

1 KATHRYN C. WANNER (Cal. Bar No. 269310)

Email: wannerk@sec.gov

2 M. LANCE JASPER (Cal. Bar No. 244516)

Email: jasperml@sec.gov

3 Attorneys for Plaintiff

4 Securities and Exchange Commission

Michele Wein Layne, Regional Director

5 Alka N. Patel, Associate Regional Director

Jennifer Barry, 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 DAVID J. BUNEVACZ, MARY
17 HAYCA BUNEVACZ,
18 CAESARBRUTUS LLC, CB
19 HOLDING GROUP CORP., AND
BRUTUS CALIFORNIA VENTURES
CORP.,

20 Defendants,
21

Case No.

COMPLAINT

1 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

2 **JURISDICTION AND VENUE**

3 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
4 20(d)(1), and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
5 77t(b), 77t(d)(1), and 77v(a); and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of
6 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
7 78u(d)(3)(A), 78u(e), and 78aa.

8 2. Defendants have, directly or indirectly, made use of the means or
9 instrumentalities of interstate commerce, of the mails, or of the facilities of a national
10 securities exchange in connection with the transactions, acts, practices and courses of
11 business alleged in this complaint.

12 3. Venue is proper in this district pursuant to Section 22(a) of the Securities
13 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),
14 because certain of the transactions, acts, practices and courses of conduct constituting
15 violations of the federal securities laws occurred within this district. In addition,
16 venue is proper in this district because all of the individual Defendants reside in this
17 district, and all of the corporate Defendants have their principal places of business in
18 this district.

19 **SUMMARY**

20 4. This is an enforcement action brought against defendant David J.
21 Bunevacz (“Bunevacz”), a securities fraud recidivist, and two entities under his control:
22 defendants Caesarbrutus LLC (“Caesarbrutus”) and CB Holding Group Corp. (“CB
23 Holding”). Bunevacz, Caesarbrutus, and CB Holding violated the federal securities
24 laws by conducting an offering fraud and Ponzi scheme, and by engaging in the
25 unregistered offer and sale of securities. Bunevacz’s step-daughter, defendant Mary
26 Hayca Bunevacz (“Mary Hayca”), also violated the federal securities laws by
27 participating in the unregistered offer and sale of securities issued by Caesarbrutus, CB
28 Holding and Brutus California Ventures Corp. Defendant Brutus California Ventures

1 Corp. (“Brutus California”) was a co-issuer of promissory notes issued by CB Holding
2 and violated the federal securities laws by participating in the unregistered offer and
3 sale of those notes.

4 5. From at least April 2017 until at least September 2019, Bunevacz,
5 Caesarbrutus and CB Holding raised over \$32 million from at least 40 investors.
6 Bunevacz told investors he was engaged in the production and sale of cannabis
7 products, particularly “vape” pens containing oils infused with Cannabidiol (CBD), and
8 promised to use their funds to generate profits from these activities. In some instances,
9 he claimed to have binding purchase orders for large quantities of vape pens and
10 provided investors with fake purchase orders and other fabricated documents to support
11 these claims.

12 6. In reality, Caesarbrutus and CB Holding were sham businesses, and the
13 purported transactions did not exist. Instead of using investor funds for business
14 purposes, Bunevacz misappropriated the vast majority of those funds for personal
15 expenses, including millions of dollars spent gambling and on credit card payments,
16 leaving investors with substantial losses.

17 7. Bunevacz also lied to investors about his professional experience and
18 connections in the cannabis industry and, in most instances, failed to disclose his March
19 2017 conviction of two felony securities violations under California law. In at least one
20 instance, he falsely told an investor he had no criminal history.

21 8. Brutus California was a co-issuer of securities issued by CB Holding,
22 and Mary Hayca participated in the offer and sale of securities issued by
23 Caesarbrutus, CB Holding and Brutus California, none of which registered any
24 offering of securities with the SEC.

25 9. As a result of the conduct alleged in this Complaint, defendants
26 Bunevacz, Caesarbrutus and CB Holding violated Sections 17(a), 5(a), and 5(c) of the
27 Securities Act of 1933, 15 U.S.C. § 77q(a), (“Securities Act”), Section 10(b) of the
28 Securities Exchange Act of 1934, 15 U.S.C. § 17j(b), (“Exchange Act”), and

1 Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5, and defendants Mary Hayca and
2 Brutus California violated Sections 5(a) and (c) of the Securities Act.

3 **DEFENDANTS**

4 10. **David J. Bunevacz** (“Bunevacz”), age 53, is a resident of Calabasas,
5 California. Bunevacz was the president of CB Holding and the manager of
6 Caesarbrutus. He controlled those entities and their bank accounts and was the
7 person in charge of those entities and responsible for their day-to-day operations at all
8 relevant times. In August 2016, the State of California charged Bunevacz with grand
9 theft, selling securities without qualification, and using false statements in the sale of
10 a security. On March 22, 2017, Bunevacz pleaded guilty to two felony counts of
11 selling securities without qualification. The court entered a suspended sentence
12 contingent on Bunevacz paying a total of \$273,000 in restitution to two victims,
13 which Bunevacz paid, at least in part, using investor funds.

14 11. **Caesarbrutus LLC** (“Caesarbrutus”) is a Wyoming limited liability
15 company formed on January 11, 2017 with its principal place of business in Valencia,
16 California. Caesarbrutus and its securities offerings are not registered with the SEC.

17 12. **CB Holding Group Corp.** (“CB Holding”) is a Nevada corporation
18 registered on June 29, 2018 with its principal place of business in Calabasas,
19 California. CB Holding and its securities offerings are not registered with the SEC.

20 13. **Mary H. Bunevacz** (“Mary Hayca”), age 33, is Bunevacz’s step-
21 daughter and a resident of Calabasas, California, where she lives with her parents.
22 Mary Hayca has a bachelor’s degree in Global Studies. She is currently unemployed
23 and has previously worked in the vaporizer pen and e-cigarette industries. Mary
24 Hayca held executive-level titles with Caesarbrutus and CB Holding, although
25 Bunevacz was the person in charge of those entities. She administered bank accounts
26 and participated in meetings and communications for Caesarbrutus and CB Holding
27 at Bunevacz’s direction.

28 14. **Brutus California Ventures Corp.** (“Brutus California”) is a California

1 Corporation registered by Mary Hayca on July 13, 2018 with its principal place of
2 business in Valencia, California. Mary Hayca opened and controlled Brutus
3 California's bank account. Brutus California and the offerings for which it was a co-
4 issuer with CB Holding were not registered with the SEC.

5 **FACTS**

6 **A. The Promissory Notes, Stock Certificates, and Profit Sharing** 7 **Agreements Were Securities**

8 **1. Promissory Notes**

9 15. Bunevacz primarily raised investor funds through promissory notes
10 issued by Caesarbrutus and CB Holding (collectively, the "Promissory Notes").

11 16. Brutus California was listed as a co-issuer of the notes issued by CB
12 Holding.

13 17. Bunevacz represented to investors that the proceeds of the Promissory
14 Notes would be used for business purposes, and often represented that investor funds
15 would be used to complete profitable sales of vape pens.

16 18. The Promissory Notes were similar, except that notes issued by CB
17 Holding came with warrants that permitted lenders to convert them to shares of CB
18 Holding common stock at the lender's option.

19 19. The Promissory Notes typically matured in six or twelve months and
20 provided for repayment of principal with interest at maturity. Principal amounts for
21 the Promissory Notes ranged from \$10,000 to \$3.5 million, with many notes falling in
22 the \$50,000 to \$300,000 range, and with interest ranging from 10% to 15% per year.

23 20. Caesarbrutus raised at least \$19 million from the sale of Promissory
24 Notes between April 2017 and June 2019, and CB Holding raised at least \$8 million
25 from the sale of Promissory Notes between July 2018 and September 2019.

26 21. The Promissory Notes constitute investment contracts subject to the
27 federal securities laws.

28 22. Purchasers of the Promissory Notes invested money in exchange for the

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