

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

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IN THE MATTER OF: )  
)  
)

THOMAS W. JANES, )  
DUBLIN FINANCE ASSOCIATES, LLC, )  
DEAN D. PORTER, and )  
COMMONWEALTH BOTANICALS, LLC, )  
)

RESPONDENTS. )  
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Docket No. E-2019-0111

**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 Administrative Complaint (the “Complaint”) to commence an adjudicatory proceeding against Respondents Thomas W. Janes, Dublin Finance Associates, LLC, Dean D. Porter, and Commonwealth Botanicals, LLC (together, the “Respondents”), for violations of M.G.L. c. 110A, the Massachusetts Uniform Securities Act (the “Act”), and 950 Code Mass. Regs. 10.00 - 14.413 (the “Regulations”). The Enforcement Section alleges that Respondents Thomas W. Janes and Dublin Finance Associates, LLC, engaged in acts and practices in violation of Sections 101 and 414 of the Act and Regulations by commingling investor and business funds, utilizing investor funds for personal use, failing to pursue available means to mitigate investor losses and recover investor funds, and failing to file required forms with the Secretary of the Commonwealth of Massachusetts. The Enforcement Section further alleges that Respondents Dean D. Porter and Commonwealth

Botanicals, LLC, engaged in acts and practices in violation of Sections 101 of the Act and Regulations by enriching themselves through the settling of claims surrounding the breach of a manufacturing agreement involving raw materials to which they had no interest in, the proceeds of which should have funded payments to Dublin Finance Associates, LLC's investors.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding that all of the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors; 3) requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations; 4) censuring Respondents; 5) permanently barring Respondent Thomas W. Janes from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a personal relying on an exclusion from the definition of investment adviser in any capacity, a broker-dealer, a broker-dealer agent, an issuer, an issuer agent, or a partner, officer, director, or control person of any of the above; 6) permanently barring Respondent Dean D. Porter from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a personal relying on an exclusion from the definition of investment adviser in any capacity, a broker-dealer, a broker-dealer agent, an issuer, an issuer agent, or a partner, officer, director, or control person of any of the above; 7) permanently barring Respondents from offering or selling securities from or within Massachusetts; 8) requiring Respondents to provide a verified accounting of all proceeds which were received as a result of the alleged wrongdoing; 9) requiring Respondents to pay restitution to compensate investors for all losses attributable to

the alleged wrongdoing; 10) requiring Respondents to disgorge all profits and direct or indirect compensation and remuneration received by Respondents in connection with the alleged wrongdoing; 11) imposing administrative fines on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 12) taking any such further actions which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

## **II. SUMMARY**

In 2018, Thomas W. Janes (“Janes”) and Dean D. Porter (“Porter”) started discussing a business plan focused on purchasing raw hemp, paying a third-party manufacturer to refine the raw materials into cannabidiol (“CBD”) products, and sell those products at a profit. Janes formed Dublin Finance Associates, LLC (“Dublin”), and Porter formed Commonwealth Botanicals LLC (“Commonwealth”) as the integral pieces of this business venture. Together, Janes and Porter worked to identify potential third parties to provide, transport, and manufacture 10,000 pounds of raw hemp biomass into various CBD products. Dublin entered into an agreement with Commonwealth in which Dublin would fund operations in exchange for a secured interest in the raw hemp and the proceeds from the sale of the products. Janes and Dublin solicited investments to fund their business operations pursuant to contracts and agreements between Commonwealth, LabCanna Biosciences, LLC (“LabCanna”), and other third parties. Janes and Dublin, for the benefit of Commonwealth, solicited approximately \$775,000 in investments in the form of promissory notes from thirteen (13) investors, including at least four (4) Massachusetts residents. Dublin has never assisted any other entity in raising funds. In December 2019,

Commonwealth filed a UCC-1 filing securing Dublin's sole interest in all of the underlying raw hemp biomass.

Pursuant to their business plan, Janes and Porter identified and purchased raw hemp biomass and arranged for its transport from Oregon to LabCanna's production facility in Tennessee. Per the terms of their agreements, Dublin advanced investor funds to the third parties on behalf of Commonwealth in December 2018. Specifically, Dublin wired \$380,000 of investor funds to purchase raw hemp from a hemp farm in Oregon and wired \$22,500 of investor funds to a third-party transport service to deliver the raw hemp biomass from the farm in Oregon to LabCanna's production facility. Representatives of Commonwealth inspected the raw materials at the farm in advance of the purchase. Dublin then wired \$285,000 to LabCanna in anticipation of LabCanna's manufacture of the raw hemp materials into various CBD products for resale pursuant to an agreement between Commonwealth and LabCanna's then Chief Executive Officer. The agreement required hemp of sufficient quality for distillation and production, and LabCanna appeared to begin performance as outlined in the contract. On December 31, 2018, LabCanna wired \$185,000 to Dublin for the purported sales of CBD products created from the raw hemp provided by Commonwealth and paid for by Dublin. Janes and Porter each initiated small payments to investors on behalf of Dublin via wires from Dublin's account at TD Bank over the next several months. Investors received interest payments amounting to no more than forty percent (40%) of their principal investment. The Massachusetts investors responsible for investing \$150,000 received approximately \$57,500 in interest and repayment of principal, but never fully recouped their lost principal investments or received the remaining interest payments.

Rather than returning the entirety of the payments received from LabCanna to investors as partial payment of the principal and interest on the notes, Janes instead made a number of withdrawals, wire transfers, and charges from Dublin's business account. Janes and Porter's signatures appear on the business account's signature card as authorized representatives. In November 2018, almost immediately after the funds entered Dublin's business account, Janes began withdrawing and wiring investor funds to pay for personal expenses, such as the private school tuitions of his children. Janes made these withdrawals and wires in spite of statements to investors that Dublin would use investor funds to purchase, ship, and manufacture the raw materials into products for resale and that Dublin would use the proceeds from such sales to pay back the principal and make monthly interest payments to investors. Similarly, Janes failed to inform investors of the manner and amount of compensation he would receive pursuant to the agreement with Commonwealth, and withdrew compensation to which he was not yet entitled. Further, Janes withdrew compensation significantly in excess of the terms of Dublin's agreement with Commonwealth.

After its first payment, LabCanna began to miss scheduled payments under the contracts. Ultimately, LabCanna made several small payments to Dublin but did not resume full payments pursuant to the contracts. LabCanna terminated its CEO and founder on September 26, 2019. LabCanna maintains that the CEO was the sole contact at LabCanna with knowledge of the manufacturing agreement with Commonwealth. In fact, LabCanna stated that while its CEO personally arranged for distribution of extracted materials manufactured pursuant to the agreement with Commonwealth, there was no record of the distributions. As a result, LabCanna was unable to provide an accounting of

products created from the raw materials provided pursuant to the agreement and was unable to provide documents reflecting the location of the raw hemp sent to LabCanna, the products derived therefrom, or the proceeds from the sale of finished products.

Janes purportedly attempted to rectify the situation and negotiate a new contract or alternative payment plan for Dublin's investors in 2019. In reality, he further enriched himself at their expense. While Janes did engage in attempts to resolve LabCanna's breach, Dublin investors received no further payments. However, LabCanna wired \$35,000 to Janes via two wire transfers to his personal bank account in June and August 2019. While Janes characterized these wires as fees for consulting services, LabCanna wired these payments in connection with its contractual obligations to Dublin. Janes kept and continues to keep investors in the dark regarding the status of the business venture, generally dodging and completely ignoring investor communications and requests for updates. Massachusetts investors have attempted to reach Janes on numerous occasions since the summer of 2019, but did not receive any response and were unaware of the settlement agreements between Dublin and Commonwealth, or Commonwealth and LabCanna. In fact, Dublin settled its agreement with Commonwealth just two days after Dublin investors sent formal notice to Dublin that Dublin had defaulted under its agreement. Per the terms of its settlement agreement with Commonwealth, Dublin limited itself to pursue only its interest in the raw hemp biomass and manufactured products. Dublin also agreed not to pursue the assets of Commonwealth despite neither party having knowledge of the current existence, location, or condition of the raw hemp materials or products derived therefrom. Similarly, LabCanna separately settled its breach of its manufacturing agreement with Commonwealth by transferring 270,000 shares of common stock to Porter and naming Porter to an advisory

position on a newly-formed or yet-to-be-formed advisory board at LabCanna. As a result, Janes, Dublin, Commonwealth, and Porter all profited from the funds of Dublin investors while investors bore all of the losses.

The Enforcement Section takes this action to recover investor funds that Respondents obtained through fraudulent means and to prevent Respondents from furthering their ongoing fraud.

### **III. JURISDICTION AND AUTHORITY**

1. As provided for by the Act, the Division has jurisdiction over matters relating to securities pursuant to chapter 110A of the Massachusetts General Laws.
2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Section 407A of the Act, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and the Regulations.
3. This proceeding is brought in accordance with Section 101 and 414 of the Act and its Regulations.
4. The Enforcement Section reserves the right to amend this Complaint and bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

### **IV. RELEVANT TIME PERIOD**

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of August 1, 2018, to the present (the "Relevant Time Period").

## V. RESPONDENTS

6. Dublin Finance Associates, LLC (“Dublin”) is a limited liability company organized under the laws of South Carolina with a principal place of business located at 782 Johnnie Dobbs Blvd., Suite A, Mount Pleasant, South Carolina 29464.

7. Thomas W. Janes (“Janes”) is an individual with a last known address in Milton, Massachusetts. Janes serves as the Chief Executive Officer and sole operator of Dublin Finance Associates, LLC, during the Relevant Time Period.

8. Commonwealth Botanicals, LLC (“Commonwealth”) is a limited liability company organized under the laws of South Carolina with a principal place of business located at 782 Johnnie Dobbs Blvd., Suite A, Mount Pleasant, South Carolina 29464.

9. Dean D. Porter (“Porter”) is an individual with a last known address in South Carolina. Porter served as Chief Executive Officer of Commonwealth during the Relevant Time Period.

## VI. RELATED ENTITIES

10. LabCanna Biosciences, Inc. (“LabCanna”) is a corporation incorporated under the laws of Tennessee with a principal place of business at 401 E. Trinity Ln, Nashville, Tennessee 37207. LabCanna serves as the parent corporation to a number of subsidiaries.

## VII. STATEMENT OF FACTS

### A. **Dublin Finance Associates, LLC, and Commonwealth Botanicals, LLC**

11. Janes and Porter met approximately ten (10) years ago through networking connections.



12. In 2018, Porter approached Janes regarding a business opportunity in the hemp and CBD sector. Specifically, several states had started to allow the cultivation of hemp and, as of September 2018, hemp cultivation would be legal under federal law, creating a short term opportunity for manufacturers of CBD products to capitalize on what Porter claimed would be “windfall” prices before supply catches up to demand.

13. After discussions with Porter, Janes formed Dublin in South Carolina in October 2018 because Dean Porter was operating Commonwealth within South Carolina.

14. Janes formed Dublin with the assistance of the same attorney who aided Porter in forming Commonwealth.

15. Janes and Porter formed Dublin and Commonwealth, respectively, within a month of each other and listing the same registered agent.

16. Janes is the CEO and sole employee of Dublin and had no experience in the CBD industry prior to his discussions with Porter and the formation of the Dublin entity.

17. Upon information and belief, prior to forming Commonwealth, Porter had no experience in the CBD industry.

18. Dublin opened its business bank account at TD Bank in late 2018.

19. Janes and Porter were both authorized signatories on Dublin’s business account at TD Bank.

#### **B. The CBD Business Venture**

20. Janes approached investors, including at least four residents of Massachusetts, beginning in or around October 2018 with a business opportunity regarding the manufacture of raw hemp into CBD products for resale.

21. In or around November 2018, Janes represented to investors that the CBD oil the business venture would manufacture “commands a premium price.” Specifically, Janes represented to investors that all proceeds would go to a ‘lock-box’ under Dublin’s control and that all payments received would be subject to the release of liens by Dublin in order to re-pay the money to Dublin’s escrow account and the monthly interest due to Dublin’s investors.

22. In or around November 2018, investors signed Loan and Security Agreements and Subscription Agreements with Dublin whereby they made collective investments totaling \$775,000 in Dublin.

23. Massachusetts investors collectively invested a total of at least \$175,000 in Dublin via wire transfers to Dublin’s attorneys.

24. In return, Dublin issued promissory notes in which Dublin promised to pay investors the principal amount of their investments plus interest at the close of each thirty (30) day period at the rate of ten (10) percent of their principal investment per month.

25. Dublin secured the promissory notes with security interests in the underlying raw hemp biomass and the work in progress and final products created therefrom.

26. Dublin did not file a consent to service of process with the Division and made no filings with the Corporations Division of the Commonwealth of Massachusetts.

### **C. Dublin’s Agreement With Commonwealth**

27. On or around December 3, 2018, Commonwealth and Dublin entered into a loan and security agreement, a consulting services agreement, and a senior secured commercial promissory note (the “Note”). In these agreements, Dublin agreed to provide funding to Commonwealth in connection with Commonwealth’s manufacturing agreement with

LabCanna in order to distill CBD isolate from raw hemp biomass and sell the resulting products.

28. The agreement stated that Dublin was to receive an origination fee equivalent to \$70,000 payable upon the Note's maturity.

29. Similarly, the agreement contemplated a services fee of \$50,000 to Dublin from Commonwealth, also payable upon the maturity of the Note.

30. The loan and security agreement defined maturity as "30 days from the date of the Note, or at such time as the Collateral[] securing the Note is sold, whichever occurs sooner."

31. Based on the agreement between Dublin and Commonwealth, the Note's maturity date is January 2, 2019. Dublin was entitled to no funds prior to this date.

32. On December 21, 2018, Commonwealth filed a UCC-1 with South Carolina evidencing Dublin's secured interest in the raw hemp materials and defining "Collateral" to mean all of Commonwealth's present and future right, title and interest in the raw materials, work in progress, and finished products derived from the raw materials.

33. Pursuant to the terms of the agreements between Dublin and Commonwealth, the only remedy in event of a default by Commonwealth would be the raw hemp materials and any right, title, or interest to those materials and finished products.

34. Dublin never raised funds for any entity other than Commonwealth.

35. On December 5, 2018, Commonwealth executed a manufacturing agreement with LabCanna (the "Manufacturing Agreement") in which LabCanna agreed to manufacture CBD products into CBD isolate from raw hemp biomass provided to it by Dublin.

36. Specifically, Section 3.b. of the Manufacturing Agreement stated that LabCanna acknowledged that Dublin advanced funds due from Commonwealth to LabCanna and that Dublin has a first lien security interest granted to it in the raw hemp materials, the materials during the work in progress stages, and in the finished products.

37. Section 9.b. of the Manufacturing Agreement provided LabCanna with the right to purchase the first 180kg of finished products at a price of \$5,500 per kilo.

38. On December 5, 2018, Dublin purchased 10,000 pounds of raw hemp biomass from a third-party farm in Oregon for \$380,000. A representative of Commonwealth inspected the raw hemp materials prior to the purchase.

39. On December 3 and 6, 2018, Dublin wired \$22,500 via two transfers to a transportation service in advance of the delivery of the raw hemp biomass to LabCanna's production facility in Tennessee.

40. Pursuant to LabCanna's agreement with Commonwealth, Dublin wired \$285,000 to LabCanna in advance for its anticipated performance in manufacturing CBD products from the raw hemp materials.

41. On December 31, 2018, LabCanna wired \$185,000 to Dublin's account purportedly for the sale of products derived from Commonwealth's raw hemp per the terms of its manufacturing agreement with Commonwealth.

42. On February 7, 2019, LabCanna wired \$30,000 to Dublin and on March 14, 2019, LabCanna wired \$35,000 to Dublin.

43. On March 28, 2019, a third-party purchaser wired \$100,000 to Dublin on behalf of LabCanna in connection with the purchase of 20 kilograms of CBD isolate produced under the manufacturing agreement.

44. On April 15, 2019, LabCanna wired \$20,000 to Dublin's account. On May 15 and May 30, 2019, LabCanna wired an additional \$10,000 and \$15,000 to Dublin's account.
45. On June 21, 2019, and August 6, 2019, LabCanna wired \$25,000 and \$10,000 directly to Janes. Janes characterized these two wires as payments directed to him in his personal capacity in exchange for consulting services provided to LabCanna related to attempting to resolve LabCanna's breaches of the manufacturing agreement.
46. LabCanna, however, wired the funds to Janes in connection with and pursuant to the Manufacturing Agreement between LabCanna and Commonwealth.
47. Beginning as early as November 11, 2018, Dublin entered into subscription agreements contemplating the issuance of promissory notes on an unspecified future date and with a maturity date 240 days from the date of issuance.
48. Starting on or around November 14, 2018, and prior to wiring investor funds to LabCanna for production, Janes began making a number of payments, wire transfers, and withdrawals from the investor funds within Dublin's account.
49. On November 14, 2018, Janes wired \$18,200 from Dublin's account to his child's private school for tuition, purportedly as compensation in anticipation of the first payment pursuant to the agreement with Commonwealth.
50. On November 15, 2018, Janes withdrew \$9,000 from Dublin's business account, purportedly related to business expenses and as compensation owed to him under the agreements.
51. On November 16, 2018, Janes withdrew \$22,808 from Dublin's account, purportedly as compensation owed to him under the agreements.

52. On November 23, 2018, Janes withdrew \$10,000 from Dublin's account, purportedly as compensation owed to him under the agreements.
53. On December 17, 2018, Janes withdrew \$15,000 from Dublin's account, alleging that a portion of this amount was used in connection with insurance costs relating to the transfer of raw hemp biomass.
54. On December 31, 2018, Janes withdrew \$25,008 from Dublin's account, purportedly as compensation owed to him under the agreements.
55. On December 31, 2018, Janes withdrew \$2,000 from Dublin's account, purportedly for business expenses related to travel and incidentals.
56. On January 2, 2019, Dublin wired \$50,000 to Commonwealth from Dublin's account, purportedly as fees related to the agreements between Dublin, Commonwealth, and LabCanna.
57. On January 2, 2019, Janes withdrew \$9,000 from Dublin's account, purportedly as compensation owed to him under the agreements.
58. On January 12, 2019, Janes used funds from Dublin's account to purchase a certified check for \$5,000 for his child's private school tuition, purportedly as compensation owed to him under the agreements.
59. On January 22, 2019, Janes withdrew \$5,000 from Dublin's account purportedly as business expenses related to travel and incidentals.
60. On February 13, 2019, Janes withdrew \$3,500 from Dublin's account, purportedly as business expenses and compensation owed to him under the agreements.

61. On March 28, 2019, Janes withdrew \$5,900 from Dublin's account, purporting that \$400 related to business expenses and \$5,500 related to the return of a personal deposit he made into Dublin's account on March 22, 2019.
62. On April 3, 2019, Janes withdrew \$4,000 from Dublin's account, purportedly as business expenses related to Dublin's business operations.
63. On April 5, 2019, Janes withdrew \$10,008 from Dublin's account, purportedly as compensation owed to him under the agreements.
64. On May 16, 2019, Janes withdrew \$1,000 from Dublin's account, purportedly as business expenses related to travel and incidentals pursuant to Dublin's business operations.
65. On May 17, 2019, Janes used funds from Dublin's account to purchase a certified check for \$4,500, purportedly as compensation owed to him under the agreements.
66. On May 30, 2019, Janes withdrew \$2,500 from Dublin's account, purporting that these funds were business expenses and related to the return of a personal deposit of \$2,151.51 made on May 28, 2019.
67. Additionally, Janes was unable to provide any reason for two additional withdrawals from Dublin's accounts in May 2019 and totaling approximately \$4,100.
68. While LabCanna failed to make payments to Dublin starting as early as February 2019, Janes continued to withdraw investor funds for his personal use and compensation throughout the spring and summer of 2019.
69. During the Relevant Time Period, Janes claimed at least \$135,000 in funds from Dublin's account, purporting that the funds related to his compensation and business expenses.

70. In one instance of an alleged Dublin business expense, Janes traveled to New York in January 2019. However, Janes' stated that his travel to New York at that time related to solicitation of new investors and did not relate to Dublin's existing business.

71. Further, the subscription agreement and other documents signed by Dublin investors did not contemplate withdrawals for travel or other business expenditures. Business expenditures for Janes to travel and solicit new investors did not further the interests of Dublin's existing investors under the agreement with Commonwealth.

#### **D. LabCanna, Commonwealth, and Dublin Default**

72. After its first wire in December 2018, LabCanna failed to make scheduled payments required by its contract with Commonwealth.

73. Instead, LabCanna made several smaller payments over the course of 2019.

74. In turn, Commonwealth was unable to perform on its contract with Dublin and Dublin was unable to make interest payments to Dublin's investors starting as early as February 2019.

75. LabCanna's CEO personally arranged for the distribution of extracted materials manufactured pursuant to the agreement with Commonwealth, but allegedly made no record of the distributions.

76. LabCanna stated that it only learned of the December 2018 manufacturing agreement with Commonwealth after the termination of its CEO in September 2019.

77. In fact, LabCanna stated that it was unable to provide documents reflecting the current form and location of the raw hemp sent to LabCanna pursuant to the agreement with Commonwealth.



78. Similarly, LabCanna could not provide an accounting of products created from the raw materials provided to it by Dublin.

79. Throughout the Relevant Time Period, Janes failed to provide consistent and timely communications to Dublin's investors.

80. In or around June 2019, Janes attempted to arrange for alternative agreements with investors, but no actual agreement or alternative funding arrangement ever resulted from these efforts.

81. By June 2019, LabCanna had failed to perform substantially on its contract for approximately four months. As a result, Commonwealth failed to perform on its agreement with Dublin and Dublin failed to perform on its obligations to investors.

82. On June 13, 2019, an investor notified Dublin that it was in default under the terms of the agreements and alleged that Janes had made misrepresentations regarding the investment in Dublin's business operations.

83. Specifically, Janes had assured investors that the only risk to their investment was the potential for a catastrophic change in the price of the manufactured products.

84. On June 26, 2019, at least five Dublin investors, including Massachusetts investors, sent a notice of default to Dublin and demanded that Dublin make due on all principal and interest owed under the terms of the agreements.

85. The notice also identified that Janes had failed to disclose certain conflicts of interest and failed to communicate with investors regarding Dublin's operations, assets, finances, and financial conditions.

86. Further, the notice alleged that Janes misappropriated funds in the form of equity distributions at the expense of the investors.

87. On June 28, 2019, a mere two days after receiving a notice of default from Dublin's investors, Dublin and Commonwealth entered into a "Settlement and Strict Foreclosure Agreement."

88. In their settlement agreement, Dublin and Commonwealth agreed that Dublin's secured interest in the raw hemp materials and products derived therefrom represented substantial opportunity to protect Dublin's economic interests and constituted substantial valuable consideration.

89. Per the terms of the settlement agreement and solely in exchange for the secured interest in the raw hemp materials, Dublin agreed not to sue or prosecute Commonwealth and thereby released and discharged Commonwealth from all claims and causes of action arising out of their agreements.

90. The settlement agreement included a general assignment and bill of sale transferring, conveying, assigning, and delivering to Dublin the secured interest in the raw hemp materials and any work in progress or finished products derived therefrom.

91. Despite this settlement agreement, Dublin's response to the Enforcement Section dated September 15, 2020, contended that Commonwealth owes to Dublin all amounts under the terms of the agreement, including the principal amount plus interest.

92. Dublin also represented that Commonwealth owes to Dublin the origination fee, a consulting services fee from the consulting services agreement, and all accrued late fees and interest on the promissory note and the fees described above.

93. The agreements between Dublin and Commonwealth purported to ensure that Dublin maintained the sole interest in the raw materials, work in progress, and completed products.

#### **E. LabCanna's Settlement Agreement with Porter and Commonwealth**

94. Despite Commonwealth's settlement agreement granting to Dublin the sole interest in the raw hemp materials, work in progress, and finished products derived therefrom, Commonwealth sought over \$3 million from LabCanna in order to settle Commonwealth's claim against LabCanna in connection with the breach of the Manufacturing Agreement.

95. As early as October 2019, Porter reached out to LabCanna and requested payments in order to settle LabCanna's breach of the Manufacturing Agreement.

96. On October 10, 2019, Porter wrote in an e-mail to LabCanna's new CEO and proposed that LabCanna settle their breach by providing Porter with: a one-time payment of \$100,000; a seat on LabCanna's board; a consulting agreement paying him \$6,000 per month for a period of 36 months; a monthly marketing campaign with an entity called Findit, Inc. for \$5,000 per month for thirty-six (36) months; and 24.4% of LabCanna's shares outstanding.

97. In that same e-mail, Porter also stated that the offer was his best and lowest offer and would prevent him from pursuing litigation. Porter also requested that the e-mail communications between him and LabCanna remain confidential.

98. The alleged breach that this e-mail sought to settle related solely to LabCanna's nonpayment of funds to Commonwealth that would have gone, in whole or in part, to making Commonwealth's payments to Dublin pursuant to the agreement between Commonwealth and Dublin.

99. Over the course of multiple e-mails, Porter and LabCanna agreed to assign a value of \$1,350,000 to the 10,000 pounds of raw hemp materials purchased with Dublin investors' funds.

100. LabCanna's CEO explained that while the assigned value assumed a \$5,500 per kilo price for the raw hemp, LabCanna also suffered loss at each step while turning the materials into sellable products and thus negotiated \$825,000 for the valuation of the finished hemp product in the final settlement.

101. Porter stated during sworn testimony that LabCanna pursued him for a position on its advisory board, but that LabCanna wished to settle the breach of their prior agreement with Commonwealth prior to allowing him to sit on the board.

102. As of December 29, 2019, however, LabCanna had not yet formed an advisory board.

103. In fact, Porter and Commonwealth specifically requested language within the settlement agreement specifying that LabCanna "wishes to utilize [Porter's] expertise." LabCanna's employees even questioned Commonwealth's insistence on adding the language.

104. During negotiations in an e-mail on January 9, 2020, Commonwealth's representative stated to LabCanna that the shares were requested by Porter and Commonwealth as protection in the event that LabCanna did not pay Porter money he claimed he was owed as a result of LabCanna's breach within three years.

105. Similarly, Commonwealth's representative also stated on January 6, 2020, that Commonwealth needed LabCanna to reintroduce the section specifying that Dean Porter would be available to LabCanna to provide expertise consulting "within but not limited to the Hemp/CBD business."

106. On January 28, 2020, LabCanna's attorney explained to LabCanna that Commonwealth was willing to sign the settlement with the addition of the indemnity

language within the settlement agreement. Specifically, the language stated that LabCanna must inform Commonwealth and Porter of all communications and legal pleadings with Dublin; LabCanna must vigorously defend litigation with Dublin; and Commonwealth and Porter will cooperate in LabCanna's defense.

107. In a January 27, 2020, e-mail to LabCanna's executives, LabCanna's attorney explained that Commonwealth's representative stated that Commonwealth required the language regarding Dean Porter consulting for LabCanna "so they can use it with Tom Janes."

108. Commonwealth and LabCanna entered into a settlement agreement on January 29, 2020, settling LabCanna's breach of the Manufacturing Agreement.

109. Pursuant to the terms of the settlement, LabCanna transferred 270,000 shares of LabCanna common stock to Porter, Porter became an uncompensated advisor to LabCanna, and Commonwealth and Porter fully indemnified LabCanna from all possible claims brought by Dublin.

110. The shares of LabCanna stock included provisions preventing Porter from transferring ownership of the shares to any individual or entity other than Porter in his individual capacity.

#### **F. Conclusion**

111. LabCanna wired a total of \$395,000 to Dublin pursuant to its obligations under the agreements between Commonwealth and LabCanna. Similarly, LabCanna also wired \$35,000 to Janes' personal bank account in connection with the agreements.

112. Dublin, however, returned only \$265,000 to its investors – well short of even the principal amount invested in Dublin's operations.

113. Instead, Janes enriched himself with withdrawals and expenses drawn from commingled investor funds while Dublin investors bore the brunt of all losses stemming from the contractual breaches and defaults related to Dublin's business.

114. While the terms of the agreements between Commonwealth and Dublin contemplated compensation to Dublin at the maturity of the Note, Janes never told investors how he would be compensated or how much.

115. In fact, Janes instead told investors that proceeds from the sale of the CBD products would go into an escrow account that would be used to pay the principal amounts and interest payments due to Dublin's investors.

116. Instead, Janes began withdrawing from Dublin's account for his own compensation and personal use the same day that investor funds entered Dublin's account, or shortly thereafter.

117. Further, Janes continued to withdraw funds from Dublin's account after learning about LabCanna and Commonwealth's failures to perform under the agreements. He continued to withdraw funds for months until Dublin's account was empty.

118. Janes made these withdrawals in spite of his statements to investors that proceeds would be remitted to Dublin's escrow account in order to re-pay the principal as well as the interest owed to Dublin's investors on a monthly basis.

119. Only two days after receiving official notice of default from Dublin's investors, Janes, on behalf of Dublin, signed a settlement agreement with Commonwealth to ensure that Dublin's investors could not pursue the assets of Commonwealth or Porter.

120. Additionally, Janes did not pursue Dublin's interest in the raw materials pursuant to the manufacturing agreement and its settlement agreement with Commonwealth.

121. Upon information and belief, Dublin did not file a request for arbitration or pursue other means available to pursue Dublin investors' interests under the terms of the contracts, whether at law or equity.

122. Instead, Commonwealth negotiated an agreement with LabCanna in which Commonwealth and Porter reaped all of the benefits with losses placed solely on the shoulders of Dublin's investors.

123. Porter represented to the Enforcement Section during sworn testimony that LabCanna pursued him for an advisory position and merely transferred shares outstanding to resolve any potential claims related to the Manufacturing Agreement.

124. In fact, Porter pursued the settlement related to LabCanna's breach of the Manufacturing Agreement. Specifically, Porter sought the advisory position and shares for himself as repayment for the estimated value of \$1,350,000 he assigned to the products derived from the 10,000 pounds of raw hemp materials paid for entirely by Dublin's investors.

125. Porter pursued and engaged in the settlement with LabCanna despite assigning the secured interest in the raw hemp and products derived therefrom to Dublin in June 2019.

126. Porter did not disclose, and took steps to conceal, his settlement agreement with LabCanna and receipt of shares in connection therewith, from Janes, Dublin, and Dublin's investors.

127. Massachusetts investors have not received additional interest payments or the return of the remainder of their principal investments from Respondents as of the date of this Complaint.

### **VIII. VIOLATIONS OF LAW**

#### **Count I - Violations of M.G.L. c. 110A, § 101(2)**

128. Section 101(2) of the Act provides in part:

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

[...]

(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 light of the circumstances under which they are made, not misleading[.]

M.G.L. c. 110A, § 101(2).

129. The Enforcement Section re-alleges and incorporates the allegations of fact set forth in Section VII above.

130. The conduct of Respondents Thomas W. Janes and Dublin Finance Associates, LLC, as described above, constitutes violations of M.G.L. c. 110A, § 101(2).

#### **Count II – Violations of M.G.L. c. 110A, § 101(3)**

131. Section 101(3) of the Act provides:

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

[...]

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

M.G.L. c. 110A, § 101(3).

132. The Enforcement Section re-alleges and incorporates the allegations of fact set forth in Section VII above.



133. The conduct of Respondents Thomas W. Janes, Dublin Finance Associates, LLC, Dean D. Porter, and Commonwealth Botanicals, LLC, as described above, constitutes violations of M.G.L. c. 110A, § 101(3).

**Count III – Violations of M.G.L. c. 110A, 414(g)**

134. Section 414 of the Act provides:

[E]very issuer which proposes to offer a security in the [C]ommonwealth through any person acting on an agency basis in the common-law sense shall file with the [S]ecretary, in such form as he by rule prescribes, an irrevocable consent appointing the [S]ecretary or his successor in office to be his attorney to receive service of any lawful process in any non-criminal suit, action, or proceeding against him or his successor, executor, or administrator which arises under [the Act] or any rule or order hereunder after the consent has been filed, with the same force and validity as if served personally on the person filing the consent.

M.G.L. c. 110A, § 414(g).

135. The Enforcement Section re-alleges and incorporates the allegations of fact set forth in Section VII above.

136. The conduct of Respondent Dublin Finance Associates, LLC, as described above, constitutes violations of M.G.L. c. 110A, § 414(g).

**IX. STATUTORY BASIS FOR RELIEF**

Section 407A of the Act provides, in pertinent part:

(a) If the secretary determines, after notice and opportunity for 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 such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

M.G.L. c. 110A, § 407A.

**X. PUBLIC INTEREST**

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors for the Director to enter an order finding that such “action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter [M.G.L. c. 110A].”

**XI. RELIEF REQUESTED**

The Enforcement Section of the Division requests that an order be entered:

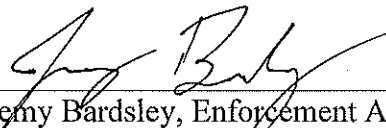
- A. Finding as fact all allegations set forth in Section VII of the Complaint;
- B. Finding that all of the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations;
- D. Censuring Respondents;
- E. Permanently barring Respondent Thomas W. Janes from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a personal relying on an exclusion from the definition of investment adviser in any capacity, a broker-dealer, a broker-dealer agent, an issuer, an issuer agent, or a partner, officer, director, or control person of any of the above;
- F. Permanently barring Respondent Dean D. Porter from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempted from registration, a personal relying on an exclusion

from the definition of investment adviser in any capacity, a broker-dealer, a broker-dealer agent, an issuer, an issuer agent, or a partner, officer, director, or control person of any of the above;

- G. Permanently barring Respondents from offering or selling securities from or within Massachusetts;
- H. Requiring Respondents to provide a verified accounting of all proceeds which were received as a result of the alleged wrongdoing;
- I. Requiring Respondents to pay restitution to compensate investors for all losses attributable to the alleged wrongdoing;
- J. Requiring Respondents to disgorge all profits and direct or indirect compensation and remuneration received by Respondents in connection with the alleged wrongdoing;
- K. Imposing administrative fines on Respondents in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- L. Taking any such further actions which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION  
ENFORCEMENT SECTION**

By and through its attorneys,



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Dated: July 19, 2022