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2 *PRO HAC VICE* APPLICATION PENDING

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

15 **SECURITIES AND EXCHANGE
16 COMMISSION,**

17 **Plaintiff,**

18 **vs.**

19 **DALE SCOTT PEARLMAN, an
20 individual;**

21 **Defendants.**

Case No.

COMPLAINT

25 Plaintiff, Securities and Exchange Commission (the “Commission”), alleges
26 as follows:

1 **SUMMARY OF THE ACTION**

2 1. Dale Scott Pearlman (“Defendant”) was engaged in soliciting
3 investors to purchase the securities of microcap issuer Intertech Solutions, Inc.
4 (“ITEC”) owned by ITEC’s undisclosed control person.

5 2. Without telling investors, Defendant coordinated trades between the
6 seller of the shares and investors to enable the seller to offload his shares without
7 significantly affecting the market for the thinly traded stock.

8 3. While he engaged in these solicitations, Defendant was neither
9 registered with the Commission as a broker or dealer nor associated with a broker
10 or dealer registered with the Commission.

11 4. Defendant earned transaction-based compensation for his solicitation
12 activities of at least 10% of investment proceeds.

13 5. During the relevant period, ITEC met the statutory definition of a
14 penny stock and had previously qualified as a shell company.

15 6. By engaging in this conduct, as further described herein, Defendant
16 violated and, unless restrained and enjoined by this Court, may continue to violate
17 Sections 5(a) and (c) and 17(a)(1) and (3) of the Securities Act of 1933 (“Securities
18 Act”) [15 U.S.C. §§ 77e(a) and (c), 77q(a)(1) and (3)], Sections 10(b) and 15(a)(1)
19 of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)(1)], and Exchange Act Rule
20 10b–5(a) and (c) [17 C.F.R. § 240.10b–5(a) and (c)].

21 **JURISDICTION AND VENUE**

22 7. The Commission brings this action pursuant to Sections 20(b) and
23 20(d) of the Securities Act [15 U.S.C. § 77t(b) and (g)] and Sections 21(d) and (e)
24 of the Exchange Act [15 U.S.C. § 78u(d) and (e)] to enjoin such acts, practices,
25 and courses of business, and to obtain disgorgement, prejudgment interest, civil
26 money penalties, and such other and further relief as this Court may deem just and
27 appropriate.

1 8. Defendant was involved in the offer and sale of the common stock of
2 a microcap company, which is a “security” as that term is defined under Section
3 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the
4 Exchange Act [15 U.S.C. § 78c(a)(10)].

5 9. Defendant, directly or indirectly, made use of the mails or the means
6 or instrumentalities of interstate commerce in connection with the conduct alleged
7 in this Complaint.

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

11 11. Venue in this District is proper because Defendant is found, inhabits,
12 and/or transacted business in the Central District of California and because one or
13 more acts or transactions constituting the violations occurred in the Central District
14 of California.

15 **DEFENDANT**

16 12. **Dale Scott Pearlman**, born in 1954, is last known to reside in Orange
17 County, California, and became involved in the solicitation of investors in ITEC
18 securities sometime in 2014.

19 **FACTS**

20 13. Sometime in early 2014, Defendant was introduced to W.M., the
21 undisclosed control person of ITEC, by a mutual acquaintance.

22 14. Defendant had previously been associated with various registered
23 broker-dealers and held securities licenses, and was thus familiar with the
24 securities solicitation business.

25 15. Due to Defendant’s experience as a securities solicitor, W.M.
26 approached Defendant about assisting him in selling ITEC stock for which W.M.
27 was the beneficial owner.

- 1 i. Defendant then conveyed the determined limit order price to the
2 prospective investor, who would enter a buy limit order for ITEC
3 stock at the designated price.
- 4 j. Simultaneously, W.M. or his agent entered a sell limit order for the
5 same amount of shares at the same price. Through these means, the
6 investor's buy order and W.M.'s sell order were likely to match, at
7 least in part, with the effect that W.M. was able to liquidate his
8 position piecemeal into a market with ready purchasers.
- 9 k. W.M. or his agent and Defendant communicated about how many
10 shares of the investor's order were "captured" (i.e., matched
11 between the investor and W.M.), and W.M. paid Defendant a
12 commission of at least 10% of the invested funds.

13 17. In addition to his role in W.M.'s matched-trading scheme, Defendant
14 worked for a brief period in 2017 as a securities solicitor in a call center in
15 California operated by D.W.

16 18. For his work as a securities solicitor, Defendant received gross
17 commissions of at least \$115,000.00 between 2015 and 2017.

18 **FIRST CLAIM FOR RELIEF**

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

20 19. The Commission re-alleges and incorporates by reference each and
21 every allegation in paragraphs 1–18, inclusive, as if they were fully set forth
22 herein.

23 20. By engaging in the conduct described above, Defendant:

24 a. engaged in the business of effecting transactions in securities
25 for the account of others; and

26 b. directly or indirectly, made use of the mails or the means or
27 instrumentalities of interstate commerce to effect transactions in, or to induce or
28

1 attempt to induce the purchase or sale of, securities without being registered as a
2 broker or dealer with the Commission or associated with a broker or dealer
3 registered with the Commission.

4 21. By reason of the foregoing, Defendant violated and, unless enjoined,
5 will continue to violate Sections 15(a)(1) of the Exchange Act [15 U.S.C.
6 § 78o(a)(1)].

7 **SECOND CLAIM FOR RELIEF**

8 **Violations of Section 17(a)(1) and (3) of the Securities Act [15 U.S.C. §**
9 **77q(a)(1) and (3)]**

10 22. The Commission re-alleges and incorporates by reference each and
11 every allegation in paragraphs 1-18, inclusive, as if they were fully set forth herein.

12 23. By engaging in the conduct described above, Defendant directly or
13 indirectly, individually or in concert with others, in the offer and sale of securities,
14 by use of the means and instruments of transportation and communication in
15 interstate commerce or by use of the mails has

16 a. employed devices, schemes, or artifices to defraud; and

17 b. engaged in transactions, practices, or courses of business which
18 operated or would operate as a fraud or deceit.

19 24. With respect to violations of Sections 17(a)(3) of the Securities Act,
20 Defendant was at least negligent in his conduct.

21 25. With respect to violations of Section 17(a)(1) of the Securities Act,
22 Defendant engaged in the above-referenced conduct knowingly or with sever
23 recklessness.

24 26. By reason of the foregoing, Defendant violated and, unless enjoined,
25 will continue to violate Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. §
26 77q(a)(1) and (3)].

1 **THIRD CLAIM FOR RELIEF**

2 **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and**
3 **Exchange Act Rule 10b–5(a) and (c) [17 C.F.R. § 240.10b–5(a) and (c)]**

4 27. The Commission re-alleges and incorporates by reference each and
5 every allegation in paragraphs 1–18, inclusive, as if they were fully set forth
6 herein.

7 28. By engaging in the conduct described above, Defendant, directly or
8 indirectly, in connection with the purchase or sale of securities, by use of the
9 means and instrumentalities of interstate commerce or by use of the mails has

10 a. employed devices, schemes, and artifices to defraud; and
11 b. engaged in acts, practices, and courses of business which
12 operated as a fraud and deceit upon purchasers, prospective purchasers, and other
13 persons.

14 29. Defendant engaged in the above-referenced conduct knowingly or
15 with severe recklessness.

16 30. By reason of the foregoing, Defendant violated and, unless enjoined,
17 will continue to violate 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 **FOURTH CLAIM FOR RELIEF**

20 **Violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a),**
21 **77e(c)]**

22 31. The Commission re-alleges and incorporates by reference each and
23 every allegation in paragraphs 1–18, inclusive, as if they were fully set forth
24 herein.

25 32. By engaging in the conduct described above, Defendant, directly or
26 indirectly:

1 a. made use of means or instruments of transportation or
2 communication in interstate commerce or of the mails to sell securities, as to which
3 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, securities, as to which no
7 registration statement was in effect, for the purpose of sale or for delivery after
8 sale; and,

9 c. made use of any means or instruments of transportation or
10 communications in interstate commerce or of the mails to offer to sell or offer to
11 buy through the use or medium of any prospectus or otherwise securities as to
12 which no registration statement had been filed.

13 33. In regard to the sale of securities described herein, no exemption
14 validly applied to the registration requirements described above.

15 34. By reason of the foregoing, Defendant violated and, unless enjoined,
16 will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §
17 77e(a), 77e(c)].

18 **PRAYER FOR RELIEF**

19 WHEREFORE, the Commission respectfully requests that this Court enter a
20 final judgment:

21 **I.**

22 Permanently restraining and enjoining Defendant from, directly or
23 indirectly, engaging in conduct in violation of Sections 5(a) and (c) and 17(a) of
24 the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)], Sections 10(b) and
25 15(a)(1) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)(1)], and Exchange Act
26 Rule 10b-5 [17 C.F.R. § 240.10b-5];

1 **II.**

2 Permanently restraining and enjoining Defendant from directly or indirectly,
3 including, but not limited to, through any entity owned or controlled any of them,
4 soliciting any person or entity to purchase or sell any security;

5 **III.**

6 Ordering Defendant to disgorge all ill-gotten gains or unjust enrichment
7 derived from the activities set forth in this Complaint, together with prejudgment
8 interest thereon;

9 **IV.**

10 Ordering Defendant to pay a civil penalty pursuant to Section 20(d) of the
11 Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15
12 U.S.C. § 78u(d)(3)];

13 **V.**

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

19 **VI.**

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

23 Dated: November 4, 2019

24 */s/ Amy Jane Longo*

25

Amy Jane Longo
26 Attorneys for Plaintiff
27 Securities and Exchange Commission

Complaints and Other Initiating Documents

[8:19-cv-02108 Securities and Exchange Commission v. Pearlman](#)

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Notice of Electronic Filing

The following transaction was entered by Longo, Amy on 11/4/2019 at 7:59 AM PST and filed on 11/4/2019

Case Name: Securities and Exchange Commission v. Pearlman

Case Number: [8:19-cv-02108](#)

Filer: Securities and Exchange Commission

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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)

8:19-cv-02108 Notice has been electronically mailed to:

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

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Document description:Main Document

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[STAMP cacdStamp_ID=1020290914 [Date=11/4/2019] [FileNumber=28703154-0] [26963518f5040ceb6a063a753f80fff6cd2ba045d81c08441324e0695c0d5831dcb8e6056e01b56569c5c519883095ab5f553f51909e0898fc25c947acf4991e]]