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SEALED

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DIGITAL LICENSING INC. (d/b/a “DEBT Box”), a Wyoming corporation; JASON R. ANDERSON, an individual; JACOB S. ANDERSON, an individual; SCHAD E. BRANNON, an individual; ROYDON B. NELSON, an individual; JAMES E. FRANKLIN, an individual; WESTERN OIL EXPLORATION COMPANY, INC., a Nevada corporation; RYAN BOWEN, an individual; IX GLOBAL, LLC, a Utah limited liability company; JOSEPH A. MARTINEZ, an individual; BENJAMIN F. DANIELS, an individual; MARK W. SCHULER, an individual; B & B INVESTMENT GROUP, LLC (d/b/a “CORE 1 CRYPTO”), a Utah limited liability company; TRAVIS A. FLAHERTY, an individual; ALTON O. PARKER, an individual; BW HOLDINGS, LLC (d/b/a the “FAIR PROJECT”), a Utah limited liability company; BRENDAN J. STANGIS, an individual; and MATTHEW D. FRITZSCHE, an individual;

Defendants,

Case: 2:23-cv-00482

Assigned To : Stewart, Ted

Case No.: Assign. Date : 07/26/2023

Description: Securities and Exchange Commission v. Digital Licensing et al

PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S EX PARTE APPLICATION FOR ENTRY OF TEMPORARY RESTRAINING ORDER AND ORDERS (1) FREEZING ASSETS; (2) REQUIRING ACCOUNTINGS; (3) PROHIBITING THE DESTRUCTION OF DOCUMENTS; (4) GRANTING EXPEDITED DISCOVERY; (5) REPATRIATING ASSETS; AND (6) ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION, AND MEMORANDUM IN SUPPORT

Judge:

ARCHER DRILLING, LLC, a Wyoming limited liability company; BUSINESS FUNDING SOLUTIONS, LLC, a Utah limited liability company; BLOX LENDING, LLC, a Utah limited liability company; CALMFRTZ HOLDING, LLC, a Utah limited liability company; CALMES & CO, INC., a Utah corporation; FLAHERTY ENTERPRISES, LLC, an Arizona limited liability company; IX VENTURES FZCO, a United Arab Emirates company; PURDY OIL, LLC, a Nebraska limited liability company; THE GOLD COLLECTIVE LLC, a Utah limited liability company; and UIU HOLDINGS, LLC, a Delaware limited liability company,

Relief Defendants.

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Plaintiff Securities and Exchange Commission (“SEC”) brings this emergency action, and seeks emergency relief pursuant to Federal Rule of Civil Procedure 65(b), to stop an ongoing fraudulent securities offering. Defendants have unlawfully solicited hundreds of investors to purchase over \$49 million of Digital Licensing Inc. (herein, “DEBT Box”) securities, by misrepresenting that those securities would let investors “mine” digital cryptocurrency assets “backed” by revenues from “real projects.” Defendants’ representations are false: the “node software license” securities Defendants offered and sold do not allow investors to mine crypto assets, and the crypto assets Defendants pre-generated and apportioned to investors are propped up by sham businesses, failed contractual partnerships, and fanciful, nonexistent technology.

In June, Defendants began to liquidate investor funds and move operations overseas. On June 26, 2023, Defendant iX Global, LLC (“iX Global”)—the multi-level-marketing entity through which the DEBT Box “node licenses” are primarily promoted—closed its main accounts with Bank of America and cashed out over \$720,000 in putative investor funds. Meanwhile, DEBT Box’s principals claim DEBT Box is in the process of moving its operations to the United Arab Emirates for the express purpose of evading the federal securities laws. For instance, in a June 14, 2023, promotional video posted on YouTube, Defendant Jacob Anderson claimed Defendants “have moved all of [DEBT Box’s] operations to Abu Dhabi,” so as to “be under the jurisdictional control of Abu Dhabi, not the SEC.” Defendants have also taken action to block SEC investigative staff from viewing their social media sites, and appear to have recently deleted a website containing training materials for the scheme’s promoters.

Meanwhile, Defendants continue to expand their fraudulent solicitation efforts. The primary DEBT Box website—which contains the same misrepresentations to investors about the node software licenses and the purported business ventures and technology backing them—

promises Defendants will be offering two new “node licenses” to “mine” additional crypto assets. Other Defendants have spun-off the DEBT Box model into the FAIR Project, which offers identical “software-mining licenses” to investors with the promise of “mining” crypto assets backed by revenues from the use of artificial intelligence in the pharmaceutical industry.

The SEC seeks to stop this ongoing offering fraud and protect investors’ assets and funds, and thus respectfully requests the Court hold an immediate hearing and enter an *ex parte* order, in the form proposed as **Exhibit 1**, entering a temporary restraining order and ancillary relief.

STATEMENT OF FACTS

I. DEFENDANTS AND RELIEF DEFENDANTS

A. DEBT Box and the “DEBT Council”

Digital Licensing Inc. (d/b/a “DEBT Box”) is a Wyoming corporation headquartered in Sheridan, Wyoming and operating out of Draper, Utah. (*See* Ex. 2, Declaration of Joseph Watkins (“Watkins Decl.”) ¶ 45.) Defendants Jason Anderson, Jacob Anderson, Schad Brannon, and Roydon Nelson—who call themselves the “DEBT Council”—purport to be the co-founders of DEBT Box, and together exercise control of the entity. (*See id.*)

Jason R. Anderson, age 43, is a resident of Utah. In addition to his role with DEBT Box, Anderson is a member of Relief Defendants UIU Holdings, LLC, and Business Funding Solutions, LLC, and the Registered Agent for Relief Defendant Blox Lending, LLC. (*Id.* ¶¶ 45, 52, 53, 60.) Also, along with Defendant Ryan Bowen, Anderson is a member, and manager, of the Lazy Magnolia Brewing Company, LLC (“Lazy Magnolia”), a Mississippi limited liability company headquartered in Kiln, Mississippi, whose revenues purportedly support DEBT Box’s “BEV” crypto asset. (*Id.* ¶ 46.) **Jacob (“Jake”) S. Anderson**, age 40, is a resident of Utah, and is Defendant Jason Anderson’s brother. **Schad E. Brannon**, age 50, is a resident of California.

Brannon is currently DEBT Box’s acting President. (*Id.* ¶ 45.) **Royden B. Nelson**, age 50, is a resident of Utah, and is currently DEBT Box’s sole Director, Treasurer, and Secretary. (*Id.*)

B. DEBT Box’s Business Associates

Western Oil Exploration Company, Inc. (“Western Oil”) is a Nevada corporation headquartered in Las Vegas, Nevada. (Ex. 2, Watkins Decl ¶ 47.) Defendant **James Franklin**, age 64, a resident of California and two-time SEC recidivist, is the founder and President of the company. (*Id.*) According to representations made by Defendants, Western Oil’s business operations support DEBT Box’s “BLGD” and “XPLR” crypto assets. (*Id.* ¶¶ 17, 34.) Defendant **Ryan Bowen**, age 46, is a Utah resident, and a member of Lazy Magnolia—the bottling company Defendants claim supports DEBT Box’s “BEV” crypto asset. (*Id.* ¶ 46.)

C. DEBT Box’s Marketers and Promoters

iX Global, LLC is a Utah limited liability company headquartered in North Salt Lake, Utah. (Ex. 2, Watkins Decl. ¶ 48.) iX Global is a multi-level marketing company (*i.e.*, “MLM”) that has partnered with DEBT Box to market DEBT Box’s securities and which, through Joseph Martinez and other Defendants, is presently soliciting investors. (*Id.* ¶¶ 9–16, 22, 25, 31, 32, 61.) Defendant **Joseph Martinez**, age 36 and a resident of Utah, is the company’s Registered Agent. (*Id.* ¶ 48.) **Travis Flaherty**, age 46, is a resident of Arizona and the Registered Agent for Relief Defendant Flaherty Enterprises. Flaherty is an iX Global “Brand Ambassador” and, as such, has solicited investors to purchase DEBT Box securities. (*Id.* ¶¶ 18, 20, 23, 24, 56, 61.) **Brendan Stangis**, age 25, is a resident of Michigan. As a promotor, Stangis has solicited DEBT Box investors. (*Id.* ¶ 61.) **Matthew Dillon Fritzsche**, age 30, is a resident of Utah and the Registered Agent for Relief Defendant Calmfritz Holdings, LLC. (*Id.* ¶ 54.) As a promotor, Fritzsche has solicited DEBT Box investors. (*Id.* ¶ 61.)

B & B Investment Group, LLC (“Core 1 Crypto”) is a Utah limited liability company headquartered in South Jordan, Utah. (Ex. 2, Watkins Decl. ¶ 49.) Defendants **Mark Schuler**, age 45 (aka “Billy Beach”), and **Benjamin Daniels**, age 48, are residents of Utah and the co-founders and sole members of Core 1 Crypto. (*Id.*) Through Core 1 Crypto, Schuler, Daniels, and Defendant **Alton Parker**, age 49 and a resident of Utah, solicited investors to purchase DEBT Box securities. (*Id.* ¶ 61.) **BW Holdings, LLC** (d/b/a the “FAIR Project”) is a Utah limited liability company headquartered in Salt Lake City, Utah. (*Id.* ¶ 50.) The FAIR Project is a DEBT Box spin-off created by Defendants Schuler, Daniels, and Parker, and for which defendant Jason Anderson purports to act as a “consultant.” (*Id.* ¶¶ 36–39.) The FAIR Project offers investors DEBT Box-like mining licenses which purportedly “mine” cryptocurrency assets backed by revenues from artificial intelligence technology in the pharmaceutical industry. (*Id.*)

D. Relief Defendants

Archer Drilling, LLC is a Wyoming LLC originally headquartered in Pine Bluff, Wyoming, and now headquartered in St. George, Utah. (Ex. 2, Watkins Decl. ¶ 51.) Defendant James Franklin was Archer Drilling’s original owner and managing director, although, in recent court filings, DEBT Box now claims to be the entity’s rightful owner. Archer Drilling received at least \$1,610,000 in investor funds to which it has no legitimate claim. (Ex. 3, Declaration of Karaz S. Zaki (“Zaki Decl.”) ¶ 18.)

Business Funding Solutions, LLC is a Utah limited liability company headquartered in Draper, Utah. Defendant Jason Anderson is the sole member of, and the Registered Agent for, this entity. (Ex. 2, Watkins Decl. ¶ 52.) Business Funding Solutions, LLC received at least \$11,960,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

Blox Lending, LLC is a Utah limited liability company headquartered in Draper, Utah. Defendant Jason Anderson is the sole member of, and the Registered Agent for, the entity. (Ex. 2, Watkins Decl. ¶ 53.) Blox Lending, LLC received at least \$4,700,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

Calmfritz Holdings, LLC is a Utah limited liability company headquartered in Sandy, Utah. Defendant Matthew Fritzsche is the Registered Agent for the entity. (Ex. 2, Watkins Decl. ¶ 54.) Calmfritz Holdings, LLC received at least \$12,700,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

Calmes & Co Inc. is a Utah corporation with its principal place of business is Sandy, Utah. (Ex. 2, Watkins Decl. ¶ 55.) Calmes & Co, Inc. received at least \$300,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

Flaherty Enterprises, LLC is an Arizona limited liability company with a principal place of business in Queen Creek, Arizona. Defendant Travis Flaherty is a member of, and the Registered Agent for, the entity. (Ex. 2, Watkins Decl. ¶ 56.) Flaherty Enterprises received at least \$260,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

IX Ventures FZCO is a company headquartered Abu Dhabi and with a principal place of business in Draper, Utah. Upon information and belief, Defendants Jason and Jake Anderson control this entity. (Ex. 2, Watkins Decl. ¶ 57.) IX Ventures FZCO received at least \$1,350,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

Purdy Oil, LLC is a Nebraska limited liability company with its principal place of business in Pine Bluffs, Nebraska. (Ex. 2, Watkins Decl. ¶ 58.) Purdy Oil, LLC received at least \$2,670,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

The Gold Collective LLC is a Nevada limited liability company headquartered in Las Vegas, Nevada. Defendant Royden B. Nelson is the Registered Agent for the entity, and its manager. (Ex. 2, Watkins Decl. ¶ 59.) The Gold Collective, LLC received at least \$3,980,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

UIU Holdings, LLC is a Delaware limited liability company headquartered in Draper, Utah. Defendant Jason Anderson is the Registered Agent for the entity and its sole member. (Ex. 2, Watkins Decl. ¶ 60.) UIU Holdings, LLC received at least \$200,000 in investor funds to which it has no legitimate claim. (Ex. 3, Zaki Decl. ¶ 18.)

II. DEFENDANTS' FRAUDULENT "NODE LICENSE" INVESTMENT SCHEME.

A. The Node License Securities

Beginning in March 2021, and continuing to the present, Defendants have offered securities in the form of "node software licenses" or "node licenses." (See Ex. 2, Watkins Decl. ¶ 7.) To purchase a DEBT Box node license, an investor is required to sign up for an account with Defendant iX Global, and pay a \$145 initiation fee. (See *id.* ¶¶ 9, 13.) Once an investor obtains an account, and pays that fee, the investor may purchase various DEBT Box node licenses for prices ranging between \$1,000 and \$12,000 per license. (*Id.* ¶ 13.) Upon purchase of one or more licenses, the investor becomes entitled to receive one or more of eleven DEBT Box crypto assets which, according to DEBT Box's website, Defendants' representations, and DEBT Box's Twitter account, are "linked to real world commodities" and "backed by royalties coming from various industries." (*Id.* ¶¶ 8, 12, 16, 22, 28.)

In addition to touting how each crypto asset (or in their words, crypto "token") is "supported" or "backed by" various underlying businesses and commodities, Defendants have represented to investors that DEBT Box would undertake efforts to develop the DEBT Box

ecosystem and “increase the value” of the DEBT Box crypto assets “for all license and token holders.” (*Id.* ¶¶ 18, 25.) Defendants represented they would periodically reduce the supply of crypto assets by purchasing and then “burning” (*i.e.*, removing from circulation) those “tokens.” (*Id.* ¶¶ 8, 28, 31, 35.) According to Defendants, this “burning” would be achieved, in part, through revenues DEBT Box received from the projects “backing” these crypto assets. (*See id.*) For example, according to a recent Tweet from DEBT Box’s Twitter, “#Commodity-generated royalties are one of the key areas that maintain value of D.E.B.T.’s #token projects,” because “[r]oyalties from commodity, beverage & real estate projects are converted to #tokens, and then burned to create digital value.” (*Id.* ¶ 28 & Ex. 26.)

B. Defendants’ Misrepresentations Regarding the Node License Securities

To promote DEBT Box node license securities, DEBT Box and its controlling members, who call themselves the “DEBT Council” (*i.e.*, Defendants Jason Anderson, Jake Anderson, Brannon, and Nelson) repeatedly represented to investors that the DEBT Box node licenses “mined” DEBT Box’s crypto assets through a “proof of work” consensus mechanism akin to mining for bitcoin. (*See* Ex. 2, Watkins Decl. ¶¶ 15, 16.) This description of the node license’s mining capabilities was repeated by Jason Anderson, Jake Anderson, Brannon, and Nelson in numerous YouTube videos, social media posts (on Facebook, Instagram, and elsewhere), and in emails to investors.

These representations are false and misleading: as a definitional matter, DEBT Box’s node licenses did not, and could not, “mine” crypto assets. Instead, each of the eleven DEBT Box crypto assets is a BEP-20 token created through the execution of a smart contract on the BNB Blockchain, the first of which was created in December 2021—several months after the initial offering of node software licenses were offered to the public. The total supply of each

BEP-20 token created by DEBT Box is coded into the smart contract for each DEBT Box crypto asset at inception. Thus in short, the DEBT Box crypto assets were pre-generated, all at once, by Defendants, and then distributed to investors on a periodic basis at Defendants' whim.

To demonstrate the likelihood of their success in "increasing the value" of the DEBT Box crypto assets, DEBT Box and the DEBT Council also touted to investors various underlying business partnerships, technologies, revenues, and royalties that, according to Defendants, would increase the value of the DEBT crypto assets being "mined" by the node licenses. But the businesses and technology supposedly "backing" the crypto assets were a sham.

First, DEBT Box, the DEBT Council, Western Oil, and Franklin made numerous misrepresentations regarding DEBT Box and its partners' success at generating revenue through oil drilling operations. These Defendants variously claimed, among other things, to have "hit payload" of oil; to have started extracting oil from an "oil pool that is 100 billion barrels in size;" to have received millions of dollars in profits from their oil partnerships; and to have partnered with numerous oil wells that were actively producing oil at upwards of a rate of 100 barrels a day. (*See* Ex. 2, Watkins Decl. ¶¶ 15, 17, 20, 23, 24, 25, 27.) In reality, DEBT Box's and Western Oil's purported active oils wells were not operational—a fact Defendants knew and indeed recently admitted (as to the Nevada well) to investigators from the U.S. Bureau of Land Management. (*See id.* ¶ 43 & Ex. 34, Declaration of Michael A. Mortensen ¶¶ 27–35.)

Second, DEBT Box, the DEBT Council, Western Oil and Franklin misrepresented the partnerships and technology purportedly backing DEBT Box's "XPLR" crypto assets. Among other things, these Defendants claimed that DEBT Box had access to fanciful and "advanced proprietary remote sensing and satellite imagery technology", which was further bolstered through a partnership with an Australian technology company, Fleet Space. (*See* Ex. 2, Watkins

Decl. ¶¶ 8, 18, 20, 26, 34.) DEBT Box’s marketing materials claimed that their technology was capable of scanning the earth “through the frequencies” to determine exactly where gold, oil, or indeed any “mineral on the periodic table” was located, and “pinpoint gold, for example, or aluminum or silver, or natural gas within six centimeters in the ground.” (*Id.* ¶¶ 18, 26.) DEBT Box had no such technology, and no such deal with Fleet Space—whose CEO was forced to ask DEBT Box to cease and desist after learning that DEBT Box was misrepresenting their purported partnership and misappropriating Fleet Space’s marketing materials. (*See id.* ¶ 40 & Ex. 31, Declaration of Flavia Tata Nardini.)

Third, Defendants made misrepresentations regarding the partnerships supposedly supporting DEBT Box’s “BEV” crypto asset. Defendants claimed that the underlying beverage bottling company, Lazy Magnolia, had secured “multi-million-dollar” bottling contracts, including with retailers such as “7-11, Aldis, Food Lion, Sam’s Club and more.” (*See* Ex. 2, Watkins Decl. ¶ 8.) What’s more, on or about August 3, 2022, Jason Anderson—leading a group of investors on a tour of the brewery—represented Lazy Magnolia was generating “over \$12 million a month in revenue” from its nascent rain water bottling business. (*Id.* ¶ 21.) But Lazy Magnolia was barely operational; had been covertly purchased by Jason Anderson and Bowen in December 2022; had no contracts with any of the cited retailers; and was not generating anything close to “12 million dollars a month” in revenue. (*See id.* ¶ 42 & Ex. 33.)

And rather than use investor funds, as Defendants promised, to “grow the ecosystem” or support those underlying businesses Defendants claimed were generating millions of dollars in revenues, bank records and social media postings show Defendants dissipated investor funds on personal and luxury expenses—including on houses, Ferraris, Lamborghinis, and “extreme” vacations. (*See* Ex. 3, Zaki Decl. ¶ 19 & Ex. 8; Ex. 2, Watkins Decl. ¶ 32.)

C. Defendants' Widespread Solicitation of Investors.

To promote the node license securities, DEBT Box partnered with iX Global to access its large network of MLM marketers. Led by Defendants Martinez and Flaherty, Defendants began to broadly solicit hundreds of investors through the typical MLM channels. (Ex. 2, Watkins Decl. ¶ 61.) iX Global and the other Promotor Defendants (*i.e.*, Martinez, Flaherty, Bowen, Daniels, Schuler, Core 1 Crypto, Parker, Stangis, and Fritzsche) worked on a commission basis, receiving a percentage of the value of each node license they sold to investors, and received substantial compensation for their efforts. (*See id.* ¶¶ 10, 61.) For example, bank records show that iX Global received no less than \$23,000,000 of investor funds, Martinez received at least \$3.1 million, and Flaherty at least \$576,000 (plus another \$260,000 through his entity Flaherty Enterprises). (*See Ex. 3, Zaki Decl. ¶ 18.*) Meanwhile, Defendant Fritzsche received at least \$13 million through entities he controlled. (*See id.*) Defendants raised at least \$49 million from investors in connection with their offering of the node software licenses. (Ex. 3, Zaki Decl. ¶ 13) And this amount, calculated solely from deposits of fiat currency in a handful of Defendants' bank accounts that the SEC has reviewed, likely significantly underestimates the total investor funds which entered the scheme—much in the form of cryptocurrency.

D. Defendants' Attempts to Conceal the Truth from Investors.

To prevent investors from discovering the falsity of their misstatements, Defendants took significant steps to lull investors and otherwise deceive them about the businesses purportedly “backing” the securities. For example, DEBT Box and the DEBT Council created “accounts” for DEBT Box investors that falsely created the appearance that the node licenses were “mining” new crypto assets and that those “tokens” were increasing in value based on revenues generated by underlying businesses. And they took steps to conceal the true status of DEBT Box's

purported partnerships with Fleet Space and Lazy Magnolia from investors, including by deceiving them about Fleet Space’s termination agreement and refusing to disclose the details of their claimed underlying contracts with other “partners.” (Ex. 2, Watkins Decl. ¶¶ 35 & Ex. 29.)

E. Defendants’ Fraudulent Scheme Expands

Defendants’ fraudulent scheme continues to expand. The primary DEBT Box website—which still contains the same misrepresentations to investors about the node software licenses and the purported business ventures and technology backing them—asserts Defendants will soon be offering two new node licenses, to “mine” the new “REV” and “DLS” crypto assets. Meanwhile, Defendants Schuler, Daniels, and Parker have spun-off the DEBT Box model into the FAIR Project, which offers so-called “software-mining license[s]” to investors with the promise of “mining” crypto assets with a “proof of work” algorithm backed by revenues from the use of artificial intelligence in the pharmaceutical industry. (*See id.* ¶¶ 36–39.) As of the filing of this action, both the primary DEBT Box website and the related iX Global and FAIR Project promotional sites remain active and continue to solicit investors. In fact, only a few days ago, iX Global announced a partnership with the FAIR Project to promote its new “software mining licenses” “on the IX platform.” (*See id.* ¶ 39.)

III. DEFENDANTS’ ATTEMPTS TO LIQUIDATE AND RELOCATE ASSETS.

On June 26, 2023, iX Global, LLC closed its primary accounts with Bank of America and removed over \$720,000 in putative investor funds from those accounts. (*See* Ex. 3, Zaki Decl. ¶ 20.) Meanwhile, DEBT Box’s principals claim DEBT Box is in the process of moving its operations to the UAE for the express purpose of evading the federal securities laws. In a June 14, 2023, promotional video posted on YouTube, Defendant Jake Anderson says Defendants “have moved all of [DEBT Box’s] operations to Abu Dhabi,” so as to “be under the

jurisdictional control of Abu Dhabi, not the SEC.” (Ex. 2, Watkins Decl. ¶ 27.) A review of the bank records of Relief Defendant IX Ventures FZCO, a UAE company, shows that it now has over \$2 million in a UAE bank account, at least \$1.35 million of which are funds investors paid to Defendants to purchase node licenses. (*See* Ex. 3, Zaki Decl. ¶ 18.)

ARGUMENT

I. THE SEC IS SEEKING EMERGENCY RELIEF TO PROTECT INVESTORS AND IN THE PUBLIC INTEREST.

Section 20(b) of the Securities Act of 1933 (“Securities Act”) and Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”) empower the Court to grant injunctive relief where it appears that a person is engaged in violations of the federal securities laws. *See* 15 U.S.C. §§ 77t(b) & 78u(d). Preliminary injunctive relief is appropriate where a plaintiff shows “(1) he is likely to succeed on the merits of his claim, (2) he will suffer irreparable harm if the injunction is denied; (3) his threatened injury outweighs the harm the grant of the injunction will cause the opposing party; and (4) if issued, the injunction will not adversely affect the public interest.” *SEC v. Scoville*, 913 F.3d 1204, 1213–14 (10th Cir. 2019), quoting *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 22 (2008). “[I]n cases involving SEC enforcement actions,” moreover, “courts have reformulated the traditional requirements” and “have not required the SEC to show irreparable injury, but rather require the SEC to show that defendant’s actions violate the defendant’s statutory obligations.” *SEC v. Cell>Point, LLC*, No. 21-cv-01574, 2022 WL 444397, *5 (D, Colo. Feb. 14, 2022) (unpublished), citing *SEC v. Unifund SAL*, 910 F.2d 1028, 1035–40 (2d Cir. 1990). As such, to support the requested equitable relief, the SEC “must show a likelihood of prevailing on the merits and a reasonable likelihood that the wrong will be repeated.” *SEC v. Traffic Monsoon, LLC*, 245 F. Supp. 3d 1275, 1296 (D. Utah 2017); *see also*

Cell>Point LLC, 2022 WL 444397 at *5 (citing cases). The evidence set forth in support of this Motion is sufficient to make the requisite showing.

II. THE SEC HAS MADE A *PRIMA FACIE* SHOWING THAT DEFENDANTS VIOLATED THE FEDERAL SECURITIES LAWS.

A. Defendants Violated the Anti-Fraud Provisions of the Securities Laws.

As an initial matter, the SEC has made a *prima facie* showing that Defendants DEBT Box, Jason Anderson, Jake Anderson, Brannon, Nelson, Bowen, Western Oil, and Franklin violated the anti-fraud provisions of the federal securities laws.

Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)(1)] prohibits, in the offer and sale of securities, (1) “employ[ing] any device, scheme or artifice to defraud;” (2) “obtain[ing] money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;” and (3) “engag[ing] in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.” *See* 15 U.S.C. § 77q(a). Similarly, Section 10(b) of the Exchange Act prohibits such fraud “in connection with the purchase or sale” of securities.¹

The language of these provisions is “expansive” and designed to “capture a wide range of conduct.” *Lorenzo v. SEC*, 139 S. Ct. 1094, 1101–02 (2019). As the Supreme Court has emphasized, there is “considerable overlap among the subsections of” Rule 10b-5 and Section

¹ In particular, Exchange Act § 10(b) and Rule 10b-5 thereunder make it unlawful (1) for any person to employ any device, scheme or artifice to defraud; (2) to make any untrue statement of a material fact or to omit 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; or (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person. *See* 15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5.

17(a), and thus the same underlying conduct may establish a violation of more than one subsection. *Lorenzo*, 139 S. Ct. at 1102 (citing *Herman & MacLean v. Huddleston*, 459 U.S. 375, 383 (1983)). The primary “difference between § 17(a) and § 10(b) lies in the element of scienter,” in that “Section 10(b) and § 17(a)(1) require the SEC to establish at least recklessness, whereas negligence is sufficient for § 17(a)(2) and § 17(a)(3). *SEC v. Smart*, 678 F.3d 850, 856 (10th Cir. 2012), citing *SEC v. Wolfson*, 539 F.3d 1249, 1256–57 (10th Cir. 2008).

1. The Node Licenses Defendants Offered and Sold to Investors Are Investment Contracts, Which Are Securities.

Under Securities Act Section 2(a)(1) and Exchange Act Section 3(a)(10), an “investment contract” is a security. 15 U.S.C. §§ 77b(a)(1); 78c(a)(10). An investment contract requires a scheme involve: “(1) an investment, (2) in a common enterprise, (3) with a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others.” *Scoville*, 913 F.3d at 1220. The DEBT Box and FAIR Project “node licenses” and “software-mining licenses” meet each of these requirements to constitute investment contracts. First, DEBT Box and the FAIR Project raise funds from investors in the form of U.S. dollars, bitcoin, or ether. (*See* Ex. 2, Watkins Decl. ¶ 13.) Second, the proceeds of the offerings were pooled and used to finance DEBT Box’s operations and promotional activities. (*See generally* Ex. 3, Zaki Decl.) *See SEC v. Art Intellect, Inc.*, No. 2:11–CV–357, 2013 WL 840048, *15 (D. Utah Mar. 6, 2013) (unpublished) (common enterprise satisfied where the scheme was “for profit”). Third, investors were promised profits from the Defendants’ ventures in the form of crypto assets, which would purportedly increase in value through Defendants’ efforts in securing successful partnerships and using the profits from those partnerships to “burn” those crypto assets. (Ex. 2, Watkins Decl. ¶¶ 8, 18, 28, 31, 35.) *See SEC v. Kik Interactive Inc.*, 492 F. Supp. 3d 169, 180 (S.D.N.Y. 2020) (finding a similar scheme to constitute an investment contract).

2. Defendants Made Material Misstatements And Omissions To Investors, with Scienter and In Violation of Section 17(a)(2) and Section 10(b).

The evidence set forth in support of this Motion further establishes a *prima facie* case that Defendants DEBT Box, the DEBT Council (Jason Anderson, Jake Anderson, Brannon, and Nelson), Western Oil, and Franklin violated Section 17(a)(2) of the Securities Act, and Section 10(b) of the Exchange Act, by making material misstatements and omissions to investors.

Defendants made misrepresentations about nearly every aspect of the DEBT Box investment. Among other things, Defendants DEBT Box and the DEBT Council claimed—falsely—that purchasing a DEBT Box node license would allow an investor to “mine” various crypto assets in a “proof of work” process akin to mining bitcoin, when by definition the DEBT Box BEP-20 tokens were pre-generated by a smart contract and could not be “mined.” (Ex. 2, Watkins Decl. ¶ 8 & Exs. 2–12; *id.* ¶ 15.) They also represented to investors that the businesses “backing” the BLGD, XPLR, and BEV crypto assets were viable and profitable when in fact these businesses were defunct, did not have the partnerships or contracts Defendants claimed, and were not significantly profitable. (*See supra* at II.B.) Meanwhile, Franklin and Western Oil made material misrepresentations and omissions to investors about the viability of DEBT Box’s and Western Oil’s oil wells—despite knowing (and despite other Defendants admitting to the BLM) that the wells were not operational. (*See supra* at II.B.)

These representations—which were fundamental to the purported value of the node licenses, were material. For purposes of Section 17(a)(2) and Rule 10b-5(b), a statement or omission is material if there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of information made available.” *Basic, Inc. v. Levinson*, 485 U.S. 224, 231 (1988); *Grossman v.*

Novell, Inc., 120 F.3d 1112, 1124 (10th Cir. 1997). It cannot be disputed that any reasonable investor would want to know that the supposedly lucrative business Defendants represented were “backing” the value of the DEBT Box crypto assets were *not* in fact involved in profitable business partnerships or generating millions of dollars in revenue. Likewise, it cannot be disputed that a reasonable investor would want to know that those crypto assets were not being “mined” like bitcoin but had already been pre-generated by Defendants.

Furthermore, the evidence shows Defendants knew, or should have known, that these representations were false and misleading.² For example, Franklin and Western Oil knew—because Franklin claimed to have been working on both sites—that the Nevada and Nebraska oil wells touted to investors were not operational. And DEBT Box and the DEBT Council knew—because they were directly involved in the purported underlying businesses and technology (indeed, they themselves owned and controlled the underlying companies)—that the businesses purportedly backing the “XLPR” and “BEV” crypto assets were not in possession of the technology, lucrative partnership agreements, or retail contracts Defendants had claimed.

Finally, these Defendants made the false statements and omissions “in the offer or sale” and “in connection with the purchase or sale” of securities and in interstate commerce. *See SEC*

² *Scienter*, for purposes of Section 10(b), has been defined as “a mental state embracing intent to deceive, manipulate, or defraud.” *Ernst & Ernst v. Hochfelder*, 425 U.S. 185, 193 n.12 (1976). “Willful or reckless behavior satisfies the scienter requirement.” *Edward J. Mawood & Co. v. SEC*, 591 F.2d 588, 596 (10th Cir. 1979). The scienter of an entity’s management can be imputed to the entity. *See ChinaCast Educ. Corp. Sec. Litig.*, 809 F.3d 471, 477 (9th Cir. 2015); *SEC v. Manor Nursing Ctrs., Inc.*, 458 F.2d 1082, 1089 n.3 (2d Cir. 1972). Thus, here the DEBT Council Defendants scienter can be imputed to DEBT Box; and Franklin’s scienter to Western Oil. For purposes of Section 17(a)(2), only negligence is required. *Aaron v. SEC*, 446 U.S. 680, 701–02 (1980). To show negligence, the SEC must show that a defendant failed to conform to the standard of care that would be exercised by a reasonable person. *See SEC v. Dain Rausher, Inc.*, 254 F.3d 852, 856 (9th Cir. 2001).

v. Zandford, 535 U.S. 813, 822 (2002) (fraud that “coincide[s]” with the securities transactions satisfies the “in connection with” requirement of Section 10(b)); *United States v. Naftalin*, 441 U.S. 768, 777-78 (1979) (“in the offer or sale” is broad enough to cover the entire selling process for purposes of Section 17(a)). Defendants made these statements online, through social media, and to numerous investors as part of sales pitches to induce investors to purchase node licenses. Thus, the SEC has met all elements of a *prima facie* case for violations of Section 17(a)(1) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

3. Defendants Engaged in a Scheme To Defraud, in Violation of Section 17(a)(1) and (3) of the Securities Act and Section 10(b) of the Exchange Act.

In addition, the SEC has set forth a *prima facie* case that Defendants DEBT Box, Jason Anderson, Jake Anderson, Brannon, Nelson, Franklin, Western Oil, and Bowen violated Sections 17(a)(1) and (3) and Section 10(b) of the Exchange Act and Rules 10b-5(a) and 10b-5(c) thereunder by engaging in a scheme to defraud the DEBT Box node license purchasers. To be liable for a scheme to defraud, a defendant “must have engaged in conduct that had the principal purpose and effect of creating a false appearance of fact in furtherance of the scheme.” *See Simpson v. AOL Time Warner, Inc.*, 452 F.3d 1040, 1048 (9th Cir. 2006).

DEBT Box and the DEBT Council deceived investors into believing that the node licenses they purchased were actually mining crypto assets and that the businesses underlying at least the BGLD, XPLR, and BEV assets were generating significant revenues. In addition to the misrepresentations described in detail above, by creating and using the “back office” DEBT Box accounts to falsely represent to investors that their node licenses and the purported crypto assets they were mining had a particular value, DEBT Box and the DEBT Council members created the deceptive appearance of both mining activities and profitable underlying business activities, and

deceived investors into believing they were earning returns on their investments. Bowen also engaged in deceptive acts: he partnered with Jason Anderson to purchase Lazy Magnolia, allowed Lazy Magnolia to be used as part of the DEBT Box scheme. Similarly, Franklin and Western Oil engaged in deceptive acts by hosting investor events at their oil well sites and leading investors to believe that the wells were something other than merely exploratory. And these Defendants also took steps to prevent investors from discovering the truth—including by refusing to give information in response to investor inquiries regarding the underlying technology and businesses.

B. Defendants Violated the Registration Provisions of Section 5(a) and (c) of the Securities Act.

The SEC has also established a *prima facie* case that all Defendants violated the registration provisions of Section 5 of the Securities Act. To establish such violations, the SEC must demonstrate that Defendants, directly or indirectly, offered or sold securities, through interstate communication or the mails, without a registration statement having been filed or in effect. *See SEC v. Int’l Chem. Dev. Co.*, 469 F.2d 20, 27 (10th Cir. 1972); *SEC v. GenAudio Inc.*, 32 F. 4th 902, 939 (10th Cir. 2022) (“To make a *prima facie* case under §§ 5(a) and (c), the following elements must be shown: ‘(1) no registration statement was in effect as to the securities, (2) the defendant sold or offered to sell these securities, and (3) interstate transportation or communication and the mails were used in connection with the sale or offer of sale.’”) (citation omitted).³ As discussed above, the node licenses offered and sold by

³ Furthermore, a defendant may be liable as a “necessary participant” or “substantial factor” in the unregistered offer or sale of securities if that defendant was involved in the organization or promotion of the securities offering. *See SEC v. Calvo*, 378 F.3d 1211, 1215 (11th Cir. 2004); *SEC v. Holschuh*, 694 F.2d 130, 140 (7th Cir. 1982); *SEC v. Parrish*, No. 11-cv-00558, 2012 WL

Defendants are securities. (*See supra* at II.A.1.) Defendants never filed a registration statement as to those securities, and no exemption to the registration provision applies. (*See* Ex. 2, Watkins Decl. ¶ 62.) Each Defendant, in roles as either an organizer of the securities offering, or as a promotor, participated in this unregistered offer and sale, in violation of Sections 5(a) and 5(c). *See* 15 U.S.C. § 77e(a) and (c).

C. Defendants Violated the Broker Registration Provisions of Section 15(a)(1) of the Exchange Act.

Finally, the SEC has made a *prima facie* case that the Promotor Defendants, who marketed the securities offering and solicited investors to purchase DEBT Box’s node licenses, violated Section 15(a)(1) of the Exchange Act by acting as unregistered brokers. Section 15(a)(1) makes it unlawful for a broker to “make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security” unless registered with the SEC. *See* 15 U.S.C. § 78o(a)(1). Section 15(a)(1) is a strict liability statute, neither scienter nor negligence is required to prove a violation. *See SEC v. Merrill Scott & Assocs., Ltd.*, 505 F. Supp. 2d 1193, 1216 (D. Utah 2007); *Art Intellect, Inc.*, 2013 WL 840048 at *20.

Section 3(a)(4)(A) of the Exchange Act defines a “broker” as “any person engaged in the business of effecting transactions in securities for the account of others.” 15 U.S.C. § 78c(a)(4)(A); *see also* 15 U.S.C. § 78c(a)(9) (defining “person” to include a company). Courts in the Tenth Circuit, determining “whether a person has engaged in the business of being a

4378114, *4 (D. Colo. Sept. 25, 2012) (unpublished) (“S]ellers of securities include persons who solicit purchases and who are motivated at least in part by a desire to serve their own financial interests.”).

broker,” apply the so-called “*Hansen* factors,” which focus on “conduct-based factors and a ‘totality of the circumstances approach.’” *SEC v. RMR Asset Mgmt. Co.*, 479 F. Supp. 3d 923, 926 (S.D. Cal. 2020), quoting *SEC v. Feng*, 935 F.3d 721, 731 (9th Cir. 2019); see, e.g., *Art Intellect*, 2013 WL 840048, at *20. The *Hansen* factors consider whether the defendant, for example, received transaction-based income (such as commissions) for his solicitation and regularly participated in securities transactions.⁴ See *Art Intellect*, 2013 WL 840048, at *20, citing *SEC v. Hansen*, No. 83 Civ. 3692, 1984 WL 2413, at *10 (S.D.N.Y. Apr. 6, 1984)(unpublished)); see also *SEC v. Erwin*, No. 13-cv-03363-CMA-KMT, 2021 WL 3773649, *11 (D. Colo. Aug. 25, 2021) (unpublished) (applying the *Hansen* factors). No one factor is dispositive and a court can find a person acted as a broker even where only one or two of the *Hansen* factors are met. See, e.g., *SEC v. Collyard*, 154 F. Supp. 3d 781, 789 (D. Minn. 2015) (*reversed on other grounds* 935 F.3d 721 (8th Cir. 2019)).

Courts particularly emphasize two of the *Hansen* factors as important when analyzing whether a defendant was “in the business of effecting transactions in securities for the account of others” under Section 3(a)(4)(A) of the Exchange Act: (1) regularity of participation in securities transactions and (2) receipt of transaction-based compensation. See, e.g., *SEC v. Bravata*, No. 09–12950, 2009 WL 2245649, *2 (E.D. Mich. July 27, 2009) (unpublished) (“regularity of participation [in securities transactions] is the primary indicia of being ‘engaged in the

⁴ In sum, the *Hansen* factors are: “(i) whether the person works as an employee of the securities’ issuer; (ii) whether he receives a commission rather than a salary; (iii) whether he sells or has sold the securities of another issuer; (iv) whether he participates in negotiations between the issuer and investor; (v) whether he provides advice or a valuation as to the merit of an investment; and (vi) whether he actively, rather than passively, finds investors.” *Erwin*, 2021 WL 3773649, at *11, citing *Hansen*, 1984 WL 2413, at *10.

business.”) (internal quotations omitted); *SEC v. Kramer*, 778 F. Supp. 2d 1320, 1334 (M.D. Fla. 2011) (“transaction-based compensation is the hallmark of a salesman”).

Here, Defendants Jason Anderson, Jake Anderson, Nelson, Brannon, Martinez, Flaherty, Schuler, Daniels, Bowen, Stangis, Fritzsche, iX Global, and Core 1 Crypto each acted as a broker in repeatedly soliciting investors—by the hundreds through social media, YouTube video postings, and live “seminars” and “interviews”—to purchase the “node software license” securities. (*See* Ex. 2, Watkins Decl. ¶ 61.) They received transaction-based payments for the node licenses they sold—indeed, the entire purpose of the MLM structure of the investment scheme was that promoters could earn commissions for bringing new investors into the scheme. (*See id.* ¶ 10.) None of these defendants was registered with the SEC as a broker, nor associated with any registered broker. (*Id.* ¶ 63.) Thus, these defendants violated § 15(a)(1). *See SEC v. Kenton Capital, Ltd.*, 69 F. Supp. 2d 1, 13 (D.D.C. 1998) (defendants acted as brokers when collectively they solicited 40 investors to purchase a total of \$1.7 million in investments).

D. The SEC Has Shown the Violations Are Likely to Be Repeated.

The SEC has also demonstrated that Defendants’ violations will be repeated—indeed, the violations are currently ongoing, as Defendants continue to offer unregistered DEBT Box (and now FAIR Project) securities, continue to act as unregistered brokers promoting these securities and soliciting investors, and continue to make false statements to prospective investors about the securities on their website. In general, whether a likelihood of future violations exists depends upon the totality of the circumstances, and courts consider factors including (i) the degree of scienter; (ii) the egregiousness of the violations; (iii) the defendants’ opportunities to commit future violations; (iv) the defendants’ recognition of wrongdoing; and (v) the sincerity of defendants’ assurances, if any, against future violations. *See SEC v. Pros Int’l, Inc.*, 994 F.2d

767, 769 (10th Cir. 1993). The degree of defendants' scienter "bears heavily" on this analysis. *Id.* at 769, citing *SEC v. Haswell*, 654 F.2d 698, 699 (10th Cir. 1981).

In this case, Defendants' fraudulent scheme, which is ongoing, was perpetrated with a high degree of scienter on the part of DEBT Box and the DEBT Council. The evidence shows that these Defendants made numerous, repeated false statements to investors about the nature of the node licenses, their value, and lied about basic facts regarding the business ventures purportedly underlying those securities: going so far as to make up stories about active oil wells, "proprietary" earth-scanning technology and satellite partnerships, and "multi-million dollar" contracts with retail bottlers. Defendants also actively took steps to prevent investors from learning the truth of these misrepresentations—all the while spending investor money on houses, fancy cars, and "extreme" vacations. A temporary restraining order is necessary to protect investors from Defendants continued, unrepentant conduct.

III. THE ANCILLARY RELIEF SOUGHT BY THE SEC IS NECESSARY.

A. The Court Should Freeze Defendants' and Relief Defendants' Assets.

An order freezing assets is also appropriate here, to preserve the *status quo* and to ensure to the extent possible that sufficient funds are available to satisfy any final judgment the Court might enter against Defendants and Relief Defendants. *See, e.g., Unifund SAL*, 910 F.2d at 1041–42; *see also SEC v. Hickey*, 322 F.3d 1123, 1131 (9th Cir. 2003). "[T]he public interest in preserving the illicit proceeds [of a defendant's fraud] for restitution to the victims is great." *FTC v. Affordable Media, LLC*, 179 F.3d 1228, 1236 (9th Cir. 1999). Here, Defendants collected, at a minimum, \$49 million in investor funds through their fraudulent scheme, and preserving whatever remains is necessary to prevent additional harm to investors.

To obtain an asset freeze, the SEC must show a *prima facie* case that a violation of the securities laws has occurred. *See Unifund SAL*, 910 F.2d at 1040–41; *see also* 15 U.S.C. §§ 77t(b) and 78u(d)(1). As set forth above, the SEC has established a *prima facie* case that Defendants have violated the federal securities laws—and indeed are continuing to promote their fraudulent securities scheme to this day. Moreover, the bank records obtained by the SEC show Defendants are rapidly dissipating investor funds, both through luxury purchases and by recently draining accounts of those funds. (*See* Ex. 3, Karaz Decl. ¶¶ 18–20.) The SEC’s investigation shows that Defendants and Relief Defendants currently hold significant assets in real estate, personal property, and in bank accounts—all of which should be preserved to prevent dissipation. (*See* Ex. 4, Declaration of Jenny McBride.)

B. The Court Should Order Accountings and Document Preservation.

The Court’s broad equitable powers in SEC enforcement actions also include the ability to order ancillary relief to require an accounting and prohibit document destruction. *See SEC v. Wencke*, 622 F.2d 1363, 1369 (9th Cir. 1980). To accurately determine the scope of a defendant’s fraud, and the ability of both defendants and relief defendants to disgorge illicit proceeds, courts frequently require defendants and relief defendants to provide a verified accounting of all monies or property obtained as a result of the unlawful activity, as well as a summary of their current financial resources or assets. *See, e.g., SEC v. Int’l Swiss Inv. Corp.*, 895 F.2d 1272, 1276 (9th Cir. 1990); *SEC v. Spongetech Delivery Sys., Inc.*, No. 10-cv-2031, 2011 WL 887940, *5 (E.D.N.Y. Mar. 14, 2011) (unpublished) (noting that ordering an accounting is “minimally intrusive”) (citing *SEC v. Bremont*, 954 F. Supp. 726, 733 (S.D.N.Y. 1997)). Here, such accounting is necessary, as Defendants appear to have already gone to significant lengths to dissipate assets and relocate investor funds outside the United States, and

because many of the investor funds in this action were invested through cryptocurrency that is not readily traceable through third-party subpoenas. Furthermore, because Defendants have already shown the lengths they will go to avoid compliance with the federal securities laws, the Court should protect the documents necessary for full discovery in this matter by issuing an order prohibiting the alteration and destruction of relevant documents.

C. The Court Should Permit The SEC To Take Expedited Discovery.

The Court should also permit the SEC to issue expedited written discovery on Defendants, Relief Defendants, and third-parties with relevant information regarding Defendants' fraudulent scheme. Expedited discovery is authorized by Rules 30 and 34 of the Federal Rules of Civil Procedure and a court's broad equitable powers in SEC enforcement actions to order all necessary ancillary relief. *See Wencke*, 622 F.2d at 1369. Moreover, where urgent relief is sought and expedited discovery is necessary to accomplish that result, a court may grant expedited discovery. *See Notaro v. Koch*, 35 Fed. R. Serv. 2d 580, 95 F.R.D. 403, 405 (S.D.N.Y. 1982). Expedited discovery—and in particular, discovery regarding Defendants' and Relief Defendants' financial accounts and receipt and use of investor funds—is required in this case to enable the SEC to more fully to develop the evidence prior to the preliminary injunction hearing, and effectuate any Order entered by this Court freezing assets.

D. Defendants Should Be Ordered to Repatriate Assets.

Finally, the SEC seeks a repatriation order requiring Defendants and Relief Defendants to repatriate to accounts in the United States all investor funds and assets transferred outside this Court's jurisdiction. Under the broad equitable powers granted to courts by Section 21(d)(5) of the Exchange Act, courts routinely order defendants to repatriate illicit profits they have moved

abroad, usually to help effectuate an asset freeze.⁵ Here, a repatriation order is necessary because Defendants have already transferred significant assets to the United Arab Emirates—including approximately \$2 million in an account for Relief Defendant IX Ventures FZCO; and expressed the specific intent to move operations abroad to avoid the SEC’s jurisdiction. (*See* Ex. 2, Watkins Decl. ¶ 27.) For the protection of investors, the Court should order Defendants to reverse any transfer of assets and return them to the jurisdiction of this Court.

CONCLUSION

For the foregoing reasons, the SEC respectfully asks the Court to grant the SEC’s Motion and enter the proposed Temporary Restraining Order (*see* Ex. 1) and the ancillary relief requested herein.

Dated: July 26, 2023.

Respectfully submitted,

SECURITIES AND EXCHANGE COMMISSION

/s/ Michael E. Welsh
Michael E. Welsh
Casey R. Fronk
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Securities and Exchange Commission

⁵ *See, e.g., SEC v. Compania Internacional Financiera SA.*, No. 11 Civ 4904, 2011 WL 3251813, *13 (S.D.N.Y. July 29, 2011) (unpublished); *SEC v. Aragon Capital Advisors, LLC*, No. 07 Civ. 919, 2011 WL 3278642, *10 (S.D.N.Y. July 26, 2011) (unpublished); *SEC v. Aimsi Tech., Inc.*, 650 F. Supp. 2d 296, 303 (S.D.N.Y. 2009).

Securities and Exchange Commission v. Digital Licensing Inc. (d/b/a “DEBT Box”), et al.

**Plaintiff’s *Ex Parte* Application for Entry of Temporary Restraining Order,
Freezing Assets and Other Ancillary Relief**

Index of Exhibits

| Exh. No. | Description | Date |
|-----------------|---|---------------|
| 1 | Proposed Temporary Restraining Order | |
| 2 | Declaration of Joseph Watkins and Exhibits 1-50 | July 26, 2023 |
| 3 | Declaration of Karaz S. Zaki and Exhibits 1-11 | July 24, 2023 |
| 4 | Declaration of Jenny L. McBride and Exhibit A | July 25, 2023 |

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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DIGITAL LICENSING INC. (d/b/a “DEBT Box”), a Wyoming corporation; JASON R. ANDERSON, an individual; JACOB S. ANDERSON, an individual; SCHAD E. BRANNON, an individual; ROYDON B. NELSON, an individual; JAMES E. FRANKLIN, an individual; WESTERN OIL EXPLORATION COMPANY, INC., a Nevada corporation; RYAN BOWEN, an individual; IX GLOBAL, LLC, a Utah limited liability company; JOSEPH A. MARTINEZ, an individual; BENJAMIN F. DANIELS, an individual; MARK W. SCHULER, an individual; B & B INVESTMENT GROUP, LLC (d/b/a “CORE 1 CRYPTO”), a Utah limited liability company; TRAVIS A. FLAHERTY, an individual; ALTON O. PARKER, an individual; BW HOLDINGS, LLC (d/b/a the “FAIR PROJECT”), a Utah limited liability company; BRENDAN J. STANGIS, an individual; and MATTHEW D. FRITZSCHE, an individual;

Defendants,

Case No.:

**RULE 65(b)(1)(B) ATTORNEY
CERTIFICATION**

Judge:

ARCHER DRILLING, LLC, a Wyoming limited liability company; BUSINESS FUNDING SOLUTIONS, LLC, a Utah limited liability company; BLOX LENDING, LLC, a Utah limited liability company; CALMFRTZ HOLDINGS, LLC, a Utah limited liability company; CALMES & CO, INC., a Utah corporation; FLAHERTY ENTERPRISES, LLC, an Arizona limited liability company; IX VENTURES FZCO, a United Arab Emirates company; PURDY OIL, LLC, a Nebraska limited liability company; THE GOLD COLLECTIVE LLC, a Utah limited liability company; and UIU HOLDINGS, LLC, a Delaware limited liability company,

Relief Defendants.

I, Michael E. Welsh, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct, and further that this declaration is made on my personal knowledge and that I am competent to testify as to the matters stated herein.

1. I am a resident of Utah and licensed to practice law in the State of Massachusetts.
2. I have worked in the Enforcement Division of the United States Securities and Exchange Commission (the “Commission”) since December 2022. I currently serve as Trial Counsel in the Salt Lake Regional Office, located at 351 S. West Temple Street, Salt Lake City, Utah, 84101, where I am responsible for filing and litigating securities fraud actions on behalf of the Commission in federal district court.
3. I am informed and believe that on at least seven occasions in the last ten years, the Commission’s Salt Lake Regional Office has sought and obtained emergency and/or *ex parte* relief for the protection of defrauded investors in cases filed in the United States District Court

for the District of Utah.¹ In certain of those cases, including in ones in which the temporary restraining order and asset freeze were granted *ex parte*, one or more defendants violated the temporary restraining order, preliminary injunction, and/or asset freeze.

4. Evidence obtained by the Commission, and set forth in the Commission’s contemporaneously-filed *Ex Parte* Application for Entry of Temporary Restraining Order and Orders (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; (4) Granting Expedited Discovery; (5) Repatriating Assets; and (6) Order to Show Cause re Preliminary Injunction (the “TRO Motion”) indicates that Defendants are currently in the process of attempting to relocate assets and investor funds overseas, where at least Defendant Jacob Anderson has contended that those assets will be outside the reach of U.S. regulators.

6. For example, bank records obtained by the Commission, and summarized in the declaration of the Commission’s accountant, Karaz S. Zaki, appended to the TRO Motion as Exhibit 3, show that on June 26, 2023, Defendant iX Global, LLC—the multi-level-marketing entity through which the Defendants’ “node licenses” are primarily promoted—began closing its bank accounts in the United States, and removed over \$720,000 in putative investor funds from those accounts.

7. In addition, Defendant Digital Licensing Inc., the issuer of the “node license” securities, is in the process of moving its operations to the United Arab Emirates for the express

¹ See, e.g., *SEC v. Daniel F. Putnam, et al.*, No. 2:20-cv-00301-DBB (May 7, 2020) (asset freeze and ancillary relief); *SEC v. Blackbird Capital Partners, LLC, et al.*, No. 2:16-cv-01199-TC (Nov. 28, 2016) (temporary restraining order and asset freeze); *SEC v. Traffic Monsoon, LLC, et al.*, No. 2:16-cv-00832-JNP (July 26, 2016) (temporary restraining order, asset freeze, and appointment of receiver); *SEC v. Marquis Properties, LLC, et al.*, No. 2:16-cv-00040-JNP (January 19, 2016) (temporary restraining order and asset freeze); *SEC v. Ryan L. Cook, et al.*, No. 2:15-cv-0000416-BSJ (June 12, 2015) (asset freeze); *SEC v. Bliss et al.*, No. 2:15-cv-00098-RJS (February 11, 2015) (temporary restraining order and asset freeze); *SEC v. American Pension Services, et al.*, No. 2:14-cv-309 (April 24, 2014) (temporary restraining order, asset freeze, and appointment of receiver).

purpose of evading the federal securities laws. In a June 14, 2023, promotional video posted on YouTube, Defendant Jacob Anderson states: “we have moved all of [Digital Licensing Inc.’s] operations to Abu Dhabi,” so as to “be under the jurisdictional control of Abu Dhabi, not the SEC.”

8. Based on the Commission’s prior experiences, and the information herein provided, I believe that irreparable injury and loss is likely to occur if the Court requires notice and a hearing.

10. In this case, the Commission has made no efforts to give notice to the Defendants of the filing of this action or the TRO Motion.

11. Notice of the TRO Motion should not be required because notice would potentially disrupt the *status quo* and give Defendants and Relief Defendants the opportunity to move, hide, dissipate, or place outside the Court’s jurisdiction assets that should be preserved for eventual distribution to defrauded investors. Proceeding on an *ex parte* basis is warranted to increase the likelihood of freezing—and ultimately recovering—investor money or other assets in Defendants’ and Relief Defendants’ possession, custody and control. In addition, it will help secure, and prevent destruction of, documents or other evidence of Defendants’ scheme. If Defendants and/or Relief Defendants are given advance notice that the Commission is seeking emergency relief, they may dissipate any remaining assets and destroy documents and evidence.

Dated: July 26, 2023.

/s/ Michael E. Welsh

Michael E. Welsh

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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DIGITAL LICENSING INC. (d/b/a “DEBT Box”), a Wyoming corporation; JASON R. ANDERSON, an individual; JACOB S. ANDERSON, an individual; SCHAD E. BRANNON, an individual; ROYDON B. NELSON, an individual; JAMES E. FRANKLIN, an individual; WESTERN OIL EXPLORATION COMPANY, INC., a Nevada corporation; RYAN BOWEN, an individual; IX GLOBAL, LLC, a Utah limited liability company; JOSEPH A. MARTINEZ, an individual; BENAJMIN F. DANIELS, an individual; MARK W. SCHULER, an individual; B & B INVESTMENT GROUP, LLC (d/b/a “CORE 1 CRYPTO”), a Utah limited liability company; TRAVIS A. FLAHERTY, an individual; ALTON O. PARKER, an individual; BW HOLDINGS, LLC (d/b/a the “FAIR PROJECT”), a Utah limited liability company; BRENDAN J. STANGIS, an individual; and MATTHEW D. FRITZSCHE, an individual;

Defendants,

Case No.:

**[PROPOSED] TEMPORARY
RESTRAINING ORDER AND
ORDERS: (1) FREEZING ASSETS;
(2) REQUIRING ACCOUNTINGS;
(3) PROHIBITING THE
DESTRUCTION OF DOCUMENTS;
AND (4) GRANTING EXPEDITED
DISCOVERY; (5) REPATRIATING
ASSETS; AND (6) ORDER TO
SHOW CAUSE RE PRELIMINARY
INJUNCTION**

Judge:

ARCHER DRILLING, LLC, a Wyoming limited liability company; BUSINESS FUNDING SOLUTIONS, LLC, a Utah limited liability company; BLOX LENDING, LLC, a Utah limited liability company; CALMFRTZ HOLDINGS, LLC, a Utah limited liability company; CALMES & CO, INC., a Utah corporation; FLAHERTY ENTERPRISES, LLC, an Arizona limited liability company; IX VENTURES FZCO, a United Arab Emirates company; PURDY OIL, LLC, a Nebraska limited liability company; THE GOLD COLLECTIVE LLC, a Utah limited liability company; and UIU HOLDINGS, LLC, a Delaware limited liability company,

Relief Defendants.

This matter came before the Court upon Plaintiff Securities and Exchange Commission's *Ex Parte* Application for Temporary Restraining Order and Orders (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; (4) Granting Expedited Discovery; (5) Repatriating Assets; and (6) to Show Cause Re Preliminary Injunction (the "TRO Application").

The Court, having considered the Commission's Complaint, the TRO Application and supporting memorandum of points and authorities, the supporting declarations and exhibits, and the other evidence and argument presented to the Court, finds that:

- A. This Court has jurisdiction over the parties to, and the subject matter of, this action.
- B. The Commission has made a sufficient and proper showing in support of the relief granted herein, as required by Section 20(b) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77t(b)] and Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u(b)], by evidence establishing a *prima facie* case and likelihood that Defendants Digital Licensing

Inc. (d/b/a “DEBT Box”); Jason R. Anderson; Jacob S. Anderson; Schad E. Brannon; Roydon B. Nelson; James E. Franklin; Western Oil Exploration Company, Inc.; Ryan Bowen; iX Global, LLC; Joseph A. Martinez; Benjamin F. Daniels; Mark W. Schuler; B & B Investment Group, LLC (d/b/a “Core 1 Crypto”); Travis A. Flaherty; Alton O. Parker; BW Holdings, LLC (d/b/a “FAIR Project”); Brendan J. Stangis; and Matthew D. Fritzsche (collectively herein, “Defendants”) have engaged in, are engaging in, are about to engage in, and will continue to engage in, unless restrained, transactions, acts, practices and courses of business that constitute violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; Section 10(b) of the Securities Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; Section 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a), (c)]; and/or Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

- C. Good cause exists to believe that, unless restrained and enjoined by order of this Court, Defendants, and Relief Defendants Archer Drilling, LLC; Business Funding Solutions, LLC; Blox Lending, LLC; Calmfritz Holding, LLC; Calmes & Co, Inc.; Flaherty Enterprises, LLC; IX Ventures FZCO; Purdy Oil, LLC; The Gold Collective LLC; and UIU Holdings, LLC (collectively herein, “Relief Defendants”), will dissipate, conceal, or transfer assets which could be the subject to an order directing disgorgement or the payment of civil money penalties in this action. It is appropriate for the Court to issue this Temporary Restraining Order so that prompt service on appropriate financial institutions can be made, thus preventing the dissipation of assets.
- D. Good cause exists to believe than an accounting of assets by each of the Defendants is necessary.
- E. Good cause exists to believe that, unless restrained and enjoined by order of this Court, Defendants may alter or destroy documents relevant to this action.
- F. Good cause exists to believe that expedited discovery is necessary.

- G. Good cause exists to require Defendants and Relief Defendants to repatriate assets to the United States.

I.

IT IS HEREBY ORDERED that the Commission's TRO Application is GRANTED.

II.

IT IS HEREBY FURTHER ORDERED that Defendants Digital Licensing Inc. (d/b/a "DEBT Box"); Jason R. Anderson; Jacob S. Anderson; Schad E. Brannon; Roydon B. Nelson; James E. Franklin; Western Oil Exploration Company, Inc.; and Ryan Bowen, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails:

- A. employing any device, scheme or artifice to defraud;
- B. obtaining money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
or
- C. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser

in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

III.

IT IS HEREBY FURTHER ORDERED that Defendants Digital Licensing Inc. (d/b/a “DEBT Box”); Jason R. Anderson; Jacob S. Anderson; Schad E. Brannon; Roydon B. Nelson; Ryan Bowen; James E. Franklin; and Western Oil Exploration Company, Inc., and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of any security, by use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- A. employing any device, scheme or artifice to defraud
- B. making any untrue statement of a material fact or omitting 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; or
- C. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit on upon any person

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

IT IS FURTHER ORDERED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order by personal service or otherwise: (a) Defendants’ officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

IV.

IT IS HEREBY FURTHER ORDERED that Defendants and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or

otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly, in the absence of any applicable exemption:

- A. unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- B. unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or;
- C. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

in violation of Section 5 of the Securities Act [15 U.S.C. § 77e].

IT IS FURTHER ORDERED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

V.

IT IS HEREBY FURTHER ORDERED that Defendants Jason R. Anderson; Jacob S. Anderson; Schad E. Brannon; Roydon B. Nelson; Ryan Bowen; iX Global, LLC; Joseph A. Martinez; Benjamin F. Daniels; Mark W. Schuler; B & B Investment Group, LLC (d/b/a "Core 1 Crypto"); Travis A. Flaherty; Brendon J. Stangis; and Matthew D. Fritzsche, and their officers,

agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, to effect transactions in, or induce or attempt to induce the purchase or sale of, securities while not registered with the Commission as a broker or dealer or while not associated with an entity registered with the Commission as a broker or dealer in violation of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

IT IS FURTHER ORDERED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

VI.

IT IS HEREBY FURTHER ORDERED that Defendants and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly, participating, directly or indirectly, in any offering of securities, including any crypto asset security, except for the purchase or sale of securities by these Defendants for their own personal accounts.

IT IS FURTHER ORDERED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

VII.

IT IS HEREBY FURTHER ORDERED that Defendants and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly, soliciting any person or entity to purchase or sell any security, including any crypto asset security; except that this shall not prevent the purchase and sale of securities by Defendants for their own personal accounts.

IT IS FURTHER ORDERED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Order by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a)

VIII.

IT IS HEREBY FURTHER ORDERED that, except as otherwise ordered by this Court, Defendants, Relief Defendants, and Defendants' and Relief Defendants' officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly, transferring, assigning, selling, hypothecating, changing, wasting, dissipating, converting, concealing, encumbering, or otherwise disposing of, in any manner, any funds, assets, securities, claims or other real or personal property, including any digital assets, digital currencies, virtual currencies, digital tokens, cryptocurrencies, digital wallets, or other tangible, intangible, or digital assets, wherever located, of any one of the Defendants or Relief Defendants, or their subsidiaries or affiliates, owned by, controlled by, managed by or in the possession or custody of any of them, and from transferring, encumbering, dissipating, incurring charges or cash advances on any debit or credit card of the credit arrangement of any one of the

Defendants or their subsidiaries and affiliates; including but not limited to the real and personal property below:

Real Property

| Property Address | Owner |
|---|------------------|
| 14942 S. Vantage View Ct., Draper, UT 84020 | Jason Anderson |
| 1320 N. Chimney Rock Rd, Heber City, UT 84023-1473 | Jason Anderson |
| 525 Alienta Dr., St. George, UT 84770-6969 | Jason Anderson |
| 7689 South 1530 West, West Jordan, UT 84084-4106 | Jason Anderson |
| 1067 W. Briarcliff Ave, Salt Lake City, UT 84116-2205 | Jason Anderson |
| 147 South 1300 East, Salt Lake City, UT 84102-3226 | Jason Anderson |
| 6120 S. Verness CV, Holladay, UT 84121 | Jacob Anderson |
| 5819 Wish Ave, Encino, CA 91316-1459 | Schad E. Brannon |
| 22462 Roscoe Blvd, West Hills, CA 91304-3347 | Schad E. Brannon |
| 1615 N. Raven Ln., St. George, UT 84770-6159 | Roydon B. Nelson |
| 1307 Meadowbrook Ct., Farmington, UT 84025-4011 | Roydon B. Nelson |
| 2971 Adams Ave, Ogden, UT 84403-0649 | Roydon B. Nelson |
| 1115 E. Homes Creek Ln, Layton, UT 84041-4409 | Roydon B. Nelson |
| 152 Spinnaker Dr., Stansbury Park, UT 84074-8946 | Ryan Bowen |
| 405 American Way, Tooele, UT 84047-2502 | Ryan Bowen |
| 5050 N. Ashlee Way, Erda, UT 84047-8184 | Ryan Bowen |
| 566 Elk Meadow Loop, Tooele, UT 84074-3155 | Ryan Bowen |
| 694 W. Cephus Rd, Draper, UT 84020-2306 | Ryan Bowen |
| 784 Elk Meadow Loop, Tooele, UT 84074-3163 | Ryan Bowen |
| 52 Sawgrass Ct, Las Vegas, NV 89113-1325 | Ryan Bowen |
| 5994 Bayshore Dr, Tooele, UT 84047-9070 | Ryan Bowen |
| 2915 N. Bronzewood Cir., Erda, UT 84074-3301 | Ryan Bowen |
| 997 E. Brookfield Ave., Erda, UT 84074-3304 | Ryan Bowen |
| 1482 E. Spring Canyon Rd., Erda, UT 84074 | Ryan Bowen |

| Property Address | Owner |
|---|---------------------|
| 3148 N. Pronghorn Rd, Erda, UT 84074-3311 | Ryan Bowen |
| 1972 E. Garfield Ave, Salt Lake City, UT 84108-2951 | Ryan Bowen |
| 5085 Ashlee Way, Erda, UT 84074-8184 | Ryan Bowen |
| 997 E. Brookfield Ave, Tooele, UT 84074-3304 | Ryan Bowen |
| 746 E. Elk Hollow Dr., Tooele, UT 84074 | Ryan Bowen |
| 224 Spinnaker Dr, Tooele, UT 84074-8947 | Ryan Bowen |
| 743 West 740 South, Tooele, UT 84074-3274 | Ryan Bowen |
| 295 West Cimmarron Way, Erda, UT 84074-9423 | Ryan Bowen |
| 589 West 925 North, Centerville, UT 84014-3466 | Ryan Bowen |
| 769 Tanglewood Loop, North Salt Lake, UT 84054-3342 | Joseph Martinez |
| 537 Beacon Ridge Way, Mesquite, NV 89027-6704 | Benjamin F. Daniels |
| 3617 W. District Peak Ct, South Jordan, UT 84095-5145 | Benjamin F. Daniels |
| 652 W. Rachele Park CV, South Jordan, UT 84095-4418 | Benjamin F. Daniels |
| 14743 S. Vintage Rose Court, Herriman, UT 84096-1938 | Benjamin F. Daniels |
| 3448 E. Kennekuk Cir, Eagle Mountain, UT 84043-4677 | Benjamin F. Daniels |
| 9103 S. Hidden Peak Dr, West Jordan, UT 84088-5751 | Mark W. Schuler |
| 1011 W. Rooftop Dr., Midvale, UT 84047-4805 | Mark W. Schuler |
| 13039 S. Cannon View Dr., Riverton, UT 84096-1429 | Mark W. Schuler |
| 1921 S. Santa Anna Dr, Chandler, AZ 85286-8427 | Travis A. Flaherty |
| 4631 E. Collinwood Dr., Gilbert, AZ 85298-4013 | Travis A. Flaherty |
| 1807 S. Range Rd, Saratoga Springs, UT 84045-4096 | Travis A. Flaherty |
| 5415 E. McKellips Rd. 18, Mesa, AZ 85215-2652 | Travis A. Flaherty |
| 3491 N. Arizona Ave 55, Chandler, AZ 85225-1142 | Travis A. Flaherty |
| 3050 Wolcott St, Ferndale, MI 48220-3605 | Alton O. Parker |
| 4465 S. Mathews Way, Salt Lake City, UT 84124-4207 | Alton O. Parker |
| 379 N. Glenwood St. 2-1, Jackson, WY 83001-8765 | Alton O. Parker |

| Property Address | Owner |
|--|----------------------|
| 2120 Corner Creek Ln, Jackson, WY 83001-9200 | Alton O. Parker |
| 3796 South 650 West Riverdale, UT 84405-1583 | BW Holdings, LLC |
| 1638 East 12500 South, Draper, UT 84020-9160 | Matthew D. Fritzsche |
| 743 Cobblestone Dr., Heber City, UT 84032-3988 | Matthew D. Fritzsche |

Personal Property

- 2022 Ferrari SF 90 Stradale, VIN: ZFF95NLA1N0271071, License Plate No.: CRYPT01
- 2022 Ferrari 812 GTS, VIN: ZFF97CMA1N0282701, License Plate No.: T588DG
- 2022 Ferrari Roma, VIN: ZFF98RNA9N0285442, License Plate No.: G581WH
- 2022 Maserati Levante Base, VIN: ZN661XUAXNX398544, License Plate No.: FLXN,
- 2021 Lamborghini Urus, VIN: ZPBUA1ZL4MLA12263, License Plate No.: FUNDING,
- 2018 Jeep Wrangler Unlimited Sahara, VIN: 1C4HJXEG2JW322085, License Plate No.: SUNNYY,
- 2017 Ferrari California T, VIN: ZFF77XJA7H0223644, License Plate No.: BARB1E,
- 2017 Ferrari 488 Spider, VIN: ZFF80AMA6H0225337, License Plate No.: 3RDW1FE
- 2020 Chevrolet Corvette Stingray 3LT, VIN: 1G1Y82D42L5101402, License Plate No.: F085YG,
- Toyota Sequoia SR5, VIN: 5TDBT44A82S097975, License Plate No.: L0KIN8R
- 2021 Cadillac XT5 Sport, VIN: 1GYKNGRS2MZ182688, License Plate No.: 7T1AV,
- 2019 Toyota Tacoma Double Cab, VIN: 3TMCZ5AN9KM224930, License Plate No.: U206VP
- 2016 Toyota Prius, VIN: JTDKARFU9G3011298, License Plate No.: 6D7KA,
- 2003 Dodge Ram 3500 ST, VIN: 3D7M48C13G836417, License Plate No.: T815GK,
- 1995 Dodge Ram 2500, VIN: 1B7KF26C5SS166512, License Plate No.: T545FT,
- 1994 Ford F150, VIN: 1FTEX14H7RKA80745, License Plate No.: U587UL
- 1991 Ford F150, VIN: 1FTEX15Y8MKA91566, License Plate No.: 0L0FG,
- 2014 Honda Accord EXL, VIN: 1HGCR3F81EA012369, License Plate No.: U173UW
- 2022 Cadillac Escalade Sport, VIN: 1GYS4FKL8NR205473, License Plate No.: 9U5KE
- 2022 Lamborghini Urus, VIN: ZPBUA1ZL6NLA17160, License Plate No.: 4R3JB,
- 2018 Polaris RZR XP 4 Turbo EPS, VIN: 3NSVFE921JF408319, License Plate No.: V67EC
- 2013 Ford F150 Supercrew, VIN: 1FTFW1ET2DFB09810, License Plate No.: F363JZ
- 2022 Chevrolet Corvette Stingray 3LT, VIN: 1G1YC3D44N5124607, License Plate No.: 4V2PD,
- 2022 Tesla Model X, VIN: 7SAXCBE65NF355434, License Plate No.: 2W2FJ,
- 2018 Land Rover Range Rover Sport SVR, VIN: SALWZ2SE4JA197456, License Plate No.: U104NS
- 2012 Toyota Tacoma V6, VIN: 3TMMU4FN6CM045879
- 2023 Mercedes Benz S Class, VIN: W1K6G7GB6PA207377, License Plate No.: ASA3MN,

- 2021 Cadillac Escalade ESV, VIN: 1GYS3NKLXMR228815, License Plate No.: PLA0WN,
- 2015 Mercedes Benz S Class, VIN: WDDUG8CB3FA171164, License Plate No.: RHA29B
- 2005 Mercedes Benz E Class, VIN: WDBUF76J65A752196, License Plate No.: MLMFAM
- 2018 Porsche 911 GT3, VIN: WP0AC2A91JS175996, License Plate No.: BKWLD2018
Porsche Macan GTS, VIN: WP1AG2A55JLB64882, License Plate No.: 0C2SH
- 2015 Porsche 911, VIN: WP0AC2A98FS183519, License Plate No.: CHP7449,
- 2017 Lexus RX 350 Base, VIN: 2T2BZMCVA1HC093747
- 2022 Ford F250 Super Duty, VIN: 1FT7W2BN3NEG10681, License Plate No.: DE65126
- Can-Am Outlander Max XT 850 ATV, VIN: 3JBLPAU41NJ002697, License Plate No.:
OH23155344,
- 2021 Porsche Taycan Cross Turismo, VIN: WP0BA2Y14MSA71102, License Plate No.:
P0R2CHE,
- 2020 Ford F150 Raptor, VIN: 1FTFW1RG9LFB08651, License Plate No.: 5R8BT

IX.

IT IS HEREBY FURTHER ORDERED that, except as otherwise ordered by this Court, an immediate freeze shall be placed on all monies and assets (with an allowance for necessary and reasonable living expenses to be granted only upon good cause shown by application to the Court with notice to and an opportunity for the Commission to be heard) in all accounts at any bank, financial institution or brokerage firm, or third-payment payment processor, all certificates of deposit, and other funds or assets, held in the name of, for the benefit of, or over which account authority is held by Defendants and Relief Defendants, including but not limited to the accounts listed below:

| BROKERAGE / BANK NAME | ACCOUNT NAME | ACCOUNT NUMBER (Last 4 Digits) |
|---------------------------------|-------------------------|---|
| America First Credit Union | Jason R. Anderson | 4066 |
| Stripe, Inc. | Jason Anderson | 1oAQ6 |
| USAA Federal Savings Bank | Jason R. Anderson | 2182 |
| Utah First Federal Credit Union | Jason R. Anderson | 5607 |
| Utah First Federal Credit Union | Jason R. Anderson | 2079 |
| Stripe, Inc. | Digital Licensing, Inc. | eYRbA |
| Mountain America Credit Union | Digital Licensing, Inc. | 2717 |
| Zions First National Bank | Digital Licensing, Inc. | 4702 |
| Zions First National Bank | Digital Licensing, Inc. | 2497 |
| America First Credit Union | Jacob Anderson | 4074 |
| American Express | Jacob Anderson | unknown |

| BROKERAGE / BANK NAME | ACCOUNT NAME | ACCOUNT NUMBER (Last 4 Digits) |
|-------------------------------|------------------------------------|---|
| Zions First National Bank | Schad E. Brannon | 6798 |
| Zions First National Bank | Roydon B. Nelson | multiple |
| Stripe, Inc. | iX Global, LLC | hSoclz |
| Bank of America | iX Global, LLC | 8643 |
| Bank of America | iX Global, LLC | 8630 |
| Bank of America | iX Global, LLC | 8656 |
| JP Morgan Chase Bank, NA | iX Global, LLC | 7087 |
| JP Morgan Chase Bank, NA | iX Global, LLC | 1712 |
| Metropolitan Commercial Bank | iX Global, LLC | 9883 |
| Mountain America Credit Union | iX Global, LLC | 0736 |
| JP Morgan Chase Bank, NA | Joseph Anthony Martinez | 3506 |
| JP Morgan Chase Bank, NA | Joseph Anthony Martinez | 7079 |
| JP Morgan Chase Bank, NA | Joseph Anthony Martinez | 7095 |
| JP Morgan Chase Bank, NA | Joseph Anthony Martinez | 7103 |
| JP Morgan Chase Bank, NA | Joseph Anthony Martinez | 9195 |
| JP Morgan Chase Bank, NA | Joseph Anthony Martinez | 5125 |
| JP Morgan Chase Bank, NA | Joseph Anthony Martinez | 6939 |
| Wells Fargo Bank, NA | Travis A. Flaherty | 8614 |
| JP Morgan Chase Bank, NA | Brendan Stangis | unknown |
| Utah First Credit Union | Matthew Dillon Fritzsche | 3970 |
| Utah First Credit Union | Business Funding Solutions, LLC | 5607 |
| America First Credit Union | Blox Lending, LLC | 2519 |
| Bank of America, N.A. | Blox Lending, LLC | 3814 |
| Bank of America, N.A. | Blox Lending, LLC | 1004 |
| Bank of America, N.A. | Blox Lending, LLC | 1020 |
| Washington Federal Bank | Blox Lending, LLC | 8442 |
| JP Morgan Chase Bank, NA | Calmfritz Holdings, LLC | 0639 |
| JP Morgan Chase Bank, NA | Calmfritz Holdings, LLC | 8115 |
| US Bank, NA | Calmfritz Holdings, LLC | 4054 |
| JP Morgan Chase Bank, NA | Calms & Co, Inc. | 2788 |
| JP Morgan Chase Bank, NA | Calms & Co, Inc. | 6549 |
| JP Morgan Chase Bank, NA | Calms & Co, Inc. | 8693 |
| Zions First National Bank | The Gold Collective LLC | 0053 |
| Zions First National Bank | The Gold Collective LLC | 3593 |
| Zions First National Bank | The Gold Collective LLC | 2273 |
| Zions First National Bank | The Gold Collective LLC | 3601 |
| Zions First National Bank | The Gold Collective LLC | 3585 |
| Bank of America, N.A. | UIU Holdings, LLC | 0882 |
| Washington Federal Bank | UIU Holdings, LLC | 0589 |

Any bank, financial institution or brokerage firm, or third-party payment processor holding such monies or assets described above shall hold and retain within their control and prohibit the withdrawal, removal, transfer or other disposal of any such funds or other assets except as otherwise ordered by this Court.

X.

IT IS HEREBY FURTHER ORDERED that Defendants, within five days of the issuance of this Order, shall prepare and deliver to the Commission a detailed and complete schedule of all of their assets, including: all real and personal property exceeding \$5,000 in value, and all bank, securities, and other accounts identified by institution, branch address and account number, and all digital assets, digital currencies, virtual currencies, digital tokens, cryptocurrencies, digital wallets, or other tangible, intangible, or digital funds or assets, wherever located. The accountings shall include a description of the sources of all such assets. Such accounting shall be simultaneously filed with the Court and a copy shall be delivered to the Commission to the attention of Michael E. Welsh and Casey R. Fronk, counsel for the Commission, by electronic mail at welshmi@sec.gov and fronkc@sec.gov. After completion of the accounting, each of the Defendants shall produce to the Commission, at a time agreeable to the Commission, all books, records and other documents supporting or underlying their accounting.

XI.

IT IS HEREBY FURTHER ORDERED that any person who receives actual notice of this Order by personal service or otherwise, and who holds, possesses or controls assets exceeding \$5,000 (or equaling \$5000 in equivalent value) for the account or benefit of any one of the Defendants, including any digital assets, digital currencies, virtual currencies, digital tokens, cryptocurrencies, digital wallets, or other tangible, intangible, or digital assets, wherever located, including any such assets held in any safe deposit box, shall within 5 days of receiving actual notice of this Order provide counsel for the Commission with a written statement identifying all such assets, the value of such assets, or best approximation thereof, and any account numbers or account names in which the assets are held.

XII.

IT IS HEREBY FURTHER ORDERED that, except as otherwise ordered by this Court, each of the Defendants, and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are temporarily restrained and enjoined from, directly or indirectly: destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, any documents, which includes all books, records, computer programs, computer files, computer printouts, contracts, emails, correspondence, memoranda, brochures, or any other documents of any kind in their possession, custody or control, however created, produced, or stored (manually, mechanically, electronically, or otherwise), and any accounts, account passwords, computer passwords, device PINs and passwords, cryptographic keys, or digital wallets, pertaining in any manner to Defendants or to the allegations alleged in the Commission's complaint.

XIII.

IT IS HEREBY FURTHER ORDERED that the Commission's application for expedited discovery concerning Defendants and their assets and activities is granted and that, commencing with the time and date of this Order, in lieu of the time periods, notice provisions, and other requirements of Rules 26, 30, 33, 34, 36, and 45 of the Federal Rules of Civil Procedure and the corresponding Local Rules of this Court, expedited discovery shall proceed as follows until the Court's preliminary injunction hearing:

- A. All written discovery requests pursuant to Rules 33, 34, and 36 shall be responded to within 5 (five) days of service.
- B. Pursuant to Rule 45 and the applicable provisions in the Securities Act and Exchange Act, each party may serve subpoenas to third parties; and those subpoenas shall be responded to within 5 (five) days of service; and
- C. All discovery requests and responses may be served via email, facsimile, or by hand on counsel for the parties.

XIV.

IT IS HEREBY FURTHER ORDERED that the representatives of the Commission and any other government agency are authorized to have continuing access to inspect or copy any or all of the corporate books and records and other documents of Defendants and their subsidiaries and affiliates, and continuing access to inspect their funds, property, assets and collateral, wherever located.

XV.

IT IS HEREBY FURTHER ORDERED that Defendants and Relief Defendants, and each of their officers, agents, servants, employees and attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, including via facsimile or email transmission, or overnight delivery service, and each of them, shall, within 5 (five) days of receiving actual notice of this Order, take such steps as are necessary to repatriate and deposit into the registry of the Court in an interest bearing account, any and all funds or assets that presently may be located outside the United States that were obtained directly or indirectly from the offer, sale, or solicitation of DEBT Box node licenses and/or cryptocurrency assets, or FAIR Project node licensees and/or cryptocurrency assets as described in the Commission's Complaint.

XVI.

IT IS FURTHER ORDERED that this Temporary Restraining Order shall expire at _____ on _____, 2023 unless for good cause shown it is extended or the parties against whom it is directed consent that it may be extended for a longer period.

XVII.

IT IS FURTHER ORDERED that at _____ on _____, 2023, or as soon thereafter as the parties may be heard, the Defendants, and each of them, shall appear before the Honorable _____, Judge of the United States District Court of Utah, to show cause, if there be any, why a preliminary injunction should not be granted. Any declarations, affidavits, points and authorities, or other submissions in support of, or in opposition to, the issuance of such an Order shall be filed with the Court and emailed to the

Commission to the attention of Michael E. Welsh and Casey R. Fronk, counsel for the Commission, by electronic mail at welshmi@sec.gov and fronkc@sec.gov, and to the offices of the Defendants or their attorneys, no later than _____, on _____, 2023. Any reply papers shall be filed with the Court and delivered to opposing counsel no later than _____, on _____, 2023.

XVIII.

IT IS HEREBY FURTHER ORDERED that this Court shall retain jurisdiction over this action for the purpose of implementing and carrying out the terms of all orders and decrees which may be entered herein and to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

IT IS SO ORDERED.

Dated: _____

UNITED STATES DISTRICT JUDGE

Presented by:
Michael E. Welsh
Casey R. Fronk
Attorneys for Plaintiff
Securities and Exchange Commission

Michael E. Welsh (Massachusetts Bar No. 693537)
welshmi@sec.gov
Casey R. Fronk (Illinois Bar No. 6296535)
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Attorneys for Plaintiff
Securities and Exchange Commission
351 South West Temple, Suite 6.100
Salt Lake City, Utah 84101
Tel: (801) 524-5796

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, NORTHERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DIGITAL LICENSING INC. (d/b/a “DEBT Box”), a Wyoming corporation; JASON R. ANDERSON, an individual; JACOB S. ANDERSON, an individual; SCHAD E. BRANNON, an individual; ROYDON B. NELSON, an individual; JAMES E. FRANKLIN, an individual; WESTERN OIL EXPLORATION COMPANY, INC., a Nevada corporation; RYAN BOWEN, an individual; IX GLOBAL, LLC, a Utah limited liability company; JOSEPH A. MARTINEZ, an individual; BENJAMIN F. DANIELS, an individual; MARK W. SCHULER, an individual; B & B INVESTMENT GROUP, LLC (d/b/a “CORE 1 CRYPTO”), a Utah limited liability company; TRAVIS A. FLAHERTY, an individual; ALTON O. PARKER, an individual; BW HOLDINGS, LLC (d/b/a the “FAIR PROJECT”), a Utah limited liability company; BRENDAN J. STANGIS, an individual; and MATTHEW D. FRITZSCHE, an individual;

Defendants,

Case No.:

DECLARATION OF JOSEPH D. WATKINS IN SUPPORT OF PLAINTIFF SECURITIES AND EXCHANGE COMMISSION’S *EX PARTE* APPLICATION FOR ENTRY OF TEMPORARY RESTRAINING ORDER AND ORDERS: (1) FREEZING ASSETS; (2) REQUIRING ACCOUNTINGS; (3) PROHIBITING THE DESTRUCTION OF DOCUMENTS; (4) GRANTING EXPEDITED DISCOVERY; (5) REPATRIATING ASSETS; AND (6) ORDER TO SHOW CAUSE RE PRELIMINARY INJUNCTION

ARCHER DRILLING, LLC, a Wyoming limited liability company; BUSINESS FUNDING SOLUTIONS, LLC, a Utah limited liability company; BLOX LENDING, LLC, a Utah limited liability company; CALMFRTZ HOLDING, LLC, a Utah limited liability company; CALMES & CO, INC., a Utah corporation; FLAHERTY ENTERPRISES, LLC, an Arizona limited liability company; IX VENTURES FZCO, a United Arab Emirates company; PURDY OIL, LLC, a Nebraska limited liability company; THE GOLD COLLECTIVE LLC, a Utah limited liability company; and UIU HOLDINGS, LLC, a Delaware limited liability company,

Relief Defendants.

I, Joseph D. Watkins, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over twenty-one years of age and am a resident of the State of Utah.
2. I make this declaration in support of the United States Securities and Exchange Commission's ("Commission's") *Ex Parte* Application for Entry of Temporary Restraining Order and Orders (1) Freezing Assets; (2) Requiring Accountings; (3) Prohibiting the Destruction of Documents; (4) Granting Expedited Discovery; (5) Repatriating Assets; and (6) Order to Show Cause re Preliminary Injunction.
3. I have personal knowledge of the matters set forth herein, except as otherwise noted, and, if called as a witness, I could and would competently testify under oath to the facts stated herein.
4. I am presently employed as a Staff Attorney within the Division of Enforcement in the Commission's Salt Lake Regional Office, located at 351 South West Temple, Suite 6.100, Salt Lake City, Utah, 84101. I have been employed as an attorney with the Commission since January

2023. My duties as a Staff Attorney in the Commission's Division of Enforcement include participating in fact-finding inquiries and investigations to determine whether the federal securities laws have been, are presently being, or are about to be violated, and assisting, as requested, in the Commission's litigation of securities laws violations.

5. As part of my duties, I was assigned to the Commission's investigation entitled *In the Matter of Digital Licensing, Inc.* (SL-02891) ("Investigation"). I learned the information set forth in this declaration from my personal knowledge and experience and information and documents I reviewed in the course of the Investigation, including: bank records, witness interviews, and testimony that I or other members of the investigative team conducted, witness and investor declarations that I or other members of the investigative team obtained, websites and social media sites that I understand are controlled by various Defendants and Relief Defendants, and other information provided to me by other Commission staff.

6. I have redacted or directed the redaction of all documents attached to this declaration where necessary to protect the privacy of investors and confidential sources.

**The Commission's Investigation Regarding Defendants' Websites,
Social Media Posts, and Promotional Materials**

Defendants' Websites

7. In the course of the Commission's Investigation, I visited the primary website of Defendant DEBT Box, which contains information regarding the purchase of DEBT Box node software licenses: <http://thedebtbox.com> (last visited July 24, 2023) (herein, the "DEBT Box Website"). The website contains marketing materials stating that DEBT began offering to sell node licenses as early as March 2021 and continuing through the present. A true and correct copy of a web capture of this website is attached hereto as **Exhibit 1**.

8. In the course of the Commission’s Investigation, I visited the “Projects” webpage of the DEBT Box Website, at <https://www.thedebtbox.com/projects> (last visited July 24, 2023). That webpage contains links to marketing materials for each of the eleven DEBT Box “tokens,” which DEBT Box refers to as “LITE PAPERS.” True and correct copies of the eleven DEBT Box “LITE PAPERS,” as of July 24, 2023, are attached hereto as **Exhibits 2–12**. These marketing materials state, among other things, that “DEBT Box digital currency projects are linked to real-world commodities” and that “[t]hese real world commodity production projects benefit from Digital Licensing Incorporated’s financial support, technologies, and operational assistance.” In addition, the LITE PAPERS make the following representations:

- a. The XPLR LITE PAPER states that DEBT Box has access to “advanced proprietary remote sensing and satellite imagery technology” to reduce the costs incurred by its partners from the “exploration, extraction, refining and/or production processes of raw commodities.”
- b. The BEV LITE PAPER states that “[a] recent multi-million dollar contract has been awarded to our partner, providing distribution services to retailers such as: 7-11, Aldis, Food Lion, Sam’s Club and more. Royalties received will be used to buy BEV Project token out of the market to be burned.”
- c. The BLGD LITE PAPER states that DEBT Box “has engaged in supporting the drilling of multiple wells on two, permitted and licensed to operate, oil fields. The first oil field is in Nevada on Bureau of Land Management land. The second oil field is in Nebraska on private land.”

9. In the course of the Commission’s Investigation, I visited Defendant iX Global’s primary website, which contains information regarding the purchase of DEBT Box node software

license: <https://ixglobal.us/> (last visited July 24, 2023) (herein, the “iX Global Website”). I also visited a webpage on the iX Global Website containing schedules of fees regarding the purchase of DEBT Box node software licenses: <https://ixglobal.us/#pricing> (last visited July 24, 2023). A true and correct copy of a web capture of this webpage is attached hereto as **Exhibit 13**. According to this webpage, to purchase a DEBT Box node software license, an investor must sign up for an account with Defendant iX Global and pay a \$145 initiation fee.

10. In the course of the Commission’s Investigation, I also visited a webpage on the iX Global Website entitled “Become an Ambassador,” at <https://ixglobal.us/ambassadors-1/> (last visited July 24, 2023). A true and correct copy of a web capture of this webpage is attached hereto as **Exhibit 14**. According to this webpage, an iX Global “Ambassador” can earn “recurring commissions,” and “[r]eceive a 30% commission each month from every customer you refer.”

11. In the course of the Commission’s Investigation, and in my review of DEBT Box’s website and iX Global’s website, I was not able to locate any mechanism by which investors who purchased DEBT Box node software licenses were required to affirm their status as accredited investors. In addition, I was not able to locate any mechanism by which investors who purchased DEBT Box node software licenses could be verified as accredited investors.

12. On or around March 15, 2023, I visited a website that appeared to have been created by iX Global, containing information regarding the purchase of DEBT Box node software license, at <https://xnodes.org> (last visited March 15, 2023) (herein, the “X-Nodes Website”). I recall that marketing materials on the site, in the form of a video, stated that DEBT Box had partnerships with “independent companies with successful track records and decades of experience” in their respective commodity production industry. In addition, I recall that the X-Nodes Website contained statements that “DEBT Box projects are backed by hard assets and ONGOING royalty

revenue;” that there are “12 NEW projects in the pipeline to commence in 2023;” and that the “BGLD” project is “the DEBT ecosystem project that is linked to the physical production and sale of crude oil.” On or about July 24, 2023, I attempted to visit the X-Nodes Website again to obtain a web capture for purposes of this declaration. I was unable to access the site, which appears to have been taken down.

13. In the course of the Commission’s Investigation, I also visited a webpage on the X-Nodes Website containing iX Global’s “Global Membership Guide” for the purchase of DEBT Box node software licenses: <https://xnodes.org/ix-global-membership-guide/> (last visited March 15, 2023). According to this webpage, once an investor has signed up for an account with Defendant iX Global and paid a \$145 initiation fee, that investor may purchase DEBT Box node software licenses for prices ranging from \$1,000 to \$12,000 per license.

14. In the course of the Commission’s Investigation, I also visited Defendant Digital Licensing Inc.’s (“DEBT Box’s”) Medium website at <https://medium.com/@TheDebtBox> (last visited July 24, 2023) (herein, the “DEBT Box Medium Website”). True and correct copies of the articles published on the DEBT Box Medium Website as of July 24, 2023 are attached hereto as **Exhibits 15–26**.

15. The articles published on the DEBT Box Medium Website purport to contain information regarding Defendant Digital Licensing Inc.’s (“DEBT Box’s”) node software licenses. Among other things, the materials published on this website state that “the project is based on a synthetic Proof of Work consensus mechanism, and strives for a sustainable and green future with rational use of natural resources. The DEBT Box has been doing this from the beginning, ahead of Binance who is now switching to cloud mining.” These materials also state:

- a. “The DEBT Box offers software mining licenses that require far less energy than hardware mining rigs;”
- b. “The circulation of all our tokens is strictly limited: no excessive mining = no carbon footprint;”
- c. “We care about responsible use of natural resources such as oil, natural gas, aluminum and gold. That’s why we decided to tokenize mining of these commodities — to prevent surplus and illegal production.”
- d. “The D.E.B.T. Council has partnered with Digital Licensing, Inc. (DLI) to select independent oil exploration and production companies with successful track records and decades of experience. So far, DLI has engaged in supporting the drilling of multiple oil wells on two licensed areas in North America, as well as in Ghana, West Africa.”

16. In the course of the Commission’s Investigation, I also visited the following website containing information and marketing materials regarding the purchase of DEBT Box node software licenses: <http://www.bnb.approzo.com/> (last visited July 24, 2023) (herein, the “DEBT Box Marketing Site”). The DEBT Box Marketing Site, among other things, makes the following representations:

- a. “After coming across the scanning technology” that has been shared with investors in videos, Jason and Jake Anderson “knew they were onto something special. Combining their experiences in all niches they managed to do a deal with Western Mining. After finding them endless amounts of oil thanks to the scanning technology a 5% revenue deal was agreed to and DEBT Box was launched.”

- b. DEBT Box “started selling their Nodes to their data base of Accredited investors from their days of managing Hedge Funds. It was a popular project and the value of the BLG tokens increased at a rapid pace, creating many millionaires. Soon after, projects such as NATG, DLG, ALUM and XPLR were launched. The question then became ‘How do we get this message, these projects, this amazing opportunity out to the masses?’”
- c. DEBT Box “shook hands with the network marketing company IX Global. IX global was formed in 2020 with niched digital products. The DEBT Box projects were a perfect add on to what IX Global were doing and it was a great solution to help DEBT get the word out about digital currency backed by physical assets. Today they are still stand-alone companies but work in well together.”
- d. “The world of Crypto mining and Node ownership is now available to the everyday average person, not just wealthy accredited investors or Entrepreneurs with millions to spare in order to set up a mining operation. You can now be a Node owner and mine your own digital currency from the comfort of your own home on laptop or phone at very affordable prices. Once purchased there is nothing more you need to do except sit back and watch the daily rewards come in and then just cash out whenever you feel it is the right time.”

Defendants’ YouTube Videos

17. In the course of the Commission’s Investigation, I watched a video posted to Defendant iX Global’s YouTube channel on or about May 6, 2022, at <https://www.youtube.com/watch?v=0f0ov-dihB8> (last visited July 24, 2023), entitled “X-Node Training:

Crypto Meets Commodities.” In that video, Defendant Joseph Martinez states that “Using black gold project revenue as an example, the oil royalties that are produced by Western Oil in the Nevada site are 3.5[%], in the Nebraska site are 20[%]. The percentage is going to be dependent on how big of the reserves are in ground and how much money the DEBT Box team put into the project. Okay, so people might ask you why is in Nebraska are they getting 20% and in Nevada they're only getting 3.5%? Well Nevada was a site that we came into, when I say we, Debt Box came into. It has 400 million barrels in reserve uh and they didn't need that much capital. Okay, great so they got they negotiated 3.5 of 400 million barrels. In Nebraska, which the site has 50 million barrels, so it's a smaller reserve. Still big, smaller reserve we have a bigger percentage because they needed more capital and it's based on a smaller project.”

18. In the course of the Commission’s Investigation, I watched a video posted to Defendant Travis Flaherty’s YouTube channel on or about July 14, 2022 at <https://www.youtube.com/watch?v=hrVPN7dihlY> (last visited July 24, 2023) entitled “Exclusive Interview with The DEBT Box Founder, Jason Anderson.”

- a. In that video, Defendant Jason Anderson states, among other things, “In oil for instance just from the months of January through the last day of March \$34.7 million dollars is brought into the ecosystem. We've actually burned that and announced it in April. We do it every quarter, we don't announce what's being bought because there could be market manipulation obviously.”
- b. In the video Jason Anderson also states that in addition to sharing in the profits of its various commodities production projects, DEBT Box would undertake efforts to develop the DEBT Box ecosystem, and “increase the value” of the DEBT Box crypto assets “for all license and token holders.” Jason Anderson

also states, “It's not about one token, it's not about one project it's about getting into an ecosystem that prides itself on bringing good solid quality projects.”

Jason Anderson also states that “as I grow, I want to make sure we are building out an ecosystem that is for the community it's not about a one person holding the tokens.”

- c. In addition, Jason Anderson states that DEBT Box’s proprietary satellite technology “allows them to see vibrations and different frequencies to “basically ... identify the silver, palladium, gold and other elements. It does it by satellite. It costs a lot of money to rent satellites, it costs a lot of money to do the scans, but at the end of the day we've been able to time and time again get to the underlying assets with such accuracy and provability that we physically are licensed with the Ghanaian government right now. We are opening up a couple other countries for that technology and for that we get x amount of royalties of the rare earths that are coming out which then obviously get put into circulation then ends up being tokenized and put on the DEBT platform.” Jason Anderson also states that “it's actually how to read it and how to decipher it to a point where it was accurate enough that you can physically pop two to three tries and hit the dome in oil and gas. That's one of the largest problems. I'm not saying we're 100 percent accurate, you're going to hit the first time but I can get you within six feet and we're gonna find it.”
- d. In the video, Jason Anderson also states, “[T]here are no tokens day one that are in the ecosystem until everything is mining and going.”

19. In the course of the Commission’s Investigation, I watched a YouTube video posted to the Michael Tharp EDU channel on or about August 3, 2022 at <https://www.youtube.com/watch?v=Omgno10Wi9A> (last visited July 24, 2023) entitled “LEAKED AUDIO WITH DEBT BOX FOUNDERS Jason & Jake Anderson.” In this video, Defendant Jason Anderson, speaking to potential DEBT Box investors, states, “All of the exploratory companies that we are physically partnering with, these are royalties. Okay? That's the easiest way to explain it. It's just royalties. Doesn't matter what project we're in, it's royalties. Those royalties are as big as we could possibly make them.” In addition, in the video Defendant Jacob Anderson states “Some projects we have [a] 20 percent royalty. Some projects it's 2 percent.” Jason Anderson then states, “If they're a larger exploratory company, they have a long track record, we get less of a royalty.” In addition, in the video, Jason Anderson states, “If we have one of these [partnerships with oil companies,] still profitable. We have three of them, it's more profitable. We have hundreds of them, it's exponential. We're seven months in, we have three oil companies we're currently partner with [and] I'm heavily involved with.”

20. In the course of the Commission’s Investigation, I watched a video posted to Defendant Travis Flaherty’s YouTube channel on or about August 4, 2022 at: <https://www.youtube.com/watch?v=UNbYjuleng0> (last visited July 24, 2023).

- a. In the video’s description, Defendant Travis Flaherty states: “Yesterday, I had the privilege of traveling to our Nebraska Mining Site to tour the operation and to meet with the Debt box founders. Also in attendance, was iX founder, Joseph Martinez and several other iX leaders. . . . One of the highlights, from this trip, was listening to Debt's Geo Specialist speak about our SCAN technology. The proprietary SCAN technology is what makes this all possible.”

- b. In addition, in the video, Defendant James Franklin states “[you’ve] heard of an MRI before probably, perhaps they had one, they put you in a very large electromagnet and you lay in there and they energize that magnet and what that magnet does is it’s reading your body it binds bone it finds metal it finds everything. . . . [W]e triangulate that with other satellites to figure out exactly where it’s at . . . So, MRIs are identical to the technology.” Franklin also states that at DEBT Box’s Nevada oil well site, “we are literally 1400 feet from an oil pool that is 100 billion barrels in size in Nevada.”

21. In the course of the Commission’s Investigation, I watched a YouTube video posted to the Ricardo Hamilton channel on or about August 3, 2022 at <https://www.youtube.com/watch?v=RA43QghFvHA> (last visited July 24, 2023) entitled “Debt Box CEO explains how they use #rainwater #brewery #cryptocurrency #beverage.” In the video, Defendant Jason Anderson states “We are the second facility for Richard Rainwater in the world. The first only did four cases a day of product until last year when they hit \$120 million.... This facility brought them from \$22 a month in revenue to over \$12 million a month in revenue.”

22. In the course of the Commission’s Investigation, I watched a video posted to Defendant iX Global, LLC’s (“iX Global’s”) YouTube channel, posted on or about August 13, 2022 and located at <https://www.youtube.com/watch?v=zQROTHLZyG8> (last visited July 24, 2023). In the video’s description, iX Global states: “X-Node is an innovative revolutionary decentralized blockchain ecosystem with crypto and crypto mining backed by gold, oil, gas, platinum, agriculture, aluminum, and more that provides a simple way for people to participate in commodity-backed crypto. This blockchain service provides an opportunity for our members to earn daily rewards through crypto mining backed by real assets and real world projects. Using the

DEBT Exclusive Software, you can turn your computer or laptop into a portfolio of Blockchain miners.” In that video, Defendant Jacob Anderson also states, “our tokens are all supported by commodities and or digitally linked to the commodity itself, in the case of gold silver and palladium. But with oil it's backed by the projects.”

23. In the course of the Commission’s Investigation, I watched a video posted to Defendant Travis Flaherty’s YouTube channel on or about August 27, 2022 at <https://www.youtube.com/watch?v=TMsXc-Zqmuo&t=190s> (last visited July 24, 2023). In the video, Jake Anderson states “As you can see here, we are in Nebraska drilling for oil, and we’ve got some pretty sizable deposits here. We’re very excited that we hit our first payload and we’re going for our second one. And all of the revenues that come off of this, they go into BGLD.”

24. In the course of the Commission’s Investigation, I watched a video posted to Defendant Travis Flaherty’s YouTube channel on or about November 14, 2022 at: <https://www.youtube.com/watch?v=AbI8fsPfw5E> (last visited July 24, 2023), entitled “The Debtbox Uses ScanTechnology to Find Oil, Natural Gas, Oil, and other elements in Africa (Part 2).” In the video, Defendant Schad Brannon, while showing a visual on his computer screen, states “this green area is a shallower pool [of oil] and the orange area is the deeper pool. We drilled this hole down to a depth of 10,000 feet ... our guys did that. We did. We actually own four drill rigs in the US.” In addition, in this video, Brannon states that DEBT Box applied to the Ghanaian government for permission to drill oil and was granted that right. He states, “we applied to the petroleum commission and we were granted, our local content partner, which granted the first uh on exploration license onshore and Ghanaian history.” Brannon then states that DEBT Box has found “crude oil.”

25. In the course of the Commission's Investigation, I watched a video posted to the X-Nodes Community YouTube channel on or about January 19, 2023, at <https://www.youtube.com/watch?v=pHObgf36c-U> (last visited July 24, 2023) entitled "iX Global X-Node Summit AMA 2023." In this video, Defendants Jason Anderson, Jacob Anderson, Royden Nelson, and Schadd Brannon are videotaped on stage in front of what appears to be hundreds of investors.

- a. In the video, Jacob Anderson states that "BLGD is one that we have been getting revenues from for quite some time." In the video, Jason Anderson states that "We have over 200 wells currently right now in underwriting in some sort of acquisition of royalties that is going to be a pivotal moment of this whole ecosystem because you're going to see two token projects absolutely explode what's nice is I don't really care if you have a dinghy or a yacht, the tide is going up and everybody can come along for the ride and that is one of the things we are trying to be as most transparent with as possible and that's why we publish everything and that's why every single purchase goes over pancake swap so you can actually look at it you don't have to take my word for it."
- b. In the video, Jason Anderson also states, in response an investor, "There are several people in this room that got involved with us a year ago, a little over a year ago, we've created roughly 10,000 new millionaires in the United States." Jason Anderson also states, "The 10,000 new millionaires are what we needed ... to get the underlying projects uplifted and, so that's what gets the tens of thousands of jobs around the world created in developing nations so that's really the mission." Jason Anderson also states, "For us, it's all about uplifting the

people we are serving in those countries. We go in, when we mine, we drill for oil, and I say this we because we have the ability to find it and they come in with tech, with the drills and the mining and we tell them where it is.”

- c. The video also contains a caption, which states, in part: “iX Global partnered up with The DEBT Box and launched Black Gold BGLD Oil Nodes back in Nov. 2021. Rewards have thus yielded 70-80K % to this date (11-22) and over 100 millionaires have been created!”

26. In the course of the Commission’s Investigation, I watched a YouTube video posted on or about January 19, 2023 at <https://www.youtube.com/watch?app=desktop&v=RQT-EBsNvZY> (last visited July 24, 2023). In that video, Defendant Travis Flaherty states: “It all starts with our scan technology. We have the ability to utilize satellites. We have the ability to be able to read the frequency of these different elements that are in the periodic table and we can pinpoint these elements to within certain areas. But then it’s our proprietary algorithms that we’ve perfected over the last five years that allow us to now pinpoint gold, for example, or aluminum or silver, or natural gas within six centimeters in the ground.”

27. In the course of the Commission’s Investigation, I watched a video posted to the “Queen Wealth Wave” YouTube channel on or about July 11, 2023, at <https://www.youtube.com/watch?v=GpOQZIHKCiY> (last visited July 24, 2023) entitled “New D.E.B.T Box NATG and NGLD Visual Updates.” In that video, Defendant Jake Anderson states, among other things, that “we’re a royalty company. Our job is to constantly expand that royalty that contributes to the tokenomics on the digital side of things. A lot of people don’t understand all of the work that goes in to the behind-the-scenes projects.” Later in that video, Defendant Royod Nelson states “we are getting ready to deliver oil to Conoco.” Later in the video, Defendant Royod Nelson points to a

map, which he states reflect “freshly drilled wells that have produced free-flowing 100 barrels a day for over three months and they’ll finally peter out in the long run of about 50 barrels a day and so the oil is thick in this area, it’s phenomenal.”

- a. In the course of the Commission’s Investigation, I also watched a video posted to the iX Global YouTube channel on or about June 14, 2023, at <https://www.youtube.com/watch?v=GpOQZIHKCiY> (last visited July 25, 2023) entitled “The Future of DEBT & L1 Blockchain.” In that video, Defendant Jake Anderson states “one of the things that we have done is we have moved all of the operations currently to Abu Dhabi.” Later in the video, Jake Anderson states “our partnership with the royal family is that they actually gave us the entire fifth floor of one of their financial towers in downtown Abu Dhabi, so we’re going to be moving everything over there.”

Defendant DEBT Box’s Twitter Account

28. In the course of the Commission’s Investigation, I visited Defendant DEBT Box’s Twitter account at <https://twitter.com/TheDebtBox> (last visited July 24, 2023). True and correct copies of various screenshots of “tweets” from the DEBT Box Twitter account are attached hereto as **Exhibit 26**. Among other things, these tweets include statements that “#Commodity-generated royalties are one of the key areas that maintain value of D.E.B.T.’s #token projects,” that “Royalties from commodity, beverage & real estate projects are converted to #tokens, and then burned to create digital value,” and that “[a] token projects in the D.E.B.T. ecosystem are backed by royalties coming from various industries, such as: Commodities (#BLGD, #NATG, #ALUM), Agriculture (#GROW), Satellite exploration (#XPLR), Real estate industry (#BLOX), Beverage distribution (#BEV), Water industry (#DRIP).”

Defendants' Other Social Media Posts

29. In the course of the Commission's Investigation, I visited Defendant Joseph Martinez's Instagram page at <https://www.instagram.com/p/CuuOYe0Mbv3/> (last visited July 24, 2023) and viewed a video posted to that page on or about July 15, 2023 containing the caption "A decentralized chain via Nodes without the possibility of a rug pull." In that Instagram video, Defendant Jason Anderson states, amongst other things, "[e]verybody wants to know where the heck all this license money goes. It's also the most expensive project I've ever thought about in my life. But it is something that will continue to grow and expedite out into the world. This puts everything completely decentralized."

30. In the course of the Commission's Investigation, I also visited Defendant Joseph Martinez's Instagram page at https://www.instagram.com/p/CuzX_hqOwFX/?hl=en (last visited July 24, 2023) and viewed a video posted to that page on or about July 17, 2023. In that video, Defendant Schad Brannon is recorded telling a group of investors that DEBT Box focused on projects related to tangible commodities because "we knew that value would be created with something that you could touch and hold in your hand." Brannon continues by telling investors that "the blockchain is allowing this to be distributed all over the world. . . . this is what we are doing here. We're taking these advantages and we are moving them to the four corners of the earth."

31. In the course of the Commission's Investigation, I also visited Defendant Joseph Martinez's Instagram page at <https://www.instagram.com/p/CrkBlcGgRlZ/?hl=en> (last visited July 24, 2023) and viewed a video posted to that page on or about April 27, 2023. In that video, Defendant Jason Anderson states "BEV's current distribution center pushes around 16 million products every single month. That 16 million products that go to shore shelves. That's 16 million

products that, over the course of this year, will have a QR code placed on every single package on the label that you can scan that will bring you to the BEV ecosystem. How great will it be to pick up a product at your 7-11, your local gas station, your local grocery store and say ‘I got paid on that.’ This is what BEV is... [BEV] allowed us to save around 27 cents to the average startup company, and we get a nickel. That nickel is burned into the royalty, and that royalty is sent to everyone’s wallet that has a BEV license.”

32. In the course of the Commission’s Investigation, I also visited Defendant Joseph Martinez’s Facebook page at <https://www.facebook.com/reel/552299643619135> (last visited July 24, 2023) and viewed a video posted to that page on or about January 16, 2023. In that video, Defendant Joseph Martinez states “At iX, we are always talking about transformations. DEBT Box and xNodes has transformed our company into something great. And about three months ago, I bought myself a little present.” The video proceeds to show a Defendant Joseph Martinez next to his recently-purchased Lamborghini Urus.

**The Commission’s Investigation Regarding Defendants’
Other Communications to Investors**

33. In the course of the Commission’s Investigation, I read an October 3, 2022 article entitled “iX Global Achieves \$100 Million 2022 Sales Goal Over 3 Months Early” and located at: <https://www.businessforhome.org/2022/10/ix-global-achieves-100-million-2022-sales-goal-over-3-months-early/>. A true and correct copy of the article is attached hereto at **Exhibit 27**. In the article, Joseph Martinez states “at the beginning of this year we set out on a journey together, and we called this journey the Road to \$100 Million. As of September 21st we knocked down that goal of one hundred million dollars in revenue.”

34. Attached hereto as **Exhibit 28** is a true and correct copy of iX Global promotional materials. The promotional materials state: “Western Oil Exploration Company is developing the

Scott lease in the Great Basin of Nevada. We are beginning a vertical drilling program with two wells which have the potential to recover +5,000 BO per day and + 20Mmbo per well.” Additionally, one of the XPLR slides in the presentation claim that “DEBT Box satellite tech partners in the new” and contains a picture of Fleet Space’s team in Australia and included photos from Fleet Spaces promotional materials.

35. Attached hereto as **Exhibit 29** is a true and correct copies of a January 20, 2023 message and February 10, 2023 sent by DEBT Box to investors via DEBT Box’s app. In the January 20, 2023 message, DEBT Box states: “On January 19, 2022, BGLD completed another burn from acquired tokens, with 912,600,000 BDLB burn wallet... Value derived from: 912,600,000 tokens X \$0.006 per token = \$5,475,600.00 USD value.” In the February 10, 2023 message, DEBT Box states: “We are very disappointed to announce after our partner worked for months to build the relationship with Fleet to support the XPLR project, the agreements in place have been terminated.”

The Commission’s Investigation Regarding the FAIR Project

36. On or around April, 2023, I visited the following website containing information regarding the purchase of FAIR Project node software license; <https://www.thefairproject.ai/> (last visited July 24, 2023). According to the website, “FAIR” stands for “The Future of Artificial Intelligence Realized.” Marketing materials on the site touted to investors that the FAIR Project “presents a comprehensive solution - a Patent-Pending decentralized computing network powered by everyday devices (Nodes), ensuring data security, and drastically reducing the cost of A.I. integration in healthcare.” The website also states that the FAIR Project is currently offering or preparing to offer node software licenses for 10 additional crypto assets.

37. The FAIR Project website described in paragraph 36 also contains links to marketing materials for the FAIR Project “tokens,” which DEBT Box refers to as “LITE PAPERS.” Attached hereto as **Exhibit 30** is a true and correct copy of the RXT Lite Paper.

38. The FAIR Project website described in paragraph 36 provides the following description for RXT: “Rx-Token (pharma token) is tied to pre-market pharmaceuticals. The FAIR Project has partnered with incredible teams who have developed and deployed well known pharmaceuticals such as Mucinex, Cardizem, Phoslo and Nicorette. Together we can tokenize the process of innovating amazing new medications to improve quality of life.” Under the heading “How to Earn RXT,” The FAIR Project website lists includes the following three steps:

- a. “Create a FAIR Account: Create a FAIR account at app.thefairproject.ai in just a few steps with just an email. Get your account authenticated with Google AUTH or AUTHY, and you'll be ready to purchase a license in no time”
- b. “Purchase Licenses: Become a part of the RXT network by purchasing RXT software mining licenses and take advantage of the pre-market pharmaceutical industry.”
- c. “Earn Tokens: Check your dashboard to see the tokens earned each day. Each mining cycle is 24 hours. You will be rewarded a specific amount of tokens each mining cycle.”

39. In the course of the Commission’s Investigation, I watched a YouTube video posted on July 19, 2023 at <https://www.youtube.com/watch?v=oLEZ4gh0owU> (last visited July 23, 2023) entitled “FAIR Project Intro Call – July 18, 2023.” In that video, Defendant Benjamin Daniels states: “We wanted to introduce you to the FAIR Project and our first node project, the RXT token.” Later in the video, Defendant Daniels states: “Dr. Buck started the FAIR Project, and I’ve

known him for quite some time. We've all been members of, you know involved in, the DEBT Box for quite some time...[W]e are very excited to be a partnering with IX Global and DEBT box to be the first L2 project brought in. You know Billy [Schuler] and myself joined IX two months into their relationship with DEBT Box. We've been a big part of that team. So we are excited to have the FAIR Project and RXT be one of the new projects they'll be bringing, so we should see these [FAIR Project node licenses] on the IX platform."

**Information and Documents Provided by Investors and
Other Third Party Sources**

Declaration and documents provided by Fleet Space CEO Flavia Tata Nardini.

40. Attached hereto as **Exhibit 31** is a true and correct copy of the Declaration of Flavia Tata Nardini. Ms. Nardini is the co-founder and CEO of Fleet Space Technologies Pty Ltd., a supposed business partner of DEBT Box. Ms. Nardini attests that Fleet Space has never entered any agreement with DEBT Box. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration from Ms. Nardini.

Declaration and documents provided by investor Andrew Michael Johnson.

41. Attached hereto as **Exhibit 32** is a true and correct copy of the Declaration of Andrew Michael Johnson. Mr. Johnson is was an investor in the DEBT Box's node licenses. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration from Mr. Johnson. Mr. Johnson's declaration attests to how he learned about DEBT Box, how he invested, and the statements he relied upon.

Declaration and documents provided by Rich Lee Serena

42. Attached hereto as **Exhibit 33** is a true and correct copy of the Declaration of Rick Lee Serena. Mr. Serena is a former employee of Lazy Magnolia. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration

from Mr. Serena. Mr. Serena as an employee of the Lazy Magnolia for a time and his declaration attests to the lack of revenues generated from the company and the lack of bottling contracts DEBT Box had claimed were in place.

Declaration and documents provided by Michael Allen Mortensen

43. Attached hereto as **Exhibit 34** is a true and correct copy of the Declaration of Michael Allen Mortensen. Mr. Mortensen is a special agent for the U.S. Bureau of Land Management. A colleague of mine, another SEC staff attorney at the Salt Lake Regional Office in Enforcement, obtained this declaration from Mr. Mortensen. Mr. Mortensen's declaration attests to information he obtained through an investigation into Defendants Western Oil Exploration Company, Inc. and James E. Franklin.

The Commission's Investigation Regarding Public Documents

44. As part of the Investigation, SEC staff endeavored to identify the owners of the business entities that are named as Defendants or Relief Defendants in the Commission's action. In this section I describe the business entity searches I conducted, what the records showed.

45. Digital Licensing Group, Inc.: I conducted a business entity search on the State of Wyoming Secretary of State's website and retrieved information concerning Digital Licensing Group, Inc. from the following website: <https://www.sos.wyo.gov>. A true and correct copy of the information is attached hereto as **Exhibit 35**. The entity information for Digital Licensing Group, Inc., last updated December 9, 2022, shows that Shad Brannon of 1812 W. Sunset Blvd. #1-345 St. George, UT 84770 is the President of Digital Licensing Group, Inc., and that Roy Nelson of 1812 W. Sunset Blvd. #1-345 St. George, UT 84770 is the Secretary, Treasurer, and sole Director of Digital Licensing Group, Inc.

46. Lazy Magnolia Brewing Company, LLC: I conducted a business entity search on the State of Mississippi Secretary of State's website and retrieved information concerning Lazy Magnolia Brewing Company, LLC from the following website: <https://www.sos.ms.gov>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 36**. The entity information of Lazy Magnolia Brewing Company, LLC shows that Jason Anderson of 7030 Roscoe-Turner Road, KILN, MS 39556 is one of the Managers.

47. Western Oil Exploration Company, Inc.: I conducted a business entity search on the State of Nevada Secretary of State's website and retrieved information concerning Western Oil Exploration Company, Inc. from the following website: <https://www.nvsos.gov/sos/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 37**. The entity information of Western Oil Exploration Company, Inc., last updated on August 1, 2023, shows that James Franklin of 848 N. Rainbow Blvd., Suite 2818, Las Vegas, NV, 89107, USA is the President and sole Director of Western Oil Exploration Company, Inc.

48. iX Global LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning iX Global LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 38**. The entity information of iX Global LLC, last updated on June 17, 2022, shows that Joseph Anthony Martinez of 769 S, Tanglewood Loop, North Salt Lake, UT 84054 is the Registered Agent.

49. B & B Investment Group, LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning B&B Investment Group, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 39**. The entity

information for B&B Investment Group, LLC, registered on August, 26, 2022 to the address of 652 W Rachele Park CV, South Jordan, UT 84095, shows that “Ben Frank Daniels” of 652 W Rachele Park CV, South Jordan, UT 84095 and “William Scott Beach” 9103 S Hidden Peak Dr, West Jordan, UT 84088 are the entity’s Members.

50. BW Holdings, LLC: I conducted a business entity search on the State of Utah Secretary of State’s website and retrieved information concerning BW Holdings, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 40**. The entity information of BW Holdings, LLC last updated on July 19, 2022, shows Alton O. Parker of 4465 S. Mathews Way, Salt Lake City, UT 84124, as the sole Member of the company.

51. Archer Drilling, LLC: I conducted a business entity search on the State of Wyoming Secretary of State’s website and retrieved information concerning Archer Drilling, LLC from the following website: <https://www.sos.wyo.gov>. A true and correct copy of the information is attached hereto as **Exhibit 41**. The entity information for Archer Drilling, LLC, was last updated March 9, 2023, shows that James Franklin organized the entity on April 3, 2022, and is listed as the entity’s “Managing director.” The entity information lists as its principal address and mailing address 1812 W Sunset Blvd, Ste 1-345, Saint George, UT 84770 and lists, Gene Purdy as its Registered Agent.

52. Business Funding Solutions, LLC: I conducted a business entity search on the State of Utah Secretary of State’s website and retrieved information concerning Business Funding Solutions, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 42**. The entity information of Business Funding Solutions, LLC shows that the entity was last renewed on

August 21, 2020 and expired on August 24, 2022 for failure to renew its registration. The entity information also shows Jason R Anderson of 1086 E Skyler Dr, Draper UT, 84020, as the Registered Agent and sole Member.

53. Blox Lending, LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning Blox Lending, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 43**. The entity information of Blox Lending, LLC, last updated on December 14, 2022, shows Jason Anderson, of 13894 S Bangerter Pkwy, STE 200, Draper, UT 84020, as its Manager and sole Member.

54. Calmfritz Holdings, LLC: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning Calmfritz Holdings, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 44**. The entity information of Calmfritz Holdings, LLC last updated on January 17, 2023, shows Chadwick Calmes, of 10081 Rockview Dr Sandy, UT 84092, and Matthew Dillon Fritzsche, of 1086 E Skyler Dr Draper, UT 84032, as the entity's Members, with Matthew Dillon Fritzsche listed as the entity's Registered Agent.

55. Calmes & Co, Inc.: I conducted a business entity search on the State of Utah Secretary of State's website and retrieved information concerning Calmes & Co. Inc. from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 45**. The entity information of Calmes & Co. Inc. last updated on July 9, 2022, shows Kory Ronald Calmes of 10081 Rockview Drive Sandy, UT 84092 as the Incorporator, an Officer, a Director, and a Secretary, with Chadwick

Hunsaker Calmes of 10081 Rockview Drive Sandy, UT 84092 as an Officer, Director, and the Vice President.

56. Flaherty Enterprises, LLC: I conducted a business entity search on the State of Arizona Secretary of State's website and retrieved information concerning Flaherty Enterprises, LLC from the following website: <https://www.azsos.gov>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 46**. The entity information of Flaherty Enterprises, LLC last updated on July 8, 2015, shows that Travis Flaherty and Summer Flaherty of 23465 S 202nd St., Queen Creek, AZ, 85142, are the entity's Members, with Travis Flaherty listed as the Statutory Agent of Flaherty Enterprises, LLC.

57. IX Ventures FZCO: I conducted a business entity search on the United Arab Emirates' Ministry of Economy's website and retrieved information concerning IX Ventures FZCO from the following website: <https://ner.economy.ae/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 47**. The entity information for IX Ventures FZCO shows that the entity is active.

58. Purdy Oil, LLC: I conducted a business entity search on the State of Nebraska Secretary of State's website and retrieved information concerning Purdy Oil, LLC from the following website: <https://www.nebraska.gov/sos/corp/corpsearch.cgi>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 48**. The entity information of Purdy Oil, LLC last updated on Jun 21, 2023, shows that the entity was dissolved. I also reviewed the entity's Operating Agreement dated January 7, 2021, showing James Franklin, of 3510 Santoro Way, San Diego, California, 92130, as having 96.65% ownership in the Company, and Gene Purdy, of 1100 Harrison Drive Box 94, Pine Bluffs, Nebraska, 82082, and having 3.3456% ownership of the company.

59. The Gold Collective, LLC: I conducted a business entity search on the State of Nevada Secretary of State’s website and retrieved information concerning The Gold Collective, LLC from the following website: <https://www.nvsos.gov/sos/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 49**. The entity information, last updated on April 10, 2023, lists “The Mineral Collective, LLC” as the entity’s name and the “The Gold Collective, LLC” (Entity Number: E0100172019-5) as the business’s name and shows Roy Nelson, of 1810 East Sahara Ave Ste 425, Las Vegas, NV, 89104, as the Manager and Roy Nelson, of 385 Terrabianca, Henderson, NV, 89102, USA, as the Registered Agent.

60. UIU Holdings, LLC: I conducted a business entity search on the State of Utah Secretary of State’s website and retrieved information concerning UIU Holdings, LLC from the following website: <https://secure.utah.gov/bes/>. A true and correct copy of the information I obtained from the website is attached hereto as **Exhibit 50**. In addition, I conducted a business entity search on the State of Utah Secretary of State’s website and retrieved information concerning UIU Holdings, LLC from the following website: <https://www.https://icis.corp.delaware.gov/ecorp/entitysearch//>. The entity information for UIU Holdings, LLC, last updated on December 14, 2022, shows that the entity was formed in Delaware on November 5, 2019 and registered to do business in Utah as a Foreign LLC on December 14, 2022, and lists Jason Anderson, of 1086 E Skyler Dr, Draper UT, 84020, as the Manager and sole Member.

The Commission’s Investigation Regarding SEC Records

61. In the course of the Commission’s Investigation, I have reviewed information—including marketing materials, electronic communications, YouTube videos, and social media posts—concerning the promotion of DEBT Box and FAIR Project license nodes. I have also reviewed bank records and information provided by confidential sources. Based upon this

information, I have determined Defendants Jason Anderson, Jake Anderson, Brannon, Nelson, Bowen, iX Global, Martinez, Daniels, Schuler, Core 1 Crypto, Flaherty, Stangis, and Fritzsche solicited investors to purchase DEBT Box node software licenses and/or FAIR Project node software licenses and received compensation for the successful solicitation of investors

62. I conducted a search of Commission records on the Commission's EDGAR database at <https://www.sec.gov/edgar/> to see if Digital Licensing, Inc. and BW Holdings, Inc. from had registered a securities offering with the Commission at any point since January 1, 2020. Neither of these entities appeared in my searches.

63. During the course of the Investigation, I conducted a search to see if Jason Anderson, Jake Anderson, Royod Nelson, Schad Brannon, Joseph A. Martinez, Travis Flaherty, Mark Schuler, Benjamin Daniels, Ryan Bowen, Stangis, Fritzsche, iX Global, and Core 1 Crypto had ever been registered as a broker-dealer. I searched the database located at: <https://brokercheck.finra.org> for those who have been registered as either a broker or dealer. None of Jason Anderson, Jake Anderson, Royod Nelson, Schad Brannon, Joseph A. Martinez, Travis Flaherty, Mark Schuler, Benjamin Daniels, Ryan Bowen, Stangis, Fritzsche, iX Global, and Core 1 Crypto appeared in my searches as individuals who had been registered as a broker-dealer. I declare under penalty of perjury that the foregoing is true and correct.

Executed this 26th day of July, 2023 in Salt Lake City, Utah.

/s/ Joseph Watkins

Joseph Watkins