

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION)

Plaintiff,)

v.)

VLADIMIR OKHOTNIKOV,)
JANE DOE a/k/a LOLA FERRARI,)
MIKAIL SERGEEV,)
SERGEY MASLAKOV,)
SAMUEL D. ELLIS,)
MARK F. HAMLIN,)
SARAH L. THEISSEN,)
CARLOS L. MARTINEZ,)
RONALD R. DEERING,)
CHERI BETH BOWEN, and)
ALISHA R. SHEPPERD,)

Defendants.)
_____)

Case No. _____

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. The Commission brings this action to enjoin Defendants from violating the federal securities laws and for other relief. From at least January 31, 2020 through the present, Defendants Vladimir “Lado” Okhotnikov (“Okhotnikov”), Jane Doe a/k/a Lola Ferrari (“Ferrari”), Mikail “Mike” Sergeev (“Sergeev”), and Sergey Maslakov (“Maslakov”) (collectively, the “Founders”) created, operated and maintained an online pyramid and Ponzi scheme through Forsage.io (“Forsage”), a website that allowed millions of retail investors in the

United States and elsewhere to enter into transactions via smart contracts created by the Founders that operated on the Ethereum, Tron, and Binance blockchains. To date, these transactions have totaled over \$300 million. The Founders perpetuated Forsage and its smart contracts through aggressive online promotions and continuous development of new investment platforms. During the relevant time period, the Founders raised funds from retail investors in the United States and across the world through the unregistered offer and sale of securities in Forsage. In connection with the offer and sale of those securities, the Founders engaged in a scheme to defraud investors and further engaged in practices that operated as a fraud or deceit upon those investors.

2. During the same time period, the Founders engaged individuals in the United States – Defendants Samuel D. Ellis (“Ellis”), Mark F. Hamlin (“Hamlin”), and Sarah L. Theissen (“Theissen”) (collectively, the “Promoters”) – to promote Forsage on Forsage-hosted platforms, including the Forsage Official YouTube channel and Forsage’s education tool, the Forsage Academy. In doing so, the Promoters engaged in the unregistered offer and sale of securities in Forsage. In addition, by working with the Founders to promote Forsage in the United States, the Promoters engaged in a scheme to defraud investors and further engaged in practices that operated as a fraud or deceit upon those investors.

3. From at least June 4, 2020 through the present, Defendants Theissen, Carlos L. Martinez (“Martinez”), Ronald R. Deering (“Deering”), Cheri Beth Bowen (“Bowen”), and Alisha R. Shepperd (“Shepperd”) (collectively, the “Crypto Crusaders”) led the largest Forsage promotional group in the United States. In doing so, the Crypto Crusaders engaged in the unregistered offer and sale of securities in Forsage. In addition, by promoting Forsage in the United States, the Crypto Crusaders engaged in a scheme to defraud investors and further engaged in practices that operated as a fraud or deceit upon those investors.

4. Forsage is a textbook pyramid and Ponzi scheme. It did not sell or purport to sell any actual, consumable product to bona fide retail customers during the relevant time period and had no apparent source of revenue other than funds received from investors. The primary way for investors to make money from Forsage was to recruit others into the scheme. To participate, an investor created a crypto-asset wallet and then purchased “slots” in Forsage’s smart contracts, which gave the investor the right to earn compensation from others whom the investor recruited into the scheme (the “downlines”) and compensation from the larger Forsage community of investors in the form of profit sharing of payments known as “spillovers.” When an investor purchased a slot, a portion of that investment was directed to the persons who recruited the investor (the “uplines”) and the investor in turn became an upline to whomever the investor recruited. Thus, all payouts to earlier investors were made using funds received from later investors.

5. During the relevant time period, Forsage operated on the Ethereum and Tron, and later the Binance, blockchains, using algorithmic contracts (“smart contracts”) to direct funds to an investor as additional investors were recruited into the scheme. The smart contracts allocated payments automatically to investors’ crypto-asset wallets, to which Forsage assigned sequential identification numbers (“Forsage ID”). The lower the Forsage ID, the earlier an investor joined Forsage.

6. The Founders devised and controlled all essential operations of Forsage, including creation of the smart contracts; compensation plan; development of the Forsage website; the “back office” infrastructure; promotion of the enterprise; collection and distribution of payments to investors; design and launch of new investment platforms; and creation and maintenance of training and support tools, such as the Forsage Academy, Forsage Community, and Forsage

Customer Care Center.

7. In addition, the Founders coded one of Forsage's smart contracts on the Ethereum blockchain (Forsage xGold) to divert a portion of investor funds to a crypto-asset wallet that was not associated with a Forsage ID assigned to any investor.

8. When confronted with allegations that Forsage was operating as a pyramid scheme, the Founders, Promoters, and Crypto Crusaders expressly denied the allegations and falsely assured investors that Forsage was a legitimate operation.

9. Investors' slots in Forsage's smart contracts, and the attendant right of investors to earn compensation from sales of those slots and profit sharing from spillover payments through those slots, were investment contracts constituting securities, the offer or sale of which was neither registered with the Commission, as required by the federal securities laws, nor exempt from registration. Investors made an investment of money – using Ethereum, Tron, or Binance tokens – in a common enterprise from which they were led to expect profits solely from the efforts of Defendants or third parties.

10. As a result of the conduct alleged in this Complaint, Defendants violated Section 5 of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77e; Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), 17 C.F.R. § 240.10b-5. Unless restrained and enjoined, Defendants are reasonably likely to continue to violate the federal securities laws.

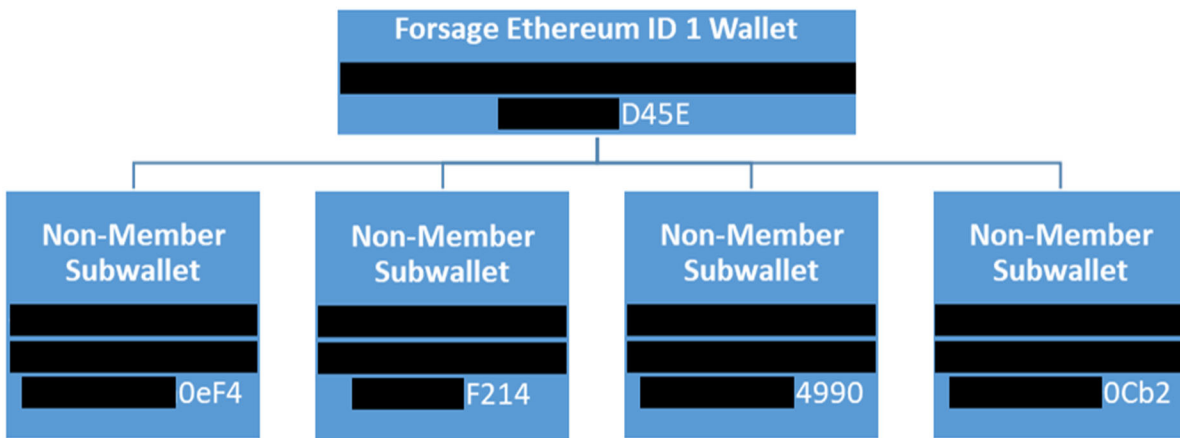
11. The Commission therefore respectfully requests the Court enter: (i) permanent injunctions restraining and enjoining Defendants from violating the federal securities laws, and restraining and enjoining Defendants from engaging in certain further conduct; (ii) an order directing Defendants to pay disgorgement with prejudgment interest; and (iii) an order directing

Defendants to pay civil money penalties.

II. DEFENDANTS

A. The Founders

12. Okhotnikov is a Russian national believed to reside in Tbilisi, Republic of Georgia. He is one of the co-founders of Forsage and “the face” of the operation, hosting many of its YouTube videos and appearing in interviews with lead promoters. Okhotnikov has prior experience participating in multilevel marketing (“MLM”) projects. Upon information and belief, he holds Forsage Ethereum IDs 1, 4, and 5, Forsage Tron ID 1, and Forsage BUSD ID 1, among others. In addition, the proceeds associated with Forsage Ethereum ID 1 were split equally into four “subwallets” as depicted by the graphic below. These subwallets are not affiliated with any Forsage Ethereum member IDs. On information and belief, Okhotnikov and the other three Founders have an interest in one or more of these “subwallets.”



13. Ferrari, whose actual identity is currently unknown but who holds herself out to the public as “Lola Ferrari,” is believed to be a Russian national residing in Bali, Indonesia. Ferrari is one of the co-founders of Forsage and the self-proclaimed “goddess” of Forsage, and has appeared in a number of its promotional videos and interviews with lead promoters. Ferrari has

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