

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF TEXAS**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

FRANCIS SABO, a/k/a “RICKY BOBBY,”

Defendant.

Civil Action No. 22-CV-____ (____)

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff, Securities and Exchange Commission (the “Commission”), alleges the following against the defendant:

SUMMARY

1. Francis Sabo promoted himself as a trustworthy stock-picking guru. In reality, he was a seasoned stock manipulator. Working with several other individuals involved in an expansive stock-manipulation scheme, he identified stocks ripe for manipulation, acquired substantial positions in these securities, and then recommended these stocks as good investments to followers in an online stock-trading forum he moderated with other participants in the scheme. He encouraged members of the stock-trading forum to purchase the selected stocks, often claiming that he too had bought or intended to buy these stocks for himself and that he intended to hold them. Instead, he sold his shares into the demand generated by his own deceptive promotions and the deceptive promotions of other participants in the scheme.¹

¹ The Commission previously charged eight other participants in the scheme: Edward Constantin, Perry Matlock, Thomas Cooperman, Gary Deel, Mitchell Hennessey, Stefan Hrvatin, Daniel Knight, and John Rybarczyk. All but Knight were charged with violations of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Exchange Act of 1934 and Rule 10b-

2. From at least January 2020 through December 2022 (the “Relevant Period”), Sabo generated more than one million dollars in illicit proceeds from his participation in this stock-manipulation scheme.

VIOLATIONS

3. As a result of the conduct alleged herein, defendant Sabo violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78j(b)], and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5(a), (b) & (c)].

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

4. The Commission seeks a permanent injunction against the Defendant, enjoining him from engaging in transactions, acts, practices, and courses of business of the type alleged in this Complaint; disgorgement of all ill-gotten gains from the unlawful conduct set forth in this Complaint, together with prejudgment interest; civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and/or Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)]; and such other relief as the Court may deem appropriate.

JURISDICTION AND VENUE

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

6. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C.

5 thereunder. Knight was charged with aiding and abetting the other defendants’ violations. *See S.E.C. v. Constantin et al.*, No. 22-cv-4306 (S.D. Tex. 2022).

§77v(a)] and Section 27 of the Exchange Act [15 U.S.C. §78aa]. Certain of the acts, practices, transactions and courses of business alleged in this Complaint occurred within the Southern District of Texas, and were effected, directly or indirectly, by making use of means or instrumentalities of transportation or communication in interstate commerce, or the mails. In furtherance of the fraud scheme, Sabo communicated with other scheme participants who resided in the Southern District of Texas.

DEFENDANT

7. **Francis Sabo**, a/k/a “Ricky Bobby,” 38, is a resident of Troy, Michigan. Sabo was a member of Atlas Trading, a stock-trading forum on the social media platform Discord, which offers users the ability to communicate via voice calls, video calls, and text messaging, among other things.

RELATED INDIVIDUALS

8. Edward Constantin, a/k/a “MrZackMorris,” a/k/a “Edward Constantinescu,” 38, is a resident of Houston, Texas. His Twitter account, @MrZackMorris, had more than 551,000 followers as of December 2022. Constantin was a co-founder of Atlas Trading.

9. Perry Matlock, a/k/a “PJ Matlock,” age 39, is a resident of The Woodlands, Texas. His Twitter account, @PJ_Matlock, had more than 340,000 followers as of December 2022. Matlock referred to himself as the “CEO” and co-founder of Atlas Trading.

10. Thomas Cooperman, a/k/a “Tommy Coops,” 35, is a resident of Beverly Hills, California. His Twitter account, @ohheytommy, had more than 129,000 followers as of December 2022. During the relevant period, Cooperman was a member of the electronic music group Breathe Carolina and, with Gary Deel, ran a YouTube channel called the “Goblin Gang,” described as “[t]wo multi-millionaire day traders filming their lives for the internet to see.”

11. Gary Deel, a/k/a “Mystic Mac,” 28, is a resident of Beverly Hills, California. His Twitter account, @notoriousalerts, had approximately 144,000 followers as of December 2022. With Cooperman, Deel ran the Goblin Gang YouTube channel during the Relevant Period.

12. Mitchell Hennessey, a/k/a “Hugh Henne,” 24, is a resident of West New York, New Jersey. Along with Daniel Knight, Hennessey hosted the “Pennies: Going in Raw” podcast during the Relevant Period, which promoted Atlas Trading. His Twitter account, @Hugh_Henne, had more than 237,000 followers as of December 2022.

13. Stefan Hrvatin, a/k/a “LadeBackk,” 36, is a resident of Miami, Florida. His Twitter account, @LadeBackk, had more than 150,000 followers as of December 2022.

14. Daniel Knight, a/k/a “Deity of Dips,” 28, is a resident of Houston, Texas. With Hennessey, Knight was a co-host of the “Pennies: Going in Raw” podcast during the Relevant Period. His Twitter account, @DipDeity, had more than 171,000 followers as of December 2022.

15. John Rybarczyk, a/k/a “Ultra Calls,” a/k/a “The Stock Sniper,” 32, is a resident of Spring, Texas. His Twitter account, @Ultra_Calls, had more than 267,000 followers as of December 2022. Rybarczyk was the founder of Sapphire Trading, another stock trading forum on Discord.

16. Defendant Sabo, along with Constantin, Matlock, Cooperman, Deel, Hennessey, Hrvatin, and Rybarczyk, are sometimes collectively referred to herein as the “Scheme Participants.” Knight aided and abetted the Scheme Participants.

FACTS

I. SUMMARY OF SCHEME

17. Sabo and others engaged in a long-running fraudulent scheme sometimes referred

to as “scalping,” in which they recommended the purchase of a particular stock without disclosing their intent to sell that stock. They generally executed their scheme in three phases. First, Sabo and/or one of the other Scheme Participants identified a security to manipulate (the “Selected Stock”) and purchased shares of that particular security. By sharing the name of the Selected Stock among some or all Scheme Participants, Sabo and his co-schemers provided each other with the opportunity to purchase shares at lower prices prior to the manipulation. Next, Sabo and others promoted the stock to their followers. Sabo primarily promoted the Selected Stocks in an online stock trading forum of which he was a moderator. Other participants promoted the Selected Stocks on that forum, on podcasts, and/or other social media platforms such as Twitter in order to generate demand and inflate the share prices of the Selected Stock. Sabo and other Scheme Participants typically announced price targets, teased upcoming news about the company, and/or stated their intention to buy shares or hold their current positions for longer periods. Often these announcements took the form of stock “alerts.” Some Scheme Participants also posted materially false information about the stocks in podcasts and social media. Finally, after promoting the stock to their followers in these ways, the Scheme Participants, including Sabo, sold their shares into the demand generated by their recommendations. When the scheme succeeded, Scheme Participants, including Sabo, were able to sell their shares at higher prices and make profits. In order to cover up their scheme and continue perpetrating it, Sabo and the Scheme Participants at various points deleted old tweets and chats, and lied to their followers about the reasons why particular stock picks were followed by declines in the prices of those stocks, obscuring their own roles in causing losses among their followers and other retail investors.

18. Like other Scheme Participants, Sabo did not disclose that he was either planning

to sell, or was actively selling, a Selected Stock while recommending that his followers buy it. Nor did Sabo disclose that he was coordinating with other members of the scheme to manipulate the price and volume of trading in the stocks they were promoting.

19. Scheme Participants' specific roles in the fraudulent scheme varied depending on the timeframe and the specific security at issue. Typically, only a subset of Scheme Participants helped manipulate the price of a particular stock. Those individuals would agree on a Selected Stock in which they would each establish a position (i.e., "load" or "load up" on the stock). After loading up on the Selected Stock, most, if not all, of the Scheme Participants who had established positions in that stock would recommend it to their followers. The Scheme Participants often referred to "swinging" or taking a "swing" position in the stock, by which they conveyed to their followers that they intended to hold onto the stock for at least a day, and likely longer. The Scheme Participants involved in the deceptive promotion of a particular stock often informed other Scheme Participants of their plans. As a result, those not directly promoting the stock could—and often did—take advantage of the advance knowledge by purchasing the Selected Stock, in advance of the promotion, and selling the Selected Stock at inflated prices that resulted from the promotion. During the Relevant Period, all of the Scheme Participants, aided and abetted by Knight, engaged in this conduct, including scalping and other deceptive conduct, and all of the Scheme Participants profited from the knowledge that others were doing so.

20. Sabo deceptively promoted stocks primarily through an online stock trading forum, "Atlas Trading," which was hosted on the social media platform Discord. Other Scheme Participants deceptively promoted stocks through both Atlas Trading and Twitter, among other platforms.

21. **Atlas Trading.** In 2018, Scheme Participants Matlock and Constantin founded

Atlas Trading (“Atlas”)—a free online forum that cultivated a following of novice stock traders by purporting to provide educational content about trading and securities markets. Atlas described itself as “a team of consistent profitable traders who are willing to educate beginning traders with free resources of education, free trading alerts and ideas.” Atlas was hosted on Discord, a social media platform that offers users the ability to communicate via voice, video, and text messaging, among other things. Matlock and Constantin were among a small group of individuals who controlled the portion of the forum in which various Scheme Participants, including Sabo, recommended specific stocks (the “SMALL CAPS trading floor”). Sub-forums such as the SMALL CAPS trading floor are referred to as “channels” on Discord. Although anyone could view the content on the SMALL CAPS trading floor channel, only certain individuals, including Sabo, were granted permission to post content there. As Matlock explained, “the ... [SMALL CAPS] trading floor is locked . . . to most. We kind of reserve this channel for people who know more about stocks and have better information that we’ve, you know, deemed worthy, I guess you could say, and they’ll discuss tickers in here . . . during market hours, it’s more about calls and what’s going on with the market.” At various times from 2018 to the present, Matlock and Constantin, along with Sabo, Rybarczyk, Deel, Hennessey, Cooperman, and Knight, were allowed to post stock recommendations on the Atlas SMALL CAPS trading floor. By early 2021, Atlas had more than 150,000 members.

22. **Twitter.** Each of the Scheme Participants amassed substantial numbers of followers on Twitter, where most of them regularly posted about stocks they were manipulating. The term “FinTwit” refers to the community of Twitter users that regularly tweet about finance and the stock market. The Scheme Participants considered themselves influential within the FinTwit community. As Hennessey remarked in a private Discord chat, “20 of us run fintwit an

[sic] we have more money then [sic] some countries.” Scheme Participants included disclaimers on their Twitter accounts that they were not providing stock recommendations or financial advice. But they intended for their followers to act on their promotional tweets, and understood that their followers would do so.

23. As described above, Sabo and other Scheme Participants repeatedly sold shares in direct contradiction to their public statements to followers on social media that they were continuing to buy, and/or holding their positions, in anticipation of higher share prices. This practice is called “dumping,” and despite repeatedly dumping their stock as they recommended it to their followers, the Scheme Participants reassured their followers and the general public that they did not engage in such behavior.

24. These false and misleading statements furthered the stock manipulation scheme by building trust among their followers, so that the Scheme Participants could continue to deceptively promote stocks, and continue to profit by selling their shares into the demand that their promotion generated, all without disclosing either their plans to sell, or their actual sales.

25. Sabo understood that he was participating in an unlawful market-manipulation scheme, and that he and other Scheme Participants were profiting from misleading their followers and other members of Atlas Trading. Sabo and other Scheme Participants discussed the scheme in private messages. For example, on July 8, 2020, Sabo sent a private Discord message to Matlock:

hey the patterns is becoming to obvious with Atlas.. quickly gonna become exposed like the stocktwits pump bros . . . Hugh [Hennessey]/Mystic [Deel] post an idea2 mins later the

*other one joins! Incbob posts a swing idea . . . 2 mins later PJ
[Matlock] joins! we cant do it on 95% of the plays²*

Here, Sabo recognized that pump-and-dumps conducted by the Scheme Participants were becoming frequent and obvious, putting the scheme itself—which relied on the trust of Scheme Participants’ followers—at risk.

26. Sabo returned to this theme in chats with Matlock in May 2021, having participated in the manipulation of numerous stocks in the interim. Sabo sent Matlock a private Discord chat stating: *“we’re gttng a reputation and its becoming super obvious. to the point that i dont blame people shorting us. . . its the main reason i started posting more, to drowned out there obvious pump and dump plays.”* A few days later, Sabo told Matlock in a private Discord chat that Atlas *“went from the teaching/room that has a pulse on the entire market to just out right pumping.”*

27. As noted, the Scheme Participants regularly trumpeted their trading successes to their followers. They held themselves out as stock-picking experts worthy of the substantial followings they had amassed. But they also from time to time claimed they lost money on particular stock “plays.” Many of these claims of losses were false and designed to conceal the fact that the Scheme Participants had profited by dumping their shares into the demand their deceptive promotions had generated.

28. Sabo and other Scheme Participants took further steps to hide their scheme from their followers as well as from regulators and law enforcement. Among other things, Sabo and other Scheme Participants deleted private chats and social media posts they thought might

² Tweets and Atlas posts are generally italicized but otherwise unchanged, with spelling/grammatical errors preserved. Throughout the Complaint, expletives in the original text have been redacted in part with asterisks.

implicate them in violations of the securities laws.

29. For example, on January 14, 2020, Sabo asked Matlock in a private Discord chat: “*btw how did u delete our chat history? i want to do that lol.*” Matlock replied: “*Oh I have a script for it I’ll send it to you . . . So there isn’t a bot that can delete chats and delete messages. But I wrote something that you can inject into discord and it just wipes sh*t lol.*”

30. Similarly, on December 11, 2020, Sabo told Matlock: “*hey i went through all my old tweets and deleted anything with the word advice, just to be safe . . .*” Sabo included a link to a query of Matlock’s tweets for the term “advice.” Matlock thanked Sabo and confirmed he had deleted such tweets as well.

II. Examples of Manipulation

A. Regulus Therapeutics, Inc.

31. On June 12, 2020, Scheme Participants informed each other that they intended to promote Regulus Therapeutics (NASDAQ: RGLS) that day. Beginning at 8:38 a.m., Matlock and Sabo exchanged a series of private messages:

- Matlock: *Hugh [Mitchell Hennessey] posting RGLS at 10am don’t tell anyone though just so you know*
- Sabo: *that f*cker*
- Sabo: *I sold my .86 entry³*
- Sabo: *lol*
- Sabo: *thanks tho*
- Sabo: *ill take some again*

32. Knowing that Hennessey planned to recommend RGLS to his followers at 10:00 a.m., Sabo soon began buying RGLS shares. Between 9:25 and 10:02 a.m., Sabo bought 45,403

³ The day before (June 11, 2020), Sabo had purchased 64,805 RGLS shares for prices ranging from \$.83 to \$.86 per share. He sold the entire position the same day, June 11, 2020, at prices ranging from \$.86 to \$.89 per share.

RGLS shares at prices between \$.86 and \$.92 per share. Several of the other Scheme Participants had also established positions in RGLS before Hennessey's posts. Specifically, Hennessey held 150,043 RGLS shares; Constantin held 147,657 RGLS shares; Rybarczyk held 102,412 RGLS shares; Matlock held 28,000 RGLS shares; Gary Deel held 3,900 RGLS shares; and Knight held 3,395 RGLS shares.

33. At 10:02 a.m., Hennessey sent a series of tweets recommending RGLS to his followers. The tweets included the following:

\$RGLS

Catalyst: "The Company expects to complete this study in mid-2020 with topline results available".

They have a shareholder meeting june 17th I EXPECT data right after.

[Image from RGLS press release on clinical trial]

I expect this RIGHT after JUNE 17th shareholder meeting

So data should be here within the week @buysellshort find: RGLS is an infectious disease phase... covid"

34. One minute later, at 10:03 a.m., Sabo sold 10,400 RGLS shares at \$.92 per share; Deel sold 3,900 RGLS shares at \$.92 per share; and Knight sold 200 RGLS shares at \$.93 per share.

35. While Sabo, Deel, and Knight were selling, Hennessey continued tweeting at 10:03 a.m.:

\$RGLS chart

speaks for itself

Beautiful weekly, starting to curl. Any good news sends

\$RGLS

Catalyst... after June 17th Shareholder meeting

*Expected to be good (if good merger deal will likely close)
Chart (breaks out over 1)
Covid angle PR
Undervalued.. no more to say*

PT: over \$1 today 1.45 – 1.75 then if data is good easily \$2

36. Also at 10:03 a.m., Rybarczyk tweeted: *\$RGLS LONG!!!*

37. A minute later, Sabo sold another 10,000 RGLS shares for \$.96 per share; Matlock sold 10,500 RGLS shares for \$.96 per share; and Knight sold 200 RGLS shares for \$.97 per share. At 10:05 a.m., Sabo sold another 25,003 RGLS shares, and Matlock and Rybarczyk sold another 1,000 and 22,412 RGLS shares, respectively, all for \$.94 per share. Shortly after sending a flurry to tweets recommending RGLS to his followers, Hennessey sold all 150,043 of his shares for \$.90 to \$.97 per share.

B. Camber Energy, Inc.

38. Camber Energy, Inc. trades on the New York Stock Exchange under the ticker “CEI.” Several Scheme Participants manipulated the price of stock of CEI at various times during the Relevant Period. For example, Deel, Matlock, and Cooperman established positions in CEI stock and sold into their deceptive promotion in early August 2021; Sabo, Constantin, and Hrvatin established positions in the stock and sold into their deceptive promotion in September and October 2021.

September 1 - October 5, 2021: Sabo, Constantin, and Hrvatin

39. On September 1, 2021, between 1:42 and 1:47 p.m., Constantin bought 2,000,000 shares of CEI at prices between \$.49 and \$.51. Constantin then began posting price targets and memes about CEI in an effort to boost the stock’s price and trading volume. During the same period, Hrvatin purchased CEI shares, posted price targets, and then sold his entire position on multiple occasions. What follows are examples of Sabo’s, Constantin’s and Hrvatin’s purchases,

posts, and sales.

40. On September 1, 2021, at 1:58 p.m., Constantin tweeted: “*\$CEI average .51 swinging with @LadeBackk [Hrvatin] for \$2+. Don’t give us crap if it hits \$1 and you don’t sell. Your body, your choice. I like this stock.*” The next morning, at 9:30 a.m., Hrvatin bought 100,000 CEI shares for \$.69 per share, while announcing a \$1 price target for CEI on Twitter: “*\$CEI let the \$1 run begin.*” Two minutes after that tweet, Hrvatin dumped all of his shares for \$.72 per share.

41. On September 3, 2021, Constantin tweeted: “*My homie @LadeBackk [Hrvatin] holding with me. \$3-5.*” On September 13, 2021, Constantin tweeted a price target of \$3 to \$5 for CEI and encouraged his followers to hold onto the stock: “*\$CEI \$3-5+. Too many of you act like little bitches when there’s dips. It’s all part of the game.*”

42. On September 15, 2021, Hrvatin bought 100,000 CEI shares at \$1.65 per share. At 3:31 p.m., two minutes after he bought the shares, he tweeted: “*\$CEI I’m holding overnight. A huge day is coming. I can feel it.*” Within minutes, Constantin responded to Hrvatin’s tweet: “*I ain’t selling under 3 beled that.*” Meanwhile, Hrvatin—despite telling his followers he was “holding overnight” because a “huge day is coming”—had already begun to dump all 100,000 of his shares for \$1.66 per share between 3:34 and 3:36 p.m.

43. On September 17, 2021, between 11:50 and 11:51 a.m., Sabo purchased 75,000 CEI shares for \$1.75 per share.

44. Sabo then immediately posted on Atlas Trading: “*CEI going for nhod [new high of the day].*”

45. The next minute, Sabo began dumping his CEI shares, selling 50,000 shares for \$1.76 per share and 25,000 CEI shares for \$1.75 per share. By 11:53 a.m., he had liquidated all

of his CEI shares.

C. Torchlight Energy Resources

46. On or about February 9, 2021, Hennessey identified Torchlight Energy Resources (NASDAQ: TRCH) as a Selected Stock.⁴ On the morning of February 10, 2021, between 7:00 a.m. and 10:10 a.m., Hennessey, Sabo, Matlock, Deel, and Knight (“the TRCH Participants”) purchased TRCH shares in the following amounts: Hennessey (196,019), Matlock (383,421), Deel (210,000, net), Rybarczyk (198,907), Sabo (50,000), Knight (8,562, net). The price of the shares ranged from \$1.68 to \$1.95 per share.

47. After purchasing the vast majority of their shares, the TRCH Participants engaged in a campaign to raise the price of the stock, falsely claiming that they were holding their shares, while selling them to realize profits. Knight aided and abetted the scheme, by, among other things, providing them with a platform, the “Pennies: Going in Raw” podcast, to promote specific stocks and recommend specific stock purchases to listeners.⁵

48. In the course of the scheme, various participants often highlighted an anticipated event that would purportedly raise the stock price (a “catalyst”) and encouraged buying and holding the stock until the event, falsely claiming that they too were holding the stock waiting for the catalyst. In the case of TRCH, the catalyst was a purported upcoming merger with another company, Metamaterial Inc. Hennessey claimed that he had discovered that this merger

⁴ The company became Meta Materials Inc. (Ticker: MMAT) following a merger.

⁵ Sabo knew that this podcast and its hosts were recommending stocks and providing financial advice to listeners. For example, in a private Discord chat with Matlock from January 2021, Sabo stated “*the whole PGIR [“Pennies: Going in Raw”] thing is great, i love the guys, but we might need to start to distance ourselves a little from them unless they cool it down. Hugh [Hennessey] is technically giving financial advice, which is not legal, way too freely. Them going on all these shows and what not, bringing way too much heat as well. Something to be weary of going forward.*”

was coming in the course of his due diligence (“dd”) research on the company. Hennessey repeatedly promoted false information about Metamaterial itself (e.g., that it was worth “north of \$4.8 billion”) and promoted the purported benefits of the merger. Hennessey also posted about other purported long-term benefits to TRCH stock holders, including a “dividend” that TRCH shareholders would purportedly receive after the merger. Hennessey also claimed that Metamaterial was potentially partnering with Tesla, and that Metamaterial had products that had applications for fighting COVID-19 and thus a “10 billion dollar MARKET CAP POTENTIAL.”

49. Specifically, in the first round of manipulation, on February 10, 2021, from 10:11 a.m. to 10:12 a.m., after the TRCH Participants had nearly finished purchasing their shares that morning, Hennessey, Matlock, and Deel posted about TRCH on Atlas. Despite the fact that all of the TRCH Participants had already established large positions, the posts were designed to falsely make it appear that Matlock and Deel were acting on Hennessey’s recommendation:

- Hennessey : *im Long TRCH for merger*
- Matlock: *merger?*
- Hennessey: *\$TRCH merger should be done soon enough @Trade ALERT
yes
they had to do an offering
now that the offering is done full steam ahead for merger*
- Deel: *added TRCH*
- Hennessey: *merger will be done any day now*
- Matlock: *added*

50. At 10:11 a.m., Hennessey also posted about TRCH on Twitter, falsely describing it as a “swing” position and promoting the purported upcoming merger with Meta.

51. Over approximately the next seven minutes Knight sold most of his position (6,056 of 8,562 shares) for \$2.12 per share, and Deel sold his entire position for \$2.13 per share.

By 10:22 a.m., Sabo had sold his entire position for an average price of \$2.19 per share.⁶ By 10:25 a.m., Matlock had sold approximately half of his position for \$2.20 per share.

52. On February 11, 2021, between 9:40 and 9:41 a.m., Sabo purchased 95,000 TRCH shares for an average price of \$2.41 per share. He then posted on Atlas that he intended to hold those shares based at least in part on Hennessey's "due diligence" on the company: "*Long TRCH here. @Hugh Henne no way i forgot about all that damn DD[.] How is this red on the day lol[.]*" A few minutes later, at 9:44 a.m., he posted additional positive remarks about TRCH: "*R/G [red to green] move will be 2.60 break on TRCH. Dont forget this was over 3 briefly yesterday.*"

53. Two minutes later, he began liquidating his entire 95,000 share position in TRCH, selling all of his shares in a two-minute span for an average price of \$2.60 per share.

54. In total, the TRCH Participants' profits on TRCH from February 10 through February 23, 2021 were \$288,603 for Hennessey; \$336,138 for Matlock; \$148,131 for Deel; \$109,804 for Rybarczyk; \$29,831 for Sabo; and \$2,757 for Knight.

D. Infiniti Pharmaceuticals, Inc.

55. On or about February 11, 2021, Sabo, Matlock, Constantin, Hennessey, and Deel identified Infiniti Pharmaceuticals, Inc. (NASDAQ: INFI) as a Selected Stock. On February 11, 2021, between 9:47 and 9:50 a.m., they purchased INFI shares in the following amounts: Matlock (212,902), Constantin (100,000), Sabo (40,000), Hennessey (20,000), and Deel (15,529, net). The price of the shares ranged from \$4.48 to \$4.97 per share.

56. Beginning around 9:50 a.m., they began posting alerts about INFI on Atlas and

⁶ Sabo continued to buy and sell TRCH shares throughout the day as other Scheme Participants tweeted about the stock.

Twitter:

- 9:50 a.m. (Matlock on Atlas): *I halted INFI*
- 9:51 a.m. (Deel on Atlas): *Damn INFI insta halt baby*
- 9:53 a.m. (Matlock on Twitter): *\$INFI halted up. I added some right before the halt and looking to add more*
- 9:54 a.m. (Sabo on Atlas): *how the hell did INFI gap up to 9 in PM*

57. Following these posts, at 9:55 a.m., Deel sold 15,529 INFI shares at \$5.27 per share and Matlock sold 30,000 shares at \$5.22 per share.

58. At 9:56 a.m., Deel posted about INFI on Atlas, writing: *“INFI watch for vwap adds if you missed first.”* Matlock also posted on Atlas at 9:56 a.m. *“INFI open”* as he sold another 69,657 INFI shares at \$5.24 per share.

59. At 9:57 a.m., Matlock posted on Atlas *“INFI soooo much volume”* and posted on Twitter *“\$INFI 5.50 should get the next leg.”* These posts coincided with sales, at 9:57 a.m., of 68,015 INFI shares by Matlock at \$5.45 per share and 50,000 INFI shares by Constantin at \$5.43 per share.

60. Then, at 9:59 a.m., Matlock posted on Atlas *“halt code is currently 5.85 on INFI,”* and Sabo posted on Atlas *“caught some INFI on the pullback. Bought enough shares that I can ignore and let it do its thing. Giving myself some leg room on the SL [stop loss].”*

61. Between 9:59 a.m. and 10:05 a.m., Sabo sold 20,000 INFI shares for \$5.51 per share; Matlock sold 45,230 INFI shares for an average price of \$5.43 per share; Hennessey sold 20,000 INFI shares for \$5.44 per share; and Constantin sold 50,000 INFI shares for \$5.40 per shares.

62. Sabo, Matlock, and Deel continued to post about INFI and buy and sell INFI shares on February 11, 2021, and Sabo and the aforementioned Scheme Defendants reaped illicit profits in the following amounts from this manipulation: Matlock - \$121,177; Constantin -

\$58,907; Sabo - \$36,559; Deel - \$18,668; and Hennessey - \$11,478.

FIRST CLAIM FOR RELIEF
FRAUD IN THE OFFER OR SALE OF SECURITIES
(Violations of Section 17(a) of the Securities Act)

63. Paragraphs 1 through 62 above are re-alleged and incorporated by reference as if fully set forth herein.

64. By reason of the conduct described above, defendant Sabo, in connection with the offer or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, directly or indirectly, acting intentionally, knowingly, recklessly or negligently (i) employed devices, schemes, or artifices to defraud; (ii) obtained money or property by means of untrue statements of material facts or 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 (iii) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

65. As a result, defendant Sabo violated Securities Act Sections 17(a)(1), (2), and (3) [15 U.S.C. §77q(a)(1), (2), and (3)] and will continue to violate those sections unless enjoined.

SECOND CLAIM FOR RELIEF
FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES
(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder)

66. Paragraphs 1 through 62 above are re-alleged and incorporated by reference as if fully set forth herein.

67. By reason of the conduct described above, defendant Sabo, directly or indirectly, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, intentionally, knowingly or recklessly, (i) employed devices, schemes, or artifices to defraud; (ii)

made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and (iii) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any persons, including purchasers or sellers of the securities.

68. As a result, defendant Sabo violated Exchange Act Section 10(b) [15 U.S.C. §78j(b)] and Rules 10b-5(a), (b), and (c) [17 C.F.R. §240.10b-5(a), (b), and (c)] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

A. Permanently restrain the Defendant, his officers, agents, servants, employees and attorneys, and those persons in active concert or participation with him who receive actual notice of the injunction by personal service or otherwise, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q], 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];

B. Order the Defendant to disgorge, with prejudgment interest, all ill-gotten gains obtained by reason of the unlawful conduct alleged in this Complaint;

C. Order the Defendant to pay civil monetary 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)];

D. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

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

JURY DEMAND

The Commission demands a jury in this matter for all claims so triable.

DATED this 25th day of May, 2023.

Respectfully submitted,

/s/ David J. D'Addio

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