

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

IN THE MATTER OF:)	
)	
MARK BAXTER,)	
)	
RESPONDENT.)	Docket No. E-2020-0043
)	

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 Mark Baxter a/k/a Mark Morrow (“Baxter” or “Respondent”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”), and the regulations promulgated thereunder at 950 MASS. CODE REGS. 10.00 – 14.413 (the “Regulations”). The Enforcement Section alleges that Respondent has engaged in acts and practices in violation of Sections 101, 102, 201, and 301 of the Act by posting digital advertisements soliciting sales of penny stocks without being properly registered in the Commonwealth of Massachusetts, and making false and misleading statements in those digital advertisements. Baxter claimed he would “TRADE YOUR ACCOUNT FOR YOU AND WE SPLIT THE PROFITS OR I LL [sic] TEACH YOU WHAT I KNOW THRU [sic]

MY TRAINING FOR 200\$ OR BOTH” in a posting titled “P E N N Y STOCKS MAKE 6000\$ A WEEK CORONA VIRUS STOCKS UP 800% PANIC.” (emphasis in original).

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding that each of the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors; 3) requiring Respondent Baxter to permanently cease and desist from further conduct in violation of the Act; 4) censuring Respondent Baxter; 5) requiring Respondent Baxter to pay restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing; 6) requiring Respondent Baxter to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 7) permanently barring Respondent Baxter from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempt from registration, or a person relying on an exclusion from the definition of investment adviser in any capacity in Massachusetts; 8) permanently barring Respondent Baxter from associating with or acting as a broker-dealer or broker-dealer agent in Massachusetts; 9) permanently barring Respondent Baxter from associating with or acting as an issuer, an issuer-agent, or any entity or individual exempt, excluded, or required to be registered as such in Massachusetts; 10) imposing an administrative fine on Respondent Baxter in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 11) taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

II. SUMMARY

Beginning in March 2018, Baxter posted a series of advertisements to Massachusetts Craigslist pages promising to walk individuals through setting up an account with TD Ameritrade, trade the account for them and split the profits, and/or teach them how to trade for a \$200 fee. These postings were part of a broader effort that included postings to Craigslist boards in at least 49 states, two countries, the District of Columbia and Puerto Rico dating back to January 2018. These postings, all written in all caps, state Baxter can reliably make returns well exceeding 100% and that “I LOOK FORWARD TO US MAKING MONEY TOGETHER!!!!” (emphasis in original).

As an example, in one posting dated October 21, 2019, entitled “P E N N Y STOCKS MAKE 6000\$ A WEEK CORONA VIRUS STOCKS UP 800% PANIC” made to the boston/cambridge/brookline financial services Craigslist page, Baxter claimed he would “TRADE YOUR ACCOUNT FOR YOU AND WE SPLIT THE PROFITS OR I LL [sic] TEACH YOU WHAT I KNOW THRU [sic] MY TRAINING FOR 200\$ OR BOTH.” (emphasis in original). The posting continues on to invite individuals to “COME WITH ME AND LETS [sic] MAKE 150K BETWEEN NOW AND MARCH IT’S MORE THAN POSSIBLE,” as well as address “haters” who claim they lost money with Baxter, or Baxter stole money from them, stating “THERE ARE ALWAYS TWO SIDES TO EVERY STORY SOMETIMES 3....., IF THEY LOST MONEY ITS [sic] BECAUSE THEY DIDN’T FOLLOW INSTRUCTIONS AND LOGGED INTO THE ACCOUNT AND DID WHAT THEY WANTED TO DO NOT WHAT I TOLD THEM TO.” (emphasis in original).

Beginning in 2019, these postings make repeated references to recent successes trading on the OTC markets, claiming to have “just had” an OTC stock which at least doubled in value while they held it. These references are repeated on postings several months apart, and in at least one instance reference a ticker symbol where the company had changed their name and ticker symbol eight months prior.

With this action, the Enforcement Section seeks to prevent Baxter and other individuals from causing harm to Massachusetts investors and provide relief for harm done to Massachusetts investors by Baxter and other individuals.

III. JURISDICTION AND AUTHORITY

1. As provided for by the Act, the Division had jurisdiction over matters relating to securities pursuant to chapter 110A of 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.
3. This proceeding is brought in accordance with Sections 101, 102, 201, 301, and 414 of the Act.
4. The Enforcement Section reserves the right to amend this Complaint and/or 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 January 1, 2018, to the present.

V. RESPONDENT

6. Mark Baxter a/k/a Mark Morrow (“Baxter”) is an individual with a last known address in Springfield, Pennsylvania. Mark Baxter has never been registered in any capacity in the securities industry in Massachusetts.

VI. RELATED PERSON

7. Johnnie Dancy (“Dancy”) is an individual with a last known address in Missouri City, Texas. Johnnie Dancy has never been registered in any capacity in the securities industry in Massachusetts.

VII. STATEMENT OF FACTS

A. Mark Baxter

8. In January 2018, Baxter began making postings to Craigslist pages nationwide, offering a two-hour class teaching people how to trade penny stocks for \$200. Alternatively, Baxter offered to walk people through setting up a trading account, and trade the account for them, splitting the profits.

9. Baxter and/or Dancy made these postings to local Craigslist pages in 49 states, two countries, the District of Columbia, and Puerto Rico starting in January 2018.

10. Initial postings told interested individuals to contact Baxter at 484-238-3735 or markbaxter47@gmail.com any time, day or night.

11. Initial postings stated he would “TEACH YOU ANYWHERE YOUR HOUSE OVER THE PHONE ON THE INTERNET OR AT A BUSINESS SUITE I CAN RENT IN KING OF PRUSSIA ITS [sic] UP TO YOU” (emphasis in original).

12. Initial postings stated he would “SHOW YOU ALL MY TOP SECRET SOURCES I FIND THESE STOCKS FROM, AND THE BEST THING IS THERE [sic] ALL FREE” (emphasis in original).

13. Baxter first posted to a Massachusetts Craigslist on March 18, 2018, when he posted identical ads to the boston/cambridge/brookline free stuff board and the south shore general for sale board.

14. These postings were identical to the January 2018 postings.

15. The posting was made from an apartment complex in King of Prussia, Pennsylvania.

16. Baxter next posted to a Massachusetts Craigslist on October 21, 2019, when he posted to the boston/cambridge/brookline financial services board.

17. The October 21, 2019, posting was edited on November 21, 2019.

18. This posting, which is identical to others posted to other Craigslist boards nationally on the same date, again promised to teach people to trade penny stocks for \$200.

19. Alternatively, Baxter offered to “SHOW YOU HOW TO OPEN YOUR OWN TD ACCOUNT AND I LL [sic] TRADE IT FOR YOUR AND WE SPLIT THE PROFITS[.]” (emphasis in original).

20. By the time of this posting, Baxter had started referencing supposed recent successes trading penny stocks, seeing greater than 100% returns.

21. By the time of this posting, Baxter had switched to the e-mail address markbaxter46@gmail.com.

22. In the October 21, 2019, posting, Baxter states “THERE ARE SOME HATERS OUT THERE SAYING THEY LOST MONEY WITH ME OR I STOLE MONEY FROM THEM, THERE ARE ALWAYS TWO SIDES TO EVERY STORY SOMETIMES 3....., IF THEY LOST MONEY ITS [sic] BECAUSE THEY DIDN’T FOLLOW INSTRUCTIONS AND LOGGED INTO THE ACCOUNT AND DID WHAT THEY WANTED TO DO NOT WHAT I TOLD THEM TO[.]” (emphasis in original).

23. In the October 21, 2019, posting, Baxter claims “FUSZ IS ANOTHER GREAT STOCK I JUST HAD GOT IN AT 17 CENTS AND SOLD FOR 40 CENTS WELL OVER DOUBLE YOUR CASH!!!!!!!!!!!!” (emphasis in original).

24. FUSZ was the ticker symbol for nFusz, Inc. In February 2019, nFusz, Inc. changed its name to Verb Technology Company, Inc. and changed its ticker symbol to VERB.

25. In the October 21, 2019, posting, Baxter asserts it is more than possible to make “150K BETWEEN NOW AND MARCH,” referencing the January Effect, and telling individuals to Google it. (emphasis in original).

26. The January Effect is a perceived seasonal increase in stock prices during the month of January. The January Effect is believed to be a result of price drops in December as a result of tax-loss harvesting, followed by increased buying in January. The trend was first noticed in 1942 and has been less pronounced in recent years as a result of both market adjustments and increased use of tax-sheltered retirement plans reducing the need for year-end tax-loss harvesting.

27. The January Effect, as its name suggests, occurs in January, and it is unclear what effect, if any, it has on profit potentials in February and March, or during October and November.

28. The October 21, 2019, posting was a paid posting, and the payment was processed by cybersource.

29. The payment method used by Baxter has a named holder of Mark Morrow. The address associated with the payment method was located in Bensalem, Pennsylvania and is the address of Aspenn Environmental Services, PA LLC (“Aspenn”).

30. A resident of Pennsylvania (“Pennsylvania Resident One”) positively identified Baxter, real name Mark Morrow, from a photograph.

31. Pennsylvania Resident One stated that Baxter was a seasonal employee who was hired in 2018 to conduct telephone sales. Baxter did not respond to attempts to bring him back to work in the spring of 2020.

32. Pennsylvania Resident One stated that he was aware of only one incident when Morrow utilized his cell phone to solicit a penny stock investment from an Aspenn customer. Due to a lack of evidence, and Baxter not using a company phone, Baxter was not terminated for the incident.

33. Pennsylvania Resident One identified an address in Springfield, Pennsylvania as Baxter’s most recent address, and the phone number 484-238-3735, the same number used in the advertisements, as Baxter’s cell phone number.

34. Baxter’s most recent posting to a Massachusetts Craigslist page was a March 10, 2020, posting to the boston/cambridge/brookline financial services page, modified on April 10, 2020.

35. This posting was also a paid posting and the payment was processed by 'chase_usd'.

36. The payment method used by Baxter has a named holder of Mark Morrow. The address associated with the payment method is the same address associated with prior payments for postings. This is the same address as the October 2019 posting.

37. The March posting claims "JANUARY...FEBRUARY...AND MARCH ARE KNOWN AS THE BIGGEST MONTHS FOR P E N N Y STOCKS, "THE JANUARY EFFECT" JUST GOOGLE IT." (emphasis in original).

38. The March posting continues to offer to teach people to trade penny stocks for \$200, or trade for them and split the profits, but claims that "THANKS TO THE OVERBLOWN CORONA VIRUS PANIC CORONA VIRUS STOCKS (BIOTECH) ARE UP 800%" before referencing supposed recent penny stock trading successes. (emphasis in original).

39. The March posting claims "I ALSO JUST HAD VRUS WHICH RAN 0015 TO 0031 FOR 100 PERCENT PROFIT" (emphasis in original). 0015 and 0031 refer to stock prices of \$0.0015 and \$0.0031 per share, respectively.

40. VRUS is the ticker symbol for Verus International, Inc. VRUS last traded at or below 0015 on November 28, 2018, when its daily low was \$0.0010.

41. The March 2020 posting, like the October 2019 posting, states any "haters" only lost money because they traded on their own and did not listen to him.

42. The March 2020 posting continues to include the statement "COME WITH ME AND LETS [sic] MAKE 150K BETWEEN NOW AND MARCH IT'S MORE THAN POSSIBLE ALOT [sic] OF TRADERS DO IT EVERY YEAR, GOOGLE IT, THE

JANUARY EFFECT!!!” despite the posting being made in March originally, and edited in April. (emphasis in original).

43. The March 2020 posting ends with the statement “STOP LISTENING TO THE BS THE MEDIA FEEDING U [sic] AND MAKE SOME CASH ...PANIC=\$\$\$\$\$\$\$\$\$\$[.]” (emphasis in original).

44. Baxter’s last known Craigslist activity was on April 26, 2020, at 12:03 PM PT, when he modified a posting to the Lubbock, Texas Craigslist page, originally posted less than three hours previously.

45. On information and belief, the statements made in Baxter’s postings are false and misleading.

46. On information and belief, Baxter did not engage in the purported trading activity.

B. Johnnie Dancy

47. On April 26, 2020, Dancy made more than 100 identical postings to Craigslist pages nationwide.

48. Dancy has not posted to a Massachusetts Craigslist. However, metadata indicates that Dancy and Baxter are the same individual. Further, both Dancy and Baxter provide the same phone number and their advertisements frequently use the same phrases, written in all caps.

49. Postings attributed to Dancy tell interested individuals to e-mail him at the e-mail address tiggerthorn3@gmail.com, or call him at (484) 238-3735. The area code is written in the postings as “(four-8-4).” The four in the area code, the e-mail address, and a disclaimer at the beginning are the only lower case letters in the entire advertisement.

50. The disclaimer reads, “[t]his advertisement is for info purposes only and shouldn’t be construed as an offer or solicitation to buy or sell securities. I am Not [sic] a licensed broker. These are just my opinions for entertainment purposes only . [sic] Always conduct your own research before purchasing any securities.”

51. Nonetheless, Dancy’s advertisements direct respondents to “EMAIL CALL OR TEXT AND I CAN TRAIN YOU OR GET U [sic] STARTED MAKING MONEY RIGHT AWAY WHICHEVER IS BETTER FOR U [sic]!!!” (emphasis in original).

52. Several of Dancy’s postings have been updated after April 26, 2020.

53. In updated postings made between April 28, 2020, and May 10, 2020, the base posting did not change, and the only alterations were the addition of two lines to the end of the posting, stating that they had made gains of 40% and 320% ‘TODAY’ in [Transportation and Logistics Systems, Inc.] after buying “FRIDAY” and “TODAY.”

54. Beginning May 11, 2020, postings were updated again. These updates contain the same information as the May 10, 2020, updates, with the same “recent” performance information and add a new block of text.

55. In addition to more recent performance claims, the added information promises to “SHOW YOU HOW TO OPEN YOUR OWN TD ACCOUNT AND SHOW U [sic] HOW WE MAKE HUGE PROFITS’ and ‘I’LL TEACH YOU MY TECHNIQUE FOR 200\$ OR THRU [sic] OTHER OPTIONS WE CAN MAKE BUCKS RIGHT AWAY.... JUST SIT BACK AND COLLECT THE CASH..”

56. Beginning May 13, 2020, the postings were overhauled but the information contained, including “recent” performance claims remains unchanged.

57. On information and belief, the statements made in Dancy's postings are false and misleading.

58. On information and belief, Dancy did not engage in the purported trading activity.

C. Other Regulatory Action

59. On May 20, 2020, the Alabama Securities Commission filed a Cease and Desist Order against Baxter for conduct similar to the above.

60. On June 5, 2020, the Mississippi Securities Division filed an Order to Cease and Desist and Pay Restitution against Baxter for conduct similar to the above.

61. On June 17, 2020, the Arkansas Securities Department filed a Cease and Desist Order against Baxter for conduct similar to the above.

VIII. VIOLATIONS OF LAW

Count 1 – Violations of MASS. GEN. LAWS ch. 110A, § 101

62. Section 101 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, 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.

MASS. GEN. LAWS ch. 110A, § 101.

63. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

64. The conduct of Respondent Baxter, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101.

Count 2 – Violations of MASS. GEN. LAWS ch. 110A, § 102.

65. Section 102 of the Act provides:

It is unlawful for any person who receives, directly or indirectly, any consideration from another person primarily for advising the other person as the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise

- (1) to employ any device, scheme, or artifice to defraud the other person, or
- (2) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person.

MASS. GEN. LAWS ch. 110A, § 102.

66. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

67. The conduct of Respondent Baxter, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 102.

Count 3 – Violations of MASS. GEN. LAWS ch. 110A, § 201(a)

68. Section 201(a) of the Act provides:

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.

MASS. GEN. LAWS ch. 110A, § 201(a).

69. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

70. The conduct of Respondent Baxter, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201(a).

Count 4 – Violations of MASS. GEN. LAWS ch. 110A, § 301

71. Section 301 of the Act provides:

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.

MASS. GEN. LAWS ch. 110A, § 301.

72. Section 401(l) 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; investment 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.

MASS. GEN. LAWS ch. 110A, §401(l).

73. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VII above.

74. The conduct of Respondent Baxter, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 301.

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].

MASS. GEN. LAWS ch. 110A, § 407A.

X. PUBLIC INTEREST

For any and all 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 [Mass. Gen. Laws ch. 110A].”

XI. RELIEF REQUESTED

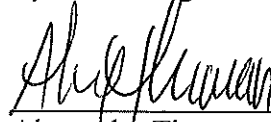
The Enforcement Section of the Division requests that an order be entered:

- A. Finding as fact the allegations set forth in Section VII of the Complaint;
- B. Finding that each of the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Requiring Respondent Baxter to permanently cease and desist from further conduct in violation of the Act in the Commonwealth;
- D. Censuring Respondent Baxter;
- E. Requiring Respondent Baxter to pay restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing;
- F. Requiring Respondent Baxter to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;

- G. Permanently barring Respondent Baxter from associating with or acting as a registered investment adviser, an investment adviser required to be registered, an investment adviser exempt from registration, or a person relying on an exclusion from the definition of investment adviser in any capacity in Massachusetts;
- H. Permanently barring Respondent Baxter from associating with or acting as a broker-dealer or a broker-dealer agent in Massachusetts;
- I. Permanently barring Respondent Baxter from associating with or acting as an issuer, an issuer-agent, or any entity or individual exempt, excluded, or required to be registered as such in Massachusetts;
- J. Imposing an administrative fine on Respondent Baxter in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- K. Taking any such further action 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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