

1 LYNN M. DEAN (Cal. Bar No. 205562)
Email: deanl@sec.gov
2 CHRISTOPHER A. NOWLIN (Cal. Bar No. 268030)
Email: nowlinc@sec.gov

3 Attorneys for Plaintiff
4 Securities and Exchange Commission
Michele Wein Layne, Regional Director
5 Alka Patel, Associate Regional Director
Amy J. Longo, Regional Trial Counsel
6 444 S. Flower Street, Suite 900
Los Angeles, California 90071
7 Telephone: (323) 965-3998
Facsimile: (213) 443-1904

8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11
12 **SECURITIES AND EXCHANGE**
13 **COMMISSION,**
14 **Plaintiff,**
15 **vs.**
16 **OWNZONES MEDIA NETWORK,**
17 **INC., DANIEL GOMAN and JOSEPH**
18 **GOMAN,**
19 **Defendants.**

Case No.
COMPLAINT

20
21 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

22 **JURISDICTION AND VENUE**

23 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
24 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
25 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the
26 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
27 78u(d)(3)(A), 78u(e) & 78aa(a).

28 2. Defendants have, directly or indirectly, made use of the means or

1 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
2 securities exchange in connection with the transactions, acts, practices and courses of
3 business alleged in this complaint.

4 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
5 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a)
6 because certain of the transactions, acts, practices, and courses of conduct
7 constituting violations of the federal securities laws occurred within this district. In
8 addition, venue is proper in this district because defendant Daniel Goman resides in
9 this district and defendant OwnZones Media Network, Inc. has its principal place of
10 business here.

11 **SUMMARY**

12 4. From 2011 through the present, OwnZones Media Network, Inc., its
13 CEO and president Daniel Goman (“Dan Goman”), and its agent and stock salesman
14 Joseph Goman (“Joe Goman”) raised roughly \$45 million offering and selling an
15 unregistered securities offering to over a thousand investors without any exemption
16 from registration. The company engaged in general solicitation and raised money
17 from numerous unaccredited investors, purporting to avoid selling to too many
18 unaccredited investors by devising a “subinvestment” process whereby
19 “subinvestors” money has been aggregated under supposedly accredited “direct
20 investors.” OwnZones is continuing to raise money through its unregistered offering,
21 taking in millions of dollars in recent months.

22 5. OwnZones, Dan Goman, and Joe Goman also committed fraud in the
23 course of offering and selling OwnZones stock. Joe Goman, while selling OwnZones
24 stock on behalf of the company, made multiple misstatements to investors that ranged
25 from saying that Venture Capitalist MC and MGM had purchased OwnZones stock
26 for \$5 per share to representing that Google had offered to buy OwnZones for \$500
27 million. Joe Goman also made baseless predictions that OwnZones was about to go
28 public and that its IPO price would be many multiples higher than what investors

1 were paying for their shares. OwnZones and Dan Goman made additional statements
2 to investors concerning OwnZones' IPO and the status of discussions with major
3 company investors that were false or misleading. Moreover, Dan Goman, who runs
4 the company's day-to-day operations and has primary responsibility for handling
5 investments in the company, is liable as a control person of OwnZones, and he did
6 not act in good faith because he ignored multiple warning signs about Joe's
7 misconduct in connection with his OwnZones fundraising efforts.

8 6. By this conduct, all of the Defendants violated Sections 5(a), 5(c), and
9 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5
10 thereunder. In addition, Dan Goman is liable under Section 20(a) of the Exchange
11 Act for OwnZones' violations of that Act.

12 7. The SEC seeks permanent injunctions against future violations of
13 Sections 5 and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and
14 Rule 10b-5 thereunder; disgorgement with prejudgment interest; and civil penalties as
15 to all Defendants.

16 **THE DEFENDANTS**

17 8. OwnZones Media Network, Inc. is a Nevada corporation based in
18 Beverly Hills, California. OwnZones is an entertainment technology company that
19 claims to provide a technology that allows content providers to make their content
20 available in a standardized format to various digital platforms. OwnZones has not
21 registered any offerings or securities with the SEC.

22 9. Daniel Goman, age 43, is a resident of Los Angeles, California. He is
23 the founder, sole board member, president, chief executive officer, and largest
24 shareholder of OwnZones Media Network, Inc.

25 10. Joseph Goman, age 31, is a resident of Phoenix, Arizona. He is Dan
26 Goman's younger brother and was, until May 2018, a paid consultant for OwnZones
27 who presented to current and prospective investors and also performed business
28 development and sales functions.

THE ALLEGATIONS

A. Overview of OwnZones and Dan Goman’s Role

11. OwnZones is an entertainment-technology company based in Beverly Hills. The company has developed a cloud-based technology that supposedly allows content providers to more efficiently and cheaply make available their content packages in a standardized format to various digital platforms.

12. OwnZones has provided services for various well-known companies, including Magnolia Pictures (Venture Capitalist MC’s film company), MGM Entertainment, and Sinclair Broadcasting. The company has never been profitable.

13. Dan Goman, OwnZones’ founder, chief executive officer, president, and largest shareholder, runs OwnZones’ day-to-day operations.

14. Dan Goman has ultimate authority over and responsibility for OwnZones’ interactions with investors and prospective investors, and he has final authority for determining whether to accept someone’s investment in OwnZones.

15. Dan Goman is the sole signatory on OwnZones’ bank account that receives both investor money and revenue from OwnZones’ business, and he has the sole authority to disburse money out of the account.

16. As CEO, Dan Goman has exclusive authority to decide if OwnZones will take on major investments or be acquired or bought, as well as sole authority to sell off significant company assets.

17. Per a 2013 board resolution executed by Dan Goman as the sole member and director of OwnZones’ board of directors, OwnZones pays the “critical expenses” for Dan Goman and his family, which include their day-to-day living expenses.

B. OwnZones’ Unregistered Offering to Retail Investors

18. OwnZones started the offering which it has referred to as its “Series A” round of funding in July 2011, offering its stock at \$0.25 per share.

19. The Series A offering was ongoing from 2011 through at least February 2020.

1 20. In total, OwnZones' Series A offering has raised at least \$45 million
2 from hundreds of investors since July 2011.

3 21. OwnZones never registered its offering with the SEC.

4 22. OwnZones claimed in a Form D it filed with the SEC in April 2014 that
5 it was relying on an exemption under Securities Act Regulation D, Rule 506(b).

6 23. As of April 29, 2019, the company had raised at least \$39,049,603.78
7 during its Series A offering from over 1,000 investors. Of that amount, over
8 \$33,809,988 was raised since the beginning of 2014.

9 24. Dozens of investors, some of whom had invested previously in
10 OwnZones, have again invested in OwnZones in the last 12 months. Some of the
11 recent deposits into OwnZones' account are for hundreds of thousands of dollars and,
12 given OwnZones' method of selling stock in the past, (see Section E, *infra*), likely
13 consist of money aggregated from a number of individuals investing under a single
14 individual's name.

15 25. OwnZones raised \$420,000 from investors in January 2020, the last full
16 month for which the SEC has bank records.

17 **C. OwnZones' Purported Series B Raise**

18 26. OwnZones made some unsuccessful attempts to raise money from
19 institutional investors, some of whom have contractual business relationships with
20 OwnZones. It deceived other investors by misrepresenting the status of these
21 fundraising efforts.

22 27. OwnZones referred to its attempts to attract institutional investors as its
23 "Series B" or "Series B raise." While OwnZones had preliminary discussions with a
24 number of large, well-known companies, including companies with ties to Venture
25 Capitalist MC, as well as MGM, Sinclair Broadcasting, and Google Ventures, those
26 discussions never progressed to discussing critical terms of investment such as price
27 per share and never resulted in an offer to invest.

28 28. OwnZones frequently referred to the Series B raise in its emailed

1 investor updates and presentations, suggesting that it was near closing a Series B
2 offering and that the offering would allow it to “hit its IPO.” As of the end of
3 September 2019, none of the major companies identified by OwnZones in its investor
4 communications as being likely investors in the company had invested or offered to
5 invest in OwnZones in Series B.

6 **D. OwnZones’ Solicitations of Series A Investors**

7 29. Between 2011 and the beginning of 2016, Dan Goman was the principal
8 person responsible for raising money for OwnZones and interfacing with investors.

9 30. Dan Goman’s efforts to solicit investors for OwnZones generally
10 consisted of “networking and meeting with a lot of people.”

11 31. Approximately 80% of the capital raised by OwnZones came from
12 Romanians or the Romanian-American community.

13 32. In early 2016, Dan Goman began to engage others to assist in soliciting
14 OwnZones investors.

15 33. In early 2016, Dan Goman gave his brother Joe Goman the task of
16 presenting information about OwnZones to existing and prospective investors.

17 34. Joe Goman was authorized to, and did, present to existing and potential
18 investors.

19 35. From March 2016 up until at least mid-2017, Joe Goman made a series
20 of live presentations to groups of prospective investors, many of whom were
21 acquaintances of existing investors or acquaintances of acquaintances.

22 36. Joe Goman raised at least \$6 million from hundreds of people, many of
23 whom had not previously invested in OwnZones.

24 37. From summer 2016 until November 2017, Individual F worked in
25 OwnZones investor relations and communicated with investors from the company’s
26 investor relations email account. Individual B replaced her in approximately
27 November 2017. Individual B continues to work at OwnZones. Individual F, and
28 later Individual B, would field investor inquiries, handle investor documentation

1 issues, and send out investor updates authored by Dan Goman.

2 38. OwnZones used a “Series A Common Stock Subscription Agreement”
3 that included a section titled “investor qualifications,” where prospective investors
4 were asked to check off whether they had a particular minimum net worth or made a
5 specified minimum annual income.

6 39. Dan Goman was aware that to qualify for an exemption from
7 registration, OwnZones could raise money from a maximum of 35 unaccredited
8 investors.

9 40. Joe Goman was aware that OwnZones could have only 35 unaccredited
10 investors to qualify for an exemption from registration, and discussed that limit with
11 Dan Goman when Joe Goman started presenting to investors in early 2016.

12 41. OwnZones relied solely on prospective investors’ representations in the
13 subscription agreements and did not collect information from the investors to verify
14 their net worth and income information, nor did it collect information related to the
15 investors’ sophistication.

16 42. OwnZones did not provide investors with audited or unaudited financial
17 statements.

18 43. OwnZones’ April 2014 Form D indicated that as of that date, it had 34
19 unaccredited investors.

20 44. The company’s internal capitalization tables indicate that it had at least
21 35 unaccredited investors by early 2014.

22 45. Nearly all the hundreds of investors listed in OwnZones’ internal
23 capitalization tables are labeled as “accredited.”

24 **E. OwnZones’ Use of Subinvestors and Inaccurate Designations of Investors’**
25 **Accreditation**

26 46. The capitalization tables maintained by OwnZones about whether its
27 investors are accredited are inaccurate, because the company in reality has far more
28 than 35 unaccredited investors.

1 47. In addition to the 35 unaccredited investors shown on OwnZones’
2 internal capitalization table, OwnZones has hundreds of “subinvestors,” whose funds
3 were aggregated under several OwnZones’ investors whom OwnZones referred to as
4 “direct investors.”

5 48. In addition, many of the “direct investors” identified in OwnZones’
6 internal capitalization table as “accredited” are in fact unaccredited investors.

7 **1. Subinvestors**

8 49. From at least February 2016 to late 2018, OwnZones aggregated
9 hundreds of individuals’ investments by categorizing them as “subinvestors” under
10 the names of other direct investors in OwnZones’ internal capitalization table.

11 50. The direct investor and each subinvestor under his or her account would
12 enter into a form “Stock Purchase Agreement” or “subinvestment agreement,” which
13 set out that the direct investor would purchase OwnZones stock on behalf of the
14 subinvestor, with the subinvestor’s money, and hold that stock in the direct investor’s
15 name until OwnZones either conducted an initial public offering or achieved some
16 other liquidation event, at which point the stock would be transferred to the
17 subinvestor.

18 51. The subinvestment agreements stated that the direct investor had spoken
19 with Dan Goman about the transaction and that Dan had said this was an acceptable
20 way for the subinvestor to buy pre-IPO stock in the company without meeting a
21 minimum purchase amount.

22 52. OwnZones provided the direct investor with a subscription agreement
23 and stock certificate with OwnZones in the direct investor’s name for a total sum of
24 whatever he and the subinvestors under him had invested.

25 53. The subinvestors had no direct agreement with OwnZones.

26 54. Although the subinvestors had no direct agreement with OwnZones, they
27 generally made their checks payable to OwnZones or wired or deposited their money
28 directly into the company’s bank account.

1 55. OwnZones did not request any information from subinvestors regarding
2 their net worth, income, or sophistication, nor did it ask the direct investors to request
3 such information from the subinvestors or provide the direct investors any restrictions
4 on who could be subinvestors.

5 56. Dan Goman and others at OwnZones were aware of and encouraged
6 subinvestment as a means of investing in OwnZones.

7 57. For example, in February 2016, Dan Goman emailed the subinvestment
8 agreement to Joe Goman, who used it to raise millions of dollars from hundreds of
9 subinvestors from March 2016 to at least the end of 2017.

10 58. Joe Goman understood the purposes of subinvestment as being
11 twofold—first, to keep the number of direct investors down, and second, to allow
12 people who were unaccredited to invest.

13 59. In or around March 2016, Dan Goman told Investor D, a direct investor
14 with over 50 subinvestors under her account, that the subinvestment agreement came
15 from OwnZones and that she should use it to sign up subinvestors.

16 60. At various points between June and October 2016, Dan Goman
17 described the subinvestment process to company investor relations representative
18 Individual F and provided her with the subinvestment agreement and various
19 communications detailing the mechanics of the subinvestment process.

20 61. Dan Goman also on various occasions directly approved requests for
21 people to invest as subinvestors.

22 62. Up until at least mid-2018, OwnZones' investor relations representatives
23 routinely corresponded with direct investors about the subinvestment process, often
24 exchanging spreadsheet summaries of the subinvestors under particular direct
25 investors, and even in some cases directly sending the subinvestment agreement to
26 direct investors for them to use.

27 63. At OwnZones' invitation, many subinvestors attended a series of
28 company presentations in late 2016 and early 2017 where Dan Goman made

1 presentations to existing investors (referred to by OwnZones as “road shows”).

2 64. Between March 2016 and the end of 2017, OwnZones raised millions of
3 dollars from hundreds of subinvestors.

4 65. None of the subinvestors is reflected on OwnZones’ capitalization tables
5 as investors in the company. Instead, they are grouped under different direct
6 investors, some of whom have dozens of subinvestors and hundreds of thousands
7 dollars in subinvestor money under their accounts.

8 66. OwnZones has collected no information from the subinvestors to
9 establish their accreditation status.

10 67. OwnZones’ incomplete records of subinvestors make it impracticable
11 to determine the identities, or accreditation status, of all of OwnZones’ shareholders.

12 **2. Unaccredited Investors Listed as Accredited**

13 68. Certain direct investors designated in OwnZones’ records as accredited
14 are actually unaccredited.

15 69. At least seven investors represented to OwnZones in their subscription
16 agreements that they did not satisfy any of the standards to qualify as accredited
17 investors.

18 70. However, those same investors are identified as accredited in the
19 subscription agreements and internal company capitalization tables.

20 71. At least one direct investor, Investor D, who is listed in OwnZones
21 records as “accredited” and who has at least 65 subinvestors under her account, is not
22 accredited.

23 72. Joe Goman told Investor D she should indicate she was accredited on her
24 purchase agreement, which she did.

25 **F. Joe Goman’s Role at OwnZones**

26 73. Joe Goman began working for OwnZones in early 2016.

27 74. When he was hired, Joe Goman did not have prior experience raising
28 funds for investments.

1 75. Joe Goman worked for OwnZones until May 2018.

2 76. At various times during his work for OwnZones, Joe Goman's
3 responsibilities included raising money, interacting with investors, and performing
4 business development and product sales functions.

5 77. In or about late 2015 or early 2016, Joe and Dan Goman discussed
6 having Joe present to investors for purposes of raising additional money. Dan Goman
7 approved Joe doing so.

8 78. In or about March 2016, Dan Goman spoke to Investor D, an investor
9 whose network of friends Joe Goman presented to, that Joe would be handling the
10 raising of funds for OwnZones.

11 79. In February 2016, Dan Goman emailed Joe Goman a form
12 subinvestment agreement. Joe understood that he was to use the subinvestment
13 agreement to sign up investors.

14 80. In March 2016, Dan Goman emailed Joe Goman a power point
15 presentation for Joe to use to present to investors. Upon information and belief, Dan
16 Goman approved the content of the power point presentation.

17 81. While he was making presentations to investors, Joe Goman had access
18 to OwnZones' password-protected DropBox account that contained a number of other
19 documents describing OwnZones' business, which Joe used in his presentations to
20 investors. Dan Goman was aware that Joe Goman had access to the Dropbox
21 account.

22 82. OwnZones compensated Joe Goman by reimbursing him for his
23 expenses incurred in traveling to present to investors, and also by providing him a
24 salary tied to time he spent on investor matters and business development efforts.

25 83. Joe received Dan Goman's approval before traveling to present to
26 investors.

27 84. Typically, after each trip, Joe Goman would meet with Dan Goman and
28 update him about the trip, and Dan would approve of Joe's compensation payment.

1 85. Joe, who was formally retained as a consultant, received his first check
2 from OwnZones in March 2016. Throughout 2016 and 2017, while he was actively
3 raising money for OwnZones, he generally received checks each month that totaled
4 anywhere between \$3,000 and \$5,000. In total, Joe Goman received at least \$89,000
5 in compensation and expense reimbursement from OwnZones for his work.

6 86. At some point in early 2016, OwnZones, with Dan Goman's approval,
7 provided Joe Goman with an OwnZones email address.

8 87. Joe used this OwnZones email address to communicate with OwnZones
9 investors.

10 88. On March 23, 2016, Individual F, OwnZones investor relations
11 employee, forwarded Joe a business card template with the job title, "Joe Goman,
12 OwnZones Consultant." The business card contained OwnZones' logo and website,
13 as well as the company's Phoenix physical address and office phone number.

14 89. Joe Goman used this template to create business cards that he passed out
15 at presentations to investors.

16 90. Individual F saw Joe Goman make at least one presentation to
17 prospective investors in OwnZones' Phoenix office.

18 91. Joe Goman made sales presentations to investors in OwnZones' Beverly
19 Hills office in June 2016. Joe also accepted checks in the Beverly Hills' office on a
20 different date from at least one investor.

21 92. Joe provided investors with documentation reflecting his apparent and
22 actual authority to sell stock for OwnZones, including an "OwnZones Investment
23 Opportunity Agenda" that prominently displayed the OwnZones logo, phone number,
24 and email address and described Joe as an "OwnZones Consultant/Financial
25 Planner."

26 93. Throughout 2016 and 2017, Individual F, OwnZones' investor relations
27 employee, routinely referred existing and prospective investors with questions to Joe
28 Goman, referring to him in one case as "our representative."

1 94. In 2016 and 2017, Individual F also often consulted Joe Goman as a
2 source of information when investors asked her questions about OwnZones.

3 **G. Joe Goman's Presentations and Statements to Investors**

4 95. In early 2016, Joe Goman began presenting to existing and prospective
5 OwnZones investors. He made numerous false statements during his presentations,
6 some of which were captured on video recordings.

7 96. Through his presentations and conversations with investors, Joe Goman
8 raised millions of dollars, which OwnZones accepted, from multiple networks of
9 investors.

10 97. In two separate written communications, one dated December 4, 2018
11 and another dated February 25, 2019, Joe Goman claimed that he had raised up to
12 \$12 million for OwnZones.

13 **1. Joe Goman's March 2016 statements to investors**

14 98. In March 2016, Joe Goman traveled to Southern California to present to
15 Investor D, an OwnZones investor, and her friends and associates.

16 99. Dan Goman knew of this trip and authorized it.

17 100. Investors in attendance at the March 2016 presentation in Southern
18 California believed that Joe Goman had authority to sell stock on behalf of
19 OwnZones. Investor D was personally told by both Dan Goman and Joe Goman that
20 Joe had such authority.

21 101. On March 26, 2016, Joe Goman sent Investor D an email describing
22 OwnZones as the "financial opportunity of a lifetime." Joe's email also stated that
23 OwnZones had received "buyout offers" from two major companies, elaborating that
24 "[a] buyout offer means the risk to investors is essentially zero." The email stated
25 that OwnZones was only months away from going public and compared it to other
26 major technology companies that had seen huge increases in stock prices when they
27 went public, making their early investors "millionaires many times over."

28 102. On March 28, 2016, Investor D sent out her own email to friends with

1 the subject line “Exclusive Investment Opportunity.” In this email, Investor D pasted
2 the content that Joe Goman had provided On March 26, 2016 and also included
3 additional information. The email stated that OwnZones was “about to go public”
4 and had received “many fruitful offers from major companies such as MGM, Time
5 Warner and Google, all wanting to buy our company.” The email also described this
6 as the “very last opportunity to invest in OwnZones before it goes public,” indicating
7 that “[a]ll money would need to be available this week” because “[t]his is a very time
8 sensitive opportunity.” The email indicated that Dan Goman was sitting down with
9 the heads of MGM and Google the next day, noting that time was of the essence to
10 invest. Investor D obtained the information in this email from Joe Goman, who was
11 aware she would be providing it to prospective investors.

12 103. Joe Goman presented to various prospective investors at Investor D’s
13 residence in the days after Investor D sent her March 28 email about the investment.
14 At these presentations, Joe Goman again reiterated that OwnZones was about to go
15 public.

16 104. Joe Goman’s representations to investors during these early
17 presentations were false. OwnZones had not received buyout or investment offers
18 from any major companies as of March 2016, let alone from MGM, Time Warner, or
19 Google. As of March 2016, OwnZones was not planning to go public within only a
20 few months and had not taken any significant steps towards that process. Dan
21 Goman was also not about to sit down with the heads of MGM and Google to discuss
22 those companies investing in OwnZones, and the investment was not about to close.

23 **2. Joe Goman’s May 2016 presentation to investors**

24 105. In May 2016, Joe Goman traveled to Washington State to present
25 information regarding OwnZones to a group of investors at the home of one of his
26 sisters.

27 106. Dan Goman was aware that Joe was traveling to make this presentation.

28 107. The May 2016 presentation was videotaped at Joe’s direction, and Joe

1 afterwards sent the video to a direct investor in Sonora, California who had a network
2 of dozens of subinvestors under his account.

3 108. Joe Goman's May 2016 presentation to investors was authorized by
4 OwnZones.

5 109. Another OwnZones employee joined Joe's presentation via video
6 conference from OwnZones' Phoenix office, spoke about OwnZones' technology,
7 and provided a virtual tour of the Phoenix office for those investors in attendance at
8 Joe's presentation.

9 110. During the May 2016 investor presentation in Washington, Joe Goman
10 made false statements that certain famous individuals and companies had invested in
11 OwnZones. For instance, Joe said, "We're selling shares right now to Venture
12 Capitalist MC and MGM and they want to come in with significant amounts of
13 money. And we're selling shares to them at \$5." Joe Goman emphasized to his
14 audience the importance of his false claims regarding the investment offers from
15 major companies, saying, "So automatically, if you just want to put it like that, the
16 minimum it could possibly enter in at is \$5, so every 25 cents will get turned into \$5.
17 So at this point of the game, there's no risk involved. It's not a risk that you guys are
18 taking. It's a blessing that we are giving."

19 111. Joe's statements about Venture Capitalist MC and MGM were false.
20 While OwnZones had engaged in some preliminary investment discussions with
21 MGM and a representative of Venture Capitalist MC, neither had ever made any
22 actual offers to invest in OwnZones at any particular price per share, nor had they
23 actually invested.

24 112. Joe Goman also falsely stated during this presentation that Warner
25 Brothers had offered to invest in OwnZones and that OwnZones was not sure if it was
26 going to accept the offer.

27 113. Joe Goman also falsely stated during this presentation that OwnZones
28 was going to go public by the end of 2016, stating that he personally believed it could

1 occur sooner than that. Joe Goman pressured investors, stating that OwnZones would
2 be closing the investment opportunity within weeks to adhere to its target to hit its
3 IPO at the end of 2016.

4 114. In fact, OwnZones did not have a plan in May of 2016 to complete its
5 IPO by the end of that year, and OwnZones has never taken substantial steps towards
6 an IPO, such as hiring an investment banker, or hiring counsel to prepare a
7 registration statement.

8 **3. Joe Goman's June 2016 presentation in OwnZones' Beverly Hills**
9 **office**

10 115. In June 2016, Joe Goman gave another presentation in OwnZones'
11 Beverly Hills office to OwnZones investors associated with Investor D. This
12 presentation was also recorded with Joe's knowledge, and the video recording was
13 made available to investors not in attendance. During the presentation, Joe Goman
14 made multiple false and misleading statements.

15 116. At the June 2016 presentation, Joe Goman stated that Google had
16 offered to "buy out" OwnZones for \$500 million but OwnZones did not accept the
17 offer.

18 117. This statement was false, as Google has never offered to invest any
19 amount in OwnZones.

20 118. Joe Goman also spent a significant part of the June 2016 presentation
21 describing how Sinclair Broadcasting was on the verge of merging with or making a
22 significant investment in OwnZones. Joe stated that Sinclair had told OwnZones that
23 "[t]he only way we'll sign this contract [related to Sinclair's use of OwnZones
24 product] with you, OwnZones, is if you merge with us or we invest \$50 million plus
25 in your company," leading Joe to say, "[s]o it's either a merger or an immense
26 investment, which in turn gives them [Sinclair] a, you know, a significant
27 percentage."

28 119. At the presentation, Joe Goman projected that the resulting stock price

1 from any deal between OwnZones and Sinclair would be over \$30 per share,
2 describing that as a “10,000 odd percent return or something like that” and
3 commenting that “it’s just a ridiculous return.” Joe projected that the stock price after
4 a merger between Sinclair and OwnZones could be higher than \$80 per share.

5 120. Joe Goman’s statements were false, as Sinclair never made an offer to
6 invest any amount in OwnZones at any price per share. While OwnZones was at
7 some point engaged in general investment discussions with Sinclair, those
8 discussions never progressed to identifying a specific price per share, nor did the two
9 companies discuss a potential merger. Joe Goman therefore had no basis for his
10 projections of expected stock prices resulting from such a merger or investment.

11 121. At the June 2016 presentation, Joe Goman also stated that OwnZones’
12 stock was already worth \$2 per share because it was being sold at that price, leading
13 him to say that “there is no risk at this point” and that the stock was worth seven
14 times the price at which it was being offered.

15 122. Joe Goman’s statement that the stock was being sold for \$2 per share
16 was false. No one had purchased or offered to purchase OwnZones stock for \$2 per
17 share and Joe had no factual basis for saying that they had or that there was no risk to
18 the investment.

19 123. Joe Goman represented to investors at the June 2016 presentation that
20 OwnZones was on the verge of commencing its IPO, saying “you’re talking about
21 getting in right before either a merger or IPO.” These statements were not true.
22 OwnZones was not about to undergo an IPO (or merge with anyone) as of June 2016.

23 124. Joe Goman’s false statements at the June 2016 presentation about an
24 imminent IPO or merger were intended to and did convey a misleading sense of
25 urgency to invest. Joe told investors that if they wanted to be sure to get a chance to
26 invest they needed to give him a check that very evening because Dan Goman was
27 meeting with Sinclair the next day, which could mean the end of the opportunity.
28 This purported urgency was based on false premises— although Dan Goman did

1 meet with Sinclair around this time to discuss the two companies' business
2 relationship, OwnZones was not about to merge with Sinclair or receive an
3 investment from it.

4 **4. Joe Goman routinely made misrepresentations to investors**

5 125. The misstatements in paragraphs 98 to 124 above were part of a
6 recurring pattern of Joe Goman providing false information to investors.

7 126. For example, after his June 2016 presentation, Joe approved a draft
8 email from direct Investor C to friends whom she intended to invite to invest as
9 subinvestors. In that email, Investor C passed on the false information that Joe had
10 provided, stating that “[t]he company is planning to go public within the next few
11 months and would open at a minimum of \$10, but probably much higher.” These
12 statements were false.

13 127. In addition to false statements about an IPO, Joe also falsely told
14 Investor D and her associates that Venture Capitalist MC had wanted to buy
15 OwnZones, had been rejected, and then had invested 20% in the company. None of
16 these statements were true.

17 128. Joe Goman made similar misstatements in 2017, including to a large
18 network of Montana investors. Joe told Investor B, a Montana investor with dozens
19 of subinvestors under her account, that Venture Capitalist MC had invested \$5
20 million in OwnZones and wanted to invest more but was denied by OwnZones. Joe
21 Goman also told Investor B that Google had offered to invest in OwnZones but that
22 OwnZones rejected the offer.

23 129. Joe Goman further represented to Investor B that certain investors were
24 paying \$6 per share for the same OwnZones shares that were being offered for \$0.25
25 per share to Investor B and her friends, leading her to repeat this statement to others.
26 Additionally, Joe represented that when OwnZones went public, the likely price
27 range would be between \$10 and \$40 per share, emphasizing the specific figure of
28 \$25 per share as a likely price.

1 **5. Joe Goman's misstatements were material**

2 130. Investors considered information regarding the status of OwnZones'
3 efforts to raise money from major companies to be very important.

4 131. Joe Goman described the investments by well-known companies as
5 possible buyouts of OwnZones or immediate precursor transactions to an IPO, either
6 of which would allow the investors to realize the astronomical profits Joe was
7 promising, lending even more importance to the claims of investments by major
8 companies, and the statements about an IPO being imminent.

9 132. Investors considered the IPO timing as the most important piece of
10 information informing their investment decision, and both Joe Goman and Dan
11 Goman knew that it was the issue investors asked OwnZones' representatives about
12 most frequently

13 **6. Dan Goman's knowledge of Joe Goman raising money**

14 133. Dan Goman was aware, throughout 2016 and 2017, that Joe Goman was
15 making presentations to potential investors and raising millions of dollars.

16 134. Many investors gave their investment checks directly to Joe Goman. In
17 some cases, Joe Goman deposited the checks into OwnZones' bank account himself,
18 but in other cases, he delivered the checks to Dan Goman or Individual F.

19 135. Individual F orally told Dan Goman that Joe Goman brought her investor
20 documentation.

21 136. Dan Goman emailed Joe Goman on May 13 and June 30, 2016 asking
22 him to follow up on investor checks that had bounced.

23 137. From at least late 2016 through 2017, Joe Goman updated Dan Goman
24 every few weeks by email or in person regarding his efforts to raise money for
25 OwnZones:

26 a. On October 25, 2016, Joe Goman emailed Dan Goman that he has
27 checks for Dan that he will provide when he next sees him;

28 b. On December 31, 2016, Joe Goman texted Dan Goman a copy of

1 a deposit slip for \$100,000 and says “More on the way.”

2 c. On March 2, 2017, Joe Goman emailed Dan Goman an update
3 about the status of fundraising and more money coming in;

4 d. On March 19, 2017, Joe Goman emailed Dan Goman with a status
5 update regarding fundraising;

6 e. On May 4, 2017, Joe Goman emailed Dan Goman about money
7 coming in and a \$300,000 fundraising target;

8 f. On July 31, 2017, Dan Goman emailed Joe Goman in response to
9 Joe’s inquiries and fundraising update;

10 g. On August 4, 2017, Joe Goman emailed Dan Goman to update
11 him on fundraising activity;

12 h. On August 16, 2017, Joe Goman emailed Dan Goman to update
13 him on funds coming in;

14 i. On September 17, 2017, Joe Goman emailed Dan Goman
15 regarding potential hedge fund investment;

16 j. On October 18, 2017, Joe updated Dan Goman about a potential
17 new investor;

18 k. On November 4, 2017, Joe Goman updated Dan Goman about
19 incoming money.

20 138. In these update emails, Joe Goman provided projections regarding how
21 much money he expected to raise, sometimes referring to target amounts, and
22 informed Dan that he either already had deposited checks into OwnZones’ bank
23 account or planned to do so soon.

24 139. Dan Goman typically responded to Joe Goman’s updates by expressing
25 his appreciation, but he also gave him talking points and advice on what to say to
26 investors. For example, in one July 31, 2017 email exchange, Joe Goman asked Dan
27 Goman for more information regarding the state of OwnZones’ business because Joe
28 said it was getting difficult to continue to raise funds without clarity as to the status

1 of the company's Series B offering , noting that the timelines he gave investors kept
2 getting pushed back.

3 140. In response to Joe Goman's July 31, 2017 email, Dan Goman claimed
4 that the delay in closing Series B was because "a ton of new companies reached out
5 to us to offer investments," and "we decided to consider all offers prior to making the
6 final decision on who we will include in our Series B final list of investors." Dan
7 further claimed, "[w]e have more than 20+ companies/investment firms that are now
8 wanting to invest and we are considering all offers." Dan Goman also said that
9 Goldman Sachs and Bain Capital asked to be considered but that they wanted to buy
10 out the whole \$20 million round themselves. Dan also told Joe Goman that "it looks
11 like we are about 60-90 days out from Series B closing – that means cash in bank."

12 141. Dan Goman's claims to Joe Goman were false. No company had offered
13 to invest in OwnZones as of July 2017. Although OwnZones may have engaged in
14 some preliminary talks with Goldman and Bain, neither had expressed an intention to
15 invest, let alone to invest \$20 million.

16 7. Warning Signs about Joe Goman

17 142. Dan Goman was Joe Goman's primary supervisor at OwnZones.

18 143. Dan provided Joe with some initial direction and then would meet with
19 him in Ownzones' Phoenix office about once a month.

20 144. Despite having the authority to do so, Dan did not limit or restrain Joe's
21 stock selling activities.

22 145. In January 2017, direct Investor C informed Dan Goman by email that
23 Joe Goman had given out "a lot of misinformation regarding the IPO," including that
24 Joe had said in March 2016 that OwnZones would be going public soon.

25 146. Investor C also forwarded Dan her January 31, 2017 email exchange
26 with Joe where Joe made multiple false statements, including that a former SEC
27 commissioner was consulting on OwnZones' IPO.

28 147. In the January 2017 email Investor C forwarded to Dan Goman, Joe

1 Goman had implied certain well-known entities (MGM, entities related to Venture
2 Capitalist MC, Sinclair, and Liberty Global) had actually already invested in
3 OwnZones. Joe Goman also wrote that the Series B raise would close by the end of
4 the first quarter of 2017, representing that the Series B investors wanted OwnZones to
5 hit its IPO soon and were working with underwriting banks.

6 148. Dan Goman's email response to Investor C included an apology,
7 acknowledging that "[t]he investor side for us was always a little challenging as the
8 focus was on the [business development and technology] mainly."

9 149. In February and March 2017, Investor C again emailed Dan Goman to
10 say she had "egg on [her] face" with friends she convinced to invest back in July
11 2016, explaining that she "encouraged them to invest based on information given at
12 the meetings Joe [Goman] held, telling us the company would be going public soon
13 (back in March of 2016)."

14 150. In August 2017, Investor C emailed Dan Goman again saying that Joe
15 had provided "a lot of misinformation" in his presentations. She also noted that Joe
16 had highlighted information about partnering with various entities. Dan Goman
17 responded, "Also - in terms of the info that was shared with the investors - to be fair,
18 all of the stuff that Joe mentioned was actually true, but he was off on the timing. We
19 are working with MGM, Sinclair, etc."

20 151. Joe Goman continued to raise money for OwnZones until the end of
21 2017, and Dan Goman was aware he was doing so.

22 152. At the end of 2017, Dan Goman transitioned Joe Goman out of raising
23 money and into business development.

24 153. At some point in mid-2018, OwnZones terminated its relationship with
25 Joe Goman.

26 154. Joe received a payment from OwnZones on May 22, 2018 and used his
27 OwnZones email account until at least June 14, 2018.

28

1 **H. Other False and Misleading Statements by OwnZones and Dan Goman**

2 155. Other OwnZones representatives, including Dan Goman, made
3 misrepresentations to investors, repeatedly telling them that major companies were
4 about to invest in OwnZones and that the company would soon go public. These
5 statements were highly misleading.

6 156. For example, in October 2016, OwnZones investor relations
7 representative Individual F told Investor D by email that OwnZones estimated it
8 would go public by the end of that year. Individual F obtained this information from
9 Joe Goman.

10 157. In addition, in a series of investor presentations in December 2016 and
11 January 2017, Dan Goman presented a PowerPoint that stated that OwnZones was in
12 the “diligence phase” with “4 major powerhouse investors,” noting that the
13 company’s plan was to proceed to IPO soon after Series B closing “with Series B
14 investors driving the IPO.”

15 158. Existing OwnZones’ investors invested additional money after hearing
16 the statements in paragraphs 156 and 157.

17 159. These statements were false; OwnZones was not in a due diligence phase
18 with four investors at the time.

19 160. At one late 2016 roadshow presentation in Southern California, Dan
20 Goman assured a room full of investors that “you’ll all be millionaires” when
21 responding to their questions about the value of their shares when OwnZones went
22 public.

23 161. Existing OwnZones’ investors invested additional money after hearing
24 the statements in paragraph 160.

25 162. On June 28, 2017, in response to Individual F informing Dan Goman of
26 inquiries from Investor D and her investors, Dan directed Individual F to call Investor
27 D and to “have her explain to her investors that we are in the final stages of series b
28 and THEN we are going to iPO. [sic] Just like we told them at the meetings.”

1 163. Individual F passed this information on to Investor D, telling her that
2 Series B was estimated to close by August or October 2017 at the latest.

3 164. After receiving these statements, Investor D purchased additional shares
4 on behalf of her subinvestors.

5 165. These statements were false; OwnZones was not in the final stage of a
6 Series B financing at this time.

7 166. OwnZones' August 2017 investor update, distributed to investors by
8 email and authored by Dan Goman, stated that OwnZones had "more than 20 large
9 investment firms, companies and individuals that want a chance to invest in
10 OWNZONES," explaining that "[t]he list now includes some of the biggest
11 companies in the world, including Amazon, Goldman Sachs, Microsoft, Time Warner
12 – and this is in addition to the original companies we discussed last year (all original
13 investors are still in the running, especially Venture Capitalist MC)."

14 167. These statements were false; the entities listed by Dan Goman had not
15 expressed the intention of investing in OwnZones.

16 168. Existing OwnZones investors who received the August 2017 investor
17 update subsequently invested additional money in OwnZones.

18 169. A March 2018 OwnZones investor update, distributed to investors by
19 email, and authored by Dan Goman, stated that "the company is now in very
20 advanced stages of investment discussions with approximately 6 major entities (more
21 details coming shortly)."

22 170. This statement was false; OwnZones was not in advanced discussions
23 with any other entities.

24 171. Existing OwnZones investors who received the March 2018 investor
25 update subsequently invested additional money in OwnZones.

26 **I. OwnZones' Lulling of Existing Investors**

27 172. In a March 17, 2017 email to Investor C, Dan Goman stated, "[t]he
28 Series B close is in process now, I hope to be able to announce it no later than mid

1 Q2.” He continued, “The IPO happens soon after, but we do not have an exact date.”

2 173. Dan Goman’s March 17, 2017 email to Investor C was false; OwnZones
3 was not in the process of closing a Series B financing at that time.

4 174. In April 2017, Individual F texted Dan Goman that investors were
5 inquiring into whether Venture Capitalist MC was still planning to invest in
6 OwnZones per statements made at one of the road shows. Dan responded, “yes,”
7 which led Individual F to tell an investor who had asked that everything mentioned at
8 the road show was still moving forward, including OwnZones’ relationship with
9 Venture Capitalist MC.

10 175. This was false. In reality, a representative of Venture Capitalist MC’s
11 companies had told Dan Goman that if OwnZones demonstrated improved
12 performance in the future such that the representative thought Venture Capitalist MC
13 would be interested, the representative would take the OwnZones concept to Venture
14 Capitalist MC for his consideration. No entity related to Venture Capitalist MC has
15 ever invested or offered to invest in OwnZones.

16 176. In a series of emails in October and November 2017, OwnZones’
17 investor relations representative Individual B represented to investors that Series B
18 was about to close. For instance, he told one investor that “Series B is in the final
19 stages of being completed” and another that “[w]e are right at the end of Series B,
20 just buttoning up the last of it,” emphasizing that “it’s closer then [sic] ever.” He told
21 another investor in November 2017 that Series B would be closing by the end of that
22 year.

23 177. Dan Goman gave Individual B the information regarding the status of
24 the Series B offering that Individual B provided to investors.

25 178. These statements were false; OwnZones had not raised money in a
26 Series B offering, and the offering was not going to close by year-end.

27 179. In May 2018, Individual B represented to an investor by email that
28 OwnZones hoped to have the Series B offering wrapped up by the summer, and in

1 reference to the price per share being paid by Series B investors said, “I can tell you
2 this, they are paying way more than what series A investors did.”

3 180. Prior to the May 2018 email, Dan Goman had orally told Individual B
4 that Series B investors would be paying more than Series A investors had paid.

5 **J. Defendants Violated the Antifraud Provisions**

6 **1. Defendants made false and misleading statements**

7 181. As set forth above, Joe Goman made multiple false and misleading
8 statements to OwnZones investors. These included, among other things, statements
9 that well-known companies such as entities related to Venture Capitalist MC, MGM,
10 Sinclair, and Google had offered to invest in OwnZones or had already invested and
11 paid substantially higher prices than the \$0.25 per share price that OwnZones was
12 offering to its retail investors. These individuals and companies had not in fact
13 actually invested or offered to invest in OwnZones. Moreover, throughout 2016 Joe
14 Goman claimed in multiple presentations to investors that OwnZones was on the
15 verge of going public, but this was also not true, as OwnZones never had a plan to go
16 public within months and had not taken any steps necessary to do so. Joe also falsely
17 claimed that purported investment offers from well-known companies eliminated all
18 risk from an investment in OwnZones.

19 182. Also as set forth above, Dan Goman, directly and through other
20 OwnZones representatives to whom he provided false information, also made false
21 and misleading statements to investors. Dan and other OwnZones representatives
22 repeatedly told investors that OwnZones was about to close its Series B investment
23 round by getting investments from major companies, which would then lead to the
24 company going public shortly thereafter. In reality, OwnZones never received any
25 actual investment offers from these major companies that it highlighted, and the talks
26 never even progressed to the point of discussing critical specific terms such as prices
27 per share.

28 183. Joe Goman orally made his false statements to various investors in

1 presentations and conversations.

2 184. Dan Goman made the statements in OwnZones' emailed investor
3 updates because he personally authored them, and had ultimate authority over
4 whether the updates were issued. Dan Goman also personally made oral false and
5 misleading statements to investors.

6 185. The false statements made by OwnZones' representatives Joe Goman,
7 Dan Goman, Individual F and Individual B are attributable to OwnZones.

8 186. Joe Goman's false statements helped him raise millions of dollars for
9 OwnZones, and he received money as a result because he was paid and reimbursed
10 by OwnZones for his efforts in communicating with investors.

11 187. OwnZones likewise received money by means of the false
12 representations, from investors who received those representations and subsequently
13 invested in OwnZones.

14 188. Dan Goman received money raised through the false statements
15 attributable to himself, Joe Goman, and OwnZones because OwnZones has paid his
16 day-to-day living expenses out of offering proceeds.

17 **2. Defendants' statements were material**

18 189. Defendants' misrepresentations were material because they made it
19 appear that OwnZones stock was already worth substantially more than \$0.25 per
20 share, substantially reducing the risk of the investment.

21 190. Investors also considered information regarding the timing of
22 OwnZones' IPO to be important, as it bore directly on whether and when they could
23 expect to realize the high returns being touted by Defendants.

24 **3. Defendants acted with scienter**

25 191. Joe Goman knew, or was reckless or negligent in not knowing, that his
26 representations regarding major companies actually investing or offering to invest in
27 OwnZones, and the immediacy of the company's putative IPO, were false and
28 misleading.

1 192. Dan Goman knew, or was reckless or negligent in not knowing, that his
2 representations regarding major companies actually investing or offering to invest in
3 OwnZones, and the immediacy of the company's putative IPO, were false and
4 misleading. Dan knew that Venture Capitalist MC had not committed to invest in
5 OwnZones, that OwnZones was not in the final stages of Series B, and that major
6 companies were not actually offering to invest in OwnZones. Dan Goman also knew,
7 or was reckless or negligent in not knowing, that his representations to Individual F
8 and Individual B would be repeated to investors. Individual F and Individual B were
9 charged with interacting with investors and Dan Goman knew they sought
10 information from him for that purpose.

11 **K. Dan Goman Control Person Violation**

12 193. Dan Goman is a control person of OwnZones. As CEO, president, and
13 largest shareholder, Dan runs the day-to-day affairs of the company. He has sole
14 authority to decide whether the company will accept major investments, be acquired
15 or bought out, or sell off significant assets.

16 194. Dan Goman has always supervised OwnZones' investor relations efforts,
17 and he has ultimate authority to determine whether the company accepts new
18 investments. Dan is the sole signatory on OwnZones' bank account into which all
19 investor money and revenue from operations goes, with the exclusive ability to
20 withdraw money from that account. Dan has also been primarily responsible for
21 determining how investor money is spent.

22 195. Dan Goman was Joe Goman's sole supervisor of Joe's responsibilities
23 with respect to OwnZones investors. The training that Dan Goman provided Joe
24 Goman, and his subsequent supervision of Joe, were minimal. Dan Goman met only
25 infrequently with Joe as Joe presented to hundreds of investors and raised millions of
26 dollars for the company.

27 196. Dan Goman also received multiple complaints from Investor C that
28 included details about how Joe Goman had misrepresented information to investors

1 about the status of OwnZones' IPO and the state of negotiations with prospective
2 major company investors. In response, Dan Goman continued to allow Joe to raise
3 money from investors, and told Investor C that everything Joe had said was true in
4 substance, if not in timing.

5 **L. Registration Violations: Sections 5(a) and 5(c) of the Securities Act**

6 197. OwnZones offered and sold securities, raising at least \$45 million from
7 over a thousand investors throughout the U.S. from 2011 continuing up to today.

8 198. The offering of securities by OwnZones was never registered with the
9 SEC, and the securities were offered and sold through interstate commerce.

10 199. OwnZones' Series A offering is not exempt from registration.

11 200. OwnZones' manner of raising money constituted general solicitation.
12 Many of the investors, including those to whom Joe made group presentations, had
13 no preexisting relationship with OwnZones and were often simply acquaintances of
14 acquaintances of other investors.

15 201. OwnZones took no steps to verify whether investors were accredited and
16 ultimately sold its stock to more than 35 unaccredited investors.

17 202. OwnZones investors were not furnished with financial statements or an
18 audited balance sheet or equivalent.

19 203. OwnZones, as the issuer of the securities, directly offered and sold
20 securities.

21 204. Dan Goman directly and indirectly offered and sold securities because
22 he was a necessary participant and substantial factor in the offering as he was
23 responsible for OwnZones' capital raising operations and the supervision of all
24 OwnZones representatives involved in raising money. Among other things, Dan had
25 ultimate authority for accepting investments in OwnZones and determining to whom
26 stock would be issued. Dan Goman was also the sole signatory on the bank account
27 that took in investor money.

28 205. Joe Goman directly presented to hundreds of current and potential

1 investors as part of an effort to offer and sell OwnZones stock. Joe was a necessary
2 participant and substantial factor in OwnZones' unregistered offering because
3 through his presentations to investors he raised millions of dollars.

4 **FIRST CLAIM FOR RELIEF**

5 **Fraud in Connection with the Purchase or Sale of Securities**

6 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

7 **(Against All Defendants)**

8 206. The SEC realleges and incorporates by reference paragraphs 1 through
9 205 above.

10 207. Defendants made multiple false and misleading statements to
11 OwnZones investors. These included statements that well-known companies such as
12 entities related to Venture Capitalist MC, MGM, Sinclair, and Google had offered to
13 invest in OwnZones or had already invested and paid substantially higher prices than
14 the \$0.25 per share price that OwnZones was offering to its retail investors. These
15 individuals and companies had not in fact actually invested or offered to invest in
16 OwnZones. Joe Goman also claimed in multiple presentations to investors in 2016
17 that OwnZones was on the verge of going public. This statement was not true, as
18 OwnZones never had a plan to go public within months and had not taken any steps
19 necessary to do so. Joe also falsely claimed that purported investment offers from
20 well-known companies eliminated all risk from an investment in OwnZones.

21 208. Dan Goman, and other OwnZones representatives relying on information
22 provided by Dan Goman, made false and misleading statements to investors that
23 OwnZones was about to close its Series B investment round by getting investments
24 from major companies, which would then lead to the company going public shortly
25 thereafter. These statements were false.

26 209. By engaging in the conduct described above, Defendants, and each of
27 them, directly or indirectly, in connection with the purchase or sale of a security, and
28 by the use of means or instrumentalities of interstate commerce, of the mails, or of

1 the facilities of a national securities exchange: (a) employed devices, schemes, or
2 artifices to defraud; (b) made untrue statements of a material fact or omitted to state a
3 material fact necessary in order to make the statements made, in the light of the
4 circumstances under which they were made, not misleading; or (c) engaged in acts,
5 practices, or courses of business which operated or would operate as a fraud or deceit
6 upon other persons.

7 210. By engaging in the conduct described above, Defendants each violated,
8 and unless restrained and enjoined will continue to violate, Section 10(b) of the
9 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

10 **SECOND CLAIM FOR RELIEF**

11 **Fraud in the Offer or Sale of Securities**

12 **Violations of Sections 17(a) of the Securities Act**

13 **(Against All Defendants)**

14 211. The SEC realleges and incorporates by reference paragraphs 1 through
15 205 above.

16 212. Defendants made multiple false and misleading statements to OwnZones
17 investors. Among other things, these included statements that well-known companies
18 such as entities related to Venture Capitalist MC, MGM, Sinclair, and Google had
19 offered to invest in OwnZones or had already invested and paid substantially higher
20 prices than the \$0.25 per share price that OwnZones was offering to its retail
21 investors. These individuals and companies had not in fact actually invested or
22 offered to invest in OwnZones. Joe Goman also claimed in multiple presentations to
23 investors in 2016 that OwnZones was on the verge of going public. This statement
24 was not true, as OwnZones never had a plan to go public within months and had not
25 taken any steps necessary to do so. Joe also falsely claimed that purported
26 investment offers from well-known companies eliminated all risk from an investment
27 in OwnZones.

28 213. Dan Goman, and other OwnZones representatives relying on information

1 provided by Dan Goman, made false and misleading statements to investors that
2 OwnZones was about to close its Series B investment round by getting investments
3 from major companies, which would then lead to the company going public shortly
4 thereafter. These statements were false.

5 214. By engaging in the conduct described above, Defendants, and each of
6 them, directly or indirectly, in the offer or sale of securities, and by the use of means
7 or instruments of transportation or communication in interstate commerce or by use
8 of the mails directly or indirectly: (a) employed devices, schemes, or artifices to
9 defraud; (b) made untrue statements of a material fact or by omitting to state a
10 material fact necessary in order to make the statements made, in light of the
11 circumstances under which they were made, not misleading; and (c) engaged in
12 transactions, practices, or courses of business which operated or would operate as a
13 fraud or deceit upon the purchaser.

14 215. By engaging in the conduct described above, Defendants each violated,
15 and unless restrained and enjoined will continue to violate, Section 17(a) of the
16 Securities Act, 15 U.S.C. § 77q(a).

17 **THIRD CLAIM FOR RELIEF**

18 **Unregistered Offer and Sale of Securities**

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

20 **(Against All Defendants)**

21 216. The SEC realleges and incorporates by reference paragraphs 1 through
22 205 above.

23 217. Defendants' offers and sales of OwnZones stock were not registered
24 with the SEC and the securities were offered and sold through interstate commerce.
25 No exemption applies to Defendants' offers and sales of OwnZones stock.

26 218. OwnZones, as the issuer of the securities, directly offered and sold
27 securities through a general solicitation, raising around \$45 million from hundreds of
28 investors throughout the U.S. from 2011 to the present. OwnZones took no steps to

1 verify whether investors are accredited, and has raised money from more than 35
2 unaccredited investors. OwnZones investors were not furnished with financial
3 statements or an audited balance sheet or equivalent.

4 219. Dan Goman is liable under Section 5 of the Securities Act because he
5 directly solicited investors and was a necessary participant and substantial factor in
6 the offering. Among other things, he was responsible for OwnZones' capital raising
7 operations and the supervision of all OwnZones representatives involved in raising
8 money. Dan had ultimate authority for accepting investments in OwnZones and
9 determining to whom stock would be issued. Dan Goman was the sole signatory on
10 the bank account that took in investor money.

11 220. Joe Goman is liable under Section 5 of the Securities Act because he
12 directly presented to hundreds of current and potential investors as part of an effort to
13 offer and sell OwnZones stock and he raised millions of dollars through his
14 presentations to investors. Because of his role in OwnZones' capital raising, he was
15 also a necessary participant and substantial factor in the offering.

16 221. By engaging in the conduct described above, Defendants, and each of
17 them, directly or indirectly, singly and in concert with others, has made use of the
18 means or instruments of transportation or communication in interstate commerce, or
19 of the mails, to offer to sell or to sell securities, or carried or caused to be carried
20 through the mails or in interstate commerce, by means or instruments of
21 transportation, securities for the purpose of sale or for delivery after sale, when no
22 registration statement had been filed or was in effect as to such securities, and when
23 no exemption from registration was applicable.

24 222. By engaging in the conduct described above, Defendants each violated,
25 and unless restrained and enjoined, will continue to violate, Sections 5(a) and 5(c) of
26 the Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c).

27 **FOURTH CLAIM FOR RELIEF**
28

1 service or otherwise, and each of them, from violating Sections 17(a) of the Securities
2 Act [15 U.S.C. §77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §§
3 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

4 **III.**

5 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
6 Civil Procedure, permanently enjoining Defendants and their officers, agents,
7 servants, employees and attorneys, and those persons in active concert or
8 participation with any of them, who receive actual notice of the judgment by personal
9 service or otherwise, and each of them, from violating Sections 5(a) and 5(c) of the
10 Securities Act [15 U.S.C. §§ 77e(a), 77e(c)].

11 **IV.**

12 Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of
13 Civil Procedure, permanently enjoining Dan Goman and his officers, agents, servants,
14 employees and attorneys, and those persons in active concert or participation with
15 any of them, who receive actual notice of the judgment by personal service or
16 otherwise, and each of them, from violating Section 20(a) of the Exchange Act [15
17 U.S.C. § 78t(a)].

18 **V.**

19 Order Defendants to disgorge all funds received from their illegal conduct,
20 together with prejudgment interest thereon.

21 **VI.**

22 Order Defendants to pay civil penalties under Section 20(d) of the Securities
23 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §
24 78u(d)(3)].

25 **VII.**

26 Retain jurisdiction of this action in accordance with the principles of equity and
27 the Federal Rules of Civil Procedure in order to implement and carry out the terms of
28 all orders and decrees that may be entered, or to entertain any suitable application or

1 motion for additional relief within the jurisdiction of this Court.

2 **VIII.**

3 Grant such other and further relief as this Court may determine to be just and
4 necessary.

5 Dated: April 2, 2020

6 */s/ Lynn M. Dean*

7 _____
Lynn M. Dean

8 Christopher A. Nowlin

9 Attorney for Plaintiff

Securities and Exchange Commission

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28