

1 MONIQUE C. WINKLER (Cal. Bar No. 213031)  
JASON H. LEE (Cal. Bar No. 253140)  
2 DAVID ZHOU (NY Bar No. 4926523)  
SHEILA O'CALLAGHAN (Cal. Bar No. 131032)  
3 [ocallaghans@sec.gov](mailto:ocallaghans@sec.gov)  
KASHYA K. SHEI (Cal. Bar No. 173125)  
4 [sheik@sec.gov](mailto:sheik@sec.gov)

5  
Attorneys for Plaintiff  
6 SECURITIES AND EXCHANGE COMMISSION  
44 Montgomery Street, Suite 2800  
7 San Francisco, CA 94104  
(415) 705-2500 (Telephone)  
8 (415) 705-2501 (Facsimile)

9  
10  
11 UNITED STATES DISTRICT COURT  
12 EASTERN DISTRICT OF CALIFORNIA  
13 SACRAMENTO DIVISION

14  
15 SECURITIES AND EXCHANGE COMMISSION,  
16 Plaintiff,  
17 vs.  
18 TILILA WALKER SUMCHAI,  
19 Defendant.

Case No.  
COMPLAINT  
**JURY DEMAND**

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

22 **SUMMARY OF THE ACTION**

23 1. From approximately January 2021 through October 2021, Defendant Tilila Walker  
24 Sumchai orchestrated a massive Ponzi scheme and affinity fraud that targeted Tongan Americans  
25 throughout the United States and raised approximately \$11.8 million. Sumchai conducted  
26 fraudulent securities offerings and sold unregistered shares to more than 1,000 retail investors in  
27 her purported investment opportunity, which she called "Tongi Tupe."  
28

1           2.       Sumchai started her scheme by approaching respected leaders of the Tongan  
2 American community. Among other things, she falsely represented that she had a secret algorithm  
3 for Tongi Tupe that would generate extraordinary, guaranteed returns of around 1,433% in only a  
4 few months. She deceived some of these leaders into believing that Tongi Tupe was legitimate by  
5 paying them the promised high returns on their investments.

6           3.       Sumchai then used the support of these unknowing leaders to convince ordinary  
7 investors, mostly from the Tongan American community, to invest in Tongi Tupe. She organized  
8 in-person meetings hosted by these leaders during which she promoted Tongi Tupe by making  
9 similar false and misleading claims about, among other things, her supposed secret algorithm and  
10 the guaranteed returns. Many of the new investors believed Sumchai in part because their leaders  
11 endorsed Tongi Tupe as a legitimate investment with high returns. Sumchai also recruited  
12 investors by posting videos on social media that touted Tongi Tupe's high returns and showed her  
13 flashing large sums of cash.

14           4.       In reality, Tongi Tupe was a sham. Sumchai did not use an algorithm to generate  
15 any returns, and she did not place investor funds in any kind of investment or other financial  
16 instrument that would have generated returns. Instead, unbeknownst to investors, Sumchai used  
17 new investor money to pay the promised returns to existing investors, and she misappropriated at  
18 least \$207,000 for her own benefit to pay for, amongst other things, travel, hotels, gambling at  
19 casinos, and shopping. By about October 2021, Sumchai and Tongi Tupe had run out of money  
20 and her Ponzi scheme had collapsed.

21           5.       As a result of the conduct alleged in this Complaint, Defendant violated the  
22 antifraud provisions of the Securities Act of 1933 ("Securities Act") and the Securities Exchange  
23 Act of 1934 ("Exchange Act") and also violated the securities registration provisions of the  
24 Securities Act.

25           6.       In this action, the Commission seeks permanent injunctions, disgorgement of ill-  
26 gotten gains with prejudgment interest, and a civil monetary penalty. The Commission also seeks  
27 an order (1) prohibiting Defendant from participating in the issuance, purchase, offer, or sale of  
28 any securities, except in her own personal accounts; and (2) imposing an officer and director bar.

**JURISDICTION AND VENUE**

1  
2 7. The Commission brings this action pursuant to Sections 20(b), 20(d), 20(e), and  
3 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), 77t(e), and 77v(a)] and Sections 21(d),  
4 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

5 8. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), 20(e),  
6 and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), 77t(e), and 77v(a)], as well as Sections  
7 20(a), 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78t(a), 78u(d), 78u(e), and 78aa].

8 9. Defendant, directly or indirectly, made use of the means and instrumentalities of  
9 interstate commerce or of the mails in connection with the acts, transactions, practices, and courses  
10 of business alleged in this Complaint.

11 10. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15  
12 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)], because acts,  
13 transactions, practices, and courses of business that form the basis for the violations alleged in this  
14 Complaint occurred in this District. For example, Defendant established the headquarters of her  
15 affiliated entity Tongi Tupe, LLC in Stockton, California, and offered and sold shares in Tongi  
16 Tupe from Stockton, California, directing investors to travel to Stockton to purchase shares of  
17 Tongi Tupe and to collect the purported returns on their investments.

18 11. Intradistrict assignment to the Sacramento Division is proper pursuant to Rule  
19 120(d) of the Court’s Local Rules because a substantial part of the events or omissions which give  
20 rise to these claims occurred in San Joaquin County.

21 **DEFENDANT**

22 12. **Tilila Walker Sumchai**, age 61, is a resident of Richmond, California, and a  
23 Tongan national. She created the Tongi Tupe Ponzi scheme by offering unregistered securities to  
24 investors. She is the sole owner, founder, and CEO of the entity Tongi Tupe, LLC, which was  
25 established after she began her Ponzi scheme. She is also the CEO of PATOA, a corporation with  
26 bank accounts that received and transmitted some funds from Tongi Tupe investors.

**OTHER RELEVANT ENTITIES**

13. **Tongi Tupe, LLC** is a California limited liability company, with its principal place of business in Stockton, California. Defendant is the sole owner, founder, and CEO of Tongi Tupe, LLC. It first registered with the California Secretary of State as a for-profit limited liability corporation on April 21, 2021, after Defendant had already raised over \$2 million in connection with her offer and sale of unregistered Tongi Tupe shares. In its July 20, 2021, Statement of Information filed with the California Secretary of State, Tongi Tupe, LLC’s type of business is described as an “Investment Club.” It appears to be defunct with no assets.

14. **PATOA** is a for-profit California corporation incorporated on December 18, 2020, with its principal place of business in Stockton, California, at the same address as Tongi Tupe, LLC. Defendant is the CEO of PATOA. PATOA appears to have been registered to sound phonetically identical to PTOA, a legitimate Tonga-based pro-democracy and anti-poverty organization, in an effort to increase Sumchai’s legitimacy and standing in the Tongan American community. Some of the money raised from Tongi Tupe investors was funneled through PATOA’s bank accounts. PATOA appears to be defunct with no assets.

**FACTUAL ALLEGATIONS**

**A. Defendant Bolsters Her Connections to the Tongan American Community**

15. Beginning in at least 2020, Sumchai made efforts to bolster both her connections to, and her standing in, the Tongan American community.

16. Sumchai claimed that she personally was active in PTOA, which has members in both Tonga and the United States, and had raised money to help the poor in Tonga. In an apparent effort to misleadingly enhance her connection to PTOA and her standing in the Tongan American community, Sumchai instructed a friend in December 2020 to incorporate a for-profit entity called PATOA, which has a name that is phonetically identical to PTOA. In February 2021, PATOA filed a Statement of Information with the California Secretary of State listing Defendant as its CEO and describing its business as “Humanitarian org serving Tonga residents.”

**B. Defendant’s Scheme to Defraud Investors**

1  
2  
3  
4  
5  
6  
17. Beginning in or about January 2021, Sumchai approached a number of well-respected Tongan American leaders throughout the United States and informed them that she had an investment called Tongi Tupe that would provide investors with guaranteed high returns. She also told some of the leaders that investing in Tongi Tupe would allow Tongan Americans to grow their wealth and assist the poor in Tonga.

7  
8  
9  
10  
11  
12  
13  
14  
15  
18. Her material misrepresentations to these leaders included the claim that she would use a secret algorithm she created with her husband to grow the Tongi Tupe investments. She falsely described her husband as someone who had a Ph.D., was Native American, and knew the secret formulas utilized by Native American-owned casinos to consistently make money. She often did not specify what she would invest in, but did tell some investors that she would invest in stocks. Sumchai provided the leaders a written payout schedule that promised that an investor who made a \$3,000 investment would receive \$43,000 in return on investment. She also claimed that gains would be paid weekly starting four weeks after the initial investment followed by almost weekly payments, and that the investment would be safe and secure.

16  
17  
18  
19  
20  
19. Many of the leaders invested in Tongi Tupe based on Sumchai’s materially false and misleading representations. Sumchai was then able to convince certain leaders of the legitimacy of Tongi Tupe because she did initially make the payments shown on the written payout schedule to many of the leaders. By doing so, she deceived some of the leaders into believing that an investment in Tongi Tupe would lead to guaranteed high returns.

21  
22  
23  
24  
25  
26  
27  
28  
20. The next phase of Sumchai’s fraudulent scheme involved leveraging the support of these unknowing leaders to help her recruit new investors. She appointed these leaders, who lived throughout the United States, as “chapter presidents.” The chapter presidents then hosted in-person meetings during which Sumchai touted Tongi Tupe to investors, most of whom were Tongan Americans. At the meetings, Sumchai repeated many of the same lies about her supposed secret algorithm and her husband’s involvement. She also showed potential investors written payout schedules that promised weekly payouts with high returns. Some of the potential investors asked their respective chapter presidents about Tongi Tupe, and, when the chapter presidents

1 endorsed the investment opportunity, many of these investors were persuaded that Tongi Tupe was  
2 legitimate and purchased shares.

3 21. Besides soliciting investors through in-person chapter meetings, Sumchai also  
4 posted videos on social media in which she showed off her alleged investing success by flashing  
5 large sums of cash and boasting about Tongi Tupe's high returns. She repeated in the videos many  
6 of the same falsehoods that she made at the in-person meetings, including the high returns, that the  
7 algorithm to generate high returns was created with her Ph.D. spouse, and that Tongi Tupe shares  
8 were legitimate investments.

9 22. From January 2021 through October 2021, Sumchai raised approximately \$11.8  
10 million from more than 1,000 investors by her offer and sale of shares in Tongi Tupe, which were  
11 unregistered securities. Sumchai pooled investor funds and led investors to believe that they would  
12 earn a profit based on her expertise, including her secret algorithm. She further led them to believe  
13 that they would receive a pro rata share of the returns, with the pro rata amount determined by the  
14 number of shares purchased. No registration statement has ever been filed or in effect with respect  
15 to these securities and no exceptions to registration applied.

16 23. Moreover, Sumchai knew or was reckless in not knowing that she did not use a  
17 secret algorithm to grow investor funds, and that her husband did not help her to develop such an  
18 algorithm. In fact, she did not use investor funds to invest in any type of income-generating  
19 security, asset, or instrument. She knew or was reckless in not knowing that she could not pay  
20 investors the high returns that she had promised at meetings and in her videos. Sumchai knew or  
21 was reckless in not knowing she would instead engage in a Ponzi scheme where she pooled new  
22 investor funds in order to pay existing investors their promised returns.

23 24. Defendant's misrepresentations and omissions concerning how she would use  
24 investors' money were critically important to investors in deciding to purchase the shares in Tongi  
25 Tupe, and investors were denied the opportunity to make a fully informed investment decision.

26 **C. Defendant's Efforts to Keep Her Ponzi Scheme Afloat**

27 25. By approximately March 2021, Sumchai was having difficulty making the  
28 promised high-return payments to investors.

1           26. To keep the façade afloat, Defendant had to try to bring in new money from yet  
2 more investors. To solicit these new investors, Sumchai began a promotion for Tongi Tupe, where  
3 she promised even higher returns: for a \$3,000 investment, an investor would receive \$146,000  
4 after 16 weeks or an incredible return on investment of approximately 4,867%, over a 16-week  
5 period.

6           27. These extravagantly false promises had their desired effect, and investments in  
7 Tongi Tupe spiked. In April 2021 alone, Sumchai raised more than \$5.35 million, more than 45%  
8 of the total she raised. In the three months following her 4,867%-return promotion, Sumchai  
9 raised about \$9.74 million, which was almost 83% of the approximately \$11.8 million total  
10 invested in Tongi Tupe.

11           28. At Sumchai's direction, the vast majority of investors in Tongi Tupe paid for their  
12 shares with cash either at the in-person meetings with the chapter presidents, or at Tongi Tupe,  
13 LLC's headquarters in Stockton, California. Most investors were given handwritten receipts from  
14 generic printed receipt books that only listed the investor's name, the dollar amount paid, the  
15 number of Tongi Tupe shares purchased, and a stamped "American Tonga Global Diaspora  
16 PTOA" logo as the entity issuing the receipt, even though Defendant's for-profit incorporated  
17 entity was actually named PATOA. Sumchai kept cash receipt books and spreadsheets  
18 documenting the flow of investor funds at Tongi Tupe, LLC's headquarters.

19           **D. Defendant's Scheme Collapses**

20           29. Starting in at least approximately mid-2021, some of the chapter presidents and  
21 other investors traveled to Tongi Tupe, LLC's headquarters to demand their money back because  
22 they had not received their promised returns. Sumchai responded that they would get their money  
23 soon, and that they should return in another week or two. However, many of these investors were  
24 never repaid.

25           30. In or around June 2021, some members of the Tongan American community who  
26 invested in Tongi Tupe began posting on social media that Sumchai was a fraud. Sumchai  
27 responded by attacking those critics in her own social media posts in an effort to intimidate and  
28 undermine them. For example, in one video, she accused a critic of lying about being a Tongi

1 Tupe investor because the investment receipt he had posted on social media only showed a  
2 “PTOA” logo, even though Sumchai knew or was reckless in not knowing that cash payment  
3 receipts given to Tongi Tupe investors were in fact stamped with “PTOA.”

4 31. Despite her efforts to discredit her own investors and promote Tongi Tupe,  
5 Sumchai saw new investments drop off dramatically from July 2021 through October 2021.  
6 Sumchai raised only approximately \$650 in October 2021, by which time she had largely stopped  
7 raising new funds or sending money back to existing investors.

8 32. As of April 2022, both Defendant and PATOA had virtually no cash in their bank  
9 accounts, and the accounts had been closed by the respective banks. Tongi Tupe, LLC used  
10 PATOA’s accounts.

#### 11 **E. Misappropriation of Investor Funds**

12 33. Defendant never disclosed to investors that she would use investor funds for her  
13 own expenses and entertainment. For the time period between January 2021 and December 2021,  
14 she misappropriated at least \$207,000 in investor funds by gambling at least \$77,000 at casinos,  
15 spending over \$64,000 on retail shopping, and paying over \$66,000 for travel expenses such as  
16 hotels, car rentals, and airfare. Defendant knew or was reckless in not knowing that using investor  
17 money to pay for her expenses and entertainment was inconsistent with her representations to  
18 investors about what she would do with their money.

19 34. Investors in Defendant’s scheme did not know that their money was being  
20 misappropriated by Defendant for her own use. These investors were entitled to know this  
21 information and would have wanted to know this information prior to making their investments.  
22 Without this information, investors were denied the opportunity to make a fully informed  
23 investment decision.

#### 24 **FIRST CLAIM FOR RELIEF**

##### 25 *Violations of Section 10(b) of the Exchange Act and Rule 10b-5*

26 35. The Commission re-alleges and incorporates by reference Paragraph Nos. 1  
27 through 34.



1 40. By reason of the foregoing, Defendant directly or indirectly violated, and unless  
2 restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. §  
3 77q(a)].

4 **THIRD CLAIM FOR RELIEF**

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

6 41. The Commission re-alleges and incorporates by reference Paragraph Nos. 1  
7 through 34.

8 42. Tongi Tupe shares offered and sold by Defendant are securities under Section  
9 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15  
10 U.S.C. § 77c(a)(10)].

11 43. By engaging in the conduct described above, Defendant, directly or indirectly made  
12 use of the means or instruments of transportation or communication in interstate commerce, or of  
13 the mails, to offer to sell or to sell securities, or carried or caused to be carried through the mails or  
14 in interstate commerce, by means or instruments of transportation, securities for the purpose of sale  
15 or for delivery after sale, when no registration statement had been filed or was in effect as to such  
16 securities, and when no exemption from registration was applicable.

17 44. By reason of the foregoing, Defendant directly or indirectly violated, and unless  
18 restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15  
19 U.S.C. §§ 77e(a) and 77e(c)].

20 **PRAYER FOR RELIEF**

21 WHEREFORE, the Commission respectfully requests that the Court:

22 **I.**

23 Permanently restrain and enjoin Defendant from directly or indirectly violating Section  
24 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5]  
25 thereunder, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Sections 5(a) and 5(c) of  
26 the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].  
27  
28

**II.**

Permanently restrain and enjoin Defendant from directly or indirectly, including, but not limited to, through any entity owned or controlled by her, participating in the issuance, purchase, offer, or sale of any securities, provided however, that such injunction shall not prevent her from purchasing or selling securities for her own personal accounts.

**III.**

Issue an order barring Defendant from serving as an officer or director of any company that has a class of securities registered with the Commission pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)].

**IV.**

Issue an order requiring Defendant to disgorge all ill-gotten gains received as a result of her unlawful conduct plus prejudgment interest thereon pursuant to Sections 21(d)(3), (d)(5), and (d)(7) of the Exchange Act [15 U.S.C. § 78u(d)(3), (5), (7)].

**V.**

Issue an order requiring Defendant to pay a civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

**VI.**

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**VII.**

Grant such other and further relief as this Court may determine to be just, equitable, and necessary.

Dated: September 19, 2023

Respectfully submitted,

/s/ Kashya K. Shei  
Kashya K. Shei  
Attorney for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION