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

11  
12 **SECURITIES AND EXCHANGE**  
13 **COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **DAVID N. OSEGUEDA, ISHMAIL**  
17 **CALVIN ROSS, aka CALVIN ROSS,**  
18 **ZACHARY R. LOGAN, and JESSICA**  
19 **SNYDER, fka JESSICA**  
**GUTIERREZ,**

20 **Defendants.**

Case No. 2:19-cv-04348

**COMPLAINT**

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

23 **JURISDICTION AND VENUE**

24 1. The Court has jurisdiction over this action pursuant to Sections 20(b),  
25 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§  
26 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the  
27 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),  
28 78u(d)(3)(A), 78u(e) & 78aa(a).

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

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

11 **SUMMARY**

12 4. This action concerns a fraudulent, \$1.9 million pump-and-dump scheme  
13 by defendants David N. Osegueda, Ishmail Calvin Ross, Zachary R. Logan, and  
14 Jessica Snyder, in the securities of a cannabis and beverage company, Green Cures &  
15 Botanical Distribution, Inc. (“GRCU”). Defendants concealed from the public their  
16 ownership and control of GRCU, while secretly orchestrating a campaign to inflate  
17 GRCU’s stock price through disclosures that were false and misleading. They then  
18 sold their stock into the market at inflated prices.

19 5. In February 2014, Osegueda and a partner acquired a public company  
20 for the purpose of capitalizing on the hemp and cannabinoid market. They renamed it  
21 Green Cures & Botanical Distribution, Inc. Their efforts to generate a profit through  
22 GRCU proved unsuccessful, so in June 2015, Osegueda recruited defendant Ross,  
23 who had had some prior success distributing a beverage. Ross acquired GRCU’s  
24 controlling share, and additional GRCU shares, from Osegueda’s partner, and  
25 purchased portions of promissory notes from Osegueda, which were convertible into  
26 GRCU shares. At that point, Osegueda’s original partner left the company.

27 6. Ross kept possession of the control share certificate, but he purportedly  
28 transferred his interest to InStep Holdings, LLC, a front company he created and ran

1 with Snyder. Ross installed two individuals to run InStep Holdings, and named one  
2 of them as GRCU's figurehead CEO.

3 7. Osegueda, Ross, and Snyder then began organizing a promotional  
4 campaign to hype GRCU stock, hiring defendant Logan to promote the stock in  
5 return for shares.

6 8. Osegueda, Ross and Logan deposited their shares into their brokerage  
7 accounts, making false and misleading statements in their deposit security requests  
8 ("DSRs") to induce the brokerage firm to accept the shares. Specifically, Osegueda  
9 and Ross claimed that they were neither aware of any promotional campaign nor  
10 working in concert with anyone regarding GRCU stock, even though they had  
11 already arranged for Logan to promote the stock. Ross's DSR also stated that he was  
12 not a GRCU affiliate, even though he controlled it. Logan's DSR falsely disclaimed  
13 acting in concert with others regarding GRCU stock.

14 9. Once the promotional campaign began in March 2016, Osegueda, Ross,  
15 and Logan started selling their shares, and Osegueda and Ross retained two more  
16 stock promoters. The campaign consisted of thousands of text messages, blast  
17 emails, message board and social media posts, and press releases prepared by Logan  
18 and Snyder and paid for by Osegueda and Ross. Two of the releases by Snyder  
19 contained false and misleading statements that the company was pursuing hemp and  
20 cannabinoids, when it was instead phasing them out. Additionally, GRCU's nominal  
21 CEO did not see or approve any of the GRCU releases touting the company's hemp  
22 and cannabinoid products, despite being quoted in some of them.

23 10. Defendants' promotional campaign had its intended effect. For example,  
24 during the first series of email and text message blasts and social media posts (August  
25 22 to 24, 2016), the stock price increased 50%, from \$0.008 to \$0.012 per share.  
26 During the second series, including the additional press releases (September 27 to  
27 November 29, 2016), the stock price increased 113%, from \$0.012 to \$0.049 per  
28 share. During the campaign, Osegueda, Ross, and Logan each sold their GRCU

1 shares for total proceeds of about \$1.91 million.

2 11. By this conduct, Osegueda, Ross, and Logan violated of Section 5(a),  
3 5(c), and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule  
4 10b-5 thereunder. Defendant Snyder violated Sections 17(a)(1) and (3) of the  
5 Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

6 12. The SEC seeks permanent injunctions against future violations of  
7 Sections 5 and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and  
8 Rule 10b-5 thereunder as to Osegueda, Ross, and Logan; permanent injunctions  
9 against future violations of Sections 17(a) of the Securities Act and Section 10(b) of  
10 the Exchange Act and Rule 10b-5 thereunder as to Snyder; disgorgement with  
11 prejudgment interest as to all Defendants except Snyder; civil penalties, officer and  
12 director bars as to all Defendants except Logan; and penny stock bars as to all  
13 Defendants.

14 **THE DEFENDANTS**

15 13. **David N. Osegueda**, age 37, resides in Sun Valley, California. He is a  
16 licensed California real estate agent.

17 14. **Ishmail Calvin Ross, aka Calvin Ross**, age 59, resides in Canoga Park,  
18 California. He is a beverage marketer and developer.

19 15. **Zachary R. Logan**, age 37, resides in La Jolla, California. He provides  
20 corporate consulting and investor relations and market awareness services to  
21 companies, including drafting press releases and research reports touting issuers'  
22 stock.

23 16. **Jessica Snyder, fka Jessica Gutierrez**, age 41, resides in Avondale,  
24 Arizona. She held herself out as the chairman of the board of InStep Holdings, LLC,  
25 GRCU's controlling shareholder, but there was no such position. She now works in  
26 the mortgage department of a bank.

1 **RELATED PARTIES**

2 17. **Green Cures & Botanical Distribution, Inc.** is a Colorado corporation  
3 with its principal place of business in Woodland Hills, California. It is a non-  
4 reporting company, which claims to sell cannabis products and energy drinks. Its  
5 stock is quoted on OTC Link (previously “Pink Sheets”) operated by OTC Markets  
6 Group, Inc. (“OTC Markets”) under the ticker symbol GRCU. It was originally  
7 incorporated in 1986 as Petramerica Oil, Inc., until it was acquired and renamed  
8 Triton Distribution Systems, Inc. in August 2006, and then acquired and renamed  
9 Green Cures & Botanical Distribution, Inc. in February 2014.

10 18. **InStep Holdings, LLC** is a Delaware limited liability company  
11 incorporated in 2015 by Snyder, and based in Oakland, California. It supposedly  
12 became the controlling shareholder of GRCU in September 2015.

13 **THE ALLEGATIONS**

14 **A. Osegueda Helps Acquire GRCU and Receives Convertible Notes**

15 19. In or around 2014, Osegueda worked in a real estate firm. He and his  
16 then boss (“Former CEO”) shared an interest in the hemp and cannabinoid market.

17 20. The Former CEO decided to acquire a public company in which to run a  
18 cannabinoid business, and persuaded Osegueda to license Osegueda’s natural hemp  
19 treatments through the new company’s product line.

20 21. In February 2014, the Former CEO bought a controlling interest in  
21 penny stock issuer Triton Distribution Systems, Inc., and changed its name to Green  
22 Cures & Botanical Distribution, Inc.

23 22. Osegueda financed GRCU by paying for its expenses in return for four  
24 convertible promissory notes that GRCU could pay back with stock if Osegueda  
25 elected to convert the notes, including a December 31, 2014 note for \$35,663 and a  
26 January 22, 2015 note for \$5,319. These notes, if converted, would result in  
27 Osegueda receiving about 205 million GRCU shares out of 1.6 billion shares issued  
28 and outstanding.

1           **B.     Ross Acquires GRCU and Buys Portions of Osegueda’s Convertible**  
2           **Notes**

3           23.    GRCU’s initial efforts to generate revenue and become profitable were  
4 unsuccessful.

5           24.    In June 2015, Osegueda located and contacted Ross, after he saw in a  
6 supermarket that one of Ross’s companies was successfully distributing a beverage.

7           25.    Ross told Osegueda and the Former CEO that he could help them, but  
8 that he wanted equity in the company. The Former CEO offered to sell his  
9 controlling interest in GRCU to Ross.

10          26.    Ross then brought in Snyder, with whom he had worked for at least five  
11 years in his various beverage ventures.

12          27.    Snyder performed due diligence on GRCU for Ross, and worked with  
13 the Former CEO to prepare the documentation for Ross’s share acquisition.

14          28.    On August 6, 2015, Ross entered into a stock purchase agreement with  
15 the Former CEO to pay \$45,000 for the single Series A Preferred share in the class,  
16 other preferred shares, and 8.25 million shares of restricted GRCU common stock.

17          29.    This agreement gave Ross control of GRCU because the Series A  
18 Preferred share gave him the majority of the shareholder vote.

19          30.    Between July 30, 2015, and September 30, 2015, Ross paid Osegueda  
20 \$15,000 to acquire 15% of Osegueda’s convertible promissory notes, and made a  
21 \$6,000 payment for an additional portion.

22          31.    On September 8, 2015, the Former CEO resigned from GRCU.

23           **C.     Ross and Snyder Hire Two Successive CEOs, but Ross Maintains**  
24           **Hidden Control**

25          32.    Ross then hired a business colleague to be GRCU’s interim CEO, and  
26 purportedly transferred his controlling interest to a company that Ross and Snyder  
27 created, and Ross ran, InStep Holdings.

28          33.    In fact, Ross maintained possession of the control share stock certificate

1 and the additional shares that he acquired from the Former CEO.

2 34. Ross and Snyder discussed in an email that Ross retained possession of  
3 the stock certificates, notwithstanding the purported transfer to InStep Holdings.

4 35. Ross looked for someone to take over ownership of InStep Holdings and  
5 consequently control of GRCU, so that he would not be deemed an affiliate when  
6 selling GRCU shares.

7 36. In fall 2015, Ross and Snyder approached a colleague (“Nominee  
8 Officer”) with whom Ross had worked before to develop spirit brands. Ross  
9 informed the Nominee Officer that he could continue to develop beverages through  
10 GRCU and that Ross would help him by providing financing and locating new  
11 business opportunities. The Nominee Officer agreed to join him by taking over  
12 InStep Holdings.

13 37. The Nominee Officer, however, did not want to be CEO of GRCU, so  
14 Ross asked him to locate someone with significant beverage industry experience.

15 38. On October 5, 2015, Ross hired an individual (the “GRCU CEO”) who  
16 had 29 years of beverage industry experience. The GRCU CEO also became a  
17 principal of InStep Holdings.

18 39. Despite his title, the GRCU CEO’s role was limited to product  
19 development.

20 40. In reality, Snyder, and, to a lesser extent the Nominee Officer, remained  
21 responsible for overseeing GRCU’s issuance of securities, reviewing its contracts,  
22 and preparing GRCU’s press releases and periodic submissions to OTC Markets,  
23 which are made available to the public on OTC Markets’ website (otcmarkets.com).

24 41. The GRCU submissions to OTC Markets that Snyder prepared, however,  
25 falsely described the company’s management. The submissions falsely stated that  
26 they were identifying all the individuals and entities involved in managing,  
27 controlling, or advising GRCU. However, while the submissions identified the  
28 GRCU CEO, none of them identified Ross or described his control of the company,

1 including his share holdings. Before Snyder provided a submission to OTC Markets,  
2 she obtained permission from the GRCU CEO to upload it to the OTC Markets  
3 website.

4 42. Snyder's role was documented in a consulting agreement between  
5 Snyder and InStep Holdings dated August 10, 2015.

6 43. During the time period of March 5, 2016 to December 15, 2016, Ross  
7 paid Snyder about \$30,000 for her work on behalf of GRCU.

8 **D. Osegueda and Ross Hire Logan for Stock Promotion**

9 44. In December 2015, Osegueda introduced Ross to Logan, explaining that  
10 Logan was a "stock expert" who could help them "market" GRCU.

11 45. Logan emphasized his ability to prepare press releases, and proposed  
12 that his firm, Pacific Equity, would provide stock promotion services for one year in  
13 return for 5 million restricted and 5 million "Free-Trading" GRCU shares.

14 46. Logan provided GRCU two proposed agreements for Pacific Equity's  
15 stock promotion services.

16 47. The first agreement was between Logan's promotional companies –  
17 Pacific Equity Alliance LLC and Integrative Business Alliance LLC – and GRCU. It  
18 stated that, for one year, Logan's companies would "increase the investment  
19 community's awareness of [GRCU's] activities and stimulate the investment  
20 community's interest in [GRCU]." In return, Logan's companies would receive five  
21 million restricted GRCU shares.

22 48. Logan signed the first agreement on February 9, 2016.

23 49. The second agreement, between Logan and Osegueda, was for five  
24 million freely-tradable shares, in exchange for Logan's general consulting services  
25 for one year.

26 50. Logan signed the second agreement on February 16, 2016.

27 51. Logan's brokerage firm did not allow its customers to deposit shares of  
28 stock into their brokerage accounts and sell them if the customer was aware of any



1 current or future promotional activities. The brokerage firm also required its  
2 customers to document how they obtained the shares to be deposited.

3 52. Logan used the two agreements so that he could withhold the agreement  
4 describing the promotional activities from the brokerage firm and only submit the  
5 agreement with Osegueda for general consulting services.

6 53. Logan explained the purpose behind the two agreements to Ross and  
7 Osegueda in an email he wrote, dated February 11, 2016, stating that the deal  
8 structure was designed to facilitate Logan's eventual request to his brokerage firm to  
9 deposit his shares.

10 **E. Osegueda, Ross, and Logan Use False and Misleading Documents**  
11 **and Statements to Deposit Their GRCU Shares into Brokerage**  
12 **Accounts**

13 54. From January 15 to October 30, 2016, Osegueda, Ross, and Logan  
14 deposited their GRCU stock with a brokerage firm, where each had an account, by  
15 submitting DSRs which they signed under oath.

16 55. Snyder prepared all of the corporate documents required for the deposits,  
17 including resolutions and letters stating that GRCU was not a shell company;  
18 conversions of the notes; a letter that GRCU was current in its submissions to OTC  
19 Markets; and a letter from GRCU's CEO that falsely stated that neither Osegueda,  
20 Ross, nor Logan was an affiliate of the company.

21 56. GRCU's CEO signed the documents on behalf of GRCU.

22 57. Snyder also prepared Ross's DSRs for his signature, and answered the  
23 brokerage firm's questions regarding the DSR forms, copying Ross on several such  
24 emails between February 5, 2016 and November 6, 2016.

25 **1. Osegueda's Share Deposits**

26 58. Osegueda converted portions of two of his promissory notes into GRCU  
27 stock and, on March 8, 2016 and September 26, 2016, submitted DSRs for a total of  
28 42 million shares out of 834 million shares issued and outstanding.

1           59. In order to obtain the shares, Osegueda entered into a February 11, 2016  
2 settlement agreement with GRCU, whereby he received 127.6 million shares in return  
3 for cancelling his two other convertible promissory notes and extending the licensing  
4 agreement that permitted GRCU to use his two cannabinoid products.

5           60. In each DSR, Osegueda claimed that his anticipated offer and sale of the  
6 shares would be exempt from the registration requirement under Section 5 of the  
7 Securities Act because he met the requirements of the Rule 144 safe harbor.

8           61. Osegueda, however, did not own the stock for the required one-year  
9 holding period, which would not be met until February 11, 2017.

10           62. Of the 127.6 million shares that he received, Osegueda transferred 61.3  
11 million GRCU shares to Ross, under a consulting agreement dated January 26, 2015,  
12 but not entered into until on or about January 26, 2016, and 5 million GRCU shares to  
13 Logan, under Logan's February 9, 2016 consulting agreement.

14           63. Osegueda made false and misleading statements in the DSRs. The  
15 brokerage firm required that all customers seeking to deposit shares represent that  
16 they had no knowledge of any current or future GRCU stock promotions.

17           64. Osegueda's DSRs falsely stated that he had no knowledge of any current  
18 or future GRCU stock promotions.

19           65. Although Osegueda was working with Ross, Logan, Snyder, and (by the  
20 September 26 deposit) others on the promotional campaign, he falsely stated that he  
21 was not acting in concert with anyone regarding GRCU stock.

22           66. Osegueda also falsely stated that neither Ross nor Logan provided any  
23 services to GRCU, though he was working with them on a promotional campaign.

24           67. In deciding to accept Osegueda's shares, the brokerage firm also  
25 considered GRCU's OTC submissions, which Snyder prepared.

26           68. These submissions falsely depicted the GRCU CEO's role, and failed to  
27 identify Ross or his control of the company.

1                   **2. Ross's Share Deposits**

2           69. Ross deposited his GRCU shares in three tranches: 123,636 shares on  
3 January 15, 2016, 31.3 million shares on March 7, 2016, and 6.07 million shares on  
4 October 30, 2016.

5           70. Ross understood that the brokerage firm would rely upon his statements  
6 in each DSR.

7           71. In his DSRs, Ross falsely stated that he was not an affiliate of GRCU.

8           72. In fact, Ross controlled GRCU; he paid GRCU's expenses; negotiated  
9 marketing arrangements for GRCU products; instructed Snyder to prepare periodic  
10 OTC submissions and press releases; worked on a promotional campaign; held  
11 GRCU's control share; and owned 61.3 million shares (out of 664 million shares then  
12 outstanding), which Osegueda transferred to him under the February 11, 2016  
13 settlement agreement.

14           73. In each DSR, Snyder included a letter from an attorney which opined  
15 that Ross's sale of the GRCU shares would be exempt from the registration  
16 requirements of the Securities Act because Ross met the requirements of the Rule 144  
17 safe harbor. Each attorney opinion letter falsely stated that Ross was not an affiliate.

18           74. The brokerage firm required that all customers seeking to deposit shares  
19 represent that they had no knowledge of any current or future GRCU stock  
20 promotions.

21           75. Ross falsely stated that he had no knowledge of any current or future  
22 GRCU stock promotions.

23           76. Although Ross was working with Osegueda and Logan to promote  
24 GRCU's stock, he falsely stated that he was not acting in concert with anyone  
25 regarding GRCU stock.

26           77. In deciding to accept Ross's shares, the brokerage firm also reviewed  
27 GRCU's OTC submissions, which Snyder prepared, and which falsely depicted the  
28 GRCU CEO's role and failed to identify Ross or his control of GRCU.

1 78. Additionally, in the March 7 and October 30, 2016 DSRs, Ross claimed  
2 that his anticipated offer and sale of the shares would be exempt from the registration  
3 requirement because he met the requirement of the Rule 144 safe harbor. The  
4 required one-year holding period, however, had not even begun because he had not  
5 fully paid for the shares.

6 79. Ross received his shares pursuant to an agreement with Osegueda,  
7 whereby Ross would provide consulting services to GRCU for six months.

8 80. Osegueda and Ross created the agreement, backdating it to January 26,  
9 2015, though it was actually reached and signed on or about January 26, 2016.

10 81. The agreement gave the appearance that Ross had paid for the shares  
11 with his services, when his consulting obligations did not actually end until July 26,  
12 2016, four months before he deposited the shares.

13 82. In Ross's March 7 and October 30, 2016 DSRs, Snyder included the  
14 backdated consulting agreement.

15 83. Additionally, the attorney opinion letters, which Snyder also included in  
16 the March 7 and October 30, 2016 DSRs, falsely stated that Ross had held the GRCU  
17 shares for the required one-year holding period.

### 18 **3. Logan's Share Deposits**

19 84. Logan submitted a DSR on March 9, 2016, for the 5 million freely  
20 tradable shares from Osegueda, and another DSR on May 12, 2016, for 3 million  
21 shares obtained from Ross pursuant to a stock purchase agreement that Logan  
22 negotiated with Ross and Snyder, dated May 10, 2016.

23 85. The five million shares from Osegueda were part of the 127 million  
24 shares that Osegueda received from the February 11, 2016 settlement agreement.

25 86. Logan obtained the three million shares for the May 12 DSR from Ross  
26 pursuant to a May 10, 2016 stock purchase agreement whereby Logan paid Ross  
27 \$27,000 for the shares.

28 87. For both DSRs, Logan falsely claimed that he qualified for the Rule 144

1 safe harbor. He, like Osegueda and Ross, did not meet the one-year holding period  
2 requirement as a result of the settlement agreement and because his services were for  
3 one year under agreements with Osegueda and GRCU; therefore, he had not fully  
4 paid for the shares until the term of the agreement had occurred.

5 88. Logan also falsely stated that he only had a beneficial interest in 5  
6 million shares, concealing that he also beneficially owned the 5 million restricted  
7 shares from GRCU.

8 89. Additionally, Logan falsely stated that he was not acting in concert with  
9 any other person, whereas he was working on the March 2016 stock promotion with  
10 Osegueda and Ross.

11 90. In deciding to accept Logan's shares, the brokerage firm also reviewed  
12 GRCU's OTC submissions, which Snyder prepared, and which falsely depicted the  
13 GRCU CEO's role and failed to identify Ross or his control of GRCU.

14 91. The false representations by Osegueda, Ross, and Logan in their DSRs  
15 were material. A reasonable investor would find it important to an investment  
16 decision whether sellers into the market knew of, and were indeed participating in, a  
17 campaign to promote the issuer's stock, and the brokerage firm would not have  
18 accepted any of the deposits from anyone who was aware of a promotional campaign.

19 92. A reasonable investor would also have considered it important to his or  
20 her investment decision to know that a person for whom no information was provided  
21 was actually running the issuer.

22 **F. The Defendants' Promotional Campaign to Pump Up GRCU's**  
23 **Stock Price and Trading Volume**

24 93. In January and February 2016, Osegueda, Logan, Ross, and Snyder  
25 began to organize a promotional campaign that included false and misleading press  
26 releases issued without the CEO's knowledge, even though one release contained a  
27 quote attributed to him; blast emails and text messages that repeated or contained  
28 links to a false and misleading press release; and posts on Twitter and

1 InvestorsHub.com message boards.

2 94. The campaign began in March 2016 and continued to the end of  
3 November 2016, during which time, Osegueda, Ross and Logan sold stock and  
4 received about \$857,000, \$887,000, and \$164,000 in proceeds, respectively.

5 **1. The Press Releases**

6 95. On March 22, 2016, Logan, Osegueda, Ross, and Snyder distributed a  
7 press release regarding GRCU drafted by Logan.

8 96. Osegueda, Ross, and Snyder reviewed the March 22 press release,  
9 knowing it would be disseminated to potential investors.

10 97. Ross, who paid for all of the press releases, delegated authority to  
11 Snyder to provide final approval over all of the releases, including the March 22  
12 release.

13 98. The March 22 press release stated that GRCU had retained Logan's  
14 Pacific Equity firm to provide investor relations services, identified Logan and  
15 Pacific Equity as contacts, and included a quote from the GRCU CEO that he was  
16 "excited [that] our shareholders will have the ability to communicate directly with  
17 such a professional firm, in addition to bringing the market exposure we need to take  
18 GRCU to the next level."

19 99. The March 22 press release also described GRCU as "a cannabis and  
20 industrial hemp products innovator" and announced that the company had updated its  
21 hemp-related website and was processing orders from customers across the U.S.

22 100. The March 22 press release was false and misleading. GRCU never put  
23 any hemp or cannabis products on the market from the time that the GRCU CEO  
24 joined the company through 2016. The only product that GRCU manufactured in  
25 2016 was a beverage, an energy shot.

26 101. The GRCU CEO never saw, reviewed, nor approved the March 22 press  
27 release, nor the purported quote attributed to him in it.

28 102. The GRCU CEO never approved of any releases having to do with hemp

1 or cannabis-related products, and in fact was taking steps to phase out the hemp and  
2 cannabinoid business from GRCU.

3 103. Osegueda, Ross, and Snyder subsequently had additional press releases  
4 issued about GRCU's purported hemp and cannabis-related activities.

5 104. Osegueda and Ross hired a media company to edit both company-  
6 specific releases (which included the GRCU ticker) and industry releases (which did  
7 not). They also paid for GRCU to be included in the media company's general hemp  
8 and cannabis press releases, which provided updates on issuers and legalization  
9 efforts.

10 105. Ross worked with the media company to time GRCU releases to the  
11 media company's releases and other promotional efforts (discussed below), so that  
12 the press releases would have maximum impact.

13 106. To make it appear to the media company that GRCU was approving the  
14 press releases, Snyder falsely portrayed herself as the chairwoman of InStep  
15 Holdings, which supposedly controlled GRCU. She also provided approval for press  
16 release distribution when the media company asked for it.

17 107. Snyder, however, instructed that the GRCU CEO's name be used rather  
18 than hers, even though he did not see the releases, was not otherwise notified of them,  
19 and was opposed to pursuing the hemp/cannabis industries.

20 108. On August 23, 2016, GRCU issued a press release, which stated that the  
21 company had signed a lease for a 20-acre parcel of California farmland that was part  
22 of a future cannabis cultivation project.

23 109. Snyder drafted the release and approved it for release, purportedly as  
24 InStep Holding's chairwoman, knowing it would be disseminated to potential  
25 investors.

26 110. The press release was false. GRCU never leased the parcel, and the  
27 GRCU CEO never saw or approved the release.

28 111. The same day, the media company issued a press release updating

1 readers about recent hemp and cannabis developments and included the news about  
2 GRCU's purported lease.

3 112. Osegueda, Ross, and Snyder continued to issue hemp-related press  
4 releases from August through November 2016, which were timed to coincide with the  
5 media company's press releases regarding hemp and cannabis developments.

6 113. These misrepresentations were material. A reasonable investor would  
7 consider important to an investment decision whether a company was selling its  
8 products and consequently generating revenue, or whether it had entered into a 20-  
9 acre lease to be used eventually for cannabis cultivation. Likewise, a reasonable  
10 investor would consider it important that purported statements by the head of the  
11 company were not his and that others were speaking for him without his knowledge.

## 12 **2. The Blast Messages and Social Media Posts**

13 114. In August 2016, and in addition to having previously hired Logan,  
14 Osegueda and Ross also retained two stock promoters ("Promoter 2" and  
15 "Promoter 3") to send blast emails, text messages, and Twitter, Facebook and  
16 message board posts, touting GRCU.

17 115. Osegueda and Ross asked Promoter 2 to use multiple names in the  
18 promotions, to give the appearance that many people and firms believed that GRCU  
19 was a good investment.

20 116. For example, for the InvestorsHub.com message board, Promoter 2 hired  
21 seven individuals to post messages under various usernames.

22 117. For the blast emails and text messages, Osegueda and Ross selected the  
23 names Stock Goodies, Wall Street Surfers, and Penny Stock Mobsters for the  
24 promoter to use.

25 118. Osegueda and Ross also made specific suggestions to Promoter 2 about  
26 what forums to post on.

27 119. Additionally, they gave Promoter 2 the name of an unrelated LLC to list  
28 as the third party payer in his disclosures, to hide their involvement.



1 120. Osegueda and Ross provided Promoter 2 with a schedule for the touts, to  
2 coincide with GRCU and media company press releases. Many of the text messages  
3 and mass emails contained links to GRCU press releases.

4 121. From August 22 to 24, 2016, Promoter 2 distributed touts about GRCU,  
5 including approximately 80,320 emails, 4,565 text messages, 25 Facebook posts, and  
6 633 posts on InvestorsHub.com.

7 122. The touts alerted recipients and viewers to watch GRCU stock, reposted  
8 GRCU's hemp/cannabinoid press releases, including the false and misleading  
9 August 23 release, and reported the percentage gains in the stock price.

10 123. For example, blast text messages stated:

Date	Time	Text
8/22/2016	5:03 p.m.	Tuesdays New Stock Goodie Is GRCU. Hemp infused products. [providing link to press releases]
8/23/2016	9:05 a.m.	New Stock Goodie GRCU Has Breaking News! Announcing 20 Acre Land Deal! [and providing link to press release]
8/23/2016	11:27 a.m.	GRCU Reversing Position to Hitting Highs of Over 16% in Early Trading! Keep Watching!
8/23/2016	4:10 p.m.	Stock Goodie GRCU Closing Up Green on Strong Volume & Hitting High of Over 42%. Congrats Traders \$\$\$\$.
8/24/2016	4:21 p.m.	Yesterday's Stock Goodie GRCU on the Run Again Hitting Over 48% at HOD & Giving Us Over 68% for 2 Days!

21 124. From September 27 to October 5, 2016, Osegueda and Ross ran another  
22 campaign through Promoter 2 to promote GRCU stock, which included  
23 approximately 8,268 blast emails, 468 text messages, 812 message board posts, and 9  
24 press releases.

25 125. From October 17 to October 25, 2016, Promoter 3 posted messages  
26 touting GRCU's stock price increases ("up 200% in 20 days"), reposting the  
27 hemp/cannabinoid press releases, providing links to GRCU's stock charts (which  
28 showed increasing stock prices and share volume), and speaking of the stock in

1 glowing terms (“Current traders killing it with green”).

2 126. The blast email and text message content was similar to those in August  
3 2016. For example on October 3, 2016, the blast text message from Promoter 2 said  
4 “Da Boss Sez Keep An Eye Out Tonight For Our New Case For Tuesday’s Tradin.’  
5 Sweet Breakout Chart!” On October 4, another blast text said “Don’t Miss Today’s  
6 New Breakout Case GRCU. How High Can She Go?”

7 127. The misrepresentations in these promotions regarding hemp products  
8 and the purported 20 acre lease were material. A reasonable investor would consider  
9 important to an investment decision whether a company was selling its products and  
10 consequently generating revenue, or whether it had entered into a 20-acre lease to be  
11 used eventually for cannabis cultivation. Likewise, a reasonable investor would  
12 consider it important that purported statements by the head of the company were not  
13 his and that others were speaking for him without his knowledge.

14 128. In addition, investors would want to know that the promoters were being  
15 paid by company insiders preparing to dump their shares.

16 **G. The Dramatic Increase in GRCU’s Stock Price and Trading Volume as**  
17 **Defendants Osegueda, Ross and Logan Dump Their Shares**

18 129. The market reaction to defendants’ promotional campaign was dramatic.  
19 Average daily trading volume increased from about 204,000 shares per day in the ten  
20 days before the beginning of the first campaign, to about 2.17 million during the  
21 entirety of the campaign, a 967% increase.

22 130. During the first email set of and text message blasts and social media  
23 posts (August 22 to 24, 2016), the stock price increased 50%, from \$0.008 to \$0.012  
24 per share.

25 131. During the second set of promotions and the additional press releases  
26 (September 27 to November 29, 2016), the stock price increased 113%, from \$0.012  
27 to \$0.049 per share.

28 132. During the promotional campaign, defendants Osegueda, Ross and

1 Logan sold their shares for proceeds of about \$1.91 million:

2 (a) From April 13 to November 29, 2016, Osegueda sold 42 million shares for  
3 proceeds of about \$857,000.

4 (b) From March 29 to November 14, 2016, Ross sold about 36.8 million shares  
5 for about \$887,000. He also sent a portion of his trading proceeds to GRCU  
6 and paid its expenses totaling about \$72,000.

7 (c) From March 16 to September 16, 2016, Logan sold 11.7 million shares, for  
8 proceeds of about \$164,000.

9 133. For her services throughout the scheme, Snyder received about \$30,000  
10 from Ross.

11 134. Osegueda, Ross, Snyder, and Logan acted with scienter. Each of them  
12 knew that they were acting in concert to promote GRCU's stock so that Osegueda,  
13 Ross, and Logan could sell their shares.

14 135. Through Logan's email to Osegueda and Ross, all three knew that Logan  
15 prepared the two agreements regarding Logan's stock promotion services, which  
16 were designed to deceive the brokerage firms when Logan deposited his stock.

17 136. All four defendants also knew that they had not consulted the GRCU  
18 CEO regarding the hemp-related press releases that they prepared and issued, and had  
19 not cleared his purported quotes with him.

20 137. Snyder also knew that she masqueraded as the head of GRCU's holding  
21 company, InStep Holdings, to give the appearance to the media company and in the  
22 press releases that InStep was the GRCU's control shareholder.

23 138. Snyder further knew of Ross's control but did not include that in Ross's  
24 DSRs or the company's OTC submissions.

25 139. Osegueda, Ross, Snyder, and Logan also acted negligently by failing to  
26 exercise reasonable care that the documents they created and disseminated accurately  
27 represented who controlled the company and correctly described its business  
28 activities, and that the public statements they released to the public were approved by

1 the company's only officer and director.

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

3 140. The offers and sales of GRCU securities by Osegueda, Ross, and Logan  
4 were not registered with the SEC, and the exemption from registration that they each  
5 claimed in their DSRs – Section 4(a)(1) of the Securities Act using the Rule 144 safe  
6 harbor – did not apply.

7 141. Section 4(a)(1) exempts “transactions by any person other than an issuer,  
8 underwriter, or dealer.” An underwriter is defined to include anyone who purchased  
9 a security from “an issuer with a view to” later “distribut[e]” the security to others, or  
10 anyone who “offers or sells” securities “for an issuer” in connection with the  
11 distribution of those securities.

12 142. Osegueda was an underwriter; he acquired shares from GRCU with a  
13 view towards distribution. His offers to sell GRCU shares were made in open market  
14 over-the-counter transactions.

15 143. Ross is an underwriter; he sold shares for an issuer, GRCU, in  
16 connection with a distribution through OTC Link, because he sent proceeds from his  
17 sales to GRCU and paid its expenses.

18 144. Logan privately acquired shares from Ross through his consulting  
19 agreement. Because he controlled GRCU, Ross was an issuer. Logan promptly began  
20 to sell his shares through OTC Link, so he obtained the shares with a view towards  
21 distribution.

22 145. Osegueda, Ross, and Logan all began selling shares before the one-year  
23 holding period required by Rule 144 had run; Ross and Logan sold their shares before  
24 this holding period had even begun.

1 **FIRST CLAIM FOR RELIEF**

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

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

4 **(Against All Defendants)**

5 146. The SEC realleges and incorporates by reference paragraphs 1 through  
6 145 above.

7 147. In their DSRs, which they each signed under oath, Osegueda, Ross, and  
8 Logan falsely claimed that they were not acting in concert with anyone regarding  
9 GRCU stock and were not aware of any promotional campaign despite their  
10 substantial steps to orchestrate one. Logan also falsely claimed that he only owned  
11 5 million GRCU shares that he deposited, even though he beneficially owned  
12 5 million restricted shares that he received through his companies for promotional  
13 services. Ross also stated falsely that he was not an affiliate of GRCU, which  
14 includes those who control the issuer.

15 148. Snyder drafted, reviewed, and authorized the release of two GRCU press  
16 releases that contained materially misleading statements about the company's  
17 purported efforts in the hemp and cannabis markets. Osegueda and Ross assisted in  
18 disseminating these releases. Contrary to the March 22 release, GRCU was not  
19 processing orders for its hemp products and was actually phasing out hemp and  
20 cannabis. The press release also included a quote from the GRCU CEO that he never  
21 made, in a press release that the GRCU CEO never knew about or authorized.  
22 Contrary to the August 23 press release, GRCU had not entered into a 20-acre lease  
23 to be used eventually for cannabis cultivation.

24 149. Defendants also engaged in deceptive conduct, in addition to their false  
25 and misleading statements. To disguise his control and affiliate status, Ross  
26 convinced the Nominee Officer to takeover InStep Holdings (and thus GRCU) and  
27 hired the GRCU CEO. Osegueda and Ross created and signed a backdated  
28 consulting agreement to give the impression that Ross had paid for his shares, and

1 held them, for longer than he had. Ross then provided the agreement to his brokerage  
2 firm as part of his DSRs, which gave the false impression that he paid for the shares  
3 through consulting work and subsequently held them for the requisite holding period.  
4 Logan created two agreements to separate the stock promotion arrangement from his  
5 partial compensation of five million “freely tradable” shares. He then provided only  
6 the general consulting agreement to his broker to hide his participation in an  
7 upcoming GRCU promotion. Additionally, Snyder took repeated deceptive steps  
8 regarding the DSRs such as preparing and uploading false and misleading GRCU  
9 submissions to OTC Markets; preparing false and misleading letters, and obtaining  
10 the GRCU CEO’s signature on them, that neither Osegueda, Ross, or Logan were  
11 affiliates; Snyder also prepared and submitted Ross’s DSRs, which contained false  
12 and misleading statements, including the letters signed by the GRCU CEO, and the  
13 backdated consulting agreement.

14 150. Osegueda, Ross, and Snyder also created and implemented a  
15 promotional campaign to stimulate trading in GRCU stock. Osegueda and Ross  
16 retained a promoter and to cover up their involvement used the name of an unrelated  
17 LLC as the entity that paid for the message board posts and blast emails and text  
18 messages; Snyder covered up Ross’s actual control of the company by falsely  
19 claiming to the media company that she was InStep Holding’s chairperson and  
20 therefore had authority to authorize press releases for distribution.

21 151. By engaging in the conduct described above, Defendants, and each of  
22 them, directly or indirectly, in connection with the purchase or sale of a security, and  
23 by the use of means or instrumentalities of interstate commerce, of the mails, or of  
24 the facilities of a national securities exchange: (a) employed devices, schemes, or  
25 artifices to defraud; (b) made untrue statements of a material fact or omitted to state a  
26 material fact necessary in order to make the statements made, in the light of the  
27 circumstances under which they were made, not misleading; or (c) engaged in acts,  
28 practices, or courses of business which operated or would operate as a fraud or deceit

1 upon other persons.

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

5 **SECOND CLAIM FOR RELIEF**

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

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

8 **(Against All Defendants)**

9 153. The SEC realleges and incorporates by reference paragraphs 1 through  
10 145 above.

11 154. Osegueda, Ross, Snyder and Logan engaged in a deceptive scheme. To  
12 disguise his control and affiliate status, Ross convinced his business colleague to  
13 nominally take over InStep Holdings (and thus GRCU), and hired the GRCU CEO.  
14 These steps gave the false impression that Ross was neither a control person or an  
15 affiliate and facilitated the broker's acceptance of his DSR and his subsequent stock  
16 sales during the promotion. Osegueda and Ross created and signed a backdated  
17 consulting agreement to give the impression that Ross had paid for his shares, and  
18 held them, for longer than he had. Ross then provided the agreement to the brokerage  
19 firm as part of his DSR, which falsely gave the impression that he paid for the shares  
20 through consulting work and held them for the requisite holding period.

21 155. Logan created two agreements to separate the stock promotion  
22 arrangement from his partial compensation of five million "freely tradable" shares.  
23 He then provided only the general consulting agreement to his broker to hide his  
24 participation in an upcoming GRCU promotion when documenting how he received  
25 the shares in addition to the statements that he made in his signed DSR. Additionally,  
26 Snyder took repeated deceptive steps regarding the DSRs such as preparing and  
27 uploading false and misleading GRCU submissions to OTC Markets and preparing  
28 false and misleading letters stating that neither Osegueda, Ross, or Logan were

1 affiliates. Snyder also prepared and submitted Ross's false DSRs and the backdated  
2 consulting agreement.

3 156. Osegueda, Ross, and Snyder also created and implemented a  
4 promotional campaign to stimulate trading in GRCU stock. Osegueda and Ross  
5 retained a promoter and to cover up their involvement used the name of an unrelated  
6 LLC as the entity that paid for the message board posts and blast emails and text  
7 messages. Snyder covered up Ross's actual control of the company by falsely  
8 claiming to the media company that she was InStep Holding's chairperson and  
9 therefore had authority to authorize press releases for distribution.

10 157. By engaging in the conduct described above, Defendants, and each of  
11 them, directly or indirectly, in the offer or sale of securities, and by the use of means  
12 or instruments of transportation or communication in interstate commerce or by use  
13 of the mails directly or indirectly: (a) employed devices, schemes, or artifices to  
14 defraud; and (b) engaged in transactions, practices, or courses of business which  
15 operated or would operate as a fraud or deceit upon the purchaser.

16 158. By engaging in the conduct described above, Defendants each violated,  
17 and unless restrained and enjoined will continue to violate, Sections 17(a)(1)  
18 and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1) and 77q(a)(3).

19 **THIRD CLAIM FOR RELIEF**

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

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

22 **(against Defendants Osegueda, Ross, and Logan)**

23 159. The SEC realleges and incorporates by reference paragraphs 1 through  
24 145 above.

25 160. Osegueda, Ross, and Logan obtained money by means of materially  
26 false and misleading statements in connection with and in the offer or sale of GRCU  
27 stock. By means of their statements, they obtained trading proceeds from their stock  
28 sales. In their DSRs, which they each signed under oath, Osegueda, Ross, and Logan



1 falsely claimed that they were not acting in concert with anyone regarding GRCU  
2 stock and were not aware of any promotional campaign despite their substantial steps  
3 to orchestrate one. Logan also falsely claimed that he only owned 5 million GRCU  
4 shares that he deposited, even though he beneficially owned 5 million restricted  
5 shares that he received through his companies for promotional services. Ross also  
6 stated falsely that he was not an affiliate of GRCU, which includes those who control  
7 the issuer under Rule 144(a)(1).

8       161. Osegueda and Ross also helped to disseminate two GRCU press releases  
9 that contained materially misleading statements about the company's purported  
10 efforts in the hemp and cannabis markets. Contrary to the March 22 release, GRCU  
11 was not processing orders for its hemp products and was actually phasing out hemp  
12 and cannabis. The press release also included a quote from the GRCU CEO that he  
13 never made, in a press release that the GRCU CEO never knew about or authorized.  
14 Contrary to the August 23 press release, GRCU had not entered into a 20-acre lease  
15 to be used eventually for cannabis cultivation.

16       162. By engaging in the conduct described above, Osegueda, Ross, and  
17 Logan, and each of them, directly or indirectly, in the offer or sale of securities, and  
18 by the use of means or instruments of transportation or communication in interstate  
19 commerce or by use of the mails directly or indirectly: obtained money or property  
20 by means of untrue statements of a material fact or by omitting to state a material fact  
21 necessary in order to make the statements made, in light of the circumstances under  
22 which they were made, not misleading.

23       163. By engaging in the conduct described above, Osegueda, Ross, and  
24 Logan each violated, and unless restrained and enjoined will continue to violate,  
25 Section 17(a)(2) and of the Securities Act, 15 U.S.C. §§ 77q(a)(2).  
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28

1 **FOURTH CLAIM FOR RELIEF**

2 **Unregistered Offer and Sale of Securities**

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

4 **(Against Osegueda, Ross, and Logan)**

5 164. The SEC realleges and incorporates by reference paragraphs 1 through  
6 145 above.

7 165. Osegueda's, Ross's, and Logan's offers and sales of GRCU stock were  
8 not registered with the SEC.

9 166. No exemption applied to Osegueda's, Ross's, or Logan's offers and  
10 sales of GRCU stock. They each acted as underwriters with respect to their sales of  
11 GRCU's stock. Osegueda and Logan acquired shares from an issuer with a view  
12 toward distributing them. Ross offered and sold the shares for GRCU by paying for  
13 GRCU expenses with some of the trading proceeds. Osegueda, Ross, and Logan sold  
14 their shares in open market over-the-counter transactions, which constitute invitations  
15 or solicitations to the general public. No safe harbor under Rule 144 applies, because  
16 Osegueda, Ross, and Logan all began selling shares before the one-year holding  
17 period required by Rule 144 had run.

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

26 168. By engaging in the conduct described above, Osegueda, Ross, and  
27 Logan have each violated, and unless restrained and enjoined, will continue to  
28 violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c).

**PRAYER FOR RELIEF**

WHEREFORE, the SEC respectfully requests that the Court:

**I.**

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

**II.**

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants, and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 17(a)(1) and 17(a)(3) of the Securities Act [15 U.S.C. §§77q(a)(1) & 77q(a)(3)], and 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].

**III.**

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants Osegueda, Ross, and Logan, and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a)(2) of the Securities Act [15 U.S.C. §77q(a)(2)].

**IV.**

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

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**V.**

Order Osegueda, Ross, and Logan to disgorge all funds received from their illegal conduct, together with prejudgment interest thereon.

**VI.**

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

**VII.**

Bar Defendants Osegueda, Ross, and Snyder from serving as officers or directors of any public company, under Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act.

**VIII.**

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

**IX.**

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

**X.**

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

Dated: May 20, 2019

*/s/ Lynn M. Dean*

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Lynn M. Dean  
Roberto A. Tercero  
Attorney for Plaintiff  
Securities and Exchange Commission

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