

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

**U.S. SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

JOSHUA THOMAS JACKSON,

Defendant.

Civil Action No. _____

JURY DEMAND

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

The U.S. Securities and Exchange Commission (“Plaintiff” or “Commission”) alleges as follows:

SUMMARY

1. From approximately August 2019 through May 2021 (the “relevant time-period”), Defendant Joshua Thomas Jackson (“Jackson” or “Defendant”), acting individually and through three entities he wholly owned and/or controlled -- Passive Wealth Builders LLC (“Passive Wealth”), Rocket Sell, LLC (“Rocket Sell”) and StreetDivvy Inc. (“StreetDivvy”) fraudulently sold approximately \$2.65 million in promissory notes to 13 investors.

2. Jackson told investors that their funds would be used either to purchase and renovate residential properties, specific to each investor, or to fund larger real estate development

projects.

3. In addition to promising to return investors' principal, Jackson also promised to pay monthly interest on the promissory notes, pay investors a share of the profits of the relevant project, and secure many investors' funds with a security interest in the real property acquired.

4. In fact, Jackson only used a small portion of investors' funds as represented.

5. Without knowledge or authorization of investors, Jackson used a large portion of investor funds (i) to renovate properties acquired prior to the relevant time-period, none of which benefitted investors; (ii) for his personal benefit and other businesses; and (iii) to repay other investors.

6. As a result of Jackson's misuse of funds, investors collectively lost approximately \$2.4 million.

JURISDICTION AND VENUE

7. 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 the Defendant 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, and for civil penalties and other equitable relief.

8. The 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(a) of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa(a)].

9. The Defendant directly and indirectly, made use of the mails, the means and instruments of transportation or communication in interstate commerce, and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this Complaint, and made use of the mails and means or instrumentality of interstate commerce to effect transactions, or to induce or to attempt to induce the purchase or sale of securities alleged in this Complaint.

10. Venue is proper in this district because certain of the transactions, acts, practices, and courses of business constituting violations of the Securities and Exchange Acts occurred in the Eastern District of Texas. Furthermore, Passive Wealth's and StreetDivy's principal places of business were located in, the Eastern District of Texas, and Jackson's resided in the Eastern District of Texas during the relevant time-period.

THE DEFENDANT

11. **Joshua Thomas Jackson**, age 40, was a resident of Little Elm, Texas during the relevant time-period. He subsequently relocated to Palm Bay, Florida. Jackson was a 50% co-owner of Passive Wealth through a wholly owned holding company, the sole member and manager of Rocket Sell, and the sole owner of StreetDivy.

RELATED ENTITIES

12. **Passive Wealth Builders LLC**, was a Tennessee limited liability company which had its principal place of business in Eads, Tennessee, and then Plano, Texas. Jackson and another individual formed Passive Wealth in 2018 as a real estate investment company. The state of Tennessee administratively dissolved Passive Wealth in 2022.

13. **Rocket Sell, LLC**, was a Tennessee limited liability company with its principal place of business in Collierville, Tennessee. Jackson formed Rocket Sell in 2019 as a real estate investment company. The state of Tennessee administratively dissolved Rocket Sell in 2020.

14. **StreetDivvy Inc.**, was a Texas corporation with its principal place of business in Southlake, Texas. Jackson formed StreetDivvy in 2020 as a real estate investment company. StreetDivvy forfeited its corporate existence in 2022.

FACTS

A. Background

15. In May 2018, Jackson and another person whom Jackson met through a mutual friend (“the co-founder”), formed Passive Wealth to renovate and then sell as investment properties, single-family homes in Tennessee, Alabama, and Texas.

16. Passive Wealth also provided ongoing property management services to the purchasers of the renovated houses.

17. Initially, Jackson primarily oversaw Passive Wealth’s daily operations while the co-founder largely provided financial support to the business.

18. By the fall of 2019, the co-founder sought to remove himself from the business and largely ceased his financial support. Consequently, Jackson assumed sole management and control of Passive Wealth’s operations.

19. Without funds from the co-founder to cover renovation costs and provide operating capital, Jackson turned to investors, offering promissory notes to individuals to invest in the purchase of single-family homes and to share in any profits made upon sale of the properties.

20. Thereafter, Jackson created Rocket Sell to pursue additional real estate investment opportunities, namely the acquisition of distressed single-family homes directly from owners for renovation and resale (rather than at auction or from wholesalers as Passive Wealth did).

21. While technically separate entities, the operations of Passive Wealth and Rocket Sell were largely intertwined. Rocket Sell appears to have never had a separate bank account and Passive Wealth employees solicited and managed investments in properties purportedly acquired by Rocket Sell.

22. In September 2020, Jackson created StreetDivvy to focus on larger scale residential real estate projects. StreetDivvy had its own bank accounts and at least one employee unaffiliated with Passive Wealth.

B. Jackson's Offer and Sale of Promissory Notes

23. Jackson primarily raised funds through the sale of promissory notes issued on behalf of Passive Wealth, Rocket Sell, and StreetDivvy.

24. Often touting his real estate experience, Jackson told investors their funds would be used to either purchase and renovate single-family homes or for the development of larger, multi-home real estate projects.

25. From August 2019 to May 2021, Jackson, on behalf of his three entities, sold 16 promissory notes for approximately \$2.5 million to 11 investors (some of whom purchased multiple notes), and raised an additional \$150,000 from two investors through a promissory note that was never formally executed.

26. Investments ranged from \$50,000 to \$500,000 and the notes typically provided for repayment of investor funds within 12 months, with annual interest ranging between 10% and 12%.

27. Investors were told they would share in the profits of the various real estate projects, and many investors were told their promissory notes would be secured by the property purchased by Jackson's entities.

(i) *The Passive Wealth and Rocket Sell Notes*

28. Of the 16 executed notes, Jackson sold 12 notes totaling \$2 million to purportedly fund the purchase, renovation, and resale of single-family homes.

29. Issued on behalf of Passive Wealth or Rocket Sell, these largely identical notes were titled "Promissory Note," "Capital Investor Agreement," or "Capital Investor Operating Agreement."

30. Each of the notes referred to Passive Wealth or Rocket Sell as the "Borrower," the investor as the "Lender" and "Note Holder," and the agreement as "this Note."

31. Jackson drafted each of these notes and promoted them as investments. The terms generally were not negotiated with investors.

32. Although each note purported to be secured by real property "to be determined and mutually agreed upon in writing," investors were not involved in choosing the homes purchased by Jackson, and only one investor received any documentation purporting to provide a security interest in a specified property.

33. This investor never received any of the proceeds when Passive Wealth eventually sold the house that was supposedly the subject of the security interest, and no security deed appears to have been filed with the appropriate governmental authority.

(ii) *The StreetDivvy Notes*

34. Jackson sold four additional notes totaling \$500,000 on behalf of StreetDivvy to fund larger real estate development projects in Alabama and North Carolina.

35. At least two of these notes referred to StreetDivvy as the “Borrower” and the investor as the “Holder” and referred to “this note” in the text.

36. Only one note purported to provide the investor with a specific security interest in real property.

37. That property was a house owned by Passive Wealth, which had been unable to sell or use the house as a rental property because it was occupied by a hoarder.

38. Jackson acquired that house for significantly less than the investor’s investment, and never recorded the investor’s supposed security interest in the house.

39. Two other investors in StreetDivvy invested \$150,000 for a real estate development project in Texas. They were led to believe they would receive a promissory note with a 12% interest rate and 12-month term, but no note was ever finalized or executed.

C. Jackson’s Misrepresentations to Single-Family Home Investors

40. Jackson represented to the single-family home investors (who invested by purchasing notes from either Passive Wealth or Rocket Sell) that their funds would be used for two purposes: (1) to acquire residential homes and (2) to renovate those houses so they could be resold at a profit that would be shared with the investor.

41. All the homes Jackson purchased were financed primarily by commercial mortgages, not investor funds, and Jackson took out renovation loans for each house as part of these mortgages.

42. In fact, Jackson and his associated companies appear to have only spent approximately \$200,000 of the nearly \$2 million raised from single-family home investors for down payments on homes.

43. Jackson thus not only had to make monthly interest payments to lenders but also had to spend large portions of the proceeds from selling these houses to repay the mortgages.

44. Jackson and his companies did not purchase a single house after December 30, 2019, despite raising approximately \$1,000,000 from single family home investors from January through August of 2020.

45. One of Jackson's companies, Rocket Sell, appears to have never purchased a single house.

46. Jackson and the associated entities did appear to use approximately \$550,000 of investor funds on expenses directly tied to renovating single-family homes.

47. But \$350,000 of these funds went to renovating houses that Passive Wealth purchased prior to receiving any investor funds, and in which the single family home investors had no interest.

48. All of these homes were subject to significant commercial mortgages and many eventually sold for a loss.

49. Passive Wealth lost more than \$50,000 on houses it resold in 2019 and nearly \$300,000 in 2020.

50. Many of these properties were sold to individuals who employed Passive Wealth to provide property management services and to whom Passive Wealth guaranteed minimum rent payments, further compounding the company's losses.

51. When one renovated home did sell for a profit, Jackson did not share the proceeds with investors.

52. Without disclosure to investors, Jackson used \$150,000 of funds from single family home investors for expenses related to Passive Wealth's property management business. For example, he purchased two corporate vehicles, and rented two corporate apartments, one of which Jackson lived in for a period of time with his family.

53. Jackson frequently relied on investor funds to pay basic operational expenses, such as employee salaries.

54. Additionally, Jackson transferred \$80,000 of funds from single family home investors to his personal checking account, and used at least \$40,000 of additional investor funds for personal expenses.

55. Jackson also used investor funds to fund personal travel and for frequent meals at restaurants.

56. Jackson used \$35,000 of funds from single family home investors to repay other investors.

57. In one specific example, an investor in New York invested \$155,000 with Jackson and his Rocket Sell entity in August and September 2020.

58. Jackson told this investor that her funds would be used to purchase and renovate houses.

59. Jackson and Rocket Sell never purchased any homes with this investor's funds. Instead, Jackson used over \$70,000 to make payments to Passive Wealth's property management customers, transferred \$5,500 to his personal bank account, and spent approximately \$5,000 on additional personal expenses such as spa visits, groceries, and purchases at Best Buy and Amazon.

60. Jackson also spent over \$4,000 of this investor's funds within a two-week period on travel expenses such as airfare and hotel stays, and approximately \$1,200 at restaurants.

61. The remaining funds were used for general business expenses, including one of Jackson's two corporate apartments, and renovations of previously purchased properties (none of which was owned by Rocket Sell).

62. Jackson also represented to single family home investors that their funds would be used to acquire properties specific to each investor, but none of the properties Jackson and his companies acquired were specifically assigned to, or titled in the name of, an investor.

63. Jackson did not and could not track which investor's funds were used to acquire or renovate any particular property.

64. Beginning on or about June 2020, certain investors started asking questions about their specific properties and the status of their investments. In response, Jackson created an online portal system which purported to provide investors with specific addresses and other information on their property investments and anticipated returns.

65. Jackson, however, often fabricated investor returns without a reasonable basis and identified the same property on these portals to multiple investors as having been purchased and renovated with their funds.

66. For example, three investors were given statements that indicated their funds had been invested into the same home in Fort Worth, Texas. One was told they had \$190,000 of “Capital Invested” in the property, another \$206,400 “Capital Invested,” and a third \$25,629.40 in “Gap Funding” in the property.

67. In reality, Jackson had only paid \$34,092.52 in cash for the property and paid the rest of the purchase price (\$155,000) using a commercial mortgage.

68. Ultimately, investors put nearly \$2 million into Passive Wealth and Rocket Sell and received less than \$200,000 in return.

D. Jackson’s Misrepresentations to Real Estate Development Investors

69. Jackson represented to investors in real estate development projects (all of whom invested by purchasing notes from StreetDivvy) that their funds would only be used for specific real estate projects.

70. Of the approximately \$650,000 Jackson raised for these projects, he used only \$135,000 for real estate purchases, and only approximately \$25,000 of that \$135,000 was used for the specific project described to that particular investor.

71. Instead, Jackson used \$150,000 of these investors’ funds to repay a single-family home investor. He also used these investors’ funds for general business expenses (including approximately \$35,000 for travel) and misappropriated investor funds for personal use.

72. As a specific example, in January 2021, Jackson represented that he would use one investor's \$150,000 investment for a real estate project in Alabama.

73. But Jackson used the vast majority of the investor's funds for other purposes—transferring \$100,000 to an earlier Passive Wealth investor and \$8,370 to satisfy unrelated Passive Wealth debts.

74. Jackson also used this investor's funds for personal expenses, such as rent for his personal residence, veterinarian bills, and a ski trip to Colorado for his wife and him.

75. Jackson did not return any of the investor's funds when the project did not come to fruition.

76. In April 2021, Jackson represented to two other investors that he needed \$150,000 to make an escrow payment to purchase land in Texas.

77. In return, Jackson stated that he (through StreetDivvy) would multiply the investors' principal and pay interest, and that the investors' funds would be returned if the deal fell through.

78. In reality, StreetDivvy was only required to tender \$10,000 in earnest money for the purchase.

79. Jackson used funds from a different investor (in a different project) to make the earnest money deposit for the Texas property and then used the two investors' funds for various business and personal expenses, including \$100,000 for a separate real estate project in North Carolina, \$5,900 to the landlord of his personal residence, and \$6,135.60 at "Tint World," an "Automotive Styling Center."

80. Jackson also transferred \$10,000 of the investors' funds to his personal account.

81. Jackson ultimately did not return any of the \$150,000 to the investors when the deal did not materialize.

82. In total, the Real Estate Development investors lost approximately \$635,000 of the \$650,000 they collectively invested.

COUNT I

Violations of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)]

83. Paragraphs 1 through 82 are hereby re-alleged and incorporated herein by reference.

84. From approximately August 2019 through May 2021, the Defendant, in the offer and/or sale of securities, 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.

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

86. By reason of the foregoing, the Defendant, directly and indirectly, has 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

**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)]**

87. Paragraphs 1 through 82 are hereby re-alleged and incorporated herein by reference.

88. From approximately August 2019 through May 2021, the Defendant, in the offer and/or sale of securities, by the 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 purchaser.

89. While engaging in the course of conduct described above, the Defendant acted at least negligently.

90. By reason of the foregoing, the Defendant, directly and indirectly, has 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

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

91. Paragraphs 1 through 82 are hereby re-alleged and incorporated herein by reference.

92. From approximately August 2019 through May 2021, the Defendant, in connection with the purchase or sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly:

- a. employed devices, schemes, and artifices to defraud;
- b. made untrue statements of material facts 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 Client and/or others,

all as more particularly described above.

93. In engaging in such conduct, the Defendant acted with scienter; that is, with an intent to deceive, manipulate, or defraud, or with a severely reckless disregard for the truth.

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

PRAYER FOR RELIEF

WHEREFORE, the Commission seeks the following relief:

I.

Findings of fact and conclusions of law, pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that the Defendant committed the violations alleged herein.

II.

Permanent injunctions enjoining the Defendant from violating, directly or indirectly, Sections 17(a)(1), (2) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(1), (2) and (3)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a), (b) and (c) thereunder [17 C.F.R. §§ 240.10b-5(a), (b) and (c)].

III.

An order enjoining Defendant 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, provided, however, that such injunction shall not prevent him from purchasing or selling securities for his own personal account.

IV.

An order requiring the disgorgement by the Defendant of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

V.

An order 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)] imposing civil penalties against the Defendant.

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.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands a trial by jury in this action on all issues so triable.

Dated: July 8, 2025.

Respectfully submitted,

/s/ Robert F. Schroeder
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