

Logistics, Inc., alleges as follows:

SUMMARY

1. From 2014 to 2017, Defendant Russell Craig and the company he controls, Defendant OneStep Financial Services, LLC (“OneStep” and, collectively with Craig, the “Defendants”), perpetrated multiple fraudulent real estate investment schemes, defrauding investors of over \$1 million. The Defendants misled investors about the use and safety of their investments, promising that their money would be placed in escrow and used to facilitate specific real estate projects. In fact, the Defendants removed investors’ money from escrow almost immediately after it was deposited there and used it for their own undisclosed and unrelated purposes.

2. In early 2014, Craig convinced an investor, a doctor with limited investment experience, to invest with OneStep in a condominium project in Atlanta. In so doing, Craig made two material misrepresentations. First, he promised the investor that his money would be safe – that it would be deposited into an escrow account and stay there. Second, Craig promised that the investor’s money would be used for a specific purpose – that with the money in escrow, OneStep could obtain a “proof of funds” that would allow the company to purchase the condominiums and refinance the property. Craig told the investor that his

funds would be released from escrow after OneStep purchased the condominiums and that OneStep would pay the investor a return of approximately \$335,000 within 90 days of refinancing.

3. Between June 2014 and May 2016, the investor invested \$932,150 in the condominium project, primarily by transferring money, at Craig's direction, to two escrow accounts. Contrary to Craig's misrepresentations, that money was not kept in escrow. Each time the investor deposited funds into OneStep's escrow account, it was promptly disbursed, at Craig's explicit direction and/or with his knowledge, among various accounts, ultimately arriving in the bank accounts of OneStep, Craig, Relief Defendant Prestige Global Trading, Relief Defendant Peter Baker, Relief Defendant Diversified Initiatives Logistics & Consulting, and Relief Defendant Elizabeth Oharriz. Those accounts were all controlled by either Craig, Baker, or Oharriz, each of whom used at least tens of thousands of dollars of the investor's money in the accounts they controlled for cash withdrawals and personal expenses.

4. Craig and OneStep effected a similar fraud in 2017 with a new real estate project and a new set of investors. Working through an Alabama-based real estate broker, the Defendants solicited a total of \$460,000 from five investors in Alabama. The real estate broker, acting on behalf of OneStep, told investors that

their money would be kept in escrow and used to obtain a “proof of funds” that would allow OneStep to redevelop a parcel of waterfront property in North Carolina owned by Georgetown Landing, LLC. He presented at least one of these investors with an escrow agreement stating that OneStep had established an escrow account with a Georgia attorney “for the purpose of transactional funding for the Georgetown Landing, LLC project.”

5. Four of these investments were documented in promissory notes and fee agreements, all signed by Craig on behalf of OneStep, promising to repay the investors’ principal within one month and guaranteeing a profit of 50%. The notes stated that they were secured by Georgetown Landing’s property, but neither Craig nor OneStep owned or had other authority to pledge that property as collateral.

6. The fifth investment came from the real estate broker’s mother, who signed a power of attorney that allowed her son to sell two of her properties for \$400,000 and transfer the proceeds to OneStep. The real estate broker, repeating what Craig had represented to him, told his mother that the proceeds would be used in a real estate transaction involving Georgetown Landing’s property and promised that she would receive a \$50,000 return on her investment.

7. None of the \$460,000 that OneStep received for the Georgetown Landing project was used for that purpose. Instead, Craig caused OneStep to use

\$125,000 of that money to pay off a separate note it had previously issued and to transfer the remainder to third parties with no connection to the Georgetown Landing project. The investors have received neither repayment of their principal nor any of their promised profits.

8. By engaging in the conduct alleged in this Complaint, Craig and OneStep violated, and unless restrained and enjoined will violate again, Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [*15 U.S.C. § 78j(b)*] and Rule 10b-5 [*17 C.F.R. § 240.10b-5*] thereunder and Section 17(a)(1) of the Securities Act of 1933 (“Securities Act”) [*15 U.S.C. § 77q(a)(1)*].

JURISDICTION AND VENUE

9. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [*15 U.S.C. §§ 78u(d), 78u(e), 78u-1, and 78aa*] and Sections 20(b) and 22(a) of the Securities Act [*15 U.S.C. §§ 77t(b) and 77v(a)*].

10. Venue in this district is proper pursuant to Section 27 of the Exchange Act [*15 U.S.C. § 78aa*] and Section 22(a) of the Securities Act [*15 U.S.C. § 77v(a)*]. Each of the Defendants engaged in transactions, acts, practices, and courses of business constituting the violations alleged herein within this District, and the Defendants can be found and do business in this District. At all relevant times,

Craig resided, and OneStep had its principal place of business, in this District.

11. The Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, and the means and instruments of transportation and communication in interstate commerce, in connection with the transactions, acts, practices, and course of business alleged in this Complaint.

DEFENDANTS

12. **Defendant OneStep Financial Services, LLC**, is a Georgia limited liability company with its principal place of business in Atlanta, Georgia.

13. **Defendant Russell Craig**, age 59, is a resident of Union City, Georgia. At all relevant times, Craig was the President of OneStep. At all relevant times, Craig used money in OneStep's bank accounts for his own personal expenses, including cash withdrawals, meals, and retail purchases.

RELIEF DEFENDANTS

14. **Relief Defendant Prestige Global Trading, Ltd.** ("Prestige") is a Georgia corporation with its principal place of business in Lawrenceville, Georgia.

15. **Relief Defendant Peter Baker**, age 74, is a resident of Lawrenceville, Georgia. At all relevant times, Baker was the President and Chief Executive Officer of Prestige. At all relevant times, Baker used money in Prestige's bank accounts for his own personal expenses, including cash

withdrawals, meals, and retail purchases.

16. **Relief Defendant Diversified Initiatives Logistics & Consultants, Inc.** (“Diversified”) is a Florida corporation with its principal place of business in Miami, Florida.

17. **Relief Defendant Elizabeth Oharriz**, age 56, is a resident of Miami Shores, Florida. At all relevant times, Oharriz was the President of Diversified. At all relevant times, Oharriz used money in Diversified’s bank accounts for her own personal expenses, including cash withdrawals, meals, and retail purchases.

FACTS

I. The Heritage Condos Fraud

18. As described in greater detail below, from 2014 to 2016, the Defendants defrauded an investor (the “Heritage Investor”) by making material misrepresentations about the use and safety of his investment funds, engaging in other deceptive conduct, and misappropriating nearly \$630,000 of his money.

Craig Touted the Heritage Condos as a Promising Investment Opportunity

19. The Heritage Investor is a chiropractor with limited investment or commercial real estate experience. He and Craig met in 2010 through an acquaintance. In or around 2013, Craig began to pursue the Heritage Investor as a potential investor in a project to purchase and renovate a complex of 92

condominiums in Atlanta known as the Heritage Condominium Townhomes (the “Heritage Condos”).

20. Throughout the first half of 2014, Craig courted the Heritage Investor by sending him documents relating to OneStep’s plans for the Heritage Condos project. Those documents included:

- An executive summary for OneStep, drafted by Craig, which stated that OneStep was an “excellent financially stable organization” that was seeking to purchase and renovate the Heritage Condos and, as a result, earn “[\$]1.5 to [\$]2.25 million annual for the next two to three years”;
- A conditional commitment letter for a \$1.5 million refinancing loan;
- A property appraisal for the Heritage Condos;
- Estimates of closing and repair costs for the Heritage Condos; and
- An estimate of OneStep’s anticipated expenses and returns for the project, reflecting an expected profit of \$2,153,000.

21. Collectively, these documents assured the investor that OneStep was pursuing a deal to purchase the Heritage Condos and that, if he invested in the project, he was likely to realize a healthy profit.

22. In late 2013 or early 2014, Craig and the Heritage Investor executed

an Operating Agreement for OneStep. That document, which Craig drafted, further led the Heritage Investor to believe that OneStep intended to develop the Heritage Condos. Specifically, Section V of the Operating Agreement provided that OneStep would contribute “[a]ll right, title, and interest in and to the option to purchase and/or refinance [the Heritage Condos] with zoning approvals in place in order for [OneStep] to conduct the business for which it has been formed.” The operating agreement designated the Heritage Investor as a managing member and executive financial officer of OneStep, but it also specifically prohibited him from acting on behalf of the company.

Craig Made Specific Representations about the Use and Safety of the Heritage Investor’s Investment

23. During this same period, Craig told the Heritage Investor that in order to purchase the property, OneStep needed to demonstrate that it had \$385,000 in escrow. Craig proposed that the investor place \$385,000 into escrow on OneStep’s behalf so that OneStep could obtain a “proof of funds,” which it would then use to obtain a loan to purchase the Heritage Condos. Craig assured the investor that he would receive his money back after OneStep purchased the property. Craig also told the investor that once OneStep purchased the Heritage Condos, it would refinance the property and use the proceeds to make repairs to the property and to pay the Heritage Investor approximately \$335,000 as a return on his investment.

24. The Heritage Investor considered each of Craig's representations to be material to the Heritage Investor's investment decision.

25. Based on all of the information he had received from Craig about the Heritage Condos project and Craig's assurances that his money would be used only to obtain a "proof of funds" and would not be removed from escrow, the Heritage Investor decided to invest in the project.

Craig Misappropriated the Heritage Investor's Money

26. On or about June 5, 2014, the Heritage Investor made an initial transfer of \$48,800 to an escrow account at SouthEast Title Corporation, Inc. ("SouthEast Title") for the benefit of OneStep. Based on Craig's representations, the investor believed that his money would stay in this account and be used for the exclusive purpose of obtaining a "proof of funds" that OneStep could use to secure a loan that would allow it to purchase the Heritage Condos.

27. The very next day, Craig began misappropriating the investor's money. He sent instructions to SouthEast Title directing that \$8,800 of the Heritage Investor's deposit be sent to OneStep's bank account at Guaranty Bank and that the remaining \$40,000 be transferred to a separate escrow account owned by Guaranteed Investigations, Inc. ("Guaranteed"). Although Guaranteed also provided escrow services for OneStep, Craig specifically transferred this money

for the benefit of a different company. Craig did not disclose to the Heritage Investor what he had done with the investor's money.

28. On June 24, 2014, the Heritage Investor deposited another \$31,500 into the SouthEast Title escrow account, again believing that it would remain there. The next day, Craig instructed SouthEast Title to transfer \$11,000 to OneStep's account at Guaranty Bank and \$20,000 to the Guaranteed escrow account, again for the benefit of a different company.

29. On June 30, 2014, Craig emailed the Heritage Investor a document he characterized as "the signed addendum to our escrow agreement confirming minimum of 100K is credited to our escrow account for the purchase of the Heritage TH/Condo 'Note'." The addendum referred to OneStep's escrow agreement with Guaranteed. Neither the addendum nor Craig's email disclosed that the money transferred to the Guaranteed escrow account was designated for the benefit of a different company.

30. The same day, \$59,700 of the \$60,000 that Craig had transferred to the Guaranteed escrow account was transferred to a bank account in the name of Relief Defendant Prestige, which was controlled by Relief Defendant Peter Baker. That transfer occurred with Craig's knowledge and approval.

31. The next day, July 1, 2014, \$29,500 of that \$59,700 was transferred to

a bank account in the name of Relief Defendant Diversified, which was controlled by Relief Defendant Elizabeth Oharriz. Baker and Oharriz subsequently used the money in Prestige and Diversified's respective accounts for their own personal expenses. Neither Baker nor Oharriz exchanged anything of equivalent value for the portion of the Heritage Investor's money that they received.

32. In July 2014, the Heritage Investor deposited another \$10,000 in the SouthEast Title escrow account. Craig promptly directed SouthEast Title to transfer all but \$200 of that amount to OneStep's Guaranty bank account.

33. On or about August 5, 2015, Craig sent an email to the Heritage Investor that read, "This is to affirm all funds wired into escrow will remain in escrow and/or returned to [the Heritage Investor's chiropractic practice] until the transaction is completed or within 60 days from August 5, 2014." With Craig's renewed assurance about the safety of his investment, the Heritage Investor deposited another \$195,000 into the SouthEast Title escrow account later that day.

34. Craig's representation that the Heritage Investor's money would stay in escrow was false. On the same day he assured the Heritage Investor in writing that all funds wired into escrow would remain there, Craig instructed SouthEast Title to transfer \$22,500 of the Heritage Investor's money to OneStep's account at Guaranty Trust and that \$170,000 be transferred to the Guaranteed escrow account,

again for the benefit of a different company.

35. The next day, \$160,680 of that \$170,000 was transferred, with Craig's knowledge and approval, to Prestige's bank account, where it was commingled with approximately \$110,000 already there. The day after that, on August 7, 2014, \$201,000 of those commingled funds was transferred to Diversified's bank account. Oharriz received another \$45,000 of those commingled funds on August 12, 2014. As before, Baker and Oharriz used some or all of the money in Prestige's and Diversified's accounts for their own personal expenses. As before, neither Baker nor Oharriz exchanged anything of equivalent value for the portion of the Heritage Investor's money that they received.

36. Of the \$22,500 transferred to OneStep on August 5, 2014, Craig spent at least \$10,000 on cash withdrawals and personal expenses.

37. Craig knew that the Heritage Investor's money was neither kept in an escrow account nor being used to obtain a "proof of funds" to move forward with the Heritage Condos project. His intent, which he discussed with third parties including his escrow agent at Guaranteed, was to use the Heritage Investor's money for an entirely separate, "bank guarantee" transaction with Prestige. In July and August 2014, he signed two separate "Irrevocable Fee Protection Agreements" indicating that OneStep's contributions into the Guaranteed escrow account, nearly

all of which came from the Heritage Investor, were deposited to facilitate the bank guarantee transaction. Craig also regularly discussed with individuals associated with the bank guarantee transaction the fact that the Heritage Investor's funds had been transferred out of the Guaranteed escrow account.

Craig Made Additional Material Misrepresentations and/or Omissions to Induce the Heritage Investor to Keep Sending Money

38. In early October 2014, attorneys for SouthEast Title informed Craig that the owners of the Heritage Condos had filed for bankruptcy and that the note and security deed associated with the Heritage Condos were going to be sold to another entity. SouthEast Title also informed Craig that, in light of these developments, it would no longer provide any services, including escrow services, associated with the Heritage Condos project.

39. Craig never told the Heritage Investor about the bankruptcy and sale of the Heritage Condos. Instead, he continued to represent to the investor that the project was going well. As much as a year later, in October 2015, Craig was still misrepresenting the status of the deal, telling the investor that OneStep was close to closing the transaction and that it would close if only the investor would make a final \$20,000 deposit.

40. Craig also did not explain to the Heritage Investor why SouthEast

Title was no longer serving as OneStep's escrow agent. Instead, Craig told the Heritage Investor simply that OneStep had a new, better escrow agent. This explanation was, at best, a misleading half-truth that omitted and kept from the Heritage Investor highly material information.

41. Beginning in November 2014, Craig instructed the Heritage Investor to send his deposits directly to the Guaranteed escrow account. Craig assured the Heritage Investor that his money would be kept in escrow with this new escrow agent.

42. To bolster that representation, on November 11, 2014, Craig emailed the Heritage Investor OneStep's escrow agreement for the Guaranteed escrow account. That escrow agreement, dated January 2, 2014, provided that OneStep's funds would remain in escrow until OneStep obtained a sales and purchase agreement, at which point the money would be returned to OneStep. Attached to that same email was the addendum to the escrow agreement Craig had previously sent to the Heritage Investor, which stated that as of June 26, 2014, \$100,000 had been credited to the escrow account and would be treated in accordance with the January 2, 2014 escrow agreement.

43. What Craig failed to tell the Heritage Investor was that he had orally agreed with the escrow agent that money received into the Guaranteed escrow

account would not be governed by the escrow agreement that Craig attached to his November 11, 2014 email. Rather, Craig and the escrow agent agreed that a different agreement, one that did not specify that money deposited on behalf of OneStep would remain in escrow, would control.

44. In addition, the addendum was materially misleading because the Heritage Investor's money deposited into this account as of June 26, 2014, was not treated in accordance with the January 2, 2014 escrow agreement in that it was not held in escrow until a "proof of funds" issued. As described above, it was transferred to Prestige, where it was further dispersed to Baker, Diversified, and Oharriz.

45. During this same period, Craig told the Heritage Investor that OneStep needed substantially more than the original \$385,000 to keep the Heritage Condos project moving forward. Craig did not offer the investor additional profits in exchange for a larger investment. Instead, he induced the Heritage Investor to continue depositing more money by representing that the deal could not succeed if the investor did not continue to invest additional funds.

46. In November 2014, the Heritage Investor, relying on Craig's misrepresentations about the safety and use of his funds, deposited a total of \$175,000 into the Guaranteed escrow account. \$80,000 of that amount was

transferred to a third party, which in turn transferred approximately \$68,750 to Craig's bank account at Wells Fargo and \$11,250 to OneStep's Guaranty account. In addition, at least \$75,000 of that \$175,000 went to Prestige, which in turn transferred \$55,000 to Diversified. As before, Baker and Oharriz used most of the money transferred to Prestige and Diversified, respectively, for their personal expenses and exchanged nothing of equivalent value for the portion of the Heritage Investor's money that they received.

47. Between December 2014 and May 2016, the Heritage Investor continued making periodic deposits into the Guaranteed escrow account, always believing that his money would remain in escrow and that it would be used for the Heritage Condos project.

Craig Engaged in Other Fraudulent and Deceptive Conduct

48. In addition to making material misrepresentations and omissions to the Heritage Investor, Craig engaged in other fraudulent conduct related to his investment. In particular, Craig convinced the Heritage Investor to take out loans against his medical practice to fund the investment and took steps to conceal the misappropriation of the investor's money.

49. The Heritage Investor did not have sufficient liquid funds to meet OneStep's supposed need for \$385,000, let alone Craig's later requests for even

more money. To address the shortfall, Craig urged the Heritage Investor to apply for small business and personal loans and to withdraw money from an IRA account. Craig orchestrated the loan applications, often telling the Heritage Investor what to tell lenders and filling in loan applications on the Heritage Investor's behalf. On one occasion in February 2015, Craig wrote on a loan application that the funds would be used to pay liens on the Heritage Condos and secure "100% ownership in the Heritage TH project."

50. Craig promised the Heritage Investor that he would reimburse the investor, with Craig's own money, for any loan payments the investor made until OneStep purchased the Heritage Condos and the investor's funds were released from escrow. Instead, Craig used a portion of the investor's own misappropriated funds, which Craig had promised would remain in escrow, to reimburse the investor for the payments on the loans. From June 13, 2014 to June 2, 2016, Craig made over 200 payments totaling \$213,224 to the Heritage Investor for repayment of these loans.

51. As time wore on, the Heritage Investor became suspicious that he had invested so much in the Heritage Condos project with no apparent progress. In an effort to conceal the fraud, Craig tried to prevent the Heritage Investor from contacting third parties, warning him that doing so would jeopardize the

transaction and violate OneStep's operating agreement. In March 2016, despite Craig's admonitions, the Heritage Investor finally contacted the escrow agent at Guaranteed and learned that his funds had been removed from escrow and invested in the bank guarantee transaction.

52. Shortly thereafter, in what Craig described as a mechanism to protect against "possible litigations" from "various investors (i.e. [the Heritage Investor])," Craig entered into an agreement with a third party who was an investor in the bank guarantee transaction. That agreement recited that Craig had provided the Heritage Investor's funds to Prestige in exchange for a \$8.5 million loan from the investor in the bank guarantee transaction. Craig then provided that agreement to the escrow agent and instructed him not to return money to the Heritage Investor until after an \$8.5 million line of credit had been procured and other unspecified contractual obligations had been satisfied.

In Total, Craig Misappropriated Almost \$630,000 from the Heritage Investor

53. Between June 2014 and May 2016, the Heritage Investor deposited a total of \$410,300 in the SouthEast Title escrow account and a total of \$498,500 to the Guaranteed escrow account. Craig also directed the Heritage Investor to send \$23,350 directly to OneStep.

54. Of the \$932,150 that the Heritage Investor invested, Craig

misappropriated \$628,976. \$437,065 went to OneStep, either directly or through transfers directed by Craig. Of that \$437,065, Craig spent at least \$180,000 on personal expenses and cash withdrawals. He also transferred \$213,224 back to the Heritage Investor as payments on loans that Craig had encouraged him to take out to fund his investment, as discussed above.

55. Another \$305,380 of the Heritage Investor's money went to Prestige with Craig's knowledge and approval. Of that amount, Baker spent over \$50,000 on personal expenses and cash withdrawals and transferred at least \$84,000 to Oharriz's personal bank account and at least \$90,000 to Diversified, where it was available to, and used by, Oharriz for her personal expenses.

56. Prestige, Baker, Diversified, and Oharriz provided no lawful services or products to the Defendants or for the benefit of the Heritage Investor in return for any of these funds.

II. The Georgetown Landing Fraud

57. In late 2017, Craig and OneStep formed a joint venture with an Alabama-based real estate broker ("the "Broker") to redevelop a parcel of waterfront property located in North Carolina owned by Georgetown Landing, LLC (the "Georgetown Landing Property"). Craig told the Broker that OneStep needed \$500,000 to obtain financing for the project. After failing to secure other

funding sources, Craig encouraged the Broker to find investors for the Georgetown Landing Property project. In September 2017, they met with an escrow attorney in Georgia and established an escrow account on behalf of OneStep for the purpose of receiving investments in the project. At the same time, they also agreed that the attorney would serve as the “paymaster” for an offshore oil transaction unrelated to the Georgetown Landing Property.

58. In November 2017, the Broker, acting on behalf of OneStep, convinced four individuals (the “Georgetown Noteholders”) to provide OneStep with a total of \$60,000, which was transferred to OneStep’s new escrow account with the Georgia attorney. The Broker promised each of the Georgetown Noteholders that their funds would remain in escrow and would be used by OneStep in connection with the Georgetown Landing Property. He gave at least one of the Georgetown Noteholders a copy of an escrow agreement stating that the escrow account had been established “for the purpose of transactional funding for the Georgetown Landing, LLC project.”

59. Each of the Georgetown Noteholder’s investments was documented with a promissory note, signed by Craig on behalf of OneStep, promising to repay the investor’s principal in less than a month, and by a fee agreement, also signed by Craig on behalf of OneStep, promising the return of the investor’s principal plus

a 50% “profit” that was “guaranteed.” The notes stated that they were secured by the Georgetown Landing Property. But at the time, neither Craig nor OneStep owned or had other authority to pledge that property as collateral.

60. The Broker then convinced his mother to execute a power of attorney, used that power of attorney to sell two of her properties for \$400,000, and transferred the proceeds to OneStep. The Broker told his mother that he needed the power of attorney to obtain money to invest in the Georgetown Landing Property project. To help convince her to participate, he told her about the investments of the Georgetown Noteholders, some of whom she knew personally, and promised that she would receive a \$50,000 return on her investment within 90 days.

61. In total, OneStep received \$460,000 from the Georgetown Noteholders and the Broker’s mother. None of that money, however, was used to develop the Georgetown Landing Property. Instead, at Craig’s direction, OneStep used \$125,000 to repay a different note it had issued for the project and transferred the balance to third parties associated with the offshore oil transaction and with no apparent connection to the Georgetown Landing Property. None of the \$460,000 has been returned to investors.

62. As described above, Craig made material misrepresentations and

omissions and engaged in deceptive conduct with respect to the investments of the Georgetown Noteholders and the Broker's mother. His misconduct included:

- Encouraging the Broker to find investors for the Georgetown Landing Property project;
- Setting up an escrow account to create the false impression that the Georgetown Noteholders' money would be held in escrow and used only for the Georgetown Landing Property project;
- Executing the promissory notes and fee agreements, which contained the false promise that the investors would be repaid with a guaranteed profit and which contained the false statement that the notes were secured by the Georgetown Landing Property; and
- Misappropriating the investors' funds and using them for his own purposes.

63. Each of the five investors in the Georgetown Landing Property project considered the safety and use of their investment generally, and Craig's misrepresentations and deceptions specifically, to be material to his or her investment decision.

FIRST CLAIM FOR RELIEF
Violations of Securities Exchange Act Section 10(b)
and Rule 10b-5 Thereunder

64. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 63, inclusive, as if fully set forth herein.

65. Each Defendant, with scienter, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, directly or indirectly:

- (a) employed devices, schemes, or artifices to defraud;
- (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person.

66. By reason of the actions alleged herein, each Defendant violated Section 10(b) of the Exchange Act [*15 U.S.C. § 78j(b)*] and Rule 10b-5 thereunder [*17 C.F.R. § 240.10b-5*] and unless restrained and enjoined will continue to do so.

SECOND CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)

67. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 63, inclusive, as if fully set forth herein.

68. Each Defendant, by use of the means or instrumentalities of interstate commerce or of the mails, in the offer or sale of securities, directly or indirectly:

- (a) employed, with scienter, devices, schemes, or artifices to defraud;
- (b) obtained money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or
- (c) engaged in any transaction, practice, or course of business which operated or would operate as a fraud or deceit upon the purchaser.

69. By reason of the actions alleged herein, each Defendant violated Section 17(a) of the Securities Act [*15 U.S.C. § 77q(a)*] and unless restrained and enjoined will continue to do so.

CLAIM AGAINST RELIEF DEFENDANTS

70. The Commission realleges paragraphs 1 through 56 above, inclusive, as if fully set forth herein.

71. Relief Defendants Prestige, Baker, Diversified, and Oharriz each received, directly or indirectly, funds and/or other benefits from the Defendants that are the proceeds of unlawful activities alleged in this Complaint and to which the Relief Defendants have no legitimate claim.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Finding that Defendants violated the provisions of the federal securities laws as alleged herein;

II.

Permanently restraining and enjoining Defendants from, directly or indirectly, engaging in conduct in violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

III.

Ordering Defendants and all Relief Defendants to disgorge, with prejudgment interest, all ill-gotten gains received or benefits in any form derived as a result of the actions alleged herein;

IV.

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

V.

Granting such other and further relief as this Court may deem just, equitable,
or necessary.

Dated: September 28, 2018

Respectfully submitted,

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