

1 LYNN M. DEAN (Cal. Bar No. 205562)
Email: deanl@sec.gov
2 CHRISTOPHER A. NOWLIN (Cal. Bar No. 268030)
Email: nowlinc@sec.gov

3 Attorneys for Plaintiff
4 Securities and Exchange Commission
Michele Wein Layne, Regional Director
5 Alka Patel, Associate Regional Director
Amy J. Longo, Regional Trial Counsel
6 444 S. Flower Street, Suite 900
Los Angeles, California 90071
7 Telephone: (323) 965-3998
Facsimile: (213) 443-1904

8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11

12 **SECURITIES AND EXCHANGE**
13 **COMMISSION,**

14 **Plaintiff,**

15 **vs.**

16 **OWNZONES MEDIA NETWORK,**
17 **INC., DANIEL GOMAN and JOSEPH**
18 **GOMAN,**

19 **Defendants.**

Case No.

COMPLAINT

20
21 Plaintiff Securities and Exchange Commission ("SEC") alleges:

22 **JURISDICTION AND VENUE**

23 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
24 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§
25 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27(a) of the
26 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(1),
27 78u(d)(3)(A), 78u(e) & 78aa(a).

28 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), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a)
6 because certain of the transactions, acts, practices, and courses of conduct
7 constituting violations of the federal securities laws occurred within this district. In
8 addition, venue is proper in this district because defendant Daniel Goman resides in
9 this district and defendant OwnZones Media Network, Inc. has its principal place of
10 business here.

11 SUMMARY

12 4. From 2011 through the present, OwnZones Media Network, Inc., its
13 CEO and president Daniel Goman (“Dan Goman”), and its agent and stock salesman
14 Joseph Goman (“Joe Goman”) raised roughly \$45 million offering and selling an
15 unregistered securities offering to over a thousand investors without any exemption
16 from registration. The company engaged in general solicitation and raised money
17 from numerous unaccredited investors, purporting to avoid selling to too many
18 unaccredited investors by devising a “subinvestment” process whereby
19 “subinvestors” money has been aggregated under supposedly accredited “direct
20 investors.” OwnZones is continuing to raise money through its unregistered offering,
21 taking in millions of dollars in recent months.

22 5. OwnZones, Dan Goman, and Joe Goman also committed fraud in the
23 course of offering and selling OwnZones stock. Joe Goman, while selling OwnZones
24 stock on behalf of the company, made multiple misstatements to investors that ranged
25 from saying that Venture Capitalist MC and MGM had purchased OwnZones stock
26 for \$5 per share to representing that Google had offered to buy OwnZones for \$500
27 million. Joe Goman also made baseless predictions that OwnZones was about to go
28 public and that its IPO price would be many multiples higher than what investors

1 were paying for their shares. OwnZones and Dan Goman made additional statements
2 to investors concerning OwnZones' IPO and the status of discussions with major
3 company investors that were false or misleading. Moreover, Dan Goman, who runs
4 the company's day-to-day operations and has primary responsibility for handling
5 investments in the company, is liable as a control person of OwnZones, and he did
6 not act in good faith because he ignored multiple warning signs about Joe's
7 misconduct in connection with his OwnZones fundraising efforts.

8 6. By this conduct, all of the Defendants violated Sections 5(a), 5(c), and
9 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5
10 thereunder. In addition, Dan Goman is liable under Section 20(a) of the Exchange
11 Act for OwnZones' violations of that Act.

12 7. The SEC seeks permanent injunctions against future violations of
13 Sections 5 and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and
14 Rule 10b-5 thereunder; disgorgement with prejudgment interest; and civil penalties as
15 to all Defendants.

16 **THE DEFENDANTS**

17 8. OwnZones Media Network, Inc. is a Nevada corporation based in
18 Beverly Hills, California. OwnZones is an entertainment technology company that
19 claims to provide a technology that allows content providers to make their content
20 available in a standardized format to various digital platforms. OwnZones has not
21 registered any offerings or securities with the SEC.

22 9. Daniel Goman, age 43, is a resident of Los Angeles, California. He is
23 the founder, sole board member, president, chief executive officer, and largest
24 shareholder of OwnZones Media Network, Inc.

25 10. Joseph Goman, age 31, is a resident of Phoenix, Arizona. He is Dan
26 Goman's younger brother and was, until May 2018, a paid consultant for OwnZones
27 who presented to current and prospective investors and also performed business
28 development and sales functions.

THE ALLEGATIONS

A. Overview of OwnZones and Dan Goman's Role

11. OwnZones is an entertainment-technology company based in Beverly Hills. The company has developed a cloud-based technology that supposedly allows content providers to more efficiently and cheaply make available their content packages in a standardized format to various digital platforms.

12. OwnZones has provided services for various well-known companies, including Magnolia Pictures (Venture Capitalist MC's film company), MGM Entertainment, and Sinclair Broadcasting. The company has never been profitable.

13. Dan Goman, OwnZones' founder, chief executive officer, president, and largest shareholder, runs OwnZones' day-to-day operations.

14. Dan Goman has ultimate authority over and responsibility for OwnZones' interactions with investors and prospective investors, and he has final authority for determining whether to accept someone's investment in OwnZones.

15. Dan Goman is the sole signatory on OwnZones' bank account that receives both investor money and revenue from OwnZones' business, and he has the sole authority to disburse money out of the account.

16. As CEO, Dan Goman has exclusive authority to decide if OwnZones will take on major investments or be acquired or bought, as well as sole authority to sell off significant company assets.

17. Per a 2013 board resolution executed by Dan Goman as the sole member and director of OwnZones' board of directors, OwnZones pays the "critical expenses" for Dan Goman and his family, which include their day-to-day living expenses.

B. OwnZones' Unregistered Offering to Retail Investors

18. OwnZones started the offering which it has referred to as its "Series A" round of funding in July 2011, offering its stock at \$0.25 per share.

19. The Series A offering was ongoing from 2011 through at least February 2020.

1 20. In total, OwnZones' Series A offering has raised at least \$45 million
2 from hundreds of investors since July 2011.

3 21. OwnZones never registered its offering with the SEC.

4 22. OwnZones claimed in a Form D it filed with the SEC in April 2014 that
5 it was relying on an exemption under Securities Act Regulation D, Rule 506(b).

6 23. As of April 29, 2019, the company had raised at least \$39,049,603.78
7 during its Series A offering from over 1,000 investors. Of that amount, over
8 \$33,809,988 was raised since the beginning of 2014.

9 24. Dozens of investors, some of whom had invested previously in
10 OwnZones, have again invested in OwnZones in the last 12 months. Some of the
11 recent deposits into OwnZones' account are for hundreds of thousands of dollars and,
12 given OwnZones' method of selling stock in the past, (see Section E, *infra*), likely
13 consist of money aggregated from a number of individuals investing under a single
14 individual's name.

15 25. OwnZones raised \$420,000 from investors in January 2020, the last full
16 month for which the SEC has bank records.

17 **C. OwnZones' Purported Series B Raise**

18 26. OwnZones made some unsuccessful attempts to raise money from
19 institutional investors, some of whom have contractual business relationships with
20 OwnZones. It deceived other investors by misrepresenting the status of these
21 fundraising efforts.

22 27. OwnZones referred to its attempts to attract institutional investors as its
23 "Series B" or "Series B raise." While OwnZones had preliminary discussions with a
24 number of large, well-known companies, including companies with ties to Venture
25 Capitalist MC, as well as MGM, Sinclair Broadcasting, and Google Ventures, those
26 discussions never progressed to discussing critical terms of investment such as price
27 per share and never resulted in an offer to invest.

28 28. OwnZones frequently referred to the Series B raise in its emailed

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.