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Superior Court of California
County of Los Angeles

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Exempt From Fees

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA, Plaintiff, **v.** **AWESOMECALLS, INC.; AWESOMECALLSTRADING, INC.; ANTHONY J. HAWORTH; AND DOES 1 - 100, INCLUSIVE,** Defendants.	Case No 21STCV04430 **COMPLAINT FOR INJUNCTIVE RELIEF, CIVIL PENALTIES, AND OTHER ANCILLARY RELIEF FOR VIOLATION OF THE CORPORATE SECURITIES LAW OF 1968** (Cal. Corp. Code § 25230) Verified Answer Required Pursuant to Code of Civil Procedure § 446 *Exempt from Filing Fees Pursuant to Gov. Code § 6103*

The People of the State of California, by and through Xavier Becerra, Attorney General of the State of California, based on information and belief, allege the following:

INTRODUCTION

1. As set forth herein, Defendants AwesomeCalls, Inc., AwesomeCallsTrading, Inc., and their principal, Anthony J. Haworth (collectively d/b/a "AwesomeCallsTrading") have continuously violated Corporations Code section 25230(a) since approximately 2014 by selling investment advice in this state without applying for and securing a valid certificate to do so.

2. Via their websites www.awesomecallstrading.com and www.awesomecalls.com, Defendants sell an online membership program that purports to deliver "consistent profits" to customers who purchase a subscription and follow the recommended stock trades, personalized advice, and proprietary strategies offered daily by Defendants' "proven traders." The key features of online memberships marketed and sold by Defendants are access to a daily list of recommended stock trades; access to a private chat room where Defendants' moderators dispense real-time advice on how to execute the recommended trades and respond to questions from members about proposed securities trades; and the ability to watch and mimic securities trades executed by Defendants' moderators.

3. Defendants claim to have earned approximately $30,000 - $35,000 per month by selling these unregistered investment advice packages to customers, and in doing so, have deprived them of the protections afforded investors under state and federal law such as prohibitions on conflicts of interest, suitability determinations for investment recommendations, periodic reporting, professional examination requirements, reasonable fee limits, and other safeguards governing investment advice.

4. The Attorney General brings this civil enforcement action to enjoin Defendants' ongoing violation of Corporations Code section 25230, impose penalties, and recover the unlawful proceeds of Defendants' unregistered investment advice enterprise.

THE PARTIES

5. Defendant AwesomeCalls, Inc. ("AC") is a dissolved California corporation which, at all relevant times, had its principal place of business at 9461 Charleville Blvd Suite

#608, Beverly Hills, CA 90212. Defendant AC is not a law corporation. Along with the other Defendants, AC operated the websites www.awesomecallstrading.com, www.awesomecalls.com, and a private online audio-visual chat room. At all relevant times, AC transacted business throughout California and the United States, including Los Angeles County.

6. Defendant AwesomeCallsTrading, Inc. ("ACT") is a dissolved California corporation which, at all relevant times, had its principal place of business at 9461 Charleville Blvd Suite #608, Beverly Hills, CA 90212. Defendant ACT is not a law corporation. Along with the other Defendants, ACT operated the websites www.awesomecallstrading.com, www.awesomecalls.com, and a private online audio-visual chat room. At all relevant times, ACT transacted business throughout California and the United States, including Los Angeles County.

7. Defendant Anthony J. Haworth ("Haworth"), an individual, is a principal and alter ego of AC and ACT. According to the most recent Statement of Information filed with the Secretary of State on June 15, 2020, Haworth was the Chief Executive Officer, Chief Financial Officer, Shareholder, and Director of AC. According to the most recent Statement of Information filed with the Secretary of State on August 13, 2018, Haworth was the Chief Executive Officer, Secretary, Chief Financial Officer, Director, Shareholder, and Agent for Service of Process for ACT. Along with the other Defendants, Haworth operated the websites www.awesomecallstrading.com, www.awesomecalls.com, and a private online audio-visual chat room. At all relevant times, Haworth has transacted business throughout California and the United States, including in Los Angeles County. Haworth has conducted the business of AwesomeCallsTrading both at 9461 Charleville Blvd Suite #608, Beverly Hills, CA 90212, and from his residence in Los Angeles County.

8. On December 8, 2020, after receiving investigative subpoenas issued on behalf of Plaintiff, Haworth filed with the Secretary of State certificates of dissolution of both AC and ACT.

9. The true names and capacities, whether individual, corporate, or otherwise, of Defendants sued herein under the fictitious names of DOES 1 through 100, inclusive, are

unknown to Plaintiff who therefore sues these Defendants by using fictitious names. Plaintiff will amend this Complaint to show the true names of each when the name has been ascertained.

10. The Defendants identified in Paragraphs 5 through 9 above are referred to collectively in this Complaint as the "Defendants" or "AwesomeCallsTrading."

11. At all times mentioned herein, each of the Defendants acted as the principal, agent, or representative of each of the other Defendants, and in doing the acts herein alleged, each Defendant was acting within the course and scope of the agency relationship with each of the other Defendants, and with the permission and ratification of each of the other Defendants.

12. Defendants have operated as a common enterprise when engaging in the acts and practices alleged below, the purpose of which is and was to engage in the violations of law alleged in this Complaint. The common enterprise continues to the present. Haworth formulated, directed, controlled, had the authority to control, and/or participated in the acts and practices of AC and ACT, both before, during, and after those corporations' dissolution.

JURISDICTION AND VENUE

13. This Court has jurisdiction to hear the claims alleged in this Complaint and is a court of competent jurisdiction to grant the relief requested.

14. At all relevant times alleged in this Complaint, Defendants maintained an office and/or did business in the County of Los Angeles.

15. Violations of law alleged in this Complaint occurred in the County of Los Angeles and elsewhere throughout California and the United States.

FACTUAL ALLEGATIONS

16. From approximately 2014 until December 8, 2020, Defendants operated a business called AwesomeCallsTrading, which sells online subscription memberships related to stock trading to consumers in California and throughout the United States. From December 8, 2020 to present, Haworth has continued to operate this business following his dissolution of AC and ACT.

17. Defendants have marketed and sold daily, monthly, and annual subscription memberships to AwesomeCallsTrading through their websites, www.awesomecalls.com and

www.awesomecallstrading.com. Defendants have advertised the supposed benefits of these memberships on their websites as well as social media platforms such as Twitter.

18. Defendants claim to have sold approximately $30,000 - $35,000 per month in subscription memberships to AwesomeCallsTrading. Subscription packages range in length and cost from $25 (for a one-day pass) to $4,997 (for a two-year "ultimate access" subscription).

19. According to Defendants' website, consumers who purchase a membership will learn how to "Turn The [Stock] Market Into Your Personal Money Machine" and "achieve consistent profits," among other claims. Defendants purport to employ a team of "proven and tested traders" who moderate a "live chat" service that is available only to individuals who have purchased a subscription membership. At least three of these moderators received compensation from Defendants for these services. On information and belief, Haworth received the majority of income generated by AwesomeCallsTrading as its founder and as the sole owner of AC and ACT.

20. The key features of the memberships marketed and sold by Defendants are as follows. First, Defendants share a list of stock trades each morning in a members-only chat room before the stock market opens.[1] These recommendations are timed to the daily movements and fluctuations of the stock market, instructing subscribers to buy or sell stock in specific publicly-traded companies if the price reaches certain benchmarks during the trading day. Defendants have published advertisements claiming these stock picks are consistently profitable investments with a more than 90% success rate.

21. Second, throughout the trading day, Defendants advise members in a "live chat" when and how to trade the aforementioned recommended stocks based on the actual movements of the market.

22. Third, Defendants provide personalized answers to questions posed by live chat members during the trading day regarding the advisability of specific stock transactions, in addition to answering more general questions about trading strategies and the stock market.

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[1] Although Defendants also publish these lists on their website, such publication occurs after trading opens at 6:30 AM Pacific Time daily, and after the tips' utility has expired. The benefit is reserved for subscription members, who receive the tips prior to market open.

23. Fourth, Defendants broadcast their personal stock trades and encourage members, both via advertisements and during the live chat, to mimic those transactions as a profitable trading strategy. In doing so, Defendants take personal stakes in the stocks shortly before they recommend the trade to subscribers.

24. In general, Defendants advertise that anyone can profitably trade stocks by following their trade recommendations and proprietary strategies. By selling these memberships, Defendants operate a for-profit online business that advertises and sells personalized investment advice and stock trade recommendations that supposedly will generate consistent investment returns for subscribers. Defendants' website states that membership packages include daily lists of stock trade recommendations, "high probability" trade alerts, and "guided" trades. Personalized investment advice and trade recommendations are the Defendants' business.

25. Defendants' social media advertisements reinforce that the primary business of AwesomeCallsTrading is selling stock trade recommendations. Haworth has touted the supposed benefits of membership via his public Twitter account, @AJTrader7, as for example:

- "I work hours before the open finding you the right [trade] set-ups so you can make MONEY"
- "Here is a stock that ANY of you could have traded today if you were in [AwesomeCalls] Chat … The notes were VERY clear"
- "Look closely at these Pre-Market Game Plan Notes today Traders … Look how specific I called the Market today … How theses (sic) stocks would react at the open. All Entries, Exits and what I was looking for … Everything specific on when to get in and what to look for."
- "THIS WAS BEAUTIFUL PLAY TODAY … TOLD EVERYONE IN PRE-MARKET BUY [ticker symbol SDGR] AT $70 ADD ON DIP EXPECT THE STOCK TO HIT $75"
- "THE EASIEST TRADE TO EXECUTE IN [AwesomeCalls] CHAT TODAY [was ticker symbol JMIA] ALL YOU HAD TO DO WAS READ THE NOTES AN[D] THE ENTRY POINT I PICKED OUT"

26. Defendants do not practice, and lack specialized accreditation or licensure to practice, professions including attorney at law, accountant, engineer, or teacher.

27. Separate from selling the aforementioned subscription memberships, Defendants have also sold individualized training sessions and video recordings. The prices charged for these products are different from the prices charged for the above-referenced subscription memberships to Defendants' live chat room.

28. Defendants' website and marketing materials do not substantiate Defendants' claims that live chat subscription purchasers can profit by following Defendants' trade recommendations and individualized advice. The website features a handful of positive reviews and anecdotes about profitable trades from purported subscribers identified by their first name or social media handle. Despite claiming that "[e]very day we receive hundreds of reviews from members and followers," Defendants' website does not publish any meaningful analysis or statistics about the average returns that AwesomeCalls subscribers have earned in the stock market. And although Defendants tout subscribers' ability to watch and mimic the trades of Defendants' live chat moderators, Defendants' website does not disclose whether the moderators consistently beat returns available on passive index investments (such as the S&P 500) or whether they earn money at all by trading stocks (as opposed to selling memberships).

29. Contrary to the bold claims on Defendants' home page and social media about how the live chat service will guide customers to profitable securities trades, the fine print on the "terms of service" section of Defendants' website provides a starkly different message: boilerplate warnings that customers should not buy or sell any securities based on the advice provided by AwesomeCallsTrading and should rely instead on customers' independent research. Defendants buried these contradictory disclaimers in a link at the bottom of their website homepage and did not require any customers or prospective customers to read the terms of service before purchasing investment advice memberships. In any event, disclaimers do not immunize the sale of unlicensed investment advice.

30. Despite selling personalized investment advice to the public, none of the Defendants have requested or obtained investment adviser certification from the California Department of Financial Protection and Innovation, as required by Corporations Code section 25230. Nor have Defendants registered as investment advisers under federal law, including under Section 203 of the Investment Advisers Act of 1940. In fact, Defendants' terms of service page contains the following admission: "We are not registered as a securities broker-dealer or an investment adviser either with the U.S. Securities and Exchange Commission or with any state securities regulatory authority."

31. In December 2020, the Attorney General's Office notified Defendants that the aforementioned membership services sold by Defendants appear to constitute investment advice necessitating a valid certificate to act as an investment adviser. Days later, Haworth filed paperwork with the Secretary of State requesting dissolution of AC and ACT, effective December 8, 2020. After dissolving AC and ACT, Haworth has continued and continues to operate AwesomeCallsTrading as alleged above.

FIRST CAUSE OF ACTION
(Violation of Corporations Code § 25230 by All Defendants)

32. The People incorporate herein by reference the allegations in paragraphs 1-31 of this Complaint.

33. Since approximately 2014, Defendants have received compensation in exchange for advising customers as to the value of securities and the advisability of purchasing or selling securities. Defendants have, among other business activities: published daily reports to paying customers recommending specific security trades; advised customers in real-time when and how to execute security trades on the aforementioned lists; provided personalized answers to questions posed by customers regarding the advisability of stock market transactions; and encouraged customers to mimic Defendants' moderators personal stock trades as a profitable trading strategy. Defendants are investment advisers as defined by California Corporations Code section 25009(a) and do not qualify for any of the exceptions stated therein.

34. Defendants have continuously violated Corporations Code section 25230(a) by selling the aforementioned investment advice while failing to apply for and secure from the Department of Financial Protection and Innovation a certificate authorizing Defendants to conduct business as an investment advisor. Defendants do not qualify for any statutory exemption from the section 25230(a) certification requirement and are not registered under Section 203 of the Investment Advisers Act of 1940.

35. As the sole executive, director, and shareholder of AC and ACT, and the face of AwesomeCallsTrading, individual defendant Haworth personally communicated the foregoing investment advice to paying customers and received most or all of Defendants' net profits from the unlawful sales of his unregistered investment advice.

PRAYER FOR RELIEF

Wherefore Plaintiff, the People of the State of California, pray for relief against all Defendants as follows:

1. Pursuant to Government Code section 12658(a), for an order permanently enjoining Defendants and their agents, servants, and employees, and all persons acting under, in concert with, or for it, from directly or indirectly or in any other manner engaging in the aforementioned conduct in violation of Corporations Code section 25230(a);

2. Pursuant to Government Code section 12660(a), for an order that Defendants pay a civil penalty for each violation of Corporations Code section 25230(a), in an amount according to proof but not less than $1,000,000;

3. Pursuant to Government Code section 12658(b) and (c), for an order of disgorgement and/or restitution of all monies obtained by Defendants as a result of their violations of Corporations Code section 25230(a), which on information and belief total more than $1,000,000;

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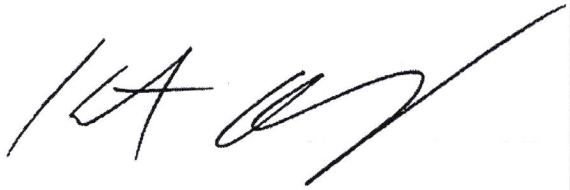
4. Pursuant to Code of Civil Procedure section 1021.8(a), that the People recover their costs of investigation and suit, including expert fees, attorney's fees, and costs; and

5. Such further or additional relief as the Court deems proper.

Dated: February 3, 2021

Respectfully Submitted,

XAVIER BECERRA
Attorney General of California



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