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**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA**

## SECURITIES AND EXCHANGE COMMISSION,

Case No. '17CV1504 BEN BLM

## **COMPLAINT**

**Plaintiff,**

VS.

**JOHN ANTHONY GIUNTI AND  
INTERACTIVE MEDIA SOLUTIONS,  
LLC,**

### Defendants.

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

## **JURISDICTION AND VENUE**

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

2. The defendants have, directly or indirectly, made use of the means or

1 instrumentalities of interstate commerce, or of the mails, in connection with the  
2 transactions, acts, practices and courses of business alleged in this Complaint.

3       3.     Venue is proper in this district pursuant to Section 22(a) of the  
4     Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15  
5     U.S.C. § 78aa(a)] because certain of the transactions, acts, practices, and courses of  
6     conduct constituting violations of the federal securities laws occurred within this  
7     district. In addition, venue is proper in this district because the defendants reside  
8     in this district in San Diego, California.

## **SUMMARY**

10       4. This action arises from a securities offering fraud perpetrated by  
11 Defendant Interactive Media Solutions, LLC (“IMS”) and its sole principal,  
12 Defendant John Anthony Giunti (“Giunti”). IMS claims to have a cellphone  
13 application (“app”) that can send money from a cellphone to a bank account, to  
14 pick up at a bank, or to pay a bill.

15        5. Giunti solicited IMS investments from friends, family, business  
16 associates, and investors in a former company. From July 2015 to November  
17 2016, IMS and Giunti raised nearly half a million dollars from more than 20  
18 investors through this offering fraud.

19       6.     IMS and Giunti convinced investors that they could profit from the  
20 success of this start-up company. However, IMS and Giunti misrepresented  
21 material facts in the IMS securities offering, including that:

- a. investor funds would be spent for business purposes, when instead almost all investor funds were spent for Giunti's personal purposes;
  - b. IMS had positive cash flow, when it had no revenue from operations;
  - c. IMS had a business partnership with Google and space at Google's offices, when it had no connection with Google and

was based at Giunti's home and operated out of a business center in San Diego; and

d. Giunti earned an MBA from Columbia University, when he had not.

7. IMS and Giunti had planned to raise \$5 million in a future securities offering and hoped to create a public company through an initial public offering of its securities (an “IPO”).

## THE DEFENDANTS

8. **Defendant Interactive Media Solutions, LLC** (“IMS”) is a Delaware limited liability company based in San Diego, California. IMS was founded by John Anthony Giunti, who is its sole principal. IMS is based at Giunti’s home and operates out of a business center in San Diego, California.

9. **Defendant John Anthony Giunti**, age 49, resides in San Diego, California. He is IMS' founder and sole principal. In 2015, he was convicted in San Diego Superior Court for a misdemeanor for writing bad checks. His sentence included a fine and credit for one day served in jail.

### **FACTUAL ALLEGATIONS**

#### A. Background

10. Giunti was previously affiliated with a private company in the television broadcasting business. Through this work, he gained experience with securities offerings and developed relationships with investors. After that business was liquidated, Giunti stayed in touch with its investors and eventually solicited them to invest in IMS.

11. Giunti is the founder and sole principal of IMS. He runs the business out of his San Diego home and a San Diego business center.

12. IMS claims to have an app that can send money from any cellphone in the United States to a bank account or to pick up at a bank, even one in a foreign country, or to pay a bill. Yet there is no evidence of the existence and

1 functionality of this app other than Giunti's own unsubstantiated claims about  
2 engineers and companies all located in China.

3 **B. IMS and Giunti Sold Securities Investments in IMS**

4 13. From at least July 2015 to November 2016, IMS and Giunti sold  
5 investments in IMS in the form of membership units in the limited liability  
6 company.

7 14. IMS and Giunti raised nearly half a million dollars from more than 20  
8 investors.

9 15. The securities offering was directed primarily to the investors in a  
10 former business; approximately two-thirds of the IMS investors were also investors  
11 in that company. In addition, Giunti pitched the IMS investment to people he  
12 knew, including friends, family, and people he met through investors or previous  
13 jobs.

14 16. IMS and Giunti created an illusion that IMS was a successful start-up  
15 company and convinced investors that they could profit from IMS's success. From  
16 at least July 2015, Giunti pitched the IMS securities investments in telephone calls  
17 and e-mail messages with investors, explaining that IMS needed funds from  
18 investors to operate this start-up business and to prepare for an initial public  
19 offering of its securities.

20 17. In November 2015, Giunti prepared a document for IMS called an  
21 Interim Update (hereinafter referred to as the "IMS Update").

22 18. IMS and Giunti used the IMS Update to raise funds from investors.

23 19. The IMS Update asked investors "to consider increasing their  
24 ownership to enable IMS to have the proper financial resources to expeditiously  
25 reach its goals." The IMS Update stated that "our current plans for IPO and the  
26 need to hire personnel and expected legal expenses associated with our initiatives,  
27 keep us on the move to raise additional funds needed to budget these resources and  
28 initiatives faster than current business cash flows can accommodate."

20. The IMS Update offering document made several representations, including that:

- a. IMS planned to use investor proceeds from “this phase of fundraising” for its business, as detailed in this use of proceeds table:

Budget (Pre-IPO)	Cost
Technology Patents (7 total)	\$105,000
Investor Relations	\$15,000
Website Project	\$35,000
Legal	\$40,000
Operations (6 months @ \$20,000 per month)	\$120,000
China Business Development	\$25,000
<b>Total</b>	<b>\$340,000</b>

- b. IMS' current "use of proceeds" had only "minor changes" from its "earlier phases of fundraising;"
  - c. IMS' business operations generated positive cash flow, and it would take at least 9 months to generate the \$340,000 needed to support its IPO and other objectives (i.e., it had positive cash flow of more than \$37,000 per month);
  - d. IMS had office space at Google on the Westside of Los Angeles where the "IMS Team" worked as part of the IMS "Google partnership program;" and
  - e. Giunti earned an MBA from Columbia University over 20 years ago.

21. In December 2016, Giunti emailed another update to raise funds for IMS from investors. This document repeated the representations about cash flow: "IMS management feels very strongly that the need to accomplish our goals in an expedited manner, rather than through the 6+ months it will take if we finance these objectives through current cash flow make this fundraising period perhaps

1 the most critical in IMS' history."

2       22. Giunti made similar oral representations to investors. Giunti  
3 explained in telephone calls with investors that their funds would be used for  
4 IMS's business operations. Throughout the securities offering, Giunti conducted  
5 regular "investor update" conference calls. The purpose of these calls was to  
6 describe the current status of the company's business, to seek additional  
7 investments, and to describe the planned use of investor proceeds. He also  
8 conveyed similar information to investors in one-on-one telephone calls.

9       23. Investors used several different methods for making their equity  
10 investments in IMS, including sending checks payable to IMS, wiring cash into  
11 IMS's bank account, and using credit cards through a payment processing  
12 company.

13       24. IMS and Giunti pooled investor cash investments into an IMS bank  
14 account.

15       25. From July 2015 through November 2016, IMS and Giunti raised at  
16 least \$482,960 from 24 investors.

17       26. IMS and Giunti had planned to raise \$5 million in a future securities  
18 offering. Giunti prepared a draft Private Placement Memorandum for this \$5  
19 million offering and planned to move forward as soon as the SEC finished its  
20 enforcement investigation. Giunti also hoped that IMS would become a public  
21 company through an IPO; he had already selected professionals to join the  
22 company after it became public and Giunti planned to be the CEO of the public  
23 company.

24 **C. IMS and Giunti Misappropriated Investor Funds**

25       27. In the IMS Update offering document, IMS and Giunti listed six (6)  
26 business purposes for the use of investor proceeds. Likewise, Giunti explained in  
27 telephone calls with investors that their funds would be used for IMS's business  
28 operations. IMS and Giunti misrepresented the use of investor proceeds because

1 they misappropriated investor funds.

2       28. IMS and Giunti spent only a small amount of the money raised from  
3 investors on IMS's business operations during the relevant time period.

4       29. Instead of using investor funds as represented for business purposes,  
5 IMS and Giunti used almost all of the investor proceeds for Giunti's personal  
6 purposes. Specifically, they used investor funds for Giunti's retail purchases, large  
7 cash withdrawals, private-school tuition for his children, luxury vacations, and  
8 political contributions.

9       30. IMS and Giunti also used a small amount of investor funds to make  
10 principal refunds to investors who requested them.

11 **D. IMS and Giunti Made Additional Misrepresentations of Facts**

12       31. In addition to misappropriating investor funds, IMS and Giunti  
13 knowingly made several other material misrepresentations to investors.

14       32. The IMS Update claimed that the business had positive "cash flow." Giunti  
15 told investors in telephone calls that IMS had revenue from operations,  
16 when, in fact, it did not have any paying customers during 2015 or 2016.

17       33. The IMS Update touted the company's office space at Google in Los  
18 Angeles, where it claimed the "IMS Team" worked as part of a "Google  
19 partnership program." Furthermore, Giunti touted to investors the company's  
20 business relationship with Google. In fact, neither IMS nor Giunti had any  
21 business relationship with Google, and IMS's business was based in Giunti's home  
22 and a San Diego business center.

23       34. The IMS Update misrepresented that Giunti earned an MBA from  
24 Columbia University. To the contrary, Giunti did not earn an MBA from  
25 Columbia University.

26       35. Investors relied on the representations from IMS and Giunti, and  
27 purchased the IMS securities after IMS and Giunti made these material  
28 misrepresentations.

1      **E. Scheme to Defraud**

2            36. IMS and Giunti raised investor funds allegedly to build the IMS  
3 business and instead misappropriated investor funds. IMS and Giunti knowingly  
4 took actions in furtherance of their fraudulent scheme.

5            37. When Giunti was unable to open a bank account under his own  
6 control, he enlisted help from a family member.

7            38. Giunti had his mother make a filing in Florida for the fictitious  
8 business name “Interactive Media Solutions.”

9            39. Giunti directed his mother to open a bank account in her name doing  
10 business as Interactive Media Solutions, while knowing that she had nothing to do  
11 with the business of IMS.

12          40. As investors purchased the securities and their funds were deposited  
13 into this bank account, Giunti fraudulently withdrew those funds for his personal  
14 expenses.

15          41. When several investors requested return of their principal, IMS and  
16 Giunti repaid these investments using capital invested by other investors, thus  
17 perpetrating the fraudulent notion that IMS was a successful business that was  
18 generating income, when, in fact, it was not.

19            **FIRST CLAIM FOR RELIEF**

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

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

22            **Against All Defendants**

23          42. Paragraphs 1 through 41 are realleged and incorporated by reference.

24          43. By reason of the conduct described above, the Defendants, directly or  
25 indirectly, in the offer or sale of securities by the use of means or instruments of  
26 transportation or communication in interstate commerce, or by use of the mails:  
27 (a) with scienter, employed devices, schemes or artifices to defraud; (b) obtained  
28 money or property by means of untrue statements of a material fact or by omitting

1 to state a material fact necessary in order to make the statements made, in light of  
2 the circumstances under which they were made, not misleading; or (c) engaged in  
3 transactions, practices or courses of business which operated or would operate as a  
4 fraud or deceit upon the purchaser.

5        44. Defendants knew, or were reckless or negligent in not knowing, that  
6 they (i) employed devices, schemes and artifices to defraud, (ii) obtained money or  
7 property by means of untrue statements of a material fact or by omitting to state a  
8 material fact necessary in order to make the statements made, in light of the  
9 circumstances under which they were made, not misleading, and (iii) engaged in  
10 transactions, practices or courses of conduct that operated as a fraud on the  
11 investing public by the conduct described above.

12       45. By engaging in the conduct described above, Defendants violated, and  
13 unless restrained and enjoined, will continue to violate, Section 17(a) of the  
14 Securities Act [15 U.S.C. § 77q(a)].

## **SECOND CLAIM FOR RELIEF**

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

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

## **Against All Defendants**

46. Paragraphs 1 through 41 are realleged and incorporated by reference.

20        47. By reason of the conduct described above, Defendants, directly or  
21 indirectly, in connection with the purchase or sale of a security, by the use of  
22 means or instrumentalities of interstate commerce or of the mails: (a) employed  
23 devices, schemes, or artifices to defraud; (b) made untrue statements of a material  
24 fact or omitted to state a material fact necessary in order to make the statements  
25 made, in the light of the circumstances under which they were made, not  
26 misleading; or (c) engaged in acts, practices, or courses of business which operated  
27 or would operate as a fraud or deceit upon other persons.

48. Defendants knew, or were reckless in not knowing, that they (i)

1 employed devices, schemes and artifices to defraud, (ii) made untrue statements of  
2 a material fact or omitted to state a material fact necessary in order to make the  
3 statements made, in the light of the circumstances under which they were made,  
4 not misleading, and (iii) engaged in transactions, practices or courses of conduct  
5 that operated as a fraud on the investing public by the conduct described in detail  
6 above.

7       49. By engaging in the conduct described above, Defendants violated, and  
8 unless restrained and enjoined, will continue to violate, Section 10(b) of the  
9 Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §  
10 240.10b-5].

## **PRAYER FOR RELIEF**

WHEREFORE, the SEC respectfully requests that the Court:

L.

14 Issue findings of fact and conclusions of law that Defendants IMS and  
15 Giunti committed the alleged violations.

II.

17 Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules  
18 of Civil Procedure, permanently enjoining Defendants IMS and Giunti, and their  
19 officers, agents, servants, employees and attorneys, and those persons in active  
20 concert or participation with any of them, who receive actual notice of the  
21 judgment by personal service or otherwise, and each of them, from violating  
22 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the  
23 Exchange Act, and Rule 10b-5 thereunder [15 U.S.C. § 78j(b), 17 C.F.R. §  
24 240.10b-5].

III.

Order Defendants IMS and Giunti to disgorge all ill-gotten gains from their illegal conduct, together with prejudgment interest thereon.

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IV.

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

V.

Order that Defendant Giunti is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

Order that Defendant Giunti is permanently enjoined from directly or indirectly, including but not limited to through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security in an unregistered offering by an issuer. Provided, however, that such injunction shall not prevent him from purchasing or selling securities listed on a national securities exchange for his own personal account.

VII.

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

VIII.

Grant such other and further relief as the Court may determine to be just and appropriate.

Dated: 7/25/2017

*Janet Rich Weissman*  
/s/ Janet Rich Weissman  
Janet Rich Weissman  
Attorney for Plaintiff  
Securities and Exchange Commission