

DISTRICT COURT, DENVER COUNTY STATE OF COLORADO 1437 Bannock Street Denver, Colorado 80202	DATE FILED: April 6, 2021 3:46 PM FILING ID: 51687ACCBDF4 CASE NUMBER: 2021CV31124
<b>Plaintiff:</b> GARY SCHWARTZ, Court-Appointed Receiver for Mark Ray, Custom Consulting & Product Services, LLC, MR Cattle Production Services, LLC, Universal Herbs, LLC, DBC Limited, LLC, RM Farm & Livestock, LLC, Sunshine Enterprises, and real property/equipment/inventory at 12700 East Lone Chimney Road, Glencoe, OK 74032  v.  <b>Defendants:</b> RONALD THROGMARTIN	<b>COURT USE ONLY</b>
<i>Attorneys for Plaintiff:</i> John A. Chanin, Reg. No. 20749 Katherine A. Roush, Reg. No. 39267 Foster Graham Milstein & Calisher LLP 360 S. Garfield Street, 6 <sup>th</sup> Floor Denver, Colorado 80209 Phone: (303)333-9810 Fax: (303)333-9786 Email: jchanin@fostergraham.com; kroush@fostergraham.com	Case No.:  Division:
<b>COMPLAINT</b>	

Plaintiff Gary Schwartz, in his capacity as Court-appointed Receiver, for his complaint, states:

**PARTIES, JURISDICTION, AND VENUE**

1. Pursuant to orders dated September 30, 2019 and November 4, 2019, issued in Denver County District Court case no. 19CV33770 (“Colorado Suit”), Plaintiff, Gary Schwartz, is the Receiver of an estate including all assets of the following individual and entities: Mark Ray (individually), Custom Consulting & Product Services, LLC, MR Cattle Production Services, LLC, Universal Herbs, LLC, DBC Limited, LLC, RM Farm & Livestock, LLC, Sunshine Enterprises, as well as all real property, equipment, and inventory at 12700 East Lone Chimney Road, Glencoe, OK 74032 (the “Estate”).

2. The September 30 and November 4 Orders authorize the Receiver to “investigate and prosecute, as appropriate, claims and causes of action of the Estate against third parties,” and to “bring such actions as may be necessary, in the judgment of the Receiver, to set aside any transfer, conveyance encumbrance or lien affecting all or any portion of the Estate, including but

not limited to any transfer of an asset of the Estate avoidable under applicable law....” Exhibit 1, Sept. 30 Order, ¶ 5(m) and (v); Exhibit 2, Nov. 4 Order, ¶ 5(m) and (v).

3. On information and belief, Defendant Ronald Throgmartin is an individual residing at 79 W Moreno Street, Buford, GA 30518.

4. This Court has jurisdiction over the parties pursuant to C.R.S. § 13-1-124(1)(a) and (b).

5. Venue is proper in Denver County pursuant to C.R.C.P. 98(b) and (c).

### **GENERAL ALLEGATIONS**

6. On September 30, 2019, David Cheval, then-Acting Securities Commissioner for the State of Colorado, filed a lawsuit in this Court against individual defendants Mark Ray and Reva Stachniw, and their various business entities<sup>1</sup> generally alleging that from 2014 to March 2019 Ray and Stachniw, with the assistance of Throgmartin, operated a Ponzi scheme that defrauded investors of tens of millions of dollars (the “Ponzi scheme”). The Complaint asserted various claims for violations of Colorado’s securities laws, and asked for the appointment of a receiver. The claims and allegations in the State Complaint are incorporated herein by reference. Exhibit 3, Colorado Complaint.

7. On September 30, 2019, the U.S. Securities and Exchange Commission filed a similar suit in federal court against Ray, Stachniw, the Ponzi Businesses, and Throgmartin individually. The claims and allegations in the SEC complaint are incorporated herein by reference. Exhibit 4, SEC Complaint.

8. The SEC complaint generally alleges that Ray, Stachniw, and Throgmartin perpetrated a fraudulent scheme using the Ponzi Businesses to raise tens of millions of dollars from investors, promising them high rates of return in short periods of time. In reality, Ray diverted some of the money to himself, Stachniw, Throgmartin, and the Ponzi Businesses, and used much of the money to re-pay earlier investors. The Ponzi scheme used numerous bank accounts in the names of the Ponzi Businesses and Stachniw to facilitate and conceal this fraudulent activity.

9. The SEC complaint specifically alleges that Throgmartin substantially assisted Ray and the Ponzi Businesses with the fraudulent scheme. Exhibit 4, ¶ 7.

10. On February 20, 2020, the United States Attorney for the Central District of Illinois filed a one-count criminal Information against Ray alleging conspiracy to commit wire fraud and bank fraud, in violation of 18 USC § 1344. The Information alleges that Ray conspired with CC-1 “a citizen of Galesburg, Illinois,” and CC-2 “a citizen of Buford, Georgia.” Based on the

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<sup>1</sup> Including Custom Consulting & Product Services, LLC; RM Farm & Livestock, LLC; MR Cattle Production Services, LLC; Sunshine Enterprises; Universal Herbs, LLC; and DBC Limited, LLC (the “Ponzi Businesses”).

evidence in this matter, it is clear that CC-1 is Stachniw and CC-2 is Throgmartin. Exhibit 5, Information, Case No. 20-cr-40007-SLD, USDC for the Central District of Ill.

11. The Information alleges that Ray, along with CC-1 and CC-2, devised and executed a scheme to defraud victims by inducing them to send money under false pretenses, and then diverting those funds for other uses or to re-pay earlier victims in a Ponzi-style scheme.

12. The Information specifically alleges “Many times over the course of the charged conspiracy, in agreement with and in order to aid defendant, CC-2 prepared false invoices for ‘investors,’ to falsely document cattle-related transactions that CC-2 knew had not occurred. CC-2 sent false invoices to investors via email. When CC-2 prepared and sent these same invoices, he knew they were false.” Exhibit 5, ¶ 11.

13. Ray pled guilty to the Information on February 20, 2020 and admitted under oath that all the allegations in the Information are true and correct. Ray is awaiting sentencing in that case.

14. Contemporaneously with the filing of the Colorado Suit, the State filed a motion to appoint a receiver for the Estate. This Court granted that motion and appointed the Receiver on September 30, 2019. Exhibit 1.

15. The September 30 Order assigned the Estate all assets of Mark Ray<sup>2</sup> and his companies (Custom Consulting & Product Services, LLC; MR Cattle Production Services, LLC; Universal Herbs, LLC; and DBC Limited, LLC) Exhibit 1, ¶ 3. These assets include those “of any kind or nature whatsoever related in any manner to Ray’s direct or indirect solicitation or sale of [the foregoing entities’] securities,” as well as all related “proceeds.” *Id.*

16. Then, in an order dated November 4, 2019, this Court added additional assets to the Estate, including “all of RM Farm & Livestock, LLC (“RM Farm”); Sunshine Enterprises; and the real property, equipment, supplies or inventory located at 12700 E. Lone Chimney Rd., Glencoe, OK 74032 that are in the name of or under the control of Defendant Stachniw.” Exhibit 2, ¶ 3. This includes “securities or funds of any kind in the name of RM Farm or Sunshine Enterprises into which investor or customer funds or proceeds have been invested or deposited.” *Id.*

17. Ultimately, the Receiver is charged with collecting and recovering all assets of the Estate and administering a bankruptcy-like claims process for the victims of the Ponzi scheme and other creditors of the Ponzi Businesses.

18. To carry out his duties under the Receivership Orders, the Receiver retained forensic accounting experts, who have performed a comprehensive analysis of the numerous bank accounts Ray, Stachniw, and Throgmartin used to perpetrate and conceal the Ponzi scheme.

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<sup>2</sup> Excluding \$15,000 in personal assets.

19. This forensic accounting analysis shows that during the Ponzi scheme from 2014 through 2019, Throgmartin and his alter ego Phoenix Consulting Enterprises received \$2,343,932 in Ponzi-scheme related funds in multiple installments (the “Transferred Funds”). Exhibit 6, Spreadsheet of all Ponzi-scheme payments to Throgmartin.

20. Phoenix Consulting Enterprises, LLC is a Georgia limited liability company formed on August 18, 2014 (“Phoenix Consulting”). On information and belief, Throgmartin established Phoenix Consulting for the sole purpose of receiving payments of Ponzi-scheme related funds. Phoenix Consulting had no legitimate business activity or purpose.

21. At all relevant times, the Transferred Funds consisted of money raised from purported “investors” in the Ponzi scheme, and was owed to past and future creditors of the Ponzi scheme.

22. The Transferred Funds are the proceeds of criminal activity.

23. The payments to Throgmartin accelerated in the final months of the Ponzi scheme. Between April 2018 and May 2019, Throgmartin and Phoenix Consulting received \$1,729,205 in Ponzi-scheme related funds. Of that amount, Stachniw wired \$1,104,905 from her personal checking account to pay-off Throgmartin’s home mortgage. All these funds were raised from and owed to investors in the Ponzi scheme.

24. The last payment is perhaps the most egregious. During 2018, Stachniw transferred approximately \$9 million in Ponzi-scheme related funds from her personal checking account to two investment accounts held by her and her husband. On May 21, 2019, Stachniw withdrew money from these two accounts and on the same day wired \$350,000 to Throgmartin. This transfer was made after the Ponzi scheme had collapsed and after the SEC had started its investigation.

25. All these transfers to Throgmartin (directly and via Phoenix Consulting) were made in furtherance of the Ponzi scheme and with the actual intent to hinder, delay, and/or defraud the victims and creditors of the Ponzi scheme, and ultimately the Receivership Estate.

**FIRST CLAIM FOR RELIEF**

**Colorado Uniform Fraudulent Transfer Act -- C.R.S. § 38-8-105(1)(a)**

26. The Receiver incorporates the allegations above as though fully set forth herein.

27. Between 2014 and 2019, Defendant received the Transferred Funds (directly and through Phoenix Consulting) in multiple installments.

28. Each payment of the Transferred Funds was made in furtherance of the Ponzi scheme and with the actual intent to hinder, delay, and/or defraud creditors, victims of the Ponzi scheme, and ultimately the Receivership Estate.

29. At all relevant times, with respect to the Transferred Funds, there existed one or more creditors whose claims arose either before or after the payment.

30. Defendant provided no reasonably equivalent value in exchange for the Transferred Funds.

31. The payments of the Transferred Funds were concealed from Ponzi scheme investors.

32. Pursuant to C.R.S. § 38-8-110(1)(a), the Receiver is entitled to recover the entire amount of the Transferred Funds.

33. Pursuant to C.R.S. § 38-8-108(1)(a) and 38-8-109(2), the Receiver is entitled to a judgment avoiding the payments of the Transferred Funds to Throgmartin, directing the Transferred Funds be set aside, and recovering the Transferred Funds, or the value thereof, from Defendant.

**SECOND CLAIM FOR RELIEF**  
**Unjust Enrichment**

34. The Receiver incorporates the allegations above as though fully set forth herein.

35. By virtue of the payment of the Transferred Funds, Defendant has received benefits at the Estate's expense and at the expense of the victims and creditors of the Ponzi scheme under circumstances that would make it unjust for him to retain those benefits without paying the Estate the value thereof.

**THIRD CLAIM FOR RELIEF**  
**Civil Theft – C.R.S. § 18-4-401**

36. The Receiver incorporates the allegations above as though fully set forth herein.

37. The Receiver has standing to prosecute this claim on behalf of the victims of the Ponzi scheme who are creditors of the Estate.

38. Defendant knowingly exercised control over the Transferred Funds knowing that they constituted money received from and owed to purported investors in the Ponzi scheme.

39. Without the investors' knowledge or authorization, Defendant exploited his control over the Transferred Funds by causing those funds to be used for his personal benefit.

40. Defendant intended to permanently deprive investors of the use and benefit of the Transferred Funds.

41. These investors were, in fact, permanently deprived of the Transferred Funds.

42. Acting on behalf of the investors and its creditors, the Estate has been damaged by Defendant's theft in an amount to be proven at trial and is therefore entitled to a judgment of treble damages, costs and reasonable attorney fees.

**PRAYER**

WHEREFORE, the Receiver requests that judgment enter in his favor and against Defendant for:

- A. An order avoiding and setting aside each payment of the Transferred Funds;
- B. Recovery of the Transferred Funds;
- C. Compensatory damages in an amount to be proven at trial;
- D. Treble damages pursuant to C.R.S. § 18-4-405;
- E. Pre- and post-judgment interest as allowed by law;
- F. Costs and attorney fees as allowed by law; and,
- G. For such further relief as may be just and proper in the circumstances.

DATED this 6<sup>th</sup> day of April, 2021.

FOSTER GRAHAM MILSTEIN  
& CALISHER, LLP

By: /s/ John A. Chanin

John A. Chanin, #20749

Katherine A. Roush, #39267

ATTORNEYS FOR PLAINTIFFS

**Plaintiff's Address:**

633 17th St #1640

Denver, CO 80202

<p>DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO                  1437 Bannock Street                  Denver, CO 80202</p> <hr/> <p>DAVID S. CHEVAL, Acting Securities Commissioner for the State of Colorado,</p> <p>Plaintiff,</p> <p>v.</p> <p>MARK RAY; REVA STACHNIW; CUSTOM CONSULTING &amp; PRODUCT SERVICES, LLC; RM FARM &amp; LIVESTOCK, LLC; MR CATTLE PRODUCTION SERVICES, LLC; SUNSHINE ENTERPRISES; UNIVERSAL HERBS, LLC; DBC LIMITED, LLC,</p> <p>Defendants.</p>	<p>DATE FILED: 05/26/21 10:08:46 AM                  CASE NUMBER: 2021CV31124</p> <p>▲ COURT USE ONLY ▲</p>
	<p>Case No.: 19CV33770</p> <p>Courtroom: 209</p>
<p><b>ORDER APPOINTING RECEIVER</b></p>	

THIS MATTER is before the Court on the Stipulated Motion for Appointment of Receiver (the "Motion") filed by David S. Cheval, Acting Securities Commissioner for the State of Colorado ("Commissioner") and being otherwise fully advised in the matter, and good cause having been shown, the Court hereby FINDS:

1. Jurisdiction and venue are proper.
2. The allegations set forth in the Complaint for Injunctive and Other Relief ("Complaint") establish a right to the appointment of a Receiver and the Stipulating Defendants have agreed to the appointment of a Receiver.
3. Pursuant to applicable law, the Commissioner is entitled to request the appointment of a receiver for all of Mark Ray; Custom Consulting & Product Services, LLC ("Custom Consulting"); MR Cattle Production Services, LLC; Universal Herbs, LLC, a marijuana business with two licensed retail locations in Denver and a separate licensed marijuana production facility; and DBC Limited, LLC (collectively "Stipulating Defendants") assets of any kind or nature whatsoever related in any

manner to Ray's direct or indirect solicitation or sale of the securities of Custom Consulting; MR Cattle Production Services, LLC; Universal Herbs, LLC; or DBC Limited, LLC and as further described in the Complaint for Injunctive Relief, including, without limitation, all of Stipulating Defendants' cash, bank and deposit accounts; investment accounts, accounts receivable, notes receivable, and other receivables; business investments and interests, whether legal or equitable, direct or indirect, in other business enterprises; tangible personal property; general intangibles; inventory; investment property; payment intangibles; real property; claims, causes of action, and choses of action of any kind or nature; instruments, documents, chattel paper, intellectual property, and letter-of-credit rights; together with: (i) all substitutions and replacements for and products of any of the foregoing; (ii) proceeds of any and all of the foregoing; (iii) in the case of all tangible goods, all accessions; (iv) all accessories, attachments, parts, equipment and repairs now or hereafter attached or affixed to or used in connection with any tangible goods whether now owned or hereafter acquired, and (v) all other things of value owned by Stipulating Defendants including without limitation the books, records and other papers of any business or entity operated by Stipulating Defendants (collectively, the "Estate"). Notwithstanding the foregoing, the amount of Fifteen Thousand Dollars (\$15,000.00) in personal assets of Mark Ray is excluded from the Estate. The Parties anticipate that the Estate will include further assets, and this Order does not preclude the addition of new assets to the Estate.

4. Gary Schwartz, whose address is 633 Seventeenth Street, Suite 1640, Denver Colorado, 80202, is an experienced and suitable party to be appointed Receiver for the Estate.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED:

1. Gary Schwartz is appointed as Receiver for the Estate (hereinafter referred to as the "Receiver").

2. The Receiver shall post a bond in the amount of \$10,000 with the Court within five court days hereof, the expense of which shall be charged as an expense of this Receivership proceeding; and shall forthwith file his oath of Receiver. The Bond shall be maintained until further order of this Court.

3. The Receiver is hereby directed and empowered to take immediate control and possession of the Estate, and to hold the Estate for this Court *in custodia legis*. The Receiver shall operate, manage, maintain, protect, and preserve the Estate, subject to the supervision and exclusive control of this Court, for the benefit of creditors and owners of the Estate.

4. Stipulating Defendants, and all persons in active concert and participation with them, including, without limitation, their current and former



employees, shareholders, agents, representatives, managers, members, attorneys, accountants, banks, contractors, subcontractors and all who claim under them, be, and the same hereby are, ordered to deliver immediately over to the Receiver all of the Estate.

5. The Receiver is hereby given the powers and authority usually held by receivers and reasonably necessary to accomplish the purpose of this Receivership including, without limitation, the specific power to:

a. take from Ray or any others in control of the Estate, immediate control of the Estate, to the exclusion of all others;

b. take control of the Estate and operate, manage, maintain, protect, and preserve the Estate as reasonably necessary to maximize the value and prevent diminution of its value; take possession of all investment accounts, and bank and other deposit accounts of the Estate and all funds therein; and open, transfer and change all bank, investment, and trade accounts relating to the Estate, so that all such accounts are in the name of the Receiver;

c. close bank accounts in the name of the Estate and transfer the funds to one or more bank accounts at a bank or banks, financial institutions, mutual fund, brokerage institution or other commercial depositories in the Denver, Colorado metropolitan area selected by the Receiver, in the name of the Receiver;

d. collect rents and revenues, income, profits, and other benefits from the operation and management of the Estate;

e. collect all accounts, accounts receivable, notes receivable, income, profits and proceeds that are part of the Estate or represent proceeds of the Estate; including, as necessary, negotiate and deposit checks made payable to the Estate into accounts maintained by the Receiver, and, as necessary to collect and review mail directed to the Estate in order to collect incoming accounts receivable;

f. invest funds of the Estate, without further permission of the Court, in savings accounts or in securities backed by the full faith and credit of the United States including mutual funds;

g. change any and all locks on any and all physical property of the Estate and limit access thereto;

h. operate, manage, maintain, protect, and preserve the Estate, including, to the extent the Receiver deems appropriate, the going concern value of any business operated by the Estate;

i. investigate the assets and liabilities of the Estate, and report to this Court, within one hundred and twenty (120) days after entry of this Order, regarding the nature of the assets and liabilities of the Estate, including recommendations to the Court regarding the further disposition of the Estate for the benefit of those claiming an interest therein;

j. with prior Court approval, sell or otherwise dispose of any portion of the Estate; provided, however, that the Receiver need not obtain prior Court approval to sell or otherwise dispose of any tangible personal property having a depreciated aggregate value, as reflected on the Estate's books; less than \$20,000;

k. abandon, upon prior court approval, any property of the Estate of inconsequential value and benefit, or any property of the Estate that may be burdensome to the Estate;

l. establish, with prior court approval, a claims administration procedure for the assertion and resolution of Claims affecting the Estate;

m. investigate and prosecute, as appropriate, claims and causes of action of the Estate against third parties;

n. incur and pay, in the ordinary course of business, all reasonable expenses of administration of the Estate, including, but not limited to, the authority to:

i. pay taxes, insurance, utility charges and other expenses and costs reasonably incurred in managing, preserving, and liquidating the Estate;

ii. hire as an expense of the Estate, on a contract basis wherever possible, or as employees where required by applicable federal law, the personnel necessary to manage, preserve and liquidate the Estate, including, as the Receiver deems appropriate, personnel previously employed by the Estate;

iii. hire as an expense of the Estate, on such basis as determined by the Receiver,, the personnel necessary to perform a historical accounting of the Estate for such time period as may be determined by the Receiver and to maintain a complete and accurate

accounting of the income and expenses of the Estate, including, in the Receiver's discretion, the retention of personnel of individuals hired by the Estate to maintain such accounting, and to pay the reasonable value for the services rendered;

iv. hire as an expense of the Estate such employees, accountants, consultants, attorneys and other professionals, as his counsel, as is necessary and proper for the administration of the Estate. The Receiver shall make an application of the Court for payment of reasonable and necessary fees, costs and expenses incurred as Receiver, including but not limited to, disbursement of professional fees and expenses to himself, his counsel, or accountant, and shall be entitled to payment of said fees and expenses as hereinafter provided. Copies of the application to the Court shall be provided to counsel for the parties and to the Commissioner. Such parties shall have ten (10) calendar days following the filing of such application to file any objections with the Court. Objections will not be general in nature, but are to be specific, stating all amounts objected to on an item-by-item basis and stating the amount, in detail, if any, which is not objected to by the objector. If no objections are filed with the Court within ten (10) calendar days, the Receiver may thereupon draw funds from his trust account sufficient to pay such fees, disbursements and expenses without further order of the Court. If any objections are filed, the Receiver may draw funds from his trust account sufficient to pay the amount not objected to, and the Court will conduct a hearing on any objections within twenty (20) days from the filing of the objection. At such hearing, the compensation of the Receiver or other professional as well as allowable disbursements and expenses will be determined by the Court.

v. hire as an expense of the Estate, on a contract basis, attorneys, accountants, consultants and other professionals previously utilized by the Estate to provide such services as the Receiver may direct;

vi. contract and pay for and obtain such services, utilities, supplies, equipment, and goods as are reasonably necessary to manage, preserve, and liquidate the Estate as the Receiver may reasonably deem necessary; provided that no contract shall extend beyond the termination of the Receivership without the permission of the Court.

o. to pay expenses of the operation of the Estate that arose pre-receivership, as determined by the Receiver to be necessary for the preservation of value of the Estate;

p. negotiate and enter into such leases (including equipment leases), contracts and other agreements as the Receiver may reasonably deem appropriate to manage, preserve and liquidate the Estate; provided that no such lease, contract, or agreement shall extend beyond the termination of the Receivership without the permission of the Court;

q. reject, assume, or decline to assume any leases or unexpired contracts of the Estate that are burdensome, upon Court approval;

r. exercise all rights of the Estate as a shareholder, member, equity owner, or Trustee or beneficiary of any Voting Trust, of any other business enterprise, including, but not limited to, the right to vote on any issues requiring the approval of equity owners, and the right to receive distributions on account of the equity interests;

s. obtain and renew all insurance policies that the Receiver deems reasonably necessary to manage and preserve the Estate and the interest of the Receiver and the parties to this action; and notify any insurers of the Estate of the pendency of these proceedings and that, subject to the prior rights of any person possessing a lien on the Estate, any proceeds paid under such policies shall be paid to the Receiver;

t. upon prior Court approval, borrow from third parties on such reasonable terms as may be acceptable to the Receiver, funds to meet the needs of the Estate in excess of the income of the Estate, and issue Receiver's Certificates, bearing interest not to exceed the rate of 15% per annum, in exchange for funds so advanced, with all such Receiver's Certificates, collectively, to hold a first and prior lien and a preference claim upon the property of the Estate, or a portion of it at the Receiver's election;

u. apply for, obtain, maintain, and renew as reasonably necessary all trademarks, copyrights, patents, licenses, permits and other intellectual property rights required for the preservation of the Estate;

v. institute, prosecute, and continue the prosecution of such legal actions as the Receiver deems reasonably necessary, including actions necessary to enforce this Order, to collect accounts and debts, enforce agreements relating to the Estate, to protect the Estate, and to recover possession of the Estate from persons who may now or in the future be wrongfully possessing or occupying the Estate, or any part thereof, and bring such actions as may be necessary, in the judgment of the Receiver, to set aside any transfer, conveyance, encumbrance or lien affecting all or any portion of the Estate, including, but not limited to, any transfer of an asset of the Estate

avoidable under applicable law, in this and other jurisdictions, and to settle or compromise any such proceedings, and to appeal or seek judicial review in respect of any order or judgment entered in any such proceeding;

w. issue such subpoenas or subpoenas duces tecum, interrogatories, and/or requests for production of documents as necessary and appropriate under Rules 26 and 28 through 34, C.R.C.P.

x. do such other lawful acts not inconsistent with this Order as the Receiver reasonably deems necessary to manage and preserve the Estate and to perform such other functions and duties as may from time to time be required and authorized by this Court, by the laws of the State of Colorado or by the laws of the United States of America.

6. In addition to the powers and authority granted the Receiver in paragraph 5 of this Order, the Receiver shall have the right and the sole authority to exercise all of the powers of the Estate entities, through or in place of their boards of directors, managers, members, and officers, to the extent necessary to manage the affairs of each of the Stipulating Defendants in the best interests of its shareholders and creditors. Such corporate governance powers and authority shall include, without limitation, the authority to petition for protection under the Bankruptcy Code, 11 U.S.C. § 101 *et seq.* (the "Code"), for Stipulating Defendants and in connection therewith be and be deemed a debtor-in-possession for the Stipulating Defendants in proceedings under Chapter 11 of the Code, and prosecute such adversary proceedings and other matters as may be permitted under the Code and/or applicable law. Upon and concurrent with the filing of bankruptcy petitions for the Defendants as authorized by this paragraph, the Receivership Case pending in this Court shall be suspended as to the Stipulating Defendants, and all further action concerning the Receivership estate in this Court shall be stayed. The corporate governance powers and authority vested in the Receiver pursuant to this paragraph are in addition to, and not derivative of, the usual and customary receivership powers vested in the Receiver pursuant to Paragraph 5 of this Order.

7. The Receiver is hereby authorized to apply the proceeds of the Estate in the following order of priority:

a. first, to pay the cost of the bond;

b. second, to pay the Receiver's fees incurred in connection with this Receivership, and to prepay or reimburse the out-of-pocket expenses of the Receiver, and to pay the Receiver's professional fees, including attorneys' fees, accountant's fees, and consultant's fees;

c. third, to pay the necessary and reasonable administrative costs of managing and preserving the Estate; and

d. fourth, to repay any Receiver's Certificates, with interest as provided for therein.

All funds in possession of the Receiver after satisfaction of the foregoing obligations shall be maintained by the Receiver pending further order of this Court.

8. The Receiver shall be compensated at the hourly rate of 400 per hour for his services hereunder. The Receiver's compensation for services under this Order and the Receiver's reasonable out-of-pocket expenses shall be paid on a monthly basis. The Receiver shall submit to the Commissioner and counsel for any party to this proceeding itemized monthly billing statements for his professional services and other expenses and shall submit to the Commissioner and counsel for any party to this proceeding itemized monthly billing statements for services performed by the Receiver's attorneys, accountants, and consultants.

9. Within 30 days of the date of this Order, the Receiver shall notify all known investors and creditors with the Estate, or their successors, of the appointment of a receiver in this action. Within 30 days of the date of this Order, the Receiver shall also notify the Internal Revenue Service, the Colorado Department of Revenue, and the Colorado Division of Marijuana of the appointment of a receiver in this action. The Receiver shall file with the Court and serve upon the parties, within 60 days after entry of this Order, a preliminary report setting out the identity, location and value of the Receivership Assets, and any liabilities pertaining thereto. The Receiver shall make and file with the court, and provide copies to the Commissioner, the parties to this action, and the investors, quarterly reports of the condition of the Estate on the last day of the month after the end of each quarter, for each prior quarter. Upon prior notice in a Receiver's Report, the Receiver may report less frequently. The Receiver shall not be required to, but as reasonably necessary may, follow generally accepted accounting principles, or use auditors or accountants in the preparation of his reports to the Court. The quarterly reports shall include an inventory of all Property of the Estate, the current status or liquidation thereof, Claims against the Estate, receipts, disbursements, debts and obligations contracted and expenditures made. The Receiver shall keep the court and all parties to this proceeding apprised of all material developments concerning the operation of the receivership, and subject to preservation of any and all privileges, including the attorney-client and attorney work product privileges, shall provide to all parties to this

proceeding upon request any documents or information under the control of the Receiver.

10. Except as may be expressly authorized by this Court upon notice and a hearing, the Stipulating Defendants are enjoined from:

a. collecting the Estate, or any proceeds, revenues, accounts, issues, profits or other revenues thereof;

b. withdrawing funds from any bank or other depository account belonging to the Estate;

c. terminating or causing to be terminated any license, permit, lease contract or agreement relating to the Estate;

d. altering, erasing, or destroying any Records, as defined in Paragraph 11(b) below, without the prior written consent of the Receiver; and

e. otherwise interfering with the operation of the Estate or the Receiver's exercise of any power hereunder or the Receiver's discharge of his duties.

Upon receipt of a copy of this Order, or upon actual knowledge of the entry of this Order, any other person or business enterprise shall also be bound by this Paragraph 10.

11. Stipulating Defendants shall:

a. advise the Receiver of the existence of any property of the Estate in such party's possession and deliver immediately over to the Receiver or his agents all collections of proceeds of the Estate, including accounts receivable, properly endorsed to the Receiver when necessary;

b. advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the Estate or the business or affairs of the Estate, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "Records") in such party's possession or control; provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto; and provide

assistance to the Receiver in gaining immediate access to the information in the Records as the Receiver may in its discretion require, including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information; provided however that nothing in this paragraph shall require the delivery of Records, or the granting of access to Records, consisting of the personal property of the party in possession thereof, and not the Estate, which may be subject to any attorney-client privilege;

c. continue to deliver immediately to the Receiver all collections of proceeds of the Estate, including accounts receivable, other collections, books and other records relating to the operation, maintenance and management of the Estate, and to permit the Receiver to carry out his duties hereunder without interference; and

d. when necessary or when requested by the Receiver, explain the operation, maintenance, preservation, and liquidation of Stipulating Defendants' assets to the Receiver or his agents.

12. Nothing in this Order, the Stipulated Motion for Appointment of Receiver, and the Stipulation for Permanent Injunction and Other Relief Concerning Defendants Mark Ray, Custom Consulting and Product Services, LLC; MR Cattle Production Services, LLC; Universal Herbs, LLC; and DBC Limited, LLC shall be construed as a waiver of any Fifth Amendment right against self-incrimination by Mark Ray or as compelling him to waive any such rights in his dealings with the Receiver.

13. Except as may be expressly authorized by the Receiver or by application to this Court, no person may buy, sell, or otherwise transfer any portion of the Estate not in the control of the Receiver.

14. Any provision of law to the contrary notwithstanding, the Receiver controls the assets and documents of the Estate until further order of this Court.

15. All claims and demands against the Estate, the Receiver, or the Estate shall be brought in this Court. No equitable proceeding or enforcement process in any court or tribunal in this Jurisdiction shall be commenced or continued against the Receiver except with the written consent of the Receiver or upon order of this Court. All actions within this Jurisdiction whether legal or equitable in nature or which purport to seek equitable relief against the Receiver, the Stipulating Defendants, or the Estate are hereby stayed pending



further action of this Court. No new actions, whether legal or equitable in nature, shall be brought against the Receiver, the Stipulating Defendants and/or the Estate without the party seeking to bring such action first obtaining permission of this Court.

16. All persons having notice of this Order, and having oral or written agreements with the Estate, or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, utility or other services to the Estate are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver; and the Receiver shall be entitled to the continued use of the Estate's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the entry of this Order shall be paid by the Receiver in accordance with the ordinary course of business of the Estate and such supplier, or such other practices as may be agreed upon by the Receiver and the supplier, or as may be ordered by this Court.

17. Sheriff's assistance to enforce the terms of this Order in the form of peace-keeping duties is hereby authorized.

18. All real and personal property lessors to the Estate are hereby enjoined, for a period not to exceed thirty days from entry of this Order, from seizing, or preventing the Receiver from taking possession of the Estate, or any portion thereof. Delivery of a copy of this Order on any such lessor shall serve as formal notice of this Order and the lessor's obligations under this paragraph.

19. All who are acting, or have acted, on behalf of the Receiver at the request of the Receiver, including his attorneys and accountants, are protected and privileged with the same protections of this Court as that of the Receiver. In order to avail the agents of the Receiver with these protections and privileges, the Receiver should file a notice of the agency with this Court.

20. The Receiver shall serve any request for relief or approval of any action required by this Order on the Commissioner, his counsel, and any other party filing an entry of appearance in this proceeding. Unless an objection to the motion is filed with the Court within ten (10) calendar days after service thereof, approval of the Court shall be deemed granted and the Receiver shall be authorized to take such action. As appropriate, the Receiver may nevertheless request entry of a Court order granting such motion. If an

objection to the motion is filed with the Court, the Court shall promptly hold a hearing on the motion, on at least three (3) days' notice to all objecting.

21. The Receiver's Bond and the Oath of Receiver may be filed by facsimile transmission or other electronic means and this Order shall become effective upon the Court's receipt of such transmission provided, however, that the Receiver replace the facsimiles with originals within seven days of filing.

22. The Receiver may from time to time request that the Court enter additional orders to supplement, clarify or amend this Order, upon notice in accordance with this Order.

23. Any notice required hereunder to any of counsel of record shall be deemed served on the date of service, if served through ICCES, and if served otherwise, on the date of receipt of such notice by counsel of record. Any notice required hereunder to be served on any party not represented by counsel in this action shall be deemed served on the date three (3) business days after it is deposited in the United States mail, first class postage prepaid, directed to such party not represented by counsel. Any computation of time for purposes of this Order shall be governed by the provisions of Colorado Rules of Civil Procedure, Rule 6.

24. The Receiver shall forthwith provide a copy of this order to any other persons in possession of any portion of the Estate or any other persons otherwise affected by this order.

25. Except with respect to the operation of the business of Universal Herbs, LLC, and notwithstanding anything to the contrary contained in this Order, the Receiver shall not take any action with regard to ownership, operation, control, storage, generation, or disposal of: (a) any substance deemed a "hazardous substance", "pollutant", "contaminant", or similar substance under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601-9675, the Conservation and Recovery Act of 1976, the Solid Waste Amendments of 1984, the Superfund Amendments and Reauthorization Act of 1986, and any other amendments; or (b) any other chemical, toxin, pollutant or substance defined as hazardous or dangerous to human health under any other federal, state or local law, regulation, rule or ordinance, including, without limitation thereto, petroleum, crude oil, or any fraction thereof (all collectively referred to herein as "Hazardous Substances"), without first applying for an obtaining an Order of this Court specifically setting forth the action or actions proposed to be taken by Receiver. Without first applying for and obtaining such an Order of this Court, the Receiver shall have no ownership, control, authority or power (neither shall receiver have any obligation to exercise ownership, control,

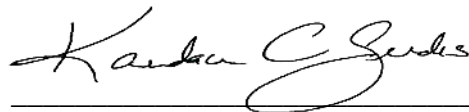
authorize or power) over the operation, storage, generation or disposal of any Hazardous Substance. All decisions relating to the ownership, operation, control, storage, generation and disposal of any Hazardous Substances shall be resolved by this Court.

26. The Receiver serves herein, and discharges all his duties under this Order, as an officer of this Court, solely in a representative capacity, and not in an individual capacity, and does not, in being appointed as Receiver or by acting as Receiver consistent with this Order hereunder, thereby become personally liable to any person or governmental entity under any law, statute, regulation or other doctrine of law or equity.

27. The Receiver shall continue in possession of the Estate until discharged by the Court. The Receiver shall endeavor to wind up the Receivership expeditiously or otherwise at the direction of the Court, and to submit a final report and motion for discharge no later than forty-five (45) days after all the Estate has been collected, sold, liquidated, disposed of or abandoned by the Receiver, and all proceeds thereof have been distributed in accordance with this Order and subsequent orders of this Court. If no objections to the final report and motion for discharge have been delivered to the Court, the Receiver, and other parties having entered their appearance in this proceeding, by first-class mail to such address as is reflected in the Court records, within fifteen (15) days after the final report and motion for discharge are filed with the Court, the final report will be accepted by the Court, and the Court will enter an order terminating the Receivership and discharging the Receiver. The Receiver's bond shall be dismissed following the approval of the final report and entry of the discharge order.

SO ORDERED this 30<sup>th</sup> day of September, 2019.

BY THE COURT:



Kandace C. Gerdes  
District Court Judge

<p>DISTRICT COURT, CITY AND COUNTY OF DENVER,                  COLORADO</p> <p>1437 Bannock Street</p> <p>Denver, CO 80202</p>	<p>DATE FILED: <b>FILED: Filed April 20 2024 4:45 PM</b>                  CASE NUMBER: <b>FILED: 2019CV33770</b>                  CASE NUMBER: 2021CV31124</p>
<p>DAVID S. CHEVAL, Acting Securities Commissioner for                  the State of Colorado,</p> <p>Plaintiff,</p> <p>v.</p> <p>MARK RAY; REVA STACHNIW; CUSTOM                  CONSULTING &amp; PRODUCT SERVICES, LLC; RM                  FARM &amp; LIVESTOCK, LLC; MR CATTLE                  PRODUCTION SERVICES, LLC; SUNSHINE                  ENTERPRISES; UNIVERSAL HERBS, LLC; DBC                  LIMITED, LLC,</p> <p>Defendants.</p>	<p style="text-align: center;">▲ COURT USE ONLY ▲</p>
	<p>Case No.: 19CV33770</p> <p>Courtroom: 209</p>
<p><b>ORDER RE: SECOND STIPULATED MOTION FOR                  APPOINTMENT OF RECEIVER</b></p>	

THIS MATTER is before the Court on the Second Stipulated Motion for Appointment of Receiver (the "Motion") filed by David S. Cheval, Acting Securities Commissioner for the State of Colorado

("Commissioner") and being otherwise fully advised in the matter, and good cause having been shown, the Court hereby FINDS:

1. Jurisdiction and venue are proper.
2. The allegations set forth in the Complaint for Injunctive and Other Relief ("Complaint") establish a right to the appointment of a Receiver and Defendants Reva Stachniw, RM Farm & Livestock, Inc. ("RM Farm") and Sunshine Enterprises have agreed to the appointment of a Receiver.
3. Pursuant to applicable law, the Commissioner is entitled to request the appointment of a receiver for all of RM Farm & Livestock, LLC ("RM Farm"); Sunshine Enterprises; and the real property, equipment, supplies or inventory located at 12700 E. Lone Chimney Rd., Glencoe, OK 74032 that are in the name of or under the control of Defendant Stachniw (collectively, the "Estate"). The Estate shall include but not be limited to any brokerage or depository accounts or other assets of RM Farm or Sunshine Enterprises; accounts, securities or funds of any kind in the name of RM Farm or Sunshine Enterprises into which investor or customer funds or proceeds have been invested or deposited; accounts or assets under the direct or indirect control of RM Farm or Sunshine Enterprises; and other tangible or intangible assets under the direct or indirect control of RM Farm or Sunshine Enterprises. Notwithstanding the foregoing, nothing in this Order precludes Defendant Stachniw from making a claim against the Estate for the repayment of funds spent on acquiring and maintaining the real property, equipment, supplies or inventory located at 12700 E. Lone Chimney Rd., Glencoe, OK 74032.
4. This Order adds the assets of the Estate to the existing Estate that already includes the assets of Mark Ray; Custom Consulting & Product Services, LLC ("Custom Consulting"); MR Cattle Production Services, LLC; Universal Herbs, LLC, a marijuana business with two licensed retail locations in Denver and a separate licensed marijuana production facility; and DBC Limited, LLC as described in this Court's Order Appointing Receiver issued September 30, 2019.
5. Gary Schwartz, whose address is 633 Seventeenth Street, Suite 1640, Denver Colorado, 80202, is an experienced and suitable party to be appointed Receiver for the Estate.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED:

1. Gary Schwartz is appointed as Receiver for the Estate (hereinafter referred to as the "Receiver").
2. The Receiver's existing bond and oath of Receiver cover this Estate.

3. The Receiver is hereby directed and empowered to take immediate control and possession of the Estate, and to hold the Estate for this Court *in custodia legis*. The Receiver shall operate, manage, maintain, protect, and preserve the Estate, subject to the supervision and exclusive control of this Court, for the benefit of creditors and owners of the Estate.

4. RM Farm and Sunshine Enterprises, and all persons in active concert and participation with them, including, without limitation, their current and former employees, shareholders, agents, representatives, managers, members, attorneys, accountants, banks, contractors, subcontractors and all who claim under them, be, and the same hereby are, ordered to deliver immediately over to the Receiver all of the Estate.

5. The Receiver is hereby given the powers and authority usually held by receivers and reasonably necessary to accomplish the purpose of this Receivership including, without limitation, the specific power to:

- a. take from Stachniw or any others in control of the Estate, immediate control of the Estate, to the exclusion of all others;
- b. take control of the Estate and operate, manage, maintain, protect, and preserve the Estate as reasonably necessary to maximize the value and prevent diminution of its value; take possession of all investment accounts, and bank and other deposit accounts of the Estate and all funds therein; and open, transfer and change all bank, investment, and trade accounts relating to the Estate, so that all such accounts are in the name of the Receiver;
- c. close bank accounts in the name of the Estate and transfer the funds to one or more bank accounts at a bank or banks, financial institutions, mutual fund, brokerage institution or other commercial depositories in the Denver, Colorado metropolitan area selected by the Receiver, in the name of the Receiver;
- d. collect rents and revenues, income, profits, and other benefits from the operation and management of the Estate;
- e. collect all accounts, accounts receivable, notes receivable, income, profits and proceeds that are part of the Estate or represent proceeds of the Estate; including, as necessary, negotiate and deposit checks made payable to the Estate into accounts maintained by the Receiver, and, as necessary to collect and review mail directed to the Estate in order to collect incoming accounts receivable;

- f. invest funds of the Estate, without further permission of the Court, in savings accounts or in securities backed by the full faith and credit of the United States including mutual funds;
- g. change any and all locks on any and all physical property of the Estate and limit access thereto;
- h. operate, manage, maintain, protect, and preserve the Estate, including, to the extent the Receiver deems appropriate, the going concern value of any business operated by the Estate;
- i. investigate the assets and liabilities of the Estate, and report to this Court, within one hundred and twenty (120) days after entry of this Order, regarding the nature of the assets and liabilities of the Estate, including recommendations to the Court regarding the further disposition of the Estate for the benefit of those claiming an interest therein;
- j. with prior Court approval, sell or otherwise dispose of any portion of the Estate; provided, however, that the Receiver need not obtain prior Court approval to sell or otherwise dispose of any tangible personal property having a depreciated aggregate value, as reflected on the Estate's books; less than \$20,000;
- k. abandon, upon prior court approval, any property of the Estate of inconsequential value and benefit, or any property of the Estate that may be burdensome to the Estate;
- l. establish, with prior court approval, a claims administration procedure for the assertion and resolution of Claims affecting the Estate;
- m. investigate and prosecute, as appropriate, claims and causes of action of the Estate against third parties;
- n. incur and pay, in the ordinary course of business, all reasonable expenses of administration of the Estate, including, but not limited to, the authority to:

- i. pay taxes, insurance, utility charges and other expenses and costs reasonably incurred in managing, preserving, and liquidating the Estate;
- ii. hire as an expense of the Estate, on a contract basis wherever possible, or as employees where required by applicable federal law, the personnel necessary to manage, preserve and liquidate the Estate, including, as the Receiver deems appropriate, personnel previously employed by the Estate;
- iii. hire as an expense of the Estate, on such basis as determined by the Receiver,, the personnel necessary to perform a historical accounting of the Estate for such time period as may be determined by the Receiver and to maintain a complete and accurate accounting of the income and expenses of the Estate, including, in the Receiver's discretion, the retention of personnel of individuals hired by the Estate to maintain such accounting, and to pay the reasonable value for the services rendered;
- iv. hire as an expense of the Estate such employees, accountants, consultants, attorneys and other professionals, as his counsel, as is necessary and proper for the administration of the Estate. The Receiver shall make an application of the Court for payment of reasonable and necessary fees, costs and expenses incurred as Receiver, including but not limited to, disbursement of professional fees and expenses to himself, his counsel, or accountant, and shall be entitled to payment of said fees and expenses as hereinafter provided. Copies of the application to the Court shall be provided to counsel for the parties and to the Commissioner. Such parties shall have ten (10) calendar days following the filing of such application to file any objections with the Court. Objections will not be general in nature, but are to be specific, stating all amounts objected to on an item-by-item basis and stating the amount, in detail, if any, which is not objected to by the objector. If no objections are filed with the Court within ten (10) calendar days, the Receiver may thereupon draw funds from his trust account sufficient to pay such fees, disbursements and expenses without further order of the Court. If any objections are filed, the Receiver may draw



funds from his trust account sufficient to pay the amount not objected to, and the Court will conduct a hearing on any objections within twenty (20) days from the filing of the objection. At such hearing, the compensation of the Receiver or other professional as well as allowable disbursements and expenses will be determined by the Court.

- v. hire as an expense of the Estate, on a contract basis, attorneys, accountants, consultants and other professionals previously utilized by the Estate to provide such services as the Receiver may direct;
- vi. contract and pay for and obtain such services, utilities, supplies, equipment, and goods as are reasonably necessary to manage, preserve, and liquidate the Estate as the Receiver may reasonably deem necessary; provided that no contract shall extend beyond the termination of the Receivership without the permission of the Court.
- o. to pay expenses of the operation of the Estate that arose pre-receivership, as determined by the Receiver to be necessary for the preservation of value of the Estate;
- p. negotiate and enter into such leases (including equipment leases), contracts and other agreements as the Receiver may reasonably deem appropriate to manage, preserve and liquidate the Estate; provided that no such lease, contract, or agreement shall extend beyond the termination of the Receivership without the permission of the Court;
- q. reject, assume, or decline to assume any leases or unexpired contracts of the Estate that are burdensome, upon Court approval;
- r. exercise all rights of the Estate as a shareholder, member, equity owner, or Trustee or beneficiary of any Voting Trust, of any other business enterprise, including, but not limited

to, the right to vote on any issues requiring the approval of equity owners, and the right to receive distributions on account of the equity interests;

- s. obtain and renew all insurance policies that the Receiver deems reasonably necessary to manage and preserve the Estate and the interest of the Receiver and the parties to this action; and notify any insurers of the Estate of the pendency of these proceedings and that, subject to the prior rights of any person possessing a lien on the Estate, any proceeds paid under such policies shall be paid to the Receiver;
  
- t. upon prior Court approval, borrow from third parties on such reasonable terms as may be acceptable to the Receiver, funds to meet the needs of the Estate in excess of the income of the Estate, and issue Receiver's Certificates, bearing interest not to exceed the rate of 15% per annum, in exchange for funds so advanced, with all such Receiver's Certificates, collectively, to hold a first and prior lien and a preference claim upon the property of the Estate, or a portion of it at the Receiver's election;
  
- u. apply for, obtain, maintain, and renew as reasonably necessary all trademarks, copyrights, patents, licenses, permits and other intellectual property rights required for the preservation of the Estate;
  
- v. institute, prosecute, and continue the prosecution of such legal actions as the Receiver deems reasonably necessary, including actions necessary to enforce this Order, to collect accounts and debts, enforce agreements relating to the Estate, to protect the Estate, and to recover possession of the Estate from persons who may now or in the future be wrongfully possessing or occupying the Estate, or any part thereof, and bring such actions as may be necessary, in the judgment of the Receiver, to set aside any

transfer, conveyance, encumbrance or lien affecting all or any portion of the Estate, including, but not limited to, any transfer of an asset of the Estate avoidable under applicable law, in this and other jurisdictions, and to settle or compromise any such proceedings, and to appeal or seek judicial review in respect of any order or judgment entered in any such proceeding;

w. issue such subpoenas or subpoenas duces tecum, interrogatories, and/or requests for production of documents as necessary and appropriate under Rules 26 and 28 through 34, C.R.C.P.

x. do such other lawful acts not inconsistent with this Order as the Receiver reasonably deems necessary to manage and preserve the Estate and to perform such other functions and duties as may from time to time be required and authorized by this Court, by the laws of the State of Colorado or by the laws of the United States of America.

6. In addition to the powers and authority granted the Receiver in paragraph 5 of this Order, the Receiver shall have the right and the sole authority to exercise all of the powers of the Estate entities, through or in place of their boards of directors, managers, members, and officers, to the extent necessary to manage the affairs of each of the RM Farm and Sunshine Enterprises in the best interests of its shareholders and creditors. Such corporate governance powers and authority shall include, without limitation, the authority to petition for protection under the Bankruptcy Code, 11 U.S.C. § 101 *et seq.* (the "Code"), for RM Farm and Sunshine Enterprises and in connection therewith be and be deemed a debtor-in-possession for the RM Farm and Sunshine Enterprises in proceedings under Chapter 11 of the Code, and prosecute such adversary proceedings and other matters as may be permitted under the Code and/or applicable law. Upon and concurrent with the filing of bankruptcy petitions for the Defendants as authorized by this paragraph, the Receivership Case pending in this Court shall be suspended as to the Stipulating Defendants, and all further action concerning the Receivership estate in this Court shall be stayed. The corporate governance powers and authority vested in the Receiver pursuant to this paragraph are in addition to, and not derivative of, the usual and customary receivership powers vested in the Receiver pursuant to Paragraph 5 of this Order.

7. The Receiver is hereby authorized to apply the proceeds of the Estate in the following order of priority:

a. first, to pay the cost of the bond;

- b. second, to pay the Receiver's fees incurred in connection with this Receivership, and to prepay or reimburse the out-of-pocket expenses of the Receiver, and to pay the Receiver's professional fees, including attorneys' fees, accountant's fees, and consultant's fees;
- c. third, to pay the necessary and reasonable administrative costs of managing and preserving the Estate; and
- d. fourth, to repay any Receiver's Certificates, with interest as provided for therein.

All funds in possession of the Receiver after satisfaction of the foregoing obligations shall be maintained by the Receiver pending further order of this Court.

8. The Receiver shall be compensated at the hourly rate of 400 per hour for his services hereunder. The Receiver's compensation for services under this Order and the Receiver's reasonable out-of-pocket expenses shall be paid on a monthly basis. The Receiver shall submit to the Commissioner and counsel for any party to this proceeding itemized monthly billing statements for his professional services and other expenses and shall submit to the Commissioner and counsel for any party to this proceeding itemized monthly billing statements for services performed by the Receiver's attorneys, accountants, and consultants.

9. Within 30 days of the date of this Order, the Receiver shall notify all known investors and creditors with the Estate, or their successors, of the appointment of a receiver in this action. Within 30 days of the date of this Order, the Receiver shall also notify the Internal Revenue Service, the Colorado Department of Revenue, and the Colorado Division of Marijuana of the appointment of a receiver in this action. The Receiver shall file with the Court and serve upon the parties, within 60 days after entry of this Order, a preliminary report setting out the identity, location and value of the Receivership Assets, and any liabilities pertaining thereto. The Receiver shall make and file with the court, and provide copies to the Commissioner, the parties to this action, and the investors, quarterly reports of the condition of the Estate on the last day of the month after the end of each quarter, for each prior quarter. Upon prior notice in a Receiver's Report, the Receiver may report less frequently. The Receiver shall not be required to, but as reasonably necessary may, follow generally accepted accounting principles, or use auditors or accountants in the preparation of his reports to the Court. The quarterly reports shall include an inventory of all Property of the Estate, the current status or liquidation thereof, Claims against the Estate, receipts, disbursements, debts and obligations contracted and expenditures made. The Receiver shall keep the court and all parties to this proceeding apprised of all material developments concerning the operation of the receivership, and subject to preservation of any and all privileges, including the

attorney-client and attorney work product privileges, shall provide to all parties to this proceeding upon request any documents or information under the control of the Receiver.

10. Except as may be expressly authorized by this Court upon notice and a hearing, the RM Farm and Sunshine Enterprises are enjoined from:

- a. collecting the Estate, or any proceeds, revenues, accounts, issues, profits or other revenues thereof;
- b. withdrawing funds from any bank or other depository account belonging to the Estate;
- c. terminating or causing to be terminated any license, permit, lease contract or agreement relating to the Estate;
- d. altering, erasing, or destroying any Records, as defined in Paragraph 11(b) below, without the prior written consent of the Receiver; and
- e. otherwise interfering with the operation of the Estate or the Receiver's exercise of any power hereunder or the Receiver's discharge of his duties.

Upon receipt of a copy of this Order, or upon actual knowledge of the entry of this Order, any other person or business enterprise shall also be bound by this Paragraph 10.

11. RM Farm and Sunshine Enterprises shall:

a. advise the Receiver of the existence of any property of the Estate in such party's possession and deliver immediately over to the Receiver or his agents all collections of proceeds of the Estate, including accounts receivable, properly endorsed to the Receiver when necessary;

b. advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the Estate or the business or affairs of the Estate, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "Records") in such party's possession or control; provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto; and provide assistance to the Receiver in gaining immediate access to the

information in the Records as the Receiver may in its discretion require, including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information; provided however that nothing in this paragraph shall require the delivery of Records, or the granting of access to Records, consisting of the personal property of the party in possession thereof, and not the Estate, which may be subject to any attorney-client privilege;

c. continue to deliver immediately to the Receiver all collections of proceeds of the Estate, including accounts receivable, other collections, books and other records relating to the operation, maintenance and management of the Estate, and to permit the Receiver to carry out his duties hereunder without interference; and

d. when necessary or when requested by the Receiver, explain the operation, maintenance, preservation, and liquidation of RM Farm and Sunshine Enterprises' assets to the Receiver or his agents.

12. Except as may be expressly authorized by the Receiver or by application to this Court, no person may buy, sell, or otherwise transfer any portion of the Estate not in the control of the Receiver.

13. Any provision of law to the contrary notwithstanding, the Receiver controls the assets and documents of the Estate until further order of this Court.

14. All claims and demands against the Estate, the Receiver, or the Estate shall be brought in this Court. No equitable proceeding or enforcement process in any court or tribunal in this Jurisdiction shall be commenced or continued against the Receiver except with the written consent of the Receiver or upon order of this Court. All actions within this Jurisdiction whether legal or equitable in nature or which purport to seek equitable relief against the Receiver, the Stipulating Defendants, or the Estate are hereby stayed pending further action of this Court. No new actions, whether legal or equitable in nature, shall be brought against the Receiver, the Stipulating Defendants and/or the Estate without the party seeking to bring such action first obtaining permission of this Court.

15. All persons having notice of this Order, and having oral or written agreements with the Estate, or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, utility or other services to the Estate are hereby restrained until further order of this Court from discontinuing, altering, interfering with or

terminating the supply of such goods or services as may be required by the Receiver; and the Receiver shall be entitled to the continued use of the Estate's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the entry of this Order shall be paid by the Receiver in accordance with the ordinary course of business of the Estate and such supplier, or such other practices as may be agreed upon by the Receiver and the supplier, or as may be ordered by this Court.

16. Sheriff's assistance to enforce the terms of this Order in the form of peace-keeping duties is hereby authorized.

17. All real and personal property lessors to the Estate are hereby enjoined, for a period not to exceed thirty days from entry of this Order, from seizing, or preventing the Receiver from taking possession of the Estate, or any portion thereof. Delivery of a copy of this Order on any such lessor shall serve as formal notice of this Order and the lessor's obligations under this paragraph.

18. All who are acting, or have acted, on behalf of the Receiver at the request of the Receiver, including his attorneys and accountants, are protected and privileged with the same protections of this Court as that of the Receiver. In order to avail the agents of the Receiver with these protections and privileges, the Receiver should file a notice of the agency with this Court.

19. The Receiver shall serve any request for relief or approval of any action required by this Order on the Commissioner, his counsel, and any other party filing an entry of appearance in this proceeding. Unless an objection to the motion is filed with the Court within ten (10) calendar days after service thereof, approval of the Court shall be deemed granted and the Receiver shall be authorized to take such action. As appropriate, the Receiver may nevertheless request entry of a Court order granting such motion. If an objection to the motion is filed with the Court, the Court shall promptly hold a hearing on the motion, on at least three (3) days' notice to all objecting.

20. The Receiver's Bond and the Oath of Receiver may be filed by facsimile transmission or other electronic means and this Order shall become effective upon the Court's receipt of such transmission provided, however, that the Receiver replace the facsimiles with originals within seven days of filing.

21. The Receiver may from time to time request that the Court enter additional orders to supplement, clarify or amend this Order, upon notice in accordance with this Order.

22. Any notice required hereunder to any of counsel of record shall be deemed served on the date of service, if served through ICCES, and if served otherwise, on the date of receipt of

such notice by counsel of record. Any notice required hereunder to be served on any party not represented by counsel in this action shall be deemed served on the date three (3) business days after it is deposited in the United States mail, first class postage prepaid, directed to such party not represented by counsel. Any computation of time for purposes of this Order shall be governed by the provisions of Colorado Rules of Civil Procedure, Rule 6.

23. The Receiver shall forthwith provide a copy of this order to any other persons in possession of any portion of the Estate or any other persons otherwise affected by this order.

24. Except with respect to the operation of the business of Universal Herbs, LLC, and notwithstanding anything to the contrary contained in this Order, the Receiver shall not take any action with regard to ownership, operation, control, storage, generation, or disposal of: (a) any substance deemed a "hazardous substance", "pollutant", "contaminant", or similar substance under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601-9675, the Conservation and Recovery Act of 1976, the Solid Waste Amendments of 1984, the Superfund Amendments and Reauthorization Act of 1986, and any other amendments; or (b) any other chemical, toxin, pollutant or substance defined as hazardous or dangerous to human health under any other federal, state or local law, regulation, rule or ordinance, including, without limitation thereto, petroleum, crude oil, or any fraction thereof (all collectively referred to herein as "Hazardous Substances"), without first applying for an obtaining an Order of this Court specifically setting forth the action or actions proposed to be taken by Receiver. Without first applying for and obtaining such an Order of this Court, the Receiver shall have no ownership, control, authority or power (neither shall receiver have any obligation to exercise ownership, control, authorize or power) over the operation, storage, generation or disposal of any Hazardous Substance. All decisions relating to the ownership, operation, control, storage, generation and disposal of any Hazardous Substances shall be resolved by this Court.

25. The Receiver serves herein, and discharges all his duties under this Order, as an officer of this Court, solely in a representative capacity, and not in an individual capacity, and does not, in being appointed as Receiver or by acting as Receiver consistent with this Order hereunder, thereby become personally liable to any person or governmental entity under any law, statute, regulation or other doctrine of law or equity.

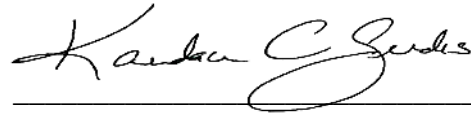
26. The Receiver shall continue in possession of the Estate until discharged by the Court. The Receiver shall endeavor to wind up the Receivership expeditiously or otherwise at the direction of the Court, and to submit a final report and motion for discharge no later than forty-five (45) days after all the Estate has been collected, sold, liquidated, disposed of or abandoned by the Receiver, and all proceeds thereof have been distributed in accordance with this Order and subsequent orders of this Court. If no objections to the final report and motion for discharge have been delivered to the Court, the Receiver, and other parties having entered their appearance in this proceeding, by first-class mail to such address as is reflected in the Court records, within fifteen



(15) days after the final report and motion for discharge are filed with the Court, the final report will be accepted by the Court, and the Court will enter an order terminating the Receivership and discharging the Receiver. The Receiver's bond shall be dismissed following the approval of the final report and entry of the discharge order.

SO ORDERED this 4<sup>th</sup> day of November, 2019.

BY THE COURT:

A handwritten signature in black ink, appearing to read "Kandace C. Gerdes", written over a horizontal line.

Kandace C. Gerdes  
District Court Judge

DISTRICT COURT, CITY AND COUNTY OF DENVER, COLORADO	DATE FILED: April 26, 2021 11:18 AM FILING OFFICE: DENVER CASE NUMBER: 2021 CV 31124 ID: 176D6E0682ACBD5F4
1437 Bannock Street Denver, CO 80202 <hr/> DAVID S. CHEVAL, Acting Securities Commissioner for the State of Colorado,  Plaintiff,  v.  MARK RAY; REVA STACHNIW; CUSTOM CONSULTING & PRODUCT SERVICES, LLC; RM FARM & LIVESTOCK, LLC; MR CATTLE PRODUCTION SERVICES, LLC; SUNSHINE ENTERPRISES; UNIVERSAL HERBS, LLC; DBC LIMITED, LLC,  Defendants.	^ COURT USE ONLY ^
PHILIP J. WEISER, Attorney General ROBERT W. FINKE, 40756* First Assistant Attorney General JANNA K. FISCHER, 44952* Assistant Attorney General Ralph L. Carr Judicial Building 1300 Broadway, 8 <sup>th</sup> Floor Denver, CO 80203 Main: (720) 508-6000 robert.finke@coag.gov; janna.fischer@coag.gov *Counsel of Record	Case No.:  Courtroom:
<b>COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF</b>	

Plaintiff David S. Cheval, Acting Securities Commissioner for the State of Colorado, by and through his counsel, the Colorado Attorney General and undersigned counsel, hereby submits his Complaint for Injunctive and Other Relief against the Defendants, and alleges as follows:

## JURISDICTION

1. Plaintiff David S. Cheval is the Acting Securities Commissioner for the State of Colorado (the “Commissioner”). The Commissioner is authorized to administer all provisions of the Colorado Securities Act (the “Act”). § 11-51-703, C.R.S. He is also authorized to bring this action to seek temporary, preliminary, and permanent injunctive relief, along with other equitable relief against the Defendants upon sufficient evidence that the Defendants have engaged in or are about to engage in any act or practice constituting a violation of any provision of the Act. § 11-51-602, C.R.S.

2. Venue is proper in the district court for the City and County of Denver, Colorado. § 11-51-602(1), C.R.S.

## DEFENDANTS

3. Mark D. Ray is a 59-year-old resident of Aurora, Colorado. Ray is the founder and owner of Custom Consulting, Universal Herbs and MR Cattle. In 2005, Ray was barred from selling securities in Illinois by the Illinois Secretary of State as a result of his offer and sale of securities purportedly backed by cattle trading.

4. Reva Stachniw is a 67-year-old resident of Galesburg, Illinois. Ms. Stachniw is a retired nurse. She was the owner and manager of RM Farm and Sunshine. Stachniw opened and controlled bank accounts in the names of RM Farm and Sunshine.

5. Custom Consulting and Product Services, LLC is a Colorado limited liability company with its principal place of business in Aurora, Colorado. Custom Consulting is controlled by Ray. Ray used Custom Consulting to solicit investments purportedly backed by cattle trading and by wholesale marijuana transactions. Ray controlled bank accounts in the name of Custom Consulting and used them to receive money from and send money to victims of the Ponzi scheme.

6. RM Farm and Livestock, LLC is an Illinois limited liability company with its principal place of business at Stachniw’s residence in Galesburg, Illinois. Ray and Stachniw used RM Farm to solicit investments purportedly backed by cattle trading and by Ray’s marijuana operations. Ray and Stachniw used a bank account in the name of RM Farm to receive money from and to send money to the victims of the Ponzi scheme.

7. MR Cattle Production Services, LLC is a Colorado limited liability company with its principal place of business in Denver, Colorado. MR Cattle is controlled by Ray. Ray used MR Cattle to solicit investments purportedly backed by

cattle trading. Ray controlled bank accounts in the name of MR Cattle and used them to receive money from and send money to victims of the Ponzi scheme.

8. Sunshine Enterprises is a business of unknown corporate status with its principal place of business at Stachniw's residence in Galesburg, Illinois. Ray and Stachniw used a bank account in the name of Sunshine to receive money from and send money to the victims of the Ponzi scheme. Sunshine's bank account was also used to fund the operations of Universal Herbs.

9. Universal Herbs, LLC is a Colorado limited liability company with its principal place of business in Denver, Colorado. Universal Herbs is a marijuana business with two licensed retail locations in Denver, along with a separate licensed marijuana production facility. Ray owns and controls Universal Herbs. Ray extensively commingled the assets of Universal Herbs and the other Ponzi Businesses.

10. DBC Limited, LLC is a Colorado limited liability company with its principal place of business in Aurora, Colorado. Ray owns and controls DBC Limited. Shortly before the Ponzi scheme collapsed, Ray solicited at least one investment through DBC Limited. That investment was purportedly to finance a wholesale transaction in CBD oil, a derivative of marijuana.

### **SUMMARY OF THE ACTION**

11. This matter involves a cattle Ponzi scheme perpetrated by Mark Ray and various entities that he controls. Ray is a repeat offender; he was previously barred by the Illinois Secretary of State from offering securities in that state as the result of a previous cattle business that operated similar to the Ponzi scheme at issue in this case. Despite the bar, Ray solicited and accepted investments from residents of Illinois in connection with his current Ponzi scheme.

12. Defendants Custom Consulting & Product Services, LLC ("Custom Consulting"), RM Farm & Livestock, LLC ("RM Farm"), MR Cattle Production Services, LLC ("MR Cattle"), Sunshine Enterprises ("Sunshine"), Universal Herbs, LLC ("Universal Herbs"), and DBC Limited, LLC ("DBC Limited") (collectively the "Ponzi Businesses") are all involved in Ray's fraudulent scheme. Ray used bank accounts in the names of the majority of the Ponzi Businesses to facilitate the scheme and to deceive investors into believing that Ray was engaged in cattle trading, when, in fact, he was simply using money from new investors to repay prior investors.

13. Since at least 2014, the Ponzi Businesses raised tens of millions of dollars from investors. Certain of the investments were purportedly backed by

short-term cattle trading inventories or cattle-trading opportunities that Ray had identified. Some investors simply loaned Ray money to be used for the Ponzi Businesses without having the loans tied to particular cattle trades. Other investors thought they were financing Ray's various state-licensed marijuana endeavors. Ray promised all of these investors high rates of return, usually over short periods of times.

14. In fact, Ray and the Ponzi Businesses engaged in little cattle trading, and significant amounts of the investor money (regardless of which type of investment the investor thought he or she was making) was simply used in a Ponzi-like manner. In addition to making Ponzi payments to old investors, Ray misappropriated investor money and used it to pay for things like flights on private jets and his personal expenses.

15. The Ponzi scheme involved the offer and sale of unregistered securities in the form of investment contracts and promissory notes that Ray advertised to investors, some of whom were unsophisticated, primarily through word of mouth.

16. Reva Stachniw substantially assisted Ray and the Ponzi Businesses with the fraudulent scheme. Stachniw was the owner and manager of RM Farm and Sunshine Enterprises. She opened bank accounts in the names of those entities, but then she gave Ray permission to use them in whatever manner he wanted. Despite numerous red flags, Stachniw would sign stacks of blank checks and deliver them to Ray or his employees for use in the scheme. She was also the signatory of many of the promissory notes sold as part of the scheme. Without Stachniw's help, Ray would not have been able to run and grow the Ponzi scheme, because his bank accounts would have been shut down.

17. In March 2019, Ray and the Ponzi Businesses ran out of money and the Ponzi scheme appears to have collapsed. They do not currently own any cattle as far as the Commissioner has been able to discover, and investors have lost millions of dollars. As far as the Commissioner is aware, the only real assets that remain consist of Ray's marijuana production and distribution operation, which is licensed by the state of Colorado to Universal Herbs. And that business is substantially encumbered by debt to taxing authorities, vendors and contractors.

18. With Ray's history of misappropriating funds, millions of dollars' worth of investor losses, and the nature of the fraud, it is imperative that Ray's assets be frozen and a receiver be appointed over the Ponzi Businesses.

### **THE FRAUDULENT SCHEME**

#### ***Ray Fraudulently Solicits Investments for the Ponzi Scheme***

19. Beginning in at least 2014, Ray solicited investors for his purported cattle trading and state-licensed marijuana businesses.

20. Ray promised investors that he would provide them with returns in the range of 10-20% in very short periods of time, usually a few weeks. Ray told certain of these investors that they were investing in wholesale, commercial cattle trades or wholesale, licensed marijuana transactions. Other investors were simply asked to invest in promissory notes with a high rate of return. One investor was told he was financing a wholesale, CBD oil transaction.

21. Investors in cattle trades were often told specifics about the cattle that Ray would be purchasing with their investment money. For instance, Ray would tell an investor that he would be purchasing a specific number and type of commercial cattle from a specific ranch. Ray would also sometimes tell investors that he would send the cattle purchased with their money to a specific feed lot for fattening. Several of the ranches and feed lots at which Ray told investors he engaged in cattle trading have confirmed to the U.S. Securities and Exchange Commission (“SEC”) that they did not engage in any cattle trading with Ray.

22. In other words, there were, in fact, no cattle to support the vast majority of purported investments in cattle trading.

23. Instead, Ray simply used new investor money to repay prior investors.

24. Similarly, Ray told some investors that they were financing wholesale marijuana transactions whereby he would purchase a large quantity of marijuana from a licensed producer and then sell it at a markup to licensed retailers.

25. In fact, Ray used most of that investor money to repay prior investors and keep the Ponzi scheme afloat.

26. Ray also used the proceeds of his promissory note sales to repay prior investors.

27. Ray instructed some investors to wire money or send checks directly to other victims of his scheme. When doing so, he would lie to both victims about the purpose of the transfers.

28. For instance, Ray would instruct Victim A to wire funds to Victim B, telling Victim A that the funds were for the purchase of cattle from Victim B. Ray would tell Victim B, however, that the funds received from Victim A were payment for another cattle trade in which Victim B had previously invested.

29. Ray had one investor who purchased a promissory note from DBC Limited, which was supposed to finance a wholesale CBD oil transaction, wire the investment money to an attorney in Denver, purportedly to be held in an escrow account. At this point, the SEC does not know what happened to those funds, and both Ray and the attorney have refused to return the funds to the investor.

30. Investors would not have invested with Ray had they known that he was using their money to repay earlier investors.

***Ray, Stachniw and the Ponzi Businesses Offered  
and Sold Unregistered Promissory Notes***

31. Since at least 2016, Ray offered and sold promissory notes to investors through several of the Ponzi Businesses and individually. The promissory notes are not regulated by any other financial regulatory authority.

32. Some of the notes were issued in the name of RM Farm and signed by Stachniw.

33. Other notes were issued in the name of Mark Ray personally or in the name of Custom Consulting, MR Cattle or DBC Limited and signed by Ray.

34. Some of the notes were convertible into a specific percentage of equity in Universal Herbs.

35. Most, if not all, of the notes were personally guaranteed by Ray.

36. The promissory notes that Ray, Stachniw and the Ponzi Businesses offered and sold were not registered with the SEC.

***Ray and the Ponzi Businesses Offered  
and Sold Unregistered Investment Contracts***

37. Some investors were given formal written contracts or agreements documenting their investments. Others had oral agreements with Ray and the Ponzi Businesses that were either undocumented or that were documented in text messages and emails.

38. All of the agreements called for the investor to make an investment of money with the expectation of profit.

39. Sometimes the profit was fixed in advance and other times Ray told the investors that the profit would be determined by the final sales price of the cattle or marijuana transaction.

40. At various times, investors provided funds directly to each of the Ponzi Businesses, except for Universal Herbs and DBC Limited, which did not have bank accounts in their own name so far as the Commission is aware.

41. At various times, investors received funds directly from each of the Ponzi Businesses, except for Universal Herbs and DBC Limited.

42. Some investors were told that their investments would be pooled with the funds of other investors for a particular trade. Others were told that Ray would personally invest his own funds along with theirs.

43. The investors relied on Ray's skill and knowledge of either the cattle industry or the state-licensed marijuana industry to generate their returns.

44. Many of the investors knew very little about the cattle industry or the state-licensed marijuana industry.

### ***The Ponzi Businesses Commingled Funds***

45. With the exception of Universal Herbs and DBC Limited, the Ponzi Businesses routinely transferred large amounts of money back and forth among their bank accounts using checks and wire transfers.

46. The vast majority of these transfers did not serve any legitimate business purpose or reflect any underlying economic realities.

47. Rather, Ray used the various entities and bank accounts to hide his activities and to give the illusion that he was engaged in actual cattle trading or profitably selling state-licensed marijuana.

48. In general, Ray would have investors send money to accounts controlled by him, with those investors' "returns" coming from accounts controlled by Stachniw, or the opposite. Ray usually did not both receive and return a particular investor's funds from the same account.

49. By using accounts in the name of (and nominally controlled by) Stachniw and other accounts controlled by himself, Ray was able to evade detection by the fraud departments of the banks. In other words, it would have been obvious to the banks that he was running a Ponzi scheme if all of his activities had run through one account or through accounts only in his own name.

50. Stachniw facilitated this deception by, among other things, signing stacks of blank checks drawn on the accounts of Sunshine and RM Farm and giving



them to Ray, his investors and his employees. She further facilitated the deception by making wire transfers from the accounts at Ray's directions.

51. Stachniw knew or was reckless in not knowing that significant portions of the funds deposited into the account of RM Farm came from investors. It should have been obvious to her given that she signed the promissory notes issued by RM Farm and had access to the bank account.

52. Some of the blank checks Stachniw signed were used to pay operating expenses of Universal Herbs. Those funds mainly came from investors, however, not from any operating profits of Universal Herbs.

53. Stachniw knew or was reckless in not knowing that she was assisting Ray in a Ponzi scheme.

### ***Ray and Stachniw Misappropriated and Misused Investor Funds***

54. Ray used investor funds to pay for personal expenses, such as medical bills, flights on private jets and to support his business of raising show cattle. These payments were made directly from the Ponzi Businesses.

55. Stachniw paid some of her personal expenses from the accounts of RM Farm and Sunshine.

56. Ray and Stachniw also simply transferred investor money to their own personal bank accounts (and the accounts of close family members) from the accounts of the Ponzi businesses.

57. Tens of millions of dollars' worth of investor money is missing and unaccounted for.

58. Ray has no records of the various cattle transactions he purportedly engaged in, and he does not have sufficient records from which to reconstruct the investors' flow of funds, particularly given that a significant amount of investor funds went directly from one victim to another.

59. Ray continued to solicit investments after the majority of the Ponzi Businesses' bank accounts were closed.

**FIRST CLAIM FOR RELIEF  
(Securities Fraud)**

60. Paragraphs 1 through 59 are incorporated herein by reference.

61. In connection with offer, sale, or purchase of securities in Colorado, Defendants, directly or indirectly:

- a. employed a device, scheme or artifice to defraud;
- b. made written and oral untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or
- c. engaged in acts, practices or courses of business which operated and would operate as a fraud and deceit on investors;

all in violation of § 11-51-501(1), C.R.S.

62. Defendants offered or sold securities by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements, in light of the circumstances under which they were made, not misleading (the buyers not knowing of the untruths or omissions), or engaged in acts, practices, or courses of business that operated as a fraud on the investors, and therefore the Defendants are liable to the Commissioner for damages under § 11-51-604(4), C.R.S., by operation of § 11-51-602(2), C.R.S., based on violations of § 11-51-501(1)(b), C.R.S.

63. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of persons injured by the conduct of the Defendants pursuant to §§ 11-51-602(2) and 604(4), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against the Defendants, his officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be; any person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the Defendants; and all those in active concert or participation with the Defendants, enjoining violation of § 11-51-501, C.R.S., by virtue of § 11-51-602, C.R.S.

**SECOND CLAIM FOR RELIEF  
(Unlicensed Activity)**

64. Paragraphs 1 through 63 are incorporated herein by reference.

65. At no time relevant to this Complaint was Ray or Stachniw licensed, or exempt from licensure, as a “broker-dealer” or registered in any capacity with the Commissioner, as required by §§ 11-51-401 and 402, C.R.S.

66. At no time relevant to this Complaint was Ray or Stachniw licensed, or exempt from licensure, as a “sales representative” or registered in any capacity with the Commissioner, as required by §§ 11-51-401 and 402, C.R.S.

67. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of persons injured by the conduct of Defendants pursuant to §§ 11-51-602(2), 604(2)(a) and (5)(a), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against Defendants, their officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be; any person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Defendants; and all those in active concert or participation with Defendants, enjoining violation of §§ 11-51-401 and 402, C.R.S., by virtue of § 11-51-602, C.R.S.

**THIRD CLAIM FOR RELIEF  
(Unregistered Securities)**

68. Paragraphs 1 through 67 are incorporated herein by reference.

69. At no relevant time to this Complaint did Defendants register, or file notices of exemption from registration for the securities that they offered and sold to investors, as required by § 11-51-301, C.R.S.

70. The Commissioner is entitled to an award of damages, interest, costs, and attorneys fees, restitution, disgorgement and other equitable relief on behalf of persons injured by the conduct of Defendants pursuant to §§ 11-51-602(2), 604(1) and (5)(a), C.R.S. The Commissioner is also entitled to a preliminary and permanent injunction against Defendants, their officers, directors, agents, servants, employees, successors and attorneys-in-fact, as may be; any person, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Defendants; and all those in active concert or participation with Defendants, enjoining violation of § 11-51-301, C.R.S., by virtue of § 11-51-602, C.R.S.

WHEREFORE, the Commissioner requests relief as follows:

1. For preliminary and permanent injunctive relief against all the Defendants, their agents, servants, employees, and successors; any person who, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with; and all those in active concert or participation with the Defendants, enjoining the violations of all the Defendants of the Colorado Securities Act or successor statute.

2. For an Order appointing a receiver as agreed to by Defendants and set out in the Stipulations for Permanent Injunction and Other Relief and the Stipulated Motion for Appointment of Receiver filed contemporaneously with this Complaint.

3. For such other and further relief as the court deems proper.

Respectfully submitted this 30th day of September, 2019.

PHILIP J. WEISER  
Attorney General

*/s/ Robert W. Finke*

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ROBERT W. FINKE, 40756\*

JANNA K. FISCHER, 44952\*

First Assistant Attorney General

Financial and Health Services Unit

*Attorneys for Plaintiff David S. Cheval,*

*Acting Securities Commissioner*

\*Counsel of Record

DATE FILED: April 6, 2021 3:46 PM  
FILING ID: 51687ACCB5F4  
CASE NUMBER: 2021CV31124

**UNITED STATES DISTRICT COURT  
DISTRICT OF COLORADO**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**MARK RAY; REVA STACHNIW; RON  
THROGMARTIN; CUSTOM  
CONSULTING & PRODUCT SERVICES,  
LLC; RM FARM & LIVESTOCK, LLC;  
MR CATTLE PRODUCTION SERVICES,  
LLC; SUNSHINE ENTERPRISES;  
UNIVERSAL HERBS, LLC; DBC  
LIMITED, LLC,**

**Defendants.**

**Civil Action File No.**

**COMPLAINT**

Plaintiff, the United States Securities and Exchange Commission  
("Commission" or "SEC") alleges the following:

## OVERVIEW

1. This matter involves a cattle Ponzi scheme perpetrated by Mark Ray and various entities that he controls. Ray is a repeat offender; he was previously barred by the Illinois Secretary of State from offering securities in that state as the result of a previous cattle business that operated similar to the Ponzi scheme at issue in this case. Despite the bar, Ray solicited and accepted investments from residents of Illinois in connection with his current Ponzi scheme.

2. Defendants Custom Consulting & Product Services, LLC (“Custom Consulting”), RM Farm & Livestock, LLC (“RM Farm”), MR Cattle Production Services, LLC (“MR Cattle”), Sunshine Enterprises (“Sunshine”), Universal Herbs, LLC (“Universal Herbs”), and DBC Limited, LLC (“DBC Limited”) (collectively the “Ponzi Businesses”) are all involved in Ray’s fraudulent scheme.

Ray used bank accounts in the names of the majority of the Ponzi Businesses to facilitate the scheme and to deceive investors into believing that Ray was engaged in cattle trading, when, in fact, he was simply using money from new investors to repay prior investors.

3. Since at least 2014, the Ponzi Businesses raised tens of millions of dollars from investors. Certain of the investments were purportedly backed by short-term

cattle trading inventories or cattle-trading opportunities that Ray had identified. Some investors simply loaned Ray money to be used for the Ponzi Businesses without having the loans tied to particular cattle trades. Other investors thought they were financing Ray's various state-licensed marijuana endeavors. Ray promised all of these investors high rates of return, usually over short periods of times.

4. In fact, Ray and the Ponzi Businesses engaged in little cattle trading, and significant amounts of the investor money (regardless of which type of investment the investor thought he or she was making) was simply used in a Ponzi-like manner. In addition to making Ponzi payments to old investors, Ray misappropriated investor money and used it to pay for things like flights on private jets and his personal expenses.

5. The Ponzi scheme involved the offer and sale of unregistered securities in the form of investment contracts and promissory notes that Ray advertised to investors, some of whom were unsophisticated, primarily through word of mouth.

6. Reva Stachniw and Ron Throgmartin substantially assisted Ray and the Ponzi Businesses with the fraudulent scheme. Stachniw was the owner and manager of RM Farm and Sunshine Enterprises. She opened bank accounts in the

names of those businesses, but then she gave Ray permission to use them in whatever manner he wanted. Despite numerous red flags, Stachniw would sign stacks of blank checks and deliver them to Ray or his employees for use in the scheme. She was also the signatory of many of the promissory notes sold as part of the scheme. Without Stachniw's help, Ray would not have been able to run and grow the Ponzi scheme, because his bank accounts would have been shut down.

7. Throgmartin drafted invoices and emails reflecting non-existent cattle trades and sent them to investors. Throgmartin had online access to bank accounts in the names of Ray, Custom Consulting and MR Cattle, all of which were used in the Ponzi scheme, and with the assistance of Stachniw and an outside accountant, he tracked the status of each investor's account. Without Throgmartin to keep him organized and communicate with investors, Ray could not have succeeded in running the Ponzi scheme.

8. In March 2019, Ray and the Ponzi Businesses ran out of money and the Ponzi scheme appears to have collapsed. They do not currently own any cattle as far as the Commission has been able to discover, and investors have lost millions of dollars. As far as the Commission is aware, the only real assets that remain consist of Ray's marijuana production and distribution operation, which is



licensed by the state of Colorado to Universal Herbs. And that business is substantially encumbered by debt to taxing authorities, vendors and contractors.

9. With Ray's history of misappropriating funds, millions of dollars' worth of investor losses, and the nature of the fraud, it is imperative that the Defendants be enjoined against further violation and that the assets derived from the scheme be frozen.

### **VIOLATIONS**

10. The Defendants have engaged in acts or practices or aided, abetted and caused, and, unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute or will aid abet and cause violations of Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act of 1933 ("Securities Act") [ 15 U.S.C. §§ 77q(a)(1), 77q(a)(2), and 77q(a)(3)].

11. The Defendants have engaged in acts or practices or aided, abetted and caused, and, unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute or will aid abet and cause violations of Section 10(b) of the Securities Exchange Act of 1934

("Exchange Act") [15 U.S.C. § 78j(b)] and subsections (a), (b), and (c) of Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5 (a), (b), and (c)].

12. The Defendants have engaged in acts or practices or aided, abetted and caused, and, unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute or will aid abet and cause violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)].

#### **JURISDICTION AND VENUE**

13. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to enjoin Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties and for other equitable relief.

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

15. Defendants, directly and indirectly, made use of the mails, and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

16. Certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act and the Exchange Act occurred in the District of Colorado.

17. Defendants, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged in this complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

#### **THE DEFENDANTS**

18. **Mark D. Ray** is a 59 year old resident of Denver, Colorado. Ray is the founder and owner of Custom Consulting, Universal Herbs and MR Cattle. In 2005, Ray was barred from selling securities in Illinois by the Illinois Secretary of State as a result of his offer and sale of securities purportedly backed by cattle trading.

19. **Ron Throgmartin** is a 55 year old resident of Buford, Georgia. He is the CEO of a marijuana business named Diego Pellicer. Diego Pellicer has

publicly traded stock and has licensed retail locations in Denver and Seattle.

Throughout the time period described in this Complaint, Throgmartin served as Ray's comptroller and general business consultant.

20. **Reva Stachniw** is a 67 year old resident of Galesburg, Illinois. Ms. Stachniw is a retired nurse. She was the owner and manager of RM Farm and Sunshine. Stachniw opened and controlled bank accounts in the names of RM Farm and Sunshine.

21. **Custom Consulting and Product Services, LLC** is a Colorado limited liability company with its principal place of business in Aurora, Colorado. Custom Consulting is controlled by Ray. Ray used Custom Consulting to solicit investments purportedly backed by cattle trading and by wholesale marijuana transactions. Ray controlled bank accounts in the name of Custom Consulting and used them to receive money from and send money to victims of the Ponzi scheme.

22. **RM Farm and Livestock, LLC** is an Illinois limited liability company with its principal place of business at Stachniw's residence in Galesburg, Illinois. Ray and Stachniw used RM Farm to solicit investments purportedly backed by cattle trading and by Ray's marijuana operations. Ray and Stachniw

used a bank account in the name of RM Farm to receive money from and to send money to the victims of the Ponzi scheme.

23. **MR Cattle Production Services, LLC** is a Colorado limited liability company with its principal place of business in Denver, Colorado. MR Cattle is controlled by Ray. Ray used MR Cattle to solicit investments purportedly backed by cattle trading. Ray controlled bank accounts in the name of MR Cattle and used them to receive money from and send money to victims of the Ponzi scheme.

24. **Sunshine Enterprises** is a business name used by Stachniw with a principal place of business at Stachniw's residence in Galesburg, Illinois. Ray and Stachniw used a bank account in the name of Sunshine to receive money from and send money to the victims of the Ponzi scheme. Sunshine's bank account was also used to fund the operations of Universal Herbs.

25. **Universal Herbs, LLC** is a Colorado limited liability company with its principal place of business in Denver, Colorado. Universal Herbs is a marijuana business with two licensed retail locations in Denver, along with a separate licensed marijuana production facility. Ray owns and controls

Universal Herbs. Ray extensively commingled the assets of Universal Herbs and the other Ponzi Businesses.

26. **DBC Limited, LLC** is a Colorado limited liability company with its principal place of business in Aurora, Colorado. Ray owns and controls DBC Limited. Shortly before the Ponzi scheme collapsed, Ray solicited at least one investment through DBC Limited. That investment was purportedly to finance a wholesale transaction in CBD oil, a derivative of marijuana.

### **THE FRAUDULENT SCHEME**

#### ***Ray Fraudulently Solicits Investments for the Ponzi Scheme***

27. Beginning in at least 2014, Ray solicited investors for his purported cattle trading and state-licensed marijuana businesses.

28. Ray promised investors that he would provide them with returns in the range of 10-20% in very short periods of time, usually a few weeks. Ray told certain of these investors that they were investing in wholesale, commercial cattle trades or wholesale, licensed marijuana transactions. Other investors were simply asked to invest in promissory notes with a high rate of return. One investor was told he was financing a wholesale, CBD oil transaction.

29. Investors in cattle trades were often told specifics about the cattle that Ray would be purchasing with their investment money. For instance, Ray would tell an investor that he would be purchasing a specific number and type of commercial cattle from a specific ranch. Ray would also sometimes tell investors that he would send the cattle purchased with their money to a specific feed lot for fattening. Several of the ranches and feed lots at which Ray told investors he engaged in cattle trading have confirmed to the Commission that they did not engage in any cattle trading with Mr. Ray.

30. In other words, there were, in fact, no cattle to support the vast majority of purported investments in cattle trading.

31. Instead, Ray simply used new investor money to repay prior investors.

32. Similarly, Ray told some investors that they were financing wholesale marijuana transactions whereby he would purchase a large quantity of marijuana from a licensed producer and then sell it at a markup to licensed retailers.

33. In fact, Ray used most of that investor money to repay prior investors and keep the Ponzi scheme afloat.

34. Ray also used the proceeds of his promissory note sales to repay prior investors.

35. Ray instructed some investors to wire money or send checks directly to other victims of his scheme. When doing so, he would lie to both victims about the purpose of the transfers.

36. For instance, Ray would instruct Victim A to wire funds to Victim B, telling Victim A that the funds were for the purchase of cattle from Victim B. Ray would tell Victim B, however, that the funds received from Victim A were payment for another cattle trade in which Victim B had previously invested.

37. Ray had one investor who purchased a promissory note from DBC Limited, which was supposed to finance a wholesale CBD oil transaction, wire the investment money to an attorney in Denver, purportedly to be held in an escrow account. At this point, the Commission does not know what happened to those funds, and both Ray and the attorney have refused to return the funds to the investor.

38. Investors would not have invested with Ray had they known that he was using their money to repay earlier investors.



***Ray, Stachniw and the Ponzi Businesses Offered and Sold Unregistered Promissory Notes***

39. Since at least 2016, Ray offered and sold promissory notes to investors through several of the Ponzi Businesses and individually. The promissory notes are not regulated by any other financial regulatory authority.

40. Some of the notes were issued in the name of RM Farm and signed by Stachniw.

41. Other notes were issued in the name of Mark Ray personally or in the name of Custom Consulting, MR Cattle or DBC Limited and signed by Ray.

42. Some of the notes were convertible into a specific percentage of equity in Universal Herbs.

43. Most, if not all, of the notes were personally guaranteed by Ray.

44. The promissory notes that Ray, Stachniw and the Ponzi Businesses offered and sold were not registered with the Commission.

***Ray and the Ponzi Businesses Offered and Sold Unregistered Investment Contracts***

45. Some investors were given formal written contracts or agreements documenting their investments. Others had oral agreements with Ray and the

Ponzi Businesses that were either undocumented or that were documented in text messages and emails.

46. All of the agreements called for the investor to make an investment of money with the expectation of profit.

47. Sometimes the profit was fixed in advance and other times Ray told the investors that the profit would be determined by the final sales price of the cattle or marijuana transaction.

48. At various times, investors provided funds directly to each of the Ponzi Businesses, except for Universal Herbs and DBC Limited, which did not have bank accounts in their own name so far as the Commission is aware.

49. At various times, investors received funds directly from each of the Ponzi Businesses, except for Universal Herbs and DBC Limited.

50. Some investors were told that their investments would be pooled with the funds of other investors for a particular trade. Others were told that Ray would personally invest his own funds along with theirs.

51. The investors relied on Ray's skill and knowledge of either the cattle industry or the state-licensed marijuana industry to generate their returns.

52. Many of the investors knew very little about the cattle industry or the state-licensed marijuana industry.

***The Ponzi Businesses Commingled Funds.***

53. With the exception of Universal Herbs and DBC Limited, the Ponzi Businesses routinely transferred large amounts of money back and forth among their bank accounts using checks and wire transfers.

54. The vast majority of these transfers did not serve any legitimate business purpose or reflect any underlying economic realities.

55. Rather, Ray used the various entities and bank accounts to hide his activities and to give the illusion that he was engaged in actual cattle trading or profitably selling state-licensed marijuana.

56. In general, Ray would have investors send money to accounts controlled by him, with those investors' "returns" coming from accounts controlled by Stachniw, or the opposite. Ray usually did not both receive and return a particular investor's funds from the same account.

57. By using accounts in the name of (and nominally controlled by) Stachniw and other accounts controlled by himself, Ray was able to evade detection by the fraud departments of the banks. In other words, it would have

been obvious to the banks that he was running a Ponzi scheme if all of his activities had run through one account or through accounts only in his own name. At the height of the scheme, more than \$140 million per month was being moved through accounts under the control of Ray and Stachniw.

58. Stachniw facilitated this deception by, among other things, signing stacks of blank checks drawn on the accounts of Sunshine and RM Farm and giving them to Ray, his investors and his employees. She further facilitated the deception by making wire transfers from the accounts at Ray's directions.

59. Stachniw knew or was reckless in not knowing that significant portions of the funds deposited into the account of RM Farm came from investors. It should have been obvious to her given that she signed the promissory notes issued by RM Farm and had access to the bank account.

60. Some of the blank checks Stachniw signed were used to pay operating expenses of Universal Herbs. Those funds mainly came from investors, however, not from any operating profits of Universal Herbs.

61. Stachniw knew or was reckless in not knowing that she was assisting Ray in a Ponzi scheme.

***Throgmartin Substantially Assisted Ray and Stachniw with the Ponzi Scheme.***

62. Ron Throgmartin, with the assistance of Stachniw, kept track of which investors sent money to which Ponzi Business and vice versa. He often communicated with investors on behalf of Ray when they had questions about the status of their investments.

63. Throgmartin also served as the primary drafter of documents used in the Ponzi scheme. He sent emails, text messages, invoices and promissory notes that he drafted to investors documenting the terms of their investments.

64. Throgmartin solicited investments in writing from numerous investors on behalf of the Ponzi Businesses.

65. Throgmartin often instructed investors to which accounts they should send funds.

66. When the bank at which RM Farm had its accounts became concerned about the volume of transactions in the account, Throgmartin intervened and communicated frequently with the bank president to assuage his concerns.

67. As part of his effort to keep the account of RM Farm open, Throgmartin sent the bank president a false cattle inventory.

68. Stachniw was copied on the email sending the false cattle inventory. She knew or was reckless in not knowing that she and RM Farm did not own many of the cattle on the inventory.

69. In December 2018, Throgmartin also solicited a \$5 million investment from an investor on Ray's behalf. The solicitation was accompanied by a document titled "Consolidated Personal Financial Statement of Mark Ray As of September 30, 2018" that falsely described Ray as having assets worth over \$33 million and as having made a "Gross Profit" of \$7.8 million from January to September of 2018. The potential investor ultimately declined to invest.

70. Throgmartin knew or was reckless in not knowing that Ray had not, in fact, generated any profit in 2018 and that Ray's assets were not worth anywhere near \$33 million.

71. Throgmartin knew or was reckless in not knowing that Ray and Stachniw were running a Ponzi scheme.

***Ray and Stachniw Misappropriated and Misused Investor Funds***

72. Ray used investor funds to pay for personal expenses, such as medical bills, flights on private jets and to support his business of raising show cattle. These payments were made directly from the Ponzi Businesses.

73. Stachniw paid some of her personal expenses from the accounts of RM Farm and Sunshine.

74. Ray and Stachniw also simply transferred investor money to their own personal bank accounts (and the accounts of close family members) from the accounts of the Ponzi businesses.

75. Tens of millions of dollars' worth of investor money is missing and unaccounted for.

76. Ray has no records of the various cattle transactions he purportedly engaged in, and he does not have sufficient records from which to reconstruct the investors' flow of funds, particularly given that a significant amount of investor funds went directly from one victim to another.

77. Ray continued to solicit investments after the majority of the Ponzi Businesses' bank accounts were closed.

**COUNT I—FRAUD**

**Violations of Section 17(a)(1) of the Securities Act**

**[15 U.S.C. § 77q(a)(1)]**

78. Paragraphs 1 through 77 are hereby realleged and incorporated herein by reference.

79. Between in or around 2014 and the present, Ray, RM Farm, Sunshine, Custom Consulting, MR Cattle and DBC Limited (the “Offering Defendants”), in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

80. The Offering Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

81. While engaging in the course of conduct described above, the Offering Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

82. By reason of the foregoing, the Offering Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].



**COUNT II—FRAUD**

**Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act**

**[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]**

83. Paragraphs 1 through 77 are hereby realleged and incorporated herein by reference.

84. Between in or around 2014 and the present, the Offering Defendants, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a. obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

b. engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities; all as more particularly described above.

85. By reason of the foregoing, Offering Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

### **COUNT III – FRAUD**

#### **Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Sections (a), (b), and (c) of Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5 (a), (b), and (c)]**

86. Paragraphs 1 through 77 are hereby re-alleged and are incorporated herein by reference.

87. Between in or around 2014 and the present, Offering Defendants, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- a. employed devices, schemes, and artifices to defraud;
- b. made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- c. engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities;

all as more particularly described above.

88. Offering Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Offering Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

89. By reason of the foregoing, Offering Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Sections (a), (b), and (c) of Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5(a), (b), and (c)].

#### **COUNT IV – UNREGISTERED OFFERING OF SECURITIES**

##### **Violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)]**

90. Paragraphs 1 through 77 are hereby realleged and are incorporated herein by reference.

91. Offering Defendants offered and sold securities, including promissory notes and investment contracts.

92. Offering Defendants used interstate transportation, communication or mails in connection with the sale of securities.

93. At the time of the offer and sale of securities, no registration statement was in effect as to the securities offered and sold.

94. By reason of the foregoing, Offering Defendants have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

#### **COUNT V – AIDING AND ABETTING**

95. Paragraphs 1 through 77 and 78 through 82 are hereby restated and incorporated herein by reference.

96. Defendants substantially assisted the violations set forth in Count I above.

97. Defendants knew or were reckless in not knowing that they were participating in securities law violations when assisting, causing or engaging in transactions with or on behalf of the Offering Defendants.

98. Defendants aided and abetted the violations in Count I above.

**COUNT VI – AIDING AND ABETTING**

99. Paragraphs 1 through 77 and 83 through 85 are hereby restated and incorporated herein by reference.

100. Defendants substantially assisted the violations set forth in Count II above.

101. Defendants knew or were reckless in not knowing that they were participating in securities law violations when assisting, causing or engaging in transactions with or on behalf of the Offering Defendants.

102. Defendants aided and abetted the violations in Count II above.

**COUNT VII – AIDING AND ABETTING**

103. Paragraphs 1 through 77 and 86 through 89 are hereby restated and incorporated herein by reference.

104. Defendants substantially assisted the violations set forth in Count III above.

105. Defendants knew or were reckless in not knowing that they were participating in securities law violations when assisting, causing or engaging in transactions with or on behalf of the Offering Defendants.

106. Defendants aided and abetted the violations in Count III above.

## **PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully prays for:

### **I.**

Preliminary and permanent injunctions enjoining Defendants, their officers, agents, servants, employees, and attorneys from violating, directly or indirectly, 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] and Sections 5(a), 5(c), 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e, 77q].

### **II.**

An order requiring an accounting by Defendants of the use of proceeds of the fraudulent conduct described in this Complaint and the disgorgement by Defendants of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

### **III.**

An order pursuant to Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)] and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] imposing civil penalties against Defendants.

**IV.**

An order freezing certain assets of Defendants pending further order of the Court.

**V.**

An order preventing Defendants from destroying or concealing documents until further order of this Court.

**VI.**

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

**JURY TRIAL DEMAND**

The Commission hereby demands a trial by jury as to all issues that may be so tried.

This 30th day of September, 2019.

Respectfully submitted,

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United States, including in the Central District of Illinois, by inducing them to send money to him under the false pretense that he would use the victims' money to purchase cattle, which, after a short period of time, he would resell at a profit. Defendant falsely promised his victims that they would receive a 10-15% profit on money they sent him.

7. Defendant relied on his education and training in animal husbandry, as well as his specialized experience in the cattle industry, to fraudulently induce his victims to send money to him.

8. Upon receipt of his victims' money, instead of using it as promised, defendant diverted the money to fund operations at multiple businesses he owned and operated. Over time, to perpetuate and conceal the fraud, defendant also used his victims' money to re-pay money that he had fraudulently obtained from other victims in a "Ponzi-style" scheme.

9. Central to defendant's scheme was a bank account located at Bank A which CC-1 had opened for use by the scheme ("Bank Account A"). CC-1 opened Bank Account A under the pretense that it would be used by CC-1 and her business, while simultaneously knowing that Bank Account A would in fact principally be used by the co-conspirators (including Defendant) in furtherance of the scheme. Defendant, in agreement with CC-1, directed victims to send money to Bank Account A for the purported cattle transactions via electronic wire transfers. Then, to re-pay victims, CC-1, in agreement with defendant and at defendant's direction, sent paper checks from Bank Account A to victims, via mail, in amounts that defendant designated. As the account holder, CC-1 signed the checks that she wrote against Bank Account A.

10. Over the course of approximately 18 months, the defendant, CC-1, and CC-2 together caused several hundred million dollars of victim money to be deposited into and debited from Bank Account A, in the form of checks signed by CC-1. Nearly all of this money was used

to re-pay money that defendant owed to other victims of his scheme to defraud, and not for the reasons that defendant stated when soliciting the funds from the victims. CC-1 knew, at the time, that these funds were being used in this way.

11. Many times over the course of the charged conspiracy, in agreement with and in order to aid defendant, CC-2 prepared false invoices for “investors,” to falsely document cattle-related transactions that CC-2 knew had not occurred. CC-2 sent false invoices to investors via email. When CC-2 prepared and sent these same invoices, he knew they were false.

12. During the relevant time period, defendant took advantage of several financial institutions, including Bank A and others, by exploiting delays in the institutions’ clearing of financial transactions (i.e. the “float”) that he caused in furtherance of the scheme. In other words, defendant was “kiting checks”—taking advantage of processing delays to make use of non-existent funds in various checking accounts—to both deceive his victims and prolong the scheme. Defendant was able to perpetuate the scheme for as long as he did, in part, because of his knowledge of “the float” and his familiarity with the cattle industry.

13. When defendant’s scheme inevitably collapsed, Bank B suffered a loss of approximately \$7,000,000, and two individual victims suffered losses of at least \$3,000,000 each. Thus, defendant’s misconduct resulted in a loss to victims and financial institutions of at least \$13,000,000.

**COUNT ONE**  
**(CONSPIRACY TO COMMIT WIRE FRAUD AND BANK FRAUD)**

14. The allegations set forth in Paragraphs 1-13 of this Information are hereby realleged and incorporated by reference.

15. From in or about December 2014 to in or about March 2019, in the Central District of Illinois and elsewhere, the defendant,

**MARK DAVID RAY,**

conspired with CC-1 and CC-2, and others known and unknown to the United States Attorney, to commit certain offenses against the United States, that is:

a. to devise and intend to devise a scheme and artifice to defraud and for obtaining money and property from their victims by means of materially false and fraudulent pretenses, representations, and promises, and to transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures, and sounds, for the purpose of executing the scheme to defraud, in violation of Title 18, United States Code, Section 1343; and

b. to devise and intend to devise a scheme and artifice to defraud Bank A and Bank B, financial institutions, and to obtain moneys, funds, credits, and other property owned by and under the custody and control of Bank A and Bank B, by means of one or more materially false and fraudulent pretenses, representations, and promises, in violation of Title 18, United States Code, Section 1344.

**Purpose of the Conspiracy**

16. The objects of the conspiracy were for the defendant, CC-1, and CC-2, to unlawfully enrich themselves by fraudulently obtaining money from investors, and to conceal the conspiracy.

**Manner and Means of the Conspiracy**

17. The allegations set forth in Paragraphs 1-13 of this Information are hereby realleged and incorporated by reference.

All in violation of Title 18, United States Code, Section 1349.

**NOTICE OF FORFEITURE**

18. The allegations set forth in Paragraphs 1-17 of this Information are hereby realleged and incorporated by reference.

19. Upon conviction of offenses in violation of Title 18, United States Code, Section 1349, set forth in Count One of this Information, the defendant,

**MARK DAVID RAY,**

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses, including, but not limited to (i) All property which constitutes or is derived from proceeds of the violations set forth in this Information; and (ii) All property involved in such violations or traceable to property involved in such violations.

20. If any property described in Paragraph 19 above as being forfeitable pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code 2461(c), as a result of any or omission of defendant,

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been comingled with other property which cannot be divided without difficulty;

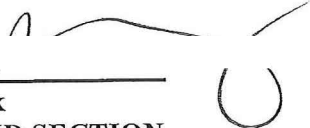
it is the intention of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporated Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of defendant up to the value of the property described in paragraph 15 above.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code 2461(c).

s/John Milhiser

  
\_\_\_\_\_  
John C. Milhiser  
UNITED STATES ATTORNEY  
DA

s/Robert Zink

  
\_\_\_\_\_  
Robert A. Zink  
CHIEF, FRAUD SECTION  
MPM

A	B	C	D	E	F	G	H	
1	<b>Mark Ray Receivship</b>							
2	<b>Transactions Identified between the Mark Ray Entity Accounts and Ron Throgmartin and/or Phoenix Consulting</b>							
3								
4	<b>Account Holder</b>	<b>Bank &amp; Acct N</b>	<b>Party Name</b>	<b>Type</b>	<b>Check #</b>	<b>Clear Date</b>	<b>Amount</b>	
5	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1097	9/30/2013	\$ (2,300)	
6	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1091	10/3/2013	\$ (1,302)	
7	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1096	10/24/2013	\$ (1,302)	
8	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1102	11/4/2013	\$ (1,302)	
9	Stachniw	Midwest Bank	Throgmartin, Ron	Check	1386	11/25/2013	\$ (1,250)	
10	Stachniw	Midwest Bank	Throgmartin, Ron	Check	1364	12/9/2013	\$ (1,552)	
11						<b>Subtotal - 2013</b>	<b>\$ (9,108)</b>	
12								
13								
14	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1139	1/21/2014	\$ (2,502)	
15	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1191	2/3/2014	\$ (2,552)	
16	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1211	2/18/2014	\$ (2,502)	
17	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1237	3/3/2014	\$ (2,503)	
18	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1274	3/17/2014	\$ (2,503)	
19	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1148	3/21/2014	\$ (2,503)	
20	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1353	4/14/2014	\$ (2,503)	
21	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1401	4/29/2014	\$ (2,503)	
22	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1531	5/11/2014	\$ (2,503)	
23	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1509	5/23/2014	\$ (1,000)	
24	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1564	5/27/2014	\$ (2,503)	
25	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1819	6/9/2014	\$ (2,503)	
26	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1726	6/20/2014	\$ (3,503)	
27	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1741	7/3/2014	\$ (7,500)	
28	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1681	7/7/2014	\$ (2,503)	
29	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1718	7/22/2014	\$ (2,503)	
30	RMFarms	Midwest Bank	Throgmartin, Ron	Check	1957	8/11/2014	\$ (2,503)	
31	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2140	8/18/2014	\$ (3,000)	
32	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2130	8/25/2014	\$ (5,000)	
33	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2088	9/3/2014	\$ (2,503)	
34	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2252	9/15/2014	\$ (2,503)	
35	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2365	9/29/2014	\$ (2,503)	
36	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2413	10/14/2014	\$ (4,250)	
37	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2511	10/27/2014	\$ (2,503)	
38	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2620	11/13/2014	\$ (2,003)	
39	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2725	11/24/2014	\$ (2,503)	
40	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3858	12/8/2014	\$ (2,503)	
41	RMFarms	Midwest Bank	Throgmartin, Ron	Check	2912	12/23/2014	\$ (2,503)	
42						<b>Subtotal - 2014</b>	<b>\$ (78,866)</b>	
43								
44	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3033	1/6/2015	\$ (2,503)	
45	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3092	1/21/2015	\$ (3,000)	
46	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3148	2/2/2015	\$ (3,000)	
47	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3223	2/17/2015	\$ (3,000)	
48	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3313	3/2/2015	\$ (3,000)	
49	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3448	3/16/2015	\$ (3,000)	
50	RMFarms	Midwest Bank	Throgmartin, Ron	Check	3572	3/30/2015	\$ (3,000)	
51	RMFarms	Midwest Bank	Phoenix Consulting	Check	3910	6/17/2015	\$ (1,500)	
52	RMFarms	Midwest Bank	Phoenix Consulting	Check	3911	6/23/2015	\$ (3,000)	
53	RMFarms	Midwest Bank	Phoenix Consulting	Check	3912	6/30/2015	\$ (1,500)	
54	RMFarms	Midwest Bank	Phoenix Consulting	Check	3913	7/8/2015	\$ (3,000)	
55	RMFarms	Midwest Bank	Phoenix Consulting	Check	3914	7/13/2015	\$ (3,000)	
56	RMFarms	Midwest Bank	Phoenix Consulting	Check	3915	7/21/2015	\$ (3,000)	
57	RMFarms	Midwest Bank	Phoenix Consulting	Check	3916	7/27/2015	\$ (1,500)	
58	RMFarms	Midwest Bank	Phoenix Consulting	Check	3917	8/3/2015	\$ (3,000)	
59	RMFarms	Midwest Bank	Phoenix Consulting	Check	3918	8/11/2015	\$ (1,500)	

	A	B	C	D	E	F	G	H
1	<b>Mark Ray Receivewship</b>							
2	<b>Transactions Identified between the Mark Ray Entity Accounts and Ron Throgmartin and/or Phoenix Consulting</b>							
3								
4	<b>Account Holder</b>	<b>Bank &amp; Acct Nbr</b>	<b>Party Name</b>	<b>Type</b>	<b>Check #</b>	<b>Clear Date</b>	<b>Amount</b>	
60	RM Farms	Midwest Bank	Phoenix Consulting	Check	3919	8/17/2015	\$ (3,000)	
61	RM Farms	Midwest Bank	Phoenix Consulting	Check	3920	8/24/2015	\$ (1,500)	
62	RM Farms	Midwest Bank	Phoenix Consulting	Check	3921	8/31/2015	\$ (3,000)	
63	RM Farms	Midwest Bank	Phoenix Consulting	Check	3922	9/8/2015	\$ (3,500)	
64	RM Farms	Midwest Bank	Phoenix Consulting	Check	3923	9/14/2015	\$ (3,000)	
65	RM Farms	Midwest Bank	Phoenix Consulting	Check	3924	9/21/2015	\$ (1,500)	
66	RM Farms	Midwest Bank	Phoenix Consulting	Check	3925	9/28/2015	\$ (3,000)	
67	RM Farms	Midwest Bank	Phoenix Consulting	Check	3926	10/5/2015	\$ (1,500)	
68	RM Farms	Midwest Bank	Phoenix Consulting	Check	3927	10/14/2015	\$ (3,000)	
69	RM Farms	Midwest Bank	Phoenix Consulting	Check	3928	10/19/2015	\$ (1,500)	
70	RM Farms	Midwest Bank	Throgmartin, Ron	Check	3929	10/26/2015	\$ (3,000)	
71	RM Farms	Midwest Bank	Phoenix Consulting	Check	3930	11/2/2015	\$ (1,500)	
72	RM Farms	Midwest Bank	Phoenix Consulting	Check	3931	11/9/2015	\$ (3,000)	
73	RM Farms	Midwest Bank	Phoenix Consulting	Check	3932	11/16/2015	\$ (1,500)	
74	RM Farms	Midwest Bank	Phoenix Consulting	Check	3933	11/23/2015	\$ (3,000)	
75	RM Farms	Midwest Bank	Phoenix Consulting	Check	3934	12/1/2015	\$ (1,500)	
76	RM Farms	Midwest Bank	Phoenix Consulting	Check	3935	12/10/2015	\$ (3,000)	
77	RM Farms	Midwest Bank	Phoenix Consulting	Check	3936	12/15/2015	\$ (1,500)	
78	RM Farms	Midwest Bank	Phoenix Consulting	Check	3937	12/21/2015	\$ (3,000)	
79	RM Farms	Midwest Bank	Phoenix Consulting	Check	3938	12/28/2015	\$ (1,500)	
80						<b>Subtotal - 2015</b>	<b>\$ (91,503)</b>	
81								
82	RM Farms	Midwest Bank	Phoenix Consulting	Check	3939	1/4/2016	\$ (3,000)	
83	RM Farms	Midwest Bank	Phoenix Consulting	Check	4635	1/11/2016	\$ (1,500)	
84	RM Farms	Midwest Bank	Phoenix Consulting	Check	4636	1/19/2016	\$ (3,000)	
85	RM Farms	Midwest Bank	Phoenix Consulting	Check	4637	1/22/2016	\$ (3,000)	
86	RM Farms	Midwest Bank	Phoenix Consulting	Check	4638	2/1/2016	\$ (3,000)	
87	RM Farms	Midwest Bank	Phoenix Consulting	Check	4639	2/8/2016	\$ (1,500)	
88	RM Farms	Midwest Bank	Phoenix Consulting	Check	4640	2/16/2016	\$ (3,000)	
89	RM Farms	Midwest Bank	Phoenix Consulting	Check	4641	2/23/2016	\$ (1,500)	
90	RM Farms	Midwest Bank	Phoenix Consulting	Check	4642	2/29/2016	\$ (3,000)	
91	RM Farms	Midwest Bank	Phoenix Consulting	Check	4643	3/7/2016	\$ (1,500)	
92	RM Farms	Midwest Bank	Phoenix Consulting	Check	4644	3/14/2016	\$ (3,000)	
93	RM Farms	Midwest Bank	Phoenix Consulting	Check	4645	3/21/2016	\$ (1,500)	
94	RM Farms	Midwest Bank	Phoenix Consulting	Check	4646	3/28/2016	\$ (3,000)	
95	RM Farms	Midwest Bank	Phoenix Consulting	Check	4647	4/4/2016	\$ (1,500)	
96	RM Farms	Midwest Bank	Phoenix Consulting	Check	4649	4/18/2016	\$ (1,500)	
97	RM Farms	Midwest Bank	Phoenix Consulting	Check	4651	4/25/2016	\$ (3,000)	
98	RM Farms	Midwest Bank	Phoenix Consulting	Check	4652	5/2/2016	\$ (1,500)	
99	RM Farms	Midwest Bank	Phoenix Consulting	Check	4653	5/10/2016	\$ (3,000)	
100	RM Farms	Midwest Bank	Phoenix Consulting	Check	4654	5/13/2016	\$ (3,000)	
101	RM Farms	Midwest Bank	Phoenix Consulting	Check	4655	5/23/2016	\$ (3,000)	
102	RM Farms	Midwest Bank	Phoenix Consulting	Check	4656	5/26/2016	\$ (1,500)	
103	RM Farms	Midwest Bank	Phoenix Consulting	Check	4657	6/6/2016	\$ (3,000)	
104	RM Farms	Midwest Bank	Phoenix Consulting	Check	4658	6/13/2016	\$ (1,500)	
105	RM Farms	Midwest Bank	Phoenix Consulting	Check	4659	6/20/2016	\$ (3,000)	
106	RM Farms	Midwest Bank	Phoenix Consulting	Check	5475	6/27/2016	\$ (3,000)	
107	RM Farms	Midwest Bank	Phoenix Consulting	Check	5476	7/5/2016	\$ (5,000)	
108	RM Farms	Midwest Bank	Phoenix Consulting	Check	5477	7/11/2016	\$ (4,000)	
109	RM Farms	Midwest Bank	Phoenix Consulting	Check	5478	7/18/2016	\$ (3,000)	
110	RM Farms	Midwest Bank	Phoenix Consulting	Check	5479	7/25/2016	\$ (4,000)	
111	RM Farms	Midwest Bank	Phoenix Consulting	Check	5480	8/1/2016	\$ (3,000)	
112	RM Farms	Midwest Bank	Phoenix Consulting	Check	5481	8/8/2016	\$ (4,000)	
113	RM Farms	Midwest Bank	Phoenix Consulting	Check	5482	8/15/2016	\$ (3,000)	



A	B	C	D	E	F	G	H	
1	<b>Mark Roy Receivership</b>							
2	<b>Transactions Identified between the Mark Roy Entity Accounts and Ron Throgmorton and/or Phoenix Consulting</b>							
3								
4	<b>Account Holder</b>	<b>Bank &amp; Acct Nbr</b>	<b>Party Name</b>	<b>Type</b>	<b>Check #</b>	<b>Clear Date</b>	<b>Amount</b>	
114	RMFarms	Midwest Bank 1 144	Phoenix Consulting	Check	5483	8/22/2016	\$ (4,000)	
115	RMFarms	Midwest Bank 1 145	Phoenix Consulting	Check	5484	8/29/2016	\$ (3,000)	
116	RMFarms	Midwest Bank 1 146	Phoenix Consulting	Check	5485	9/5/2016	\$ (4,000)	
117	RMFarms	Midwest Bank 1 147	Phoenix Consulting	Check	5486	9/13/2016	\$ (3,500)	
118	RMFarms	Midwest Bank 1 148	Phoenix Consulting	Check	5487	9/19/2016	\$ (4,000)	
119	RMFarms	Midwest Bank 1 149	Phoenix Consulting	Check	5488	9/25/2016	\$ (3,500)	
120	RMFarms	Midwest Bank 1 150	Phoenix Consulting	Check	5489	10/4/2016	\$ (4,000)	
121	RMFarms	Midwest Bank 1 151	Phoenix Consulting	Check	5490	10/11/2016	\$ (3,500)	
122	RMFarms	Midwest Bank 1 152	Phoenix Consulting	Check	5491	10/17/2016	\$ (4,000)	
123	RMFarms	Midwest Bank 1 153	Phoenix Consulting	Check	5492	10/24/2016	\$ (3,500)	
124	RMFarms	Midwest Bank 1 154	Phoenix Consulting	Check	5493	10/31/2016	\$ (4,000)	
125	RMFarms	Midwest Bank 1 155	Phoenix Consulting	Check	5494	11/7/2016	\$ (3,500)	
126	RMFarms	Midwest Bank 1 156	Phoenix Consulting	Check	5495	11/14/2016	\$ (4,000)	
127	RMFarms	Midwest Bank 1 157	Phoenix Consulting	Check	5496	11/21/2016	\$ (3,500)	
128	RMFarms	Midwest Bank 1 158	Phoenix Consulting	Check	5497	11/28/2016	\$ (4,000)	
129	RMFarms	Midwest Bank 1 159	Phoenix Consulting	Check	5498	12/5/2016	\$ (3,500)	
130	RMFarms	Midwest Bank 1 160	Phoenix Consulting	Check	5499	12/12/2016	\$ (4,000)	
131	RMFarms	Midwest Bank 1 161	Phoenix Consulting	Check	6500	12/19/2016	\$ (3,500)	
132	RMFarms	Midwest Bank 1 162	Phoenix Consulting	Check	6501	12/23/2016	\$ (4,000)	
133	Sunshine	Midwest Bank 1 163	Phoenix Consulting	Check	3681	12/27/2016	\$ (5,000)	
134						<b>Subtotal - 2016</b>	<b>\$ (162,000)</b>	
135								
136	RMFarms	Midwest Bank 1 164	Phoenix Consulting	Check	6502	1/3/2017	\$ (3,500)	
137	RMFarms	Midwest Bank 1 165	Phoenix Consulting	Check	6503	1/9/2017	\$ (4,000)	
138	RMFarms	Midwest Bank 1 166	Phoenix Consulting	Check	1014	1/23/2017	\$ (4,000)	
139	RMFarms	Midwest Bank 1 167	Phoenix Consulting	Check	1013	1/30/2017	\$ (3,500)	
140	RMFarms	Midwest Bank 1 168	Phoenix Consulting	Check	1126	2/6/2017	\$ (4,000)	
141	RMFarms	Midwest Bank 1 169	Phoenix Consulting	Check	1127	2/13/2017	\$ (3,500)	
142	RMFarms	Midwest Bank 1 170	Phoenix Consulting	Check	1128	2/17/2017	\$ (4,000)	
143	RMFarms	Midwest Bank 1 171	Phoenix Consulting	Check	1129	2/24/2017	\$ (3,500)	
144	RMFarms	Midwest Bank 1 172	Phoenix Consulting	Check	1130	3/8/2017	\$ (4,000)	
145	RMFarms	Midwest Bank 1 173	Phoenix Consulting	Check	1131	3/13/2017	\$ (3,500)	
146	RMFarms	Midwest Bank 1 174	Phoenix Consulting	Check	1132	3/20/2017	\$ (4,000)	
147	RMFarms	Midwest Bank 1 175	Phoenix Consulting	Check	1133	3/27/2017	\$ (3,500)	
148	RMFarms	Midwest Bank 1 176	Phoenix Consulting	Check	1134	4/3/2017	\$ (4,000)	
149	RMFarms	Midwest Bank 1 177	Phoenix Consulting	Check	1135	4/10/2017	\$ (3,500)	
150	RMFarms	Midwest Bank 1 178	Phoenix Consulting	Check	1136	4/17/2017	\$ (4,000)	
151	RMFarms	Midwest Bank 1 179	Phoenix Consulting	Check	1137	4/24/2017	\$ (3,500)	
152	RMFarms	Midwest Bank 1 180	Phoenix Consulting	Check	1138	5/1/2017	\$ (4,000)	
153	RMFarms	Midwest Bank 1 181	Phoenix Consulting	Check	1140	5/8/2017	\$ (3,500)	
154	RMFarms	Midwest Bank 1 182	Phoenix Consulting	Check	1141	5/15/2017	\$ (4,000)	
155	RMFarms	Midwest Bank 1 183	Phoenix Consulting	Check	1142	5/22/2017	\$ (3,500)	
156	RMFarms	Midwest Bank 1 184	Phoenix Consulting	Check	1143	5/30/2017	\$ (4,000)	
157	RMFarms	Midwest Bank 1 185	Phoenix Consulting	Check	1144	6/2/2017	\$ (3,500)	
158	RMFarms	Midwest Bank 1 186	Phoenix Consulting	Check	1145	6/12/2017	\$ (4,000)	
159	RMFarms	Midwest Bank 1 187	Phoenix Consulting	Check	1146	6/19/2017	\$ (3,500)	
160	RMFarms	Midwest Bank 1 188	Phoenix Consulting	Check	1147	6/25/2017	\$ (4,000)	
161	RMFarms	Midwest Bank 1 189	Phoenix Consulting	Check	1311	7/5/2017	\$ (3,500)	
162	RMFarms	Midwest Bank 1 190	Phoenix Consulting	Check	1148	7/11/2017	\$ (4,000)	
163	RMFarms	Midwest Bank 1 191	Phoenix Consulting	Check	1149	7/17/2017	\$ (3,500)	
164	RMFarms	Midwest Bank 1 192	Phoenix Consulting	Check	1150	7/24/2017	\$ (4,000)	
165	RMFarms	Midwest Bank 1 193	Phoenix Consulting	Check	1312	7/31/2017	\$ (3,500)	
166	RMFarms	Midwest Bank 1 194	Phoenix Consulting	Check	1313	8/7/2017	\$ (4,000)	
167	RMFarms	Midwest Bank 1 195	Phoenix Consulting	Check	1314	8/14/2017	\$ (4,000)	

	A	B	C	D	E	F	G	H
1	<b>Mark Ray Receivership</b>							
2	<b>Transactions Identified between the Mark Ray Entity Accounts and Ron Throgmartin and/or Phoenix Consulting</b>							
3								
4	<b>Account Holder</b>	<b>Bank &amp; Acct Nbr</b>	<b>Party Name</b>	<b>Type</b>	<b>Check #</b>	<b>Clear Date</b>	<b>Amount</b>	
158	RMFarms	Midwest Bank	Phoenix Consulting	Check	1315	8/21/2017	\$ (4,200)	
159	RMFarms	Midwest Bank	Phoenix Consulting	Check	1316	8/22/2017	\$ (25,000)	
170	RMFarms	Midwest Bank	Phoenix Consulting	Check	1317	8/28/2017	\$ (3,500)	
171	RMFarms	Midwest Bank	Phoenix Consulting	Check	1318	9/5/2017	\$ (4,000)	
172	RMFarms	Midwest Bank	Phoenix Consulting	Check	1319	9/11/2017	\$ (3,500)	
173	RMFarms	Midwest Bank	Phoenix Consulting	Check	1320	9/18/2017	\$ (4,000)	
174	RMFarms	Midwest Bank	Phoenix Consulting	Check	1321	9/25/2017	\$ (3,500)	
175	RMFarms	Midwest Bank	Phoenix Consulting	Check	1322	10/2/2017	\$ (4,000)	
176	RMFarms	Midwest Bank	Phoenix Consulting	Check	1323	10/10/2017	\$ (3,500)	
177	RMFarms	Midwest Bank	Phoenix Consulting	Check	1324	10/16/2017	\$ (4,000)	
178	RMFarms	Midwest Bank	Phoenix Consulting	Check	1325	10/23/2017	\$ (3,500)	
179	RMFarms	Midwest Bank	Phoenix Consulting	Check	1015	10/30/2017	\$ (3,500)	
180	RMFarms	Midwest Bank	Phoenix Consulting	Check	1901	10/31/2017	\$ (500)	
181	RMFarms	Midwest Bank	Phoenix Consulting	Check	1902	11/6/2017	\$ (3,500)	
182	RMFarms	Midwest Bank	Phoenix Consulting	Check	1903	11/13/2017	\$ (4,000)	
183	RMFarms	Midwest Bank	Phoenix Consulting	Check	1904	11/20/2017	\$ (3,500)	
184	RMFarms	Midwest Bank	Phoenix Consulting	Check	1905	11/28/2017	\$ (4,000)	
185	RMFarms	Midwest Bank	Phoenix Consulting	Check	1906	12/4/2017	\$ (3,500)	
186	RMFarms	Midwest Bank	Phoenix Consulting	Check	1876	12/12/2017	\$ (4,000)	
187	RMFarms	Midwest Bank	Phoenix Consulting	Check	1907	12/18/2017	\$ (3,500)	
188	RMFarms	Midwest Bank	Phoenix Consulting	Check	1908	12/26/2017	\$ (4,000)	
189						Subtotal - 2017	\$ (217,200)	
190								
191	RMFarms	Midwest Bank	Phoenix Consulting	Check	1910	1/3/2018	\$ (4,000)	
192	RMFarms	Midwest Bank	Phoenix Consulting	Check	1911	1/16/2018	\$ (3,500)	
193	RMFarms	Midwest Bank	Phoenix Consulting	Check	1912	1/22/2018	\$ (4,000)	
194	RMFarms	Midwest Bank	Phoenix Consulting	Check	1877	1/29/2018	\$ (3,500)	
195	MarkRay	BBVA Compass	Phoenix Consulting	Wire Out		2/1/2018	\$ (4,050)	
196	RMFarms	Midwest Bank	Phoenix Consulting	Check	1913	2/5/2018	\$ (4,000)	
197	Stachniw	Midwest Bank	Phoenix Consulting	Wire Out		4/5/2018	\$ (33,000)	
198	Stachniw	Midwest Bank	Phoenix Consulting	Wire Out		4/5/2018	\$ (127,000)	
199	Stachniw	Midwest Bank	Phoenix Consulting	Wire Out		4/8/2018	\$ (26,000)	
200	RMFarms	Midwest Bank	Phoenix Consulting	Check	1915	4/30/2018	\$ (3,500)	
201	CustCons	Key Bank	Phoenix Consulting	Check	1179	5/4/2018	\$ (50,000)	
202	CustCons	Key Bank	Phoenix Consulting	Check	1182	5/7/2018	\$ (20,000)	
203	Stachniw	Midwest Bank	Phoenix Consulting	Out - Other		5/16/2018	\$ (9,800)	
204	CustCons	Key Bank	Phoenix Consulting	Check	1610	6/12/2018	\$ (20,000)	
205	Stachniw	Midwest Bank	Throgmartin, Ron	Wire Out		7/25/2018	\$ (100,000)	
206	Stachniw	Midwest Bank	Throgmartin, Ron	Wire Out		7/30/2018	\$ (100,000)	
207	Stachniw	Midwest Bank	Throgmartin, Ron	Wire Out		7/30/2018	\$ (100,000)	
208	Stachniw	Midwest Bank	Throgmartin, Ron	Wire Out		8/2/2018	\$ (500,000)	
209	Stachniw	Midwest Bank	Throgmartin, Ron	Wire Out		8/8/2018	\$ (304,905)	
210	Stachniw	Midwest Bank	Phoenix Consulting	Wire Out		10/17/2018	\$ (20,000)	
211						Subtotal - 2018	\$ (1,435,255)	
212								
213	Stachniw	Midwest Bank	Phoenix Consulting	Wire Out		5/21/2019	\$ (350,000)	
214								
215								
217								
						<b>Total</b>	<b>\$ (2,343,951)</b>	