

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Plaintiff,

v.

ADAM P. ROGAS and  
PAUL G. KOROL,

Defendants,

and

NS8 FP, LLC, MVP 2020, LLC, AND  
ROGASSI ENTERPRISES, LLC

Relief Defendants.

Civil Action No. 20-cv-07628-PAC

ECF CASE

Jury Trial Demanded

**AMENDED COMPLAINT**

Plaintiff United States Securities and Exchange Commission (“SEC”) alleges as follows:

**INTRODUCTION**

1. Beginning in at least 2018 and continuing through the summer of 2020, Defendant Adam P. Rogas (“Rogas”), a founder and the former Chief Executive Officer (“CEO”) of NS8, Inc. (“NS8”), a private technology company, defrauded NS8 investors in various securities offerings by falsifying NS8’s bank statements to give the appearance that NS8 was generating millions of dollars in customer revenue with tens of millions of dollars of assets on hand. In fact, NS8 generated only a fraction of the revenue and had far less assets than what appeared in the doctored bank and financial statements provided to investors. Defendant Paul G. Korol (“Korol,” and collectively with Rogas, “Defendants”), a co-founder and the former Chief

Customer Officer (“CCO”) of NS8, assisted Rogas in, and profited from, the fraud. Korol was aware that Rogas was falsifying NS8’s financial information, yet solicited investors for NS8 and connected those investors directly to Rogas. Korol also sold millions of dollars of his own NS8 shares in a transaction funded by an unsuspecting investor.

2. Rogas provided the fraudulent bank and financial statements and other financial information derived from the fraudulent bank statements to investors and prospective investors in at least three NS8 securities offerings, one that closed in March 2019 (the “Spring 2019 Seed Round”), one that occurred between at least September and November 2019 (the “Fall 2019 Series A Round”), and one that occurred between at least March and April 2020 (the “Spring 2020 Series A Round”). Collectively, NS8 raised approximately \$149 million in these three offerings as a result of Defendant Rogas’s fraud, and Rogas pocketed at least \$17.5 million of the investor funds.

3. Rogas perpetrated the fraud against investors in the Spring 2019 Seed Round, Fall 2019 Series A Round, and Spring 2020 Series A Round in the same manner. He falsified bank account statements for the account into which NS8’s revenues were deposited and sent these falsified bank statements purporting to show revenue to NS8’s finance department on a monthly basis where they were used to prepare NS8’s financial statements. Rogas then used the false financial information in investor presentations and provided the false bank statements and financial statements to investors, making it appear as if NS8 had millions of additional dollars in revenue from its customers. At times, Defendant Rogas misrepresented NS8’s total assets by tens of millions of dollars, including an over \$60 million inflation of assets in June 2020.

4. Rogas went to great lengths to conceal his deceptive conduct from investors and potential investors. Rogas ensured that he alone had access to the bank account in which NS8

customer funds were deposited. And even after being questioned about certain inconsistencies in NS8's bank statements by a consultant to potential investors in NS8's Spring 2020 Series A Round, Rogas added even more phony transactions to NS8's already falsified bank statement in an effort to prevent his fraud from being discovered.

5. Korol participated in and helped perpetrate Rogas's fraud. By late 2018, Korol was aware that the revenue numbers used by NS8 and provided to investors were falsified. Indeed, in early 2019 Korol acknowledged to Rogas that he knew "our revenues are not correct," and later that year he went so far as to avoid meeting with investors because he did not "want to know the numbers that are being given." Despite this, between late 2018 and mid-2019, Korol solicited numerous potential investors for NS8, and assisted in a secondary offering between two NS8 investors.

6. Further, in August 2019, Korol and Rogas devised a scheme for Korol to offload his shares in NS8 in a transaction funded by a third-party investor. Korol earned approximately \$6.22 million from the transaction.

7. Additionally, in August 2019, Rogas engaged in impeding and retaliation against an NS8 employee who blew the whistle on Rogas's fraudulent conduct. In 2018 and 2019, the whistleblower raised concerns internally that NS8 was overstating and falsifying its customer data, and in July 2019 the whistleblower submitted a tip to the SEC. On August 9, 2019, the whistleblower raised these concerns directly with NS8's Chief of Staff ("COS") and the whistleblower's supervisor (the "Supervisor") and stated that absent a change, he would report the misconduct to investors, customers, and any other interested parties. Later that day, after receiving an urgent call from the COS, Rogas and the COS cut off the whistleblower's access to NS8's computer systems and office building. The next day, Rogas and the COS accessed the

whistleblower's computer, which was then used to assess the whistleblower's personal accounts – accounts that contained correspondence between the whistleblower and his attorney who had assisted him in reporting to the SEC, as well as other information the whistleblower submitted to the SEC. On August 12, 2019, the whistleblower met with Rogas, the COS, and Supervisor and repeated his concerns. Three days later, Rogas had the whistleblower fired.

8. Defendant Rogas's brazen, deceptive conduct continued even after the SEC had contacted NS8. In November 2019 and March 2020, the SEC staff issued subpoenas to Rogas in connection with an investigation into potential fraudulent conduct in a prior NS8 securities offering. Despite these subpoenas, Rogas continued to alter bank statements until at least June 2020.

9. From this fraud, Defendant Rogas received at least \$17.5 million in ill-gotten gains, Defendant Korol received at least \$6.22 million in ill-gotten gains, and the Relief Defendants received illicit proceeds to which they have no legitimate claim.

10. By engaging in this conduct, Rogas violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, as well as Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a). Rogas also violated Exchange Act Rule 21F-17, and aided and abetted NS8's violation of Section 21F(h) of the Exchange Act. Korol violated Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c) thereunder, as well as Sections 17(a)(1) and (3) of the Securities Act, and aided and abetted Rogas's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Sections 17(a)(1) and (3) of the Securities Act. Unless restrained and enjoined, Defendants will continue to violate the federal securities laws.

11. The SEC seeks, among other things, a permanent injunction against Defendants, disgorgement of all Defendants' and Relief Defendants' ill-gotten gains, together with prejudgment interest, third-tier civil penalties against Defendants pursuant to 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)], and an order barring Defendants from serving as officers or directors of any public company.

### **DEFENDANTS**

12. **Adam P. Rogas**, age 45, is a resident of Las Vegas, Nevada and is a founder and the former CEO of NS8. Between 2016 and September 1, 2020, Rogas served as the CEO of NS8.

13. **Paul G. Korol**, age 56, is a resident of Hudson, Ohio. Korol and Rogas were the initial two founders of NS8. Korol was NS8's CCO, and also served on its Board of Directors. At NS8's founding in 2016, Korol purchased 1,693,125 shares of the company for \$0.0001/share, or \$169.31 total. In August 2019, Korol sold most of those shares at \$4.7401/share, for proceeds of \$6,221,182.17.

### **RELIEF DEFENDANTS**

14. **NS8 FP, LLC** is a Wyoming and/or Nevada limited-liability company associated with Rogas. In June 2020, NS8 FP received over \$7.5 million in an equity redemption of NS8, Inc. shares.

15. **2020 MVP, LLC** is a Nevada limited liability company. On July 17, 2020, Rogas transferred the deed to his Las Vegas, Nevada residence to 2020 MVP, LLC through a nominal grant deed transfer. Rogas previously purchased the property in February 2019.

16. **Rogassi Enterprises, LLC** is a Nevada limited liability company formed by Rogas in April 2009. Rogas is its manager. Rogas appears to hold title to at least two automobiles through Rogassi Enterprises, LLC.

### **JURISDICTION AND VENUE**

17. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act and Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa.

18. The Court has personal jurisdiction over Defendants and Relief Defendants, and venue is proper in this judicial district, because acts and transactions constituting violations of the Securities Act and Exchange Act occurred in this district, including the offer and sale of securities to one or more persons located in this district and the provision of false information to at least one investor located in this district (“Investor B”), and the provision of false information to at least two additional potential investors located in this district (“Potential Investor A” and “Potential Investor C”).

19. In connection with the conduct alleged in this Complaint, Defendants, directly or indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, the means and instruments of transportation or communication in interstate commerce, or the mails, including soliciting investors located in various states, providing falsified documents via email and electronic shared file platforms, and obtaining funds from those investors through interstate commerce.

## **FACTS**

### **I. NS8 and Its Securities Offerings.**

20. NS8 was a technology company founded by Rogas, Korol, and four other individuals in 2016. NS8 offered fraud detection and prevention software to e-commerce merchants.

21. NS8 conducted at least four securities offerings since 2016.

22. Between 2016 and 2017, NS8's securities offering raised approximately \$9 million from at least 10 accredited investors via several early seed rounds.

23. NS8 closed the Spring 2019 Seed Round for approximately \$26 million in March 2019.

24. From approximately September through November 2019, NS8 raised approximately \$61 million from investors through the sale of Series A Preferred Shares in the Fall 2019 Series A Round.

25. Between at least March and April 2020, NS8 raised an additional approximately \$73 million from investors through the sale of additional Series A Preferred Shares in the Spring 2020 Series A Round.

26. Because certain of the Series A shares issued in the Fall 2019 Series A Round and the Spring 2020 Series A Round were comprised of previously issued convertible notes that were converted into Series A shares, the total amount of new funds raised in the Fall 2019 Series A Round and the Spring 2020 Series A Round was approximately \$123 million.

### **II. Rogas Grossly Inflated NS8's Revenue by Falsifying Company Bank Account Statements.**

27. NS8 maintained at least three bank accounts, one located with Silicon Valley Bank ("SVB"), another with Chase, and a third with Bank of America. The account at SVB was

used to pay NS8's business expenses and received some investor funds. Several NS8 employees had access to this account. The Chase account was NS8's first account, into which early investor funds were deposited. The account at Bank of America was used to collect revenue from NS8's customers, including revenue received from customers through an e-commerce site ("Revenue Account"). Rogas, and Rogas alone, had access to the Revenue Account.

28. Beginning no later than 2018, Rogas downloaded electronic copies of the Revenue Account statements and altered the text of those statements to grossly exaggerate the dollars paid by customers to NS8 and, in at least some instances, to alter the name of the payor. The falsified bank account statements created by Rogas showed millions of dollars in phony revenue that, in reality, NS8 had not earned from customers.

29. Rogas then provided the falsified bank statements to the NS8 finance department, which relied on them in preparing the company's financial statements. NS8's financial statements repeated the information in the falsified bank statements, and as a result, materially misstated the balance of the Revenue Account, NS8's revenue, and NS8's assets.

30. The falsified bank statements and the false financial statements were then disseminated both internally at NS8 and externally, including to current and prospective investors. Rogas knew that the financial statements would be prepared in reliance on the falsified bank statements and, throughout his time as CEO of NS8, he personally prepared, reviewed, and distributed false financial statements.

31. By June 2020, Rogas's fraud had led to the illusion that NS8 had over \$62 million in the Revenue Account when, in fact, it had just over \$28,000. A month-by-month summary of the inflated revenue from the falsified Revenue Account statements is below.



<b>Month</b>	<b>Actual Balance</b>	<b>Falsified Balance</b>	<b>Falsely Inflated Amount</b>
Jan-18	\$101,189.80	\$1,138,353.63	\$1,037,163.83
Feb-18	\$103,483.35	\$1,291,295.06	\$1,187,811.71
Mar-18	\$77,823.09	\$1,444,413.21	\$1,366,590.12
Apr-18	\$60,539.44	\$1,644,931.28	\$1,584,391.84
May-18	\$63,864.84	\$1,925,578.12	\$1,861,713.28
Jun-18	\$49,932.17	\$2,262,786.57	\$2,212,854.40
Jul-18	\$51,052.84	\$2,690,807.00	\$2,639,754.16
Aug-18	\$54,208.04	\$3,165,174.61	\$3,110,966.57
Sep-18	\$56,635.29	\$3,730,668.41	\$3,674,033.12
Oct-18	\$10,272.39	\$4,373,334.17	\$4,363,061.78
Nov-18	\$1,869.86	\$5,136,414.04	\$5,134,544.18
Dec-18	\$2,859,995.28	\$8,869,155.52	\$6,009,160.24
Jan-19	\$4,076,163.35	\$15,145,101.78	\$11,068,938.43
Feb-19	\$4,078,713.60	\$15,025,236.22	\$10,946,522.62
Mar-19	\$3,925,343.94	\$15,787,765.08	\$11,862,421.14
Apr-19	\$1,001,042.96	\$13,587,745.76	\$12,586,702.80
May-19	\$1,004,558.83	\$14,993,052.97	\$13,988,494.14
Jun-19	\$506,578.00	\$16,681,077.44	\$16,174,499.44
Jul-19	\$12,284.67	\$17,479,624.51	\$17,467,339.84
Aug-19	\$6,012.48	\$17,992,113.81	\$17,986,101.33
Sep-19	\$5,636.10	\$23,745,307.13	\$23,739,671.03
Oct-19	\$12,339.52	\$26,126,231.51	\$26,113,891.99
Nov-19	\$22,726.71	\$29,150,181.27	\$29,127,454.56
Dec-19	\$32,719.24	\$34,495,297.68	\$34,462,578.44
Jan-20	\$39,005.42	\$38,149,825.57	\$38,110,820.15
Feb-20	\$45,407.75	\$42,244,565.43	\$42,199,157.68
Mar-20	\$52,983.78	\$46,945,839.43	\$46,892,855.65

Month	Actual Balance	Falsified Balance	Falsely Inflated Amount
Apr-20	\$59,389.31	\$51,559,561.43	\$51,500,172.12
May-20	\$70,363.81	\$56,193,852.43	\$56,123,488.62
Jun-20	\$28,051.47	\$62,088,506.43	\$62,060,454.96

32. As a result of Rogas’s fraudulent conduct, each of the Revenue Account bank statements distributed to the finance department or externally to investors or prospective investors from January 2018 through June 2020 were false. As a result, each of the NS8 financial statements from 2018 to 2020 were also false and materially misstated, among other things, the balance of the Revenue Account, NS8’s revenue, and NS8’s assets.

**III. Rogas Used The Falsified Bank Account Statements and False Financial Information to Solicit and Secure Millions of Dollars in Investments in NS8.**

33. During the Spring 2019 Seed Round, the Fall 2019 Series A Round, and the Spring 2020 Series A Round, Rogas communicated directly with current and potential investors in NS8, including investors introduced to him by Korol. Rogas used information derived from the falsified financial statements as well as the false financial statements and the false bank statements themselves to solicit investors in these offerings.

**A. Investors Received The False Bank Statements.**

34. The falsified bank statements were provided to at least one investor (“Investor A”) during the course of its due diligence in connection with the Fall 2019 Series A Round and to a group of investors including Investor A and an international investment firm with offices in Manhattan (“Investor B”) in connection with the Spring 2020 Series A Round.

35. Investor A hired a consultant to assist it in diligence efforts in advance of purchasing NS8 securities in 2019. On November 8, 2019, the consultant requested “[m]onthly detailed bank statements and reconciliations for all accounts for the periods March 2019 through

October 2019.” A member of the NS8 finance department responded “[w]e have updated the [electronic shared file] ... adding the additional [Revenue Account] Statements, (sorry not sure how we missed that).” NS8 personnel had uploaded Rogas’s falsified bank statements, and the consultant used the falsified bank statements to prepare a report for Investor A. The report addressed the quality of NS8’s revenue, finding that NS8’s revenue recognized was supported by actual cash receipts pursuant to the Revenue Account bank statements.

36. After receiving the favorable due diligence report from its consultant, Investor A subsequently invested \$24 million in NS8 securities in the Fall 2019 Series A Round.

37. Prior to the Spring 2020 Series A Round, a group of investors including Investor A and Investor B engaged the same consultant to provide a diligence report. On March 9, 2020, Rogas provided files to the consultant via an electronic shared file. These files included NS8’s falsified bank statements for October 2019 through February 2020. The falsified bank statements – and documents derived from them – artificially inflated NS8’s revenue by tens of millions of dollars.

38. The consultant also asked to see the actual online statements for the Revenue Account during an in-person review. At the in-person review, Rogas showed the consultant the falsified bank statements.

39. During the consultant’s diligence review in March 2020, the consultant discovered that the line items in the August 2019 Revenue Account statement did not add up to the total balance reflected on that statement. In response to questions about it Rogas re-doctored the August 2019 Revenue Account bank statement to include an additional false deposit of \$1 million, causing the line items to add up to the false total balance.

40. In March 2020, the consultant prepared a report for the investors and found that NS8's revenue recognized was supported by actual cash receipts pursuant to the Revenue Account bank statements.

41. The falsified bank statements grossly inflated NS8's Revenue Account balance, revenue, and assets. NS8's revenues and assets were material information that a reasonable investor would consider in making an investment decision, and the false revenues and asset values provided to Investor A and Investor B were material to their decisions to invest.

42. After receiving the positive due diligence report from the consultant, in April 2020, Investor A invested an additional \$25 million in NS8 securities in the Spring 2020 Series A Round. Investor B also invested approximately \$25 million in the Spring 2020 Series A Round in addition to approximately \$15 million it had invested in the Fall 2019 Series A Round.

43. Each of the falsified bank statements was false when provided to the prospective investors and Rogas knew or was reckless in not knowing, and should have known, that these bank statements were false and misleading.

**B. Potential Investors In The Spring 2019 Seed Round, Fall 2019 Series A Round, and Spring 2020 Series A Round Were Provided With Materially Misstated Financial Statements Derived From The Falsified Bank Statements.**

44. Balance sheets and other financial statements and information derived from the falsified bank account statements were made available to potential investors in the Spring 2019 Seed Round, Fall 2019 Series A Round, and Spring 2020 Series A Round via electronic shared files. An example of a falsified balance sheet appears below with the highlighted line item reflecting the falsified Revenue Account statement balances.

**NS8 Inc**  
**Balance Sheet**  
As of February 29, 2020

	Jan 2020	Feb 2020
<b>ASSETS</b>		
Current Assets		
Bank Accounts		
Bill.com Money In Clearing	0.00	0.00
Bill.com Money Out Clearing	0.00	0.00
BofA Checking	38,149,825.57	42,244,565.43
Income Account Balance	0.00	0.00
<b>Total BofA Checking</b>	<b>\$ 38,149,825.57</b>	<b>\$ 42,244,565.43</b>
Dutch BV COH	571,652.37	571,652.37
SVB (Checking)	34,087,045.46	30,846,359.37
TOTAL BUS CHK ( )	2,473.80	2,378.80
Total Bank Accounts	<b>\$ 72,810,997.20</b>	<b>\$ 73,664,955.97</b>
Other Current Assets		
Payroll Corrections	0.00	0.00
Total Other Current Assets	<b>\$ 0.00</b>	<b>\$ 0.00</b>
Total Current Assets	<b>\$ 72,810,997.20</b>	<b>\$ 73,664,955.97</b>
Other Assets		
Security Deposits		
Las Vegas Office Deposit	69,187.20	69,187.20
Total Security Deposits	<b>\$ 69,187.20</b>	<b>\$ 69,187.20</b>
Total Other Assets	<b>\$ 69,187.20</b>	<b>\$ 69,187.20</b>
<b>TOTAL ASSETS</b>	<b>\$ 72,880,184.40</b>	<b>\$ 73,734,143.17</b>

45. Had this accurately reflected NS8's funds in the Revenue Account, it would have it would have stated that there was \$39,005.42 and \$45,407.75 in the Revenue Account in January and February 2020, respectively, not \$38,149,825.57 and \$42,244,565.43 as is falsely stated. The financial statements provided to investors grossly inflated NS8's Revenue Account balance, revenue, and assets.

46. Rogas also incorporated the false financial and revenue information into investor presentations he made using video conferencing. After viewing one of Rogas's investor presentations, Investor B invested approximately \$15 million in the Fall 2019 Series A Round.

47. In addition, as alleged below, Rogas provided false financial and revenue information to potential investors to whom he had been introduced by Korol.

48. NS8's revenues and assets are material information that a reasonable investor would consider in making an investment decision, and the false revenues and asset values were material to reasonable investors.

49. Each of the false financial statements and other false financial information provided to investors or prospective investors was false when provided to the investors or prospective investors and Rogas knew or was reckless in not knowing, and should have known, that these bank statements and financial statements were false and misleading.

**C. Rogas Provided False Financial Information To Existing Investors.**

50. Rogas also provided existing investors with the falsified revenue figures. For instance, in a January 14, 2019 email to an existing investor, Rogas attached an NS8 balance sheet with a line item for the falsified bank account that read "BofA Checking." This line item reflected falsified account balances of cash in the account for each month of 2018. For example, it showed a balance of \$2,262,786.57 in June 2018, matching the balance in the corresponding false Revenue Account, when the actual balance was \$49,932.17.

**D. NS8, Through Rogas, Offered And Sold Securities To Investor B Within The Southern District Of New York.**

51. A partner of Investor B was in Manhattan when Investor B completed the documentation to purchase NS8 shares in September 2019.

52. Further, in connection with the Spring 2020 Series A Round, Rogas had further communications with Investor B while one or more of the partners was living and working in Manhattan.

**IV. Rogas Intentionally Falsified Material NS8 Financial Information And Provided It To Investors.**

53. Each of the falsified bank statements or false financial statements prepared in reliance on those statements provided to investors or prospective investors was false when provided to the investors or prospective investors and Rogas knew or was reckless in not knowing, and should have known, that these bank statements and financial statements were false and misleading.

54. The falsified bank statements and the false financial statements prepared in reliance on those statements were material to investors and prospective investors because, among other things, they reflected that NS8's products were selling well, that the company was collecting millions in revenue, and that the company had millions or tens of millions in cash with which it could continue its operations. In addition, the consultant's reports relying on those statements were important to Investor A's decision to invest millions into NS8 during the Fall 2019 Series A Round and Investor A and Investor B's decision to invest millions into NS8 during the Spring 2020 Series A Round.

55. Rogas was the maker of the false and misleading statements to investors. As the CEO of NS8 and a key contact of current and potential investors, Rogas had ultimate authority over the falsified bank statements and financial statements, including the contents of those documents, and whether and how those documents were provided to investors and prospective investors. Rogas was the only NS8 employee with access to the Revenue Account and he personally created the false bank statements. As a result, Rogas was also responsible for the content of the documents that were created in reliance on the false bank statements. Finally, Rogas provided both the false bank statements and the false financial statements to current and prospective investors, including potential investors introduced to him by Korol.

**V. Rogas Engaged in Whistleblower Impeding and Retaliation.**

56. In August 2019, Rogas limited an NS8 employee's (the "Employee") access to NS8's systems in an attempt to impede the Employee from reporting Rogas's misconduct to the SEC and others, and ultimately retaliated against the Employee by firing him.

**A. Rogas Took Actions to Impede an NS8 Employee.**

57. In 2018 and early 2019, the Employee raised concerns internally that NS8 was overstating its number of paying customers, including that the customer data (including purported customer numbers and monthly revenue) used to formulate external communications – including to potential and existing investors – was false.

58. On July 11, 2019, through counsel, the Employee submitted an anonymous tip to the SEC explaining that NS8 and Rogas may have overstated its number of customers and its revenue, and that the incorrect numbers may have been used in a securities offering.

59. On August 9, 2019, the COS told the Employee that the Employee needed to relocate his work space. The Employee became upset about the proposed move and reiterated his concerns that NS8 may have falsely inflated customer counts. During the course of the conversation, the Employee told the COS that unless NS8 addressed this inflated customer data, he would reveal his allegations to NS8's customers, investors, and any other interested parties. The COS suggested that the Employee raise his concerns directly to the Supervisor or Rogas.

60. Later that day, in a phone call with the Supervisor, the Employee reiterated his concerns that NS8 may be falsely inflating customer counts. In that conversation, the Employee stated again that he could reveal his allegations to NS8's customers, investors, and any other interested parties.



61. The Supervisor then called the COS and indicated that he had a conversation with the Employee about the allegations. The COS then tried to contact Rogas, messaging: “[P]lease call me ASAP. This is EXTREMELY URGENT” and “Answer your phone. This is URGENT.”

62. After speaking on the phone, Rogas and the COS both took steps to remove the Employee’s access to NS8’s IT systems, including Office 365, Salesforce.com, Partner Portal, and the Employee’s administrator access to the NS8 Admin portal. Rogas explained to the COS that he removed the Employee’s administrator privileged to one system but kept read-only access “so it looks like an error.”

63. Rogas also asked if the COS had “agent on [the Employee’s company] laptop[.]” “Agent” referred to a tool that permitted NS8 IT, including the COS, to remotely access NS8-issued laptops and provide IT support – including viewing what was happening on a laptop screen in real time. The COS confirmed he did, replying, “I can watch what he is doing if we care.”

64. The COS encouraged Rogas to access Employee’s laptop and password keeper: “I want to give you a password to login his laptop . . . [f]rom there, I’m hoping he is dumb enough to have his Keeper password memorized and see what’s in there.” “Keeper” referred to a password management system that NS8 employees used to save passwords to various NS8-related applications. The Employee also chose to save passwords for his personal email and other applications in his Keeper.

65. The Employee’s building access was also revoked on the evening of August 9, 2019.

66. The next day, Saturday, August 10, 2019, Rogas and the COS met at NS8's office. The COS used NS8's administrative account to access the Employee's company computer. The COS then left the Employee's computer and password in Rogas's office.

67. That same day the Employee's saved "Keeper" personal passwords were used to access his Hotmail, Dropbox, Facebook, Glassdoor, and Google accounts. The Employee's correspondence with his whistleblower counsel who assisted his reporting to the SEC was in his Hotmail account, and the exhibits that the Employee's counsel submitted to the SEC were in his Dropbox account. IP information shows that the IP address that accessed these accounts originated from NS8.

**B. Rogas Retaliated Against the Employee by Firing Him.**

68. Upon information and belief, by August 10, 2019, Rogas knew – or at least suspected – that the Employee had reported potential misconduct at NS8 to the SEC.

69. On Monday, August 12, 2019, the Employee was scheduled to meet with Rogas, the COS, and the Supervisor at NS8's office. During the meeting, the Employee reiterated his concerns about the accuracy of NS8's customer numbers. The meeting ended with Rogas stating that he needed some time to consider his options with respect to the Employee's future at NS8.

70. On or about August 15, 2019, at the direction of Rogas, the Supervisor called the Employee and told him that his employment at NS8 was terminated.

71. Upon information and belief, Rogas terminated the Employee in retaliation for reporting to the SEC.

**VI. Rogas's Fraudulent Conduct Continued Even After He and NS8 Received Subpoenas From The SEC.**

72. In November 2019 and March 2020, the SEC issued subpoenas to Rogas and NS8.

73. Despite being on notice that the SEC was investigating potential fraud at NS8, Rogas continued to alter bank statements, to provide falsified information to investors in the Spring 2020 Series A Round, and to obtain over \$17.5 million in those investors' proceeds.

**VII. Rogas's Fraud was Discovered, and he Resigned from NS8.**

74. In late August 2020, one of the employees in NS8's finance department discovered the true balance of funds in the Revenue Account and the falsified transactions were uncovered.

75. Rogas resigned from NS8 on September 1, 2020.

**VIII. Korol Knew or Was Reckless in Not Knowing, and Should Have Known, About, Participated In, Assisted, and Profited from Rogas's Fraud.**

**A. Korol Knew or was Reckless in Not Knowing, and Should Have Known, that NS8's Revenue Numbers were Falsified.**

76. By at least September 2018, Korol knew or was reckless in not knowing, and should have known, that NS8's revenue and financial information, including information shared with potential investors, were false.

77. For example, on September 18, 2018, Rogas spoke at an NS8 "All Hands" meeting, which Korol attended. At least one potential investor also attended this All Hands meeting – a fact that Rogas announced to the attendees.

78. During this meeting, Rogas presented financial information about NS8, including displaying a slide showing that NS8 had more than 1,500 paying customers and \$9.8 million in annual recurring revenues. The slide also indicated that NS8 had earned more than \$700,000 in monthly recurring revenue in July 2018 and more than \$820,000 in monthly recurring revenue in August 2018. These numbers were significantly inflated. In July 2018, the Revenue Account received only approximately \$3,820, and had a month-end balance of only approximately

\$51,100. Similarly, in August 2018, the Revenue Account received only approximately \$3,450, and had a month-end balance of only approximately \$54,200.

79. Following this All Hands meeting, another NS8 employee raised concerns with Korol, including that the employee did not know where Rogas's numbers were coming from and that Rogas's presentation seemed implausible.

80. On October 3, 2018, Korol was complaining to Rogas about NS8 employees and their desire to set up speaking events and wrote "*What little money is left we might as well not flush it[.] Anyway they can do what they want[.] I don't care[.] I know it's all about spending as much as we can to look like a 9.8 arr [annual recurring revenue] company [expletives].*" The \$9.8 million annual recurring revenue figure that Korol wanted the company to "look like" was the same inflated figure referenced by Rogas at the September 2018 All Hands meeting.

81. Similarly, on November 2, 2018, Korol was complaining to Rogas about another NS8 employee and he wrote: "*The other side of this is he is only now getting real data about how bad these guys [the NS8 sales team] are doing[.] [Expletive] moron[.] I get it he's here for one reason because we had to hide shit[.] Otherwise he [sic] horrid[.]*"

82. On November 14, 2018, Korol messaged Rogas about how there was only \$445,000 left in NS8's Chase account, NS8's expenses were too high, and if additional funds were not raised by December Korol would "*need to put my name in the job market[.]*" Rogas assured Korol that additional investments would come in shortly.

83. Four days later, Korol asked Rogas if NS8 had "*more than 400k in other accounts or is that it[?]*" Rogas responded that there was approximately \$300,000 "*in the EU*" and merely \$100,000 in NS8's Revenue Account.

84. Ten days later, on November 28, 2018, Korol noted in a message to Rogas that “*the people that want to add [employees] don’t know what our numbers are[.]*” Later that day he added, “*We need revenue[.]*”

85. On December 5, 2018, Korol and Rogas exchanged texts about an investor who was expressing skepticism about NS8’s revenue to another NS8 employee. Korol texted Rogas that the investor was “*all over the numbers*” and had “*called bull[expletive] the growth is to [sic] perfect they [sic] line is smooth.*” The exchange continued:

Korol: “*[The investors are] [t]rying to get [the other employee] to admit something*”

Rogas: “*He just said he didn’t know right*”

Korol: “*Yep*”

Rogas: “*Cause as long as he did that we are ok*”

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Korol: “*They literally might go after our text*” “*On a mission*” “*Can u erase everything*”

86. On January 22, 2019, Korol messaged Rogas: “*Just know everybody that been around [sic] for awhile [sic] knows our revenues are not correct*” “*Everybody*”; to which Rogas responded, “*I know that[.]*”

87. In June 2019, after receiving an invitation to NS8’s Q2 2019 Investor Update webcast, Korol wrote to Rogas: “*I don’t want you to be offended. But I’m not going to be on the Thursday investor update. I don’t want to know the numbers that are being given[.]*”

**B. While Knowing or Being Reckless or Negligent in Not Knowing of the Fraud, Korol Solicited Potential Investors in NS8.**

88. During the time that he knew or was reckless in not knowing, and should have known, that NS8, through Rogas, was falsifying its revenue numbers, Korol solicited potential investors and connected them with Rogas, who passed on false financial information.

89. For example, in October 2018, Korol attended a trade show called “Money2020” on behalf of NS8. Such trade shows were attended by potential customers, business partners, and investors.

90. While at Money2020, Korol solicited numerous potential investors, who he then introduced to Rogas, who provided them with falsified revenue information.

91. Specifically, on October 23, 2018, while at Money2020, Korol wrote to Rogas: “*Another company is interested in investing. Had a good convo. [Potential Investor A.] ... [Potential Investor B] wants investment info[.] ... Can’t believe how many VC [sic] I’ve been approached by[.]*” Rogas explained, “*I had two new VC calls this morning[.]*”

92. The next day, Korol and Rogas corresponded:

Korol: “*Just spoke to [Potential Investor C] they are very interested He’s [sic] said [‘I hope we are not late to the party[.]’] I’m really good at this investor stuff[.]*”

Rogas: “*It’s always easy in the beginning ...*”

Korol: “*I get it[.] But they all love me[.]*”

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Rogas: “*Make the intros when you have a chance . . . I’ll fill then in to what we are doing.*”

93. Each of these Potential Investors received falsified financial information from Rogas.

94. On October 26, Korol emailed his contact at Potential Investor C, copying Rogas, and thanked him for the “*venture capital interest*” in NS8 and explained that Rogas “*can provide any additional information or documentation that you will need, to continue the conversation.*”

On November 5, 2018, Rogas sent Potential Investor C a slide deck that included false revenue numbers.

95. On October 27, 2018, Korol emailed his contact at Potential Investor B, copying Rogas, and thanked him for the “venture capital interest” in NS8 and explained that Rogas “*can provide any additional information or documentation that you will need to continue the conversation.*” After Potential Investor B requested a pitch deck, on November 2, 2018, Rogas emailed a slide deck that included falsified revenue numbers, claiming: “*I am attaching the deck we used in our last round, while older it has been updated each month with current financials.*” Korol was copied on this email.

96. On November 5, 2018, Rogas had a virtual meeting with Potential Investor A and, following the meeting, provided a slide deck that included falsified revenue numbers.

97. Later, in March 2019, Korol introduced Potential Investor D to Rogas, explaining to Potential Investor D that Rogas was “spearheading [NS8’s] funding efforts” and explaining to Rogas that Potential Investor D “is aware of our latest funding round.” After Potential Investor D requested materials about NS8, Rogas emailed a slide deck that included falsified revenue numbers.

98. Potential Investors A and C have their headquarters in New York, NY.

99. Korol knew or was reckless in not knowing, and should have known, that he was engaging in deceptive acts, and assisting Rogas in conducting a fraudulent scheme and making material misstatements to potential investors, by soliciting potential investors in NS8, connecting potential investors with Rogas, and assisting Rogas in providing investors with false and misleading information about NS8’s revenue.

**C. While Knowing or Being Reckless or Negligent in Not Knowing About the Fraud at NS8, Korol Assisted in a Secondary Offering of NS8's Securities.**

100. In late 2016, Korol solicited friends of his to invest in NS8 (the "Early Investors"). The Early Investors were ultimately some of NS8's first investors in 2016 and 2017.

101. During the summer of 2019, the Early Investors told Korol that they were interested in selling their shares in NS8. Korol worked with Rogas to conduct a secondary offering whereby the Early Investors sold their shares to another third-party investor ("Investor C").

102. At the time Korol assisted in this secondary offering, Korol knew or was reckless in not knowing, and should have known, that the financial information that NS8 was providing to investors was false. In addition to the information alleged above, on June 17, 2019, Korol received an email invitation to NS8's Q2 2019 Investor Update webcast, which was scheduled for Thursday, June 20, 2019. After receiving the invite, Korol wrote to Rogas: "*I don't want you to be offended. But I'm not going to be on the Thursday investor update. I don't want to know the numbers that are being given [.]*" Rogas responded "*Your [sic] on that list because of [the Early Investors]*" "*And knowing what they are getting*" "*So your [sic] not in the dark[.]*"

103. Korol knew that the Early Investors ultimately sold their shares to Investor C in June 2019 for \$7.55/share, for a total of more than \$2.7 million. Korol knew or was reckless in not knowing, and should have known, that this price was significantly inflated given that Rogas was providing investors false financial information.

104. Korol knew or was reckless in not knowing, and should have known, that he was engaging in deceptive acts, and assisting Rogas in conducting a fraudulent scheme and making material misstatements to potential investors, by assisting in the secondary offering while NS8 was providing falsified financial information to investors.



**D. While Knowing or Being Reckless or Negligent in Not Knowing of the Fraud at NS8, Korol Sold His NS8 Securities.**

105. Beginning in late 2018, during the time period that Korol knew or was reckless in not knowing, and should have known, that NS8, through Rogas, was falsifying its revenue numbers, Korol asked Rogas on multiple occasions to find an investor to purchase Korol's NS8 shares.

106. For example, on November 16, 2018, Korol wrote: "*Let me know if there is an interest in a secondary from any investors. I'm willing to get rid of the majority of my shares at a steep discount.*" On January 9, 2019 he wrote to Rogas: "*By the way I want a raise. There is no [expletive] way [another NS8 employee] makes 175 and I don't. It's disgusting that he makes that he's useless. Get me a secondary so I can go away.*" On June 3, 2019 he wrote to Rogas: "*Any movement on a secondary? If it's something that isn't going to happen you can let me know. I just need to know for my finances.*" To which Rogas replied, "*I'm working on it every day[.]*"

107. Korol also requested that he not bear liability in connection with the sale of his shares of NS8.

108. For example, on July 10, 2019, Korol messaged Rogas about his desire to sell and leave NS8 and wrote: "*Do you Think [sic] I can get indemnification against past and future problems if I make the price right?*"

109. Korol and Rogas structured a deal to allow Korol to sell his shares without liability in a transaction financed by an outside investor.

110. On July 10, 2019, Rogas explained to Korol: "*I've convinced one outside and one potential new shareholder to loan me 6.25 to buy the shares ... I have a year to buy them at cost or forfeit [the shares] them to them[.]*" When Korol asked if the price could be higher, Rogas

explained: “*It was the only way to do it without making you rep for two years ... Meaning they have rights to come after you for two years if anything goes wrong ... I took the liability as I’m [expletive] either way[.]*”

111. On August 9, 2019, Rogas told Korol that he could structure a transaction so that Korol would receive \$6.25 million “*that is clear of any reps and warranties*” and could close soon. Korol responded: “*What if I kept a little for a couple of months down the road*” to which Rogas responded: “*What are you thinking ... the risk is the other shares tie you to making reps ... which you said you were concerned about ...*” [Ellipse in original.] Rogas then noted “*The only shield I have is me ... I essentially am reping instead of you[.]*” [Ellipse in original.]

112. On August 19, 2019, Korol sold all of his NS8 common stock, totaling 1,312,458 shares, to NS8 FP, LLC (“NS8 FP”), an entity wholly controlled by Rogas, for \$6,221,182.17.

113. The funding for the transaction was provided by Investor B. On August 19, 2019, NS8 FP entered into a Preferred Unit Purchase Agreement with Investor B whereby NS8 FP agreed to sell and issue to Investor B, 1,312,458 securities in the form of non-voting Preferred Units in exchange for \$6,250,000. Pursuant to the terms of the agreement, if NS8 FP repaid Investor B the \$6,250,000 by February 19, 2020, then the Units were retired and extinguished. If NS8 FP did not repay Investor B, Investor B would have owned the shares.

114. On August 17, 2019, two days before the transaction, Rogas sent Investor B falsified financials and a falsified bank statement that claimed NS8’s ending balance in the Revenue Account on July 31, 2019 was over \$17 million. In reality, as alleged above, NS8’s balance in the Revenue Account in July 2019 was just over \$12,000.

115. NS8 FP ultimately repaid Investor B.

116. Upon information and belief, Korol has paid approximately \$5.25 million to NS8's bankruptcy estate in a settlement related to this transaction.

117. Around the time of the transaction, Korol continued to acknowledge the misconduct at NS8. As alleged above, in August 2019 Rogas limited an NS8 Employee's access to NS8's systems and office in an attempt to impede the Employee from reporting Rogas's misconduct to the SEC and others. On or about August 15, 2019, at the direction of Rogas, the Supervisor called the Employee and told him that his employment at NS8 was terminated.

118. Korol was with the Employee when he received the call that his employment at NS8 was terminated. The next day, August 16, 2019, Korol texted Rogas: "*[W]e need to talk about [the Employee].*" "*Make sure he doesn't do any damage[.]*"

119. Later that same day, Korol bragged to Rogas that he had a conversation with the Employee and encouraged the Employee not to disclose any information that would be harmful to NS8 or Rogas. Korol then texted Rogas: "*I've had a great convo with [the Employee] explained what an [expletive] move he did let talk about it [sic][.]*" "*[The Employee] understands now[.]*" "*I taught him a lesson tonight on what you can do and not[.]*"

120. Korol knew or was reckless in not knowing, and should have known, that he was engaging in deceptive acts by selling his shares of NS8 in a transaction financed by an investor when he knew or was reckless in not knowing, and should have known, that NS8, through Rogas, was falsifying its revenue numbers.

#### **IX. Korol Aided and Abetted Rogas's Fraud**

121. Korol aided and abetted Rogas's fraud in that he knew or was reckless in not knowing of Rogas's fraudulent conduct, and substantially assisted Rogas in the achievement of that fraud.

122. As alleged above, by at least September 2018, Korol knew or was reckless in not knowing that Rogas was conducting a fraudulent scheme and making material misstatements to potential investors.

123. As also alleged above, Korol substantially assisted Rogas's fraud by, among other things:

- a. In October and November 2018, in connection with Money2020, soliciting Potential Investors A, B, and C, who he then introduced to Rogas, who provided them with falsified revenue information;
- b. In March 2019, introducing Potential Investor D to Rogas, who provided falsified revenue information; and
- c. In June 2019, working with Rogas to conduct a secondary offering in which Korol's friends' (the "Early Investors") shares of NS8 were sold to Investor C.

**X. Rogas and Korol Received Ill-Gotten Gains as a Result of their Fraudulent Conduct.**

124. Rogas received over \$17.5 million as a result of the fraudulent conduct described above, \$10 million personally and over \$7.5 million to NS8 FP.

125. Rogas may also have misappropriated additional investor funds.

126. Korol received at least \$6,221,182.17 as a result of the fraudulent conduct described above.

**XI. Relief Defendants Received Proceeds from Defendant's Fraud to Which They Have No Legitimate Claim.**

127. As alleged above, each of the Relief Defendants received proceeds from Defendant's fraud for which they provided no reciprocal goods or services, and to which they have no legitimate claim. As a result, those funds should be returned to defrauded investors.

**CLAIMS FOR RELIEF**

**First Claim for Relief**  
**Section 10(b) and Rule 10b-5 of the Exchange Act**  
**(As to Defendant Rogas)**

128. The SEC realleges and incorporates by reference above paragraphs 1 through 127 as though fully set forth herein.

129. Defendant Rogas, directly or indirectly, in connection with the purchase or sale of a security, and by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, knowingly or severely recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

130. By engaging in the conduct described above, Defendant Rogas violated, and unless restrained and 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].

**Second Claim for Relief**  
**Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act**  
**(As to Defendant Korol)**

131. The SEC realleges and incorporates by reference above paragraphs 1 through 127 as though fully set forth herein.

132. Defendant Korol, directly or indirectly, in connection with the purchase or sale of a security, and by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, knowingly or severely recklessly: (a) employed

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

133. By engaging in the conduct described above, Defendant Korol violated, and unless restrained and enjoined will continue to violate, 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].

**Third Claim for Relief**  
**Section 17(a) of the Securities Act**  
**(As to Defendant Rogas)**

134. The SEC realleges and incorporates by reference the above paragraphs 1 through 127 as though fully set forth herein.

135. Defendant Rogas, directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, acting with the requisite state of mind: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means of untrue statements of a material fact or by omitting 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 (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

136. By engaging in the conduct described above, Defendant Rogas violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)].

**Fourth Claim for Relief**  
**Section 17(a)(1) and (3) of the Securities Act**  
**(As to Defendant Korol)**

137. The SEC realleges and incorporates by reference the above paragraphs 1 through 127 as though fully set forth herein.

138. Defendant Korol, directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails, acting with the requisite state of mind: (a) employed devices, schemes, or artifices to defraud; and (b) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

139. By engaging in the conduct described above, Defendant Korol violated, and unless restrained and enjoined will continue to violate, Section 17(a)(1) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)].

**Fifth Claim for Relief**  
**Aiding and Abetting Violations of Section 10(b) of the Exchange Act**  
**and Rule 10b-5 Thereunder**  
**(As to Defendant Korol)**

140. The SEC realleges and incorporates by reference the above paragraphs 1 through 127 as though fully set forth herein.

141. By engaging in the conduct described above, Korol aided and abetted Rogas's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder in that he knowingly and recklessly provided substantial assistance to Rogas in committing these violations.

142. By engaging in the conduct described above, Korol aided and abetted and, unless restrained and enjoined will again aid and abet, violations 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].

**Sixth Claim for Relief**  
**Aiding and Abetting Violations of Section 17(a)(1) and (3) of the Securities Act**  
**(As to Defendant Korol)**

143. The SEC realleges and incorporates by reference the above paragraphs 1 through 127 as though fully set forth herein.

144. By engaging in the conduct described above, Korol aided and abetted Rogas's violations of Section 17(a)(1) and (3) of the Securities Act in that he knowingly and recklessly provided substantial assistance to Rogas in committing these violations.

145. By engaging in the conduct described above, Korol aided and abetted and, unless restrained and enjoined will again aid and abet, violations of Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)].

**Seventh Claim for Relief**  
**Violations of Section 21F of the Exchange Act and Rule 21F-17(a)**  
**(As to Defendant Rogas)**

146. The SEC realleges and incorporates by reference the above paragraphs 1 through 127 as though fully set forth herein.

147. By engaging in the conduct described above, Rogas took action to impede the Employee from communicating directly with the SEC staff about possible securities laws violations, including cutting off the Employee's access to NS8's IT systems and precluding the Employee from entering NS8's office building.

148. By reason of the foregoing, Rogas, directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Section 21F of the Exchange Act [15 U.S.C. § 78u-6], and Rule 21F-17(a) thereunder [17 C.F.R. § 240.21F-17(a)].



**Eighth Claim for Relief**  
**Aiding and Abetting Violations of Section 21F(h) of the Exchange Act**  
**(As to Defendant Rogas)**

149. The SEC realleges and incorporates by reference the above paragraphs 1 through 127 as though fully set forth herein.

150. As a result of the conduct described above, NS8 violated Section 21F(h) of the Exchange Act by directly or indirectly discharging, suspending, threatening, harassing, or in any other manner discriminating against, the Employee in the terms and conditions of his employment because of a lawful act done by the Employee in, among other things, providing information to the SEC.

151. By engaging in the conduct described above, Rogas aided and abetted NS8's violation of Section 21F(h) of the Exchange Act [15 U.S.C. § 78u-6(h)] by knowingly or recklessly providing substantial assistance to an employer that retaliated against a whistleblower.

**Ninth Claim for Relief**  
**Equitable Disgorgement**  
**(As to all Defendants and Relief Defendants)**

152. The SEC realleges and incorporates by reference the above paragraphs 1 through 127 as though fully set forth herein.

153. Defendants and each Relief Defendant received and holds proceeds of the fraud committed by the Defendants.

154. Defendants and each Relief Defendant has no legitimate claim to these illicit proceeds, having obtained the funds under circumstances in which it is not just, equitable, or conscionable for it to retain the funds, and therefore each of them has been unjustly enriched.

**RELIEF REQUESTED**

**WHEREFORE**, the SEC respectfully requests that this Court:

**I.**

Find that the Defendants committed the violations alleged in this Complaint;

**II.**

Enter an injunction, in a form consistent with Rule 65 of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendants and their agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with them, who receive actual notice of the Final Judgment by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Section 17(a) of Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder;

**III.**

Order Defendants and the Relief Defendants to disgorge ill-gotten gains received during the period of violative conduct and pay prejudgment interest on such ill-gotten gains;

**IV.**

Order Defendants to pay third-tier civil money penalties pursuant to 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)];

**V.**

Bar Defendants, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]; and

VI.

Grant such other and further relief as this Court may deem just and proper.

**JURY DEMAND**

The SEC demands a trial by jury on all claims so triable.

Dated: *TBD*

Respectfully submitted,

*s/ Nicholas P. Heinke* \_\_\_\_\_

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