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

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13
14 SECURITIES AND EXCHANGE
COMMISSION,

15 Plaintiff,

16 vs.

17
18 PATRICK JEVON JOHNSON,
CHARLES EVERETT (aka CHARLY
EVERETT),
19 FRANK EKEJIJA, AND
20 NVC FUND, LLC.

21 Defendants.

Case No. 2:20-cv-08985

COMPLAINT

22
23 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

24 **JURISDICTION AND VENUE**

25 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
26 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C.
27 §§ 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of
28

1 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
2 78u(d)(3)(A), 78u(e) & 78aa(a).

3 2. Defendants have, directly or indirectly, made use of the means or
4 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
5 securities exchange in connection with the transactions, acts, practices and courses of
6 business alleged in this complaint.

7 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
8 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),
9 because certain of the transactions, acts, practices and courses of conduct constituting
10 violations of the federal securities laws occurred within this district. In addition,
11 venue is proper in this district because Defendant Patrick Jevon Johnson resides in
12 this district.

13 SUMMARY

14 4. This matter concerns a fraudulent scheme involving three microcap
15 issuers controlled by a common CEO, defendant Patrick Jevon Johnson (“Johnson”):
16 Cherubim Interests, Inc. (“CHIT”); PDX Partners, Inc. (“PDXP”); and Victura
17 Construction Group, Inc. (“VICT,” and collectively the “Issuers”). The scheme has
18 two parts: (1) conducting fraudulent Section 3(a)(10) transactions to obtain and sell
19 unregistered shares of CHIT and VICT to the public markets; and (2) making false
20 and misleading public statements to pump the stock of CHIT, VICT and PDXP.

21 **Fraudulent Section 3(a)(10) Transactions**

22 5. From November 2017 to January 2018, Johnson and defendant Charles
23 Everett (“Everett”), another member of CHIT’s and VICT’s board of directors,
24 fabricated documents to create fictitious debts to facilitate the offer and sale of
25 securities in transactions purportedly exempt from registration under Section 3(a)(10)
26 of the Securities Act [15 U.S.C. § 77c(a)(10)] (“Section 3(a)(10)”). That provision
27 provides an exemption from registration when an issuer transfers securities “in
28 exchange for one or more *bona fide* outstanding securities, claims, or property

1 interests” from the debtholder “where the terms and conditions of such issuance and
2 exchange are approved” at a “fairness” hearing by a court.

3 6. A Delaware corporation, Company A, purchased the fictitious debt from
4 CHIT’s and VICT’s creditors, and then executed settlements with CHIT and VICT in
5 which Company A received purportedly unrestricted shares for extinguishing the
6 bogus claims. Because of the fraudulent nature of the transactions, the CHIT and
7 VICT transfer agent was deceived into issuing the shares to Company A without
8 restrictive legends.

9 7. Company A obtained and sold the stock into the market within days for
10 gross proceeds of approximately \$568,000. In two of the VICT transactions, Everett
11 received a total of \$190,000 in kickbacks from the proceeds paid by Company A for
12 the fake debt. Through the fraudulent CHIT transaction, Johnson avoided repaying
13 approximately \$120,000 that CHIT owed after it was pre-paid for a construction job
14 that it then failed to perform.

15 **False and Misleading Public Statements to Pump the Issuers’ Stock**

16 8. In a series of six press releases and a Form 8-K (plus amendment) filed
17 with the SEC between January to February 2018, the Issuers each publicly announced
18 that they had entered into letters of intent and agreements to exchange their
19 convertible preferred stock for hundreds of millions of dollars of “AAA” assets from
20 defendant NVC Fund, LLC (“NVC Fund”). They further claimed that the value of
21 the assets acquired was supported by audited financial statements of NVC Fund’s
22 holding company, and that the assets had been independently appraised and issued a
23 AAA credit rating. Johnson drafted and approved the issuance of each of these
24 public statements, and defendant Frank Ekejija (“Ekejija”), NVC Fund’s principal,
25 reviewed and approved each of them.

26 9. The announcements were materially false and misleading. Johnson and
27 Ekejija both knew that the touted nine-figure valuations had not been audited, and
28 that the purported valuation and credit reports relied on dubious premises. As a result

1 of these statements, the stock price and/or trading volume of CHIT, VICT and PDXP
2 spiked. On February 15, 2018, the SEC suspended trading in the Issuers' securities
3 because of concerns about the adequacy and accuracy of information in the
4 marketplace in the wake of these fraudulent statements.

5 10. By this conduct, defendants Johnson and Everett violated the registration
6 provisions of the federal securities laws and defendants Johnson, Everett, Ekejija and
7 NVC Fund violated the antifraud and registration provisions of the federal securities
8 laws. Specifically:

9 (a) Defendant Johnson violated Sections 5(a), 5(c), and 17(a)(1)
10 and (a)(3) of the Securities Act and Section 10(b) of the Exchange Act and
11 Rules 10b-5(a)-(c) thereunder;

12 (b) Defendant Everett violated Sections 5(a), 5(c), and 17(a)(1)-(a)(3)
13 of the Securities Act and Section 10(b) of the Exchange Act and Rules 10b-5(a) and
14 (c) thereunder; and

15 (c) Defendants Ekejija and NVC Fund violated Section 10(b) of the
16 Exchange Act and Rules 10b-5(a) and (c) thereunder.

17 11. The SEC requests, among other things, that the Court: (i) enjoin
18 defendants Johnson, Everett, Ekejija, and NVC Fund from further violating the
19 federal securities laws as alleged in this complaint; (ii) prohibit defendants Johnson
20 and Everett from participating in the offer or sale of penny stock; (iii) prohibit
21 defendants Johnson and Everett from serving as officers or directors of a public
22 company; (iv) order defendant Everett to pay disgorgement with prejudgment
23 interest; and (v) order defendants Johnson, Everett, Ekejija, and NVC Fund to pay
24 civil monetary penalties based upon these violations.

25 **THE DEFENDANTS**

26 12. **Patrick Jevon Johnson** resides in Glendale, California. During the
27 relevant period, he was the CEO, a director, and a control person of CHIT, the CEO
28 of PDXP, and the CEO, a director, and a control person of VICT. Johnson filed for

1 Chapter 7 bankruptcy in 2007. In May 2018, the SEC staff properly served
2 investigative subpoenas on Johnson, CHIT, PDXP, and VICT, and on December 21,
3 2018, sought from the U.S. District Court, Central District of California, an order to
4 show cause and application for an order compelling compliance with the subpoenas.
5 *SEC v. Cherubim Interests, Inc., et al.*, Case Number CV 18-MC-00175-SJO (ASx)
6 (Dkt. 1.) On January 30, 2019, the district court issued an order to show cause why
7 an order compelling compliance with the investigative subpoenas should not be
8 issued. *Id.* (Dkt. 7.) On March 14, 2019, Johnson, on behalf of himself, CHIT,
9 PDXP, and VICT, agreed to comply with the subpoenas. *Id.* (Dkt. 12.)

10 13. **Charles Everett**, aka Charly Everett, resides in Fort Worth, Texas.
11 During the relevant period, Everett was chairman of the board of CHIT and director
12 of VICT.

13 14. **Frank Ekejija** resides in Dallas, Texas. During the relevant period, he
14 was the sole owner, trustee, and chairman of NVC Fund, the founder, trustee and
15 chairman of NVC Fund Holding Trust, and solely controlled them both. In June and
16 September 2018, the SEC staff properly served investigative subpoenas on Ekejija and
17 NVC Fund, and on November 30, 2018, sought from the U.S. District Court, Central
18 District of California, an order to show cause and application for an order compelling
19 compliance with the subpoenas. *SEC v. NVC Fund LLC and Frank Ekejija*, Case
20 Number CV 18-MC-00164-SJO (ASx) (Dkt. 1.) On January 30, 2019, the district
21 court issued an order to show cause why an order compelling compliance with the
22 investigative subpoenas should not be issued. *Id.* (Dkt. 9.) On March 14, 2019, the
23 district court granted an order compelling compliance with the subpoenas. *Id.* (Dkt.
24 12.)

25 15. **NVC Fund, LLC** is a Delaware corporation with headquarters in Dallas,
26 Texas. NVC Fund, which is wholly-owned by NVC Fund Holding Trust, claims to
27 be a private equity fund that owns “trillions” of dollars in assets.
28

RELATED ENTITIES

1
2 16. **Cherubim Interests, Inc.** (“CHIT”), is a Nevada corporation with
3 headquarters in Bedford, Texas. CHIT claims that it “specializes in alternative
4 construction projects, as well as covering the entire spectrum of [real estate]
5 development.” At all relevant times, CHIT has had securities registered under
6 Section 12(g) of the Exchange Act and had a reporting obligation under
7 Section 13(a). On February 6, 2020, CHIT filed a Form 15 with the SEC terminating
8 its registration under Section 12(g) of the Exchange Act. CHIT’s common stock was
9 quoted on OTC Link under the ticker symbol “CHIT,” until February 15, 2018, when
10 the SEC suspended trading in its stock for ten business days. Exchange Act. Rel.
11 No. 82724 (Feb. 15, 2018). On April 24, 2018, CHIT announced that it had been
12 acquired by Trinity Conglomerate and on May 7, 2018, that iBrands Corporation, Inc.
13 (OTC Link “IBRC”) had acquired Trinity Conglomerate.

14 17. **PDX Partners, Inc.** (“PDXP”), is a Wyoming corporation with
15 headquarters in Portland, Oregon. It claims to be a telecom company, which markets
16 telecom products and acquires other long term growth assets. It has not ever had a
17 class of shares registered under Section 12 of the Exchange Act, and PDXP’s
18 common stock was quoted on OTC Link under the ticker symbol “PDXP” until
19 February 15, 2018 when the SEC suspended trading for ten business days. Exchange
20 Act. Rel. No. 82725 (Feb. 15, 2018). On April 24, 2018, PDXP announced that it had
21 been acquired by Trinity Conglomerate and on May 7, 2018, that iBrands had
22 acquired Trinity Conglomerate.

23 18. **Victura Construction Group, Inc.** (“VICT”), is a Wyoming
24 corporation with headquarters in Bedford, Texas. VICT claims that it is “is a holding
25 company focused on strategically acquiring businesses operating within the disaster
26 recovery and restoration construction industries.” It is a nonreporting company, and
27 its common stock was quoted on OTC Link under the ticker symbol “VICT” until
28 February 15, 2018, when the SEC suspended trading in its stock for ten business

1 days. Exchange Act Rel. No. 82726 (Feb. 15, 2018). On April 24, 2018, VICT
2 announced that it had been acquired by Trinity Conglomerate and on May 7, 2018,
3 that iBrands had acquired Trinity Conglomerate.

4 THE ALLEGATIONS

5 **A. Johnson and Everett Orchestrate Fraudulent Section 3(a)(10) Transactions**

6 19. Company A is in the business of obtaining stock at a discount from
7 different issuers through transactions purportedly exempt, under Securities Act
8 Section 3(a)(10), from the Securities Act's registration requirement.

9 20. On three occasions from November 21, 2017 to January 31, 2018,
10 Johnson and Everett orchestrated transactions in which Company A obtained and sold
11 shares of CHIT and VICT in unregistered securities transactions.

12 21. CHIT and VICT executed the transactions through interstate
13 telecommunications networks and through the use of wires, including without
14 limitation emails through the internet.

15 22. Company A obtained and sold the shares pursuant to Section 3(a)(10) of
16 the Securities Act, which purportedly exempted the transactions from the registration
17 requirement under Section 5.

18 23. Section 3(a)(10) permits an issuer to transfer securities "in exchange for
19 one or more *bona fide* outstanding securities, claims, or property interests" from the
20 debtholder "where the terms and conditions of such issuance and exchange are
21 approved" at a judicial "fairness" hearing.

22 24. Securities issued pursuant to Section 3(a)(10) are unrestricted and may
23 generally be resold to the public market.

24 25. Without the Section 3(a)(10) exemption, the securities are restricted, and
25 to be validly resold, the securities must satisfy a resale exemption from registration,
26 such as the Section 4(a)(1) and Section 4(a)(2) exemptions, for transactions by
27 persons other than an issuer, underwriter or dealer.

28 26. Neither the Section 3(a)(10) nor the Section 4(a) exemptions applied to

1 the CHIT and VICT transactions.

2 **1. The General Pattern of the VICT and CHIT Transactions**

3 27. The three occasions in which Johnson and Everett arranged to have
4 CHIT and VICT shares obtained by Company A, which then sold those shares,
5 followed the same pattern of activities:

6 (a) Johnson or Everett carried out a scheme by which they obtained or
7 created invoices for debt owed by CHIT or VICT to third parties that was not due,
8 owing, or otherwise *bona fide*.

9 (b) A placement agent presented Company A with issuer candidates,
10 including CHIT and VICT, who were interested in pursuing a Section 3(a)(10)
11 transaction.

12 (c) Johnson and Everett hoped to take advantage of the
13 Section 3(a)(10) exemption in order to sell the shares to Company A initially without
14 having to register the sale. The shares would be unrestricted, which facilitated the
15 subsequent resale of the shares to the general public. The unrestricted feature was
16 attractive to potential share purchasers in Section 3(a)(10) transactions, which would
17 facilitate Johnson's and Everett's schemes.

18 (d) Johnson and Everett arranged for the third parties that issued the
19 false debt to sell that debt to Company A.

20 (e) If Company A was interested, Company A asked the placement
21 agent to review and confirm that the Issuer's debt was *bona fide* and outstanding.

22 (f) If and when Company A was satisfied that the debt was *bona fide*
23 and outstanding: (i) it purchased the debt from the Issuer's creditors; and (ii)
24 Company A executed a settlement agreement with the Issuer to forgive the debt in
25 exchange for shares.

26 (g) Company A next sued VICT or CHIT on the debt in Florida state
27 court and concurrently moved for a fairness hearing to approve the settlement
28 agreement.

1 (h) Once the state court issued a fairness finding, Company A
2 received stock certificates without a restrictive legend from the transfer agent,
3 procured an attorney opinion letter that the shares could be resold without
4 registration, deposited them in its brokerage account, and then sold them into the
5 over-the-counter market for proceeds greater than the amount it had paid the Issuer's
6 creditors for the supposed *bona fide* debt.

7 **2. VICT Transaction 1**

8 28. Gregg Construction Company, dba Metroplex Home Repair, Inc.
9 (“Gregg”), a subsidiary of VICT, was in the business of restoring damaged homes.

10 29. Gregg was generally paid by insurance carriers on a delayed basis.

11 30. Everett, a control person of VICT, would often extend personal loans to
12 Gregg.

13 31. Beginning in or about mid-2017, Everett used a fraudulent
14 Section 3(a)(10) transaction to obtain repayment for personal loans he had made to
15 Gregg.

16 32. In or about June or July 2017, Everett told a contractor of Gregg –
17 Creditor A – that Gregg's financial difficulties made it unable to reimburse certain
18 loans to Everett.

19 33. To obtain repayment, Everett instead asked Creditor A to sell
20 Company A fabricated Creditor A invoices that were copied from existing Creditor A
21 invoices to Gregg that had already been paid.

22 34. Everett explained that Creditor A would sell the invoices to Company A,
23 and that the money for those invoices would come from an exchange of the invoices
24 for VICT shares as part of a Section 3(a)(10) transaction.

25 35. Everett asked Creditor A to give the money Creditor A received from
26 Company A to Everett.

27 36. Creditor A agreed to transfer the amounts it received to Everett.

28 37. Everett told Creditor A's principal that the principal would have to

1 falsely confirm the validity of the debts during Company A's due diligence process.

2 38. The principal agreed to do so in order to maintain Creditor A's business
3 relationship with Gregg.

4 39. In or about November 2017, Everett prepared several new, fabricated
5 Creditor A invoices, dated between March and April 2017, that made it appear as if
6 VICT owed Creditor A approximately \$146,000 for flooring supplies and installation
7 services.

8 40. These invoices had already been paid by Gregg or did not represent
9 services Creditor A had performed or supplies Creditor A had provided.

10 41. Everett prepared, for each purported invoice, a bogus acceptance
11 document on VICT's letterhead that included a line for the sub-contractor, Creditor
12 A, to sign.

13 42. Everett falsely signed each acceptance document on Creditor A's behalf.

14 43. Everett then took this fabricated documentation to Johnson, VICT's
15 CEO, control person, and director.

16 44. Johnson presented the purported VICT debt to the placement agent with
17 a copy to Company A for its review as part of a proposed Section 3(a)(10)
18 transaction.

19 45. During Company A's due diligence process, Creditor A's principal
20 falsely confirmed to the placement agent and Company A the purported validity of
21 the debt.

22 46. During Company A's due diligence process, Creditor A's principal did
23 not reveal the kickback Everett would later receive from Creditor A after Company A
24 paid Creditor A.

25 47. Company A and Creditor A executed a claim purchase agreement signed
26 on or about November 21, 2017, whereby Company A acquired the approximately
27 \$146,000 in debt owed by VICT to Creditor A in exchange for payments to Creditor
28 A totaling the same amount.

1 48. In the claim purchase agreement, Creditor A falsely stated in the
2 representations and warranties section that Creditor A will not use the sale proceeds
3 received from Company A to provide consideration to VICT.

4 49. Company A and VICT signed a settlement agreement and stipulation
5 dated November 21, 2017 resolving the approximately \$146,000 debt Company A
6 acquired from Creditor A.

7 50. In the settlement and stipulation, VICT falsely stated in the
8 representations and warranties section that the Creditor A debt included in the VICT
9 Section 3(a)(10) transactions was accurately described, *bona fide*, and outstanding.

10 51. In the settlement and stipulation, VICT falsely stated in the
11 representations and warranties section that Creditor A will not use the sale proceeds
12 received from Company A to provide consideration to VICT.

13 52. On or about November 21, 2017, Company A filed a lawsuit in a Florida
14 state court against VICT to collect upon the debt owed by VICT, valued at
15 approximately \$146,000, and Company A and VICT simultaneously filed pleadings
16 seeking the court's approval for a proposed settlement.

17 53. The Florida state court issued an order declaring the settlement fair and
18 Company A's sale of VICT shares exempt from registration under the Securities Act
19 pursuant to Section 3(a)(10) of the Securities Act on or about November 22, 2017.

20 54. As a result, Company A was able to obtain the VICT shares without a
21 restrictive legend from VICT's transfer agent.

22 55. Company A then deposited approximately 146 million VICT shares
23 from that Section 3(a)(10) transaction into its brokerage account.

24 56. From on or about November 28, 2017 to on or about January 30, 2018,
25 Company A then sold about 146 million VICT shares into the public market for
26 proceeds of about \$350,000.

27 57. Company A began selling the shares only days after buying them.

28 58. Company A purchased the VICT shares with a "view to" distribute and

1 sell those shares in open market over-the-counter transactions. It is therefore a
2 statutory underwriter.

3 59. Company A paid Creditor A approximately \$146,000 in three
4 installments, using VICT stock sales proceeds to fund the last two.

5 60. Creditor A then transferred the approximately \$146,000 back to Everett.

6 **a. Johnson and Everett offered and sold unregistered securities**

7 61. The offers and sales of VICT securities were not registered with the
8 SEC.

9 62. First, VICT sold unregistered shares of its stock when transferring
10 ownership of that stock to Company A in exchange for Company A's agreement to
11 extinguish the bogus debt described above.

12 63. Because Johnson directed VICT to engage in these Section 3(a)(10)
13 transactions and, *inter alia*, signed the settlement agreements with Company A that
14 formed the basis for the debt exchange, Johnson offered and sold unregistered
15 securities.

16 64. Johnson was a substantial participant and a necessary factor in VICT's
17 offers and sales of unregistered VICT shares to Company A because he directed
18 VICT to engage in these Section 3(a)(10) transactions and, *inter alia*, signed the
19 settlement agreements with Company A that formed the basis for the debt exchange.

20 65. Everett was a substantial participant and a necessary factor in VICT's
21 offers and sales of unregistered VICT shares to Company A because he orchestrated
22 the fabrication of the documentation that served as the very basis of the debt for the
23 securities transactions and secured the cooperation of the purported original
24 debtholder, Creditor A.

25 66. Second, Company A sold the unregistered VICT shares to the public.

26 67. Johnson and Everett were each a substantial participant and a necessary
27 factor in Company A's offers and sales of unregistered VICT shares to the public
28 because: (i) Johnson signed the settlement agreement and organized and controlled

1 the Section 3(a)(10) transaction for VICT and (ii) Everett orchestrated the fabrication
2 of the documentation that served as the very basis of the debt for the securities
3 transactions and secured the cooperation of the purported original debtholder,
4 Creditor A.

5 68. The offers and sales were not exempt under Section 3(a)(10) because the
6 Creditor A debts were not *bona fide* and outstanding, and the true terms and
7 conditions of the exchange were not considered by the Florida state court, due to the
8 fabricated and altered documents created by Everett.

9 69. The offers and sales were not exempt under Section 4(a)(1) or Section
10 4(a)(2) because Company A purchased the VICT shares with a view towards
11 distribution and resold soon after purchase.

12 **b. Everett misled and deceived market professionals**

13 70. Everett engaged in acts, transactions, and artifices which deceived
14 market professionals by giving the false appearance that VICT owed money to
15 Creditor A for flooring services and supplies, even though the debts had already been
16 paid or were not *bona fide*.

17 71. Everett engaged in acts, transactions, and artifices which deceived
18 market professionals giving a false and misleading impression that the Section
19 3(a)(10) exemption requirements had been met.

20 72. Everett gave the fabricated debt documents to Johnson, which were
21 submitted to Company A, its placement agent, and eventually the court for review.

22 73. Everett also persuaded Creditor A's principal to confirm the debts during
23 the due diligence process and hide the later kickback Everett would receive from the
24 money Company A paid Creditor A.

25 74. Everett knew, or was reckless in not knowing, that the Section 3(a)(10)
26 process required the exchange of *bona fide* debt relief for stock.

27 75. Prior to November 2017, Everett learned from VICT's COO that in
28 order to proceed with a Section 3(a)(10) transaction, the extinguished debt had to be

1 valid.

2 76. On or about August 2017, the COO specifically asked Everett what
3 outstanding debt Everett was considering for a Section 3(a)(10) transaction, and
4 Everett identified the purported amounts owed to Creditor A as outstanding, when he
5 knew they were not.

6 77. On or about three weeks before Company A filed its Section 3(a)(10)
7 complaint, Everett saw the term sheet for the agreement between Company A and
8 VICT, which stated that VICT had to submit “liabilities.”

9 78. Everett fabricated debts for inclusion into the transactions with
10 Company A.

11 79. Everett knew, or was reckless in not knowing, that the VICT invoices
12 represented a debt to Creditor A that did not exist.

13 80. Everett was also negligent. A reasonably careful person would not
14 fabricate documents, or convince others to engage in deception, and would comply
15 with the requirements for registering a securities offering or seeking an exemption to
16 the requirement.

17 81. Everett’s deceptions facilitated the sale of the VICT shares to
18 Company A.

19 82. Had the Florida court known the true nature of the purported debts, it
20 would not have issued the fairness opinion, the transfer agent would not have issued
21 stock certificates without a restrictive legend, and the brokerage firm would not have
22 accepted Company A’s shares so that they could be sold publicly.

23 83. This information was material because whether the shares were
24 unrestricted would be important to a reasonable investor’s investment decision.

25 **3. VICT Transaction 2**

26 84. On or about January 11, 2018, Everett again arranged with Creditor A
27 for Creditor A to sell VICT invoices totaling approximately \$176,000 to Company A.

28 85. Everett and Creditor A understood that, like in the prior VICT

1 transaction, Creditor A would sell the invoices to Company A, and that the money for
2 those invoices would come from an exchange of the invoices for VICT shares as part
3 of a Section 3(a)(10) transaction.

4 86. Everett asked Creditor A to give the money Creditor A received from
5 Company A to Everett.

6 87. Creditor A agreed to transfer the amounts it received to Everett.

7 88. These invoices had already been paid or did not represent services
8 Creditor A had performed or supplies Creditor A had provided.

9 89. Everett knew that these invoices had already been paid or did not
10 represent services Creditor A had performed or supplies Creditor A had provided.

11 90. Everett submitted invoices and acceptance documentation to Johnson,
12 VICT's CEO, control person, and director.

13 91. Johnson presented the purported VICT debt to the placement agent with
14 a copy to Company A for its review as part of a proposed Section 3(a)(10)
15 transaction.

16 92. During Company A's due diligence process, Creditor A's principal
17 falsely confirmed to Company A and the placement agent the purported validity of
18 the debt.

19 93. During Company A's due diligence process, Creditor A's principal
20 confirmed that the debt was valid and outstanding. Also, Creditor A's principal did
21 not reveal the kickback Everett would later receive from Creditor A after Company A
22 paid Creditor A.

23 94. Company A and Creditor A executed a claim purchase agreement signed
24 on or about January 30, 2018, whereby Company A acquired the approximately
25 \$176,000 in debt owed by VICT to Creditor A in exchange for payments to
26 Creditor A totaling the same amount.

27 95. In the claim purchase agreement, Creditor A falsely stated in the
28 representations and warranties section that Creditor A would not use the sale

1 proceeds received from Company A to provide consideration to VICT.

2 96. Company A and VICT signed a settlement agreement and stipulation
3 dated January 30, 2018 resolving the approximately \$176,000 in debt Company A
4 acquired from Creditor A.

5 97. VICT falsely stated in the representations and warranties section of its
6 settlement agreement with Company A that the Creditor A debt included in the VICT
7 Section 3(a)(10) transactions was accurately described, *bona fide*, and outstanding.

8 98. On or about January 30, 2018, Company A filed a lawsuit in a Florida
9 state court against VICT to collect upon the debt owed by VICT, valued at
10 approximately \$176,000, and Company A and VICT simultaneously filed pleadings
11 seeking the court's approval for a proposed settlement.

12 99. The Florida state court issued an order declaring the settlement fair and
13 Company A's sale of VICT shares exempt from registration under the Securities Act
14 pursuant to Section 3(a)(10) of the Securities Act on or about January 31, 2018.

15 100. As a result, Company A was able to obtain the VICT shares without a
16 restrictive legend from VICT's transfer agent.

17 101. Company A then deposited approximately 65 million VICT shares from
18 that Section 3(a)(10) transaction into its brokerage account.

19 102. From on or about February 1 to on or about February 14, 2018,
20 Company A sold the approximately 65 million shares for proceeds of about \$122,000.

21 103. Company A began selling the shares only days after buying them.

22 104. Company A purchased the VICT shares with a "view to" distribute and
23 sell those shares in open market over-the-counter transactions. It is therefore a
24 statutory underwriter.

25 105. Company A expected to pay Creditor A approximately \$176,000 in four
26 equal payments of approximately \$44,000.

27 106. Company A paid Creditor A approximately \$44,000, the first of four
28 payments.

1 107. Creditor A transferred this approximately \$44,000 to Everett.

2 108. The SEC suspended trading in VICT securities, including its stock on
3 February 15, 2018, including trading by Company A. Exchange Act Rel. No. 82726
4 (Feb. 15, 2018).

5 109. Company A declared an event of default on this VICT transaction and
6 notified Creditor A. Company A did not pay the other three installments under its
7 agreement with Creditor A.

8 110. Creditor A also made no further payments to Everett.

9 **a. Johnson and Everett offered and sold unregistered securities**

10 111. The offers and sales of VICT securities were not registered with the
11 SEC.

12 112. First, VICT sold unregistered shares of its stock when transferring
13 ownership of that stock to Company A in exchange for Company A's agreement to
14 extinguish the bogus debt described above.

15 113. Because Johnson directed VICT to engage in these Section 3(a)(10)
16 transactions and, *inter alia*, signed the settlement agreements with Company A that
17 formed the basis for the debt exchange, Johnson offered and sold unregistered
18 securities.

19 114. Johnson was a substantial participant and a necessary factor in VICT's
20 offers and sales of unregistered VICT shares to Company A because he directed
21 VICT to engage in these Section 3(a)(10) transactions and, *inter alia*, signed the
22 settlement agreements with Company A that formed the basis for the debt exchange.

23 115. Everett was a substantial participant and a necessary factor in VICT's
24 offers and sales of unregistered VICT shares to Company A because he orchestrated
25 the fabrication of the documentation that served as the very basis of the debt for the
26 securities transactions and secured the cooperation of the purported original
27 debtholder, Creditor A.

28 116. Second, Company A sold the unregistered VICT shares to the public.

1 117. Johnson and Everett were each a substantial participant and a necessary
2 factor in Company A's offers and sales of unregistered VICT shares to the public
3 because: (i) Johnson signed the settlement agreement and organized and controlled
4 the Section 3(a)(10) transaction for VICT; and (ii) Everett orchestrated the fabrication
5 of the documentation that served as the very basis of the debt for the securities
6 transactions and secured the cooperation of the purported original debtholder,
7 Creditor A.

8 118. The offers and sales were not exempt under Section 3(a)(10) because the
9 Creditor A debts were not *bona fide* and outstanding, and the true terms and
10 conditions of the exchange were not considered by the Florida state court, due to the
11 fabricated and altered documents created by Everett.

12 119. The offers and sales were not exempt under Section 4(a)(1) or Section
13 4(a)(2) because Company A purchased the VICT shares with a view towards
14 distribution and resold soon after purchase.

15 **b. Everett misled and deceived market professionals**

16 120. Everett engaged in acts, transactions, and artifices which deceived
17 market professionals and the investing public by giving the false appearance that
18 VICT owed money to Creditor A for flooring services and supplies, even though the
19 debts had already been paid or were not *bona fide*.

20 121. Everett engaged in acts, transactions, and artifices which deceived
21 market professionals giving a false and misleading impression that the Section
22 3(a)(10) exemption requirements had been met.

23 122. Everett gave the documents to Johnson, which were submitted to
24 Company A, its placement agent, and eventually the court for review.

25 123. Everett also persuaded Creditor A's principal to confirm the debts during
26 the due diligence process and hide the later kickback he would receive from the
27 money Company A paid Creditor A.

28 124. Everett knew, or was reckless in not knowing, that the Section 3(a)(10)

1 process required the exchange of debt relief for stock.

2 125. Prior to November 2017, Everett learned from VICT's COO that in
3 order to proceed with a Section 3(a)(10) transaction, the extinguished debt had to be
4 valid.

5 126. In or about August 2017, the COO specifically asked Everett what
6 outstanding debt Everett was considering for a Section 3(a)(10) transaction, and
7 Everett identified the purported amounts owed to Creditor A as outstanding, when he
8 knew they were not.

9 127. Everett fabricated debts for inclusion into the transactions with
10 Company A.

11 128. Everett knew, or was reckless in not knowing, that the VICT invoices
12 represented debts to Creditor A that did not exist.

13 129. Everett was also negligent. A reasonably careful person would not
14 fabricate documents, or convince others to engage in deception, and would comply
15 with the requirements for registering a securities offering or seeking an exemption to
16 the requirement.

17 130. Everett's deceptions facilitated the sale of the VICT shares to
18 Company A.

19 131. Had the Florida court known the true nature of the purported debts, it
20 would not have issued the fairness opinion, the transfer agent would not have issued
21 stock certificates without a restrictive legend, and the brokerage firm would not have
22 accepted Company A's shares so that they could be sold publicly.

23 132. This information was material because whether the shares were
24 unrestricted would be important to a reasonable investor's investment decision.

25 **4. CHIT Transaction**

26 133. In April 2017, CHIT was hired and paid approximately \$193,000 by
27 Company B, a cannabis grower, to build a cannabis growing facility.

28 134. CHIT did not complete the work.

1 135. After CHIT failed to complete the work, Company B asked one of its
2 creditors (“Creditor B”), which had originally been slated to be the HVAC
3 subcontractor on the project, to take over all construction, and demanded the unused
4 portion of its money – approximately \$120,000 – back from CHIT.

5 136. Instead of returning the money to Company B, Johnson, CEO and
6 director of CHIT, devised a fraudulent Section 3(a)(10) transaction scheme to pay
7 Creditor B to perform about \$120,000 worth of work for Company B, therefore
8 resolving its dispute.

9 137. In October 2017, Johnson persuaded Creditor B to sign a subcontractor
10 agreement with CHIT.

11 138. In October 2017, Johnson also persuaded Creditor B to issue a \$120,000
12 invoice for HVAC work Creditor B had not performed for CHIT to use as “debt” in a
13 Section 3(a)(10) exchange.

14 139. Johnson persuaded Creditor B to sell the purported debt to a Section
15 3(a)(10) debt purchaser (Company A) and then use the sales proceeds to complete the
16 greenhouse build, and CHIT would keep all \$193,000 Company B had already paid
17 it.

18 140. Creditor B entered into this subcontractor agreement, but with a VICT
19 subsidiary, Cherubim Builders Group, LLC, not CHIT.

20 141. Creditor B issued a \$120,000 invoice for HVAC work to VICT.

21 142. The invoice was dated October 6, 2017.

22 143. The invoice made it appear that Creditor B had completed the invoiced
23 work and now had an outstanding debt.

24 144. Creditor B had not, in fact, performed the HVAC work at the time it
25 issued the invoice.

26 145. Johnson caused Creditor B to backdate the subcontractor agreement
27 between the VICT subsidiary, Cherubim Builders Group, LLC, and Creditor B to
28 June 1, 2017, to make it appear as if Creditor B had been hired months earlier, thus

1 furthering the misimpression that the invoiced work had been completed.

2 146. The \$120,000 debt was neither outstanding nor *bona fide*.

3 147. Creditor B did not begin the invoiced work for Company B until after
4 October 1, 2017, and did not complete the project for at least another six months.

5 148. Johnson was initially unable to place the debt as part of a VICT, and not
6 CHIT, Section 3(a)(10) transaction, because he had not supplied the subcontractor
7 agreement with Cherubim Builders Group, LLC's signature.

8 149. Johnson altered the bogus October 2017 invoice to make it appear as if
9 CHIT rather than VICT or Cherubim Builders Group, LLC owed Creditor B.

10 150. In January 2018 Johnson presented the purported CHIT debt to the
11 placement agent with a copy to Company A for their review as part of a proposed
12 Section 3(a)(10) transaction.

13 151. During Company A's due diligence process, the Creditor B principal
14 falsely confirmed to Company A and the placement agent the purported validity of
15 the debt.

16 152. Company A and Creditor B executed a claim purchase agreement signed
17 on or about January 30, 2018, whereby Company A acquired the \$120,000 debt owed
18 by CHIT to Creditor B in exchange for payments to Creditor B totaling \$120,000.

19 153. In the claim purchase agreement, Creditor B falsely stated in the
20 representations and warranties section that Creditor B will not use the sale proceeds
21 received from Company A to provide consideration to CHIT.

22 154. Company A and CHIT signed a settlement agreement dated January 30,
23 2018, wherein Johnson, on behalf of CHIT, represented that the liabilities were *bona*
24 *fide* outstanding, past due, and that the invoices were accurate descriptions of the
25 debt, including the amounts owed.

26 155. On January 30, 2018, Company A filed a lawsuit in a Florida state court
27 against CHIT to collect upon a debt owed by CHIT, valued at \$120,000, and
28 Company A and CHIT simultaneously filed pleadings seeking the court's approval

1 for a proposed settlement.

2 156. The Florida state court issued an order declaring the settlement fair and
3 Company A's sale of CHIT shares exempt from registration under the Securities Act
4 pursuant to Section 3(a)(10) of the Securities Act on or about January 31, 2018.

5 157. As a result, Company A was able to obtain the CHIT shares without a
6 restrictive legend from CHIT's transfer agent.

7 158. Company A then deposited approximately 371 million CHIT shares
8 from that Section 3(a)(10) transaction into its brokerage account.

9 159. From on or about February 6 to on or about February 15, 2018,
10 Company A then sold about 283 million CHIT shares into the public market for
11 proceeds of about \$94,000.

12 160. Company A began selling the shares only days after buying them.

13 161. Company A purchased the CHIT shares with a "view to" distribute and
14 sell those shares in open market over-the-counter transactions. It is therefore a
15 statutory underwriter.

16 162. Company A paid Creditor B only the first of four equal payments of
17 approximately \$30,000.

18 163. The SEC suspended trading in CHIT securities, including its stock, on
19 February 15, 2018. Exchange Act Rel. No. 82726 (Feb. 15, 2018).

20 164. Company A could not deposit any additional shares.

21 165. Company A declared an event of default as to Creditor B and ceased
22 making payments.

23 166. CHIT never paid Company B the \$193,000, so Company B used its
24 other funds to complete the project.

25 **a. Johnson offered and sold unregistered securities**

26 167. The offers and sales of CHIT securities were not registered with the
27 SEC.

28 168. First, CHIT sold unregistered shares of its stock when transferring

1 ownership of that stock to Company A in exchange for Company A's agreement to
2 extinguish the bogus debt described above.

3 169. Because Johnson directed CHIT to engage in these Section 3(a)(10)
4 transactions and, *inter alia*, signed the settlement agreements with Company A that
5 formed the basis for the debt exchange, Johnson offered and sold unregistered
6 securities.

7 170. Johnson was a substantial participant and a necessary factor in CHIT's
8 offers and sales of unregistered CHIT shares to Company A because he directed
9 CHIT to engage in these Section 3(a)(10) transactions and, *inter alia*, signed the
10 settlement agreements with Company A that formed the basis for the debt exchange.

11 171. Second, Company A sold the unregistered CHIT shares to the public.

12 172. Johnson was a substantial participant and a necessary factor in
13 Company A's unregistered offer and sale of the securities because Johnson (i) signed
14 the settlement agreement and organized and controlled the Section 3(a)(10)
15 transaction for CHIT and (ii) orchestrated the fabrication of the documentation that
16 served as the very basis of the debt for the securities transactions and secured the
17 cooperation of the purported original debtholder, Creditor B.

18 173. The offers and sales were not exempt under Section 3(a)(10) because the
19 Creditor B debts were not *bona fide* and outstanding, and the true terms and
20 conditions of the exchange were not considered by the Florida state court, due to the
21 fabricated and backdated documents created or caused to be created by Johnson.

22 174. The offers and sales were not exempt under Section 4(a)(1) or Section
23 4(a)(2) because Company A purchased the CHIT shares with a view towards
24 distribution and resold soon after purchase.

25 **b. Johnson misled and deceived market professionals**

26 175. Johnson engaged in acts, transactions, and artifices which deceived
27 market professionals by giving the false appearance that CHIT owed money to
28 Creditor B, even though the debt did not exist and no work had been done. Johnson

1 instructed Creditor B to backdate the subcontractor agreement to lend credibility to
2 the transaction by showing there had been sufficient time for Creditor B to complete
3 the purported project. Johnson also signed the settlement agreement, which falsely
4 stated that the debt was *bona fide* and outstanding.

5 176. Johnson engaged in acts, transactions, and artifices which deceived
6 market professionals, giving a false and misleading impression that the
7 Section 3(a)(10) exemption requirements had been met.

8 177. Johnson knew, or was reckless in not knowing, that the Section 3(a)(10)
9 process required the exchange of debt relief for stock.

10 178. Johnson knew, or was reckless in not knowing, that the CHIT invoice
11 represented a debt to Creditor B that did not exist and was nothing more than a
12 deceptive device to avoid repaying Company B.

13 179. Johnson was also negligent. A reasonably careful person would not
14 fabricate documents, or convince others to engage in deception, and would comply
15 with the requirements for registering a securities offering or seeking an exemption to
16 the requirement.

17 180. Johnson's deceptions facilitated the sale of the CHIT shares to
18 Company A.

19 181. Had the Florida court known the true nature of the purported debts, it
20 would not have issued the fairness opinion, the transfer agent would not have issued
21 stock certificates without a restrictive legend, and the brokerage firm would not have
22 accepted Company A's shares so that they could be sold publicly.

23 182. This information was material because whether the shares were
24 unrestricted would be important to a reasonable investor's investment decision.

25 **B. Johnson, Ekejija and NVC Fund Carry Out a Scheme to Pump the**
26 **Issuers' Stock**

27 183. In January and February 2018, Johnson, Ekejija and NVC Fund carried
28 out a fraudulent scheme to pump the three Issuers' stock (VICT, CHIT and PDXP), a

1 scheme halted only by the SEC's suspension of trading in the three Issuers' stock on
2 February 15, 2018.

3 184. This scheme involved several rounds of materially false public
4 announcements and related Forms 8-K filed with the SEC by the Issuers, stating that
5 the Issuers were acquiring \$700 million in assets from NVC Fund, a purported private
6 equity fund controlled by Ekejija, the parent of which claimed to own "trillions" of
7 dollars in assets, including \$1.3 trillion in Wyoming mineral rights. In exchange, the
8 Issuers agreed to transfer shares of their preferred stock to NVC Fund. Appendix A
9 identifies the announcements and Forms 8-K at issue.

10 185. In or about December 2017, before the statements were issued, Ekejija
11 consulted with an associate ("Associate A") regarding business opportunities for
12 NVC Fund and NVC Fund Holding Trust.

13 186. In or about December 2017, before the statements were issued,
14 Associate A discussed with Ekejija a partnership with Johnson and the Issuers.

15 187. In or about December 2017, before the statements were issued,
16 Associate A introduced Johnson to Ekejija.

17 188. Before Ekejija approved the statements, in or about December 2017, he
18 was told by Associate A over electronic Skype message that once announced, the
19 purported asset deals should dramatically increase the Issuers' stock price, possibly
20 allow them to then tap into a "\$1 billion" line of credit, and potentially permit the
21 Issuers to list their stock on NASDAQ.

22 189. Johnson prepared all six of the Issuers' public announcements, approved
23 their issuance, issued the press releases, and filed CHIT's Forms 8-K.

24 190. Prior to their issuance and filing, Ekejija reviewed and approved all six
25 of the Issuers' public announcements and Forms 8-K on behalf of NVC Fund.

26 191. As part of the claimed \$700 million asset acquisition, Johnson also
27 agreed to pay Ekejija and NVC Fund an additional \$250,000 in compensation.

28 192. Johnson ultimately paid Ekejija only \$23,750 of the promised \$250,000.

1 193. Following these public announcements and CHIT’s Form 8-K filings,
2 the stock price for the Issuers and their trading volume increased.

3 194. Because of the concern over the inaccuracy of the Issuers’ disclosures
4 and the possibility that their stock was being manipulated, the SEC suspended trading
5 in the securities of the Issuers on February 15, 2018, for ten business days. Exchange
6 Act Rel. Nos. 82724 (CHIT), 82725 (PDXP), 82726 (VICT) (Feb. 15, 2018).

7 **1. The First Round of False and Misleading Public Announcements**

8 195. In press releases dated January 3, 2018 and January 4, 2018, the Issuers
9 each announced the execution of letters of intent to acquire a total of \$700 million in
10 assets from NVC Fund in exchange for convertible preferred stock from each of the
11 Issuers.

12 196. In a January 3, 2018 press release, CHIT “announces it has signed a
13 Letter of Intent to acquire USD \$250,000,000 in Assets from NVC Fund LLC a
14 Delaware, LLC (“NVC”), a wholly owned subsidiary of NVCFUND Holding Trust,
15 respectively.”

16 197. In a January 4, 2018 press release, VICT “announces that it has signed a
17 Letter of Intent to acquire USD \$100,000,000 in assets from NVC Fund LLC a
18 Delaware, LLC (“NVC”), a wholly owned subsidiary of NVCFUND Holding Trust,
19 respectively.”

20 198. In a January 4, 2018 press release, PDXP “announces that it has
21 executed a Letter of Intent to acquire USD \$350,000,000 in assets from NVC Fund
22 LLC a Delaware, LLC (“NVC”), a wholly owned subsidiary of NVCFUND Holding
23 Trust, respectively.”

24 199. Each of these Issuer releases also states that the Issuer (CHIT, VICT,
25 and PDXP) “acqui[red] ... these NVC Assets with Convertible Preferred Stock”

26 200. Each release also states that “NVC FUND HOLDINGS entities
27 manage[s] assets supported by CPA firm audited financial statements valued over
28 USD 10 Trillion Dollars of Net Asset Value.”

1 **a. The first round of announcements falsely stated that an audit**
2 **of NVC Fund Holding Trust had been conducted**

3 201. The Issuers' press releases' statement that NVC Fund Holdings Trust's
4 "trillion" dollar valuation was supported by "financial statements" that were audited
5 by a "CPA firm" was false.

6 202. In or about April 2017, Associate A introduced Ekejija to a Turkish
7 accountant ("Preparer A").

8 203. NVC Fund Holdings Trust and Ekejija retained Preparer A, who then
9 associated himself with a Turkish accounting firm ("Standards and Partners").

10 204. Preparer A and Standards and Partners, however, only conducted a
11 "review" of the financial statements of NVC Fund Holding Trust, and not an
12 independent verification of the NVC Fund Holding Trust or NVC Fund's assets or
13 bank accounts.

14 205. During the relevant time period, no audit of NVC Fund Holding Trust or
15 NVC Fund's financial statements was conducted by Standards and Partners.

16 206. Preparer A and Standards and Partners prepared a report on the NVC
17 Fund Holding Trust dated August 2017 (the "August 2017 report").

18 207. In the cover letter of the August 2017 report, Preparer A and Standards
19 and Partners stated that "we do not express an audit opinion" because its review was
20 "substantially less in scope than an audit conducted in accordance with International
21 Standards on Auditing," and that they could not "reconcile [NVC Fund Holding
22 Trust's] bank accounts" because "[t]he reconciliation letters did not come from the
23 Banks."

24 208. The August 2017 report was not referenced in any of the six press
25 releases at issue, nor was it filed with CHIT's Form 8-K and Form 8-K/A at issue.

26 209. It would have been important to a reasonable investor to know that
27 neither NVC Fund nor NVC Fund Holding Trust were audited during the relevant
28 time period because, among other things, the Issuers were purchasing assets of NVC

1 Fund and NVC Fund Holding Trust.

2 210. It would have been important to a reasonable investor to know that the
3 “USD \$10 trillion” valuation of NVC Fund Holdings Trust was not supported by
4 audited financial statements because, among other things, statements about the value
5 of NVC Fund Holdings Trust affected the value of NVC Fund, the assets of which
6 were being purchased by the Issuers.

7 **2. Second Round of Materially False Public Announcements**

8 211. In press releases issued on January 12, 16 and 17, 2018, the Issuers
9 announced their acquisition of the NVC Fund’s assets and stated that NVC Fund
10 Holding Trust had been appraised and valued and that it had a Prime Investment
11 Grade credit rating.

12 212. In a January 12, 2018 press release titled “[VICT] Acquires
13 \$100,000,000 in ‘AAA’ Rated Assets to Bolster Balance Sheet,” VICT announced
14 that:

15 (a) VICT “has acquired 2,045 trust units from NVC Fund LLC, a
16 Delaware, LLC (“NVC”), a Trust Manager of NVCFUND Holding Trust,
17 respectively.”

18 (b) “On October 7, 2017, Standard [*sic*] and Partners a respected
19 Auditing firm appraised and valued the NVC FUND Holding Trust business in
20 accordance with ... (USPAP) as promulgated by the ... (IVS) published by the
21 International Valuation Standards Council covering the last 3 years. The Fair Market
22 Value of One Trust Certificate Unit was appraised and valued at Forty-Eight-
23 Thousand-Eight-Hundred and-Eighty-One US Dollars (\$48,881). On October 15,
24 2017 Saifur Rahman and Associates scored NVCFUND Holding Trust a credit rating
25 of 1.2 (‘AAA’ equivalent), meaning a Prime Investment Grade Rate.”

26 (c) “Said VICT CEO Patrick Johnson: ‘The acquisition of these AAA
27 rated NVC Assets with convertible preferred stock is a great way to bring substantial
28 Net Asset Value to the company’s books.’”

1 (d) “NVC FUND HOLDINGS manage[s] portfolio companies
2 supported by CPA firm audited financial statements valued over USD 10 Trillion
3 Dollars of Net Asset Value.”

4 213. In a January 16, 2018 press release titled “[CHIT] Acquires
5 \$250,000,000 in ‘AAA’ Rated Assets to Bolster Balance Sheet,” CHIT announced
6 that:

7 (a) CHIT “has acquired 5,441 trust units from NVC Fund LLC, a
8 Delaware, LLC (“NVC”), a Trust Manager of NVCFUND Holding Trust,
9 respectively.”

10 (b) “On October 7, 2017, Standard [*sic*] and Partners a respected
11 Auditing firm appraised and valued the NVC FUND Holding Trust business in
12 accordance with ... (USPAP) as promulgated by the ... (IVS) published by the
13 International Valuation Standards Council covering the last 3 years. The Fair Market
14 Value of One Trust Certificate Unit was appraised and valued at Forty-Eight-
15 Thousand-Eight-Hundred and-Eighty-One US Dollars (\$48,881). On October 15,
16 2017 Saifur Rahman and Associates scored NVCFUND Holding Trust a credit rating
17 of 1.2 (‘AAA’ equivalent), meaning a Prime Investment Grade Rate.”

18 (c) “Said CHIT CEO Patrick Johnson: ‘The acquisition of these AAA
19 rated NVC Assets with convertible preferred stock is a great way to bring substantial
20 Net Asset Value to the company’s books.’”

21 (d) “NVC FUND HOLDINGS entities manage[s] assets supported by
22 CPA firm audited financial statements valued over USD 10 Trillion Dollars of Net
23 Asset Value.”

24 214. In a January 17, 2018 press release titled “[PDXP] Acquires
25 \$350,000,000 in ‘AAA’ Rated Assets to Bolster Balance Sheet,” PDXP announced
26 that:

27 (a) PDXP “has acquired 7,160 trust units from NVC Fund LLC, a
28 Delaware, LLC (“NVC”), a Trust Manager of NVCFUND Holding Trust,

1 respectively.”

2 (b) “On October 7, 2017, Standard [*sic*] and Partners a respected
3 Auditing firm appraised and valued the NVC FUND Holding Trust business in
4 accordance with ... (USPAP) as promulgated by the ... (IVS) published by the
5 International Valuation Standards Council covering the last 3 years. The Fair Market
6 Value of One Trust Certificate Unit was appraised and valued at Forty-Eight-
7 Thousand-Eight-Hundred and-Eighty-One US Dollars (\$48,881). On October 15,
8 2017 Saifur Rahman and Associates scored NVC FUND Holding Trust a credit rating
9 of 1.2 (‘AAA’ equivalent), meaning a Prime Investment Grade Rate.”

10 (c) “Said PDXP CEO Patrick Johnson: ‘The acquisition of these
11 AAA rated NVC Assets with convertible preferred stock is a great way to bring
12 substantial Net Asset Value to the company’s books.’”

13 (d) “NVC FUND HOLDINGS manage[s] portfolio companies
14 supported by CPA firm audited financial statements valued over USD 10 Trillion
15 Dollars of Net Asset Value.”

16 **a. The second round of announcements repeated the false**
17 **statement that an audit of NVC Fund Holding Trust had been**
18 **conducted**

19 215. The Issuers’ second round of press releases repeated the false statement
20 that NVC Fund Holdings Trust’s “trillion” dollar valuation was supported by
21 “financial statements” that were audited by a “CPA firm”.

22 216. As discussed above and in paragraphs 203-208, Preparer A and
23 Standards and Partners only conducted a “review” of the financial statements of NVC
24 Fund Holding Trust, and not an independent verification of the NVC Fund Holding
25 Trust’s or NVC Fund’s assets or bank accounts.

26 217. During the relevant time period, no audit of NVC Fund Holding Trust’s
27 or NVC Fund’s financial statements was conducted by Standards and Partners.

28 218. As discussed above, in the August 2017 report, Preparer A and

1 Standards and Partners stated that “we do not express an audit opinion” because its
2 review was “substantially less in scope than an audit conducted in accordance with
3 International Standards on Auditing,” and that they could not “reconcile [NVC Fund
4 Holding Trust’s] bank accounts” because “[t]he reconciliation letters did not come
5 from the Banks.” The August 2017 report was not referenced in any of the six press
6 releases at issue, nor was it filed with CHIT’s Form 8-K and Form 8-K/A at issue.

7 219. It would have been important to a reasonable investor to know that
8 neither NVC Fund nor NVC Fund Holding Trust were audited during the relevant
9 time period because, among other things, the Issuers were purchasing assets of NVC
10 Fund and NVC Fund Holding Trust.

11 220. It would have been important to a reasonable investor to know that the
12 “USD \$10 trillion” valuation of NVC Fund Holdings Trust was not supported by
13 audited financial statements because, among other things, statements about the value
14 of NVC Fund Holdings Trust affected the value of NVC Fund, the assets of which
15 were being purchased by the Issuers.

16 **b. The second round of announcements falsely stated that the**
17 **assets the issuers acquired had a AAA rating and that the**
18 **assets were legitimately valued**

19 221. In the second round of announcements, Johnson and the Issuers also
20 misrepresented that NVC Fund Holding Trust’s assets had been legitimately valued
21 and legitimately rated “AAA” by a purported October 2017 “valuation” of the NVC
22 Fund Holding Trust business (the “October 2017 valuation report”) and a purported
23 October 2017 credit rating report (the “October 2017 credit rating report”).

24 222. Neither the October 2017 valuation report nor the October 2017 credit
25 rating report were legitimate.

26 223. The supposed “valuation” in the October 2017 valuation report was
27 prepared by Preparer A, the same individual that, through Standards and Partners,
28 purportedly “audited” NVC Fund Holdings and prepared the August 2017 report.

1 224. The supposed “credit rating” in the October 2017 credit rating report was
2 prepared by another person Ekejija found on social media on or about October 2017
3 (“Rater B”).

4 225. Rater B had advertised on social media his willingness to generate credit
5 rating reports for \$100.

6 226. Ekejija paid \$200 for the October 2017 credit rating report.

7 227. The October 2017 valuation report of NVC Holdings Trust and the
8 assets to be acquired are based on the August 2017 Standards and Partners’ “audit”
9 report.

10 228. The credit rating of the NVC Fund Holdings Trust and the assets to be
11 acquired in the October 2017 credit rating report are based on the October 2017
12 valuation report, which in turn is based on the August 2017 Standard and Partners
13 “audit” report.

14 229. As explained above, no such audit ever occurred.

15 230. In the period before the announcement, the Issuers’ own reports and
16 financial statements showed negative net total assets and losses:

17 (a) According to its 3Q 2017 Form 10-Q-A, filed August 9, 2017,
18 CHIT had negative net total assets and incurred net losses of about \$2.78 million in
19 the nine months ended May 31, 2017.

20 (b) CHIT’s financial statements for the quarter ending May 31, 2017
21 contained a “going concern” note.

22 (c) PDXP’s own financial statements (filed with OTC Markets Group
23 Inc. on March 6, 2018) for the quarter ending September 30, 2017, showed negative
24 net total assets and a \$1,277 operating loss for the quarter.

25 (d) VICT’s own financial statements (filed with OTC Markets Group
26 Inc. on November 16, 2017) for the quarter ending September 30, 2017, reported
27 negative net total assets and a loss of \$791,941 for the quarter.

28 231. It would have been important to a reasonable investor to know that the

1 valuation and credit rating of NVC Fund Holdings Trust, and thus the assets to be
2 acquired by the Issuers, were not in fact based on audited financials.

3 **3. Third Round of Materially False Public Announcements**

4 232. In a January 31, 2018 dated Form 8-K report filed on February 1, 2018,
5 with the SEC, CHIT stated that it had “entered into a Securities Purchase Agreement
6 ... by and among [CHIT], and NVC Fund LLC, a Delaware limited liability company
7 ..., and issuer of AAA rated trust units ...,” whereby “[CHIT] agreed to purchase ...
8 (5,114) Trust Units ... in exchange for One Hundred Million ... shares of [CHIT’s]
9 Series B Preferred Stock, valued at \$2.50 per share, or an aggregate value of Two
10 Hundred Fifty Million Dollars (\$250,000,000).” The Form 8-K was signed by
11 Johnson, as CHIT’s CEO.

12 233. The Form 8-K included a copy of the securities purchase agreement
13 between CHIT and NVC Fund.

14 234. The purchase agreement identified Exhibit A as the NVC Fund’s
15 valuation report and Exhibit B as NVC Fund’s audited financial statement. Neither
16 was attached to the Form 8-K.

17 235. In a March 19, 2018 dated Form 8-K/A filed with the SEC, CHIT stated
18 that it had “entered into a Securities Purchase Agreement ... by and among [CHIT],
19 and NVC Fund LLC, a Delaware limited liability company ..., and issuer of AAA
20 rated trust units ...,” whereby “[CHIT] agreed to purchase ... (5,114) Trust Units ...
21 in exchange for One Hundred Million ... shares of [CHIT’s] Series B Preferred
22 Stock, valued at \$2.50 per share, or an aggregate value of Two Hundred Fifty Million
23 Dollars (\$250,000,000).” The Form 8-K/A was signed by Johnson, as CHIT’s CEO.

24 236. The Form 8-K/A identified as Exhibit 2.1 the securities purchase
25 agreement.

26 237. The securities purchase agreement identified Exhibit B as NVC’s
27 audited financial statement.

28 238. NVC’s audited financial statement was not attached to Exhibit 2.1 or the

1 Form 8-K/A.

2 239. The Form 8-K/A identified as Exhibit 2.3 the October 2017 valuation
3 report and Exhibit 2.4 as the October 2017 credit rating report. Both were attached to
4 the Form 8-K/A.

5 **a. The third round of announcements contained the same false**
6 **statements as the first and second round of announcements**

7 240. As explained above and in paragraphs 195-231, the Form 8-K report's
8 representations as to the valuation and rating of the NVC Fund and its assets, and the
9 existence of audited financial statements were all false.

10 241. It would have been important to a reasonable investor to know that
11 neither NVC Fund nor NVC Fund Holding Trust were audited during the relevant
12 time period because, among other things, CHIT purchasing assets of NVC Fund and
13 NVC Fund Holding Trust.

14 242. It would have been important to a reasonable investor to know that the
15 trillion dollar valuation of NVC Fund Holdings Trust was not supported by audited
16 financial statements because, among other things, statements about the value of NVC
17 Fund Holdings Trust affected the value of NVC Fund, the assets of which were being
18 purchased by CHIT.

19 243. It would have been important to a reasonable investor to know that the
20 valuation and credit rating of NVC Fund Holdings Trust and NVC Fund, and thus the
21 assets to be acquired by the CHIT, were not in fact based on audited financials.

22 **4. Johnson, Ekejija, and NVC Fund Knew, Or were Reckless in not**
23 **Knowing, They Were Disseminating Materially Misleading**
24 **Statements**

25 **a. Ekejija**

26 244. Ekejija knew, or was reckless in not knowing, that he was pumping the
27 Issuers' stock with materially false and misleading information.

28 245. Before agreeing to proceed with the Issuers' public statements

1 concerning NVC Fund, on or about December 2017, Ekejija was told by Associate A
2 over electronic Skype message that once announced, the purported asset deals should
3 dramatically increase the Issuers' stock price, possibly allow them to then tap into a
4 "\$1 billion" line of credit, and potentially permit the Issuers to list their stock on
5 NASDAQ.

6 246. Knowing this, or being reckless in not knowing, Ekejija approved and
7 authorized the use of statements that would fraudulently inflate the Issuers' stock
8 price.

9 247. Ekejija knew, or was reckless in not knowing, that NVC Fund and NVC
10 Fund Holding Trust-related claims in the Issuers' press releases and SEC filings were
11 not true.

12 248. Ekejija knew, or was reckless in not knowing, that the statement that
13 NVC Fund Holdings Trust "manage[s] assets supported by CPA firm audited
14 financial statements valued over USD 10 Trillion Dollars of Net Asset Value" was
15 false:

16 (a) Based on his review of the August 2017 report on or about August
17 2017, Ekejija knew, or was reckless in not knowing, that Standards and Partners had
18 not audited NVC Fund or NVC Fund Holdings Trust.

19 (b) On or about August 2017, Ekejija asked Associate A via
20 electronic Skype message why the August 2017 report was a "financial statement
21 review" and not a "Financial Statement Audited Report."

22 (c) On or about August 2017, in response to Associate A's statement
23 that a "financial statement review" "may mean the same" as a "Financial Statement
24 Audited Report," Ekejija explained to Associate A via electronic Skype message that
25 "[a] financial review is an interim report midway between end of year financial
26 statement."

27 (d) Based on his review of the August 2017 report on or about August
28 2017, Ekejija knew, or was reckless in not knowing, that the August 2017 report was

1 only a financial review that did not independently verify the fund’s assets.

2 (e) During testimony with the SEC on October 18, 2018, Ekejija
3 stated that with the August 2017 report, he “did not get an [audited report],” that he
4 “wanted an audited financial statement” from Standards and Partners but that
5 Preparer A told Ekejija “we cannot – we can’t give you [an audited financial
6 statement] – [the financial review] is the best [Standards can provide].”

7 249. Ekejija knew, or was reckless in not knowing, that the statements
8 regarding the valuation and credit rating of NVC Fund Holding Trust were false:

9 (a) Ekejija understood that the asset valuation had to be supported by
10 audited financial statements, and further understood that NVC Fund’s “AAA” credit
11 rating relied on the asset valuation.

12 (b) As discussed above, neither the asset valuation nor the credit
13 rating were supported by an audit.

14 (c) As discussed above, Ekejija knew that neither the asset valuation
15 nor the credit rating were supported by an audit.

16 (d) Ekejija also knew that the basis for the credit rating was fictitious.

17 (e) Between October 12 and 14, 2017, Ekejija repeatedly rejected
18 Rater B’s report that did not provide NVC Fund’s assets with a “AAA” rating.

19 (f) Only after Ekejija pressured him did Rater B, in or about October
20 14, 2017, revise the rating to “AAA.”

21 (g) After a court ordered Ekejija and NVC Fund to produce
22 documents in response to the SEC June 2018 subpoena requesting documents
23 supporting the valuation, Ekejija produced, among other things:

24 i. A purported Treasury Direct account and related asset
25 transactions representing that NVC Fund’s assets were held at that institution; and

26 ii. Account statements and confirmations of funds dated
27 between 2012 to 2015 purporting to show billions, and at one point a trillion, in assets
28 held at U.S. Capital Bank, U.S. Capital Funding II Series Trust 1, and US Capital

1 Investments II (HK) Limited, some of which are signed by “Robert Fowler.”

2 iii. U.S. Capital Funding II Series Trust 1 was a defendant in a
3 prime bank fraudulent scheme charged in *SEC v. Robert Fowler et al.*, Civil Action
4 No. 1:13-CV-1656-SCJ (N.D. Ga July 2014), where the SEC alleged that “U.S.
5 Capital Funding II Series Trust 1 (a/k/a US Capital Investments II (HK) Limited)”
6 and Fowler, the CEO and control person of U.S. Capital Funding II Series Trust 1,
7 defrauded at least three investors, resulting in the defendants obtaining \$350,000
8 from the investors purportedly, among other things, to generate shared investment
9 returns, but instead used those funds for personal expenses. The SEC also alleged
10 that U.S. Capital Funding II Series Trust 1 misrepresented that it had a “S&P Triple-
11 A (AAA) rating” and assets “valued in the Trillions.” The SEC alleged that U.S.
12 Capital Funding II Series Trust 1 “was officially dissolved in February 2012, but
13 Fowler continues to use the company’s name in his solicitation of prospective
14 investors.” U.S. Capital Funding II Series Trust 1’s assets were frozen, and a default
15 judgment for violations of Section 10(b) of the Securities Exchange Act and Section
16 17(a) of the Securities Act, was entered against it and Fowler.

17 250. Because Ekejija controlled NVC Fund Holdings Trust and NVC Fund,
18 his scienter may be attributed to NVC Fund.

19 **b. Johnson**

20 251. Johnson knew, or was reckless in not knowing, that he was pumping the
21 Issuers’ stock with false information.

22 252. Johnson also knew, or was reckless in not knowing, that the statement
23 that NVC Fund Holdings Trust “manage[s] assets supported by CPA firm audited
24 financial statements valued over USD 10 Trillion Dollars of Net Asset Value” was
25 false.

26 253. Johnson also knew, or was reckless in not knowing, that the Issuers’
27 statement that NVC Fund Holdings Trust “manage[s] assets supported by CPA firm
28 audited financial statements valued over USD 10 Trillion Dollars of Net Asset Value”

1 would fraudulently increase the Issuers' stock price.

2 254. Before entering into the NVC Fund deals, Johnson received NVC Fund's
3 purported August 2017 "audit" report, the October 2017 valuation report, and the
4 October 2017 credit rating report from Ekejija and/or NVC Fund.

5 255. In testimony to the SEC on December 12, 2019, Johnson acknowledged
6 that NVC Fund Holding Trust's and NVC Fund's asset valuation "was substantial"
7 and that at the time of making the relevant statements concerning NVC Fund Holding
8 Trust and NVC Fund, he wondered how the size of those entities "g[ot] to be this
9 big," and "how did [Ekejija] get to be this size."

10 256. Despite these unresolved questions and/or red flags in his own mind,
11 Johnson did nothing to independently verify the claims.

12 257. Johnson never reviewed the August 2017 report, the October 2017
13 valuation report, or the October 2017 credit rating report in detail to verify their
14 conclusions.

15 258. Before considering the NVC Fund deals, Johnson had never heard of
16 Standards and Partners or Saifur Rahman and Associates.

17 259. Apart from potentially checking websites for the entities that employed
18 Preparer A and Rater B, Johnson did not verify the existence or status of Standards
19 and Partners or Saifur Rahman and Associates with which Preparer A and Rater B
20 purported to be associated.

21 260. Despite conducting no independent verification of the August 2017
22 report, the October 2017 valuation report, or the October 2017 credit rating report,
23 Johnson prepared and approved the issuance of the announcements and the Forms 8-
24 K.

25 261. Despite conducting no independent verification of the August 2017
26 report, the October 2017 valuation report, or the October 2017 credit rating report,
27 Johnson issued false public statements about the acquisition of \$700 million in assets.

28 262. In the public announcements, Form 8-K, and Form 8-K/A, Johnson

1 omitted from those public statements the August 2017 report.

2 263. As discussed above, the August 2017 report stated that Standards and
3 Partners had not conducted an audit or independent asset verification of any kind.

4 264. Johnson knew, or was reckless in not knowing, that the statements
5 regarding the Issuers' acquisition of NVC Fund's assets worth hundreds of millions
6 of dollars were misleading.

7 265. As discussed above, in the period before the announcement, the Issuers'
8 own reports and financial statements showed negative net total assets and losses:

9 (a) According to its 3Q 2017 Form 10-Q-A, filed August 9, 2017,
10 CHIT had negative net total assets and incurred net losses of about \$2.78 million in
11 the nine months ended May 31, 2017.

12 (b) CHIT's financial statements for the quarter ending May 31, 2017
13 contained a "going concern" note.

14 (c) PDXP's own financial statements (filed with OTC Markets Group
15 Inc. on March 6, 2018,) for the quarter ending September 30, 2017, showed negative
16 net total assets and a \$1,277 operating loss for the quarter.

17 (d) VICT's own financial statements (filed with OTC Markets Group
18 Inc. on November 16, 2017) for the quarter ending September 30, 2017, reported
19 negative net total assets and a loss of \$791,941 for the quarter.

20 266. Because he controlled the Issuers, Johnson was the maker of each of the
21 Issuers' false and misleading public statements.

22 **5. The Issuers' Stock Prices Increased Significantly After Each Public**
23 **Statement**

24 267. Following these three rounds of public statements, the stock price for
25 each of the Issuers and their trading volume increased significantly.

26 268. The price and volume moved as follows after the the public statements:
27
28

ISSUER	1 ST ROUND OF PRESS RELEASES		2 ND ROUND OF PRESS RELEASES		3 RD ROUND: CHIT FORM 8-K	
	% change in share price following announcement	% change in trade volume following announcement	% change in share price following announcement	% change in trade volume following announcement	% change in share price following announcement	% change in trade volume following announcement
CHIT	+ 250%	+5,168%	+ 42.9%	+ 193.4%	+ 14.3%	+ 237%
PDXP	- 28.6%	+ 59.8%	+ 9.8%	- 44%		
VICT	+ 83%	+ 345.7%	+ 123%	+461.7%		

FIRST CLAIM FOR RELIEF

Fraud in the Connection with the Purchase or Sale of Securities Violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) (against Defendant Johnson)

269. The SEC realleges and incorporates by reference paragraphs 1 through 268 above.

270. In connection with the CHIT offering and the sale of the Issuer shares after the three announcements, Defendant Johnson misled and deceived market professionals, namely the transfer agent and brokerage firm. Johnson executed a CHIT settlement agreement with Company A that falsely stated that certain Creditor B debts in the Section 3(a)(10) transaction were accurately described, *bona fide*, and outstanding. Johnson also publicly deployed materially false press releases and SEC filings concerning NVC Fund Holding Trust's and NVC Fund's false asset valuation in connection with the purchase or sale of the Issuers' stock.

271. By engaging in the conduct described above, Defendant Johnson, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

272. Defendant Johnson, with scienter, made untrue statements of a material

1 fact or omitted to state a material fact necessary in order to make the statements
2 made, in the light of the circumstances under which they were made, not misleading
3 by the conduct described in detail above.

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

8 **SECOND CLAIM FOR RELIEF**

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

10 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5(a) and (c)** 11 **(against Defendants Johnson, Everett, Ekejija, and NVC Fund)**

12 274. The SEC realleges and incorporates by reference paragraphs 1 through
13 268 above.

14 275. Defendants Johnson, Ekejija, and NVC Fund misled and deceived
15 investors and prospective investors about the valuation and credit rating of NVC
16 Fund Holding Trust and the acquisition target NVC Fund, the validity of the audit of
17 NVC Fund Holding Trust's valuation, and the Issuers' acquisition of hundreds of
18 millions of dollars of assets.

19 276. Defendant Everett misled and deceived market professionals, namely the
20 transfer agent and brokerage firm, about the validity of the Section 3(a)(10)
21 exemption in the VICT transactions.

22 277. Defendant Johnson misled and deceived market professionals, namely
23 the transfer agent and brokerage firm, about the validity of the Section 3(a)(10)
24 exemption in the CHIT transaction.

25 278. By engaging in the conduct described above, Defendants Johnson,
26 Everett, Ekejija, and NVC Fund, and each of them, directly or indirectly, in
27 connection with the purchase or sale of a security, and by the use of means or
28 instrumentalities of interstate commerce, of the mails, or of the facilities of a national

1 securities exchange: (a) employed devices, schemes, or artifices to defraud; and (b)
2 engaged in acts, practices, or courses of business which operated or would operate as
3 a fraud or deceit upon other persons.

4 279. Defendants Johnson, Everett, Ekejija, and NVC Fund, with scienter,
5 employed devices, schemes and artifices to defraud; and engaged in acts, practices or
6 courses of conduct that operated as a fraud on the investing public by the conduct
7 described in detail above.

8 280. By engaging in the conduct described above, Defendants Johnson,
9 Everett, Ekejija, and NVC Fund, violated, and unless restrained and enjoined will
10 continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and
11 Rules 10b-5(a) and 10b-5(c) thereunder, 17 C.F.R. §§ 240.10b-5(a) & 240.10b-5(c).

12 **THIRD CLAIM FOR RELIEF**

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

14 **Violations of Section 17(a)(2) of the Securities Act**

15 **(against Defendant Everett)**

16 281. The SEC realleges and incorporates by reference paragraphs 1 through
17 268 above.

18 282. In connection with the VICT offerings, Defendant Everett caused VICT
19 to falsely state in the representations and warranties section of its settlement
20 agreement with Company A that the Creditor A debt included in the VICT Section
21 3(a)(10) transactions was accurately described, *bona fide*, and outstanding. This
22 information was material, and Everett obtained \$190,000 as result.

23 283. By engaging in the conduct described above, Defendant Everett, directly
24 or indirectly, in the offer or sale of securities, and by the use of means or instruments
25 of transportation or communication in interstate commerce or by use of the mails
26 directly or indirectly obtained money or property by means of untrue statements of a
27 material fact or by omitting to state a material fact necessary in order to make the
28 statements made, in light of the circumstances under which they were made, not

1 misleading.

2 284. Defendant Everett, with scienter or negligence, obtained money or
3 property by means of untrue statements of a material fact or by omitting to state a
4 material fact necessary in order to make the statements made, in light of the
5 circumstances under which they were made, not misleading.

6 285. By engaging in the conduct described above, Defendant Everett violated,
7 and unless restrained and enjoined will continue to violate, Section 17(a)(2) of the
8 Securities Act, 15 U.S.C. § 77q(a)(2).

9 **FOURTH CLAIM FOR RELIEF**

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

11 **Violations of Sections 17(a)(1) and (3) of the Securities Act**

12 **(against Defendants Johnson and Everett)**

13 286. The SEC realleges and incorporates by reference paragraphs 1 through
14 268 above.

15 287. Defendant Everett misled and deceived market professionals, namely the
16 transfer agent and brokerage firm, about the validity of the Section 3(a)(10)
17 exemption in the VICT transactions.

18 288. Defendant Johnson misled and deceived market professionals, namely
19 the transfer agent and brokerage firm, about the validity of the Section 3(a)(10)
20 exemption in the CHIT transaction.

21 289. By engaging in the conduct described above, Defendants Johnson and
22 Everett, and each of them, directly or indirectly, in the offer or sale of securities, and
23 by the use of means or instruments of transportation or communication in interstate
24 commerce or by use of the mails directly or indirectly: (a) employed devices,
25 schemes, or artifices to defraud; and (b) engaged in transactions, practices, or courses
26 of business which operated or would operate as a fraud or deceit upon the purchaser.

27 290. Defendants Johnson and Everett, with scienter, employed devices,
28 schemes and artifices to defraud; and, with scienter or negligence, engaged in

1 transactions, practices, or courses of business which operated or would operate as a
2 fraud or deceit upon the purchaser.

3 291. By engaging in the conduct described above, Defendants Johnson and
4 Everett violated, and unless restrained and enjoined will continue to violate,
5 Sections 17(a)(1) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1)
6 & 77q(a)(3).

7 **FIFTH CLAIM FOR RELIEF**

8 **Unregistered Offer or Sale of Securities**

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

10 **(against Defendants Johnson and Everett)**

11 292. The SEC realleges and incorporates by reference paragraphs 1 through
12 268 above.

13 293. Defendant Johnson offered and sold shares of VICT and CHIT in
14 securities transactions not registered with the SEC.

15 294. VICT and CHIT offered and sold shares of VICT and CHIT respectively
16 in securities transactions not registered with the SEC.

17 295. Company A offered and sold shares of VICT and CHIT in unregistered
18 securities transactions.

19 296. None of the offers and sales were registered with the SEC, and no
20 exemption from registration applied.

21 297. Johnson directly participated in the offer and sale of the unregistered
22 securities in the VICT and CHIT transactions to Company A because he organized
23 and controlled the VICT and CHIT side of the Section 3(a)(10) transactions and
24 signed the settlement agreements pursuant to which the shares were issued.

25 298. Johnson indirectly participated in the offer and sale of the unregistered
26 securities in the VICT and CHIT transactions to Company A because he was a
27 necessary participant and substantial factor in those sales by, among other things, (a)
28 directing VICT and CHIT to engage in these Section 3(a)(10) transactions and, *inter*

1 *alia*, signing the settlement agreements with Company A that formed the basis for the
2 debt exchange; and (b) orchestrating the fabrication of the documentation that served
3 as the very basis of the debt for the securities transactions and secured the
4 cooperation of the purported original debtholder, Creditor B.

5 299. Everett indirectly participated in the offer and sale of the unregistered
6 securities in the VICT transactions to Company A because he was a necessary
7 participant and substantial factor in those sales by, among other things, orchestrating
8 the fabrication of the documentation that served as the very basis of the debt for the
9 securities transactions and secured the cooperation of the purported original
10 debtholder, Creditor A.

11 300. Johnson and Everett indirectly participated in Company A's offer and
12 sale of the VICT and CHIT securities (Johnson as to both the CHIT and VICT
13 transactions; Everett as to the VICT transactions only) because they were necessary
14 participants and substantial factors in those sales by, among other things, (a) Johnson
15 organizing and controlling the VICT and CHIT side of the Section 3(a)(10)
16 transactions and signing the settlement agreements pursuant to which the shares were
17 issued; (b) Johnson orchestrating the fabrication of the documentation that served as
18 the very basis of the debt for the securities transactions and securing the cooperation
19 of one of the purported original debtholders, Creditor B; and (c) Everett orchestrating
20 the fabrication of the documentation that served as the very basis of the debt for the
21 securities transactions and securing the cooperation of one of the purported original
22 debtholders, Creditor A.

23 301. By engaging in the conduct described above, Defendants Johnson and
24 Everett, each of them, directly or indirectly, singly and in concert with others, have
25 made use of the means or instruments of transportation or communication in
26 interstate commerce, or of the mails, to offer to sell or to sell securities, or carried or
27 caused to be carried through the mails or in interstate commerce, by means or
28 instruments of transportation, securities for the purpose of sale or for delivery after

1 sale, when no registration statement had been filed or was in effect as to such
2 securities, and when no exemption from registration was applicable.

3 302. By engaging in the conduct described above, Defendants Johnson and
4 Everett have violated, and unless restrained and enjoined will continue to violate,
5 Sections 5(a) and 5(c), 15 U.S.C. §§ 77e(a) & 77e(c).

6 **PRAYER FOR RELIEF**

7 WHEREFORE, the SEC respectfully requests that the Court:

8 **I.**

9 Issue findings of fact and conclusions of law that Defendants committed the
10 alleged violations.

11 **II.**

12 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
13 Civil Procedure, permanently enjoining Defendants Johnson and Everett, and their
14 officers, agents, servants, employees and attorneys, and those persons in active
15 concert or participation with any of them, who receive actual notice of the judgment
16 by personal service or otherwise, and each of them, from violating Section 17(a) of
17 the Securities Act [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange Act [15
18 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

19 **III.**

20 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of
21 Civil Procedure, permanently enjoining Defendants Ekejija and NVC Fund, and their
22 officers, agents, servants, employees and attorneys, and those persons in active
23 concert or participation with any of them, who receive actual notice of the judgment
24 by personal service or otherwise, and each of them, from violating Section 10(b) of
25 the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R.
26 § 240.10b-5].

27 **IV.**

28 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of

1 Civil Procedure, permanently enjoining Defendants Johnson and Everett, and their
2 officers, agents, servants, employees and attorneys, and those persons in active
3 concert or participation with any of them, who receive actual notice of the judgment
4 by personal service or otherwise, and each of them, from violating Sections 5(a)
5 and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) & 77e(c)].

6 **V.**

7 Order Defendant Everett to disgorge all funds received from their illegal
8 conduct, together with prejudgment interest thereon.

9 **VI.**

10 Order Defendants Johnson, Everett, Ekejija, and NVC Fund to pay civil
11 penalties under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and/or
12 Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

13 **VII.**

14 Bar Defendants Johnson and Everett from acting as an officer or director of
15 any issuer that has a class of securities registered pursuant to Section 12 of the
16 Exchange Act, 15 U.S.C. § 781 or that is required to file reports pursuant to
17 Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), pursuant to pursuant to
18 Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the
19 Exchange Act, 15 U.S.C. § 78u(d)(2).

20 **VIII.**

21 Bar Defendants Johnson and Everett from participating in any offering of a
22 penny stock, including: acting as a promoter, finder, consultant, agent or other person
23 who engages in activities with a broker, dealer or issuer for purposes of the issuance
24 or trading in any penny stock, or inducing or attempting to induce the purchase or
25 sale of any penny stock under Section 20(g) of the Securities Act and
26 Section 21(d)(6) of the Exchange Act.

27 **IX.**

28 Retain jurisdiction of this action in accordance with the principles of equity and

1 the Federal Rules of Civil Procedure in order to implement and carry out the terms of
2 all orders and decrees that may be entered, or to entertain any suitable application or
3 motion for additional relief within the jurisdiction of this Court.

4 **X.**

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

7 Dated: September 30, 2020

Respectfully Submitted,

8
9 */s/ Michael R. Sew Hoy*

10 MICHAEL R. SEW HOY

11 ROBERTO A. TERCERO

12 MANUEL VAZQUEZ

13 Attorneys for Plaintiff

14 Securities and Exchange Commission
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APPENDIX A**ANNOUNCEMENTS AND FORMS 8-K**

Issuer	1 st Round of Press Releases	2 nd Round of Press Releases	3 rd Round: Form 8-K
CHIT	1/3/18	1/16/18	2/1/18 – Form 8-K 3/19/18 – Form 8-K/A
PDXP	1/4/18	1/17/18	
VICT	1/4/18	1/12/18	