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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

**NEVADA SPORTS INVESTMENT
GROUP, LP**

Defendant.

Case No.

**COMPLAINT FOR
INJUNCTIVE RELIEF**

JURY DEMAND

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1. This action alleges violations of the registration requirements of Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77e(a) and 77e(c)] by Defendant Nevada Sports Investment Group, LP (“Nevada Sports”). Nevada Sports offered and sold unregistered investment

1 contracts that did not qualify for any exemptions in violation of Sections 5(a) and
2 5(c) of the Securities Act.

3 **SUMMARY**

4 2. In 2015, the Nevada legislature enacted Senate Bill 443 (“NVS
5 443”), allowing entities that fulfilled requirements specified in the bill to collect
6 funds from individuals anywhere in the world, aggregate those funds, wager
7 those funds on sporting events, and share the wagering profits with the
8 individuals who contributed the funds.

9 3. Such entities, sometimes known as “sports betting funds,” were
10 described by some (including Nevada Sports) as functioning like mutual funds.

11 4. Pursuant to NVSB 443, each sports betting fund must keep a Nevada
12 bank account in which it aggregates the funds raised from individuals, which are
13 then used to wager on sporting events.

14 5. Nevada Sports retained a percentage of any profit generated as a fee.
15 After that fee was subtracted, Nevada Sports divided the remaining profit *pro*
16 *rata* among all the individuals that contributed funds (“Clients”). Thus, as profits
17 increased or decreased, the fortunes of the Clients and Nevada Sports rose or fell
18 together.

19 6. Nevada Sports had an individual who, working alone, decided how
20 the funds would be wagered on sporting events.

1 7. Nevada Sports did not file a registration statement complying with
2 Section 5 of the Securities Act in support of its sports betting fund, and did not
3 fulfill the requirements necessary to qualify for an exemption from registration.

4 8. By virtue of this conduct, Nevada Sports has violated and, unless
5 enjoined, will continue to violate, Sections 5(a) and 5(c) of the Securities Act.

6 **JURISDICTION AND VENUE**

7 9. The Commission brings this action pursuant to Sections 20(b), (c) and
8 (d) of the Securities Act [15 U.S.C. § 77t(b)-(d)] to enjoin Nevada Sports from
9 engaging in the transactions, acts, practices and courses of business alleged in this
10 Complaint, and transactions, acts, practices and courses of business of similar
11 purport and object, and for other relief.

12 10. This Court has jurisdiction over this action pursuant to Sections 20(b),
13 20(d) and 22(a) of the Securities Act [15 U.S.C. § 77t(b), 77t(d) and 77v(a)].

14 11. Nevada Sports, directly and indirectly, has made use of the mails, the
15 means and instrumentalities of interstate commerce, and the means and
16 instruments of transportation and communication in interstate commerce, in
17 connection with the transactions, acts, practices, and courses of business alleged
18 in this Complaint.

19 12. Venue lies in this Court pursuant to Section 22(a) of the Securities Act
20 [15 U.S.C. § 77v(a)] because certain of the transactions, acts, practices and

1 courses of business constituting violations of the Securities Act have occurred
2 within the District of Nevada. Nevada Sports maintains its principal place of
3 business in Las Vegas and the securities have been sold to investors in this
4 district.

5 **DEFENDANT**

6 13. **Nevada Sports Investment Group, LP** registered as a Nevada
7 limited partnership on September 15, 2015, and began receiving funds from
8 Clients for wagering in March 2016. Nevada Sports raised approximately
9 \$1,035,000 from approximately 35 Clients.

10 **FACTS**

11 **Nevada Senate Bill 443**

12 14. Enacted in June 2015, NVSB 443 allows entities-sometimes known as
13 “sports betting funds,” which fulfill certain requirements specified in the bill, to
14 collect funds from individuals who reside anywhere in the world and use those
15 funds to place wagers on certain sporting events.

16 15. NVSB 443 also allows sports betting funds to share the profits of such
17 wagering with the individuals from whom they have collected money.

18 16. NVSB 443 requires sports betting funds, among other things, to be
19 organized in Nevada and to maintain Clients’ funds in an account at a Nevada
20 bank.

Nevada Sports Investment Group, LP

17. Nevada Sports registered as a limited partnership in Nevada on September 15, 2015.

18. Nevada Sports began receiving funds from Clients for wagering in March 2016. As required by NVSB 443, all Client funds were pooled in a Nevada bank account opened by Nevada Sports for its sports betting fund.

19. Nevada Sports used a website to inform potential Clients of its willingness to use their combined funds to place wagers and to share the profits.

20. Nevada Sport's website informed Clients of the minimum amount that Nevada Sports would accept for wagering, and instructed individuals how to contact Nevada Sports if they had additional questions.

21. Nevada Sports' website initially stated, "[o]ur vision is to create a groundbreaking, investor friendly sports investment fund that redefines the term "high yield."

22. According to representations on the website, Nevada Sports' general partner retained "30% of the gross profits generated by investment activities." Clients received "a 70% share of the gross profits generated by investment activities" that was "distributed commensurate with their respective pro rata share" of assets under management.

1 23. As a limited partnership, Nevada Sports was controlled and operated
2 by its general partner. Nevada Sports' general partner, working alone, decided
3 how the funds would be wagered on sporting events. None of Nevada Sports'
4 Clients played any role whatsoever in the profit-generating process of placing
5 wagers.

6 24. During its period of operation, Nevada Sports raised approximately
7 \$1,035,000 for wagering from approximately 35 Clients located in at least 20
8 states.

9 25. Nevada Sports' Clients used U.S. mail and electronic bank transfers
10 when submitting their funds.

11 26. Nevada Sports did not make a determination regarding its Clients'
12 status as accredited investors as that term is defined in Section 2(a)(15)(ii) of the
13 Securities Act [15 U.S.C. § 77b(a)(15)(ii)].

14 27. Prior to accepting funds, Nevada Sports did not file a registration
15 statement complying with Section 5 of the Securities Act in support of its sports
16 betting fund, and did not fulfill the requirements necessary to qualify for an
17 exemption from registration.

1 **COUNT I — UNREGISTERED OFFERING OF SECURITIES**

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

3 **[15 U.S.C. §§ 77e(a) and 77e(c)]**

4 28. Paragraphs 1 through 27 are restated and incorporated herein by
5 reference.

6 29. No registration statement has been filed or is in effect with the
7 Commission pursuant to the Securities Act for the sports betting fund described
8 herein, and Nevada Sports did not fulfill the requirements necessary to qualify for
9 an exemption from registration.

10 30. From at least September 2015 through the present, Nevada Sports has:

11 (a) made use of the means or instruments of transportation or
12 communication in interstate commerce or of the mails to sell securities, through
13 the use or medium of a prospectus or otherwise;

14 (b) carried securities or caused such securities to be carried through
15 the mails or in interstate commerce, by any means or instruments of
16 transportation, for the purpose of sale or for delivery after sale; and

17 (c) made use of the means or instruments of transportation or
18 communication in interstate commerce or of the mails to offer to sell or offer to
19 buy securities, through the use or medium of any prospectus or otherwise,

1 without a registration statement having been filed with the Commission as to
2 such securities.

3 31. By reason of the foregoing, Nevada Sports, directly and indirectly, has
4 violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and
5 77e(c)].

6 **PRAYER FOR RELIEF**

7 WHEREFORE, the SEC respectfully requests that the Court:

8 **I.**

9 Issue findings of fact and conclusions of law pursuant to Rule 52 of the
10 Federal Rules of Civil Procedure finding that Nevada Sports committed the
11 alleged violations.

12 **II.**

13 Issues a judgment, in a form consistent with Rule 65(d) of the Federal Rules
14 of Civil Procedure, permanently enjoining Nevada Sports, and its officers, agents,
15 servants, employees, and attorneys, and those persons in active concert or
16 participation with them who receive actual notice of the order of injunction, by
17 personal service or otherwise, and each of them, from violating Section 5 of the
18 Securities Act [15 U.S.C. § 77e].
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1 **III.**

2 Grant such other and further relief as this Court may determine to be just,
3 equitable, and appropriate in connection with the enforcement of the federal
4 securities laws and for the protection of investors.

5 **DEMAND FOR JURY TRIAL**

6 Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the SEC
7 demands trial by jury in this action of all issues so triable.

Dated this 7th day of September, 2018.

Respectfully submitted,

/s/ W. Shawn Murnahan
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