

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
SECURITIES DIVISION**

IN THE MATTER OF

**WELLINGTON SPORTS CLUB, LLC;
WELSCORP, INC.;
THOMAS J. BECKER;
JOHN THOMAS;
AND DOUGLAS MARTIN**

**Administrative Order
Number LS-19-3504**

Respondents

**ORDER TO CEASE AND DESIST, TO PAY RESTITUTION, AND
TO PAY AN ADMINISTRATIVE PENALTY**

WHEREAS, the Secretary of State of the State of Mississippi (“Administrator”) has the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act (“Act”) codified at Mississippi Code Annotated Sections 75-71-101 to -701; and

WHEREAS, Respondents have violated provisions of the Act; and

WHEREAS, the Securities Division of the Mississippi Secretary of State’s Office (“Division”) is authorized to issue an order requiring a person to pay restitution for any loss or to disgorge any profits arising from violations of the Act or a rule adopted or order issued under the Act; to impose a civil penalty for violations of the Act or a rule adopted or order issued under the Act; and to direct any person to cease and desist from engaging in the act, practice, or course of business when the Administrator determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act; and

WHEREAS, action by the Division in this instance is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the Act;

NOW, THEREFORE, the Division hereby enters its Order to Cease and Desist, to Pay Restitution, and to Pay An Administrative Penalty:

I. FINDINGS OF FACT

Parties

1. The Secretary of State has the authority, pursuant to the Act, to administer and enforce the Act and to regulate the offer and sale of securities in Mississippi as well as the firms and persons who offer or sell securities or who provide investment advice regarding securities.
2. John Thomas (“Thomas”), who also goes by the name “Jonathan West,” was the manager of Respondent Wellington Sports Club, LLC. His last known address is in Henderson, Nevada. Thomas is not and has not been registered with the Division in any capacity.
3. Thomas Becker (“Becker”) is the President, Secretary, Treasurer, and Director of Respondent Welscorp, Inc. as well as managing director of Respondent Wellington Sports Club, LLC. His last known address is in Henderson, Nevada. Becker is not and has not been registered with the Division in any capacity.
4. Wellington Sports Club, LLC (“Wellington”) was a Washington limited liability company until its administrative dissolution in May 2018. Its principal place of business was at 440 Welpman Way, Henderson, NV 89044. The registered agent for Wellington was John Thomas (Jonathan West). Wellington is not and has not been registered with the Division in any capacity.

5. Welscorp, Inc. (“Welscorp”) is a Nevada limited liability company with a principal place of business at 440 Welpman Way, Henderson, NV 89044. Welscorp is not and has not been registered with the Division in any capacity.

6. Douglas Martin (“Martin”) is an agent for Wellington. Martin’s last known address is in Florida. Martin was registered as an agent with the State of Florida from 1987 to 2001. Martin is not and has not been registered with the Division in any capacity.

Events

7. Welscorp purports to be a developer of “a proprietary handicapping system that is highly accurate in predicting the outcome” of sporting events. Welscorp offers to use that system to manage investor “funds by making picks and placing bets . . . until the [investor]’s funds grow” from the initial investment amount, which Welscorp calls the “starting bankroll,” to a target amount at least five times greater. According to Welscorp’s “Sports Advisory Agreement,” “Once the [target] amount is achieved, [Welscorp] will pay [investor] one-half (50%) of the [target] amount within sixty days.” The agreement goes on to state that Welscorp “will use its special knowledge” to grow the starting bankroll to the target amount within one year.

8. Welscorp and Wellington were apparently interchangeable entities for the purpose of the Sports Advisory Agreement. The agreement was printed on Wellington letterhead, stated the agreement was between the investor and Welscorp, provided investors with account access through Wellington’s website, and had a signature line for Becker as Welscorp’s managing director using a Wellington email address in this official capacity.

9. In mid-2017, a Mississippi resident (“MC”) was introduced to Martin. Martin described an investment opportunity with Wellington.

10. This investment opportunity is not and has not been registered with the Division in any capacity.
11. In June 2017, Martin emailed MC information and links to websites regarding Wellington. By the following month, MC stated she was ready “to start working with Wellington.”
12. In July 2017, Martin instructed MC to move her Roth IRA funds from the account they were currently in to a self-directed Roth IRA at Provident Trust who would then transfer the funds to Wellington.
13. In August 2017, MC and Becker signed a Sports Advisory Agreement.
14. In August 2017, Thomas, as Jonathan West sent wiring instructions via email to Provident Trust to deposit MC’s funds into Welscorp’s account at a Wells Fargo Bank branch in Henderson, Nevada.
15. Between August 2017 and June 2018, MC invested \$51,270 under three agreements.
16. In May 2018, one of MC’s accounts with Welscorp/Wellington achieved its target amount.
17. According to a complaint filed by the Securities and Exchange Commission in August 2019, Martin received over \$458,000 in commissions from various investments, including MC’s.
18. MC had email and text communications with Martin regarding her investments through November 2018.
19. MC had email communications with Thomas, going by Jonathan West, about each of the three investments.
20. Becker signed each of the three Welscorp/Wellington agreements with MC.

21. As of September 2019, MC has not received any funds from her investments into Welscorp/Wellington despite multiple requests for the return of her investment.
22. MC had no control over her money once she transferred the funds out of her Roth IRA account. She was not involved in any decision-making and was entirely reliant upon the Respondents for the handling of her funds.
23. At all times relevant to this action, the investments offered and sold to MC were not registered with the Division as securities.

II. APPLICABLE LAW

24. Miss. Code Ann. Section 75-71-102 sets forth:

Definitions.

- (1) "Administrator" means the Secretary of State.
- (2) "Agent" means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.

...

- (28) "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a 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. The term includes both a certificated and an uncertificated security. The term does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a sum of money either in a lump sum or periodically for life or other specified period; or an interest in a contributory or noncontributory pension

or welfare plan subject to the Employee Retirement Income Security Act of 1974. An "investment contract" includes, among other contracts, an investment in a limited partnership, an interest in a limited liability company, an investment in a viatical settlement or similar agreement, and an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

25. Miss. Code Ann. Section 75-71-301 states:

Securities registration requirement.

It is unlawful for a person to offer or sell a security in this state unless:

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under Sections 75-71-201 through 75-71-203; or
- (3) The security is registered under this chapter.

26. Under Miss. Code Ann. Section 75-71-402(a), "It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration as an agent under subsection (b)."

27. Miss. Code Ann. Section 75-71-501 sets forth:

General fraud. It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

- (1) To employ a device, scheme, or artifice to defraud;
- (2) To make an 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 were made, not misleading; or
- (3) To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

28. The Division may employ remedies set out in Miss. Code Ann. Section 75-71-604 of the

Act:

Administrative enforcement.

- (a) Issuance of an order or notice. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule

adopted or order issued under this chapter or that a person has materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the Administrator may:

- (1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter;

...

- (g) Enforcement by court; further civil penalty. If a person does not comply with an order under this section, the administrator may petition a court of competent jurisdiction to enforce the order and collect administrative civil penalties and costs imposed under the final order. The court may not require the administrator to post a bond in an action or proceeding under this section. If the court finds, after service and opportunity for hearing, that the person was not in compliance with the order, the court may adjudge the person in civil contempt of the order. The court may impose a further civil penalty against the person for contempt in an amount set forth in Section 75-71-613 for each violation and may grant any other relief the court determines is just and proper in the circumstances.

29. Miss. Code Ann. Section 75-71-611(b) sets forth:

- (b) **Conduct constituting appointment of agent for service.** If a person, including a nonresident of this state, engages in an act, practice, or course of business prohibited or made actionable by this chapter or a rule adopted or order issued under this chapter and the person has not filed a consent to service of process under subsection (a), the act, practice, or course of business constitutes the appointment of the administrator as the person's agent for service of process in a noncriminal action or proceeding against the person or the person's successor or personal representative.

30. Miss. Code Ann. Section 75-71-613(d) sets forth:

(d) Amount of civil penalty and further civil penalty under Section 75-71-604--administrative enforcement.

- (1) The amount of the civil penalty described in Section 75-71-604(d) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation, provided that an additional civil penalty may be imposed up to a maximum of Fifteen Thousand Dollars (\$15,000.00) for violations of the chapter committed against elders or disabled persons.

- (2) The amount of the further civil penalty described in Section 75-71-604(g) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation.

31. Based upon the foregoing Findings of Fact, the Division makes the following:

III. CONCLUSIONS OF LAW

32. The Administrator, after consideration of the facts set forth above, finds and concludes that the Secretary has jurisdiction over the Respondents and this matter and that the following is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by the Act.

33. The investments that Respondents offered and sold to the Mississippi resident were investment contracts and therefore securities within the meaning of Miss. Code Ann. Section 75-71-102(28).

34. The securities that Respondents offered and sold to the Mississippi resident were not registered with the Division in violation of Miss. Code Ann. Section 75-71-301.

35. Martin acted as a securities agent as defined in Miss. Code Ann. Section 75-71-102(2) by representing and purporting to represent an issuer of securities in effecting securities transactions. Martin transacted business as an agent without being registered to do so in violation of Miss. Code Ann. Section 75-71-402(a).

36. Thomas acted as a securities agent as defined in Miss. Code Ann. Section 75-71-102(2) by representing and purporting to represent an issuer of securities in effecting securities transactions. Thomas transacted business as an agent without being registered to do so in violation of Miss. Code Ann. Section 75-71-402(a).

37. Thomas, as a principal of Wellington and agent of Welscorp, violated Miss. Code Ann. Section 75-71-501(1) when he fraudulently and intentionally represented to MC that Welscorp/Wellington would pay her 50% of the target amount of each contract within sixty (60) days of achieving the target amount.

38. Becker, as a manager of Wellington and director, among other offices, of Welscorp, violated Miss. Code Ann. Section 75-71-501(1) when he fraudulently and intentionally represented to MC, through Thomas, that Welscorp/Wellington would pay her 50% of the target amount of each contract within sixty (60) days of achieving the target amount.

39. Martin, Thomas, and Becker's acts, practices, and courses of business constitute the appointment of the Administrator as their agent for service of process in this action pursuant to Miss. Code Ann. Section 75-71-611(b).

IV. ORDER

IT IS HEREBY ORDERED:

1. That Respondents immediately CEASE AND DESIST from offering for sale and selling any security in Mississippi or to residents of Mississippi;
2. That Respondents immediately CEASE AND DESIST from making intentional fraudulent statements and other misrepresentations that operate or would operate as a fraud upon investors;
3. That Respondents Wellington, Welscorp, Thomas, and Becker, jointly and severally, immediately PAY RESTITUTION to MC of at least \$51,270, plus interest at the legal rate of interest from July 2018;
4. That Respondent Martin immediately PAY AN ADMINISTRATIVE PENALTY of Two Thousand Dollars (\$2,000.00); and

5. That Respondents Wellington, Welscorp, Thomas, and Becker, jointly and severally, immediately PAY AN ADMINISTRATIVE PENALTY of Ten Thousand Dollars (\$10,000.00) for the violations of the Act as set forth above.

V. RIGHT TO AN ADMINISTRATIVE HEARING

If the Respondents wish to contest the allegations set forth above or offer evidence and arguments to mitigate the allegations, then the Respondents must file a request for hearing. Such request shall be made in writing to Jessica Leigh Long, Assistant Secretary of State, Securities Division, Mississippi Secretary of State's Office, Post Office Box 136, Jackson, MS 39205, within thirty (30) days from the date of receipt of this Order to Cease and Desist, to Pay Restitution, and to Pay An Administrative Penalty. In the event such a hearing is requested, the Respondents may appear, with or without the assistance of an attorney, on a date and at a time and place to be specified and cross-examine witnesses, as well as present testimony, evidence, and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondents' behalf at the hearing relating to the matters contained herein. If an administrative hearing is requested, written notice of the date, time, and place will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Order becomes final, without any further action, by operation of law.

VI. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Order to Cease and Desist, to Pay Restitution, and to Pay An Administrative Penalty for activities in violation of the Act.

ISSUED, this the 20th day of September, 2019.

C. DELBERT HOSEMANN, JR.
Secretary of State

BY: 

JESSICA LEIGH LONG
Assistant Secretary of State
Securities Division

CERTIFICATE OF SERVICE

I, Jessica Leigh Long, do hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Order to Cease and Desist, to Pay Restitution, and to Pay An Administrative Penalty to the following:

John Thomas
440 Welpman Way
Henderson, NV 89044

John Thomas
c/o Secretary of State of Mississippi
Securities Division
P.O. Box 136
Jackson, MS 39205

Thomas Becker
440 Welpman Way
Henderson, NV 89044

Thomas Becker
c/o Secretary of State of Mississippi
Securities Division
P.O. Box 136
Jackson, MS 39205

Wellington Sports Club, LLC
440 Welpman Way
Henderson, NV 89044

Wellington Sports Club, LLC
c/o Secretary of State of Mississippi
Securities Division
P.O. Box 136
Jackson, MS 39205

Welscorp, Inc.
440 Welpman Way
Henderson, NV 89044

Welcorp, Inc.
c/o Secretary of State of Mississippi
Securities Division
P.O. Box 136
Jackson, MS 39205

Douglas Martin
17364 SW 267th Lane
Homestead, FL 33031-2028

Douglas Martin
c/o Secretary of State of Mississippi
Securities Division
P.O. Box 136
Jackson, MS 39205

This the 20th day of September 2019.



JESSICA LEIGH LONG
Assistant Secretary of State
Securities Division

Jessica Leigh Long, MSB #103316
Mississippi Secretary of State's Office
Post Office Box 136
Jackson, Mississippi 39205
(601) 359-1650
(601) 359-9050