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**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

CONTRARIAN INVESTMENTS, LLC,

Defendant.

Case No.

**COMPLAINT FOR
INJUNCTIVE RELIEF**

JURY DEMAND

1 1. This action alleges violations of the registration requirements of
2 Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.
3 § 77e(a) and 77e(c)] by Defendant Contrarian Investments, LLC (“Contrarian”).
4 Contrarian offered and sold unregistered investment contracts that did not qualify
5 for any exemptions in violation of Sections 5(a) and 5(c) of the Securities Act.

SUMMARY

1
2 2. In 2015, the Nevada legislature enacted Senate Bill 443 (“NVS
3 443”), allowing entities that fulfilled requirements specified in the bill to collect
4 funds from individuals anywhere in the world, aggregate those funds, wager
5 those funds on sporting events, and share the wagering profits with the
6 individuals who contributed the funds.

7 3. Such entities, sometimes known as “sports betting funds,” were
8 described by some (including Contrarian) as functioning like mutual funds.

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

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

17 6. Contrarian had an individual who, working alone, decided how the
18 funds would be wagered on sporting events.

1 courses of business constituting violations of the Securities Act have occurred
2 within the District of Nevada. Contrarian 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. **Contrarian Investments, LLC** registered as a Nevada limited
7 liability company on March 7, 2016, and began receiving funds from Clients in
8 April 2016. Contrarian raised approximately \$437,500 from approximately 25
9 investors.

10 **FACTS**

11 **Nevada Senate Bill 443**

12 14. Enacted in June 2015, NVSB 443 allows entities – sometimes called
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 specified
20 Nevada bank.

Contrarian Investments, LLC

1
2 17. Contrarian registered as a limited liability company in Nevada on
3 March 7, 2016.

4 18. Contrarian began receiving funds from Clients for wagering in April
5 2016. As required by NVSB 443, all Client funds were pooled in the Nevada
6 bank account opened by Contrarian for its sports betting fund.

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

9 20. Contrarian's website informed Clients of, among other things, the
10 minimum amount that Contrarian would accept from individual investors, and
11 who at Contrarian to contact if they had questions.

12 21. Contrarian's website stated that it would collect a "performance fee"
13 of 20% of "returns generated." That fee was to be calculated at the end of each
14 sports season during which Contrarian placed wagers. The remaining 80% of
15 profit was distributed to the individuals who contributed funds proportionally
16 based on the amount of each individual's contribution.

17 22. As a limited liability company, Contrarian was controlled and
18 operated by the company's managing member. Contrarian's managing member,
19 working alone, decided how the funds would be wagered on sporting events.

1 None of Contrarian's Clients played any role whatsoever in the profit-generating
2 process of placing wagers.

3 23. During its period of operation, Contrarian raised approximately
4 \$437,500 for wagering from over 25 individuals located in at least 12 states and
5 Canada.

6 24. Contrarian's Clients used U.S. mail and electronic bank transfers
7 when submitting their funds.

8 25. Contrarian did not make a determination regarding its Clients' status
9 as accredited investors as that term is defined in Section 2(a)(15)(ii) of the
10 Securities Act [15 U.S.C. § 77b(a)(15)(ii)].

11 26. Prior to accepting funds, Contrarian did not file a registration
12 statement complying with Section 5 of the Securities Act in support of its sports
13 betting fund, and did not fulfill the requirements necessary to qualify for an
14 exemption from registration.

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

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

17 **[15 U.S.C. §§ 77e(a) and 77e(c)]**

18 27. Paragraphs 1 through 26 are restated and incorporated herein by
19 reference.

1 28. No registration statement has been filed or is in effect with the
2 Commission pursuant to the Securities Act for the sports betting fund described
3 herein, and Contrarian did not fulfill the requirements necessary to qualify for an
4 exemption from registration.

5 29. From at least March 2016 through the present, Contrarian has:

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

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

12 (c) made use of the means or instruments of transportation or
13 communication in interstate commerce or of the mails to offer to sell or offer to
14 buy securities, through the use or medium of any prospectus or otherwise,
15 without a registration statement having been filed with the Commission as to
16 such securities.

17 30. By reason of the foregoing, Contrarian, directly and indirectly, has
18 violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and
19 77e(c)].

1 **PRAYER FOR RELIEF**

2 WHEREFORE, the SEC respectfully requests that the Court:

3 **I.**

4 Issue findings of fact and conclusions of law pursuant to Rule 52 of the
5 Federal Rules of Civil Procedure finding that Contrarian committed the alleged
6 violations.

7 **II.**

8 Issue a judgment, in a form consistent with Rule 65(d) of the Federal Rules
9 of Civil Procedure, permanently enjoining Contrarian and its officers, agents,
10 servants, employees, and attorneys, and those persons in active concert or
11 participation with them who receive actual notice of the order of injunction, by
12 personal service or otherwise, and each of them, from violating Section 5 of the
13 Securities Act [15 U.S.C. § 77e].

14 **III.**

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

18 **DEMAND FOR JURY TRIAL**

19 Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the SEC
20 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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