

**UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

DEYONTE JAHTORI ANTHONY,

Defendant.

Civil Action File No:

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

The plaintiff, Securities and Exchange Commission (“Commission”), files this Complaint and alleges the following:

SUMMARY

1. This matter concerns a \$1 million “free-riding” scheme perpetrated by Concord, North Carolina based resident Deyonte Jahtori Anthony (“Anthony” or “Defendant”).
2. “Free-riding,” in this matter, describes the fraudulent practice used by securities traders who seek to exploit the “immediate access” or “instant deposit” credit extended by certain broker-dealers in advance of incoming fund deposits.
3. By depositing funds into their brokerage accounts from bank accounts that they know lack sufficient funds, these traders exploit the “immediate access” credit extended by the broker-dealers to buy and sell securities, hoping to earn and withdraw trading profits before the broker-dealer is notified of the insufficient funds in the trader’s associated bank account and freezes the account.

4. Specifically, between July 1, 2022 and July 6, 2022 (the “Relevant Period”), Anthony engaged in a free-riding scheme using his online brokerage account at Broker A, which he opened using falsely inflated information about his income.

5. After making \$1 million in unfunded deposits from his bank account, Anthony then made a series of exchange-traded fund (“ETF”) and equity purchases—including Apple, Inc. (“Apple”), AMC Entertainment Holdings, Inc. (“AMC”), GameStop Corporation (“GameStop”) and Tesla, Inc. (“Tesla”)—totaling \$199,956.65 using the “immediate access” credit extended to him by Broker A.

6. All of Anthony’s \$1 million in deposits later reversed due to insufficient funds in his bank account.

7. Broker A discovered the scheme, froze Anthony’s account, and liquidated his holdings for a \$7,127.25 profit.

8. Anthony obtained neither ill-gotten gains, nor net losses avoided from his scheme, and his trading did not cause losses to the broker-dealer.

9. Anthony admitted under oath during investigative testimony that he made the \$1 million in deposits without having corresponding funds in his bank account. He also admitted that he made misstatements and lied to Broker A in order to make multiple securities purchases.

VIOLATIONS

10. Defendant Anthony, by virtue of his conduct, directly or indirectly, has engaged in violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder.

11. The Commission seeks against the defendant: (i) permanent injunctive relief; (ii) a conduct-based injunction from: (a) directly or indirectly, trading securities in any brokerage

account he owns, controls, or has access to that does not have settled cash equal to or greater than the amount of the securities trade(s); and (b) opening a brokerage account without first providing to the relevant brokerage firm(s) a copy of the Commission's filed complaint in this matter and any judgment that the Commission may obtain against him in this matter; and (iii) a civil penalty.

JURISDICTION AND VENUE

12. The Commission brings this action pursuant to authority conferred upon it by Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)-(e)] to enjoin the Defendant from engaging in the transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object, and for civil money penalties.

13. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

14. The Defendant, directly and indirectly, has made use of the mails, the means and instrumentalities of transportation and communication in interstate commerce, and the means and instrumentalities of interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

15. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa], because the Defendant resides within the Middle District of North Carolina; and certain of the transactions, acts, practices and courses of business constituting violations of the Exchange Act have occurred within the Middle District of North Carolina.

THE DEFENDANT

16. **Deyonte Jahtori Anthony** (“Anthony”), 23, of Concord, North Carolina, is a fast-food service worker who has worked with several restaurant chains and other retail employers. During the Relevant Period, Anthony worked part-time at Auntie Anne’s (“Auntie Anne’s”), a pretzel vendor. Anthony has never been associated with any entity registered with the Commission, and has no known disciplinary history.

FACTS

17. Prior to the Relevant Period, Anthony had occasionally engaged in small securities trades through an online investing platform.

18. On July 1, 2022, Anthony applied for a new Broker A brokerage account by submitting an online application in which he falsely inflated his personal finances, claiming he had a total annual income between \$25,000 and \$50,000. In reality, Anthony’s bank records show that he made less than \$400 per month from his part-time jobs at fast-food restaurants and other retail employers where he occasionally worked.

19. Around the time of Anthony’s free-riding, employment records show that Anthony was hired on June 23, 2022, as a fast-food restaurant worker at an Auntie Anne’s pretzel franchise in Concord, North Carolina, where he worked four shifts totaling 21 hours between June 25, 2022 and July 2, 2022.

20. For his work, Anthony earned a total of \$333.09, and was then terminated from his job on July 9, 2022, after failing to show up to work.

21. Anthony devised the idea to engage in free-riding on his own; no one worked with him or taught him how to perpetrate the fraud.

22. Specifically, Anthony opened a Broker A “Self Invest” account, a type of account for which Broker A extends up to \$200,000 in “immediate access” credit for pending deposits. Such accounts also are limited to \$500,000 in automated clearinghouse (“ACH”) deposits per day, and deposits are subject to a seven-day hold before withdrawals are allowed.

23. Once his Broker A brokerage account was open, Anthony linked it to a bank account in his name at Bank A, which had a balance of \$0.09 at the time of his brokerage account application.

24. Anthony’s separate bank account at Bank B had \$13.26, but was not linked to his brokerage account.

25. Four days later, on July 5, 2022, Anthony used his personal smartphone to initiate five ACH deposits online totaling \$1 million from his Bank A account into his Broker A brokerage account.

26. Anthony began by making two small unfunded online deposits of \$10 and \$16, respectively, before making larger unfunded deposits of \$500,000 and \$499,958, as well as another unfunded \$16 deposit. He then used the “immediate access” credit granted to him by Broker A – credit which was extended based on Anthony’s \$1 million in unfunded pending deposits – to make \$199,956.65 in securities purchases using Broker A’s online trading application.

27. His securities purchases included, among others, stock in Apple, AMC, GameStop and Tesla, as well as shares of an exchange-traded fund called ETFMG Prime Cyber Security ETF (ticker “HACK”).

28. When asked why he made the \$1 million in unfunded deposits without having funds to cover the transactions, Anthony excused his conduct as “a joke” and said that he “never

really thought of it as fraud,” claiming that he had money in his account to cover the small deposits of \$10 and \$16 that he first initiated.

29. However, Anthony’s Bank A account only had a balance of \$0.09 and could not cover even those small transactions.

30. Anthony knew his Bank A account had insufficient funds to cover the larger deposits of \$500,000 and \$499,958 when he initiated those subsequent bogus deposits, as well as another \$16 deposit.

31. Furthermore, Anthony also knew that his misrepresentations and lies to Broker A about having a total of \$1 million to deposit enabled him to use the “immediate access” credit of the broker-dealer to make multiple securities purchases.

32. All five of Anthony’s deposits ultimately reversed for lack of funds in his associated Bank A account.

33. On July 7, 2022, Broker A discovered Anthony’s fraud and froze his account.

34. Thereafter, Broker A liquidated his holdings for a net profit of \$7,127.25.

35. Anthony was not able to sell any of his holdings for profit prior to the freezing of his account.

36. He also did not leave Broker A with any losses.

37. As a result, Anthony obtained no ill-gotten gains or net losses avoided from his scheme.

38. The following chart summarizes the activity in Anthony’s Broker A brokerage account.

Date	Transaction Activity	Transaction Outcome
July 5, 2022	ACH deposit of \$10.	Reversed for insufficient funds on July 11, 2022.

July 6, 2022	ACH deposit of \$16.	Reversed for insufficient funds on July 11, 2022.
July 6, 2022	ACH deposit of \$499,958.	Reversed for insufficient funds on July 11, 2022.
July 6, 2022	ACH deposit of \$16.	Reversed for insufficient funds on July 11, 2022.
July 6, 2022	ACH deposit of \$500,000.	Reversed for insufficient funds on July 11, 2022.
July 6, 2022	\$12,680 purchase of AMC Entertainment Holdings, Inc. stock (ticker "AMC").	Sold on July 7, 2022 for a profit of \$141.08.
July 6, 2022	\$84,870 purchase of Apple, Inc. stock (ticker "AAPL").	Sold on July 7, 2022 for a profit of \$1,557.
July 6, 2022	\$6.01 purchase of Cano Health, Inc. stock (ticker "CANO").	Sold on July 7, 2022 for a loss of -\$0.26.
July 6, 2022	\$475.08 purchase of ETFMG Prime Cyber Security exchange-traded fund (ticker "HACK").	Sold on July 7, 2022 for a profit of \$6.52.
July 6, 2022	\$124.62 purchase of Electronic Arts, Inc. stock (ticker "EA").	Sold on July 6, 2022 for a profit of \$0.17.
July 6, 2022	\$78,448.50 in purchases (two) of GameStop Corporation stock (ticker "GME").	Sold on July 7, 2022 for a profit of \$4,650.75.
July 6, 2022	\$22,457.87 purchases of Nvidia Corporation stock (ticker "NVDA").	Sold on July 7, 2022 for a profit of \$756.27.
July 6, 2022	\$203.39 purchase of Resolute Forest Products, Inc. stock (ticker "RFP").	Sold on July 7, 2022 for a loss of -\$2.74.
July 6, 2022	\$691.18 purchase of Tesla, Inc. stock (ticker "TSLA").	Sold on July 7, 2022 for a profit of \$18.46.
Total Net Profits When Broker A Closed Anthony's Brokerage Account:		\$7,127.25

COUNT I—FRAUD BY DEFENDANT ANTHONY
Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]
and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

39. Paragraphs 1 through 38 are hereby realleged and are incorporated herein by reference.

40. From at least July 1 2022 through at least July 6, 2022, Defendant Anthony, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- a) employed devices, schemes, and artifices to defraud;
- b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- c) engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

41. Defendant knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendant acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

42. By reason of the foregoing, Defendant Anthony, directly and indirectly, has violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission, respectfully prays that the Court:

I.

Make findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that Defendant named herein committed the violations alleged herein.

II.

Issue a permanent injunction enjoining Defendant Anthony, and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise, and each of them from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

III.

Issue an order, pursuant to Sections 21(d)(1) and/or 21(d)(5) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), (3)], that permanently enjoins Defendant Anthony from: (a) directly or indirectly, trading securities in any brokerage account he owns, controls, or has access to that does not have settled cash equal to or greater than the amount of the securities trade(s); and (b) opening a brokerage account without first providing to the relevant brokerage firm(s) a copy of the Commission's filed complaint in this matter and any judgment that the Commission may obtain against him in this matter.

IV.

Issue an Order requiring Defendant Anthony, pursuant to Sections 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], to pay a civil monetary penalty.

V.

Issue an Order that retains jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may have been entered or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

VI.

Grant such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

RESPECTFULLY SUBMITTED,

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