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9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **SOUTHERN DIVISION**

13 SECURITIES AND EXCHANGE
14 COMMISSION,
15 Plaintiff,
16
17 vs.
18 SECURED INCOME GROUP, INC.,
MAX EDWARD MCDERMOTT, and
19 STACEY MARIE PORTER,
20 Defendants.

Case No.
COMPLAINT

21
22 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

23 **JURISDICTION AND VENUE**

24 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
25 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
26 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the
27 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
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1 78u(d)(3)(A), 78u(e) & 78aa(a).

2 2. Defendants have, directly or indirectly, made use of the means or
3 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
4 securities exchange in connection with the transactions, acts, practices and courses of
5 business alleged in this complaint.

6 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
7 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a)
8 because certain of the transactions, acts, practices, and courses of conduct
9 constituting violations of the federal securities laws occurred within this district. In
10 addition, venue is proper in this district because defendants Max Edward McDermott
11 (“McDermott”) and Stacey Marie Porter (“Porter”) reside in this district and
12 defendant Secured Income Group, Inc. (“SIG”) has its principal place of business
13 here.

14 **SUMMARY**

15 4. Between July 2017 and January 2021, SIG and its 100% owner and chief
16 executive officer, McDermott, raised almost \$100 million from hundreds of investors
17 for SIG’s “Secured Debentures” offering. SIG, at McDermott’s direction, told
18 investors that it would pool their money to make high quality real estate loans to
19 residential real estate developers and flippers that would be secured by first lien
20 positions on the underlying properties.

21 5. SIG and McDermott marketed the debenture investment as safe and
22 secure, comparing it to a CD, but with a higher yield. SIG and McDermott also
23 represented that SIG would hold the loans it made, and the corresponding security
24 interests, and collect income on them, from which it would pay the investors interest
25 rates of 6% to 9%.

26 6. Porter was the sole investor relations representative at SIG. She reported
27 directly to McDermott, and, using marketing materials approved by McDermott, she
28 personally contacted potential investors to induce them to invest.

1 principal place of business in Tustin, California. It is a real estate lending and
2 investment firm run by Max McDermott. Neither SIG, nor any of its securities
3 offerings, has ever been registered with the Commission.

4 13. **Max Edward McDermott**, age 54, is a resident of Newport Beach,
5 California. McDermott is the founder, 100% owner, and chief executive officer of
6 SIG. McDermott has never held any securities license, has never been registered
7 with the SEC in any capacity, and has no disciplinary history.

8 14. **Stacey Marie Porter**, age 51, is a resident of Anaheim, California.
9 Porter was SIG's investor relations representative for its secured debenture offering.
10 Porter has never held any securities license, has never been registered with the SEC
11 in any capacity, and has no disciplinary history.

12 THE ALLEGATIONS

13 **A. SIG's "Secured" Debenture Offering**

14 15. Secured Income Group, Inc. ("SIG") is a private real estate lending and
15 investment firm that has at all relevant times been owned and controlled by Max
16 McDermott. In addition to SIG, McDermott owns and manages escrow companies
17 and a real estate brokerage firm, and he owns other entities involved with real estate
18 development.

19 16. Between July 2017 and January 2021, SIG sold approximately \$99.9
20 million of "Secured Debentures." SIG's offering documents, which were drafted and
21 approved by McDermott, described the secured debentures as securities and claimed
22 the offering was exempt from registration.

23 17. SIG used online advertising, including Google Ads and SIG's publicly
24 available website, to find investors and market its offering. SIG solicited and
25 accepted investors from multiple states and raised money from dozens of
26 nonaccredited investors who had no preexisting relationship with the company. Until
27 the end of 2018, SIG took no steps to verify accreditation status.

28

1 18. SIG represented to potential debenture investors that it would use their
2 funds to make short-term residential real estate loans to real estate developers and
3 “flippers.” SIG further claimed that these loans would be secured by first trust deeds
4 (first lien positions) on the underlying real estate, and that the debenture investments
5 would therefore be secured by SIG’s first liens on real estate.

6 19. SIG promised it would pay investors, whose role was entirely passive,
7 fixed annual interest rates that generally ranged between 6% and 9% depending on
8 term length, which ranged from three months to three years, with interest either paid
9 out quarterly or rolled over, at the investor’s choice. SIG represented that the interest
10 payments to investors would come from the interest and fee income that SIG
11 collected on the loans it originated.

12 20. The purported secured nature of the debenture investment, including the
13 first lien positions SIG claimed to have, was essential to how SIG pitched the
14 “Secured Debentures” offering. SIG entered into a “Security Agreement” with each
15 debenture investor in which SIG purported to provide the investor with a “security
16 interest” in SIG’s “[c]ollateral,” which was defined as “[a]ll promissory notes
17 receivable by [SIG] that are secured by deeds of trust encumbering real property,
18 whether said notes are currently existing or hereafter received.”

19 21. Based on information she received from McDermott, Porter cited the
20 secured nature of the investment when asked by investors about risk or principal
21 protection.

22 **B. Stacey Porter’s role**

23 22. SIG had a single “investor relations” representative, Porter, who reported
24 directly to McDermott.

25 23. SIG funneled all the leads that it generated through its online general
26 solicitation to Porter, who would then personally contact the leads to induce them to
27 invest. Porter pitched the investment to prospective investors, provided investment
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1 documentation to them that she sometimes helped them to complete, and, in some
2 cases, received checks directly from investors.

3 24. Porter also served as the SIG point of contact for investors after they
4 invested, including with regard to rolling over debenture investments when they
5 matured.

6 25. Porter was never registered as a broker-dealer or associated with a
7 registered broker-dealer.

8 26. Porter received a commission tied directly to how much money she
9 raised. From her start with SIG in August 2017, Porter received a commission that
10 was between 0.5% and 2.0% of the amounts she raised, before McDermott moved her
11 to a pure salary structure in August 2020.

12 27. In total, Porter received over \$800,000 in commissions from selling the
13 Secured Debenture investments. Porter had no involvement with SIG's lending or
14 loan sales.

15 **C. Max McDermott's role**

16 28. McDermott personally made or approved SIG's representations to
17 debenture investors. He directed SIG's efforts to find investors or "leads" through its
18 online marketing.

19 29. McDermott drafted and approved the offering documents and gave them
20 to Porter for her to distribute. McDermott likewise provided Porter with an email
21 template that described SIG's business and the debenture investment, which Porter
22 sent almost verbatim to potential investors.

23 30. SIG routinely provided potential debenture investors with a letter from
24 McDermott where, among other things, he compared the investment to a CD (a
25 common theme in SIG's marketing) and cited the benefit of "Principal Protection"
26 with the statement, "unlike stocks or bonds which may be unsecured, your investment
27 is secured against real estate."
28

1 31. McDermott also directly participated in calls and in-person meetings
2 with investors where he reiterated that SIG would use investor money to fund real
3 estate loans secured by first trust deeds.

4 32. McDermott was the exclusive source of information for Porter regarding
5 SIG's business and the debenture offering.

6 **D. SIG's Sale of its Loans to Third Party Note Purchasers**

7 33. From the start, SIG diverged from the core business model that it
8 marketed to debenture investors. While SIG did fund real estate loans, it sold off tens
9 of millions of dollars of those loans to third-parties. SIG sold the notes at face value
10 and assigned its security interests in the properties related to the loans to the note
11 purchasers, who also became entitled to the income streams associated with the loans.
12 SIG continued to service the loans that it sold free of charge.

13 34. McDermott controlled SIG's lending and loan sales activities.

14 35. Between January 1, 2018 and September 30, 2021, SIG's bank account
15 received approximately \$100 million from note purchasers. McDermott controlled
16 the bank account that received both debenture investor and note purchaser funds, and
17 he and other businesses he controlled received millions of dollars from this bank
18 account.

19 36. Although McDermott was aware that SIG was selling its loans, and
20 accompanying security interests, he continued to describe, and cause Porter to pitch,
21 SIG's business model as making loans and holding them.

22 37. Neither SIG nor McDermott ever informed debenture investors that SIG
23 was selling its loans, along with their security interests, to third parties.

24 **E. SIG's Resulting Insufficient Loan Collateral and Loan Income**

25 38. The debenture investors considered the security provided by the loan
26 collateral to be an important aspect of the investment.

27 39. SIG's selling off its loans without repaying debenture investors led to a
28 predictable result—throughout the relevant period, the total outstanding principal

1 value of SIG's real estate loans was substantially less than what SIG owed to its
2 debenture investors.

3 40. For example, SIG's internal financial records indicated that its debenture
4 liability as of September 30, 2019 was just under \$60.9 million, but an internal loan
5 tracking report for the same date show that the outstanding principal value of the
6 loans that SIG owned at that time was roughly \$21.4 million, or only 35% of what it
7 owed to debenture investors.

8 41. By the end of 2020, the disparity between the debenture liability and the
9 outstanding total loan principal had grown even further, with SIG's debenture
10 liability at \$86.7 million, but the outstanding principal value of its loan collateral at
11 only \$23 million, or 27% of what SIG owed to debenture investors.

12 42. Additionally, many of the loans that SIG actually did own were loans
13 secured by second trust deeds, not the first lien positions SIG had touted to investors.

14 43. SIG's debenture liability dramatically exceeded the outstanding principal
15 value of its loans throughout the relevant period.

16 44. Even so, defendants at all times emphasized to investors that their
17 investments were secured by first trust deeds on real estate. Porter described the
18 debenture investment to potential investors as secured by real estate, and consistent
19 with information provided to her by McDermott, believed the outstanding principal of
20 SIG's loans was roughly equal to what SIG owed to debenture investors.

21 45. It was important to investors that their investments were "secured by real
22 estate." They expected the outstanding principal value of SIG's loans to be sufficient
23 to cover what SIG owed to its debenture investors, and it was important to them that
24 this be true.

25 46. In addition, defendants had told debenture investors that the interest they
26 received would come from SIG's income on its real estate loans, and investors
27 considered that fact important since SIG's successful lending activities constituted the
28 essential premise underlying the investment.

1 47. However, SIG’s shrinking pool of loans left it with insufficient loan
2 income to pay the interest it owed to debenture investors. SIG’s internal financial
3 records show that each year SIG had insufficient loan income (loan interest and fees)
4 to support its debenture interest expense (debenture interest paid out and accrued).

5 **F. SIG’s False and Misleading Loan Portfolio Summary**

6 48. On May 15, 2020, in response to repeated investor requests for more
7 loan level detail, SIG sent its debenture investors a “Secured Income Group Loan
8 Portfolio” summary that for the first and only time provided investors with a list of
9 the purported loans held by SIG.

10 49. SIG sent out the portfolio summary under the names of both McDermott
11 and Porter. McDermott received a draft of this document and approved it before it
12 went to investors.

13 50. The May 15, 2020 loan portfolio summary stated that “[t]he SecureRate
14 term investment is secured by 1st Trust Deed positions on residential real estate” and
15 that “[t]he portfolio currently holds 271 active loans with a total face value of \$76.5
16 million against total appraised collateral of \$115 million.”

17 51. The May 15, 2020 loan portfolio summary listed 271 supposedly active
18 loans with a “Face Amount” of approximately \$76.5 million and “Principal
19 Outstanding” of just over \$70 million.

20 52. The May 15, 2020 loan portfolio summary that SIG sent to investors
21 contained dozens of loans with an outstanding principal balance of tens of millions of
22 dollars that were no longer owned by SIG and therefore could not serve as collateral
23 for the debentures.

24 53. SIG’s internal records show that the actual outstanding principal balance
25 of loans owned by SIG as of May 15, 2020 was over \$45 million less than the \$70
26 million touted in the portfolio summary sent to debenture investors. Likewise, the
27 portfolio summary misleadingly described various loans as “performing,” when in
28 fact those loans had been foreclosed upon by SIG.

1 54. This loan collateral and performance information was material to
2 investors. Several investors who received the May 15, 2020 loan portfolio summary
3 subsequently either invested additional money or chose to renew their investments.

4 **G. SIG's Current Status**

5 55. In January 2021, SIG stopped accepting new debenture investor money
6 (although it continued to allow some investors to purchase new debentures by rolling
7 their principal and accrued interest into investments with a new term).

8 56. McDermott also continued to sell off SIG's loan portfolio. As a result,
9 the outstanding principal balance of SIG's loans fell from over \$23 million at the end
10 of 2020 to less than \$1 million by September 2021, where it has remained ever since.

11 57. McDermott used at least some of the proceeds from loan sales, as well as
12 transfers from his other companies and sales of other assets, to pay down SIG's
13 debenture liability. Upon information and belief, as of September 7, 2022, SIG had
14 reduced its debenture liability to 14 investors owed approximately \$16 million in
15 principal and \$1.5 million in accrued interest.

16 58. While McDermott has made progress in paying back debenture
17 investors, SIG sold off all its real estate loans long ago. At this time, SIG is current
18 on its interest payments to remaining investors.

19 **H. SIG and McDermott's Misstatements were Material**

20 59. The investors considered it important that their investments be "secured
21 by real estate" as had been represented to them.

22 60. The investors considered it important that the outstanding principal value
23 of SIG's loans was sufficient to cover what SIG owed to its debenture investors,
24 thereby providing security for their investments as represented.

25 61. The investors considered it important that the interest payments they
26 received be sourced from income SIG received on its real estate loans, as this was the
27 whole premise of the investment.

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1 62. Investors considered SIG and McDermott’s statements regarding the
2 security of the investment to be very important.

3 63. McDermott made false statements to various investors in the email
4 templates he provided to Porter, in the SIG offering documents he drafted and
5 approved, and in a letter to investors where he compared the investment to a CD (a
6 common theme in SIG’s marketing) and cited the benefit of “Principal Protection”
7 when claiming that “unlike stocks or bonds which may be unsecured, your
8 investment is secured against real estate.”

9 64. McDermott also directly participated in calls and in-person meetings
10 with investors where he reiterated that SIG would use investor money to fund real
11 estate loans secured by first trust deeds.

12 65. Because he controlled SIG, the false statements made by McDermott are
13 attributable to SIG.

14 66. McDermott’s false statements enabled SIG to raise millions of dollars,
15 and McDermott received money because he was the 100% owner of SIG, and he and
16 other businesses he controlled received millions of dollars from the bank account
17 where the investors sent their money, including in at least a few cases investor funds.

18 67. SIG likewise received money by means of the false representations, from
19 investors who received those representations and invested in SIG.

20 **I. SIG and McDermott Acted with Scienter**

21 68. McDermott knew, or was reckless or negligent in not knowing, that his
22 representations regarding the secured nature of the SIG debenture investment were
23 false and misleading.

24 69. McDermott’s scienter is attributable to SIG because he controls it.

25 **J. Registration Violations: Sections 5(a) and 5(c) of the Securities Act**

26 70. Defendants offered and sold securities, raising at least \$99 million from
27 over 400 investors throughout the U.S. from July 2017 to January 2021.

28 71. The Offerings were never registered with the SEC, and the securities

1 were offered and sold through interstate commerce.

2 72. The Offerings were not exempt from registration.

3 73. Defendants' manner of raising money constituted general solicitation.
4 Many of the investors had no preexisting relationship with Defendants.

5 74. Defendants raised money from dozens of unaccredited investors and for
6 a substantial period of time did not take reasonable steps to verify whether investors
7 were accredited or sophisticated.

8 75. Investors were not furnished with financial statements or an audited
9 balance sheet or equivalent.

10 76. SIG, as the issuer of the securities, directly offered and sold securities
11 through a general solicitation, raising over \$99 million by mass marketing the
12 offering to prospective investors with whom SIG and McDermott had no preexisting
13 substantive relationship. These efforts included marketing the offering through SIG's
14 publicly available website, running Google Ads, and having SIG's investor relations
15 person contact prospective investors identified through SIG's online general
16 solicitation.

17 77. McDermott offered and sold securities. He offered and sold securities
18 through a general solicitation, and made multiple false and misleading statements to
19 debenture investors through communications he drafted or approved, content he
20 provided to SIG's investor relations representative Porter for her to convey to
21 investors, and the offering documents that he authored and approved for distribution.
22 He also made statements on calls or at in-person meetings with investors.
23 McDermott had "ultimate authority" over the content of these statements.

24 78. McDermott's statements were made to induce potential investors to
25 invest and existing investors to invest more or rollover their interest, such that his
26 misconduct was "in the offer or sale" or "in connection with the purchase or sale" of
27 securities.

28 79. Porter offered and sold securities. The leads that were generated through

1 SIG's online general solicitation were sent to Porter, who would then personally
2 contact the leads. Porter pitched the investment to prospective investors, provided
3 investment documentation to them that she sometimes helped them to complete, and,
4 in some cases, received investment funds directly from investors.

5 80. Porter also served as the SIG point of contact for investors after they
6 invested, including with regard to rolling over debenture investments when they
7 matured.

8 81. Porter received commissions of over \$800,000 tied directly to how much
9 money she raised selling the Secured Debenture investments.

10 **K. Violations of Section 15(a) of the Exchange Act**

11 82. Porter acted as an unregistered broker for the Offerings.

12 83. Porter solicited investors, received their investment funds, and was
13 involved in handling and responding to investor concerns.

14 84. Porter was not registered with the SEC as a broker-dealer in accordance
15 with Section 15(b) of the Exchange Act, and was not associated with a registered
16 broker-dealer.

17 **FIRST CLAIM FOR RELIEF**

18 **Fraud in Connection with the Purchase or Sale of Securities**

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

20 **(Against McDermott and SIG)**

21 85. The SEC realleges and incorporates by reference paragraphs 1 through
22 81 above.

23 86. McDermott and SIG made multiple false and misleading statements to
24 investors in the Offerings. These included statements to potential debenture investors
25 that SIG would use their funds to make short-term residential real estate loans.
26 McDermott and SIG further claimed that these loans would be secured by first trust
27 deeds (first lien positions) on the underlying real estate, and that the debenture
28 investments would therefore be secured by SIG's first liens on real estate. Instead,

1 although SIG and McDermott did fund real estate loans, they sold off tens of millions
2 of dollars of the loans to third parties at face value, and assigned its security interests
3 in the properties to those third-party purchasers, who were then entitled to the income
4 streams associated with the loans. As a result, throughout the relevant period the
5 outstanding principal balance of SIG's real estate loans was substantially less than
6 what it owed to debenture investors, leaving the investments unsecured.

7 87. By engaging in the conduct described above, SIG and McDermott, and
8 each of them, directly or indirectly, in connection with the purchase or sale of a
9 security, and by the use of means or instrumentalities of interstate commerce, of the
10 mails, or of the facilities of a national securities exchange: (a) employed devices,
11 schemes, or artifices to defraud; (b) made untrue statements of a material fact or
12 omitted to state a material fact necessary in order to make the statements made, in the
13 light of the circumstances under which they were made, not misleading; or (c)
14 engaged in acts, practices, or courses of business which operated or would operate as
15 a fraud or deceit upon other persons.

16 88. By engaging in the conduct described above, SIG and McDermott each
17 violated, and unless restrained and enjoined will continue to violate, Section 10(b) of
18 the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §
19 240.10b-5.

20 **SECOND CLAIM FOR RELIEF**

21 **Fraud in the Offer or Sale of Securities**

22 **Violations of Sections 17(a) of the Securities Act**

23 **(Against McDermott and SIG)**

24 89. The SEC realleges and incorporates by reference paragraphs 1 through
25 81 above.

26 90. McDermott and SIG made multiple false and misleading statements to
27 investors. These included statements to potential debenture investors that SIG would
28 use their funds to make short-term residential real estate loans. McDermott and SIG

1 further claimed that these loans would be secured by first trust deeds (first lien
2 positions) on the underlying real estate, and that the debenture investments would
3 therefore be secured by SIG's first liens on real estate. Instead, although SIG and
4 McDermott did fund real estate loans, they sold off tens of millions of dollars of the
5 loans to third parties at face value, and assigned its security interests in the properties
6 to those third-party purchasers, who were then entitled to the income streams
7 associated with the loans. As a result, throughout the relevant period the outstanding
8 principal balance of SIG's real estate loans was substantially less than what it owed to
9 debenture investors, leaving the investments unsecured.

10 91. By engaging in the conduct described above, SIG and McDermott, and
11 each of them, directly or indirectly, in the offer or sale of securities, and by the use of
12 means or instruments of transportation or communication in interstate commerce or
13 by use of the mails directly or indirectly: (a) employed devices, schemes, or artifices
14 to defraud; (b) made untrue statements of a material fact or by omitting to state a
15 material fact necessary in order to make the statements made, in light of the
16 circumstances under which they were made, not misleading; and (c) engaged in
17 transactions, practices, or courses of business which operated or would operate as a
18 fraud or deceit upon the purchaser.

19 92. By engaging in the conduct described above, SIG and McDermott each
20 violated, and unless restrained and enjoined will continue to violate, Section 17(a) of
21 the Securities Act, 15 U.S.C. § 77q(a).

THIRD CLAIM FOR RELIEF

Unregistered Offer and Sale of Securities

Violations of Sections 5(a) and 5(c) of the Securities Act

(Against All Defendants)

26 93. The SEC realleges and incorporates by reference paragraphs 1 through
27 81 above.

28 94. Defendants' offers and sales of the Secured Debentures were not

1 registered with the SEC and the securities were offered and sold through interstate
2 commerce. No exemption applies to Defendants' offers and sales of these securities.

3 95. Defendants are liable under Section 5 of the Securities Act because
4 they directly solicited investors through a general solicitation. Defendants raised
5 money from unaccredited investors and did not take reasonable steps to verify
6 whether investors were accredited or sophisticated. They did not furnish investors
7 with financial statements or an audited balance sheet or equivalent.

8 96. McDermott drafted and approved the offering materials that were used
9 to solicit investors.

10 97. Porter pitched the investment to prospective investors, provided
11 investment documentation to them that she sometimes helped them to complete, and,
12 in some cases, received investment funds directly from investors. Porter also served
13 as the SIG point of contact for investors after they invested, including with regard to
14 rolling over debenture investments when they matured.

15 98. By engaging in the conduct described above, Defendants, and each of
16 them, directly or indirectly, singly and in concert with others, made use of the means
17 or instruments of transportation or communication in interstate commerce, or of the
18 mails, to offer to sell or to sell securities, or carried or caused to be carried through
19 the mails or in interstate commerce, by means or instruments of transportation,
20 securities for the purpose of sale or for delivery after sale, when no registration
21 statement had been filed or was in effect as to such securities, and when no
22 exemption from registration was applicable.

23 99. By engaging in the conduct described above, Defendants each violated,
24 and unless restrained and enjoined, will continue to violate, Sections 5(a) and 5(c) of
25 the Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c).

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FIFTH CLAIM FOR RELIEF

Control Person Liability under Section 20(a) of the Exchange Act

(As to Defendant McDermott)

104. The SEC realleges and incorporates by reference paragraphs 1 through 84 above.

105. Pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)], any person who, directly or indirectly controls an entity that is liable under any provision of the Exchange Act or any rule or regulation thereunder, shall also be jointly and severally liable with and to the same extent as that entity, unless the controlling person can establish that he acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.

106. As alleged above, Defendants SIG and McDermott violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5].

107. At all relevant times, Defendant McDermott directed and controlled SIG's securities offerings, conduct, management and policies, including the conduct of its investor representative. McDermott was therefore a controlling person of SIG and its representatives under Section 20(a) of the Exchange Act [15 U.S.c. § 78t(a)]. Defendant McDermott was also a culpable participant in the fraudulent conduct described in this Complaint, including intentionally, knowingly or recklessly drafting, creating or inducing the alleged material misrepresentations, misstatements, and omissions.

108. Defendant McDermott is therefore liable as a controlling person under Section 20(a) of the Exchange Act (15 U.S.C. § 78t(a)) for SIG's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder (15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5). Unless enjoined, McDermott will again engage in conduct that would render him liable, under Section 20(a) of the Exchange Act, for violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that the Court:

I.

Issue findings of fact and conclusions of law that Defendants committed the alleged violations.

II.

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining McDermott and SIG, and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 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].

III.

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants and their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)].

IV.

Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Porter and her officers, agents, servants, employees and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

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V.

Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and/or Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], prohibiting Defendant McDermott from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d).

VI.

Order Defendants to disgorge all funds received from their illegal conduct, together with prejudgment interest thereon, pursuant to Exchange Act Sections 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)].

VII.

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)].

VIII.

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.

IX.

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

Dated: September 15, 2022

/s/ Lynn M. Dean

Lynn M. Dean

Christopher A. Nowlin

Attorney for Plaintiff

Securities and Exchange Commission