

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.:**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**v.**

**BLAKE CATHEY,**

**Defendant.**

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**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF  
AND DEMAND FOR JURY TRIAL**

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

**I. INTRODUCTION**

1. From approximately July 2019 through September 2022 (the “Relevant Period”), Defendant Blake Cathey (“Cathey”) acted as an unregistered broker on behalf of four LLCs (the “Accanito Equity LLCs”). During this time, Cathey raised at least \$4,655,000 from the unregistered offer and sale of securities in the Accanito Equity LLCs to approximately 15 retail investors located in five states. From these sales, the Defendant received approximately \$760,729 in transaction-based sales commissions.

2. At all relevant times, the Defendant was not registered as a broker-dealer with the Commission or associated with a registered broker-dealer. The Accanito Equity LLCs’ securities offerings were not registered with the Commission and were not exempt from registration.

3. By engaging in this conduct the Defendant violated Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a) and 77e(c)], and Section 15(a)(1)

of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78o(a)(1)]. Unless enjoined, the Defendant is reasonably likely to continue to violate the federal securities laws. The Commission also seeks against the Defendant disgorgement of ill-gotten gains along with prejudgment interest thereon, and civil money penalties.

## **II. DEFENDANT**

4. Blake Cathey is a resident of Naples, Florida. Cathey is not currently registered with the Commission or the Financial Industry Regulatory Authority (“FINRA”), nor was he during the time period relevant to the allegations contained herein.

## **III. JURISDICTION**

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

6. This Court has personal jurisdiction over Defendant, and Defendant has agreed to venue in this District.

7. In connection with the conduct alleged in this Complaint, the Defendant, directly and indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, and of the mails.

## **III. FACTUAL ALLEGATIONS**

8. From at least July 2019 through September 2022, the Accanito Equity LLCs and their manager, Brent Seaman (“Seaman”), orchestrated a fraudulent offering of securities in unregistered transactions. In total, the Accanito Equity LLCs raised at least \$35 million from approximately 60 investors.

**A. The Accanito Equity LLCs Fraudulent Offering**

9. Starting no later than June 2019, the Accanito Equity LLCs offered investments to investors in unregistered transactions through the sale of membership interests. In furtherance of this fraudulent scheme, Seaman and the Accanito Equity LLCs made numerous material misrepresentations and omissions to investors in connection with the offer and sale of investments in the Accanito Equity LLCs.

10. Seaman and the Accanito Equity LLCs promised investors annual returns ranging between 18% and 48%. Seaman attracted investors to the Accanito Equity LLCs by falsely assuring them that the investments were safe, and would generate revenues sufficient to pay investors the promised returns.

11. Contrary to these representations, during the relevant period Seaman lost more than \$15 million of the \$35 million of investor funds raised in unprofitable currency trades. Seaman did not disclose these losses to investor members or to Cathey.

12. Instead, without sufficient revenues to pay the interest promised and owed to investors, Seaman soon resorted to fraud, using new investor money to pay the interest promised to existing investors. Seaman made such Ponzi-like payments to investors because he did not generate profits in connection with his trading and other business activities sufficient to pay investors their required monthly distributions.

13. Seaman made numerous other misrepresentations and omissions concerning the use of investor proceeds and management of the Accanito Equity LLCs. In particular, he misrepresented, or failed to disclose adequately to investors, that their investment proceeds would be used to pay substantial commissions to unregistered sales agents. He also touted his experience as a currency trader when, in fact, the Accanito Equity LLCs suffered millions in cumulative net

losses from 2019 through 2022. He also failed to disclose to some investors that he was a convicted felon who had spent time in prison.

**B. Defendant Cathey Offered and Sold Accanito Equity LLCs Securities**

14. During the relevant period, Seaman recruited unregistered sales agents to sell investments in the Accanito Equity LLCs. Seaman paid these unregistered sales agents, including Cathey, commissions based on a percentage of the amount invested in the Accanito Equity LLCs.

15. Defendant Cathey was a childhood friend of Seaman's son. When Cathey was about 19 years old, Seaman contacted Cathey to discuss the Accanito Equity LLCs and offer him employment. Starting no later than July 2019, Cathey assisted Seaman with finding investors and selling the Accanito Equity LLCs securities. In turn, Seaman paid Cathey commissions for his efforts.

16. Out of the approximately \$35 million raised from the offer and sale of the Accanito Equity LLCs securities, Cathey personally raised approximately \$4,655,000 million from more than 15 retail investors located in several states.

***1) Sale of Unregistered Securities***

17. The Accanito Equity LLCs investments are securities within the meaning of Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act.

18. The Accanito Equity LLCs securities did not qualify for an exemption from registration under Rule 506(b) because many of the investors were neither accredited nor sophisticated.

19. Furthermore, unaccredited investors were not provided with an audited balance sheet or financial statements. Consequently, Cathey engaged in unregistered securities transactions for which an exemption from registration did not apply.

**2) *Defendant Cathey Acted As An Unregistered Broker***

20. When Cathey solicited investors and sold the Accanito Equity LLCs securities, he held no securities licenses. Cathey was not registered with the Commission as a broker-dealer, and was not associated with a registered broker-dealer.

21. At all relevant times, Cathey engaged in sales activity indicative of a broker, including (1) soliciting new investors; (2) communicating directly with investors by phone, by e-mail, or in person; (3) espousing the merits of the Accanito Equity LLCs' securities to these investors; (4) reassuring investors about the risk of the investment or about Seaman's investment successes; and (5) receiving transaction-based compensation.

22. Cathey, directly and indirectly, solicited new Accanito Equity LLCs investors. Cathey personally solicited investors through word-of-mouth, by touting the Accanito Equity LLCs, over lunch or in the homes of prospective investors, and by directing prospective investors to Seaman and to Accanito Equity LLCs' social media. He also promoted the sale of the Accanito Equity LLCs' securities by sending marketing materials to prospective investors. Additionally, Cathey would schedule a telephone call to connect potential investors to Seaman, who would complete some of the sales transaction.

23. Based upon the misrepresentations made to him by Seaman, Cathey also told prospective investors (through the Internet, by phone, and in person) about the Accanito Equity LLCs' business model, the structure and terms of the investment, Seaman's history of success as a trader and businessman, the rate of return, and the safety and risks associated with the investment.

24. Cathey communicated directly with investors while facilitating the unregistered sales transactions and serving as the intermediary between the Accanito Equity LLCs and the

investors. For example, he emailed investors updates about the Accanito Equity LLCs and account statements.

25. Cathey received approximately \$760,729 in commissions from Seaman for selling the Accanito Equity LLCs' securities. Cathey generally earned 6-12% of the amount invested by investors annually. Accordingly, Defendant unlawfully offered and sold the Accanito Equity LLCs' securities.

## **V. CLAIMS FOR RELIEF**

### **COUNT I**

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

26. The Commission adopts by reference paragraphs 1 through 25 of this Complaint.

27. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities offered and sold by the Defendant as described in this Complaint and no exemption from registration existed with respect to these securities.

28. During the relevant period, the Defendant directly and indirectly:

- (a) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;
- (b) carried or caused to be carried securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or
- (c) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security;

without a registration statement having been filed or being in effect with the Commission as to such securities.

29. By reason of the foregoing, the Defendant violated and, unless enjoined, are reasonably likely to continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

**COUNT II**

**Violations of Section 15(a)(1) of the Exchange Act**

30. The Commission adopts by reference Paragraphs 1 through 25 of this Complaint as if fully set forth herein.

31. During the relevant period, the Defendant, directly or indirectly, by the use of the mails or any means or instrumentality of interstate commerce effected transactions in, or induced or attempted to induce the purchase or sale of securities, while he was not registered with the Commission as a broker or dealer or when he was not associated with an entity registered with the Commission as a broker-dealer.

32. By reason of the foregoing, the Defendant, directly or indirectly, violated and, unless enjoined, are reasonably likely to continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

**VI. RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests the Court find the Defendant committed the violations alleged, and:

**A.**  
**Permanent Injunctive Relief**

Issue a Permanent Injunction enjoining the Defendant from violating Sections 5(a) and 5(c) of the Securities Act and Section 15(a)(1) of the Exchange Act.

**B.**

**Disgorgement and Prejudgment Interest**

Issue an Order directing the Defendant to disgorge on a joint and several basis all ill-gotten gains or proceeds received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest thereon.

**C.**

**Civil Money Penalties**

Issue an Order directing the Defendant to pay civil money penalties on a joint and several basis pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act.

**D.**

**Further Relief**

Grant such other and further relief as may be necessary and appropriate.

**E.**

**Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

July 28, 2023

Respectfully submitted,

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