RUA M. KELLY (Mass. Bar No. 643351) *pro hac vice pending*
Email: KellyRu@sec.gov
JONATHAN T. MENITOVE (Mass. Bar No. 710545) *pro hac vice pending*
Email: MenitoveJ@sec.gov
Securities and Exchange Commission
33 Arch Street, 24th Floor
Boston, MA 02110
(617) 573-8941 (Kelly Direct)
(617) 573-4565 (Menitove Direct)
Facsimile: (617) 573-4590

Local Counsel
Kathryn Wanner (Cal. Bar No. 269310)
Email: wannerk@sec.gov
Securities and Exchange Commission
444 S. Flower St., Suite 900
Los Angeles, CA 90071
(323) 965-3998
Facsimile: (213) 443-1904

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. GAUNTLET HOLDINGS, LLC, DARRELL W. RIDEAUX, and ALI DERAKHSHANFAR, Defendants, and SAL N. ORTIZ, Relief Defendant.	Case No. 8:25-cv-00492 **COMPLAINT** **DEMAND FOR JURY TRIAL**

Plaintiff Securities and Exchange Commission ("SEC") alleges:

JURISDICTION AND VENUE

1. The Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§77t(b) & 77v(a)] and Sections 21(d), 21(e) and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§78u(d), 78u(e) & 78aa].

2. Defendants Gauntlet Holdings, LLC ("Gauntlet"), Darrell W. Rideaux ("Rideaux") and Ali Derakhshanfar ("Derakhshanfar") and Relief Defendant Sal N. Ortiz ("Ortiz") have, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged in this complaint.

3. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. §78aa(a)] because certain of the transactions, acts, practices, and courses of conduct constituting violations of the federal securities laws occurred within this district.

4. In addition, venue is proper in this district, because at all times relevant to this Complaint, Defendant Gauntlet did business in this district, and Defendants Rideaux and Derakhshanfar and Relief Defendant Ortiz resided in this district.

SUMMARY

5. This is a securities fraud enforcement action alleging two separate schemes to violate the securities laws. First, Defendants Gauntlet, Rideaux, and Derakhshanfar (collectively, the "Defendants") engaged in a scheme to defraud a Company (the "Company") by fabricating a relationship with a wealthy member of a Qatari royal family (the "Sheikh") and convincing the Company that Derakhshanfar had access to billions of dollars held by the Sheikh in an account at a Qatari bank (the "Qatari Bank Account").

6. Through this fraudulent scheme (hereafter, the "Qatari Bank Scheme"), which began in 2020 and included multiple lies by Rideaux and Derakhshanfar, the Defendants persuaded the Company's affiliate to pay the Defendants $1 million as an

"advance" on anticipated profits from transactions relying on $2 billion worth of "senior secured notes" issued by Gauntlet (the "Gauntlet Notes") that the Company planned to use in future business operations. In reality, none of the Defendants had a relationship with the Qatari royal family, nor did they have access to billions in a Qatari bank through the Sheikh. The entire Qatari Bank Account appears to have been a complete fabrication.

7. In addition, beginning in or about March of 2024, Rideaux and Gauntlet embarked on a second scheme to defraud an investor ("Investor A") by offering an investment opportunity in which investors' assets would be pooled to purchase asset-backed securities that would purportedly generate 200% returns in 30 days (the "Second Scheme"). After executing an investment agreement with Rideaux, Investor A transferred $1 million to Rideaux's attorney's trust account, but never received the promised returns, nor did he receive the return of his principal. Throughout the Second Scheme, Rideaux made numerous false and misleading statements, both to solicit Investor A and to lull him into a false sense that his investment would be safe and lucrative, including by emailing a misleading video to show "Gauntlet's" online bank account to the investor; in reality, the account did not belong to Gauntlet.

8. As a result of the conduct alleged herein, the Defendants violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1), (a)(2), and (a)(3) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77q(a)(1), (2), and (3)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b)] and Rule 10b-5(a), (b), and (c) thereunder [17 C.F.R. § 240.10b-5(a), (b), and (c)].

9. The Commission seeks a permanent injunction against the Defendants, enjoining them from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint, or in conduct of similar purpose or effect; disgorgement by the Defendants and the Relief Defendant of all ill-gotten gains from the conduct alleged herein, with prejudgment interest, pursuant to Section 21(d)(5) of

the Exchange Act [15 U.S.C. §78u(d)(5)]; civil penalties against the 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 such other relief as the Court may deem appropriate.

DEFENDANTS AND RELIEF DEFENDANT

10. **Gauntlet** is a Delaware limited liability company with its principal place of business in Brea, California. On its website, Gauntlet describes itself as a "family office" that is not registered with FINRA and is exempt from SEC registration.

11. **Rideaux**, age 45, is a U.S. citizen who resides in Placentia, California. Rideaux is the managing member of Gauntlet, through which he conducts business. He holds Series 7, Series 63, and Series 66 securities licenses and has previously been associated with several U.S.-based financial institutions.

12. **Derakhshanfar**, age 74, is a U.S. citizen who resides in Arcadia, California. Derakhshanfar runs an insurance business in Los Angeles.

13. **Ortiz**, age 59, is a U.S. citizen who resides in Chino, California. Ortiz is an accountant who serves as President and CEO of a tax preparation firm. Ortiz is also the CEO of a liquor company, and the founder of an entertainment company as well as a beverage distributor licensed in California.

RELATED ENTITIES AND INDIVIDUALS

14. The **Company** is a privately-held company incorporated in Wyoming. It is affiliated with a group of companies held under common ownership. Among the companies affiliated with the Company are a formerly publicly-traded company incorporated in Delaware with its principal place of business in Beverly Hills, California and a privately-held corporation headquartered in the United Kingdom.

15. The **Company CEO** is the U.K.-based Chief Executive Officer of the Company.

16. **Investor A** is an individual who invested $1 million with Rideaux and Gauntlet in March of 2024. To date, Investor A's money has not been returned.

THE ALLEGATIONS

A. Overview of the Qatari Bank Scheme

17. The Defendants' fraudulent scheme began in 2020, when Rideaux was introduced to the Company, and when Ortiz introduced Rideaux and Derakhshanfar to each other. Ortiz was a long-time friend of Rideaux and had more recently met Derakhshanfar at a business function and had become friendly with him.

18. At that time, the Company's business objective was to acquire minority stakes in insurance companies and financial firms. The Company planned to acquire such minority stakes through the issuance of "credit-linked notes"[1] that could then be held by businesses as reserve capital – meaning that insurance companies and financial firms would have the Company's credit-linked notes available to draw upon if they needed access to capital, thereby meeting capital reserve regulatory requirements.

19. In order to put this business plan into action, the Company first needed a source of money, which could serve as the collateral for credit-linked notes.

B. The Defendants Schemed to Convince the Company That They Had Access to Billions in a Qatari Bank Account Through Derakhshanfar.

20. Beginning in mid-2020, the Defendants deployed an extensive scheme to convince the Company CEO that the Qatari Bank Account was real, that it held $7.98 billion, that Derakhshanfar had access to it through his connection to the Sheikh, and that this money could be used as collateral securing promissory notes issued by Gauntlet that the Company purchased to execute its business plan.

21. The Defendants played different roles in the scheme. Rideaux served as the primary liaison with the Company, provided reassurances that the Qatari Bank Account existed, assured the Company CEO as to the legitimacy of a Gmail address

[1] A credit-linked note is a security that is similar to a traditional bond, but that contains an embedded credit default swap. Credit-linked notes typically earn a higher rate of return than traditional bonds because they often include higher exposure to credit risk than bonds.

that was purportedly the Sheikh's personal email address, and manipulated the Company CEO and the Company's counsel to avoid the Company or its representatives directly reaching out to the Qatari bank. Derakhshanfar pretended to have a connection with the Sheikh, operated the Sheikh's Gmail address, and fulfilled requests for documents that Rideaux passed along when the Company performed its due diligence of the transaction.

22. At the inception of the scheme, in early 2020, Rideaux informed the Company CEO that he represented an individual named Ali Derakhshanfar, claiming that Derakhshanfar had access to a large amount of cash deposited at a bank in Qatar, because Derakhshanfar had won the trust of a Qatari sheikh. While Rideaux used Derakhshanfar's real name, he did not tell the Company CEO that Derakhshanfar was actually an insurance salesman who resided in California and had no connection to the Qatari royal family.

23. The Defendants – led by Rideaux – effected the scheme by offering the Company $2 billion worth of "senior secured notes" to be issued by Gauntlet (the "Gauntlet Notes"). As consideration for the Gauntlet Notes, Gauntlet was to receive convertible redeemable preferred shares in the Company, which provided the holders of those securities with dividends linked to transactions executed under the anticipated credit-linked note program.

24. In a memorandum of understanding ("MOU") dated June 16, 2020, Gauntlet and the Company agreed that the Company would obtain $1 billion of Gauntlet Notes in exchange for providing Gauntlet with convertible redeemable preferred stock. The convertible redeemable preferred stock would pay a dividend linked to profits obtained from transactions under the anticipated credit-linked note program, with Gauntlet and the Company splitting the profits equally. The June 16, 2020 MOU expressly stated that the Gauntlet Notes were "fully backed by a pledged cash account" at the Qatari bank. In a second MOU dated June 21, 2020, Rideaux (signing on behalf of Gauntlet), Derakhshanfar, and Ortiz agreed to split the profits

paid to Gauntlet, with 40% to Gauntlet and Rideaux, 40% to Derakhshanfar, and 20% to Ortiz (purportedly for Ortiz's role in introducing and facilitating the exchange of information between certain of the parties to the agreement). The June 16, 2020 MOU was subsequently amended in an agreement dated July 30, 2020 to provide that Gauntlet would sell $2 billion worth of Gauntlet Notes in exchange for additional convertible redeemable preferred shares. Similar to the June 16, 2020 MOU, the July 30, 2020 agreement stated that the "Senior Secured Notes for an aggregate amount of Two Billion Dollars ($2,000,000,000.00) with the funds for such Notes to be deposited as collateral at the [Qatari bank]."

25. The Gauntlet Notes each had a face value of $50 million, and each promised to pay its face value upon maturity in July 2030. The Gauntlet Notes were purportedly backed by a "Security Interest," defined as a "first priority security interest in the [USD] equivalent to the face value" of the note held at the Qatari bank, with a specific account number identified. Each Gauntlet Note contained a paragraph titled "Investment Intent," in which the holder of the note "warrants and represents that . . . any security issuable hereof will be acquired for investment only." In addition, each Gauntlet Note contained a heading that described the note as a security and stated that it had not been registered with the SEC or any state securities authority. The Gauntlet Notes also each contained a paragraph titled "Transfer of this Note," which provided as follows:

> Neither this note nor any of the rights, interests or obligations hereunder, shall be assigned, sold, pledged, transferred or otherwise disposed of except with the prior written consent of the Issuer and in compliance with the Securities Act of 1933, as amended …, applicable state securities laws, and the Note Issuance Agreement.

26. In February and March of 2021, the Company's affiliate based in the United Kingdom transferred a total of $1 million USD by wire to its counsel in the United States. The money was transferred to pay the Defendants and Ortiz an

"advance" on profits from the Company's credit-linked note program to be backed by the Gauntlet Notes. Excepting $15,000 that counsel retained, counsel distributed the $1 million to the Defendants and Ortiz.

27. In truth, there were no funds backing the Gauntlet Notes, and the Qatari bank documents provided to the Company during the due diligence process appear to have been fabricated. While the Gauntlet Notes listed an account number for the Qatari Bank Account, that account number did not exist and in any event, it did not match the format of account numbers used at the Qatari bank. Moreover, financial records for the Qatari bank show that the total amount of money held at the bank that individual, non-entity account holders had deposited was *less* than the $7.98 billion that the Defendants claimed that Derakhshanfar could access in a single Qatari Bank Account purportedly belonging to the Sheikh.

28. In addition, records reflecting IP address[2] login information show that, on at least certain occasions, the Sheikh's alleged Gmail address used to provide documentation supporting the existence of funds at the Qatari Bank Account was accessed at the exact same time and location where Derakhshanfar accessed his own Gmail account, indicating that the Gmail account for the "Sheikh" was, in fact, controlled by Derakhshanfar.

C. Rideaux and Derakhshanfar Misled and Lied to the Company about the Alleged $7.98 Billion Bank Account in Qatar

29. The Defendants were able to effect this scheme by manipulating through lies and omissions the Company CEO to believe that the Qatari Bank Account was real and that Derakhshanfar had access to it. For example, Rideaux – recognizing that it might seem suspicious that a sheikh relied on a commonly used application such as Gmail – sought to preempt any concerns by explaining its use to the Company CEO: "While I was somewhat apprehensive of the gmail [*sic*] being used it

[2] An IP address is a unique string of characters that identifies a device on the internet or a local network.

is apparently understood and accepted by the Royal Family. Please acknowledge receipt of this email and the understanding that Ali [Derakhshanfar] reports to [the] Shiek [sic] …"

30. Rideaux also provided the Company and its counsel with a "bank confirmation letter" from an administrator at the Qatari bank, purportedly evidencing the account and confirming a $7.98 billion balance in the Qatari Bank Account. Rideaux further shared with the Company CEO and the counsel he retained screenshots of a bank statement reflecting a $7.98 billion balance in the Qatari Bank Account; the screenshots were attached to what appeared to be an email from the Qatari bank that the Sheikh's Gmail address had purportedly forwarded to Derakhshanfar.

31. To ensure the scheme's success, the Defendants sought to quash any efforts to reach out directly to the Qatari bank to confirm the existence of these funds. On one occasion, when counsel the Company CEO retained attempted to reach out to a publicly-listed email for the Qatari bank, Rideaux expressed concern and upset, cautioning the Company that sending the email was a "breach in procedures" that "caused tremendous damage and may have consequences beyond repair." Before allowing further due diligence, Rideaux ordered the Company CEO to send an apology to the Sheikh's Gmail address, which he did, and his counsel sent an additional apologetic email to that email account.

32. In fact, even as these apologies were made, the Defendants were fabricating documents in furtherance of the scheme. On July 21, 2020, the Sheikh's Gmail address sent an email to counsel the Company CEO had retained attaching two letters, one on "State of Qatar" stationery and the other on stationery from the Qatari bank. Both letters attested to the validity of a bank comfort letter, bank statements, and screenshots showing an account balance and confirmed that Derakhshanfar was the owner of an account identified by a specific account number. Further, on August 3, 2020, the Sheikh's Gmail address sent an email to the Company CEO and his

counsel. The Gmail message attached a letter printed on "State of Qatar" stationery and the letter vouched for Derakhshanfar as a "fiduciary" for the Sheikh. However, email traffic between the Defendants shows that Rideaux drafted the language of the "Sheikh's" Gmail message and provided it to Derakhshanfar.

33. Rideaux's manipulation of the Company CEO is further evidenced in communications concerning a press release the Company CEO had hoped to issue. In August 2020, the Company CEO sent Rideaux a draft press release, noting that the Sheikh, on behalf of the Qatari royal family, had invested $2 billion in the Company. Rideaux responded, rewriting the draft press release to remove any mention of the Qatari royal family, telling the Company CEO that any mention of the royal family would be in violation of a non-disclosure agreement. In truth, Rideaux sought to avoid any mention of the royal household because there was no actual investment of $2 billion from the Qatari royal family.

34. Rideaux further projected a false air of legitimacy by touting his purported ties to Qatari royalty. In a January 2021 email to the Company CEO, Rideaux forwarded a *Los Angeles Times* article entitled "The true story of the heartthrob prince of Qatar and his time at USC." The article described the conduct of a member of the Qatari royal family (not the "Sheikh" who purportedly entrusted money to Derakhshanfar) while he was a student at the University of Southern California. Rideaux – a former football player at USC who played with the team in the 2003 Orange Bowl – told the Company CEO that "[t]his is how I came to meet [Derakhshanfar] and the [royal family of Qatar]." In fact, Rideaux graduated from USC several years before the Qatari prince arrived on the campus.

35. In addition to touting his own purported ties to the Qatari royal family, Rideaux continued to tout Derakhshanfar's ties to Qatari royalty. In a February 22, 2021 letter to the Company CEO, Rideaux said, in relevant part: "Mr. Derakhshanfar, who has had an account at [the Qatari bank] since 2013; is a sovereign fund manager who has a close relationship to members of the … Royal Family of Qatar."

D. The Defendants Obtained $1 Million Through the Qatari Bank Scheme

36. In February 2021, the Company's affiliate in the United Kingdom made an initial $250,000 payment that was divided among the Defendants. Derakhshanfar received $175,000, Rideaux received $30,000, and Ortiz received $30,000, with the remaining $15,000 going to the Company's attorney. In mid-March 2021, the Company's affiliate in the United Kingdom paid the remaining $750,000 to the Defendants. This time, Rideaux received $212,500, Derakhshanfar received $325,000, and Ortiz received $112,500, with the remaining $100,000 going to Derakhshanfar's attorney.

E. Overview of the Second Scheme by Rideaux and Gauntlet

37. In early 2024, Rideaux connected with Investor A through the WhatsApp communications application, where Rideaux pitched Investor A on a potential investment opportunity in which Investor A's money would be pooled with other investors to purchase asset-backed securities. Through messages exchanged with Rideaux, Investor A received a one-page document describing a "Special 30-Day Small Cap Program," stating that the program was "[b]y invitation only. 200% return after 30 Days. 1M Minimum/ 5M maximum."

38. In March 2024, Rideaux met with Investor A on Zoom, along with a mutual acquaintance who had introduced the two. Rideaux told Investor A during the meeting that he had worked for a prominent broker-dealer in the U.S., that he was a financial adviser for wealthy clients, and that he had made millions for those clients. In describing his professional background, Rideaux omitted the fact that since 2018 he had been barred from associating with any FINRA member (including any broker-dealer) after an investigation into potential securities law violations at his prior firm.

39. During the March 2024 meeting with Investor A, Rideaux displayed a flow chart that purported to show how investor funds would be used by Gauntlet to "[p]urchase security and receive monthly pass-through of principal and interest from borrowers." The chart showed that funds from investors would flow to Gauntlet,

which would then use the funds to purchase loans from issuers. Rideaux reiterated that Investor A could invest with Gauntlet and receive 200% returns within 30 days.

40. Investor A, Rideaux, and others executed a written "Joint Venture / Partnership Management Agreement" that described an "Investment Offer" involving a $1 million investment to be sent to an escrow account. The agreement contemplates an investment that lasts 10 banking days promising a return of 50% derived from an investment strategy executed by a firm Rideaux's brother-in-law purportedly managed. Investor A's obligation was limited to sending $1 million to the escrow account, and Investor A was assured that, with respect to the way the investment works, "the principal remains in the non-depletion account." The agreement specified that information about the investment opportunity would be presented to other investors, "especially private accredited investors seeking high-yield returns uncorrelated to the stock market." The contract terms gave Investor A the ability to terminate the contract via writing or electronic mail and further provided that Gauntlet and others "shall earn profits net of distributions" to Investor A.

41. Between March 22 and March 25, 2024, Investor A transferred $1 million to Rideaux's attorney's trust account to be invested with Gauntlet.

F. Rideaux Makes Numerous Misstatements to Investor A

42. Notwithstanding the provision in the "Joint Venture / Partnership Management Agreement" specifying that funds would not be transferred, Investor A's money was quickly wired out of the escrow account. Further, notwithstanding the provision in the agreement specifying that Gauntlet would earn profits net of distributions to Investor A, Rideaux and other Gauntlet employee received Investor A's money without Investor A receiving any distributions.

43. In April 2024, after 30 days elapsed, Investor A began what would ultimately be a months-long and failed quest to get his money back. Investor A called, emailed, and sent WhatsApp messages to Rideaux, who responded with misrepresentations and omissions to lull Investor A into a false sense of security.

44. For example, on June 20, 2024, Rideaux sent Investor A an email titled: "Video from Gauntlet Family Office." The email assured Investor A that his funds were safe and claimed that Investor A's principal would be returned shortly. Rideaux attached to the email the video referenced in the subject line, which showed an online bank account with a balance of $1.75 million. However, that account did not belong to Gauntlet, but to an Arizona-based entity. Rideaux appears to have obtained online access to the Arizona-based entity's bank account through an agreement nearly identical to the "Joint Venture / Partnership Management Agreement" Gauntlet executed with Investor A. In the agreement, Rideaux promised the Arizona-based entity a return on its capital if the Arizona-based entity kept money in its account and gave Rideaux online access. Rideaux used this access to take a video of the account to send to Investor A in an effort to assure Investor A that his funds were safe. In fact, the funds in the account were completely unrelated to Gauntlet or Investor A's investment.

45. Investor A continued to communicate with Rideaux through various means over the following weeks, including WhatsApp, texts, emails, and calls to Gauntlet's office and Rideaux's cell phone. Rideaux responded with a variety of misleading statements about the safety and expected return of Investor A's $1 million investment with Gauntlet. Among other things, Rideaux periodically sent Investor A photographs of what purported to be stacks of cash in wrappers from the bank as evidence that he was in possession of substantial funds. At other times, Rideaux sent visual evidence of his excuses for delays, such as a GPS image of his whereabouts, or a photo of him on a plane in order to justify to Investor A why Rideaux was unavailable to discuss the status of the $1 million investment.

46. On July 19, 2024 – almost three months after Gauntlet was required to return his principal with interest – Investor A emailed Rideaux pleading for an update on the status of his investment: "I've tried to call you and text you… but without any answer or feedback. You promised me that you [would] transfer USD 1.435 million

from your [bank] to [your lawyer's] account on Wednesday morning as the payback of my investment. … Could you get back to me [with] the update ASAP?"

47. As of today's date, Investor A has not received any principal or interest from Rideaux and/or anyone associated with Gauntlet.

FIRST CLAIM FOR RELIEF

Fraud in the Connection with the Purchase and Sale of Securities

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

(against Defendants Gauntlet, Rideaux, and Derakhshanfar)

48. The SEC realleges and incorporates by reference paragraphs 1 through 47 above.

49. During the Relevant Period, the Gauntlet Notes were securities under Section 3(a)(10) of the Exchange Act, 15 U.S.C. §78c(a)(10).

50. By engaging in the conduct described above, Defendants Gauntlet, Rideaux, and Derakhshanfar, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange: (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.

51. By engaging in the conduct described above, Defendants Gauntlet, Rideaux, and Derakhshanfar violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b), and Rules 10b-5(a), 10b-5(b), and 10b-5(c) thereunder, 17 C.F.R. §§240.10b-5(a), 240.10b-5(b) & 240.10b-5(c).

SECOND CLAIM FOR RELIEF

Fraud in the Offer or Sale of Securities

Violations of Section 17(a) of the Securities Act

(against Defendants Gauntlet, Rideaux, and Derakhshanfar)

52. The SEC realleges and incorporates by reference paragraphs 1 through 47 above.

53. During the Relevant Period, the Gauntlet Notes were securities under Section 2(a)(1) of the Securities Act, 15 U.S.C. §77b(a)(1).

54. By engaging in the conduct described above, the Defendants, directly or indirectly, in the offer or sale of securities, and by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails directly or indirectly: (a) employed devices, schemes, or artifices to defraud; (b) have obtained money or property by making untrue statements of material fact or omitting material facts necessary to make the statements not misleading; and/or (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

55. Defendants, with scienter, employed devices, schemes and artifices to defraud; and with scienter or negligence, engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

56. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), (2) and (3).

THIRD CLAIM FOR RELIEF

Other Equitable Relief, Including Unjust Enrichment

and Constructive Trust

(against Relief Defendant Ortiz)

57. The Commission realleges and incorporates by references paragraphs 1

through 47 as if fully set forth herein.

58. Section 21(d)(5) of the Exchange Act states, "In any action or proceeding brought or instituted by the Commission under any provision of the securities laws, the Commission may seek, and any Federal court may grant, any equitable relief that may be appropriate or necessary for the benefit of investors."

59. Relief Defendant Ortiz received ill-gotten funds provided by the Company for purposes of investment with the Defendants. Relief Defendant has no legitimate claim to this property. In equity and good conscience, Relief Defendant should not be allowed to retain such funds.

60. As a result, Relief Defendant is liable for unjust enrichment and should be required to return the ill-gotten gains, in an amount to be determined by the Court. The Court should also impose a constructive trust on the ill-gotten gains in the possession of the Relief Defendant.

FOURTH CLAIM FOR RELIEF

Fraud in the Connection with the Purchase and Sale of Securities

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

(against Defendants Gauntlet and Rideaux)

61. The SEC realleges and incorporates by reference paragraphs 1 through 47 above.

62. During the Relevant Period, the securities offered to Investor A were securities under Section 3(a)(10) of the Exchange Act, 15 U.S.C. §78c(a)(10).

63. By engaging in the conduct described above, Defendants Gauntlet and Rideaux, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange: (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.

64. By engaging in the conduct described above, Defendants Gauntlet and Rideaux violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b), and Rules 10b-5(a), 10b-5(b), and 10b-5(c) thereunder, 17 C.F.R. §§240.10b-5(a), 240.10b-5(b) & 240.10b-5(c).

FIFTH CLAIM FOR RELIEF

Fraud in the Offer or Sale of Securities

Violations of Section 17(a) of the Securities Act

(against Defendants Gauntlet and Rideaux)

65. The SEC realleges and incorporates by reference paragraphs 1 through 47 above.

66. During the Relevant Period, the securities offered to Investor A were securities under Section 2(a)(1) of the Securities Act, 15 U.S.C. §77b(a)(1).

67. By engaging in the conduct described above, the Defendants, directly or indirectly, in the offer or sale of securities, and by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails directly or indirectly: (a) employed devices, schemes, or artifices to defraud; (b) have obtained money or property by making untrue statements of material fact or omitting material facts necessary to make the statements not misleading; and/or (c) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

68. Defendants, with scienter, employed devices, schemes and artifices to defraud; and with scienter or negligence, engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

69. By engaging in the conduct described above, Defendants violated, and unless restrained and enjoined will continue to violate, Sections 17(a)(1), 17(a)(2),

and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), (2), and (3).

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that the Court:

I.

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants and their agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, from directly or indirectly engaging in the conduct described above, or in conduct of similar purpose or effect, in violation of Section 17(a) of the Securities Act [15 U.S.C. §77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

II.

Order Defendants to disgorge all ill-gotten gains from the conduct alleged herein, with prejudgment interest, pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. §78u(d)(5)].

III.

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

IV.

Order the Relief Defendant to disgorge all ill-gotten gains or unjust enrichment, with prejudgment interest thereon, to effect the remedial purposes of the federal securities laws.

V.

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

VI.

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

Dated: March 13, 2025

/s/ Kathryn Wanner

KATHRYN WANNER
RUA M. KELLY (*pro hac vice pending*)
JONATHAN T. MENITOVE (*pro hac vice pending*)
Attorneys for Plaintiff
Securities and Exchange Commission