the first name is Austin
15 Marketing Group, LLC.

16 A Yes.

17 **Q** The next name is Austin Media Group, LLC.

18 A No.

19 **Q** The third name is Austin Partners, LLC.

20 A Yes.

21 **Q** The fourth name is Austin Partners I, LLC.

22 A No.

23 **Q** And the fifth name is Alliance Management
24 Group, LLC.

25 A No.

1 A I never heard a last name.

2 **Q** Okay. You just knew it as Erik only?

3 A If I did, it didn't get recorded in my
4 memory.

5 **Q** Okay. Did you ever see it spelled, like,
6 for example, in an email?

7 A No.

8 **Q** Okay. So Erik cold called you out of the
9 blue in late 2017; is that right?

10 A Yes.

11 **Q** And do you recall what it was that he called
12 you about?

13 A I believe about purchasing stocks. Erik
14 kind of passed me on to Steven right away. I can't
15 remember exactly if that's how we started was buying
16 stocks.

17 **Q** Okay. And so Steven Scott solicited you to
18 buy stocks?

19 A Yes.

20 **Q** Do you recall what the stocks or the symbols
21 of the stocks were? ?

22 A I don't recall all of them, but two of them
23 was SAML, and another one was TRBO.

24 **Q** Okay. Let me pull those up. SAML, you
25 said?

1 **Q** Okay. And in your mind, was there ever any
2 clear distinction between Austin Marketing Group, LLC
3 and Austin Partners, LLC, or did you just consider
4 them to be part of just one overall enterprise?

5 A One overall enterprise.

6 **Q** Going forward today, would it be acceptable
7 to you if I referred to the aforementioned companies
8 collectively as the Austin entities?

9 A Yes.

10 **Q** Okay. And how are you familiar with the
11 Austin entities?

12 A Steven Scott.

13 **Q** Okay. And when did you first become
14 familiar with the Austin entities?

15 A I believe it was, like, in the fall of 2017.

16 **Q** Okay. And did Steven Scott just cold call
17 you out of the blue?

18 A I believe it was Erik who made the first
19 call, and then he referred me to Steven Scott.

20 **Q** Okay. Do you know Erik's last name?

21 A No. It's his nephew, Steven Scott's nephew,
22 and that's the best I can recall his name. I believe
23 it's Erik.

24 **Q** Okay. Did you tell you if it was Er k
25 Christian Jones?

1 A Yes. Sam Austin Mark Larry.

2 **Q** Okay. And the other one the symbol was?

3 A TRBO, Tom Robert Bob Orscheln.

4 **Q** Let's see if I can find the names of those.
5 So that SMAL, do you recall was that Darkstar
6 Ventures?

7 A It's SAML.

8 **Q** I'm sorry. SAML. Was that Darkstar
9 Ventures?

10 A I don't know.

11 **Q** Okay. That's fine.

12 A And then TRBO, was that TURBO Global
13 Partners, Inc.?

14 A I'm not sure.

15 **Q** Okay. So in regard to him calling you about
16 purchasing those stocks, were you going to be buying
17 the stocks directly from Steve Scott, and he was going
18 to --

19 A No.

20 **Q** -- issue the certificate? Okay. How was it
21 going to work?

22 A It was Ameritrade then. It's another
23 trading group. It's a private -- oh, it's a -- it was
24 another -- I did it myself. He just recommended it.

25 **Q** Okay. Was it a situation where once he got

1 you interested in those companies did he tell you that
2 he could get a price, and then he would get a price
3 from a market maker, or someone, and then he told you
4 what price to put a limit order in at?

5 A I believe it went that way. It's been a
6 while.

7 Q Okay. And then after your order was filled,
8 he wanted you to tell him how many shares and when it
9 was filled?

10 A I believe it went that way.

11 Q And did he ever tell you about any
12 commissions or payments he would receive directly or
13 indirectly when you bought those stocks?

14 A No.

15 Q Did he ever tell you or disclose to you
16 whether or not he was being paid by someone who was
17 trying to get rid of those stocks; in other words,
18 sell those stocks, and he was being paid to get
19 investors like you to buy them from the person who
20 wanted to sell those stocks?

21 A No.

22 Q Would that have been important information
23 to you in deciding whether or not you wanted to invest
24 in those stocks?

25 A Yes.

1 A It's Curative Bioscience.

2 Q What type of investment was that?

3 A It is a infusion of CBD oil into, like, a
4 sport drink of some sort.

5 Q I mean what type of investment was it? I
6 mean, was it a stock? Was it a promissory note?

7 A I sent \$5,000 for a stock certificate that
8 showed that it was worth 10 cents.

9 Q Okay.

10 A You know, they told me it was going to at
11 least 30.

12 Q Okay. And Steve Scott solicited you to
13 purchase that or invest in that?

14 A Yes.

15 Q Okay. And when was that?

16 A Okay. That would have been June 12, 2018,
17 is when the stock was issued.

18 Q Okay. And then did he solicit you to invest
19 in anything after that Curative Bioscience?

20 A Yes.

21 Q And what was the next thing he solicited you
22 to invest?

23 A WEBB, W-E-B-B.

24 Q Okay. And was he soliciting you to buy WEBB
25 stock, or was that a convertible promissory note?

1 Q Okay. So there is at least those two
2 stocks, and then was there more, or you just don't
3 recall?

4 A There was more.

5 Q Okay. And did those other stocks also
6 operate in the same way where he gave you a price and
7 told you to put the limit price in and then to let him
8 know when it filled?

9 A Yes.

10 Q Okay. And so do you recall approximately
11 how many different stocks there were that he worked
12 with you in that type of arrangement?

13 A No.

14 Q Okay. It was it more than ten?

15 A No, I don't believe so.

16 Q Okay. How did those stocks perform? Did
17 you end up losing money on them?

18 A One did good. The rest of them didn't make
19 any money.

20 Q Okay. And then at any point did Steve Scott
21 then solicit you to invest in anything other than
22 those stocks?

23 A Yes.

24 Q Okay. So what was the next thing that he
25 solicited you to invest in that wasn't a stock?

1 A Convertible promissory note.

2 Q Okay. So let's talk about the WEBB
3 investment for a little bit. So you are familiar with
4 an entity known as Web Blockchain Media, Inc. that was
5 previously known as Web Global Holdings, Inc. and then
6 has a subsidiary known as Allocation Media
7 Entertainment, Inc.? Is that correct?

8 A Yes.

9 Q Okay. So for purposes of simplicity, would
10 it be acceptable to you if going forward today we just
11 simply referred to the company including its
12 affiliates and subsidiaries as WEBB?

13 A Yes.

14 Q Okay. And I just want to confirm. So the
15 first time you learned about WEBB was through Steve
16 Scott; is that correct?

17 A Yes.

18 Q And do you recall approximately when that
19 was?

20 A Well, I wired money for WEBB on 6/19/18. He
21 was leading up to that probably in, oh, I'm guessing
22 February of '18 is when he first told me about it.

23 Q Okay. And --

24 A I think we were on vacation in Vegas, and he
25 called me and told me about it.

1 **Q** Okay. How much in total did you invest in
2 the WEBB promissory notes?
3 **A** Thirty thousand. The first time was 5,000.
4 I did it four separate times.
5 **Q** Okay. Do you recall where you sent that
6 first wire transfer?
7 **A** I can get that. I don't know that I have it
8 here.
9 **Q** The reason I ask is -- let me just sort on
10 this spreadsheet. So I believe I've seen a WEBB
11 promissory note that was dated June 20, 2018, in the
12 amount of 5,000, but I haven't yet seen any evidence
13 of payment for that note. That's why I was curious
14 where the money was sent to. And you can follow up
15 with me afterwards if you don't have it right in front
16 of you. That's fine.
17 **A** And then I see two additional payments. I
18 see a WEBB promissory note that was dated September
19 21, 2018, and there was a 10,000 payment for that same
20 date. That was a wire transfer to WEBB or an
21 affiliate. And then I also see another promissory
22 note dated November 26, 2018, and that was also
23 evidently funded with a wire transfer on the same
24 date, November 26, 2018, to WEBB. And those second
25 two promissory notes were for \$10,000 each.

1 **A** Yes.
2 **Q** Okay. So you just invested --
3 **A** And there was also one 8/10/18 for 5,000.
4 **Q** Right. So it's \$25,000 in total then?
5 **A** Thirty.
6 **Q** Okay. So it's --
7 **A** I did one 6/19 -- pardon me. I'm sorry. I
8 interrupted you.
9 **Q** So you submitted four, four payments,
10 correct?
11 **A** Yes, sir.
12 **Q** Okay. Yeah. All I have thus far is the
13 evidence of the payment on 9/21/18 and 11/26/18. So
14 if you could let me know afterwards, like, where it
15 was wired to, but let me just go ahead and make note
16 of that real quickly. So the first one was -- when
17 did you wire the money? It was 06 what?
18 **A** Well, 6 would be June 19, 2018.
19 **Q** Okay. So June 19, 2018. That was \$5,000?
20 **A** Yes, sir.
21 **Q** Okay. And then I've got the 9/21/18 and the
22 11/26/18. What was the other --
23 **A** There was also one August 10, 2018, for
24 \$5,000.
25 **Q** Okay. Let me just -- I've got to create a

1 new row. So that was August what?
2 **A** August 10, 2018, for \$5,000.
3 **Q** Okay. Yeah. Afterwards, if you could
4 follow up with me and just let me know where that --
5 you know, if it was wire transferred where that money
6 was wired to because I don't have record of that.
7 **A** Okay.
8 **Q** Now, did Steve Scott solicit you to invest
9 in each one of those --
10 **A** Yes.
11 **Q** -- promissory notes? Okay. And what did he
12 tell you about this WEBB promissory note offering?
13 **A** We'd get interest -- I have promised I
14 believe it was quarterly payment on the interest, and
15 I started getting payment, but then they quit.
16 **Q** Okay. When Steve Scott solicited you to
17 invest in those WEBB promissory notes, was it always
18 just over the phone orally, or did ever, like, send
19 you any emails or written documents to solicit you to
20 invest in those promissory notes?
21 **A** Over the phone.
22 **Q** And prior to making your investments in
23 those WEBB promissory notes what were you told about
24 any commissions, fees or compensation that would be
25 paid by WEBB to or for the benefit of the persons or

1 companies who were responsible for soliciting your
2 investment in those WEBB promissory notes?
3 **A** I believe in two years if the WEBB stock
4 wasn't any better I could get my money back with the
5 interest.
6 **Q** Right. But I'm saying what were you told
7 about any commissions or fees that would be paid to
8 the person or company that solicited you to invest in
9 WEBB promissory notes?
10 **A** Nothing.
11 **Q** So Steve Scott never told you that he was
12 going to receive either directly or indirectly any
13 commissions if you invested in those WEBB promissory
14 notes?
15 **A** No, he didn't.
16 **Q** And did you ever speak to Steven Slome, who
17 is the CEO of WEBB?
18 **A** Yes.
19 **Q** Did you speak to him after you made all four
20 of those investments, or was it during the time you
21 were deciding on whether or not to make those
22 investments?
23 **A** Can you repeat the question?
24 **Q** Yeah. I'm just trying to figure out when
25 did you start talking to Steven Slome? Was it -- in

1 other words, did Steven Slome try to talk you into
 2 making these investments, or did you not start
 3 communicating with Steven Slome until after you had
 4 purchased all four promissory notes?
 5 A After.
 6 Q Okay. So it was exclusively Steven Scott
 7 who solicited you to make each of these four
 8 promissory note investments with WEBB, correct?
 9 A Right. Yes.
 10 Q Okay. So if you had been told that a
 11 substantial portion of the money that you were being
 12 asked to invest in those WEBB promissory notes, for
 13 example, say 30 to 34 percent would be paid out by
 14 WEBB in commissions, would that have been important
 15 information to you in deciding on whether or not you
 16 were going to make the investment in the WEBB
 17 promissory notes?
 18 A Yes.
 19 Q And were you ever informed that WEBB had no
 20 material revenues when you were solicited to make
 21 these investments?
 22 A Can you repeat that?
 23 Q Yeah. Were you informed that WEBB had no
 24 significant sources of money, no revenues, no
 25 significant revenues, in other words, when you were

1 solicited to make these investments?
 2 A No.
 3 Q Were you informed whether or not if WEBB
 4 might use some of the money that it obtained from
 5 investors such as yourself to make those interest
 6 payments to investors in the WEBB promissory notes?
 7 A Can you repeat that?
 8 Q Were you ever informed that WEBB might use
 9 some of the money that it obtained through selling
 10 these promissory notes to investors such as yourself
 11 to fund the interest payments that WEBB was making to
 12 investors?
 13 A No.
 14 Q Okay. Would that have been important
 15 information to you?
 16 A Yes.
 17 Q Okay. So you said since you started --
 18 since you began investing in those WEBB notes, you did
 19 receive some interest payments, but those interest
 20 payments ceased; is that correct?
 21 A Yes.
 22 Q And were you ever given an explanation from
 23 anyone about why those interest payments stopped?
 24 A No.
 25 Q Did you ever ask Steven Scott about why the

1 interest payments stopped or Steven Slome about why
 2 the interest payments stopped?
 3 A Yes.
 4 Q And what were you told?
 5 A They were going to look into it.
 6 Q Did anybody ever tell you that they stopped
 7 making interest payments because supposedly there was
 8 a potential buyer of the company?
 9 A Yes in a roundabout way.
 10 Q And who told you that? Was it Steve Slome
 11 or Steve Scott?
 12 A Steve Slome.
 13 Q And when you say he told you that in a
 14 roundabout way. Could you describe what you mean by
 15 that?
 16 A I don't -- didn't quite understand how that
 17 was happening, but that's how he kind of told me, that
 18 somebody had bought it.
 19 Q Okay. That's pretty much everything we need
 20 to cover about the WEBB promissory notes. So after
 21 Steve Scott solicited you to make the WEBB promissory
 22 notes around that time, did he solicit you to invest
 23 in anything else?
 24 A Yes.
 25 Q And what was that?

1 A It is Austin Partners.
 2 Q Okay. And what did Steve Scott tell you
 3 about what this Austin Partners investment would be?
 4 A That it was to fund -- like, when people die
 5 to buy their stock, to buy their life insurance policy
 6 before they die.
 7 Q Okay. Was that the only investment that he
 8 told you Austin Partners was invested in, or was that
 9 just one of many?
 10 A That was -- another one was, oh, a -- it was
 11 a -- oh, I can't think of what I want to say here.
 12 Q Was it commercial real estate leases?
 13 A I don't remember that one.
 14 Q Okay. Go ahead and take your time to try to
 15 remember what else he told you money would be invested
 16 in.
 17 A Well, basically, it was in marijuana.
 18 Q Was that a stock? Was that CBDX?
 19 A No. Investing money into greenhouses where
 20 they grow seed for canola -- not canola. What is
 21 marijuana's --
 22 Q Cannabis?
 23 A Cannabis, yeah.
 24 Q So let me make sure I understand this. So
 25 he solicited you to invest in Austin Partners -- looks

1 like it's actually Austin Partners I. That's where
2 your money went, Austin Partners I, LLC. So he
3 solicited you to invest in that, and he told you that
4 your money would be used to invest in a life insurance
5 settlement program and then as well into some kind of
6 marijuana related business. Is that correct?

7 A That was another one. This marijuana
8 company was separate from the Austin Marketing.

9 Q So the money that went into the Austin
10 Partners I was that only supposed to be invested in
11 the life insurance settlement program?

12 A Yes.

13 Q Okay. And in terms --

14 A And I don't know about the I. It was
15 Marketing, LLC, I think.

16 Q Okay. Well, I'm just saying so -- okay.
17 Let me put it this way: So did you actually invest in
18 what he was soliciting?

19 A Yes.

20 Q And was that \$10,000?

21 A Yes.

22 Q And was that investment made through a
23 NuView IRA account held for your benefit?

24 A Yes.

25 Q And was that around November of 2019?

1 A Yes.

2 Q Okay. So what I see is that NuView IRA on
3 November 5, 2019, wired \$10,000 to a bank account for
4 an entity in the name of Austin Partners I, LLC.

5 A Okay.

6 Q So that transaction that was the investment
7 for the life insurance settlement program, correct?

8 A Yes.

9 Q Okay. So let's talk about that a little bit
10 more. Let me just figure out I'm at in my notes.
11 Give me just a second. So did Steve Scott tell you
12 that they already had money invested in these life
13 insurance programs and that you would be adding to --
14 your money would be used to add to it, or did he tell
15 you this was a brand new investment opportunity that
16 they were raising money to pursue?

17 A It was brand new.

18 Q Okay. And then how was the deal structured?
19 In other words, was it your understanding that
20 Austin -- the companies had created a private fund or
21 a pool that they were raising money from investors
22 for, and then that pool would take the money and then
23 go out and invest in this life insurance investment
24 opportunity?

25 A Yes.

1 Q Okay. And what were you told about the
2 profits or returns on your investment that you should
3 expect to receive on that life insurance investment
4 program?

5 A That they'd be very good.

6 Q Did he ever put a number on it or an
7 estimate?

8 A I don't recall.

9 Q What were you told about the safety or
10 security of your investment in this Austin Partners I
11 entity?

12 A That it would be -- that it was good.

13 Q Okay. They told you --

14 A It would be secure.

15 Q Okay. They told you the life insurance
16 program was low risk for example?

17 A Can you repeat that?

18 Q So did they tell you that this life
19 insurance investment opportunity was low risk?

20 A Yes.

21 Q What were you told about the liquidity of
22 your investment in Austin Partners I, LLC; in other
23 words, how you could go about receiving your money
24 back if and when you wanted your money returned?

25 A I don't recall.

1 Q So were you told that this money you
2 invested, this \$10,000 you invested in Austin Partners
3 I, LLC, were you told that it would be used for
4 anything other than that life insurance investment
5 opportunity?

6 A No.

7 Q So you were led to believe that 100 percent
8 of that \$10,000 that went to Austin Partners I, LLC
9 would be added to an investment pool, and then 100
10 percent of that investment pool would be invested in
11 the life insurance investment opportunity? Is that
12 correct?

13 A Yes.

14 Q Were you told anything about the commingling
15 or potential commingling of your invested funds with
16 funds belonging to one or more of the individuals
17 associated with any of the Austin entities?

18 A I don't understand what you're trying to
19 say.

20 Q What I'm saying is did they tell you that,
21 like, for example, that the bank account that your
22 money was sent to also was mixed in with the money
23 that belonged to, say, Steve Scott or anybody else who
24 worked at the Austin Companies?

25 A No.

1 Q Were you told anything about the use or
2 prospective use of your invested funds to pay for the
3 personal expenses of any one or more individuals
4 associated with any of the Austin entities?
5 A No.
6 Q Were you told anything about the use or
7 prospective use of your invested funds to pay for the
8 operational expenses of any one or more of the Austin
9 entities?
10 A No.
11 Q Were you told anything about the prospective
12 cash withdrawal of any portion of your invested funds
13 by any one or more individuals associated with any of
14 the Austin entities?
15 A No.
16 Q Were you told anything about the use or
17 prospective use of your invested funds to make loans
18 to individuals and/or entities associated with any of
19 the Austin entities?
20 A No.
21 Q Were you told anything about the use or
22 prospective use of your invested funds to make loans
23 and/or transfers to other companies controlled by the
24 principals of the Austin entities?
25 A No.

1 Q Were you told anything about the use or
2 prospective use of your invested funds in connection
3 with making payments to any other Austin entity
4 investors?
5 A No.
6 Q Were you ever provided with any proof that
7 the money you invested in, with, by or through any of
8 the Austin entities was actually used in accordance
9 with what told it would be used for?
10 A Can you repeat that?
11 Q Yeah. Did they ever give you any proof that
12 the money you sent to them was actually used for the
13 purposes they told you that they were going to use it
14 for?
15 A No.
16 Q Did they ever tell you the name of the
17 company that offered or managed these life insurance
18 investment opportunities?
19 A No.
20 Q What were you told about any fees or
21 commissions that would be charged to your investment
22 in or through Austin Partners I?
23 A Nothing.
24 Q What were you told about any commissions
25 that Steve Scott would receive based on your investing

1 this \$10,000 into Austin Partners I?
2 A Nothing.
3 Q Were you ever told who the senior leaders or
4 principals or owners of the Austin entities were?
5 A No.
6 Q How did Steve Scott represent himself in
7 terms of what his role was with the Austin entities?
8 A He was higher management.
9 Q And did he ever -- are you familiar with the
10 name David Michael?
11 A No.
12 Q Did Steve Scott ever tell you his full name?
13 A I thought that was his full name.
14 Q Yeah. His full name is Steven Scott
15 Maleski. Did he ever tell you that's his name?
16 A No.
17 Q Did he ever tell you whether or not he'd
18 ever been in trouble before, like, for example, if
19 he's ever been involved in working with any boiler
20 rooms or if he'd ever been arrested or prosecuted or
21 anything in connection with any boiler rooms?
22 A No.
23 Q What were you told about the federal
24 securities licensing status of either of the Austin
25 entities or any of the people who worked at the Austin

1 entities?
2 A Can you repeat that?
3 Q What were you told about the federal
4 securities licensing status of the Austin entities or
5 any of the individuals associated with the Austin
6 entities?
7 A Nothing.
8 Q Did Steve Scott tell you that he had a
9 license to solicit you to invest in securities?
10 A I don't -- I don't remember.
11 Q And then did you receive any written
12 documents or communications from the Austin entities
13 or from Steven Scott related to any of these
14 investments?
15 A Yeah, a stock certificate.
16 Q Okay. Anything else?
17 A An agreement, signed agreement.
18 Q And did that agreement ask to you state
19 whether or not you were an accredited investor under
20 the federal securities laws?
21 A I don't recall.
22 Q Do you recall if anyone at the Austin
23 entities ever asked you to provide proof concerning
24 whether or not you were an accredited investor under
25 the federal securities laws?

1 A No.

2 Q Do you know if you are an accredited

3 investor under the federal securities laws?

4 A I'm not sure.

5 Q Okay. What factor or factors were important

6 to you in deciding to make this \$10,000 investment in

7 or through Austin Partners I, LLC?

8 A That would be a good investment.

9 Q And how do you define "good"?

10 A Profitable.

11 Q Okay. Since you made that \$10,000

12 investment in and through the Austin Partners I, LLC

13 what returns have you received on that investment?

14 A None.

15 Q And after you made that \$10,000 investment,

16 did you receive any kind of communications, like

17 update letters or statements or anything from Austin

18 about that investment?

19 A Just what Steve told me.

20 Q Okay. And so after you made that investment

21 have you had any communications with Steve or anyone

22 else about that investment?

23 A Yes.

24 Q What were the substance of those

25 communications?

1 A That it was going to be a good investment.

2 Q Okay. Did he ever solicit you to invest

3 additional money in or through Austin Partners I?

4 A Other than that seed production.

5 Q Okay. And we'll talk about that next, but

6 as far as, like, sending money directly to Austin

7 Partners I, did he ever ask you to do that again?

8 A No.

9 Q Okay. So you said so after the Austin

10 Partners I that then Steve solicited you to invest in

11 that marijuana related investment opportunity? Is

12 that correct?

13 A Yes.

14 Q And you sent your money directly to the

15 marijuana company? Is that correct?

16 A I didn't invest.

17 Q Oh, you decided not to. Okay. All right.

18 And then other than that marijuana company has Steve

19 solicited you to invest in anything else?

20 A No.

21 Q Okay. And what made you decide not to

22 invest in the marijuana company?

23 A Well, nothing else has worked out.

24 Q Okay. Have you communicated with anyone

25 associated with any of the Austin companies about this

1 investigation?

2 A No.

3 Q And has Steve or anyone else asked you not

4 to cooperate with our investigation?

5 A No.

6 Q Has Steve or anyone threatened that if you

7 cooperate with our investigation that you were less

8 likely to receive your money back?

9 A Can you repeat that?

10 Q Yeah. Has Steve or anyone else associated

11 with any of the Austin companies threatened you that

12 if you were to cooperate with our investigation then

13 you would not receive your money back?

14 A No.

15 Q Before I conclude this testimony session, I

16 have a few final questions for you. Is there anything

17 you told me today that you now believe you may have

18 misstated?

19 A No.

20 Q Is there anything you told me today that you

21 now wish to supplement, clarify or correct?

22 A No.

23 MR. THIBODEAU: Okay. So thank you,

24 Mr. Halling, for speaking with me today. I have no

25 further questions for you at this time. However, we

1 may decide to seek additional testimony from you in

2 this investigation in the future. Off the record.

3 (Whereupon, at 1:46 p m. the examination was

4 concluded.)

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1 PROOFREADER'S CERTIFICATE
 2 In The Matter of: AUSTIN MARKETING GROUP, LLC, ET
 3 AL.
 4 Witness: Thomas Anthony Halling
 5 File Number: SL-02842-A
 6 Date: Wednesday, July 22, 2020
 7 Location: Salt Lake City, UT

8
 9 This is to certify that I, Maria E. Paulsen,
 10 (the undersigned), do hereby certify that the
 11 foregoing transcript is a complete, true and accurate
 12 transcription of all matters contained on the recorded
 13 proceedings of the investigative testimony.

14
 15 _____
 16 (Proofreader's Name) (Date)

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1 REPORTER'S CERTIFICATE
 2
 3 I, PETER SHONERD, reporter, hereby certify that the
 4 foregoing transcript of 37 pages is a complete, true
 5 and accurate transcript of the testimony indicated,
 6 held on July 22, 2020, at Salt Lake City, UT in the
 7 matter of:
 8 AUSTIN MARKETING GROUP, LLC, ET AL.

9
 10 I further certify that this proceeding was recorded by
 11 me, and that the foregoing transcript has been
 12 prepared under my direction.

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Exhibit 6

1 APPEARANCES:
 2
 3 On behalf of the Securities and Exchange Commission:
 4 JAMES J. THIBODEAU, ESQ.
 5 Division of Enforcement
 6 Securities and Exchange Commission
 7 351 South West Temple, Suite 6100
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 9 801-524-6749
 10 thibodeauj@sec.gov
 11
 12 On behalf of the Witnesses:
 13 JEFFREY LOWELL VOGL, PRO SE
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1 PROCEEDINGS
 2 MR. THIBODEAU: On the record on Friday,
 3 July 17, 2020, at 9:08 a.m. Mountain Daylight Time.
 4 Please raise your right hand.
 5 Whereupon,
 6 JEFFREY LOWELL VOGL
 7 was called as a witness and, having been first duly
 8 sworn, was examined and testified as follows:
 9 EXAMINATION
 10 BY MR. THIBODEAU:
 11 Q Do you swear to tell the truth, the whole
 12 truth and nothing but the truth?
 13 A Yes.
 14 Q Thank you. You may lower your hand.
 15 Please state and spell your full name for
 16 the record.
 17 A Jeffrey L. Vogl, J-e-f-f-r-e-y L. V-o-g-l.
 18 Q Thank you. And the L. stands for Lowell?
 19 A Yes, sorry.
 20 Q Thank you. Mr. Vogl, because we're
 21 conducting this telephone -- excuse me, this testimony
 22 session telephonically, I need to ask you to please
 23 state for the record what the address is of your
 24 present location.
 25 A [REDACTED], Las Vegas, Nevada [REDACTED]

1 CONTENTS
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 3 WITNESS: EXAMINATION
 4 Jeffrey Lowell Vogl 4
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 6 EXHIBITS: DESCRIPTION IDENTIFIED
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1 Q Thank you. Could you please spell Darby?
 2 A D-a-r-b-y.
 3 Q Thank you. My name is James Thibodeau and I
 4 am a member of the Staff of the Enforcement Division
 5 of the Salt Lake Regional Office of the United States
 6 Securities and Exchange Commission. I am also an
 7 officer of the Commission for the purposes of this
 8 proceeding.
 9 This is an investigation by the Commission
 10 titled In the Matter of Austin Marketing Group, LLC,
 11 et al., to determine whether there have been any
 12 violations of the federal securities laws or rules for
 13 which the Commission has enforcement authority.
 14 However, facts developed in this investigation might
 15 constitute violations of other federal or state
 16 criminal or civil laws.
 17 Prior to the opening of the record, you were
 18 provided with a copy of the Formal Order Directing
 19 Private Investigation and Designating Officers to Take
 20 Testimony in this matter. It will be available for
 21 your examination during the course of this proceeding.
 22 Have you had an opportunity to review the formal
 23 order?
 24 A Yes.
 25 Q Do you have any questions about the formal

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1 order?

2 A No.

3 Q Prior to the opening of the record, you also

4 were provided with a copy of the Commission's Form

5 1662, titled Supplemental Information for Persons

6 Requested to Supply Information Voluntarily or

7 Directed to Supply Information Pursuant to a

8 Commission Subpoena. A copy of this form has been

9 previously marked as Exhibit 1. Have you had the

10 opportunity to read Exhibit 1?

11 A Yes.

12 Q Do you have any questions concerning this

13 notice?

14 A No.

15 Q Are you represented by counsel?

16 A No.

17 Q You have the right to be accompanied,

18 represented, and advised by counsel. This means that

19 you may have an attorney present and that your

20 attorney can advise you before, during, and after your

21 examination here today. Do you understand this?

22 A Yes.

23 Q Because you are not represented by counsel,

24 you there are certain matters discussed in Exhibit 1

25 that I wish to highlight for you. Do you understand

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1 that, upon your request, these proceedings will be

2 adjourned so that you may obtain counsel?

3 A Yes, I understand that.

4 Q Do you understand that the statutes set

5 forth in Exhibit 1 provide criminal penalties for

6 knowingly providing false testimony or knowingly using

7 false documents in connection with this investigation?

8 A Yes.

9 Q Do you understand that you may assert your

10 rights under the fifth amendment to the Constitution

11 and refuse to answer any question which may tend to

12 incriminate you?

13 A Yes.

14 Q Before we begin with the substantive portion

15 of your testimony, let's first go over a few

16 preliminaries. Your testimony today is under oath and

17 will consist of a series of questions and answers. I

18 will ask the questions and you are to answer the

19 questions truthfully and to the best of your ability.

20 Do you understand that?

21 A Yes.

22 Q To the extent that you do not know the

23 answer to one of my questions and are merely

24 speculating, please say so. If you answer a question

25 and do not indicate otherwise, I will assume that the

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1 answer is based on knowledge you have and that you are

2 not speculating. Do you understand that?

3 A Yes.

4 Q It is important that you both hear and

5 understand my questions. If you do not hear a

6 question, please ask me to repeat it. If you do not

7 understand a question, please let me know and I will

8 attempt to clarify or rephrase it. If you answer a

9 question, I will assume that you both heard and

10 understood the question. Do you understand that?

11 A Yes.

12 Q The court reporter is here to create a

13 written transcript of your testimony. There are

14 several things that we both need to do to help the

15 court reporter to create a clean and accurate

16 transcript. First, please say yes or no and avoid

17 using un-humms or humm-ums, which can be easily

18 confused. Second, please use names, for example,

19 Susan or George, rather than pronouns such as she or

20 he. Finally, please let me finish each question

21 before you begin your answer. I will do my best to

22 let you finish your answer before I ask my next

23 question.

24 Because we are conducting this testimony

25 session telephonically, I sent the exhibits to you in

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1 advance of this session. As such, I ask that you

2 provide me with your agreement on the record to

3 destroy the exhibit and formal order documents after

4 the conclusion of this testimony session. Do I have

5 your agreement to do this?

6 A Yes.

7 Q If you need to take a break for any reason,

8 please let me know and I will find an appropriate time

9 to go off the record. The court reporter will only go

10 off the record at the request of an SEC officer.

11 Is there any reason at all that you cannot

12 provide complete and truthful testimony today?

13 A No.

14 Q Have you taken any medication that might

15 affect your memory or impair your mental capacity in

16 any way?

17 A No.

18 Q Have you had anything alcoholic to drink in

19 the last eight hours?

20 A No.

21 Q Are you at all ill today?

22 A No.

23 (SEC Exhibit No. 27 was marked for

24 identification.)

25 BY MR. THIBODEAU:

1 Q I would now like to direct your attention to
2 a copy of a subpoena that has been marked as Exhibit
3 27. You are appearing for testimony today because of
4 the subpoena that appears as Exhibit 27, correct?

5 A Yes.

6 Q Thank you. So at this point, we can turn to
7 the substantive questions. And I want to begin by
8 just asking you whether or not you're familiar with
9 any of the following entities. I'm just going to say
10 the names and you can say yes or no if you're familiar
11 with them. The first is Austin Marketing Group, LLC.

12 A Yes.

13 Q The second is Austin Media Group, LLC.

14 A Yes.

15 Q The third is Austin Partners, LLC.

16 A Yes.

17 Q The fourth is Austin Partners I, LLC.

18 A I'm not sure.

19 Q Then the final one is Alliance Management
20 Group, LLC.

21 A No.

22 Q Okay. So in regard to each of these
23 entities, how are you familiar with Austin Marketing
24 Group, LLC?

25 A I was contacted by them with an offer to

1 Q Do you recall the name of the individual who
2 first contacted you on behalf of the Austin entities?

3 A That was Steve -- his last name was -- hold
4 on a second -- Steve Scott.

5 Q Okay, Steve Scott was the first person that
6 contacted you?

7 A Yeah.

8 Q Okay. And do you recall what he originally
9 contacted you about?

10 A Precisely, no. It was just about doing some
11 investing. And I don't remember what the original
12 call was about.

13 Q Okay. And do you recall what that initial
14 investment was?

15 A I think he might have recommended that I
16 purchase some stock or shares of another company, I
17 think.

18 Q And you don't recall what the name of that
19 stock or the symbol was?

20 A Honestly, I'm trying to remember if it was
21 him that suggested I buy into Web, but I'm not sure if
22 it was him or not. I don't recall. I don't recall.

23 Q That first stock that you were saying that
24 you were solicited to invest in, was that the
25 investment concerning what is known as -- presently

1 invest.

2 Q Okay, and how are you familiar with Austin
3 Media Group, LLC?

4 A Basically the same way; it's the same --
5 same people.

6 Q And how are you familiar with Austin
7 Partners, LLC or Austin Partners I, LLC?

8 A Yeah, the same, same people.

9 Q Would it be accurate to say that, to your
10 knowledge or in your mind, all of these various Austin
11 entities were basically, effectively one in the same
12 entity?

13 A To the best of my knowledge, yes.

14 Q All right. Going forward today, would it be
15 acceptable to you if I referred to the aforementioned
16 entities collectively as the Austin entities?

17 A Yes.

18 Q Thank you. So when was the first time that
19 you had ever heard from anyone on behalf of the Austin
20 entities?

21 A Oh, I don't know exactly. Maybe a year, a
22 year and a half ago.

23 Q And did they just cold call you out of the
24 blue?

25 A Yes, I believe so.

1 known as Web Blockchain Media, Inc., that was
2 previously known as Web Global Holdings, and that has
3 a subsidiary known as Allocation Media Entertainment,
4 Inc.?

5 A Yes.

6 Q Okay. So and it looks to me that you had
7 two different investments in convertible promissory
8 notes issued by Allocation Media Entertainment, Inc.
9 And the first looks like you invested on October 19,
10 2018. And the second was on July 9, 2019; does that
11 sound correct?

12 A That sounds correct.

13 Q Okay. So knowing that your first investment
14 in the -- we'll just call it Web -- the Web promissory
15 note was on October 19, 2018. Does that refresh your
16 recollection as to approximately when Steve Scott
17 first contacted you?

18 A That sounds about right, yes.

19 Q And you believe it was Steve Scott that
20 contacted you, but you're not entirely certain on
21 that; is that correct?

22 A I believe it was.

23 Q Okay. So let's talk about the Web notes a
24 little bit. So obviously you're familiar with them
25 since we just talked about it. So it looks like we

1 already covered a bunch of these so let me kind of
2 skip down.

3 And the person who solicited you to invest
4 in those Web promissory notes, had that person ever
5 contacted you and solicited you to invest in anything
6 before that time? Or was this the first time you'd
7 ever dealt with this person in terms of investment
8 solicitations?

9 A I believe that was the first time.

10 Q And was it all done over the phone, orally?
11 Or did the person send you, for example, a
12 subscription agreement or offering documents or a
13 letter or emails or anything about the Web promissory
14 notes?

15 A I think most of it was done over the phone.
16 I do have some emails here, but these are not from
17 Steve Scott, these are from a Steve Slome.

18 Q And so do you recall what you were told
19 about the Web investment opportunity?

20 A I was told that the money I was investing
21 was going to be a loan that I was going to get
22 payments on at 8 percent annually. And in addition to
23 that, I was going to be given shares in the company.

24 Q Okay. And who told you that? Was it Steve
25 Slome or was it Steve Scott who told you that?

1 promissory notes, what were you told about any
2 commissions, fees or compensation that would be paid
3 by Web to or for the benefit of the persons or
4 companies who solicited your investment in the Web
5 promissory notes?

6 A I don't believe I was told anything about
7 that.

8 Q If you had been told that a substantial
9 portion of the money you were being solicited to
10 invest in the Web promissory notes, for example say 30
11 percent, would that information have been important to you in
12 making your decision on whether or not to invest in
13 the Web promissory notes?

14 A Yes.

15 Q And what about that would be of concern to
16 you?

17 A That would seem to be a pretty high
18 commission.

19 Q Would that make you concerned about the Web
20 company perhaps not getting enough money to try to
21 develop its business as well?

22 A Yes.

23 Q Okay.

24 A Since -- yeah, go ahead. I'm sorry.
25

1 A Oh, I don't recall exactly.

2 Q Okay. And --

3 A I know --

4 Q Go ahead.

5 A I'm sorry.

6 Q Go ahead.

7 A I know I've heard that from Steve Slome. I
8 think I heard -- I think I heard that from both of the
9 Steves.

10 Q And so what made you decide to invest in
11 those promissory notes twice on two different
12 occasions, approximately nine months apart?

13 A The first time I invested I did receive a
14 payment. And I thought at 8 percent, that would be a
15 worthwhile investment since I did receive an initial
16 payment on interest.

17 Q Were you told anything about the potential
18 that any payments you received, in terms of on those
19 promissory notes, came from the money from other
20 investors?

21 A No.

22 Q Would that have been important to you in
23 your decision to invest the second time around?

24 A Yes.

25 Q Okay. And prior to investing in the Web

1 Q That's all right. So it sounds like
2 after -- and I just want to clarify this point because
3 I'm not entirely certain on it. But -- so it sounds
4 like after you made your first investment of \$5,000
5 back in October of 2018 in the Web convertible
6 promissory note, you began receiving basically
7 interest checks; is that right?

8 A I did receive an interest payment, yes.

9 Q Only one?

10 A It was -- I was supposed to be getting
11 quarterly payments. The first quarterly payment did
12 not show up. I inquired about that and then the next
13 quarter I received -- I believe it was the next
14 quarter, I received two payments.

15 Q Okay. And then -- and then you then decided
16 to -- so you made the next investment in July 2019.
17 Have you received any additional interest payments
18 other than those two that you had mentioned?

19 A I believe I received one more payment. I
20 have not received any payments for some time now.

21 Q So would it be accurate to say that the
22 payments that you received did not match the
23 expectations of what you were led to believe that you
24 would receive?

25 A That's correct.

1 **Q** And then have you reached out to either
2 Steve Scott or Steve Slome and inquired about what's
3 going on with the payments recently?

4 A Yes, I did reach out to Steve Slome
5 approximately maybe two months ago, two to three
6 months ago I reached out, yes.

7 **Q** Okay. And what were you told?

8 A I was told that the interest payments were
9 being suspended for now, as there was a possible
10 investor that was going to buy the company, and that
11 was going to make me whole, is what I was told.

12 **Q** And did he tell you the name of this
13 possible investor?

14 A No, he did not.

15 **Q** Okay. So let's move back to the Austin
16 companies. Because I also see from the records we
17 have that approximately two months and 10 days after
18 you made your second investment in the Web promissory
19 notes, on September 19, 2019, you also invested
20 \$10,000 in Austin Partners I, LLC.

21 A Yes.

22 **Q** So let's talk about that. So at what point
23 did the conversation shift from the Web promissory
24 notes to what became this investment in the Austin
25 Partners I, LLC entity?

1 investing in this life insurance investment
2 opportunity; is that correct?

3 A That's correct.

4 **Q** Did you have any other purpose in wiring
5 \$10,000 to Austin Partners I, LLC?

6 A No.

7 **Q** And then was that the only investment that
8 they told you that they were going to place your money
9 into, or was that just one of multiple investments
10 that your money would be invested in?

11 A Oh, I believe that was the main gist of it.
12 I don't remember exactly, but there might have been
13 something else, too. But I believe that was the
14 main -- the main part of it.

15 **Q** So what were you told about the role that
16 Austin Partners I, LLC played in connection with this
17 investment?

18 A They were going to find these life insurance
19 policies and purchase them.

20 **Q** And so was it your understanding then that
21 Austin Partners I, LLC was managing a pool or a fund
22 that would go out and buy these investments and then
23 you were just investing in that pool or that fund?

24 A Yes.

25 **Q** Or I'll just ask the alternative, and I'm

1 A At what time, I'm not actually sure. He did
2 talk to me about doing this other investment, but I
3 don't recall exactly when.

4 **Q** And that was -- was it Steve Scott who
5 talked to you about this other investment?

6 A Yes.

7 **Q** Did anybody else talk to you about doing
8 this other investment or was it only Steve Scott?

9 A I believe it was only Steve Scott.

10 **Q** Okay. And what -- how did he describe this
11 investment opportunity, what became your \$10,000 wire
12 transfer to Austin Partners I, LLC?

13 A It was described as purchasing life
14 insurance policies, and people that were in bad health
15 that were supposedly within two years were going to be
16 passing away and then we were going to realize a large
17 portion of that policy that was being purchased.

18 **Q** So would that be, and I don't know if you're
19 familiar with this term, but I understand it to be --
20 it's called life insurance settlement or viatical
21 settlement agreements or opportunities. Is that what
22 you understand it to be?

23 A I believe so.

24 **Q** And the money, the \$10,000 that you wired to
25 Austin Partners I, LLC, that was for purposes of

1 just curious what your understanding was. Or was it
2 your understanding that Austin was just a broker and
3 that you were be investing directly in the insurance
4 products themselves?

5 A I believe more so that I was investing in a
6 pool of money that was going to purchase these.

7 **Q** Okay.

8 A If that makes sense.

9 **Q** Yep. So were you ever told who the senior
10 leaders of the Austin entities were?

11 A The only thing I know about was a Steve
12 Scott and a David Michael.

13 **Q** And what were you told about those two
14 individuals?

15 A I basically wasn't told anything about David
16 Michael. But I was -- the only contact I really had
17 was with Steve Scott.

18 **Q** Did Steve --

19 A Um --

20 **Q** Go ahead.

21 A No, that was it. Go ahead.

22 **Q** Did Steve Scott ever tell you his full legal
23 name?

24 A All I knew him by was Steve Scott.

25 **Q** Okay. Did he ever tell you anything about

1 his background?

2 A Possibly, but I don't recall specifically.

3 Q So did he ever tell you anything about like
4 if he was ever caught up in any previous boiler room
5 activity?

6 A No, not that I -- not specifically.

7 Q Would that -- if he had been caught up in
8 previous boiler room activity, would that be
9 information that you would deem important in terms of
10 making your decision on whether or not to invest in
11 his company?

12 A Yes. And let me add to that. Knowing what
13 I know now, there is no way I would have done this.

14 Q Okay. So let's go back to some questions
15 about the investment then. So what were you told
16 about the profits or return that you should expect to
17 receive on your investment in the Austin Partners I,
18 LLC entity?

19 A I was told of very high returns, maybe 50
20 percent or more.

21 Q Per year?

22 A Oh, I don't recall that. I don't recall the
23 specifics on it, to be honest. I -- no I can't recall
24 the specifics. But I was definitely told of more
25 doubling my -- two years -- I know the two-year time

1 what you were told your money would be invested in.
2 So what were you -- were you told that Austin Partners
3 I, LLC had already invested money in these life
4 insurance vehicles? Or was this something that was
5 brand new, that they were trying to raise money from
6 people to start doing?

7 A I believe it was brand new.

8 Q Okay. And were you told anything about the
9 commingling or potential commingling of your invested
10 funds with funds belonging to one or more individuals
11 associated with any of the Austin entities?

12 A No.

13 Q Were you told anything about the use or
14 prospective use of your invested funds to pay for
15 personal expenses of one or more individuals
16 associated with any of the Austin entities?

17 A No.

18 Q Were you told anything about the prospective
19 cash withdrawal of any portion of your invested funds
20 by one or more individuals associated with any of the
21 Austin entities?

22 A No.

23 Q Were you told anything about the use or
24 prospective use of your invested funds to make loans
25 to individuals and/or entities associated with any of

1 period had been mentioned.

2 Q Okay, so you were expecting to potentially
3 double your money within two years; is that right?

4 A Yes.

5 Q And was it Steve Scott that led you to
6 expect that return?

7 A Yes.

8 Q And what were you told about the safety or
9 security of your investment in or through Austin
10 Partners I, LLC?

11 A Just told that the main part of it was going
12 to be purchasing these valid life insurance policies
13 and I was told that was secure, I was told.

14 Q And did they ever tell you that they were
15 going to be investing directly through some offerings
16 put out by another company called Life Investor -- let
17 me actually -- I need to look at it to make sure I
18 don't mess up the name. Life Investors Management
19 Company, otherwise known as LIMC.

20 A I don't recall.

21 Q Okay. And what were you told about the
22 liquidity of your investment? In other words, how you
23 could go about receiving your money back?

24 A Nothing specific.

25 Q Okay. And then so we already talked about

1 the Austin entities?

2 A No.

3 Q Were you told anything about the use or
4 prospective use of your invested funds to make loans
5 and/or transfers to other companies controlled by the
6 principals of the Austin entities?

7 A No.

8 Q Were you told anything about the use or
9 prospective use of your invested funds in connection
10 with making payments to other Austin entity investors?

11 A No.

12 Q Were you ever provided with any proof that
13 the money you invested in, with, by or through any of
14 the Austin entities was actually used in accordance
15 with what you were led to believe it would be used
16 for?

17 A No.

18 Q Did you ever contact the company that was
19 offering this life insurance investment to confirm
20 that they actually received any investment monies from
21 any of the Austin entities?

22 A No.

23 Q What were you told about any fees or
24 commissions that would be charged to your investment,
25 either by any of the Austin entities or by any other

1 entities?
 2 A I wasn't told anything.
 3 Q What were you told about any commissions
 4 that would be paid either to the Austin entities or to
 5 any one or more persons upon your making your
 6 investment in the Austin entities?
 7 A No, I wasn't told anything.
 8 Q What were you told about any commissions
 9 that would be paid to the person or persons who
 10 solicited your investments in, by or through the
 11 Austin entities?
 12 A I wasn't told anything.
 13 Q What were you told about the federal
 14 securities licensing status of the Austin entities?
 15 A Nothing.
 16 Q What were you told about the federal
 17 securities licensing status of the person or persons
 18 who solicited your investments?
 19 A Nothing.
 20 Q Okay. And I think you said you do have some
 21 emails or some documents relating to these
 22 investments. Do you still have those?
 23 A Yes.
 24 Q Okay, I'll ask if, after we're done today,
 25 if you could please forward those to me. I think you

1 recall if it said you'd be investing specifically in
 2 Austin Partners I, LLC?
 3 A Yes.
 4 Q And do you recall if the subscription
 5 agreement, do you recall, did it ask you to state
 6 whether or not you are what is referred to as an
 7 accredited investor?
 8 A Yes.
 9 Q And are you an -- at the time you made that
 10 investment, were you an accredited investor?
 11 A Yes.
 12 Q What steps, to your knowledge, did any of
 13 the Austin entities or persons take to confirm that
 14 you legally qualified as an accredited investor when
 15 you were making your investment?
 16 A What steps did they take?
 17 Q Yeah. For example, did they require you to
 18 provide them with tax returns or a letter from your
 19 accountant, explaining that you actually qualified
 20 legally as an accredited investor?
 21 A I don't think so.
 22 Q Okay. So, since you made your investment in
 23 the Austin Partners I, LLC entity, what returns have
 24 you received?
 25 A Zero.

1 have my email address. That would be appreciated.
 2 A I can scan them and send these over. Yes.
 3 Q That would be great. And if they end up
 4 being too large, just let me know, because I can give
 5 you access to a secure FTP application, where you can
 6 just upload and send them to me that way. So if it
 7 ends up being over like -- I don't know what the limit
 8 is, 10, 12 megs, something like that, per email. Just
 9 let me know.
 10 A Okay.
 11 Q Were you directed to review any websites or
 12 other online materials in connection with the
 13 solicitation of you to make your investment in, by or
 14 through the Austin entities?
 15 A I don't recall. I don't think so.
 16 Q And what factor or factors were important to
 17 you in deciding to make your investment in the Austin
 18 Partners I, LLC entity?
 19 A High rate of return.
 20 Q Okay. And in terms of making your
 21 investment, were you required to complete a
 22 subscription agreement and send it to the Austin
 23 entities?
 24 A Yes.
 25 Q And that subscription agreement, do you

1 Q And after you made that investment, did you
 2 receive any written communications from any of the
 3 Austin entities or any of the persons associated with
 4 the Austin entities?
 5 A Hang on one second. Let me pull my emails
 6 up here. I received some emails from a Sandra Kurtz.
 7 Q Okay.
 8 A Which are just basically to do with the
 9 agreement, that's it.
 10 Q Paperwork and whatnot?
 11 A That's it, yes.
 12 Q Okay. Since the time you made your
 13 investment in Austin Partners I, have you had any oral
 14 communications with anyone associated with any of the
 15 Austin entities?
 16 A Maybe a year ago, but nothing for a year, or
 17 at least nine months.
 18 Q So you haven't contacted them to inquire
 19 like what's going on with your investment and why you
 20 haven't received returns or anything?
 21 A I take that back. I did. I did have one
 22 contact with somebody. I -- I did call and I think it
 23 was Steve that I spoke to and he said he was going to
 24 start sending out quarterly updates. But I never
 25 received anything.

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Exhibit 7

1 CASEY R. FRONK (admitted *pro hac vice*)

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10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **WESTERN DIVISION**

13
14 SECURITIES AND EXCHANGE
COMMISSION,

15 Plaintiff,

16 vs.

17 STEPHEN SCOTT MOLESKI;
18 DAVID MICHAEL; and, ERIK
CHRISTIAN JONES,

19 Defendants,

20 and

21 ALLIANCE MANAGEMENT
22 GROUP, LLC, a private Nevada
Limited Liability Company; AUSTIN
23 MARKETING GROUP, LLC, a
private Nevada Limited Liability
24 Company; AUSTIN MEDIA GROUP,
LLC, a private Nevada Limited
25 Liability Company; AUSTIN
PARTNERS LLC, a private Nevada
26 Limited Liability Company; and,
AUSTIN PARTNERS I, LLC, a
27 private Nevada Limited Liability
Company,

28 Relief Defendants.

Case No. 2:21-cv-01065-SVW-E

**DECLARATION OF JAMES J.
THIBODEAU IN SUPPORT OF
MOTION FOR DEFAULT
JUDGMENT AGAINST
DEFENDANTS STEPHEN SCOTT
MOLESKI AND DAVID MICHAEL
AND RELIEF DEFENDANTS
ALLIANCE MANAGEMENT
GROUP, LLC, AUSTIN MARKETING
GROUP, LLC, AUSTIN MEDIA
GROUP, LLC, AUSTIN PARTNERS
LLC and AUSTIN PARTNERS I, LLC**

Date: October 25, 2021

Time: 1:30 p.m.

Place: First Street Courthouse

Courtroom 10A

350 W. 1st Street, Los Angeles, CA

Before: Hon. Stephen V. Wilson

Complaint Filed: February 5, 2021

1 Partners I, LLC; the LLCs I understand to be controlled and used by Moleski and/or
 2 Michael in connection with the violative activity alleged in the Commission's
 3 complaint in this matter.

4 4. I personally reviewed the materials produced to the Commission in
 5 response to the subpoenas, including, as applicable, underlying detail such as account
 6 opening documents, statements, wires, copies of deposited items, and checks for
 7 accounts associated with Moleski; Michael; Alliance Management Group, LLC; Austin
 8 Marketing Group, LLC; Austin Media Group, LLC; Austin Partners LLC; and/or
 9 Austin Partners I, LLC. As a result of my review and analysis of the materials, as well
 10 as other evidence adduced during the Investigation, I calculated a reasonable
 11 approximation of the amounts of proceeds received by each of Moleski; Michael;
 12 Alliance Management Group, LLC; Austin Marketing Group, LLC; Austin Media
 13 Group, LLC; Austin Partners LLC; and Austin Partners I, LLC, in connection with the
 14 securities law violations alleged in the Complaint, as detailed below.

15 5. In connection with Moleski's and Michael's solicitation of investors for
 16 an unregistered convertible promissory note offering by Web Blockchain Media, Inc.
 17 ("Web"), *see* Compl. ¶¶ 21-27, Moleski, Michael, and Relief Defendants Austin Media
 18 Group, LLC, and Austin Partners I, LLC, received the following amounts, representing
 19 commissions paid by Web between June 21, 2018, and October 15, 2019, for Moleski's
 20 and Michael's investor solicitations:

Recipient	Amount
Austin Media Group, LLC	\$67,650.00
Austin Partners I, LLC	\$1,550.00
David Michael	\$243,850.00
Stephen Moleski	\$54,237.96

26 6. In connection with Moleski's and Michael's solicitation of investors for
 27 an unregistered securities offering by Heartland Income Properties, LLC ("Heartland"),
 28

1 *see* Compl. ¶¶ 28-33, Relief Defendants Austin Marketing Group, LLC; Austin Media
 2 Group, LLC; and Austin Partners I, LLC, received the following amounts that
 3 represented commissions paid by Heartland to those entities between December 26,
 4 2018, and December 9, 2019, for Moleski's and Michael's solicitation of investors:

Recipient	Amount
Austin Marketing Group, LLC	\$29,000.00
Austin Media Group, LLC	\$4,000.00
Austin Partners I, LLC	\$9,000.00

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 10 7. In connection with Moleski's and Michael's unregistered offering of
 11 interests in the Austin Partners I, LLC; Alliance Management Group, LLC; and Austin
 12 Partners, LLC, pooled investment funds ("Austin Partners Offering"), *see* Compl. ¶¶
 13 34-42, the Relief Defendants received the following amounts from investors between
 14 March 25, 2019, and August 25, 2020:

Entity	Received from Investors	Repaid to Investors	Net Amount Received from Investors
Alliance Management Group, LLC	\$25,000.00	(\$1,125.00)	\$23,875.00
Austin Marketing Group, LLC	\$75,000.00	(\$200.00)	\$74,800.00
Austin Media Group, LLC	\$0.00	(\$500.00)	(\$500.00)
Austin Partners LLC	\$96,450.00	(\$500.00)	\$95,950.00
Austin Partners I, LLC	\$380,735.93	(\$9,700.00)	\$371,035.93
Totals	\$577,185.93	(\$12,025.00)	\$565,160.93

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 25 8. In an effort to calculate the total amount of ill-gotten proceeds received
 26 by each Defendant and Relief Defendant in connection with the securities law
 27 violations alleged in the Complaint, I, among other things, analyzed money transfers
 28 between the Relief Defendants and the amounts of distributions of investor funds

1 and/or commissions personally received by Moleski and Michael from the Relief
 2 Defendants. In addition, I deducted from the amount of disgorgement a \$85,000
 3 investment in Heartland by Austin Partners I, LLC, which was a use of investor funds
 4 raised in the Austin Partners Offering that was disclosed to investors. I also deducted
 5 \$68,550 in commission payments from various of the Defendants and Relief
 6 Defendants to a third Defendant named in this action, Erik Jones, who was previously
 7 ordered by the Court to disgorge the \$68,550 he received in connection with a
 8 settlement with the Commission. *See* Dkt. No. 29.

9 9. In sum, I calculated the total amounts of proceeds received by each
 10 Defendant and Relief Defendant in connection with the activity described in the
 11 Complaint to be as follows:

Defendant	Net Disgorgement
Stephen Moleski	\$61,625.07
David Michael	\$327,815.55
Alliance Management Group, LLC	\$0.00 ¹
Austin Marketing Group, LLC	\$117,635.00
Austin Media Group, LLC	\$50,545.00
Austin Partners LLC	\$6,225.12
Austin Partners I, LLC	\$260,606.70
Totals	\$729,446.23

22 Executed on September 21, 2021, in Salt Lake City, Utah.

23
 24 /s/ James J. Thibodeau
 25 James J. Thibodeau

26
 27 ¹ According to my calculations, Alliance Management Group, LLC, received, on net,
 28 (\$3,553.55) in ill-gotten proceeds, and thus the disgorgement amount for that entity is reported herein as \$0.

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION
351 South West Temple, Suite 6.100
Salt Lake City, UT 84101-1950
Tel.: (801) 524-5796; Fax: (801) 524-3558

On September 22, 2021, I caused to be served the document entitled **DECLARATION OF JAMES J. THIBODEAU IN SUPPORT OF MOTION FOR DEFAULT JUDGMENT AGAINST DEFENDANTS STEPHEN SCOTT MOLESKI AND DAVID MICHAEL AND RELIEF DEFENDANTS ALLIANCE MANAGEMENT GROUP, LLC, AUSTIN MARKETING GROUP, LLC, AUSTIN MEDIA GROUP, LLC, AUSTIN PARTNERS LLC and AUSTIN PARTNERS I, LLC** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Salt Lake City, Utah, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Salt Lake City, Utah, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

UNITED PARCEL SERVICE: By placing in sealed envelope(s) designated by United Parcel Service ("UPS") with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Salt Lake City, Utah.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court's CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

1 I declare under penalty of perjury that the foregoing is true and correct.

2 Date: September 22, 2021 /s/ Tracy S. Combs

3 Tracy S. Combs

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2 *SEC v. Stephen Scott Moleski, et al.*
3 **United States District Court—Central District of California**
4 **Case No. 2:21-cv-01065-SVW-E**

5 **SERVICE LIST**

6 Stephen Scott Moleski

7 [REDACTED]

8 Email: [REDACTED]

9 *Pro Se Defendant*

10 **(By E-Mail)**

11 David Michael

12 [REDACTED]

13 *Pro Se Defendant*

14 **(by UPS)**

15 Wilson Bradshaw LLP

16 Ashley Duran, Esq.

17 18818 Teller Avenue, Suite 115

18 Irvine, CA 92612

19 E-mail: aduran@securitieslegal.com

20 *Counsel for Defendant Erik Jones*

21 **(by E-Mail)**

22 Alliance Management Group, LLC

23 c/o Registered Agent: Corporate Creations Network Inc.

24 8275 South Eastern Avenue #200

25 Las Vegas, NV 89123

26 **(by UPS)**

27 Austin Marketing Group, LLC

28 c/o David Michael, Deputy CEO

[REDACTED]

(by UPS)

1 Austin Media Group, LLC,
2 c/o David Michael, Managing Agent

3 [REDACTED]

4 **(by UPS)**

5 Austin Partners, LLC
6 c/o Registered Agent: Corporate Creations Network Inc.,
7 8275 South Eastern Avenue #200,
8 Las Vegas, NV 89123

8 **(by UPS)**

9 Austin Partners I, LLC
10 c/o David Michael, Managing Agent

11 [REDACTED]

12 **(by UPS)**

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