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9 **UNITED STATES DISTRICT COURT**  
10 **EASTERN DISTRICT OF CALIFORNIA**

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12  
13 **SECURITIES AND EXCHANGE**  
14 **COMMISSION,**

15 **Plaintiff,**

16 **vs.**

17 **SHELDON RICHARD BENTLEY,**  
18 **a/k/a RICK BENTLEY,**

19 **Defendant.**

Case No.

**COMPLAINT**

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1 Plaintiff Securities and Exchange Commission (“SEC” or “Commission”) files  
2 this complaint against Defendant Sheldon Richard Bentley (“Bentley”) and alleges:

3 **JURISDICTION**

4 1. The Court has jurisdiction over this action under Sections 20(b),  
5 20(d)(1), and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C.  
6 §§ 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of  
7 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),  
8 78u(d)(3)(A), 78u(e) & 78aa(a).

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

13 3. Venue is proper in this district under Section 22(a) of the Securities Act,  
14 15 U.S.C. § 77v(a) and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),  
15 because Bentley resides in this district.

16 **SUMMARY**

17 4. This securities fraud enforcement action involves a scheme to conceal  
18 paid promotion of a securities offering from September 2020 through mid-2021.

19 5. Specifically, Bentley, on behalf of his company, Cloudatastructure, Inc.,  
20 entered into a sham agreement with a Canadian entity (“Entity 1”), which failed to  
21 disclose that investor funds would be used to pay William Mikula (“Mikula”) to tout  
22 Cloudatastructure’s securities offering under Regulation A (“Reg A”). Shortly after  
23 Bentley executed the agreement, Mikula authored articles promoting the  
24 Cloudatastructure offering. These articles falsely stated that they were based on  
25 independent research and represented to would-be investors that neither the  
26 newsletter publishing the articles nor the authors received any compensation for the  
27 recommendation. In fact, Bentley provided at least \$350,000 in lavish entertainment  
28 and travel for Mikula and his associates, among others, and caused Cloudatastructure to

1 pay Entity 1 at least \$650,000 in cash, a portion of which was distributed to Mikula in  
2 exchange for his promotional articles.

3 6. Through his conduct, Bentley violated the antifraud provisions of  
4 Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, 15 U.S.C. § 78j(b) and  
5 17 C.F.R. § 240.10b-5, and the antifraud provisions of Section 17(a) of the Securities  
6 Act, 15 U.S.C. § 77q(a).

7 7. The SEC seeks permanent injunctions against future violations of  
8 Exchange Act Section 10(b) and Rule 10b-5 thereunder and Securities Act Section  
9 17(a), a civil penalty against Bentley, and an order barring Bentley from serving as an  
10 officer or director of a public company.

### 11 THE DEFENDANT

12 8. **Sheldon Richard Bentley (a/k/a Rick Bentley)**, age 55, is a resident of  
13 Truckee, California. Bentley founded Cloudatastructure in 2003 and has served as  
14 Cloudatastructure's chief executive officer and as a director of the company's board  
15 since that time.

### 16 RELATED ENTITIES AND INDIVIDUALS

17 9. **Cloudatastructure, Inc.** ("Cloudatastructure") is a cloud-controlled video  
18 surveillance company incorporated in Delaware with its principal place of business in  
19 Miami, Florida. During the relevant period, Cloudatastructure was headquartered in  
20 San Mateo, California. Cloudatastructure's offering statement for an offering of  
21 securities under Reg A was qualified in July 2020. Cloudatastructure filed post-  
22 qualification amendments that were qualified in May 2021 and May 2022. Mikula  
23 promoted Cloudatastructure between September 2020 and mid-2021.

24 10. **Jonathan William Mikula, a/k/a/ William Mikula**, is a resident of  
25 Georgia, who, from at least 2019 through late 2021, was chief analyst and author of  
26 Palm Beach Venture, a newsletter published by Palm Beach Research Group. Mikula  
27 has been twice enjoined by federal courts from violating the federal securities laws:  
28 *SEC v. Phoenixsurf.com, et al.*, Case No. 2:07-cv-04765-JSL, ECF No. 6 (C.D. Cal.

1 Aug. 14, 2007); *SEC v. Mikula*, Case No. 1:08-cv-03097-BBM, ECF No. 95 (N.D.  
2 Ga. Sept. 24, 2009). In connection with false statements he made to the SEC in the  
3 2007 case, Mikula pled guilty to providing false information to a federal agency, in  
4 violation of 18 U.S.C. § 1001. *United States v. Mikula*, Case No. 2:10-cr-00649-DSF,  
5 ECF No. 18 (C.D. Cal. Jan. 19, 2011). In 2022, the SEC filed another enforcement  
6 action against Mikula and others arising out of the some of the same conduct at issue  
7 in this case. *SEC v. Mikula*, 2:22-cv-07096-SB-E (C.D. Cal.).

8 11. **Christian Fernandez a/k/a Christian Crockwell** is a Mexican citizen  
9 residing in Georgia. Fernandez funneled a portion of the payments to Mikula in  
10 exchange for Mikula's Cloudatastructure promotion. Fernandez is a defendant in the  
11 SEC's action against Mikula.

12 12. **Amit Raj Beri a/k/a Raj Beri** is an Australian national residing in  
13 Florida. Beri is a defendant in the SEC's action against Mikula. Beri attempted to act  
14 as a middleman between Cloudatastructure and Mikula with respect to the promotion.

15 13. **Palm Beach Research Group** is operated by Common Sense  
16 Publishing, LLC, a subsidiary of Market Wise, Inc., a U.S. public company. Palm  
17 Beach Research Group publishes Palm Beach Venture, a subscription-based  
18 newsletter that focuses on opportunities for investors to invest in securities offered  
19 under Reg A. Mikula was one of two attributed authors of the Palm Beach Venture  
20 newsletter.

### 21 THE ALLEGATIONS

22 14. Cloudatastructure was qualified to conduct a securities offering under Reg  
23 A in July 2020.

24 15. Bentley first learned about Palm Beach in late 2019 when, as part as his  
25 fundraising efforts, he was searching for an investor newsletter that would feature  
26 Cloudatastructure and recommend it to its subscribers.

27 16. By early 2020, Bentley was pitching Cloudatastructure to Mikula in hopes  
28 of getting Palm Beach to promote the company.

1           17. Mikula connected Bentley with Beri so that Beri could help  
2 Cloudastructure with “ironing out the logistics of making a Palm Beach feature  
3 happen.” In early February 2020, Bentley flew to Miami to meet with Mikula and  
4 Beri to discuss such a promotion.

5           18. Soon after the Miami meeting, Beri began negotiating a consulting  
6 agreement with Bentley, representing that Palm Beach would promote the company if  
7 Cloudastructure paid Beri 5% of investor funds raised, which Beri intended to share  
8 with Mikula.

9           19. Beri’s negotiations were not successful because Bentley thought Beri’s  
10 proposed percentage was too high, so by March 2020, Bentley resumed dealing  
11 directly with Mikula in his efforts to get Palm Beach to promote Cloudastructure.

12           20. In July 2020 and August 2020, Bentley flew to Las Vegas and Atlanta to  
13 meet in person with Mikula and Fernandez to discuss the promotion. During the  
14 August 2020 meeting, Mikula recorded interviews with Bentley discussing  
15 Cloudastructure.

16           21. In early September 2020, Fernandez, at Mikula’s instruction, contacted  
17 Bentley and reopened discussions about a “consulting agreement.” Fernandez  
18 proposed that Cloudastructure would pay Fernandez less than what Beri had  
19 previously demanded.

20           22. Bentley knew Fernandez was Mikula’s friend and associate when he  
21 negotiated the agreement.

22           23. On September 4, 2020, Bentley, on behalf of Cloudastructure, executed  
23 the “consulting agreement” with Fernandez, who was acting on behalf of Entity 1, a  
24 Canadian company.

25           24. Four days later, on September 8, 2020, Bentley received an email with a  
26 Palm Beach article by Mikula promoting Cloudastructure’s Reg A offering.

27           25. The email and article included the false disclaimer that neither Palm  
28 Beach nor its affiliates were compensated for the endorsement. Bentley forwarded the

1 article to others.

2 26. On the same day he received the email and article, Bentley emailed  
3 Clouداstructure’s accounting group asking that the Entity 1 be paid promptly.

4 27. Pursuant to the agreement, Clouداstructure issued eight payments  
5 totaling \$650,000 to Entity 1 from September 2020 through August 2021.

6 28. The “consulting agreement” between Entity 1 and Clouداstructure was a  
7 sham. Neither Fernandez nor Entity 1 provided any meaningful consulting services to  
8 Clouداstructure.

9 29. Instead, the agreement was a means of concealing Mikula’s  
10 compensation for his promotion of Clouداstructure.

11 30. In addition to negotiating the agreement, Bentley (1) advised Entity 1 on  
12 how to prepare consulting invoices so that they would “sail through” without raising  
13 questions from Clouداstructure’s Chief Financial Officer; (2) approved all the  
14 invoices from Entity 1; and (3) instructed that the company pay all the Entity 1  
15 invoices.

16 31. Entity 1 paid about 20% of the \$650,000 from Clouداstructure to Mikula  
17 in two tranches: On or about July 26, 2021, Entity 1 disbursed about \$100,000 as a  
18 “dividend” to a Mexican entity, Goldentown Consulting SA DE CV (“Goldentown”),  
19 on or about July 26, 2021, and disbursed about \$28,500 to Goldentown on or about  
20 September 8, 2022. Goldentown then “loaned” the funds to Mikula, with no  
21 expectation of repayment.

22 32. Entity 1 also used funds from Clouداstructure to pay monthly American  
23 Express bills for an account nominally in the name of Mikula’s personal assistant  
24 (whose salary was also paid by Entity 1) but which was in fact used to cover travel  
25 and other charges incurred by Mikula.

26 33. In addition to compensating Mikula with cash paid to Entity 1, Bentley  
27 lavishly entertained Mikula and Fernandez during the Clouداstructure promotion.

28 34. From September 2020 through mid-2021, Clouداstructure, at Bentley’s

1 direction, spent over \$350,000 in connection with entertaining Mikula and his  
2 associates, among others. These lavish entertainment expenses included hotel  
3 accommodations, meals and bottle service at clubs, yacht rentals, the engagement of  
4 entertainers, and other such expenses.

5 35. Bentley understood that entertaining Mikula extravagantly was a  
6 condition to getting Palm Beach to feature Cloudatastructure. His advice to another  
7 company's CEO who was working on getting Mikula to agree to promote his  
8 company was "wine and dine [Mikula] lavishly" and "never, ever, let them pick up  
9 the check."

10 36. Throughout 2020 and 2021, Cloudatastructure filed Reg A offering  
11 circulars with the Commission, which outlined how investor funds would be used and  
12 disclosed that operating expenses include consulting costs.

13 37. Bentley reviewed, approved, and held ultimate authority for the content  
14 of these offering circulars used to raise investor funds.

15 38. The offering circulars did not disclose that some of the consulting costs  
16 were, in fact, payments for Mikula's promotion, and this omission made the offering  
17 circulars false and misleading.

18 39. The misleading omissions were material because investors would have  
19 wanted to know that the articles recommending Cloudatastructure's offering were  
20 bought and paid for with investor funds.

21 40. Cloudatastructure raised approximately \$30 million in investor funds  
22 through Mikula's promotion.

23 41. Bentley knew, or was reckless in not knowing, that Cloudatastructure's  
24 payments to Entity 1 were to compensate Mikula for his promotional articles.

25 42. Bentley's conduct regarding the sham agreement and the payments to  
26 Entity 1 was also unreasonable and therefore negligent.

27 43. Bentley knew, or was reckless in not knowing, that the offering circulars  
28 were misleading by omitting that investor funds were used to pay for Mikula's

1 promotion.

2 44. Bentley's conduct in omitting to disclose in the offering circulars that  
3 investor funds were used to pay Mikula was also unreasonable and therefore  
4 negligent.

5 **FIRST CLAIM FOR RELIEF**

6 **Fraud in Connection with the Purchase or Sale of Securities**

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

8 45. The SEC realleges and incorporates by reference paragraphs 1 through  
9 44 above.

10 46. Bentley—with Mikula and Fernandez—carried out a scheme to defraud  
11 through the combination of their deceptive statements and actions concerning the  
12 Cloudatastructure offering. Throughout the promotional campaign, Bentley knew, or  
13 was reckless in not knowing, that Cloudatastructure was paying for Mikula's promotion  
14 through the consulting agreement with Entity 1 and by lavishly entertaining Mikula.

15 47. In addition, Bentley knowingly or recklessly misled and deceived  
16 investors by omitting to disclose in the offering circulars that investor funds were  
17 used to pay Mikula.

18 48. By engaging in the conduct described above, Bentley, directly or  
19 indirectly, in connection with the purchase or sale of securities, by the use of means  
20 or instrumentalities of interstate commerce, or the mails, (a) employed devices,  
21 schemes, or artifices to defraud; (b) made untrue statements of material facts or  
22 omitted to state material facts necessary in order to make the statements made, in the  
23 light of the circumstances under which they were made, not misleading; and (c)  
24 engaged in acts, practices, or courses of business which operated or would operate as  
25 a fraud or deceit upon other persons, including purchasers and sellers of securities.

26 49. Bentley, with scienter, employed devices, schemes, or artifices to  
27 defraud; made untrue statements of material facts or omitted to state material facts  
28 necessary in order to make the statements made, in the light of the circumstances



1 under which they were made, not misleading; and engaged in acts, practices, or  
2 courses of business which operated or would operate as a fraud or deceit upon other  
3 persons, including purchasers and sellers of securities by the conduct described in  
4 detail above.

5 50. By engaging in the conduct described above, Bentley violated, and  
6 unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange  
7 Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

8 **SECOND CLAIM FOR RELIEF**

9 **Fraud in the Offer or Sale of Securities**

10 **Violations of Section 17(a) of the Securities Act**

11 51. The SEC realleges and incorporates by reference paragraphs 1 through  
12 44 above.

13 52. In the offer or sale of the Cloudatastructure securities, Bentley—with  
14 Mikula and Fernandez—carried out a scheme to defraud, through the combination of  
15 their deceptive statements and actions concerning the Cloudatastructure offering.  
16 Throughout the promotional campaign, Bentley knew, or was reckless in not  
17 knowing, that Cloudatastructure was paying for Mikula’s promotion through the  
18 consulting agreement with Entity 1 and by lavishly entertaining Mikula.

19 53. In addition, Bentley knowingly or recklessly misled and deceived  
20 investors by omitting to disclose in the offering circulars that investor funds were  
21 used to pay Mikula.

22 54. By engaging in the conduct described above, Bentley, directly or  
23 indirectly, in the offer or sale of securities, by use of the means or instruments of  
24 transportation or communication in interstate commerce or by use of the mails (a)  
25 employed devices, schemes, or artifices to defraud; (b) obtained money or property  
26 by means of untrue statements of a material fact or by omitting to state a material fact  
27 necessary in order to make the statements made, in light of the circumstances under  
28 which they were made, not misleading; and (c) engaged in transactions, practices, or

1 courses of business which operated or would operate as a fraud or deceit upon the  
2 purchaser.

3 55. Bentley, with scienter, employed devices, schemes, or artifices to  
4 defraud; with scienter and/or negligence, obtained money or property by means of  
5 untrue statements of a material fact or by omitting to state a material fact necessary in  
6 order to make the statements made, in light of the circumstances under which they  
7 were made, not misleading; and with scienter and/or negligence, engaged in  
8 transactions, practices, or courses of business which operated or would operate as a  
9 fraud or deceit upon the purchaser.

10 56. By reason of the foregoing, Bentley violated, and unless restrained and  
11 enjoined will continue to violate, Sections 17(a) of the Securities Act, 15 U.S.C.  
12 § 77q(a)

13 **PRAYER FOR RELIEF**

14 WHEREFORE, the SEC respectfully requests that the Court:

15 **I.**

16 Issue findings of fact and conclusions of law that Bentley committed the  
17 alleged violations.

18 **II.**

19 Issue judgment, in forms consistent with Rule 65(d) of the Federal Rules of  
20 Civil Procedure, permanently enjoining Bentley and his officers, agents, servants,  
21 employees, and attorneys, and those persons in active concert or participation with  
22 him, who receive actual notice of the judgment by personal service or otherwise, and  
23 each of them, from violating Section 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b)  
24 and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

25 **III.**

26 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
27 Civil Procedure, permanently enjoining Bentley and his officers, agents, servants,  
28 employees, and attorneys, and those persons in active concert or participation with

1 him, who receive actual notice of the judgment by personal service or otherwise, and  
2 each of them, from violating Section 17(a) of the Securities Act, 15 U.S.C. §77q(a).

3 **IV.**

4 Order Bentley to pay civil penalties under Section 20(d) of the Securities Act,  
5 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

6 **V.**

7 Enter an order against Bentley, pursuant to Section 20(e) of the Securities Act,  
8 15 U.S.C. § 77t(e), and Sections 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2),  
9 prohibiting him from acting as an officer or director of any issuer that has a class of  
10 securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78ℓ or  
11 that is required to file reports pursuant to Section 15(d) of the Exchange Act,  
12 15 U.S.C. § 78o(d).

13 **VI.**

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

18 **VII.**

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

21 Dated: September 27, 2023

22 */s/ Charles E. Canter*

23 Charles E. Canter

24 Sarah S. Nilson

25 Yolanda Ochoa

26 Attorneys for Plaintiff

27 Securities and Exchange Commission

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Securities & Exchange Commission

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number) Charles Canter, Sarah Nilson, & Yolanda Ochoa SEC, 444 S. Flower Street, Suite 900, Los Angeles, California 90071. (323) 965-3998

DEFENDANTS

Sheldon Richard Bentley, a/k/a Rick Bentley

County of Residence of First Listed Defendant Nevada (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known) Emily Berry Ehrlich Craig LLP, 803 Hearst Ave, Berkeley, CA 94710, 510-548-3605

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District (specify), 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION: Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 15 U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a); 15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e) & 78aa(a) Brief description of cause: Securities Fraud

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY (See instructions): JUDGE DOCKET NUMBER

DATE Sep 27, 2023 SIGNATURE OF ATTORNEY OF RECORD /s/ Charles E. Canter

FOR OFFICE USE ONLY RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

Case 2:23-cv-02119-JDP Document 1-1 Filed 09/27/23 Page 2 of 2  
**INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44**

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.  
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here. United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.  
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.  
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.  
 Original Proceedings. (1) Cases which originate in the United States district courts.  
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.  
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.  
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.  
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.  
 Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.  
 Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket.  
**PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.  
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.  
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

**Date and Attorney Signature.** Date and sign the civil cover sheet.