

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
GREENBELT DIVISION

FILED
U.S. DISTRICT COURT
DISTRICT OF MARYLAND

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SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

NORTH STAR FINANCE LLC,
1604 Hopefield Rd.
Silver Spring, MD 20905
Montgomery County,

THOMAS G. ELLIS,
1604 Hopefield Rd.
Silver Spring, MD 20905
Montgomery County,

YASUO ODA,
10350 Swift Stream Pl., Apt. 207
Columbia, MD 21044
Howard County,

THOMAS H. VETTER,
6 Woodside Court
Danville, CA 94506,

MICHAEL K. MARTIN,
657 Lynn Shores Rd.
Virginia Beach, VA 23452,

SHARON L. SALINAS,
657 Lynn Shores Rd.
Virginia Beach, VA 23452,

CAPITAL SOURCE FUNDING LLC,
657 Lynn Shores Rd.
Virginia Beach, VA 23452, and

CAPITAL SOURCE LENDING LLC,
657 Lynn Shores Rd.
Virginia Beach, VA 23452,

Defendants,

Civil Action No. GH 15 CV 1339

and)
)
)
GOODWILL FUNDING INC.,)
4767 Lonesome Dove Drive)
Shingle Springs, CA 95682, and)
)
CHAREL WINSTON,)
4767 Lonesome Dove Drive)
Shingle Springs, CA 95682,)
)
Relief Defendants.)
)
)
)

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”) alleges as follows:

SUMMARY

1. This case involves a type of investment scam known as a “prime bank” fraud. These fraudulent schemes involve the purported issuance, trading, or use of financial instruments affiliated with international banking institutions or other obscure sources. Defendants who conduct such schemes use technical-sounding terms and phrases to cloak what in fact are fictitious investment programs with an air of legitimacy. They prey on unsuspecting investors, promise extraordinary returns for little risk, and expend considerable effort in distracting investors who seek definitive answers regarding how their investments are actually being used and why the promised returns have not materialized.

2. From at least January 2013 until the present, Thomas G. Ellis and Yasuo Oda, through their company, North Star Finance LLC (“North Star”), Thomas H. Vetter, and Michael K. Martin and Sharon L. Salinas, through their companies, Capital Source Lending LLC and Capital Source Funding LLC (collectively, the “Capital Source entities” or “Capital Source”), engaged in a fraudulent “prime bank” scheme. In furtherance of this scheme, Defendants lured

and assisted in luring investors into complicated-sounding transactions involving bank guarantees and other financial instruments that supposedly could be “monetized” to generate millions of dollars. Defendants claimed and assisted one another in claiming that these extraordinary returns would then be available to investors in the form of project funding on highly favorable terms. Since at least January 2013, North Star and Capital Source have collected approximately \$5 million – on information and belief, all from defrauded investors – and several of the defendants have used investors’ money to pay themselves hundreds of thousands of dollars.

3. Defendants’ investment programs were completely fictitious. Defendants neither obtained nor “monetized” international bank instruments to secure funding as promised. Although at least one investor who threatened to report the scheme received a partial refund of his invested funds, the returns promised by North Star and Capital Source were never realized.

4. Defendants made numerous material misrepresentations to investors in furtherance of the “prime bank” scheme. For example, Ellis, Vetter, and Martin repeatedly lied to investors about the existence of the supposed bank instrument investments and the use of investor funds. Ellis and Oda sent several emails in which they pressured investors to sign phony documents, on the false pretenses that the investment program was both legitimate and available for only a limited time. Martin falsely told one of these investors that he had personally been involved in seven other transactions in 2014 in which he had “secured” and “monetized” bank guarantees. Salinas participated in and aided and abetted the scheme by establishing bank accounts for Capital Source Funding, by falsely representing herself to be an escrow officer, and by signing at least one document that fraudulently purported to be an escrow agreement for the safekeeping of investor funds.

5. No transactions in securities offered or sold by or for the Defendants have been registered with the Commission, or are eligible for an exemption from registration with the Commission. Nor were any of the Defendants registered as broker-dealers, as is required for offering securities to investors in these circumstances, which several of the Defendants did.

6. By the conduct described herein, Defendants violated the anti-fraud and registration provisions of the federal securities laws, and will continue to violate those provisions unless restrained or enjoined by this Court.

JURISDICTION AND VENUE

7. The Commission brings this action, and this Court has jurisdiction over this action, pursuant to authority conferred by Section 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

8. The Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce, and the means and instruments of transportation and communication in interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint, certain of which occurred within the District of Maryland.

9. Venue in this district is proper under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because each Defendant engaged in transactions, acts, practices, and courses of business constituting the violations alleged in this Complaint, certain of which occurred within the District of Maryland, including specific communications, within the District of Maryland, with investors in furtherance of the fraudulent conduct alleged herein.

DEFENDANTS

10. **North Star Finance LLC** (“North Star”) is a Maryland-based limited liability company with its principal office at Ellis’s home address in Silver Spring, Maryland. North Star offers “project funding” in the building industry through bank guarantee transactions and other programs. North Star is not registered with the Commission in any capacity.

11. **Thomas Ellis** is a resident of Silver Spring, Maryland and a Senior Partner of North Star. Ellis is not registered with the Commission in any capacity.

12. **Yasuo Oda** is a resident of Ellicott City, Maryland and a Senior Partner of North Star. He is also North Star’s registered agent. Oda is not registered with the Commission in any capacity.

13. **Thomas H. Vetter** is a resident of Danville, California. Vetter is not registered with the Commission in any capacity.

14. **Michael K. Martin** is a resident of Virginia Beach, Virginia. He controls the Capital Source entities, and he is the registered agent of Capital Source Lending LLC. Martin is not registered with the Commission in any capacity.

15. **Sharon L. Salinas** is a resident of Virginia Beach, Virginia. Through at least March 2015, she served a number of roles with the Capital Source entities, including as “VP of Operations” in Capital Source Lending LLC’s “Compliance Division,” and she is the registered agent of Capital Source Funding LLC. She is not registered with the Commission in any capacity.

16. **Capital Source Lending LLC** is a limited liability company based in Virginia Beach, Virginia, with its principal office at Martin and Salinas’s home address. Capital Source Lending LLC promotes transactions involving bank instruments and “monetizing” services.

17. **Capital Source Funding LLC** is a limited liability company based in Virginia Beach, Virginia, with its principal office at Martin and Salinas's home address. In the scheme described herein, Capital Source Funding LLC purported to act as an escrow company and "paymaster" for Capital Source Lending LLC.

RELIEF DEFENDANTS

18. **Goodwill Funding Inc.** is an entity incorporated in Florida with its principal place of business in Shingle Springs, California. Between September and December 2014, Goodwill Funding, Inc. received at least \$98,000 from Capital Source.

19. **Charel Winston** is a resident of Shingle Springs, California and is described on Goodwill Funding Inc.'s website as its founder and president. In November 2014, Winston received at least \$25,000 from Capital Source.

20. There is no evidence that the Relief Defendants provided any lawful services or other value in return for these funds.

FACTS

I. Background

21. From at least January 2013 to the present, Defendants used the mail and wires to defraud investors by offering or selling fictitious investments involving prime bank instruments, including bank guarantees. Bank account records for North Star and Capital Source reflect that the fraud was both widespread and substantial: Defendants appear to have received more than \$4.6 million in investor funds from over thirty investors. On information and belief, these investors are all located in the United States, and several have limited investment experience.

22. Ellis and Oda, through North Star, and Martin and Salinas, through Capital Source, promoted their fraudulent scheme through their respective websites on the internet.

Though the exact language varied from website to website and over time, the North Star and Capital Source websites generally described vague and non-sensical processes, with complex terms, through which North Star and Capital Source would “escrow” investor money, and then generate substantial funds that would be available to investors from the “monetization” of bank guarantees through well-known banks.

23. In or about 2014, Ellis and Oda began promoting an investment program that involved a North Star-Capital Source partnership. According to North Star’s website, under this program, the “North Star Flex BG Loan Program,” Capital Source would obtain and “monetize” a bank guarantee (the “BG” in the product’s title) upon North Star’s receipt of an investor’s refundable application fee. The profits from this monetization process then would be made available by Capital Source to North Star, which would loan investors extraordinary amounts of money, in some instances up to \$100 million, on highly favorable terms.

24. The investments offered by North Star and Capital Source are securities. As described more fully below, Ellis, Oda, Vetter, Martin, and Salinas encouraged, or aided and abetted each other in encouraging, investors to complete bogus legal documents and purported escrow agreements, and then to wire investment funds to accounts that one or more of the Defendants controlled. Investors were told that North Star and/or Capital Source would use investor funds for costs incurred in “monetizing” bank instruments, and that this process would pay fixed amounts on a specific future date.

25. Among other things, investors also were led to believe that their investments were being pooled into groups, that they would realize profits from the “monetization” process in the form of project funding on highly favorable terms, and that these profits were to come from the efforts of North Star and/or Capital Source.

26. Prime bank investment programs such as those offered by Defendants are fictitious. Several government agencies, including the Commission, the U.S. Department of the Treasury, and the Federal Bureau of Investigation (FBI), have posted investor alerts and warnings about fictitious “prime bank” investments on their publicly available websites. These agencies warn that the bank instruments similar to those described in this Complaint, including bank guarantees, are frequently used in fraudulent investment schemes. For example, the FBI publicly warns investors that “[w]hile foreign banks use instruments called ‘bank guarantees’ in the same manner that U.S. banks use letters of credit to insure payment for goods in international trade, *such bank guarantees are never traded or sold on any kind of market.*” <http://www.fbi.gov/scams-safety/fraud/fraud#pbnf> (emphasis added).

27. Ellis, Oda, Vetter, Martin, and Salinas, and North Star and Capital Source knew or were reckless in not knowing that their investment offerings were fictitious, that the “monetization” process was bogus, that the investor funds collected by North Star and/or Capital Source were not being used in the manner represented to investors, and that each of their statements described herein were materially false or misleading or omitted to state material facts which would make the statements he made not materially misleading.

II. The Scheme to Defraud

The Initial Lure: Ellis and Vetter Promise Millions of Dollars in Financing to Members of the National Association of Homebuilders

28. The National Association of Homebuilders (NAHB) is a trade association that promotes the interests of homebuilders and the residential building industry. According its website, the NAHB represents more than 140,000 members. In February 2014, the NAHB held its annual meeting in Las Vegas, Nevada.

29. Ellis, on behalf of North Star, attended the NAHB's annual meeting as a guest speaker and gave a presentation on a purported financing opportunity for homebuilders. Vetter, who was a member of the NAHB Board of Directors and a participant on several NAHB committees, accompanied and introduced Ellis to NAHB members at the meeting.

30. In his presentation, Ellis described a risk-free way for NAHB members to secure millions of dollars' worth of financing for real estate projects through North Star at highly favorable rates. To take advantage of this program, homebuilders were instructed to wire a refundable "application fee" to North Star, which would be held safely in escrow.

31. A number of NAHB members believed the North Star program to be legitimate because Ellis's presentation was made at the NAHB meeting, with an introduction by Vetter. In the two months following Ellis's presentation, several NAHB members applied for the program by wiring hundreds of thousands of dollars' worth of application fees to North Star.

32. For example, Investor A.H. attended Ellis's presentation at the NAHB meeting. On February 20, 2014, Investor A.H. applied for \$4.8 million in project funding by wiring a \$30,000 application fee to North Star.

33. Ellis told Investor A.H. that his application fee would be held safely in an escrow account. Ellis also supplied Investor A.H. with a "Lender Cover Sheet" that ostensibly detailed the terms of the application. According to this document, Investor A.H.'s \$30,000 payment would be used to cover miscellaneous processing costs but was refundable "[s]hould there be non-performance by North Star Finance."

34. Contrary to Ellis's representations, North Star did not place Investor A.H.'s \$30,000 in an escrow account. In fact, in the week following North Star's receipt of Investor

A.H.'s \$30,000 application fee, North Star transferred \$2,000 directly to Ellis, \$10,000 directly to Vetter, and \$16,000 directly to Oda.

35. Vetter made additional false representations to Investor A.H. regarding the legitimacy of the North Star program. For example:

- Vetter told Investor A.H. that the program was being funded by a group of seven (7) U.S. billionaire investors. This was not true. In reality, the program that Ellis described and Vetter promoted was fictitious.
- Vetter told Investor A.H. that he (Vetter) was not gaining financially from his role in promoting the North Star program. This was not true. As alleged above, North Star paid Vetter \$10,000 within a week of its receipt of Investor A.H.'s application fee. In total, North Star has paid Vetter at least approximately \$140,000 in transaction-based compensation.

36. In the months that followed, Ellis and Vetter repeatedly assured Investor A.H. that funding for his loan was expected imminently. When the funding did not materialize, Ellis and Vetter provided vague excuses for the repeated delays.

The Bait & Switch: Defendants Convince NAHB Members to Invest in the “North Star Flex BG Loan Program,” a Prime Bank Fraud

37. Having primed a number of investors for the imminent receipt of funding – funding that never actually materialized – Ellis, Vetter, Oda, and Martin, assisted by Salinas, then promoted the fraudulent prime bank investment program with Capital Source.

38. On or about July 24, 2014, Ellis sent Investor A.H. an email describing a new funding program. In the email, Ellis told Investor A.H. that, to obtain project funding, Investor A.H. should send an additional \$75,000 to an escrow account. Ellis's email explained that \$15,000 of this additional \$75,000 payment would be used for various “processing” costs, and the remainder would be held in escrow until “validation of the instrument.” Once Investor A.H. sent the required funds, Ellis's email stated that a “[b]ank instrument” would be “cut from a “Top 25 Bank.” The “bank instrument” would then be “monetized” and \$4.8 million in funds

sent to “Capital Source Lending’s account.” These funds would then be available to Investor A.H. on highly favorable terms. To further bait Investor A.H., Ellis falsely claimed that this new arrangement ultimately would save Investor A.H. substantial costs and thus be more economically advantageous.

39. Ellis attached a purported escrow agreement with Capital Source Funding for Investor A.H. to complete in connection with the “bank instrument” program. The escrow agreement contained instructions for Investor A.H. to wire \$75,000 to a “Capital Source Funding Escrow Account” at Wells Fargo Bank, as well as signature lines for both Investor A.H. and for “Sharon Salinas (Federal Agent Ret)” on behalf of Capital Source Funding.

40. In the weeks that followed, through oral and email communications, Ellis, Vetter, Oda and Martin encouraged investors, including Investor A.H., to participate in the bank instrument program. Individually and in combination with one another, Ellis, Vetter, Oda and Martin answered questions about the program, supplied bogus documents, including purported “escrow” and “participation” agreements, and pressured investors to part with their money.

41. For example, in telephone calls, Ellis and Vetter told Investor A.H. that his additional \$75,000 would only be required for a very short time because Capital Source would close the bank guarantee transaction within 2-3 weeks’ time.

42. These statements were false. Ellis and Vetter knew or were reckless in not knowing that their representations materially misrepresented how Investor A.H.’s money would be used and omitted the material fact that none of the money would actually be used to close a bank guarantee transaction, which itself was fictitious.

43. Ellis and Vetter also encouraged Investor A.H. to come up with the money in any way possible, and suggested that Investor A.H. should borrow money from his family and repay the amount as soon as the loan funds became available.

44. Similarly, Martin hosted a conference call with Investor A.H. and other investors to explain the “bank instrument” program. In this call, Martin explained to a number of investors, including Investor A.H., how he would secure and monetize the bank guarantee. Martin also told the investors that he had successfully completed seven other transactions in 2014.

45. These statements were false. Martin knew or was reckless in not knowing that his representations materially misrepresented how investor money would be used and omitted the material fact that none of the investors’ monies would actually be used to secure and monetize a bank guarantee. Martin also knew or was reckless in not knowing that he had not successfully completed seven other such transactions.

46. In an August 4, 2014 email, Ellis employed vague and complex terms to answer Investor A.H.’s questions about a bogus “participation agreement.” Ellis falsely told Investor A.H., “we have 8 deals funding. So we have been working our butt off to get everyone funded.”

47. In an August 6, 2014 email, Oda sent Investor A.H. what purported to be a “revised” participation agreement. Oda pressured Investor A.H. to apply for the investment program, stating that “expiration” was on August 11, 2014.

48. In an August 11, 2014 email, Oda told Investor A.H., “I still need to receive signed escrow agreement. Attached again. Without it I can not send participation agreement for process [sic].”

49. Oda knew or was reckless in not knowing that his emails to Investor A.H. materially misrepresented the legitimacy of the investment program promoted by North Star, and omitted the material facts that the referenced documents were bogus and that Investor A.H.'s money actually would not be securely held in an escrow account.

50. On August 12, 2014, Ellis emailed Investor A.H. a new "escrow agreement" on Capital Source Funding's letterhead. When Investor A.H. asked how this escrow agreement differed from an earlier version, Ellis replied that "[f]or compliance reasons, the escrow has to be on Capital Source Funding Letter Head. Homeland Security requires this to be able to trace the money."

51. Ellis knew or was reckless in not knowing that his answer to Investor A.H. materially misrepresented the legitimacy of the investment program and omitted the material facts that the document was bogus and that Investor A.H.'s money actually would not be held securely in an escrow account.

52. Investor A.H. also specifically inquired about the role of Sharon Salinas, who was listed as an "escrow officer" on the Capital Source escrow agreement.

53. On or about August 13, 2014, Vetter assured Investor A.H. that Salinas was Martin's wife and an employee working for Martin. Vetter further assured Investor A.H. that Wells Fargo, not Salinas, would be acting as the escrow agent holding Investor A.H.'s money.

54. On August 14, 2014, Investor A.H. signed the purported escrow agreement.

55. On August 15, 2014, Salinas countersigned the purported escrow agreement as the "CEO" of "Capital Source Funding Escrow." According to this document, twenty percent of Investor A.H.'s \$75,000 "will be used right away for the cost of processing, underwriting, legal fees, issuance of loan documents, commissions, wires setting up account of the instrument," with

the balance of Investor A.H.'s \$75,000 held safely in escrow. The purported escrow agreement further provided that, once the "instrument has been validated as real and obtained, balance of escrow will be earned and will be called to wire to Capital Source Lending."

56. On August 18, 2014, Investor A.H. caused \$75,000 to be wired to what he believed to be Capital Source Funding's escrow account.

57. Bank records for Capital Source show that, in reality, Capital Source did not use and maintain Investor A.H.'s money in the manner that Salinas represented in the escrow agreement. On the same day it received Investor A.H.'s money, Capital Source caused \$65,000 to be wired to an individual believed to be in Canada. There is no evidence that this individual or anyone else actually used Investor A.H.'s money "for the cost of processing, underwriting, legal fees, issuance of loan documents, commissions, [or] wires setting up account of the instrument."

58. A number of other homebuilders and NAHB members also invested in Defendants' fraudulent bank guarantee program. Based on a review of bank records, it appears that North Star and Capital Source together collected at least approximately \$2.4 million from such investors between February 2014 and April 2015.

59. There is no evidence that any investor money was used to acquire, "monetize," or otherwise use any purported bank instruments in any legitimate transaction.

60. Bank records, however, reflect that North Star and Capital Source paid substantial monies directly to several of the Defendants. For example, since February 2014, North Star has paid Ellis, Oda, and Vetter approximately \$528,000, \$420,000, and \$140,000, respectively.

Having Fraudulently Collected Substantial Investor Funds, Defendants Fabricated Excuses and Delays to Explain the Failure of Promised Funding to Materialize

61. Upon receiving investors' money, Ellis and Martin deceived investors about the status of their purported investments.

62. Ellis sent numerous emails to Investor A.H. and other investors in the "bank instrument" investment program in which he provided phony updates, blamed delays on fictitious bank processes, and admonished investors for asking detailed questions about the status of their investments.

63. For example, on September 17, 2014, Ellis sent an email to a group of investors that he referred to as "Group One," which, on information and belief, included Investor A.H. and four other investors. With the re: line "Update," Ellis stated [punctuation and syntax as per original]:

The banks are what we call "Bank to Bank" which means that one banker makes a call to the other banker. Once that happens then monies are released. This is their verification process that the buyer of the instrument has his money in the assigned account to purchase the BG [bank guarantee] from us.

The bank to bank call to happen can take one day up to 3 days. They are not only dealing with us but other clients.

There is nothing else we can do to push the process but wait. I asked each and everyone of you to wait until we receive word with can be any hour from now. We will notify Bill our attorney and send an email out to each of you once we receive word.

64. In another "Update" email to investors, on October 7, 2014, Ellis stated [punctuation and syntax as per original]:

Guys,

The Bank Instrument has been sold which is great news. The buyer who purchased the instrument from us has asked for a minor / small change to the procedure. Mike [Martin] is working on that tomorrow morning with the clearing house and then the money flows.

Please: No phone calls as I have to keep all of my lines open for Mike in case he needs something not to mention working on Group 2 with Bill our attorney. I will send out another update tomorrow in the afternoon once we hear from the clearing house.

65. On October 24, 2014, Ellis and Martin jointly provided a telephonic update to Investor A.H. In this call, Martin stated that both he and Ellis had invested their own money in the transaction. Martin and Ellis also offered further explanations for the delay, and they confirmed that they were working together:

MARTIN: ... I've spent money, Tom [Ellis] has spent money. We have spent more money than you have put into this thing. So you know, there's no option to fail here. I've got over \$1 million of my own money into this.

MARTIN: There are delays. We have those delays and a few things like that but I've got four good buyers that have already been vetted and ready to go. I've got one right now, they just sent me a return sheet for \$5 billion. They're ready to take this thing down. So you know, when Tom [Ellis] says it's time, that's the way I get it. When my buyer says, listen, we're ready to go and send my email -- sends an email to my attorney going we are RWA, ready, willing and able to take this thing down and they send me RWA. If they don't complete this thing I can turn them over to Interpol.

INVESTOR A.H.: Right.

ELLIS: And [Investor A.H.], every email I send out, prior to me sending out that email I read it back to Mike [Martin]. Am I correct, Mike?

MARTIN: Yes, you do.

66. Martin and Ellis knew or were reckless in not knowing that there was no bank instrument or guarantee, and that their status updates and representations were materially false or misleading or omitted to state material facts which would make the statements they made not materially misleading.

Defendants Continue to Deceive Investors

67. Since early 2015, Ellis and Oda, on behalf of North Star, have told several investors that were awaiting results that North Star was going to secure and monetize its own bank instruments, without the involvement of Capital Source Lending, and planned to continue to do so in the future.

68. For example, in an email to an investor on April 27, 2015, Ellis stated that he had just spoken to his “Rep / Monetizer” and that the “final forms were signed.” Ellis falsely represented that the “next step is the ‘template’ to do this BG but also future BG’s,” and that this “will also mean the process in the future will be in place, run smooth, and cut down the funding times. ... North Star plans to be funding alot of projects this year and years to come.”

69. Although at least one investor, Investor A.H., has received a partial refund of his investment following repeated demands, other investors continue to await the proceeds of their investments or of refunds of the amounts that they invested with Defendants.

Defendants Have Been Engaging in Fraudulent “Prime Bank” Schemes Since at Least 2013

70. Martin, through Capital Source, and aided and abetted by Salinas, has promoted fraudulent bank instrument transactions since at least 2013.

71. For example, in June 2013, Martin, through Capital Source Lending, entered into a “Fee Agreement” with an investor whereby, for a \$400,000 advance fee, Martin fraudulently promised to secure a “leased SBLC” [Standy-By Letter of Credit] valued at €300 million. The investor wired \$400,000 to Martin.

72. The investor has not received any return on his investment and the \$400,000 advance fee was never returned. Bank records show that approximately \$218,000 of the

investor's funds were transferred to a third party, and that Martin and Salinas spent the remaining funds on luxury car payments and miscellaneous living expenses.

73. In February 2014, law enforcement authorities in California arrested Martin's investor, alleging that he had stolen the money that he had wired to Martin for investment purposes. In connection with that investigation, law enforcement authorities obtained freezes on certain Wells Fargo bank accounts belonging to Capital Source Lending and Martin.

74. Approximately three weeks later, in February 2014, Salinas incorporated Capital Source Funding LLC. Salinas then opened several bank accounts under its name, with her as the only signer. By doing so, Salinas enabled Martin and Capital Source to operate outside the scope of the asset freeze and otherwise enabled the fraudulent scheme to continue.

III. Allegations Relating To Relief Defendants

75. Between September and December 2014, Goodwill Funding Inc. and Charel Winston received at least \$123,000 from Capital Source, in the manner set forth below:

- Between September and December 2014, Salinas, on behalf of Capital Source, signed checks payable to Goodwill Funding Inc. totaling approximately \$98,000, and
- In November 2014, Salinas, on behalf of Capital Source, signed a check payable to Winston in the amount of \$25,000.

76. On information and belief, the funds received by the Relief Defendants came out of a Capital Source account that collected funds from investors who sought to participate in investment programs such as those described above.

77. There is no evidence that the Relief Defendants provided any lawful services or other value in return for these funds.

COUNT ONE

Violation of Exchange Act Section 10(b) and Rule 10b-5
(North Star, Ellis, Oda, Martin, and the Capital Source entities)

78. The Commission realleges and incorporates herein by reference paragraphs 1 through 777 above.

79. Defendants North Star, Ellis, Oda, Martin, and the Capital Source entities, directly and indirectly, with scienter, by use of the means or instrumentalities of interstate commerce, or of the mails, employed devices, schemes or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and engaged in acts, practices or courses of business which have been and are operating as a fraud or deceit upon the purchasers or sellers of securities.

80. By reason of the foregoing, Defendants North Star, Ellis, Oda, Martin, and the Capital Source entities have violated and, unless restrained and enjoined, will continue to violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

COUNT TWO

Aiding and Abetting Violations of Exchange Act Section 10(b) and Rule 10b-5
(North Star, Ellis, Oda, Vetter, Martin, and Salinas)

81. The Commission realleges and incorporates herein by reference paragraphs 1 through 800 above.

82. Pursuant to Exchange Act Section 20(e) [15 U.S.C. § 78t(e)], Ellis, Oda, Vetter, Martin, and Salinas knowingly or recklessly aided and abetted North Star and, unless restrained and enjoined, will continue to aid and abet North Star by providing substantial assistance in

furtherance of North Star's violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

83. Furthermore, North Star, Ellis, Oda, Vetter, Martin, and Salinas knowingly or recklessly aided and abetted the Capital Source entities and, unless restrained and enjoined, will continue to aid and abet the Capital Source entities by providing substantial assistance in furtherance of Capital Source's violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

COUNT THREE

Violation of Securities Act Section 17(a)

(North Star, Ellis, Oda, Martin, and the Capital Source entities)

84. The Commission realleges and incorporates herein by reference paragraphs 1 through 83 above.

85. North Star, Ellis, Oda, Martin, and the Capital Source entities, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails: (a) has employed, is employing, or is about to employ devices, schemes or artifices to defraud; (b) has obtained, is obtaining or is about to obtain money or property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) has engaged, is engaged, or is about to engage in transactions, acts, practices and courses of business that operated or would operate as a fraud upon purchasers of securities.

86. By reason of the foregoing, North Star, Ellis, Oda, Martin, and the Capital Source entities have violated and, unless restrained and enjoined, will continue to violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

COUNT FOUR

Aiding and Abetting Violations of Securities Act Section 17(a)
(North Star, Ellis, Oda, Vetter, Martin, and Salinas)

87. The Commission realleges and incorporates herein by reference paragraphs 1 through 86 above.

88. Pursuant to Securities Act Section 15(b) [15 U.S.C. § 77o(b)], Ellis, Oda, Vetter, Martin, and Salinas knowingly or recklessly aided and abetted, and, unless restrained and enjoined, will continue to aid and abet North Star by providing substantial assistance in furtherance of North Star's violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

89. Furthermore, North Star, Ellis, Oda, Vetter, Martin, and Salinas knowingly or recklessly aided and abetted, and unless restrained and enjoined, will continue to aid and abet, the Capital Source entities by providing substantial assistance in furtherance of Capital Source's violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

COUNT FIVE

Violation of Securities Act Section 5
(North Star, Ellis, Oda, Martin, Salinas, and the Capital Source entities)

90. The Commission realleges and incorporates herein by reference paragraphs 1 through 89 above.

91. Defendants North Star, Ellis, Oda, Martin, Salinas and the Capital Source entities, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer and sell securities through the use or medium of a prospectus or otherwise, and carried or caused to be carried through the mails or in interstate commerce, such securities for the purpose of sale or for delivery after sale, when no registration

statement had been filed or was in effect as to such securities and no legally recognized exemption from registration applied.

92. By reason of the foregoing, Defendants North Star, Ellis, Oda, Martin, Salinas and the Capital Source entities violated and, unless restrained and enjoined, will continue to violate Securities Act Sections 5(a) and (c) [15 U.S.C. § 77e(a) and (c)].

COUNT SIX

Aiding and Abetting Violations of Securities Act Section 5(a) and 5(c) (Ellis, Oda, Martin, and Salinas)

93. The Commission realleges and incorporates herein by reference paragraphs 1 through 922 above.

94. Pursuant to Securities Act Section 15(b) [15 U.S.C. § 77o(b)], Ellis, Oda, Martin, and Salinas knowingly or recklessly aided and abetted the Capital Source entities' and/or North Star's offer and sale of unregistered securities and, unless restrained and enjoined, will continue to aid and abet the Capital Source entities and/or North Star by providing them with substantial assistance in furtherance of their violations of Securities Act Sections 5(a) and (c) [15 U.S.C. § 77e(a) and 77e(c)].

COUNT SEVEN

Violation of Exchange Act Section 15(a) (Ellis, Oda, Vetter, and Martin)

95. The Commission realleges and incorporates herein by reference paragraphs 1 through 94 above.

96. Ellis, Oda, Vetter, and Martin, while acting as brokers or dealers, made use of the mails or any means or instrumentality of interstate commerce to effect transactions in, or to

induce or attempt to induce the purchase or sale of, securities without being registered with the Commission as a broker or dealer or an associated person of a registered broker-dealer.

97. By reason of the foregoing, Ellis, Oda, Vetter, and Martin violated and, unless restrained and enjoined, will continue to violate Exchange Act Section 15(a) [15 U.S.C. § 78o(a)].

CLAIM AGAINST RELIEF DEFENDANTS

98. The Commission realleges and incorporates herein by reference paragraphs 1 through 97 above.

99. Goodwill Funding Inc. and Winston received, directly or indirectly, funds and/or other benefits from one or more of the Defendants which are the proceeds of unlawful activities alleged in this Complaint and to which these Relief Defendants have no legitimate claim.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enter judgment in favor of the Commission finding that the Defendants violated the federal securities laws and Commission rules alleged against them in this Complaint;

II.

Permanently enjoin the Defendants from further violations of the federal securities laws and Commission rules alleged in this Complaint;

III.

Permanently enjoin the Defendants from directly or indirectly participating in the issuance, offer, or sale of any security, including but not limited to bank guarantees, irrevocable bank undertaking letters, joint venture agreements, proofs of funds, medium term notes, standby

letters of credit, and similar instruments, with the exception of the purchase or sale of securities listed on a national securities exchange;

IV.

Order all Defendants and Relief Defendants to disgorge, as the Court may direct, all ill-gotten gains received or benefits in any form derived from the illegal conduct alleged in this Complaint, together with pre-judgment interest thereon;

V.

Order all Defendants to pay civil monetary penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and

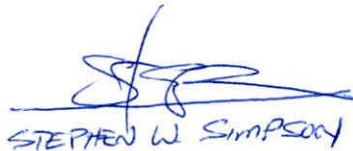
VI.

Grant such other equitable and legal relief as may be appropriate or necessary for the benefit of investors pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)].

JURY DEMAND

The Commission demands a trial by jury on all issues so triable.

Date: May 8, 2015



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