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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

IAN O. MAUSNER and EVOLUTION
LENDING, LLC,

Defendants.

Case No. **'25CV1591 BTM VET**

COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission ("SEC" or the "Commission")
alleges:

JURISDICTION AND VENUE

1. The 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), Sections 21(d)(1), 21(d)(3)(A), 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), and Sections 209(d), 209(e)(1) and 214 of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-9(d), 80b-9(e)(1) & 90b-14.

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

1 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
2 securities exchange in connection with the transactions, acts, practices, and courses of
3 business alleged in this complaint.

4 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
5 Act, 15 U.S.C. § 77v(a), Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a), and
6 Section 214 of the Advisers Act, 15 U.S.C. § 80b-14, because certain of the
7 transactions, acts, practices and courses of conduct constituting violations of the
8 federal securities laws occurred within this district. In addition, venue is proper in
9 this district because Defendant Ian O. Mausner (“Mausner”) resides in this district.

10 **SUMMARY**

11 4. From no later than December 2020 through at least January 2022,
12 Mausner—a recidivist who previously had a SEC cease-and-desist order and
13 industry/associational bar issued against him due to securities law violations—and
14 Evolution Lending, LLC, an entity that Mausner controlled (“Evolution”)
15 (collectively, “Defendants”), defrauded investors in connection with an unregistered
16 offering of limited partnership interests in a pooled investment vehicle that they
17 called the Cryptocurrency Growth Fund L.P. (the “Fund”). In total, Mausner and
18 Evolution raised approximately \$413,000 from at least 11 investors across multiple
19 states.

20 5. Defendants sold interests in the Fund through false and misleading
21 statements and omissions regarding Mausner’s disciplinary history and crypto asset-
22 related investments. For example, they informed investors that Mausner was the
23 principal of Evolution and had “30 years of experience in the financial advisory and
24 money management industry,” but conveniently failed to mention that the SEC had
25 previously barred him from the securities industry. Further, they told investors that
26 the Fund would invest in crypto assets and hold them at specific crypto asset trading
27 platforms; however, Defendants never held any Fund-related assets on those
28 platforms.

1 6. In addition to making false and misleading representations, Defendants
2 also deposited the money that investors contributed to the Fund to Evolution's bank
3 accounts and Mausner's personal bank accounts, mixing—or commingling—Fund
4 assets with completely unrelated assets in the process.

5 7. Throughout this period, Defendants, each acting as an investment
6 adviser under Section 202(a)(11) of the Advisers Act, 15 U.S.C. §80b-2(a)(11),
7 received ill-gotten management and performance fees for services that they promised,
8 but never provided. In so doing, Mausner not only violated the antifraud provisions
9 of the securities laws, he also violated the aforementioned industry/associational bar
10 by acting as an investment adviser.

11 8. In addition to violating the antifraud provisions of the Exchange Act and
12 Securities Act, Defendants' false and misleading statements and commingling of
13 investor funds breached their fiduciary duties to the Fund as investment advisers,
14 including their duties of utmost good faith and full and fair disclosure of all material
15 facts, and their affirmative obligation to employ reasonable care to avoid misleading
16 the Fund, in violation of the Adviser Act's antifraud provisions.

17 9. On top of this, Defendants never registered their fraudulent offering of
18 interests in the Fund with the SEC, and no exemptions from the registration
19 requirement applied to the offering. For example, Mausner and Evolution offered
20 and sold to individuals they did not know, through general solicitation, and failed to
21 verify whether any of the investors were accredited investors.

22 10. By engaging in this conduct, Defendants violated Sections 5(a), 5(c) and
23 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), Section 10(b) of
24 the Exchange Act, 15 U.S.C. § 78j(b), Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5,
25 Sections 206(1) and 206(2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) & 80b-6(2),
26 and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8. Alternatively, pursuant to
27 Section 15(b) of the Securities Act, Section 20(e) of the Exchange Act, and Section
28 209(f) of the Advisers Act, Mausner aided and abetted Evolution in its violation of

1 these securities laws provisions.

2 11. Accordingly, the SEC seeks an order against Defendants permanently
3 enjoining them from future violations of these provisions, requiring them to pay
4 disgorgement plus prejudgment interest on any ill-gotten gains, and to pay civil
5 monetary penalties.

6 **THE DEFENDANTS**

7 12. **Ian O. Mausner**, age 64, resides in San Diego, CA. Mausner previously
8 founded and operated J.S. Oliver Capital Management, L.P. (“J.S. Oliver”), an
9 investment adviser registered with the Commission from 2004 until its revocation in
10 2016. As set forth below, on June 17, 2016, the Commission issued an Order
11 Imposing Remedial Sanctions against Mausner and J.S. Oliver for engaging in
12 fraudulent misconduct, and following an appeal and settlement, on May 16, 2019, the
13 Commission issued an Order Making Findings and Imposing Remedial Sanctions and
14 a Cease-and-Desist Order against Mausner and J.S. Oliver for engaging in fraudulent
15 misconduct. *In The Matter of J.S. Oliver Capital Management, L.P., et al.*, AP File
16 No. 3-15446, Release Nos. 10100, 78098, 4431, and 32152, 2016 SEC LEXIS 2157
17 (June 17, 2016), Release Nos. 10639, 85880, 5236, and 33476, 2019 SEC LEXIS
18 1169 (May 16, 2019). Mausner previously held series 3, 5, 15, 17, 24, 63, and 65
19 securities licenses, and from 1985 through 2004 was a registered representative with
20 several registered broker dealers. Mausner was the principal, member, manager, and
21 owner of Evolution.

22 13. **Evolution Lending, LLC** is a dissolved Nevada limited liability
23 company that was formed on July 12, 2011, with its principal place of business in
24 Reno, Nevada. According to the Fund’s Private Placement Memorandum (“PPM”),
25 Evolution was the Fund’s general partner and Mausner was Evolution’s principal.
26 On October 6, 2015, Evolution applied, as an investment business, for foreign
27 company registration in California and it was granted. On December 4, 2020,
28 Mausner canceled the company’s California registration. As of August 6, 2021,

1 Evolution no longer had any known, active bank accounts, having transferred the
 2 funds to bank accounts controlled by Mausner and in his name. Evolution has never
 3 been registered with the Commission in any capacity.

4 **RELATED ENTITY**

5 14. **The Cryptocurrency Growth Fund L.P.** is an active California limited
 6 partnership and private fund founded and managed by Mausner, with its principal
 7 place of business in Manhattan Beach, CA. The Fund's PPM is dated December
 8 2017, and the limited partnership was formed on January 26, 2018. The Fund has
 9 never been registered with the Commission in any capacity.

10 **THE ALLEGATIONS**

11 **A. Mausner's Disciplinary History and Investment Industry Bar**

12 15. On August 30, 2013, the Commission instituted public administrative
 13 and cease-and-desist proceedings in *In The Matter of J.S. Oliver Capital*
 14 *Management, L.P., et al.*, AP File No. 3-15446, Release Nos. 9446, 70292, 3658, and
 15 30682, 2013 SEC LEXIS 2584 (Aug. 30, 2013), alleging misconduct by Mausner and
 16 J.S. Oliver (collectively, the "Respondents") for engaging in two distinct schemes:
 17 fraudulent trade allocation by "cherry-picking" favorable trades for J.S. Oliver's
 18 affiliated hedge fund clients to the detriment of other unfavored client accounts, and
 19 failures of disclosure with respect to the use of client commission credits.

20 16. Following an evidentiary hearing, the administrative law judge issued an
 21 Initial Decision on August 5, 2014, finding Mausner liable for the misconduct
 22 alleged, and the Commission later affirmed that liability finding in a June 17, 2016,
 23 opinion. *Id.*, Release Nos. 10100, 78098, 4431, and 32152, 2016 SEC LEXIS 2157
 24 (June 17, 2016). In that same opinion, the Commission: (i) ordered that Respondents
 25 cease and desist from committing or causing any future violations of Section 17(a) of
 26 the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and
 27 Sections 204, 206(1), 206(2), 206(4), and 207 of Advisers Act, and Rules 204-
 28 1(a)(2), 204-2(a)(3), 204-2(a)(7), 206(4)-7, and 206(4)-8 thereunder; (ii) barred

1 Mausner from association with any broker, dealer, investment adviser, municipal
2 securities dealer, municipal advisor, transfer agent, or nationally recognized statistical
3 rating organization; (iii) revoked the investment adviser registration of J.S. Oliver;
4 and (iv) ordered Respondents to pay disgorgement and civil penalties (“J.S. Oliver
5 Order 1”). *Id.*

6 17. On August 15, 2016, Respondents appealed the Commission’s opinion
7 to the United States Court of Appeals for the Ninth Circuit, which on July 13, 2018,
8 remanded the case to the Commission for rehearing.

9 18. Thereafter, Respondents waived rehearing and submitted an Offer of
10 Settlement, which the Commission accepted, and on May 16, 2019, the Commission
11 issued an administrative order: (i) prohibiting Respondents from committing or
12 causing any future violations of the same Securities Act, Exchange Act, and Advisers
13 Act provisions mentioned above; (ii) barring Mausner from association with any
14 broker, dealer, investment adviser, municipal securities dealer, municipal advisor,
15 transfer agent, or nationally recognized statistical rating organization; (iii) prohibiting
16 Mausner from serving or acting as an employee, officer, director, member of an
17 advisory board, investment adviser or depositor of, or principal underwriter for, a
18 registered investment company or affiliated person of such investment adviser,
19 depositor, or principal underwriter; and (iv) imposing disgorgement obligations on
20 Mausner (“J.S. Oliver Order 2”). *In The Matter of J.S. Oliver Capital Management,*
21 *L.P., et al.*, AP File No. 3-15446, Release Nos. 10639, 85880, 5236, and 33476, 2019
22 SEC LEXIS 1169 (May 16, 2019).

23 19. J.S. Oliver Order 2 also made a number of specific findings related to
24 Mausner. For example, it found that Mausner, while at J.S. Oliver, had
25 disproportionately allocated favorable stock trades to certain client accounts (i.e., he
26 engaged in “cherrypicking”), ultimately harming unfavored clients by approximately
27 \$10.7 million, and benefitting Mausner, who made money on fees and through prior
28 investments in the favored accounts. *In The Matter of J.S. Oliver Capital*

1 *Management, L.P., et al.*, AP File No. 3-15446, Release Nos. 10639, 85880, 5236,
2 and 33476, 2019 SEC LEXIS 1169 (May 16, 2019). J.S. Oliver Order 2 further
3 found that Mausner misused the money that was accrued from trading commissions
4 paid by J.S. Oliver clients (known as “soft dollars”); specifically, he had used soft
5 dollars to pay his ex-wife pursuant to his personal obligations in a divorce settlement,
6 inflated rent payments to a company that he himself owned, and maintenance fees on
7 Mausner’s personal timeshare property, all without disclosing such payments. *Id.*

8 **B. Mausner and Evolution Establish the Fund**

9 20. Despite Mausner’s prior disciplinary history and his investment industry
10 bar, at all relevant times, Mausner and Evolution served as investment advisers within
11 the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. §§ 80b-2(a)(11)].
12 That is, they both, for compensation, engaged in the business of advising others,
13 either directly or through publications and writings, as to the value of securities or as
14 to the advisability of investing in, purchasing or selling securities.

15 21. Specifically, in or around February 2018, Mausner began selling limited
16 partnership interests to potential investors in the Fund. The PPM, which Mausner
17 emailed to investors, listed Evolution as the general partner and noted that Evolution
18 had “discretion to invest in a broad and wide variety of investment opportunities that
19 stand to benefit directly or indirectly from the expanding cryptocurrency industry and
20 related business opportunities.”

21 22. The PPM also listed Mausner as Evolution’s principal, and stated that
22 “[i]n making investment decisions,” Fund investors would have to “rely on the advice
23 and analysis of the General Partner rather than any specific objective criteria.”

24 23. From around December 2020 to January 2022, Mausner sold limited
25 partnership interests in the Fund to approximately 11 investors, receiving in exchange
26 capital contributions totaling about \$413,000.

27 24. Mausner controlled the funds that these investors contributed to the Fund
28 as capital. Indeed, Mausner—as its principal and owner—exerted total control over

1 Evolution, including having sole control over Evolution’s bank accounts and
2 investment decisions.

3 25. According to the PPM, investors were required to pay Evolution “a
4 quarterly management fee . . . equal to 0.50% (2% annually)” of total commitments to
5 the Fund, as well as a “performance fee equal to 20% of the profits earned for each
6 calendar year.”

7 **C. Violations of the Antifraud Provisions: Misrepresentations and**
8 **Scheme Liability**

9 **1. Defendants’ False and Misleading Statements to Investors**

10 **a. False and misleading statements about Mausner’s**
11 **disciplinary history**

12 26. Mausner, whose conduct is imputed to Evolution, offered and sold
13 limited partnership interests in the Fund based, in part, on representations that he
14 made to investors in the PPM.

15 27. Mausner emailed the PPMs directly to prospective Fund investors, and
16 investors executed subscription agreements to purchase interests in the Fund.
17 Mausner countersigned those agreements—which incorporated the PPM’s terms and
18 conditions—as Evolution’s Manager.

19 28. Mausner, as the principal, owner, and manager of Evolution who exerted
20 total control over the entity, was the maker of the statements in the PPM because he
21 had ultimate authority over the content of the PPM and whether and how the PPM
22 was communicated to prospective Fund investors.

23 29. The PPM contained materially false and misleading statements. For
24 example, it highlighted the fact that Mausner had more than 30 years of experience in
25 the advisory business, founded J.S. Oliver, and had held prominent positions in the
26 financial advisory and money management industry. These statements were
27 materially misleading because they failed to disclose Mausner’s disciplinary history
28 for fraudulent conduct, as laid out in J.S. Oliver Order 1 and J.S. Oliver Order 2.

1 30. Additionally, while the PPM represented that Mausner was the principal
2 of Evolution, it failed to disclose that in 2016, the Commission barred Mausner from
3 associating with any investment adviser or acting as an investment adviser.

4 31. Mausner, whose conduct is imputed to Evolution, also made materially
5 false and misleading statements outside of the PPM, as he failed to disclose his
6 disciplinary history to investors when advising and reassuring them regarding their
7 investments, and when actually confronted about his disciplinary history.

8 32. For example, in May 2022, when an investor confronted Mausner via
9 text that he had been barred by the SEC from acting as a broker or investment
10 adviser, Mausner falsely responded: “I won my case with the SEC in the Supreme
11 Court. It was expunged.” Mausner also falsely told the investor: “True that I can’t
12 work for a firm but I can for myself. But read the settlement agreement! Won the
13 Supreme Court outright and settled remainder with no admission of wrong doing.”

14 33. The statements that Mausner made to this investor were materially false
15 and misleading because the J.S. Oliver case never reached the Supreme Court of the
16 United States, was never expunged, and concluded with a settled Commission order
17 finding that Mausner had engaged in securities and investment advisor fraud, and
18 barring him from the securities industry.

19 **b. False and misleading statements about the handling of**
20 **funds**

21 34. Mausner also made statements in the PPM that were materially false and
22 misleading with respect to how Evolution would use investor funds. Specifically, the
23 PPM represented that the Fund sought to create a portfolio “to benefit from the rapid
24 growth and burgeoning acceptance of cryptocurrencies” and the Fund would hold
25 these crypto assets for the Fund’s benefit at “Coinbase,” a crypto asset trading
26 platform.

27 35. In April 2021, Mausner supplemented the representations he made in the
28 PPM regarding Coinbase serving as the custodian when he told an investor via email

1 that the Fund's crypto assets were being held by "Robinhood, Bitstamp, and
2 Coinbase . . . the primary 'custody' agents in the crypto world."

3 36. Together, these statements that Mausner made to the investor regarding
4 the use of investor funds were materially false and misleading because the Fund
5 never held any assets, let alone any crypto assets, in accounts at Coinbase,
6 Robinhood, or Bitstamp, for the benefit of the Fund.

7 **2. Defendants Engaged in a Scheme to Defraud**

8 37. Mausner, whose conduct again is imputed to Evolution, not only made
9 materially false and misleading statements to the Fund investors, he also engaged in a
10 scheme to defraud in which he raised hundreds of thousands of dollars: (i) when
11 concealing the fact that J.S. Oliver Order 1 and J.S. Oliver Order 2 had found that
12 Mausner perpetrated *inter alia* a \$10 million cherry-picking scheme at his prior
13 advisory firm and accordingly barred him from the investment advisory industry; (ii)
14 through misrepresenting that Fund assets would be invested in crypto assets held for
15 the benefit of the Fund at well-known trading platforms; and (iii) by disseminating
16 these false and misleading statements to investors.

17 38. In furtherance of their scheme, Defendants engaged in further deceptive
18 acts when commingling the Fund's assets in a group of bank accounts that Mausner
19 controlled, namely Evolution's bank accounts and Mausner's own personal bank
20 accounts. As a result, these bank accounts contained both investor money and money
21 from sources completely unrelated to the Fund.

22 39. For example:

23 (a) At Mausner's direction, an investor wired \$150,000 to Evolution's
24 Pacific Premier Bank account on December 28, 2020, which account contained
25 money unrelated to the Fund.

26 (b) At Mausner's direction, an investor wired \$55,000 to Mausner's
27 personal U.S. Bank account on October 14, 2021, which account contained money
28 unrelated to the Fund.

1 (c) At Mausner's direction, an investor wired \$20,000 to Evolution's
2 U.S. Bank account on July 1, 2021, which account contained money unrelated to the
3 Fund.

4 (d) At Mausner's direction, an investor wired \$10,000 to Mausner's
5 personal Comerica Bank account on January 18, 2022, which account contained
6 money unrelated to the Fund.

7 40. By August 2021, Mausner had moved all the funds in Evolution's bank
8 accounts—which still had investor capital contributions—to Mausner's personal bank
9 accounts.

10 **D. Defendants' Commingling of Investor Funds Violated Their**
11 **Fiduciary Duties as Investment Advisers**

12 41. As set forth above, at all relevant times, Mausner and Evolution were
13 investment advisers within the meaning of Section 202(a)(11) of the Advisers Act [15
14 U.S.C. §§ 80b-2(a)(11)], since they both, for compensation, engaged in the business of
15 advising others—in this case a pooled investment vehicle—either directly or through
16 publications and writings, as to the value of securities or as to the advisability of
17 investing in, purchasing or selling securities. Specifically:

18 (a) The PPM made it clear that Defendants advised the Fund on its
19 investments, explicitly stating that: "In making investment decisions, the [Fund] will
20 rely on the advice and analysis of [Evolution] rather than any specific objective
21 criteria." As such, Evolution and Mausner, as Evolution's principal, owner and
22 manager, advised on—and was responsible for making—portfolio management and
23 investment decisions on behalf of the Fund.

24 (b) The Fund was a pooled investment vehicle because it held itself
25 out as being primarily engaged in the business of investing in securities.

26 (c) Further, Defendants were entitled to fees for their investment
27 adviser services on behalf of the Fund, and Mausner also received compensation as
28 principal, owner, and manager of Evolution.

1 42. As investment advisers, Defendants owed to the Fund a fiduciary duty of
2 utmost good faith and full and fair disclosure of all material facts. The Defendants
3 also had an affirmative obligation to employ reasonable care to avoid misleading the
4 Fund. Indeed, even the PPM assured investors that Evolution would “act in good
5 faith and in the best interest of the [Fund], pursuant to its fiduciary duty.”

6 43. Despite these fiduciary duties and obligations, Mausner knowingly,
7 recklessly, and negligently commingled the Fund’s assets in both Evolution’s and
8 Mausner’s own bank accounts, creating an undisclosed conflict of interest, and—
9 through Evolution and separately—made material misrepresentations and omissions
10 to Fund investors, in violation of their duties.

11 **E. The False and Misleading Statements Defendants Made Were**
12 **Material**

13 44. Mausner and Evolution’s false and misleading statements to investors
14 were material.

15 45. A reasonable investor would have considered it important when making
16 an investment decision to know that Mausner’s “30 years of experience” included a
17 disciplinary history for fraudulent conduct, including his being barred from
18 associating with any investment adviser or acting as an investment adviser.

19 46. A reasonable investor also would have considered it important when
20 making an investment decision to know that that their money was not being used for
21 the crypto asset-related investment purpose specified in the PPM.

22 47. A reasonable investor would also have considered it important when
23 making an investment decision to know that the Fund did not hold any crypto assets
24 at the crypto asset trading platform specified in the PPM, or any other platform
25 Mausner told them would be used as the custodian.

26 48. Finally, a reasonable investor would have considered it important to
27 know when making an investment decision that their funds were being commingled
28

1 with Evolution's and Mausner's bank accounts, where deposits of money unrelated to
2 the Fund and withdrawals of money unrelated to the Fund were made.

3 **F. Defendants Acted with Scienter and Their Conduct was Negligent**

4 49. Mausner knew, or was reckless in not knowing, that his and Evolution's
5 aforementioned statements to investors were materially false and misleading.
6 Further, in making these statements, Mausner failed to behave with the level of care
7 that a reasonable person would have exercised under the same circumstances, and
8 was thus negligent. Mausner's state of mind and negligent conduct are imputed to
9 Evolution.

10 50. Further, Mausner knew, or was reckless for not knowing, that
11 commingling investor funds with non-investor funds created a conflict of interest and
12 violated his fiduciary duties to the Fund. By commingling investor funds in this way,
13 Mausner failed to behave with the level of care that a reasonable person would have
14 exercised under the same circumstances, and his conduct was therefore negligent.
15 Mausner's state of mind and negligent conduct are imputed to Evolution.

16 51. Mausner's scienter and failure to act reasonably under the circumstances
17 is demonstrated, in part, by the following:

18 (a) Even though J.S. Oliver Order 1 and J.S. Oliver Order 2
19 prohibited him from committing further violations of the federal securities laws and
20 serving as/associating with an investment adviser, Mausner continued to do all these
21 things as described above.

22 (b) When an investor confronted Mausner via text about his past
23 disciplinary history, Mausner falsely told the investor that he had won the J.S. Oliver
24 case at the Supreme Court, resulting in the case being expunged, when in reality he
25 had recently entered into a settlement barring him from the securities industry.

26 (c) Mausner falsely told an investor that the Fund's crypto assets were
27 stored on various crypto asset trading platforms, even though he knew that Evolution
28 did not hold any crypto assets on the platforms.

(d) Mausner deliberately commingled investor money with unrelated funds, including personal funds and, over time, moved all the money in Evolution's bank accounts to Mausner's personal bank accounts.

G. Registration Violations: Sections 5(a) and 5(c) of the Securities Act

52. The limited partnership interests in the Fund that defendants offered and sold are securities.

53. The investors committed money to purchase limited partnership interests in the Fund.

54. Mausner pooled the investor funds into several bank accounts that he controlled.

55. Investors relied on Mausner to invest their funds and had no expectation that they would be required to participate in efforts to generate the returns.

56. In fact, the Fund's PPM stated that Evolution would "exclusively" make "[a]ll decisions regarding the management and affairs of the Partnership" and that "the success of the Partnership for the foreseeable future depends solely on the abilities of [Evolution]."

57. As set forth above, Mausner also misleadingly touted his extensive trading acumen and strategy to generate profits and represented that he would make all investment decisions for the Fund.

58. No registration statements were filed with the Commission in connection with the Fund offering, and no exemptions to the registration requirement applied to the Fund offering, as Defendants:

- (a) engaged in a general solicitation when offering shares of the Fund;
- (b) offered and sold securities to investors in multiple states; and
- (c) failed to take reasonable steps to verify whether investors were accredited.

59. Even if they had done all these things, Mausner was disqualified from participating in a registered offering because he was a "bad actor"—pursuant to Rule

506 of Regulation D under the Securities Act—based on J.S. Oliver Order 1 and J.S. Oliver Order 2. Nevertheless, Mausner used his control and authority over Evolution to substantially assist in the unregistered offering.

FIRST 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 Thereunder
(Against All Defendants)**

60. The SEC realleges and incorporates by reference paragraphs 1 through 59 above.

61. In connection with the purchase or sale of securities, Defendants engaged in a scheme to defraud and made material misstatements, false statements, and omissions to investors. Specifically, Defendants touted Mausner's 30 years' experience in the investment industry while leaving out his disciplinary history and the fact that he was barred from the investment industry, made false and misleading statements about investments in and storage of crypto assets for the benefit of the Fund, disseminated the false and misleading statements to investors via texts and emails, and commingled investor money with money unrelated to the Fund in both Evolution's and Mausner's bank accounts.

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

63. By engaging in the conduct described above, Defendants each violated,

1 and unless restrained and enjoined will continue to violate, Section 10(b) of the
2 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

3 **SECOND CLAIM FOR RELIEF**

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

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

6 **(Against All Defendants)**

7 64. The SEC realleges and incorporates by reference paragraphs 1 through
8 59 above.

9 65. In connection with the purchase or sale of securities, Defendants
10 engaged in a scheme to defraud and made material misstatements, false statements,
11 and omissions to investors. Specifically, Defendants touted Mausner's 30 years'
12 experience in the investment industry while leaving out his disciplinary history and
13 the fact that he was barred from the investment industry, made false and misleading
14 statements about investments in and storage of crypto assets for the benefit of the
15 Fund, disseminated the false and misleading statements to investors via texts and
16 emails, and commingled investor money with money unrelated to the Fund in both
17 Evolution's and Mausner's bank accounts.

18 66. By engaging in the conduct described above, Defendants, directly or
19 indirectly, in the offer or sale of securities by the use of means or instruments of
20 transportation or communication in interstate commerce or by use of the mails
21 (a) employed devices, schemes, or artifices to defraud; (b) obtained money or
22 property by means of untrue statements of a material fact or by omitting to state a
23 material fact necessary in order to make the statements made, in light of the
24 circumstances under which they were made, not misleading; or (c) engaged in
25 transactions, practices, or courses of business which operated or would operate as a
26 fraud or deceit upon the purchaser.

27 67. Defendants, with scienter, employed devices, schemes, or artifices to
28 defraud; and Defendants, with scienter and negligence, obtained money or property

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

6 68. By engaging in the conduct described above, Defendants each violated,
7 and unless restrained and enjoined will continue to violate, Section 17(a) of the
8 Securities Act, 15 U.S.C. § 77q(a).

9 **THIRD CLAIM FOR RELIEF**

10 **Unregistered Offer and Sale of Securities**

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

12 **(Against All Defendants)**

13 69. The SEC realleges and incorporates by reference paragraphs 1 through
14 59 above.

15 70. Defendants participated in the offer and sale of securities, that is, limited
16 partnership interests in the Fund, and communicated with investors via email and
17 text. The offer and sale of such securities were not registered with the SEC, and no
18 exemption applied.

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

27 72. By engaging in the conduct described above, Defendants each violated,
28 and unless restrained and enjoined, will continue to violate, Sections 5(a) and 5(c) of

the Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c).

FOURTH CLAIM FOR RELIEF

Fraud by an Investment Adviser

Violations of Sections 206(1) and 206(2) of the Advisers Act

(Against All Defendants)

73. The SEC realleges and incorporates by reference paragraphs 1 through 59 above.

74. Defendants, while acting as investment advisers within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)], breached their fiduciary duties to the Fund by making materially false and misleading statements and by failing to disclose material information and conflicts of interest related to the Fund. Specifically, they failed to disclose Mausner's disciplinary history when touting his expertise, made material misrepresentations about investments in and storage of crypto assets for the benefit of the Fund, and commingled investor money with money unrelated to the Fund in both Evolution's and Mausner's bank accounts.

75. By engaging in the conduct described above, Defendants, each of them, directly or indirectly, by use of the mails or means and instrumentalities of interstate commerce: (a) knowingly and/or recklessly employed or are employing devices, schemes or artifices to defraud clients or prospective clients; and (b) knowingly, recklessly, and/or negligently engaged in or are engaging in transactions, practices, or courses of business which operated as a fraud or deceit upon clients or prospective clients.

76. By engaging in the conduct described above, Defendants Mausner and Evolution each violated, and unless retrained and enjoined, will continue to violate, Section 206(1) and (2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) & 80b-6(2)].

FIFTH CLAIM FOR RELIEF

Fraud Involving a Pooled Investment Vehicle

**Violations of Section 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder
(Against All Defendants)**

77. The SEC realleges and incorporates by reference paragraphs 1 through 59 above.

78. Defendants, while acting as investment advisers within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)], repeatedly defrauded investors in the Fund by failing to disclose Mausner's disciplinary history when touting his expertise, making false and misleading statements about investments in and storage of crypto assets for the benefit of the Fund, and commingling investor money with money unrelated to the Fund in both Evolution's and Mausner's bank accounts.

79. By engaging in the conduct described above, Defendants Mausner and Evolution, and each of them, directly or indirectly, while acting as an investment adviser to a pooled investment vehicle, and by use of the mails or means or instrumentalities of interstate commerce: (a) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which there were made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or (b) engaged in acts, practices, or courses of business that were fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.

80. By engaging in the conduct described above, Defendants Mausner and Evolution each violated, and unless restrained and enjoined, will continue to violate, Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

SIXTH CLAIM FOR RELIEF

**Aiding and Abetting Violations of Sections 10(b) of the Exchange Act and Rule 10b-5(b) Thereunder
(Against Mausner)**

81. The SEC realleges and incorporates by reference paragraphs 1 through 59 above.

82. Mausner exerted ultimate authority over the content of the PPM and whether and how the PPM was communicated and disseminated to prospective Fund investors. Mausner also received, controlled, and commingled Fund assets.

83. Thus, in the alternative, by engaging in the conduct described above, Mausner knowingly or recklessly provided substantial assistance that aided and abetted, pursuant to Section 20(e) of the Exchange Act, Evolution's violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], as alleged above.

84. By engaging in the conduct described above, Mausner aided and abetted, and unless enjoined will continue to aid and abet, violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SEVENTH CLAIM FOR RELIEF

**Aiding and Abetting Violations of Section 17(a) of the Securities Act
(Against Mausner)**

85. The SEC realleges and incorporates by reference paragraphs 1 through 59 above.

86. Mausner exerted ultimate authority over the content of the PPM and whether and how the PPM was communicated and disseminated to prospective Fund investors. Mausner also received, controlled, and commingled Fund assets.

87. Thus, in the alternative, by engaging in the conduct described above, Mausner knowingly or recklessly provided substantial assistance that aided and

1 abetted, pursuant to Section 15(b) of the Securities Act, Evolution's violations of
2 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], as alleged above.

3 88. By engaging in the conduct described above, Mausner aided and abetted,
4 and unless enjoined will continue to aid and abet, violations of Section 17(a) of the
5 Securities Act [15 U.S.C. § 77q(a)].

6 **EIGHTH CLAIM FOR RELIEF**

7 **Aiding and Abetting Violations of Sections 5(a) and 5(c) of the Securities Act**
8 **(Against Mausner)**

9 89. The SEC realleges and incorporates by reference paragraphs 1 through
10 59 above.

11 90. Mausner exerted ultimate authority over the content of the PPM and
12 whether and how the PPM was communicated and disseminated to prospective Fund
13 investors. Mausner also received, controlled, and commingled Fund assets.

14 91. Thus, in the alternative, by engaging in the conduct described above,
15 Mausner knowingly or recklessly provided substantial assistance that aided and
16 abetted, pursuant to Section 15(b) of the Securities Act, Evolution's violations of
17 Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) & 77e(c)], as
18 alleged above.

19 92. By engaging in the conduct described above, Mausner aided and abetted,
20 and unless enjoined will continue to aid and abet, violations of Sections 5(a) and 5(c)
21 of the Securities Act [15 U.S.C. §§ 77e(a) & 77e(c)].

22 **NINTH CLAIM FOR RELIEF**

23 **Aiding and Abetting Violations of Sections 206(1) and 206(2) of the Advisers Act**
24 **(Against Mausner)**

25 93. The SEC realleges and incorporates by reference paragraphs 1 through
26 59 above.

27 94. Mausner exerted ultimate authority over the content of the PPM and
28 whether and how the PPM was communicated and disseminated to prospective Fund

1 investors. Mausner also received, controlled, and commingled Fund assets.

2 95. Thus, in the alternative, by engaging in the conduct described above,
3 Mausner knowingly or recklessly provided substantial assistance that aided and
4 abetted, pursuant to Section 209(f) of the Advisers Act, Evolution's violations of
5 Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) & 80b-6(2)],
6 as alleged above.

7 96. By engaging in the conduct described above, Mausner has aided and
8 abetted, and unless enjoined will continue to aid and abet, violations of Sections
9 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) & 80b-6(2)].

10 **TENTH CLAIM FOR RELIEF**

11 **Aiding and Abetting Violations of Section 206(4) of the Advisers Act and Rule**
12 **206(4)-8 Thereunder**
13 **(Against Mausner)**

14 97. The SEC realleges and incorporates by reference paragraphs 1 through
15 59 above.

16 98. Mausner exerted ultimate authority over the content of the PPM and
17 whether and how the PPM was communicated and disseminated to prospective Fund
18 investors. Mausner also received, controlled, and commingled Fund assets.

19 99. Thus, in the alternative, by engaging in the conduct described above,
20 Mausner knowingly or recklessly provided substantial assistance that aided and
21 abetted, pursuant to Section 209(f) of the Advisers Act, Evolution's violations of
22 Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8
23 thereunder [17 C.F.R. § 275.206(4)-8], as alleged above.

24 100. By engaging in the conduct described above, Mausner has aided and
25 abetted, and unless enjoined will continue to aid and abet, violations of Section
26 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17
27 C.F.R. § 275.206(4)-8].
28

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that the Court:

I.

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

II.

Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently enjoining Defendants Mausner and Evolution, and their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], and Sections 206(1), 206(2), and 206(4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4)] Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

III.

Order Defendants Mausner and Evolution, jointly and severally, to disgorge all funds received from their illegal conduct, together with prejudgment interest thereon, pursuant to Exchange Act Sections 21(d)(3), 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(3); 78u(d)(5) and 78u(d)(7)].

IV.

Order Defendants Mausner and Evolution to pay civil penalties under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)], for their violations of the federal securities laws, and Mausner's violation of J.S. Oliver Order 1 and J.S. Oliver Order 2.

V.

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.

VI.

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

Dated: June 23, 2025

/s/ Daniel S. Lim
Daniel S. Lim
Attorney for Plaintiff
Securities and Exchange Commission