

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION**

NO. ____: _____-CV-____-____

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

Martin A. Sumichrast,

Defendant.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

The plaintiff, the U.S. Securities and Exchange Commission (“Commission”), files this Complaint and alleges the following:

SUMMARY

1. Between March 2017 and March 2019, Martin A. Sumichrast engaged in a series of undisclosed and fraudulent conflict-of-interest transactions with Stone Street Partners, LLC (“Stone Street”), a private fund that he managed.

2. Some of these transactions benefited Sumichrast at the expense of Stone Street and its investors.

3. Most of the transactions also constituted principal transactions for which Sumichrast did not provide the requisite transaction-specific written notice or obtain the requisite consent.

4. Through his conduct, Sumichrast violated, and unless restrained will continue to violate, Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.

§§ 77q(a)(1), (3)]; Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5]; and Sections 206(1), 206(2), 206(3), and 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1), (2), (3)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to authority conferred upon it by Sections 20(b), (c) and (d) of the Securities Act [15 U.S.C. §§ 77t(b)-(d)], Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)-(e)] and Sections 209(d) and 209(e) of the Advisers Act [15 U.S.C. §§ 80b-9(d)-(e)] to enjoin Defendant Sumichrast from engaging in the transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object, for disgorgement of illegally obtained funds and other equitable relief, and for civil money penalties.

6. 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)], Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14].

7. Defendant Sumichrast, directly and indirectly, has made use of the mails, the means and instrumentalities of transportation and communication in interstate commerce, and the means and instrumentalities of interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

8. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 209 of the Advisers Act [15 U.S.C. § 80b-9], because certain of the transactions, acts, practices and courses of business

constituting violations of the Securities Act, Exchange Act, and Advisers Act have occurred within the Western District of North Carolina.

DEFENDANT AND RELATED ENTITIES

9. **Martin A. Sumichrast (“Sumichrast”)**, age 55, is a resident of Charlotte, North Carolina. Between 2013 and 2020, Sumichrast served as a manager of Stone Street. As manager of Stone Street, Sumichrast, for compensation, engaged in the business of advising Stone Street as to the value of securities or as to the advisability of investing in, purchasing, or selling securities. He is also the Chairman of the Board of Directors and CEO of cbdMD, Inc., a publicly traded company that produces and distributes cannabis products. He previously served as cbdMD’s president.

10. In addition, Sumichrast is a member of the board of directors and the CEO of Adara Acquisition Corp., a SPAC formed as a Delaware corporation, whose sponsors include cbdMD. Adara, which raised \$100 million in a February 2021 IPO, is listed on the NYSE American stock exchange.

11. Sumichrast has been affiliated with numerous other publicly-traded companies, and in particular penny-stock companies, throughout his career.

12. **Stone Street Partners, LLC, f/k/a Siskey Capital, LLC (“Stone Street”)**, was a North Carolina limited liability company whose principal place of business was in Charlotte, NC. Stone Street was initially formed as Siskey Capital LLC in 2013, but changed its name to Stone Street in 2017. It was a pooled investment vehicle that invested in public and private companies.

13. Stone Street filed its Articles of Dissolution of Limited Liability Company on July 22, 2020. Sumichrast was Stone Street’s co-manager from 2013 until December 2016, and its

sole manager from December 2016 through its dissolution. Stone Street was never registered with the Commission in any capacity.

14. **Washington Capital I, LLC, f/k/a Washington Capital, LLC (“Washington Capital”)**, is a Maryland limited liability company wholly controlled by Sumichrast and owned by Sumichrast and/or his immediate family. According to Washington Capital, the company “was used by [Sumichrast] to hold personal family assets and pay his family’s personal expenses. It did not conduct any business, have employees or serve any purpose other than a pass through entity for the Sumichrast family’s personal finances.”

15. Sumichrast frequently used Washington Capital to effectuate personal transactions, including some of the transactions at issue in this litigation.

16. **cbdMD, Inc., f/k/a Level Brands, Inc. (“cbdMD”)**, is a North Carolina corporation whose principal place of business is in Charlotte, North Carolina. cbdMD is a manufacturer and seller of products containing cannabidiol. Sumichrast has been cbdMD’s CEO or Co-CEO at all relevant times, has served as the Chairman of its Board of Directors since 2019, and was its president from 2016 until July 2019. cbdMD’s common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act, and is quoted on the NYSE American stock exchange under the ticker YCBD.

STONE STREET BACKGROUND

17. In 2013, Sumichrast and Richard Siskey (“Siskey”), then a prominent Charlotte, North Carolina businessman, formed Stone Street. Between 2013 and 2014, Stone Street raised \$3 million through the sale of Class B Unit interests to 16 investors. In 2015, Stone Street conducted an additional offering, which raised \$8.73 million from approximately 52 investors.

In connection with the second offering, all existing investors were converted to Class A members, resulting in Stone Street having only one class of equity.

18. Siskey and Sumichrast were designated in Stone Street's private placement memorandum ("PPM") and operating agreement (the "Operating Agreement") as the fund's co-managers. Stone Street did not have a board, trustee, investment committee, or any other independent governing committee.

19. As a result, Siskey and Sumichrast had broad discretion with respect to Stone Street's operations and investment portfolio, including responsibility for all of Stone Street's investment decisions; however, the Operating Agreement imposed upon Siskey and Sumichrast various duties, and required all related party transactions entered into by Stone Street to be approved by a majority of Stone Street's Class A members via either vote or written consent.

20. Specifically, Section 5.5 of the Operating Agreement provided:

Related Party Transactions. Any contract or other transaction between or among the LLC and a Member, Manager or Officer, any Affiliate of a Member, Manager or Officer or any other Person in, of or with which the Member, Manager or Officer is a partner, creditor, stockholder, owner, member, manager, trustee, employee, director or officer, or otherwise has a substantial financial, economic, or contractual interest or relationship, shall require the Approval of the Members.

21. "Approval of the Members" was defined as "approval by vote or written consent of the holders of the majority of the issued and outstanding Class A Units." Likewise, the PPM stated that "Richard Siskey or Martin Sumichrast may transact business with the Company with the approval of holders holding a majority of the Units."

22. In addition to the disclosure obligations explicitly imposed by the Operating Agreement, Siskey and Sumichrast owed fiduciary duties to Stone Street as its investment advisers and managers.

23. In December 2016, Siskey died by suicide not long after an investigation began into his role with an unrelated Ponzi scheme that he operated from September 2010 through December 2016. After Siskey's death, Sumichrast became Stone Street's sole manager.

SUMICHRAST'S SELF- DEALING

24. After Siskey's death, Sumichrast engaged in multiple transactions that advanced his interests, often at the expense of the interests of Stone Street and its investors. Each of the transactions qualified as related party transactions under the Operating Agreement and PPM.

25. Sumichrast did not disclose in advance to Stone Street or its investors—let alone seek their consent—any information concerning these transactions or the multiple ways in which Sumichrast's interests conflicted with those of Stone Street and its investors.

A. Sumichrast Doubles His Salary

26. Pursuant to Stone Street's PPM, Sumichrast and Siskey would "each receive a salary of \$100,000 per year from" Stone Street. In January 2017, Stone Street paid Sumichrast his \$100,000 annual salary for 2017. Subsequently, in March 2017, after Siskey's death, Sumichrast paid himself an additional \$100,000 out of Stone Street's account. Sumichrast then paid himself \$200,000 per year in 2018 and 2019.

27. All of these payments were made by Stone Street to Washington Capital. To fund the 2018 payment, Sumichrast caused Stone Street to sell approximately \$200,000 worth of securities. Absent this sale of securities, Stone Street would not have had sufficient cash to pay Sumichrast the extra \$100,000.

28. Sumichrast never disclosed to Stone Street or its investors that he paid the extra \$100,000 salary to himself and never obtained Stone Street's consent.

B. Sumichrast Uses Stone Street Funds to Strengthen cbdMD's Balance Sheet

29. Stone Street became a cbdMD investor in 2015, and held approximately five million cbdMD shares at the time of Siskey's death in December 2016.

30. In October 2017, cbdMD completed a Regulation A+ offering and its shares have traded on the NYSE American exchange since that time.

31. Prior to this public offering of stock, cbdMD's underwriter told Sumichrast that cbdMD's shares would be more attractive if it were to eliminate some debt.

32. Accordingly, in advance of this offering, Sumichrast, caused Stone Street to engage in a series of transactions with cbdMD that were designed to improve cbdMD's balance sheet and thus improve the prospects of cbdMD's eventual stock offering. Many of these transactions benefited cbdMD to the detriment of Stone Street.

33. Sumichrast received a personal benefit for taking cbdMD public. As a part of his January 2017 employment agreement with cbdMD, Sumichrast was entitled to a discretionary bonus at the sole discretion of cbdMD's Board. In January 2018, cbdMD rewarded Sumichrast by giving him a discretionary bonus of \$240,000 "based on the prior year accomplishment."

i. Sumichrast Causes Stone Street to Purchase cbdMD Shares

34. Sumichrast caused Stone Street on July 18, 2017 to purchase 56,500 shares of cbdMD stock for \$223,175, or \$3.95 per share, from cbdMD. cbdMD used the proceeds from this sale, and the sale of shares to other investors, to pay down cbdMD's line of credit.

35. Although Sumichrast's affiliation with cbdMD made this a related party transaction, Sumichrast failed to disclose the transaction, or his conflict of interest (including his financial interest in receiving a possible discretionary bonus from cbdMD), in advance to Stone Street or its investors, or obtain their consent to Stone Street's purchase of additional cbdMD shares.

ii. Sumichrast Further Strengthens cbdMD by Causing Stone Street to Purchase Worthless NuGene International, Inc. Preferred Stock

36. Also in July 2017, in a further effort to strengthen cbdMD's cash position prior to its public offering, Sumichrast caused Stone Street to purchase near-worthless securities from I'M1, LLC ("I'M1"), a majority owned subsidiary of cbdMD that was controlled by cbdMD and included in cbdMD's consolidated financial statements.

37. I'M1 previously had entered into a consulting agreement with NuGene International, Inc. ("NuGene"), an unaffiliated cosmetics company, pursuant to which cbdMD received 2.5 million shares of NuGene common stock, valued at approximately \$650,000.

38. At the time of I'M1's agreement with NuGene, NuGene was a publicly traded company whose common stock traded on the pink sheets. NuGene, however, was heavily in debt and at risk of failing.

39. In fact, NuGene's 2016 Form 10-K filed with SEC's EDGAR system on April 12, 2017, included a management disclosure that there was substantial doubt about the company's ability to continue as a going concern, and the audit opinion letter accompanying NuGene's financial statements also included a going concern qualification.

40. Subsequently, in May 2017, NuGene filed a notice with the Commission stating that it was unable to file its quarterly report on Form 10-Q within the prescribed time period.

41. On July 27, 2017, I'M1 and NuGene executed an amendment to their consulting agreement, effective June 30, 2017. In the amendment, I'M1 specifically noted that NuGene failed to make its required filings with the Commission and, as a result, its "stock is no longer quoted on the OTCB and the market value has materially declined."

42. Pursuant to the amended consulting agreement, on June 30, 2017, cbdMD exchanged its 2.5 million shares of NuGene common stock for 65 shares of NuGene's Series B Convertible Preferred Stock, with a stated value of \$10,000 per share.

43. The 65 preferred shares were each convertible to common shares using the lesser of either \$0.26 per common share or the 30-day trading average, that would provide a number of shares equal to the value of \$10,000 per preferred share—*i.e.*, at the \$.26 conversion rate, cbdMD would have received 2.5 million NuGene common shares upon converting all 65 preferred shares.

44. On July 31, 2017, Sumichrast caused Stone Street to purchase the NuGene convertible shares from I'M1 for \$475,000: \$200,000 in cash and a promissory note for the \$275,000 balance, which was fully paid in 2018. The purchase price was set unilaterally by cbdMD and no third-party valuation was performed to determine the value of the NuGene convertible shares.

45. By infusing additional cash into I'M1, Sumichrast further strengthened cbdMD's financial position in advance of its public offering because I'M1's financials were included in cbdMD's consolidated financial statements .

46. Not only did Sumichrast fail to disclose this related party transaction to Stone Street and its investors, or seek their consent, the transaction harmed Stone Street and benefited only cbdMD (and ultimately, Sumichrast).

47. Stone Street received 65 non-marketable convertible preferred shares of a failing company that was not current on its SEC filings and would eventually deregister. The shares were convertible into millions of shares of thinly traded common stock, but such a conversion would have greatly diluted the market price for the common shares, which closed at \$0.039 per

share on June 29, 2017. Thus, Stone Street would not have been able to unload its shares without causing a substantial additional decrease in value.

48. Tellingly, Stone Street's audited financials for 2017 and 2018 listed the NuGene shares as having a fair value of \$0. In other words, at Sumichrast's direction, Stone Street paid \$475,000, and received essentially nothing of value in return.

C. Stone Street's Transactions With Washington Capital, LLC

i. Sumichrast Causes Stone Street to Loan Money to Washington Capital

49. On July 1, 2017, Sumichrast caused Stone Street to loan \$70,000 to Washington Capital, a company that was owned by Sumichrast's family and controlled by Sumichrast. After this loan, Washington Capital's total indebtedness to Stone Street exceeded \$300,000.

50. Even though it was a related party transaction, Sumichrast neither obtained the requisite consent from a majority of Stone Street's shareholders prior to this \$70,000 loan nor disclosed his conflict of interest.

51. On January 1, 2018, Washington Capital's outstanding principal and interest owed to Stone Street totaled \$325,777.

52. As of that same date, Sumichrast caused Stone Street and Washington Capital to enter into an agreement pursuant to which Washington Capital repaid the entire balance of the loan by transferring to Stone Street 651,553 shares of Kure Corp. ("Kure"), a private vaping company of which Sumichrast, through Washington Capital, was the fifth largest shareholder and former member of the board of directors.

53. Sumichrast also had an ongoing financial relationship with Kure, in that he was assisting that company with its efforts to be acquired.

54. The valuation of Kure stock for the loan repayment was not based on a third-party valuation or any attempt to accurately value the shares.

55. Sumichrast did not obtain the requisite consent from a majority of Stone Street's shareholders prior to this related party transaction or disclose his conflict of interest.

ii. Sumichrast Causes Stone Street to Purchase Restricted cbdMD Stock From Washington Capital

56. On July 1, 2018, Sumichrast caused Stone Street to purchase from Washington Capital 150,000 restricted shares of cbdMD stock in a private placement for \$645,000, or \$4.30 per share.

57. Stone Street paid Washington Capital \$45,000 cash, with the \$600,000 balance secured by a security agreement and to be paid pursuant to a promissory note with a 5% per annum interest rate.

58. Sumichrast failed to disclose this transaction in writing in advance to Stone Street or its investors or obtain their consent.

59. The \$4.30 per share transaction price was not based on an independent valuation and was unjustifiably high under the circumstances.

60. For example, the price reflected a 16% premium over the previous day's \$3.70 closing price for freely traded common shares of cbdMD. But here, Stone Street acquired a non-controlling block of restricted shares, meaning that an illiquidity discount should have been applied to the common share price to arrive at an appropriate, lower price for the restricted shares.

D. Sumichrast Causes Stone Street to Loan Money to Kure

61. In April 2018, Sumichrast caused Stone Street to loan Kure \$80,000. The loan was repaid later that month

62. At the time of this loan, Sumichrast was a Kure shareholder, was representing Kure in an attempted merger with Isodiol International Inc. (from whom he received warrants), and had just received \$100,000 of compensation for his work for Kure.

63. Subsequently, in March 2019, Stone Street provided a \$50,000 bridge loan to Kure. In October 2019, the loan was converted into Kure stock at \$0.10 per share.

64. Sumichrast did not obtain the requisite consent from a majority of Stone Street's shareholders prior to this related party transaction, or disclose his conflict of interest.

COUNT I—FRAUD
Violations of Section 17(a)(1) of the Securities Act
[15 U.S.C. § 77q(a)(1)]

65. Paragraphs 1 through 64 are hereby realleged and are incorporated herein by reference.

66. Between March 2017 and March 2019, Sumichrast, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

67. Defendant Sumichrast knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

68. In engaging in such conduct, the Defendant acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

69. By reason of the foregoing, Defendant Sumichrast directly and indirectly violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II—FRAUD
Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act
[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

70. Paragraphs 1 through 64 are hereby realleged and are incorporated herein by reference.

71. Between March 2017 and March 2019, Sumichrast, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a) obtained money and property by means of untrue statements of material fact and omissions 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

b) engaged in transactions, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

72. By reason of the foregoing, Sumichrast directly and indirectly violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III—FRAUD
Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]
and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5]

73. Paragraphs 1 through 64 are hereby realleged and are incorporated herein by reference.

74. Between March 2017 and March 2019, Sumichrast, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- a) employed devices, schemes, and artifices to defraud; and
- b) engaged in acts, practices, and courses of business which would and did

operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

75. Sumichrast knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, the Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

76. By reason of the foregoing, Sumichrast violated and, unless enjoined, will continue to violate 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].

COUNT IV—FRAUD BY AN INVESTMENT ADVISER
Violations of Sections 206(1) and 206(2) of the Advisers Act
[15 U.S.C. §§ 80b-6(1), (2)]

77. Paragraphs 1 through 64 are hereby realleged and are incorporated herein by reference.

78. Defendant Sumichrast was at all relevant times an investment adviser within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)].

79. Defendant Sumichrast, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce: (a) acting knowingly or recklessly, employed devices, schemes, or artifices to defraud; or (b) engaged in transactions, practices, or courses of business which operated as fraud or deceit upon a client or prospective client.

80. By reason of the foregoing, Sumichrast violated and, unless enjoined, will continue to violate Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2)].

COUNT V—FRAUD BY AN INVESTMENT ADVISER
Violations of Section 206(3) the Advisers Act
[15 U.S.C. § 80b-6(3)]

81. Paragraphs 1 through 64 are hereby realleged and are incorporated herein by reference.

82. Defendant Sumichrast was at all relevant times an investment adviser within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)].

83. Defendant Sumichrast, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce, while acting as principal for his own account, knowingly sold securities to, and/or purchased securities from, a client without disclosing to such client in writing before the completion of such transaction the capacity in which he was acting and obtaining the consent of the client to such transaction.

84. By reason of the foregoing, Sumichrast violated and, unless enjoined, will continue to violate Section 206(3) of the Advisers Act [15 U.S.C. § 80b-6(3)]

COUNT VI—FRAUD BY AN INVESTMENT ADVISER
Violations of Section 206(4) the Advisers Act [15 U.S.C. § 80b-6(4)]
and Rule 206(4)-8 Thereunder [17 C.F.R. § 275.206(4)-8]

85. Paragraphs 1 through 64 are hereby realleged and are incorporated herein by reference.

86. Defendant Sumichrast was at all relevant times an investment adviser to a pooled investment vehicle within the meaning of Rule 206(4)-8 of the Advisers Act.

87. Defendant Sumichrast directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce:

(a) Made untrue statements of fact and/or omitted to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to investors and prospective investors in a pooled investment vehicle; and

(b) Otherwise engaged in acts, practices, and courses of business that were fraudulent, deceptive, or manipulative with respect to investors and prospective investors in a pooled investment vehicle.

88. By reason of the foregoing, Sumichrast violated and, unless enjoined, will continue to violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission respectfully prays that the Court:

I.

Make findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that Sumichrast committed the violations alleged herein.

II.

Permanently enjoin Sumichrast and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise, and each of them:

- a. from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];
- b. from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. §§ 240.10b-5(a), (c)];
- c. from violating Sections 206(1), (2), (3), and (4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), (2), (3) and (4)] and Rule 206(4)-8 thereunder [17 CFR § 275.206(4)-8].

III.

Permanently enjoin Sumichrast from directly or indirectly, including, but not limited to, through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security; provided, however, that such injunction shall not prevent Sumichrast from purchasing or selling securities for his own personal accounts.

IV.

Order Sumichrast to pay disgorgement of all ill-gotten gains or unjust enrichment and to pay prejudgment interest on the amount ordered to be disgorged, to effect the remedial purposes of the federal securities laws.

V.

Order Sumichrast, pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78u-1] and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)], to pay civil monetary penalties.

VI.

Pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and its inherent equitable powers, enjoin Sumichrast from acting as an officer or director of an issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

VII.

Pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)] and its inherent equitable powers, enjoin Sumichrast from participating in an offering of penny stock.

VIII.

Grant such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: May 31, 2022.

RESPECTFULLY SUBMITTED,

/s/Pat Huddleston
Pat Huddleston
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