

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE  
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:

TABLETOP ARENA, LLC

AND

CHRISTOPHER MELVILLE

Docket No. 2012-0022

2012 AUG -9 AM 9:33

**ADMINISTRATIVE COMPLAINT**

**I. PRELIMINARY STATEMENT**

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the "Enforcement Section" and the "Division," respectively) files this complaint (the "Complaint") in order to commence an adjudicatory proceeding against Tabletop Arena, LLC ("Tabletop") for violations of Mass. Gen. Laws c. 110A, the Massachusetts Uniform Securities Act (the "Act"), and 950 Code Mass Regs 10.00 *et seq.*, (the "Regulations"). The complaint is focused on Tabletop's fraudulent role in the sale of unregistered securities within Massachusetts between 2010 and 2012.

The Division brings this action as a result of the alleged misconduct by Tabletop, and its president and founder, Christopher Melville ("Melville"). Beginning on or around April 2010, Tabletop and Melville fraudulently offered securities through social media-facilitated general solicitation and sold unregistered un-exempt Tabletop notes. From approximately April 2010 to December 2011, Tabletop and Melville offered at least \$250,000 in Tabletop securities, resulting in sales to at least twenty (20) investors and received \$153,396 in cash. Two categories of

securities were made: a longer term "ten (10) year note" and a shorter term "demand note". These securities were generally solicited in person from Tabletop customers, through Tabletop's website, and through social media sites such as Facebook and Twitter. In soliciting these securities, Tabletop represented its fundraising efforts as "Crowd-funding."<sup>1</sup> Taken as a buzz word that meant only a green-light for internet fund-raising, Tabletop and Melville embraced the recently coined term without reserve. Tabletop describes its customer demographic as students in Lowell's high school as well as local area colleges. Because Tabletop targeted its customers in soliciting investments, most of its investors are young adults in their twenties who are inexperienced with investments. Tabletop, through incentives provided by its amateur gaming and gambling products and services, encouraged students and hobby game enthusiasts to invest in Tabletop and to advertise on its behalf, all under the banner of "Crowdfunding." With no reference to law or effort towards compliance, Tabletop launched its fundraising campaign in full. Incentives ranged from free dice, T-shirts, to free cards, and other gaming paraphernalia and/or privileges.

Despite the fact that by December 2011, Tabletop had defaulted on ten of its note holders, in total of over \$13,500, it continued to publish a general solicitation of its securities through its website, Facebook, and Twitter without disclosing said events of default. By February of 2012, at least three investors had taken legal action and received judgments against Tabletop and/or Melville for failing to repay invested amounts. As of December 2011, both the blue-sky regulators of Massachusetts and Pennsylvania had provided notice to Tabletop that it

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<sup>1</sup> On April 5, 2012, President Barack Obama signed the Jumpstart Our Business Startups Act (JOBS Act) into law. See Jumpstart Our Business Startups Act, PL 112-106, April 5, 2012, 126 Stat 306. Title III of the JOBS Act, known as the "Capital Raising Online While Deterring Fraud and Unethical Non-Disclosure Act of 2012" or the "CROWDFUND Act" amends Section 4 of the 1933 Securities Act to create a new exemption for offerings of "crowdfunded" securities. See 15 U.S.C. § 77d. The US Securities & Exchange Commission (SEC) has been tasked under the CROWDFUND Act to adopt rules to implement a new exemption that will allow crowdfunding. See 15 U.S.C.A. § 77d(c) (2012). Until then, any offers or sales of securities purporting to rely on the crowdfunding exemption would be unlawful under the securities laws. See 15 U.S.C.A. § 77d(d) (2012).

was in violation of state securities laws. In November of 2010, the Pennsylvania Securities Commission had issued a Cease & Desist Order for Tabletop's violation of Pennsylvania securities laws by generally soliciting securities offerings from Pennsylvanian residents. In December of 2011, the Massachusetts Securities Division provided notice to Tabletop that it was being investigated for its unregistered securities activities aimed at Massachusetts residents. Notwithstanding these warnings, Tabletop and Melville continued to press forward with general solicitations offered through its website.

Throughout its offerings and sales of Tabletop securities to Massachusetts residents, Tabletop and Melville failed to disclose any securities risks, known regulatory actions, events of default, judgments entered against it, and business viability concerns including an extremely low credit score, a rejected commercial lease application, the involuntary shut down of its overdrawn bank account, and the repossession of a company van. Moreover, it enthusiastically misrepresented business failings as successes. Specifically, Tabletop incurred tens of thousands of dollars in debt fueled by "Crowdfunding" to attend lavish gaming conventions, recreational tournaments, and cross country gaming tours. Notwithstanding Tabletop and Melville's upbeat portrayal of these marketing efforts as positive directions for business development, Melville admitted to the Division that these expenditures of investor funds failed to yield any net returns.

Despite taking over \$153,396 from over twenty (20) investors and drawing over \$22,000 in personal compensation from the Tabletop business and/or investor contributions (which were commingled in a single bank account), Melville kept poor records of securities contracts or never made written agreements. Several contracts kept by Melville are missing the requisite signatures. And though Melville and Tabletop promised to accrue interest for the investors, said interest existed only on a spreadsheet privately maintained by Melville, which was shared only

when investors demanded it at length. In response to investors who obtained court judgments, informal "payment plans" were created, often verbally, to pay fractional sums with no recourse on further events of default. With a track record of repeated failures to repay investors, Tabletop and Melville continued to offer and sell Tabletop securities to prop up its failing business at the expense of Massachusetts investors. Through its pattern of conduct, Tabletop and Melville appear to treat "Crowdfunding" as if it were a game in which investors' funds are no more than play money set in virtual reality, easy and abundant, dedicated to the whims and adventures of Melville himself. The securities laws were treated by Tabletop and Melville as perfunctory speed bumps to be stepped on or over.

The Enforcement Section seeks an order requiring Respondents Tabletop and Melville to permanently cease and desist from offering for sale and selling any security in Massachusetts until the security is properly registered or is offered for sale and sold pursuant to an exemption from registration under the Act; to make rescission offers to all residents of the Commonwealth who purchased securities sold in violation of the Act; and the Enforcement Section requests the Director or Hearing Officer to take any other necessary action which may be in the public interest and appropriate for the protection of Massachusetts investors.

## **II. JURISDICTION**

1. The Division is a department within the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities. The Act authorizes the Division to regulate the offer and sale of securities and those individuals and entities offering and/or selling securities within the Commonwealth of Massachusetts.

2. The Division brings this action pursuant to the enforcement authority conferred upon by § 407A of the Act and M.G.L. c. 30A, wherein the Division has the authority to conduct adjudicatory proceedings to enforce the provisions of the Act and all Regulations promulgated thereunder.

3. This proceeding is brought in accordance with §§ 101, 201, 301, and 407A of the Act and its Regulations. Specifically, the acts and practices constituting violations occurred within the Commonwealth of Massachusetts.

### **III. RELEVANT TIME PERIOD**

4. Except as otherwise expressly stated, the conduct described herein occurred during the period of April, 2010 up to and including the present.

### **IV. RESPONDENTS**

5. Tabletop Arena LLC ("Tabletop") is a LLC organized under the laws of the Commonwealth of Massachusetts on April 16, 2010. In its Certificate of Organization filed with the Corporations Division of the Secretary of the Commonwealth, Tabletop describes the business of the LLC as "a hobby game store" with its main product as selling "Magic: The Gathering" cards and its main service as supporting the card playing community by hosting gaming events. Its principal place of business is identified as 99 Market Street, Lowell, MA 01852.

6. Christopher Melville ("Melville") is the founding manager of Tabletop. Melville resides in Lowell, MA.

## **V. ALLEGATIONS OF FACT**

### **UNREGISTERED AND UNEXEMPT SECURITIES OFFERINGS**

7. On or about November 22, 2010, the Pennsylvania Securities Commission ("PSC") alerted the Division to a Cease & Desist Order issued against Melville and Tabletop on November 22, 2010 for its unregistered unexempt securities offerings directed at Pennsylvania residents.

Exhibit 1, Penn C&D

8. Tabletop has never filed an application for the registration of securities to be offered and/or sold, either with the Division or with the United States Securities and Exchange Commission ("SEC").

9. Tabletop has never filed a notice of exemption from registration for securities to be offered and/or sold either with the Division or with the SEC.

10. Tabletop has never been registered as an issuer with the Division or the SEC.

11. Melville has never been registered or exempted from registration as an issuer agent with the Division or the SEC.

### **GENERAL SOLICITATION**

12. On or around October of 2010, Tabletop created a "Crowdfunding" page on its website, located at [http://www.tabletoparena.com/crowd\\_funding](http://www.tabletoparena.com/crowd_funding), through which Tabletop used to generally solicit unregistered and unexempted securities. Exhibit 2, Crowdfunding General Solicitation through Tabletop Website.

13. Melville created the following content for the Tabletop website:

#### **How Crowdfunding Works:**

Business, projects, prototypes, or anyone can request money for a product or service by asking people for microloans, donations, or a commitment to prepurchase [sic] items by asking the crowd to chip in a little at a time...

Social media is powerful, and we urge you to spread this message to all your game-loving friends. 800 people donating \$100 is all it will take to meet our greatest goals. I know it's a lot of people and money, but if everyone pitches in, I believe it's possible. (Emphasis in original). Exhibit 2.

14. Tabletop and Melville solicited for sale \$80,000 in Tabletop securities.
15. Tabletop's website directed interested investors to write to Melville at "chris@tabletoparena.com for securities opportunities or more info." Exhibit 2.
16. Investors who wrote to Melville were provided with an offer of Tabletop securities through email, phone, and/or in person, along with an offering and disclosure document called "Business Proposal." Exhibit 3, Tabletop Business Proposal.
17. The stated purpose of Tabletop's Business Proposal was to raise \$80,000 through the offering of Tabletop debt securities, offered as a 10 year note purported to accrue 7% interest yearly. See Exhibit 3.

#### **CROWDFUNDING THROUGH SOCIAL MEDIA**

18. On December 3, 2011, Tabletop posted links to its "Crowdfunding" website on its Facebook page located at <http://www.facebook.com/pages/Tabletop-Arena/223065071075506>.  
Exhibit 4, Tabletop Facebook General Solicitation.
19. On April 12, 2011, Melville posted links to Tabletop's "Crowdfunding" website on his personal Facebook account located at <http://www.facebook.com/profile.php?id=1851015582>, simultaneously stating: "We're looking for a total of \$40,000 to stabilize and grow the company...Good ROI...We have a few leads already, you can help!"  
Exhibit 5, Melville Facebook General Solicitation.
20. On December 4, 2011, Melville posted links to Tabletop's "Crowdfunding" website on his personal Facebook account located at <http://www.facebook.com/profile.php?id=1851015582>.  
Exhibit 6, Melville Facebook General Solicitation #2.

21. On August 9, 2011, Melville posted onto his personal Facebook account, stating: "The business plan has been making its way around and we may even get new investors too."

Exhibit 7, Melville Facebook General Solicitation #3.

22. On December 5, 2011, Tabletop's Twitter account, located at <https://twitter.com/#!/tabletoparena>, posted a solicitation to purchase Tabletop securities, which was linked to the "Crowdfunding" page on Tabletop's website.

Exhibit 8, Tabletop Twitter General Solicitation.

23. On December 15, 2011, Tabletop's Twitter account, located at <https://twitter.com/#!/tabletoparena>, posted another solicitation to purchase soliciting Tabletop securities, which was linked to the "Crowdfunding" page on Tabletop's website.

See Exhibit 8.

24. Sometime in 2011, Tabletop created and maintained an account with Raisecapital.com<sup>2</sup> at <http://www.raisecapital.com/tag/At-least-read-it-and-critique-me-a-Hobby-Gaming-Superstore-cfb3>, which was linked to the "Crowdfunding" page on Tabletop's website.

Exhibit 9, Tabletop Raisecapital.com General Solicitation.

25. Tabletop's Raisecapital.com account made the following offer of Tabletop securities:

We are looking for \$80,000 to invest in a 10 year venture at 7% annual return.

You can view our working business plan here -

<http://www.tabletoparena.com/themes/clients/tabletoparena/assets/business/bplan>

.current.docx - Copy and Plast [sic] the whole link and the file will download off our website. See Exhibit 9.

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<sup>2</sup> Raisecapital.com describes itself on its website (at <http://www.raisecapital.com/page/about>) as follows: "RaiseCapital.com is an online community, where entrepreneurs can display their business ideas and capital needs to investors. Whether your venture is a start-up or existing business, RaiseCapital.com is the perfect vehicle for entrepreneurs seeking capital."



26. Between March 2010 and December 2011, Tabletop attended over 25 gaming industry conventions, tournaments, and cross-country tours, handing out Tabletop business cards which contained the "Crowdfunding" page on Tabletop's website.

27. Between March 2010 and December 2011, Tabletop's website was linked to its Facebook and Twitter accounts, thereby effecting an ongoing general solicitation of its securities throughout this time to its customers in and beyond its Lowell, Massachusetts store.

#### **SECURITIES SOLD**

28. Beginning in March of 2010, Tabletop offered \$250,000 in debt securities, \$80,000 of which through its "Crowdfunding" page on the Tabletop website.

29. By January of 2012, Tabletop sold Tabletop debt securities to at least twenty (20) investors and received \$153,396 in cash proceeds.

30. Tabletop did not ascertain whether its investors were accredited, qualified, or otherwise eligible under any federal or Massachusetts securities laws to purchase unregistered securities offerings.

#### **FRAUDULENT CONDUCT-FAILURE TO DISCLOSE MATERIAL INFORMATION<sup>3</sup>**

31. Melville did not disclose any risks to investors in connection with the offer and sale of Tabletop securities; instead, Melville stated on the record that he subjectively surmised that Tabletop investments would ultimately succeed though he could not provide any objective basis in support thereof.

32. While Melville told investors that if insufficient funds were generated through Tabletop's offerings, Tabletop may have to declare bankruptcy, he did not disclose to investors the

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<sup>3</sup> In each allegation in this section titled "FRAUDULENT CONDUCT-FAILURE TO DISCLOSE MATERIAL INFORMATION," the "Crowdfunding" page on Tabletop's website was active and could be accessed by the general public as well as through social media websites, through which Tabletop actively its securities offerings (see section titled "CROWDFUNDING THROUGH SOCIAL MEDIA").

possibility that notwithstanding their investments in Tabletop, Tabletop may nevertheless have to declare bankruptcy.

33. The only disclosure document that Melville provided to Tabletop investors was the Business Proposal created by Melville.

34. No financial data or information that Melville disclosed to investors was ever audited or reviewed by any other person.

35. Melville did not disclose to investors any risks associated with businesses which provided only unaudited financials.

36. The Business Proposal's "Profit and Loss" section contained no figures which itemized revenue, cost, or profit from which any reasonable investor could make an informed investment decision.

37. The Business Proposal's "Profit and Loss" section contained only a vague and anecdotal report regarding Tabletop's intentions to raise capital of up to \$80,000.

38. In order to finance the moving of Tabletop's business from Manchester, New Hampshire to Boston, Massachusetts, Melville offered short term Tabletop debt instruments in the form of demand notes payable between six months and one year's time with an interest rate of up to 5.9%.

39. In connection with the offer and sale of these demand notes, Melville failed to disclose to investors the possibility that the lease application would be rejected or any other investment risk related to the purchase of these securities.

40. Melville's lease application was rejected on or around September of 2011.

41. In connection with the offer and sale of these demand notes, Melville failed to disclose to investors that a prospective landlord had rejected Tabletop's commercial lease application based on a lack of confidence in Tabletop's Business Proposal.
42. In connection with the offer and sale of these demand notes, Melville failed to disclose to investors that an additional basis on which Tabletop's commercial lease application was denied was that Melville's personal credit was unacceptably poor.
43. Tabletop and Melville accepted and retained investor funds, despite the rejection of Tabletop's commercial lease application, and even though the sole purpose of said funds was to pay for the lease at that particular location.
44. In addition to the Business Proposal, Melville privately maintains a spreadsheet which accounts for all the outstanding loans, defaults, and interests purportedly accrued by Tabletop.
45. Melville failed to disclose to investors the existence of this spreadsheet until investors demanded an accounting.
46. Upon information and belief, only one investor has received a copy of this spreadsheet.
47. Though Tabletop's debt securities are generally stated to mature in 10 years, Melville failed to disclose to investors the illiquid nature of these securities because there is no active secondary market for Tabletop notes.
48. Though Tabletop's debt securities promised a 7% annual interest, Melville failed to disclose to investors that no interest bearing instrument is accruing such interest in any banking or financial institution or escrow account and any figures are merely speculation based upon unproven business projections of possible future returns.
49. Melville failed to disclose to investors that Melville and Tabletop did not segregate business revenue from investor proceeds.

50. Melville commingled business revenue and investor proceeds in one bank account maintained at TD Bank NA until June of 2012, and subsequently did the same at an account maintained at Citizens Bank from June 2012 to the present.

51. Melville failed to disclose to investors that Tabletop and Melville overdrew the TD Bank NA account and that said bank account was involuntarily closed as of June 2012.

52. Melville made "guarantees" that operated to attach his personal income as collateral to notes sold to at least four (4) investors in order to induce investors to purchase Tabletop debt securities.

53. Melville's "guarantee" language is as follows:

If Tabletop Arena, in the event of failure, is unable to pay this promissory note a personal guarantee of the income of Christopher Melville must be used to make payments and pay any remaining balance of the promissory note.

Exhibit 10, Melville Personal Guarantee.

54. Melville failed to disclose to investors that when Melville pledged his personal income as collateral to the notes sold to investors, Melville's only personal income was approximately \$1,100 a month earned from a part-time position at a Wal-Mart in Chelmsford, Massachusetts.

55. Melville failed to disclose to investors that his personal "guarantees" did not expressly extend to future income or attach to his personal property or any other asset.

56. Melville failed to disclose to investors that Tabletop's company van was repossessed in early 2012 by its creditor when Tabletop could no longer make regular payments towards the van's lease or purchase contract.

#### ***FRAUDULENT CONDUCT-MATERIAL MISREPRESENTATIONS***

57. In March of 2011, in order to attend the PAX East gaming convention, Melville offered and sold short term Tabletop debt securities in the form of demand notes payable between six (6)

months and one (1) year's time with an interest rate of up to 5.9%, to be payable from the revenue received from the convention, when Melville expected to generate profits.

58. No risk disclosures were made to any investors in the demand notes offered in March of 2011 and Tabletop securities were sold to at least three (3) investors with Melville's verbal promise that the event would be a success.

59. From March 2011 to December 2011, Melville failed to disclose to investors that Tabletop's attendance at the PAX East gaming convention in March of 2011 was a business failure which left Tabletop in net debt of at least \$26,800.00.

60. From March 2011 to December 2011, Melville provided investors Tabletop's Business Proposal, which included the statement that the PAX East gaming convention in 2011 was "overall [,] a success."

61. Tabletop's Business Proposal stated that "Christopher [Melville] ... does not currently draw money for personal expenses / compensation."

62. In fact, Melville drew a personal wage from Tabletop from July 2010 to August 2011 in sum total of at least \$22,218.

#### ***FRAUDULENT CONDUCT-CONCEALING PRIOR AND PENDING REGULATORY ACTIONS***

63. Tabletop failed to disclose the Cease & Desist Order entered against Tabletop and Melville by the Pennsylvania Securities Commission (PSC) in November of 2011, even as it continued to offer Tabletop securities through its "Crowdfunding" website.

64. Tabletop failed to disclose to existing or prospective Tabletop investors of the Division's investigation into Tabletop and Melville's offer of unregistered securities after its existence was known to Melville.

65. Tabletop and Melville failed to answer a Subpoena Duces Tecum served from the Division on Tabletop and Melville on April 9, 2012, with a response due date of April 23, 2012.

***FRAUDULENT CONDUCT-CONCEALING EVENTS OF DEFAULT***

66. By December of 2011, Tabletop was in default on or unable to repay at least ten (10) investors.

67. Melville failed to disclose to investors the existence of these events of default in the ongoing offer of Tabletop securities through its "Crowdfunding" website, which remained active and publically accessible into June of 2012.

68. By February of 2012, at least three (3) Tabletop investors had filed legal actions against Tabletop or Melville to pursue payments in arrears.

69. Melville failed to disclose the existence of these legal actions to investors in the ongoing offer of Tabletop securities through its "Crowdfunding" website, which remained active and publically accessible into June of 2012.

70. By June of 2012, at least three (3) Tabletop investors subsequently obtained judgments against Tabletop or Melville to collect payments in arrears.

71. Melville failed to disclose the existence of these judgments against Tabletop or Melville to investors in the ongoing offer of Tabletop securities through its "Crowdfunding" website, which remained active and publically accessible into June of 2012.

72. In or around June of 2012, Melville persuaded at least one (1) investor who obtained a judgment against Tabletop or Melville to sign a non-disclosure agreement because Melville believed that the judgment contains financial information about Tabletop and Melville that is "privileged."

## **SUMMARY**

73. Tabletop and Melville, through a repeated pattern of its fraudulent offer and sale of Tabletop securities, purposefully concealed material investment risks, business shortcomings, events of default, the regulatory action from the PSC, and the pending investigations from the Division.

74. Tabletop and Melville, through a repeated pattern of its fraudulent offer and sale of Tabletop securities, made material misrepresentations to investors about its ability to secure a commercial lease for which investor funds were sought, its business performance at the PAX East convention for which investor funds were sought, the source of Melville's personal compensation which was misleading under the circumstances, and the credibility of Melville's personal guarantee which was also misleading under the circumstances.

75. Tabletop and Melville, through a repeated pattern of its fraudulent offer and sale of Tabletop securities, showed no intention to repay investors or to disclose to investors material information kept only to Melville, but instead aimed to hide failings from investors and roll over indebtedness by soliciting even more Tabletop investments.

## **VI. VIOLATIONS OF SECURITIES LAWS**

### **A. COUNT I VIOLATION OF § 101**

76. Section 101 of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly

(1) to employ any device, scheme, or artifice to defraud,

(2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or

(3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

77. Section 401(h) of the Act provides:

"Person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust where the interests of the beneficiaries are evidenced by a security, an unincorporated organization, a limited liability company, a limited liability partnership, a government, or a political subdivision of a government.

78. Section 401(i)(2) of the Act provides:

"Offer" or "offer to sell" includes every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security for value.

79. Section 401(i)(1) of the Act provides:

"Sale" or "sell" includes every contract of sale of, contract to sell, or disposition of, a security or interest in a security for value.

80. Section 401(k) of the Act provides:

"Security" means any note; stock; treasury stock; bond; debenture; evidence of indebtedness; certificate of interest or participation in any profit-sharing agreement; collateral-trust certificate; preorganization certificate or subscription; transferable share; securities contract; voting-trust certificate; certificate of deposit for a security; certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease;



or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not include any insurance or endowment policy or annuity contract under which an insurance company promises to pay money either in a lump sum or periodically for life or some other specified period.

81. The Regulations at 950 CMR 14.401 provide:

Securities Contract, as used in M.G.L. c. 110A, § 401(k), includes:

(1) any securities in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor. As used in this subsection, a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with and dependent upon the efforts and successes of those seeking the securities or a third party; and

(2) any securities by which an offeree furnishes initial value to an offeror, and a portion of this initial value is subject to the risks of the enterprise, and the furnishing of the initial value is induced by the offeror's promises or representations which give rise to a reasonable understanding that a valuable benefit of some kind over and above the initial value will accrue to the offeree as a result of the operation of the enterprise, and the offeree does not receive the right to exercise practical and actual control over the management of the enterprise.

82. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 81 above.
83. The conduct of Respondents Tabletop Arena LLC and Christopher Melville, as described above, constitutes violations of M.G.L. c. 110A, § 101.

**B. COUNT II VIOLATION OF § 301**

84. Section 301 of the Act provides in pertinent part:

It is unlawful for any person to offer or sell any security in the commonwealth unless:

- (1) the security is registered under this chapter;
- (2) the security or transaction is exempted under section 402; or
- (3) the security is a federal covered security.

85. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 84 above.
86. The conduct of Respondent Tabletop, as described above, constitutes a violation of M.G.L. c. 110A, § 301.

**C. COUNT III VIOLATION OF § 201(a)**

87. Section 201 of the Act provides in pertinent part:

(a) It is unlawful for any person to transact business in this commonwealth as a broker-dealer or agent unless he is registered under this chapter.

(b) It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered.

88. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 87 above.

89. The conduct of Respondent Tabletop, as described above, constitutes a violation of M.G.L. c. 110A, § 201(a).

**D. COUNT IV VIOLATION OF § 201(b)**

90. Section 201 of the Act provides in pertinent part:

(b) It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered.

91. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 90 above.

92. The conduct of Respondent Tabletop, as described above, constitutes a violation of M.G.L. c. 110A, § 201(b).

**VII. STATUTORY BASIS FOR RELIEF**

93. Violations, Cease and Desist Orders and Costs

Section 407A(a) of the Act provides in pertinent part that:

(a) If the secretary determines, after notice and opportunity for a hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take affirmative action, including the imposition of an administrative fine, the issuance of an order for accounting, disgorgement or rescission or any other relief as in his judgment may be necessary to carry out the purposes of [the Act].

94. The Division herein re-alleges and restates the allegations and facts set forth in paragraphs 1 through 93 above.

95. Respondents Tabletop and Melville directly and indirectly engaged in the acts, practices, and courses of business as set forth in this Complaint above and it is the Division's belief that

Respondent will continue to engage in acts and practices similar in subject and purpose which constitute violations if not ordered to cease and desist.

#### **VIII. PUBLIC INTEREST**

For all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors, to provide the relief requested in Section IX below.

#### **IX. RELIEF REQUESTED**

WHEREFORE, the Enforcement Section of the Division requests that the Director or Hearing Officer take the following action:

- A. Require Respondents to permanently cease and desist from offering for sale and selling any security in Massachusetts until the security is properly registered or is offered for sale and sold pursuant to an exemption from registration under the Act;
- B. Require Respondents to make rescission offers to all residents of the Commonwealth who purchased securities sold in violation of the Act for each, any and all of the reasons set forth in the complaint; and
- C. Take any other necessary action which may be in the public interest and appropriate for the protection of Massachusetts investors.

**ENFORCEMENT SECTION  
MASSACHUSETTS SECURITIES DIVISION**



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Dated: August 9, 2012