

Sealed

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: **19 24822**

SECURITIES AND EXCHANGE COMMISSION,)

Plaintiff,)

v.)

NIT ENTERPRISES, INC. (Delaware),)

NIT ENTERPRISES, INC. (Florida),)

NIT ENTERPRISES FL, INC.,)

GARY R. SMITH,)

JASON M. GANTON, and)

JAMES E. CLEARY,)

Defendants, and)

ARIADNI SMITH, a/k/a "AUDREY CARRESE,")

Relief Defendant.)

CIV - COOKE

FILED BY _____ D.C.
NOV 21 2019
ANGELA E. NOBLE
CLERK U.S. DIST. CT.
S. D. OF FLA. - MIAMI

/GOODMAN

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

INTRODUCTION

1. The Commission brings this emergency action to stop an ongoing scheme that has defrauded at least 100 investors nationwide and in Canada, most of whom are seniors, out of at least \$4.9 million since 2015, and continues to defraud new and existing investors.

2. As part of the fraud, Defendants NIT Enterprises, Inc. (a Delaware corporation) ("NIT Delaware"), NIT Enterprises, Inc. (a Florida corporation) ("NIT Florida"), NIT Enterprises FL, Inc. ("NIT Enterprises," and, collectively with NIT Delaware and NIT Florida, "NIT"), Gary R. Smith, Jason M. Ganton, and James E. Cleary made a series of material misrepresentations and

omissions and diverted investor proceeds to themselves and entities they control for their personal gain. Their scheme and misrepresentations to investors are ongoing.

3. First, Defendants falsely represented to investors that NIT was raising money to fund its efforts to research and develop its radiation protection products, which investors were told would generate significant returns. In truth, Defendants NIT and Smith used only a small amount of funds for development of its products and omitted that Smith misappropriated significant sums of investor funds through diversions to personal bank accounts, to Relief Defendant Ariadni Smith, and to pay for personal expenses, and misused funds to pay large undisclosed commissions to unregistered brokers, including Defendants Ganton and Cleary.

4. Second, NIT and Smith used unregistered and barred brokers, including Ganton and Cleary, to raise funds through the unlawful sale of unregistered securities. NIT and Smith paid Ganton and Cleary to act as brokers, and Ganton and Cleary solicited investors and sold NIT shares even after the Commission in September 2016 prohibited them from associating with a broker or dealer and from participating in penny stock offerings. In order to conceal his prior disciplinary history, Ganton, with the help of NIT and Smith, used false names to solicit investors.

5. Third, in their solicitations and NIT promotional materials, Defendants made baseless and false representations regarding NIT's future profitability and plan to become a publicly traded and reporting company. Since at least 2015, Defendants repeatedly represented to investors that NIT was preparing to engage in an initial public offering and soon would become a publicly traded reporting company, creating an expectation that investors would double or triple their investment. However, NIT never filed a registration statement with the Commission for a public offering of securities, much less had such a registration statement declared effective.

6. Through their fraudulent conduct, Defendants received millions of dollars of investor proceeds by violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder. In addition, Ganton and Cleary violated Sections 15(a) and 15(b)(6)(B) of the Exchange Act, and Defendant Smith aided and abetted those violations. Unless restrained and enjoined, Defendants are reasonably likely to continue to engage in violations of the federal securities laws.

THE DEFENDANTS AND RELIEF DEFENDANT

7. **NIT** consists of three entities: NIT Delaware, incorporated in Delaware in May 2014, NIT Enterprises, incorporated in Florida in May 2014, and NIT Florida, incorporated in Florida in June 2016. NIT’s principal place of business is in Palm Beach Gardens, Florida. Until March 2016, NIT Delaware was majority owned by a Florida public microcap issuer, and was formed for the purpose of permitting the issuer to spin-off its claimed Nucleotide technology. NIT and its investment offerings are not registered with the Commission in any capacity. During the relevant period, NIT’s securities qualified as a “penny stock” because they did not meet any of the exceptions from the definition of a “penny stock,” as defined by Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder. Among other things, the securities were equity securities: (1) that were not an “NMS stock,” as defined in 17 CFR 242.600(b)(47); (2) traded below five dollars per share during the relevant period; (3) whose issuer had net tangible assets and average revenue below the thresholds of Rule 3a51-1(g)(1); and (4) did not meet any of the other exceptions from the definition of “penny stock” contained in Rule 3a51-1 under the Exchange Act.

8 **Smith**, age 49, resides in West Palm Beach, Florida. Smith is CEO of NIT. Smith served as Director and CEO of the Florida public microcap issuer referred to in paragraph 7 until

March 2016, when he resigned. Smith has never been associated with any entity registered with the Commission and has no prior disciplinary history.

9 **Ganton**, age 48, resides in Miami, Florida. From 1995 to 2012, Ganton was a registered representative associated with numerous registered broker-dealers. In September 2016, the SEC charged Ganton with violations of Section 15(a) of the Exchange Act for acting as an unregistered broker-dealer in the offer and sale of securities of microcap issuer eCareer Holdings, Inc. (*In the Matter of Jason M. Ganton*, AP File No. 3-17598, Sept. 29, 2016). Ganton agreed to settle the charges and was ordered to pay disgorgement of \$155,600, prejudgment interest of \$2,863, a civil penalty of \$7,500 (most of which remains unpaid) and was subject to a collateral industry bar (which included a bar from association with a broker or dealer), a penny stock bar, and an investment company prohibition. Ganton is not, and was not at the time of the conduct described herein, registered with the Commission in any capacity.

10. **Cleary**, age 47, resides in Boca Raton, Florida. From 1996 to 2006, Cleary was a registered representative associated with various registered broker-dealers. In 2007, the NASD revoked Cleary's registration for failure to pay fines and/or costs in an NASD case. In September 2016, the SEC charged Cleary for his violations of the broker-dealer registration provisions in the eCareer case (*In the Matter of James E. Cleary, Jr.*, AP File No. 3-17597, Sept. 29, 2016). Cleary agreed to settle the charges and was ordered to pay disgorgement of \$143,250, prejudgment interest of \$3,490, a civil penalty of \$7,500 (all of which remain unpaid) and was subject to collateral industry bar (which included a bar from association with a broker or dealer), a penny stock bar, and an investment company prohibition. Cleary is not, and was not at the time of the conduct described herein, registered with the Commission in any capacity.

11. **Ariadni Smith**, age 48, is a resident of West Palm Beach, Florida. Ariadni Smith is employed as an Executive Assistant with NIT and is the wife of Smith. Defendants NIT and Smith distributed illicit proceeds of the fraud alleged herein to Ariadni Smith.

JURISDICTION AND VENUE

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

13. This Court has personal jurisdiction over Defendants and venue is proper in the Southern District of Florida, because many of Defendants' acts and transactions constituting the violations of the Securities Act and Exchange Act occurred in the Southern District of Florida. Moreover, NIT's principal place of business is in the Southern District of Florida and Smith, Ganton, Cleary and Ariadni Smith reside in the Southern District of Florida.

14. In connection with the conduct alleged in this Complaint, Defendants, directly or indirectly, singly or in concert with others, made use of the means or instruments of transportation and communication in interstate commerce, and the mails.

THE FRAUDULENT SCHEME

A. NIT Fraudulent Scheme

15. Beginning at least as early as March 2015, Defendants executed a fraudulent scheme through which they have obtained at least \$4.9 million from investors in the Southern District of Florida and nationwide.

16. NIT claims to develop "genetic material solutions" in order to, among other things, produce lightweight X-ray protection garments for medical and military applications as well as to protect against terrorist attacks, such as "dirty" nuclear bombs. NIT claims to have several agreements or partnerships with other entities that are assisting with the testing and production of

the X-ray protection garments. In offering materials intended to lure prospective investors into investing, NIT describes purported scientific applications, lab testing, production processes, as well as information regarding scientific research and background of several board members.

17. NIT provides prospective investors with an NIT Executive Summary, a stock subscription agreement and a link to further information on NIT's website. The Executive Summary provides general information about the company, its directors and management, and NIT's technology and various business relationships to further its research and development, and ultimate production, of its X-ray protection garments and materials.

18. NIT's website and Executive Summary make inconsistent representations regarding NIT's timing for going public. For example, a June 2016 investor update stated that NIT "plans to enter the public market, filing Form S-1 (IPO) in Q-2, 2016." NIT's current website, which appears to not be updated, states the company "has prepared an S-1 registration for the SEC. With this filing expected in 2018, NIT would become an independent full reporting, audited, public company."

19. NIT's subscription agreement states that the investor had a substantive and pre-existing relationship with NIT before investing. In fact, most investors were cold called by the Defendants and had never heard of NIT before the initial solicitation.

20. In direct communications with investors, Defendants assured them of NIT's future profitability. Investors were told that NIT was an excellent investment and its price per share would go up once it went public. In one email communication to an investor, Smith stated that NIT's share price would have a "definite increase" to \$2.00 later in the year. In 2018 and 2019, NIT sent investors several updates that referenced the need to raise capital for design, production efforts and materials, "until profits break even with costs as production grows."

B. Defendants' Solicitation of Investors

21. Smith, on behalf of NIT, hired Ganton, Cleary, and other unregistered or SEC barred sales agents to solicit investors. Smith provided the sales agents with self-described "cold call" scripts as well as sales materials to use when soliciting investors. Primarily through cold-calls, Ganton, Cleary, and other unregistered sales agents pitched to investors that NIT was close to developing and producing radiation protective materials using an innovative technology, and that it was garnering much interest from other companies because it would yield significant profits. Defendants pressured prospective investors to invest by making oral and written representations regarding the value of NIT's future business prospects, including that an NIT IPO was coming soon, that the share price for NIT would "double or triple," and that the investor was being offered shares at a discount for various reasons. Some investors were sold shares in NIT for as little as \$0.07 per share or as much as \$1, with no discernible reason for the changing prices.

22. Investors who invested between 2015 and August 2019 were solicited directly by Smith, Ganton, Cleary, or other individuals working for or on behalf of NIT. Through cold call solicitations, investors were led to believe that their investment funds were used by NIT primarily for research, development, and production of the X-ray protection garment. Investors relied on the Defendants' claims that NIT's X-ray protection garment has entered the final stages of production and that an IPO is imminent.

C. Misrepresentations and Omissions to Investors and Other Deceptive Conduct

23. Defendants told investors that NIT shares were an excellent investment while falsely representing that investor proceeds would fund NIT's efforts to research and develop its X-ray protection garment technology. However, analysis of NIT's bank records shows that of the \$4.9 million raised from investors, Smith has misappropriated 25% through payments to Ariadni

Smith, (his wife, the Relief Defendant), and himself for personal expenses. Bank records also reflect that Smith and NIT have paid 25% of investor proceeds as compensation to unregistered sales agents. Despite the Defendants' recent claims that NIT was raising funds to pay for raw materials and other development-related expenses, bank records show few expenditures on such items. Moreover, NIT's bank records do not indicate any revenue or sales proceeds from the sale of its X-ray protection garments.

24. In September 2016, the Commission barred Ganton and Cleary, which, as they both knew, included bars prohibiting them from associating with a broker or dealer participating in penny stock offerings. Nevertheless, shortly after the institution of their bars, both Ganton and Cleary continued to solicit investors to purchase NIT stock, a penny stock.

25. With the knowledge and approval of NIT and Smith, Ganton and Cleary acted as brokers, soliciting investors on behalf of NIT. Furthermore, in email communications in December 2016, Smith suggested to Ganton that Ganton change his name, "*legally . . . Something close but yet wont [sic] come up on a Google [search].*" Thereafter, Ganton used an alias name and email account while soliciting investors to purchase NIT shares. In another email, Smith sent Ganton's IRS Form 1099-MISC to Ganton's personal email account and to another email account for "Jason Garrett," an alias used by Ganton with investors. Smith also emailed Ganton in March 2017, warning him: "*Jason, the accountant is here today and hes [sic] looking for our W 9s and NDAs. I dint [sic] want him looking you up on the Internet to try and locate your address. Send it in now.*"

26. Since at least 2015, Defendants have been making baseless and contradictory price projections in conjunction with their misrepresentations about the timing of NIT's purported IPO. Numerous investors were falsely told that they needed to purchase shares immediately because

NIT was about to go public and the price would go up to between \$2.00 and \$3.00 per share. At least one investor was informed that the per share price could go up as high as \$15.00 while others were told that it could “double or triple” in value. NIT thus far has never filed a registration statement with the Commission for a public offering of securities, much less had such a registration statement declared effective.

27. Additionally, in solicitations to investors, Defendants offered investors shares at a purportedly “discounted” price with the claim that the shares were valued at a \$1.00 per share. The claims that the shares were valued at \$1.00 per share and that investors would thus be receiving a discounted price were baseless.

28. Defendants continue to solicit and raise investor funds through the use of cold-calls and, for current NIT investors, newsletters purporting to update investors on NIT’s progress towards its development and production of its X-ray protection garment. Based on NIT’s bank records and investor statements, NIT is still soliciting investors and has deposited investor funds into NIT’s bank account received from investors as recently as August 2019. NIT’s website soliciting investments remains active.

29. The misappropriation and misuse of funds has gotten worse. Bank records show that in recent months, Smith now misappropriates as much as 50% of investor funds while paying commissions as high as 50% to unregistered sales agents. Recent investment deposits were quickly misappropriated and misspent, as illustrated by the following examples:

- Investor A invested \$68,000 in May 2019. Smith misappropriated 100% of the funds by transferring \$60,000 to an account under his control and paying over \$8,000 to his credit card.
- Investor B, a 75 year old retiree, invested \$99,980 in NIT shares in May 2019. On the same day, Smith and NIT paid \$49,925 to an unregistered sales agent, representing a 50% commission. Smith, through deceptive bank transfers using

pass-through entities under his control, misappropriated \$48,775, representing 49% of the investor proceeds.

- Investor B invested \$99,980 in June 2019. Once again, Smith and NIT paid \$49,925, or 50%, to an unregistered sales agent, while Smith misappropriated \$50,000 through the same types of deceptive bank transfers.

CLAIMS FOR RELIEF

COUNT I

Violations of Section 5(a) and 5(c) of the Securities Act (Against All Defendants)

30. The Commission repeats and realleges Paragraphs 1 through 29 of this Complaint as if fully set forth herein.

31. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this Complaint and no exemption from registration existed with respect to these securities and transactions.

32. Beginning in or about March 2015 and continuing through the present, Defendants, directly and indirectly:

(a) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;

(b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or

(c) made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise, as described herein, without a registration statement having been filed or being in effect with the Commission as to such securities.

33. By reason of the foregoing, Defendants violated and, unless restrained and enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C §§ 77e(a) and 77e(c)].

COUNT II
Fraud in the Offer or Sale of Securities in Violation of
Section 17(a)(1) of the Securities Act
(Against All Defendants)

34. The Commission repeats and realleges Paragraphs 1 through 29 of this Complaint as if fully set forth herein.

35. Beginning in or about March 2015 and continuing through the present, Defendants, directly and indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or of the mails, have knowingly or recklessly employed devices, schemes or artifices to defraud.

36. By reason of the foregoing, Defendants violated, and, unless restrained and enjoined are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III
Fraud in the Offer or Sale of Securities in
Violation of Section 17(a)(2) of the Securities Act
(Against All Defendants)

37. The Commission repeats and realleges Paragraphs 1 through 29 of this Complaint as if fully set forth herein.

38. Beginning in or about March 2015 and continuing through the present, Defendants, directly and indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or of the mails, have negligently obtained money or property by means of untrue statements of material facts and omissions to state material

facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

39. By reason of the foregoing, Defendants directly and indirectly violated, and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT IV
Fraud in the Offer or Sale of Securities in
Violation of Section 17(a)(3) of the Securities Act
(Against All Defendants)

40. The Commission repeats and realleges Paragraphs 1 through 29 of this Complaint as if fully set forth herein.

41. Beginning in or about March 2015 and continuing through the present, Defendants, directly and indirectly, in the offer or sale of securities, by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, have negligently engaged in transactions, practices, or courses of business which have operated, are now operating or will operate as a fraud or deceit upon the purchasers.

42. By reason of the foregoing Defendants violated and, unless restrained and enjoined, are reasonably likely to continue to violate Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

COUNT V
Fraud in Connection with the Purchase or Sale of Securities in
Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act
(Against All Defendants)

43. The Commission repeats and realleges Paragraphs 1 through 29 of this Complaint as if fully set forth herein.

44. Beginning in or about March 2015 and continuing through the present, Defendants, directly and indirectly, in connection with the purchase or sale of securities by use of any means

and instrumentalities of interstate commerce or by use of the mails, knowingly or recklessly have employed devices, schemes, or artifices to defraud in connection with the purchase or sale of securities.

45. By reason of the foregoing, Defendants violated, and unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(a) [17 C.F.R. § 240.10b-5(a)] thereunder.

COUNT VI
Fraud in Connection with the Purchase or Sale of Securities in Violation of
Section 10(b) and Rule 10b-5(b) of the Exchange Act
(Against All Defendants)

46. The Commission realleges and incorporates paragraphs 1 through 29 of this Complaint as if fully set forth herein.

47. Beginning in or about March 2015 and continuing through the present, Defendants directly and indirectly, in connection with the purchase or sale of securities by use of any means and instrumentalities of interstate commerce or of the mails, knowingly or recklessly made untrue statements of material facts or omitted to state material facts in order to make the statements made, in light of the circumstance in which they were made, not misleading.

48. By reason of the foregoing, Defendants violated, and unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)].

COUNT VII
Fraud in Connection with the Purchase or Sale of Securities in Violation of Section 10(b)
and Rule 10b-5(c) of the Exchange Act
(Against All Defendants)

49. The Commission repeats and realleges paragraphs 1 through 29 of this Complaint as if fully set forth herein.

50. Beginning in or about March 2015 and continuing through the present, Defendants directly or indirectly, in connection with the purchase or sale of securities by the use of the means or instrumentalities of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices, and course of business which have operated, are now operating, and will operate as a fraud upon the purchasers of such securities.

51. By reason of the foregoing, Defendants violated, and unless restrained and enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b) and Exchange Act Rule 10b-5(c) [17 C.F.R. § 240.10b-5(c)].

COUNT VIII
Unregistered Broker-Dealer Conduct in Violation of
Section 15(a)(1) of the Exchange Act
(Against Ganton and Cleary)

52. The Commission repeats and realleges paragraphs 1 through 29 of this Complaint as if fully set forth herein.

53. Beginning in or about March 2015 and continuing through the present, Defendants Ganton and Cleary, directly and indirectly, by the use of the mails or the means and instrumentalities of interstate commerce, while acting as or associated with a broker or dealer, effected transactions in, or induced or attempted to induce the purchase and sale of securities, while they were not registered with the Commission as a broker-dealer or when they were not associated with an entity registered with the Commission as a broker-dealer in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

54. By reason of the foregoing, Ganton and Cleary, violated and, unless restrained and enjoined, are reasonably likely to continue to violate, Section 15(a)(1) of the Exchange Act [15 U.S.C. §78o(a)(1)].

COUNT XIX
Aiding and Abetting Unregistered Broker-Dealer Conduct in Violation of
Section 15(a)(1) of the Exchange Act
(Against Smith)

55. The Commission repeats and realleges paragraphs 1 through 29 of this Complaint as if fully set forth herein.

56. Beginning in or about March 2015 and continuing through the present, Defendants Ganton and Cleary, directly and indirectly, by the use of the mails or the means and instrumentalities of interstate commerce, while acting as or associated with a broker or dealer, effected transactions in, or induced or attempted to induce the purchase and sale of securities, while they were not registered with the Commission as a broker or dealer or when they were not associated with an entity registered with the Commission as a broker-dealer in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

57. Smith knowingly or recklessly provided substantial assistance to Ganton and Cleary in connection with their violations of Section 15(a)(1) of the Exchange Act.

58. By reason of the foregoing, Smith and aided and abetted, and unless restrained and enjoined, is reasonably likely to continue to aid and abet Ganton and Cleary's violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]

COUNT X
Violation of a Commission Order
(Against Ganton and Cleary)

59. The Commission repeats and realleges paragraphs 1 through 29 of this Complaint as if fully set forth herein.

60. Beginning on or about September 29, 2016, and continuing through the present, Defendants Ganton and Cleary associated with a broker or dealer and participated in offering of penny stock in contravention of prior Commission orders prohibiting such activities.

61. By reason of the foregoing, Ganton and Cleary violated and, unless enjoined, are reasonably likely to continue to violate, Section 15(b)(6)(B) of the Exchange Act. [15 U.S.C. § 78o(b)(6)(B)].

COUNT XI
Aiding And Abetting Ganton and Cleary's Violation of a Commission Order
(Against Smith)

62. The Commission repeats and realleges paragraphs 1 through 29 of this Complaint as if fully set forth herein.

63. Beginning on or about September 29, 2016, and continuing through the present, Defendants Ganton and Cleary associated with a broker or dealer and participated in offering of penny stock in contravention of prior Commission orders prohibiting such activities, in violation of Section 15(b)(6)(B) of the Exchange Act, 15 U.S.C. § 78o(b)(6)(B).

64. Smith knowingly or recklessly provided substantial assistance to Ganton and Cleary in connection with their violations of Section 15(b)(6)(B) of the Exchange Act.

65. By reason of the foregoing, Smith and aided and abetted, and unless restrained and enjoined, is reasonably likely to continue to aid and abet Ganton and Cleary's violations of Section 15(b)(6)(B) of the Exchange Act, 15 U.S.C. § 78o(b)(6)(B).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court find the Defendants committed the violations alleged, and:

I.

Temporary Restraining Order, Preliminary Injunction and Permanent Injunction

Issue a Temporary Restraining Order, a Preliminary Injunction and a Permanent Injunction, restraining and enjoining Defendants NIT, Smith, Ganton and Cleary, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and

each of them, from violating Sections 5 and 17(a) of the Securities Act and Section 10(b), 15(a)(1), and 15(b)(6)(B) of the Exchange Act and Rule 10b-5 thereunder.

II.
Compliance with Prior Commission Orders

Issue an Order directing Ganton and Cleary to comply with the prior Commission Orders against them described in paragraphs 9 and 10 of this Complaint.

III.
Civil Money Penalties

Issue an Order directing Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78(d)].

IV.
Disgorgement and Prejudgment Interest

Issue an Order directing Defendants and Relief Defendant to disgorge all ill-gotten profits or proceeds received from investors as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest thereon.

V.
Asset Freeze

Issue an Order freezing the assets of all the Defendants and Relief Defendant, until further Order of the Court.

VI.
Sworn Accounting

Issue an Order directing Defendants and Relief Defendant to provide a sworn accounting of all assets and liabilities, including all monies and real properties directly or indirectly received from investors and all uses of investor funds.

VII.
Records Preservation

Issue an Order requiring all Defendants and the Relief Defendant to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

VIII.
Further Relief

Grant such other and further relief as may be necessary and appropriate.

IX.
Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

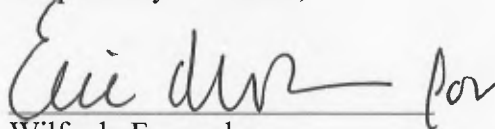
DEMAND FOR JURY TRIAL

The Commission hereby demands a trial by jury on any and all issues in this action so triable.

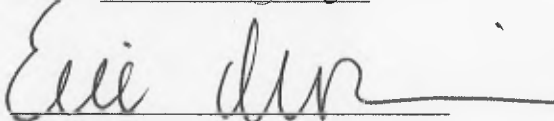
Dated: November 21, 2019

Respectfully submitted,

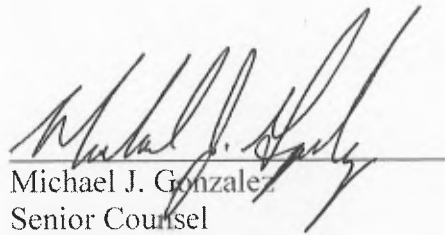
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