

ALABAMA SECURITIES COMMISSION

Post Office Box 304700

Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

Alabama Securities Commission Halts Another COVID-19 Scheme Aiming to Defraud Alabama Investors

MONTGOMERY, ALABAMA (MAY 22, 2020) - The Alabama Securities Commission (ASC) issued an emergency Cease and Desist Order against Johnnie Dancy for attempting to defraud Alabama investors and exploit the global Coronavirus (COVID-19) pandemic for his own profit. Dancy advertised his investment scheme through the popular advertisement and social media platform called Craigslist. Dancy used the email address TIGGERTHORN3 @ GMAIL.COM to communicate with potential investors and post advertisements targeted at Alabamians. Dancy also advertised his scheme across at least 22 states. The advertisements claimed that prospective clients could exploit the current Coronavirus (COVID-19) crisis for a weekly profit of \$5,000.00 by trading penny stocks from the pharmaceutical and biotechnology industry whose stocks are experiencing significant price fluctuations due to the pandemic. Dancy also promised that he could consistently produce 400% to 1000% investment returns, a claim investment professionals know is blatantly absurd.

These types of schemes cherry pick specific instances where a penny stock skyrockets without revealing that the vast majority of penny stock investments become complete losses. During this national emergency, the use of the deadly disease to legitimize blatantly false claims makes these types of fraudsters the worst of the worst.

ASC Director Joseph P. Borg said, "The worldwide internet is teeming with claims of grandiose profits to be made by capitalizing on public fear about the coronavirus (COVID-19). There is nothing about the pandemic that changes the risk always present when making investment decisions. If anything, claims by individuals that they can predict the future of this disease and how it will impact markets should cause potential investors to run, not walk, away from these types of advertisements and offers."

"It is heart wrenching to learn, when it is too late, that our fellow Alabamians have been financially devastated by investment scammers. People claiming they can guarantee great returns because of a national tragedy are villains and should be avoided at all costs," said ASC Chief Deputy Director Amanda Senn.

As a participant in an international task force created to protect U.S., Canadian, and Alabama residents, the ASC discovered the advertisements and ordered the businesses to cease and desist operations. ASC Director Joseph P. Borg indicated that the Commission has taken this proactive measure for the protection of Alabama investors. Dancy has been ordered to immediately cease and desist from soliciting

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sales of any securities in the State of Alabama. The ASC issued a Cease and Desist order (CD-2020-0009) to halt transactions involving Alabama residents because the investments are not registered, are fraudulent, and Dancy is not registered to engage in the transactions as required by the Alabama Securities Act. Dancy's failure to register himself and his security is another indicator that his offering is fraudulent. Investors can check out an investment and the person offering the product or report suspected fraud by calling the ASC at 1-800-222-1253. To view this and any other administrative actions taken by the ASC, please visit the "Administrative Actions" Section of the ASC's website at https://asc.alabama.gov/admin_action.aspx. For further information on this action and other actions, click on the flashing CONWATCH icon on the main page of our website.

To assist in protecting investors from COVID-19 investment scams, the ASC has launched a new email address to encourage public reporting of fraudulent COVID-19 scams. Investors who see or suspect that they fell victim to COVID-19 related investment scams can directly report them by email to COVIDCONS@asc.alabama.gov.

The ASC cautions citizen investors of all ages and experience to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC at 1-800-222-1253 to check out any person or financial professional offering an investment opportunity or investment advice for a fee, and the products they offer for proper registration. Contact the ASC to report suspected fraud, inappropriate securities business practices or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website and through educational presentations upon request.

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For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)
)
JOHNNIE DANCY)
)
)
RESPONDENT)

**ADMINISTRATIVE ORDER
NO. CD-2020-0009**

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENT

1. JOHNNIE DANCY, hereinafter referred to as DANCY or RESPONDENT, at all times relevant acted as an agent or an investment adviser representative from the email address of TIGGERTHORN3@GMAIL.COM with a purported process service location of 1401 Fondren Road, Missouri City, Texas.

STATEMENT OF FACTS

2. The Commission staff discovered online advertisements soliciting sales of CORONA VIRUS related and other penny stocks posted by DANCY to the social media platform Craigslist. The advertisements claimed that prospective clients could exploit the current coronavirus disease ("COVID-19") crisis for a weekly profit of \$5,000.00 by trading penny stocks from the pharmaceutical and biotechnology industry which are experiencing growth due to COVID-19. DANCY claimed;

"...HUGE SOMETIMES 1000 PERCENT RETURNS."

DANCY posted similar advertisements across at least 22 states.

3. DANCY used the advertisements to induce potential clients to invest in his scheme by claiming;

"[WE] GET IN LOW PRICE AND PATIENTLY WAIT THAT'S THE NAME OF THE GAME FOR HUGE SOMETIMES 1000 PERCENT RETURNS!!!! HIGH RISING P E N N Y STOCKS... MARKET HAS BEEN INCREDIBLE!!!!"

In another attempt to encourage investors to trade penny stocks, DANCY claimed;

"I CAN TRAIN YOU OR GET U STARTED MAKING MONEY RIGHT AWAY WHICHEVER IS BETTER FOR U!!! JUST HAD AMAZ RAN 0016 HIT 006 TODAY THAT'S ALMOST 400%!!! ALSO HAD OAS JUST RAN.33 TO .88 IN ABOUT 2 WEEKS!!!"

4. DANCY advertised specific trades and amounts earned off of those trades without providing material, contextual information such as the amount invested, length of the investment, or a complete list of his trade recommendations. DANCY did not provide relevant documentation or materials supporting the trade recommendations and performance estimations. DANCY claimed;

*"NEW WINNERS
INO 8\$ TO 14\$!!!
AMAZ 0016 TO 0037 100%!!!
CRC 1\$ TO 2.10 ...100% !!!
TLSS 40% TODAY BOUGHT IT FRIDAY!!!
TLSS TODAY REBOUGHT IT AGAIN 320% THIS TIME CRAZY !!!!"*

The preceding cherry-picked trades appeared in DANCY's advertisement without reference or disclosure of DANCY's overall historical investment performance.

5. On May 15, 2020, the Commission issued a document subpoena to www.craigslist.com for any and all postings by TIGGERTHORN3@gmail.com. Produced documents revealed the account holder to be Johnnie Dancy, located at 1401 Fondren Road, Missouri City, Texas. The documents indicated that DANCY intentionally pushed the craigslist advertisements to residents of selected cities in Alabama.

6. A review of the registration and licensing files of the Commission revealed no registration or license for DANCY in any capacity as of May 18, 2020.

CONCLUSIONS OF LAW

7. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of “security” includes any stock. The penny stocks offered and made available by RESPONDENT to Alabama citizens are securities as defined by the Act.

8. Pursuant to Section 8-6-2(2), Code of Alabama 1975, an Agent is any individual other than a dealer who represents a dealer or issuer in effecting or attempting to effect sales of securities. RESPONDENT attempted to effect sales of securities, to wit: Penny Stocks, and is an Agent as defined in the Act.

9. Pursuant to Section 8-6-2(18), Code of Alabama 1975, an Investment Adviser is any person who, for compensation, advises others, either directly or indirectly, as to the value of, or the advisability of investing in securities. RESPONDENT solicited for the sale of advice relating to the purchase and/or sale of penny stocks and is an Investment Adviser as defined in the Act.

10. Pursuant to Section 8-6-17(a)(1), Code of Alabama 1975, it is unlawful for any person, in connection with the offer of a security, to employ any device, scheme, or artifice to defraud. RESPONDENT employed a scheme or artifice to defraud through the offer of securities, in which RESPONDENT represented that investment returns could be in excess of \$5000.00 per week in violation of the Act.

11. Pursuant to Section 8-6-(17)(b)(4), Code of Alabama 1975, it is unlawful for any person who directly or indirectly receives remuneration from others related to the advisability of investing to engage in dishonest or unethical business practices in the securities industry. RESPONDENT engaged in dishonest and unethical business practices by failing to provide material, contextual information related to the specific returns and profits touted in the posted advertisements in violation of the Act.

This Order is appropriate in the public interest for the protection of consumers and is consistent with the purposes of the Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that are available to it under the Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the RESPONDENT to make a timely request for a hearing, or default of the RESPONDENT, it is the intention of the Commission to impose sanctions upon the RESPONDENT. Such sanctions may include, inter alia, an administrative assessment imposed on the RESPONDENT, an additional administrative assessment for investigative cost arising from the investigation of the violation(s) described herein against the RESPONDENT, and a permanent order to bar the RESPONDENT from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that the **RESPONDENT** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 21ST day of MAY 2020.

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P.O. Box 304700
Montgomery, AL 36130-4700
(334) 242-2984
BY:



Edwin L. Reed
Deputy Director

