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12 IN THE UNITED STATES DISTRICT COURT
13 FOR THE CENTRAL DISTRICT OF CALIFORNIA

14 SECURITIES AND EXCHANGE
15 COMMISSION,

16 Plaintiff,

17 v.

18 THOMAS CARTER RONK

19 Defendant.
20

Case No. SA 8:19-cv-00607-JWH-ADS
The Honorable John W. Holcomb
Courtroom 2

AMENDED COMPLAINT

21
22 Plaintiff Securities and Exchange Commission (“Commission” or “SEC”) files this
23 Amended Complaint against Defendant Thomas Carter Ronk (“Ronk” or “Defendant”),
24 and alleges as follows:
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SUMMARY

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2 1. This case concerns three separate fraudulent schemes perpetrated by the
3 Defendant. First, Ronk engaged in fraudulent promotional efforts to sell or assist in the
4 sale of the common stock of microcap issuers Casablanca Mining Ltd. (“Casablanca”),
5 and Gepco, Ltd. (“Gepco”). As set forth in greater detail below, between May 2012¹ and
6 July 2017, Ronk made numerous misleading statements or misstatements of material fact
7 while promoting the sale of these stocks to investors.
8

9
10 2. Second, over the same period from at least May 2012 to July 2017, Ronk
11 made false statements to prospective investors in connection with a private stock offering
12 by WealthMakers, Ltd. (“WealthMakers”), a private company he co-founded.
13

14 3. Third, Ronk manipulated the trading price of the common stock of
15 Casablanca and Gepco during the period from at least May 2012 to September 2014.
16 Rather than allow the markets to set the price of the companies’ securities through the
17 natural interplay of supply and demand, the Defendant engaged in a number of practices
18 aimed at misleading the market to increase and maintain artificially high prices so that he
19 and others could sell off their holdings for substantial gains.
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22 4. For his participation in the three fraudulent schemes Ronk directly or
23 indirectly received proceeds of the offering frauds as well as gains from the market
24 manipulation schemes.
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28 ¹ Any time-related defenses for the conduct alleged in this Complaint have been tolled for the period from May 5, 2017 through November 8, 2018, inclusive. As a result, that period of time is not to be included in calculating any limitations period or the period of any other time-related defenses.

VIOLATIONS

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2 5. By virtue of the conduct alleged herein, Ronk violated Section 17(a)(1),
3 (a)(2), and (a)(3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)(1),
4 77q(a)(2), and 77q(a)(3)], Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)], and
5 Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §
6 78j(b)] and Rules 10b-5(a), 10b-5(b), and 10b-5(c) thereunder [17 C.F.R. §§ 240.10b-
7 5(a), (b), and (c)].
8
9

10 6. Unless Ronk is permanently restrained and enjoined, he will again engage in
11 the acts, practices and courses of business set forth in this Complaint and in acts, practices
12 and courses of business of similar type and object.
13

14 **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

15 7. The Commission brings this action under the authority conferred upon it by
16 Sections 20(b) and (d) of the Securities Act [15 U.S.C. § 77t(b), (d)], and Sections
17 21(d)(1), (3) and (5) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), (3), (5)]. The
18 Commission seeks a final judgment: (i) restraining and permanently enjoining the
19 Defendant from engaging in the acts, practices, transactions, and courses of business
20 alleged herein; (ii) requiring the Defendant to disgorge the ill-gotten gains he received as
21 a result of the violations, and to pay prejudgment interest thereon, pursuant to Section
22 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)]; (iii) imposing civil monetary
23 penalties upon the Defendant pursuant to Section 20(d) of the Securities Act [15 U.S.C. §
24 77t(d)], and/or Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; (iv)
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1 imposing a penny stock bar against the Defendant pursuant to Section 20(g) of the
2 Securities Act [15 U.S.C. § 77t(g)] and Section 21(d)(6) of the Exchange Act [15 U.S.C. §
3 78u(d)(6)]; and (v) issuing an order barring the Defendant from acting as an officer or
4 director of any issuer that has a class of securities registered pursuant to Section 12 of the
5 Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d)
6 of the Exchange Act [15 U.S.C. § 78o(d)]. Finally, the Commission seeks such other
7 relief as the Court may deem just and appropriate.
8

9
10 **JURISDICTION AND VENUE**
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12 8. This Court has jurisdiction over this action pursuant to Section 22(a) of the
13 Securities Act and Section 27 of the Exchange Act [15 U.S.C. §§ 77v(a) and 78aa].
14

15 9. Venue lies in this District pursuant to Section 22(a) of the Securities Act and
16 Section 27(a) of the Exchange Act [15 U.S.C. §§ 77v(a), 78aa(a)]. Some of the acts,
17 practices, courses of business and transactions constituting the violations alleged herein
18 occurred within the Central District of California. For example, among other things,
19 Ronk communicated with investors from the Central District of California, made
20 misrepresentations from this District, and solicited investors who are domiciled in the
21 Central District of California.
22
23

24 **A. DEFENDANT**

25 10. **Ronk**, age 50, resides in Corona Del Mar, California. Ronk held multiple
26 securities licenses and was associated with a number of registered broker-dealers between
27 1992 and 1998. Ronk was the President and a Director of Casablanca and served in
28

1 various official capacities at WealthMakers, including at times as its part-owner, President
2 and Chief Analytics Officer. Ronk is also the sole owner, President and Chief Executive
3 Officer of Buyins.net, Inc., a stock promotion website or firm, as well as the sole owner of
4 Century Pacific Investments LLC, a registered investment adviser.
5

6 **RELATED INDIVIDUALS AND ENTITIES**
7

8 11. **Izak Zirk de Maison (f/k/a Izak Zirk Engelbrecht) (“Engelbrecht”)**, age
9 61, is currently incarcerated at the Lompoc Federal Correctional Institution in Lompoc,
10 California. Between at least 2008 and September 2014, Engelbrecht served as an officer
11 and director of various microcap issuers, including Casablanca and Gepco. Engelbrecht
12 also served as a Cofounder, Director and Vice-President of WealthMakers. Engelbrecht
13 was previously enjoined in a securities fraud enforcement action in this court involving,
14 *inter alia*, some of the same issuers, entitled SEC v. Cope et al., 14 Civ. 7575 (S.D.N.Y.,
15 final judgment entered on Oct. 13, 2015), and pled guilty to various offenses, including
16 securities fraud, in a parallel criminal action before the United States District Court for the
17 Northern District of Ohio, in United States v. Izak Zirk De Maison, Crim. Information No.
18 1:15-cr-117 (N.D. Ohio, Apr. 2, 2015), for which he was sentenced to a term of
19 imprisonment of 151 months.
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24 12. **Kieran Kuhn**, age 36, is currently incarcerated at USP Lewisburg in
25 Lewisburg, Pennsylvania. From approximately January 2012 to September 2014, he was
26 the principal of Small Cap Resource Corp., or SCR, a New York investor-relations firm
27 that published a subscription-based newsletter offering investment advice, where, in
28

1 exchange for undisclosed kickbacks from Engelbrecht, he and a staff of cold callers
2 solicited investments in Gepco's stock in the open market and Gepco stock and notes in
3 purported private placements. Kuhn was previously enjoined in a securities fraud
4 enforcement action in this court involving, *inter alia*, some of the same issuers, entitled
5 SEC v. Cope, and pled guilty to various offenses, including securities fraud, in a parallel
6 criminal action before the United States District Court for the Northern District of Ohio,
7 in United States v. Kieran T. Kuhn, Crim. Information No. 1:15-cr-288 (N.D. Ohio, Sept.
8 18, 2015), for which he was sentenced to a term of imprisonment of 44 months.

11
12 13. **Buyins.net, Inc.** is a California corporation formed on December 24, 2010
13 and headquartered in Corona Del Mar, California, wholly owned and operated by Ronk.
14 Buyins.net is a web-based stock research company that purports to aggregate short trade
15 data "on over 7,000 NYSE, AMEX, and NASDAQ stocks" and "nearly 8,000 OTCBB
16 and PINKSHEET stocks" to provide investors with the "exact price point where short
17 sellers start losing money" and when "a short squeeze will begin in each stock."

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20 14. **Century Pacific Investments, LLC** is a California registered investment
21 adviser with its place of business in Corona Del Mar, California. It is wholly owned by
22 Ronk, its Managing Member, and reports one million dollars in assets under management
23 on its latest Form ADV filed on March 31, 2018.

24
25 15. **WealthMakers, Ltd.** was a Wyoming corporation formed on January 23,
26 2007. Ronk served as President and Chief Analytics Officer and owned an approximate
27 fifteen percent stake in WealthMakers. WealthMakers purported to be a "Wall Street
28

1 research and trading firm providing unbiased statistical stock market predictions” for
2 paying subscribers. WealthMakers was never registered in any capacity.

3
4 16. **Casablanca Mining Ltd.** (ticker symbol CUAU) was originally incorporated
5 as USD Energy Corporation (UEGY) in Nevada in 2008 and is headquartered in Corona
6 Del Mar, California. Casablanca purported to operate a gold mine in Chile. The
7
8 company’s common stock was registered pursuant to Section 12(g) of the Exchange Act
9 and subject to Exchange Act reporting obligations pursuant to Section 13(a) until
10 September 6, 2018 when registration was terminated. The last periodic report it filed was
11 its March 31, 2013 periodic report filed on Form 10-Q on June 13, 2013.

13 17. **Gepco, Ltd.** (ticker symbol GEPC) is a Nevada corporation with its
14 principal place of business in Santee, California. In October 2013, the company
15 completed a reverse merger with a privately-held Nevada corporation, GemVest, Ltd.
16 (“GemVest”). The resulting company purported to “broker high end investment grade
17 diamonds.” Gepco’s common stock was previously quoted on OTC Link.
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20 FACTS

21 **I. Ronk Made Materially False or Misleading Statements** 22 **Concerning Casablanca and Gepco**

23 18. Between May 2012 and September 2014, Ronk made numerous misleading
24 statements or misstatements of material fact while promoting the sale of Casablanca and
25 Gepco stock to investors.
26

27 **A. Ronk’s Misstatements Concerning Casablanca**

28 19. In late 2012 and early 2013, Ronk disseminated marketing materials

1 concerning Casablanca with numerous material misstatements about its basic operations
2 as a supposed gold mining business.

3
4 20. For example, in one marketing document, which Ronk wrote and sent to
5 potential investors on or around January 2, 2013, Ronk described Casablanca as a
6 company that “engages in the acquisition, exploration, development, and operation of
7 precious metal properties in South America.” The same document described a variety of
8 mines that the company owned. The marketing document stated that Casablanca’s gold
9 mining “operations are based near Santiago, Chile” and stated that the Company was
10 engaged in the “operation of precious metal properties.” These statements were false and
11 misleading because they gave the impression of economically viable operations when
12 none existed.
13

14
15 21. The same document went further and claimed that those “properties”
16 included “80 different mining and mineral exploration claims.” For example, it stated that
17 the “Las Dichas” property “started 10,000 cubic/meters per month production and
18 currently seeing .25 grams per cubic meter;” that the “Free Gold 100% owned” property
19 had “40,000 ounces [of gold] in Phase 1 and 140,000 ounces in California Mine;” that the
20 “Los Pinos Gold 70% owned” property had hit a “1 million ounce target,” had “small
21 scale production Q1 2013” and “fullscale drilling program and 43-101 Reserve Report in
22 2013;” and in reference to the “Casuto Gold 100% owned” property that “over 1 million
23 ounces [of gold] have previously been extracted from the Casuto Property.” These
24 statements too were false and misleading.
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1 22. Ronk repeated these misstatements in his newsletters to Buyins.net followers.
2 For example, Ronk announced a stock prediction concerning Casablanca to his Buyins.net
3 followers on December 19, 2012 and included in that announcement the false or
4 misleading statement that Casablanca was a company engaged in the “operation of
5 precious metal properties.”
6

7
8 23. These statements created the impression that Casablanca had an active,
9 productive mining operation. In reality, no mining had ever been done by the company
10 and there were no contracts in place with anyone to purchase any mined product.
11

12 **B. Ronk’s Misstatements Concerning Gepco**

13 24. From at least January 2014 to August 2014, Ronk pursued similar
14 promotional efforts on behalf of Gepco, a microcap issuer controlled by Engelbrecht that
15 supposedly brokered high end diamond sales. Ronk’s efforts were instrumental in a
16 scheme led by Engelbrecht and his confederates to pump up the price of Gepco shares so
17 that Engelbrecht and his allies would be able to dump their shares.
18

19 25. Century Pacific Investments, the registered investment adviser that Ronk
20 wholly owned, published a marketing document concerning Gepco on January 19, 2014.
21 This January 19, 2014 marketing document included a summary table on the front page
22 reflecting “expected” revenue figures for 2014, 2015, and 2016, as \$45 million, \$58
23 million, and \$76 million, respectively. The same summary table identified “expected”
24 “earnings per share” for those three years and listed a “market capitalization” figure of
25 \$25 million. These projected revenues were made without any reasonable foundation.
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1 26. The document then stated that Gepco management anticipated that it would
2 sell diamonds on a wholesale basis and that “each wholesale diamond order will carry a
3 ticket value of \$300,000 to \$500,000 and gross margins of approximately 30%-40% that
4 can be expected from their sales with an average sales turn rate of 90-120 days.”

5
6 Similarly, these projections were baseless.

7
8 27. Ronk, who was provided the projections by Engelbrecht’s associate, repeated
9 the claims to investors without taking any steps to confirm the basis for the figures or their
10 accuracy. Ronk knew at the time he published these projections to investors that Gepco
11 did not own any diamonds to sell and had no basis to believe it could acquire or sell
12 diamonds of that value or in that volume.

13
14 28. Furthermore, when Ronk distributed the January 19, 2014 Century Pacific
15 Investments brochure to investors, baselessly touting Gepco’s expected revenues, Ronk
16 did not disclose to Gepco investors that Ronk’s Century Pacific Investments signed a fee
17 agreement to earn ten percent of any money raised or generated from Ronk’s efforts to
18 sell the stock. Nor did Ronk disclose the indirect compensation he received from
19 Engelbrecht (Gepco’s undisclosed control person), who paid for his business expenses.
20 Due to Ronk’s failure to disclose this consideration, investors were falsely led to believe
21 that Ronk was providing unbiased, independent advice concerning their investments.

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23
24 29. Ronk drafted and sent to investors a marketing document dated February
25 2014 containing misrepresentations. The document, promoting investment in Gepco,
26 significantly overstated the qualifications of Engelbrecht’s wife, who was listed as the
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1 Executive Chairman of Gepco. Specifically, Ronk described her as an “investment
2 strategist” and “capital formation expert” who has “focused her capital formation
3 expertise in private equity and has created hundreds of millions of dollars in shareholder
4 value.” These statements were false. In truth, Engelbrecht’s wife was a real estate broker.
5 Ronk subsequently admitted during testimony, “I don’t think she had ever done a private
6 equity transaction in her life. I don’t even think she knew what one was.”
7
8

9 30. Again, when Ronk sent the February 2014 Gepco marketing document to
10 investors, he did not disclose Century Pacific Investment’s fee agreement with Gepco, nor
11 did he disclose the indirect compensation he received from Engelbrecht, which falsely led
12 investors to believe that Ronk was providing independent advice.
13

14 31. Ronk also made misrepresentations to various investors, including an
15 investor based in San Diego, California, (“Investor A”). During one-on-one personal
16 solicitations for investments in Gepco in 2014, Ronk did not disclose that Century Pacific
17 Investments, Ronk’s solely-owned investment advisory firm, was contractually obligated
18 to be paid ten percent of all Gepco stock sales it initiated. Ronk similarly did not disclose
19 that he was doing promotional work for Gepco at Engelbrecht’s behest, or that
20 Engelbrecht was paying Ronk’s overhead costs for his various businesses.
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24 32. Ronk presented Gepco to Investor A as a stock recommendation generated
25 purely by algorithmically-driven research. Ronk falsely led this investor to believe that,
26 like an outside analyst performing due diligence, Ronk met with Gepco officers on an
27 arm’s length basis to learn about promising business developments. In truth, Ronk was
28

1 financially incentivized to promote Gepco stock.

2 33. Ronk also misled Investor A about his own investment in Gepco, claiming
3 that he held a large position in Gepco stock. For a six month period, Ronk encouraged
4 Investor A to increase his purchases of Gepco stock by falsely representing that he (Ronk)
5 too was adding to his position and purchasing at specific points. And then when Investor
6 A sustained trading losses Ronk falsely sympathized by claiming that he had lost millions
7 of dollars in Gepco. In truth, Ronk never owned any Gepco shares.
8

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10 **II. Ronk Made Materially False or Misleading Statements Concerning**
11 **WealthMakers**

12 34. From at least June 2012 to the middle of 2014, Ronk carried out an offering
13 fraud for a private company called WealthMakers. WealthMakers purported to be a Wall
14 Street research and trading firm that used unbiased statistical methods to make stock
15 market predictions.
16

17 35. In Ronk's efforts to promote the private sale of WealthMakers' securities, he
18 misled investors about, among other things, WealthMaker's trading technology and ability
19 to deliver investment returns. Ronk sought private sales of WealthMakers' stock on the
20 basis that funds raised would be used for investments, or for developing WealthMakers'
21 operational capacities.
22

23 36. From summer 2012 through July 2017, Ronk created various marketing
24 materials, including a brochure about WealthMakers dated "Summer 2012." These
25 materials described a computerized investment system referred to as the "Global
26 Automated Trading Systems" or "GATS" or, alternatively, "WealthMakers Online
27
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1 Predictive Research” or “WOPR.” These materials were distributed to potential and
2 actual investors at least from June 2012 through at least July 2017. In these written
3 materials, as well as in oral presentations to investors, Ronk described GATS and/or
4 WOPR as a computerized predictive model that he falsely claimed had a history of
5 successful trading.
6

7
8 37. These written materials further claimed that GATS and/or WOPR utilized “a
9 military-style computer that uses parallel processing, genetic algorithms, neural networks
10 and unbridled computing power” to analyze “exactly what event will move each stock, in
11 which direction, to what % degree, the specific amount of time and with what degree of
12 probability.” These statements were misleading and false. In fact, the “WOPR” acronym
13 was based on the name of the computer from the 1983 film “War Games.”
14

15
16 38. The WealthMakers “Summer 2012” brochure described GATS and/or
17 WOPR as a “powerful database technology” and falsely claimed that it was “[b]ased on
18 IBMs work on Deep Blue (now called “Watson”).” WealthMakers never directly licensed
19 any information technology from IBM. The same WealthMakers “Summer 2012”
20 brochure also falsely claimed that 16 years and \$60 million dollars went into the
21 development of the computer systems used by WealthMakers. These statements were
22 false because neither Ronk nor WealthMakers invested 16 years or \$60 million into the
23 computer systems used by WealthMakers, nor did any of the companies from which
24 WealthMakers licensed technology.
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1 39. Ronk falsely told a potential investor by email, “we are the only entity that
2 has consolidated the tape” by “build[ing] a large scale computing system that logs into
3 each of the 14 exchanges after the close of the market every day and then buy the TRADE
4 IDENTIFIER data, pull it down and insert into 1 large relational database ... and then []
5 run a whole host of proprietary algos on the data ...”
6

7
8 40. Ronk directed another individual to email the same potential investor that
9 “We are the only company that has consolidated the tape of all 14 US stock exchanges
10 along with the trade identifiers showing when a trade is a buy, sell, sell short or buy-to-
11 cover. ... The cost for 12 months is \$16,000 (\$64 per trading day). The SEC is going to
12 pay \$1 billion to build the same database that we have had up and running for 11 years
13 (except that they will also have cancelled orders in addition to executed trades).
14

15
16 41. Ronk distributed written materials to potential investors, including Private
17 Placement Memoranda for Buyins.net, falsely claiming “We have built a fully automated
18 global stock market technology with the following attributes ... 42 exchanges in 26
19 countries updating in either 15 min delayed or real time.”
20

21 42. Ronk also claimed, in a written WealthMakers promotional brochure, that he,
22 along with Engelbrecht and his wife, were among those who contributed “approximately
23 \$7 million” in “seed capital” to start WealthMakers. These statements were untrue.
24 Neither he, nor Engelbrecht, nor anyone else invested any amount close to \$7 million cash
25 into WealthMakers.
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1 43. Ronk again misrepresented the expertise and experience of Engelbrecht's
2 wife, who was to purportedly play a role in managing WealthMakers as its Chief
3 Operating Officer. In fact, Engelbrecht's wife had no involvement with managing
4 WealthMakers at the time these statements were made, and she did not have the extensive
5 financial background set out in the promotional and offering materials. She was touted as
6 being known for completing "impossible deals" in "real estate related financing." In fact,
7 Ronk has subsequently described her as not having "the acumen to be working on
8 anything regarding Wall Street" and has explained his statements about her work in real
9 estate financing as referring to her ability to refer homebuyers to private banks for home
10 ownership loans.
11

12 44. Ronk also asserted in WealthMakers' 2012 and 2013 offering materials that
13 \$4 million of the funds raised would be used for making investments. In truth, no moneys
14 were ever used to make investments.
15

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18 **III. Ronk's Fraudulent Scheme to Manipulate Trading Prices of Casablanca and**
19 **Gepco**

20 45. From at least May 2012 to September 2014, Ronk engaged in a concerted
21 effort to manipulate the trading prices of Casablanca and Gepco stock on the open market.
22 Ronk engaged in this manipulative conduct for the purpose of inflating the prices of those
23 securities, to make Casablanca and Gepco shares more attractive to investors, and to
24 benefit his own and his associates' financial interests.
25

26
27 **A. Casablanca**

28 46. Ronk engaged in several kinds of conduct designed to prop up the price of,

1 and make Casablanca shares more attractive to the public. First, among other things,
2 Ronk attempted to “mark the close” as a manipulative technique to artificially elevate
3 Casablanca’s price at the end of a given trading day. For example, on August 6, 2012,
4 Ronk directed Kuhn to trade Casablanca stock at the end of the day. He texted Kuhn at
5 3:28 pm, “Can u close CUAU at offer please.”
6

7
8 47. Second, Ronk also sought to prime the market at the beginning of the day
9 with orders submitted at the opening ask price. On December 19, 2012, he wrote to Kuhn
10 at 9:26 am, just before the market opened, “We need to chase CUAU higher at the open
11 bro.” Ronk expected that, when the market opened, Kuhn would purchase the stock at the
12 current ask price in order for trading to commence at a higher price than the previous
13 trading day.
14

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16 48. Third, Ronk traded with the intent of keeping Casablanca’s price at or above
17 one dollar. Ronk believed that a stock price of one dollar or higher looked more
18 “credible.” With this intention, Ronk entered an order to buy 200 shares of Casablanca
19 stock at \$1.05 on June 22, 2012 in a WealthMakers brokerage account. In a text message
20 to Kuhn, Ronk wrote, “That was me on CUAU ... 200 at 1.05. I can’t stand to see it
21 under \$1.” Ronk’s purchase of \$1.05 was the highest trade of the day.
22

23
24 49. Text messages on December 19, 2012 illustrate how Ronk and Kuhn worked
25 in tandem, throughout the trading day, to arrange buyers to support Casablanca’s price.
26 Ronk provided specific purchase instructions on price and order size:
27

28 **Ronk:** “Buy some at \$.30 please”

Ronk: “Asap”

1 **Kuhn:** "...one of my guys making some moves in his portfolio. Hold onto your seat. 5
2 min"

3 **Ronk:** "Kick fucking ass!!!!!!!"

4 **Kuhn:** "Here we go. Get ready to see 35"

5 **Ronk:** "You r [sic] my hero!!!!"

6 **Ronk:** "Awesome!!!!!!"

7 **Ronk:** "Look at it go!"

8 **Kuhn:** "That's my bid"

9 **Kuhn:** "Another 50k going now"

10 **Ronk:** "I love you bro. Thank u so much!!!!"

11 **Kuhn:** "Jesus...there was my bid"

12 **Ronk:** "We just keep attacking. We are breaking them bro. I am on the phone calling
13 people"

14 **Kuhn:** "Second order going now"

15 **Ronk:** "ok"

16 **Ronk:** "Look at u go!!!!!! Thank u"

17 **Ronk:** "Can u print a small one at offer. Trying to bring in a 50,000 share buy"

18 **Kuhn:** "Yup"

19 **Ronk:** "100 at .30 please. Big buyer on the hook"

20 **Ronk:** "100 at offer please"

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50. Ronk repeatedly called investors and urged them to submit buy orders in Casablanca to bolster its share price. In the over-the-counter market, where microcap stocks are traded, there is an "ask" or "offer" price (referring to the lowest price at which a market maker will sell a specified number of shares at any given time) and a "bid" price (referring to the highest price a market maker will pay to purchase the stock). The "offer" price will almost always be higher than the bid price. Ronk and Kuhn coordinated efforts to have buyers in the market execute Casablanca trades at the higher offer prices being quoted, so as to replace the previous lower-priced transactions and thereby establish a new, higher prevailing market price.

51. Through Ronk's stock promotion website Buyins.net, Ronk promoted

1 Casablanca stock and specifically worked to manipulate demand for the stock. Ronk
2 drafted and then issued “SqueezeTrigger Reports” that recommended investors purchase
3 Casablanca stock in advance of a purported short squeeze. Ronk boasted an ability to
4 utilize sophisticated technology and stock data analysis to pinpoint times when short
5 sellers in the market (those who have a sell side interest in the stock) would seek to buy
6 back their stock, or “cover” their positions at increasing prices. After disseminating the
7 reports, Ronk advised investors to buy the stock, often at specific prices and quantities, in
8 order to generate the buy side activity that would fulfill his own short squeeze prophecy.
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12 52. For example, on December 19, 2012, Ronk published a ShortTrigger Report
13 indicating that “we have trapped 1.5 million share short at an average price of \$0.24 ...
14 Buyins.net is predicting that these shares will start squeezing now!” Following
15 distribution of this announcement to his followers, he sent specific emails to individual
16 followers stating “We have a short squeeze just starting on CUAU ... Look at the news
17 we put out today. We are picking up steam and stock is +20% today alone.”
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20 53. Similarly, on March 19, 2013, Buyins.net issued a SqueezeTrigger Report
21 indicating that “Short Sellers down \$1.72 million as CUAU short squeeze tarts to pick up
22 steam,” adding further that “Buyins.net issued a short squeeze alert on Casablanca Mining
23 at \$0.40 and the stock is +50% in just a few trading days. See chart below.” Subsequent
24 to issuing this alert to followers, Ronk again contacted individual followers asking “Please
25 make a nice FB and twitter post from pics below. CUAU should hit \$0.70 early in trading
26 day. It is going much higher!!!!”
27
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1 54. Finally, Ronk also engaged in fraudulent “scalping” practices in trading
2 Casablanca shares. Ronk recommended that his Buyins.net followers buy Casablanca
3 without disclosing that he was intending to create buying interest and increase the stock’s
4 price so that he could sell his own Casablanca holdings at higher prices. For example,
5 while promoting the stock through dissemination of SqueezeTrigger Reports, Ronk
6 directed sales on the open market of Casablanca stock held in a WealthMakers brokerage
7 account. Specifically, on March 19, 2013, Ronk issued a Casablanca-related
8 SqueezeTrigger Report, to rally purchasing activity and a price increase, and then sold
9 15,000 shares of Casablanca shares in a WealthMakers account on March 20, 2013 at
10 higher prices.
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14 **B. Gepco**

15 55. Ronk often coordinated directly with Kuhn in order to prompt others to trade
16 in Gepco, or to coordinate their own manipulative trading in Gepco. The following text
17 message exchange between Ronk and Kuhn on March 17, 2014 illustrates Ronk’s effort to
18 increase the price of Gepco, and specifically how he and Kuhn worked together to recruit
19 and instruct other investors to trade the stock:
20
21

22 **Ronk:** “I have 10k coming now”

23 **Kuhn:** “Ok I’m on it to[o] trying to pull it together”

24 **Ronk:** “That was me bro. I fixed that”

25 **Ronk:** “That is my bid too”

26 **Ronk:** “We are under pressure bro. Rally the room”

27 **Kuhn:** “It’s what we do all day everyday Tom. Everyday, I’m in it [sic]”

28 **Ronk:** “I may be taking out the .23 now”

Ronk: “I am asking a guy for 50k at .29”

Ronk: “50k at .29 coming”

Ronk: “Shit. This guy is taking too long”

1 **Kuhn:** “Yeah, now is the time we need it bad”

2 **Ronk:** “He emailed me that he will let me know when it fills. Fingers crossed”

3 **Ronk:** “This 50k still pending.....”

4 **Kuhn:** “Waiting on 30K at 28”

5 **Kuhn:** “Sons of bitches”

6 **Ronk:** “Good job bro[] we are up against a wall today”

7 **Ronk:** “They are stubborn”

8 **Kuhn:** “Can’t go up everyday [sic]”

9 **Ronk:** “I lose peo[ple] when it drops”

10 56. Ronk also personally solicited investors to buy Gepco. These investor
11 purchases had the effect of creating demand for the shares and allowed the scheme
12 participants to sell their shares for profit.

13 57. Between February 2014 and August 2014, Ronk solicited an investor from
14 Poway, California (“Investor B”) to purchase over 700,000 shares of Gepco stock on the
15 market at a total cost of approximately \$98,695. Investor B’s Gepco purchases were
16 usually prompted by Ronk’s direction to buy, including guidance he provided as to price,
17 amount, and timing of purchases.

18 58. For example, on March 4, 2014, Investor B purchased 121,000 shares of
19 Gepco. That day Ronk traded 233 text messages with Investor B between the trading
20 hours of 8:25 a.m. and 4:30 pm Eastern Time. Ronk’s text messages with Kuhn during
21 the same time period reflect Ronk’s intent to find price support for Gepco (“I may be able
22 to take out the .27” – referring to the low bid price, “I have 5000 coming,” “I think I have
23 a buyer coming,” “I have 10k coming now,” “We are under pressure bro, Rally the
24 room”). These communications were simultaneous with and parallel to Investor B’s
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1 purchase of 121,000 Gepeco shares, the largest period of Gepeco trading activity in the
2 account.

3
4 59. Using the same techniques as in the Casablanca scheme, Ronk issued
5 SqueezeTrigger Reports through Buyins.net to attract buyers in the open market and
6 manipulate demand.

7
8 60. For example, a SqueezeTrigger Report, dated August 14, 2014, announced
9 “stock is about to cross above its \$0.15 SqueezeTrigger Price Squeeeeeeeze is
10 coming.” In order to create a self-fulfilling price increase, Ronk advised investors to
11 purchase shares at increasingly higher prices. On August 14, 2014 Gepeco stock moved
12 from \$0.11 to \$0.1498 before closing back at \$0.125.

13
14 **FIRST CLAIM FOR RELIEF**

15
16 **Violations of Section 17(a) of the Securities Act**

17 61. Paragraphs 1 through 57 are incorporated by reference as if fully set forth
18 herein.

19
20 62. By virtue of the foregoing, Ronk, directly or indirectly, singly or in concert
21 with others, by use of the means or instruments of transportation or communication in
22 interstate commerce, or of the mails, in the offer or sale of securities, knowingly or with
23 reckless disregard for the truth: (a) employed devices, schemes, or artifices to defraud; (b)
24 obtained money or property by means of untrue statements of material fact or omissions
25 to state material facts necessary in order to make the statements made, in light of the
26 circumstances under which they were made, not misleading; and (c) engaged in
27
28

1 transactions, practices or courses of business which operated or would operate as a fraud
2 or deceit upon purchasers of securities.

3
4 63. By virtue of the foregoing, Ronk violated and, unless restrained and enjoined,
5 will continue violating, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].
6

7 **SECOND CLAIM FOR RELIEF**

8 **Violations of Section 17(b) of the Securities Act**

9
10 64. Paragraphs 1 through 57 are incorporated by reference as if fully set forth
11 herein.

12 65. By virtue of the foregoing, Ronk, directly or indirectly, singly or in concert,
13 by the use of the means and instruments of transportation and communication in interstate
14 commerce and of the mails, published, gave publicity to, or circulated any notice, circular,
15 advertisement, newspaper, article, letter, investment service, or communication which,
16 though not purporting to offer a security for sale, described such security for a
17 consideration received or to be received, directly or indirectly, from an issuer,
18 underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of
19 such consideration and the amount thereof.
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23 66. By virtue of the foregoing, Ronk violated and, unless restrained and enjoined,
24 will continue violating, Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)].
25

26 **THIRD CLAIM FOR RELIEF**

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

67. Paragraphs 1 through 57 are incorporated by reference as if fully set forth herein.

68. By virtue of the foregoing, Ronk, in connection with the purchase or sale of securities, directly or indirectly, singly or in concert, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, with scienter: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact 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 (c) has engaged in transactions, acts, practices, and courses of business which operated as a fraud or deceit.

69. By virtue of the foregoing, Ronk violated, unless restrained and enjoined, will continue violating 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].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

I.

Permanently restraining and enjoining Ronk and his respective agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise from violating Sections 17(a) and 17(b) of the Securities Act [15 U.S.C. § 77q(a) and (b)] and Section

1 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §
2 240.10b-5].

3
4 **II.**

5 Ordering Ronk to disgorge, with prejudgment interest, all ill-gotten gains from the
6 conduct alleged in this Complaint.

7
8 **III.**

9 Ordering Ronk to pay civil money penalties pursuant to Section 20(d) of the
10 Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §
11 78u(d)(3)].

12
13 **IV.**

14 Ordering Ronk to be barred from participation in any offering of a penny stock,
15 pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and/or Section
16 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)].

17
18 **V.**

19 Ordering Ronk to be barred from serving as an officer or director of a public
20 company, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e) and Section
21 21(d)(2) of the Exchange Act [15. U.S.C. § 78u(d)(2)].

22
23 **VI.**

24 Granting such other and further relief as this Court may deem just and proper.
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1 DATED: December 17, 2020

Respectfully submitted:

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SECURITIES AND EXCHANGE COMMISSION

5

By: /s/ Barry O'Connell

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Christopher Dunnigan

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Barry O'Connell

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Attorneys for Plaintiff

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CERTIFICATE OF SERVICE

I, Barry O’Connell, an employee of the Commission located at 200 Vesey Street, Suite 400, New York, NY 10281-1022 declare under penalty and perjury that I am over the age of eighteen (18) and not a party to the above-entitled proceeding.

On December 17, 2020, I served the forgoing document, described as **the Amended Complaint** on all interested parties as follows:

BY MAIL: I caused such envelope(s) to be deposited in the mail at New York, New York with postage thereon fully prepaid to the office of the addressee(s) as indicated on the attached service list. I am “readily familiar” with this firm’s practice of collection and processing correspondence for mailing. It is deposited with the U.S. Postal Service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after the date of deposit for mailing in affidavit.

BY E-MAIL: I caused a copy to be transmitted electronically by filing the foregoing with the clerk of the District Court using its ECF system, which electronically notifies counsel for that party.

BY PERSONAL SERVICE: I personally delivered the document listed above to the persons at the address set forth below.

FEDERAL: I declare that I am employed in the office of a member of the Bar of this court at whose direction the service was made.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on December 17, 2020, at New York, New York.

/s/ Barry O’Connell
Barry O’Connell