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U.S. DISTRICT COURT  
DISTRICT OF COLORADO

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GREGORY C. LANGHAM  
CLERK

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO

Civil Action No. 08 - CV - 02026 <sup>BY</sup> REB-mjw <sup>DEP. CLK</sup>

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

DAVID WILLIAM THOMAS,  
and GLOBAL MARKETING CONSULTANTS, LLC,

Defendants.

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COMPLAINT

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Plaintiff United States Securities and Exchange Commission ("Commission") states and alleges as follows against Defendants.

**JURISDICTION AND VENUE**

1. The Commission brings this civil enforcement action seeking a permanent injunction, disgorgement plus prejudgment interest, and civil penalties for violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), 77q]; Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78o(a)(1)] and Rule 10b-5 of the Exchange Act [17 C.F.R. § 240.10b-5].
2. The Court has jurisdiction pursuant to Section 22(a) of the Securities Act [15 U.S.C.

§ 77v(a)], and Sections 21(d) and (e) and 27 of the Exchange Act [15 U.S.C. §§ 78u (d) and (e) and 78aa]. Venue is proper in this district because the Defendants reside in the district of Colorado and violations occurred in this district.

### **SUMMARY OF THE CASE**

3. This matter involves the misappropriation of investor funds by David William Thomas (“Thomas”) of Loveland, Colorado, through two fraudulent investment schemes. From approximately June 2002 through February 2005, Global Marketing Consultants, LLC (“GMC”) and David William Thomas offered and sold interests in two unregistered private offerings, Quick Gold 2, LLC (“Quick Gold”) and Traxall Capital, LLC (“Traxall”), and raised, collectively, approximately \$6.3 million from approximately 142 investors nationwide. Approximately one-third of the investors are seniors. Among other things, Thomas and GMC represented that investor funds would be pooled into “non-depleting custodial” bank accounts and would be used only as collateral to fund Quick Gold’s high-speed internet business and Traxall’s global positioning system (“GPS”) business. Thomas and GMC represented that investments in Quick Gold and Traxall were fully insured and would generate a “high rate of return.” All of GMC’s and Thomas’ representations were false and misleading. Unbeknownst to the investors, the true nature of GMC’s and Thomas’ plan was to use investors’ money for prime bank trading programs.

### **DEFENDANTS**

4. David William Thomas, 66, of Loveland, Colorado, is the managing member and registered agent for GMC. Thomas is not registered with the Commission in any capacity. Thomas is unemployed currently.

5. Global Marketing Consultants, LLC (“GMC”), a Colorado limited liability company formed on March 28, 2002, is owned and operated by Thomas. Until January 2007, GMC maintained three offices in residences owned by Thomas located in Loveland, Colorado. GMC has not filed a Securities Act registration statement or made a Regulation D filing with the Commission or any state claiming an exemption from registration for its offering of securities, nor has GMC registered a class of securities under the Exchange Act.

#### **RELATED ENTITIES**

6. Quick Gold 2, LLC (“Quick Gold”) is a Colorado limited liability company formed on June 22, 2001, with its headquarters formerly in one of GMC’s offices. Thomas is the registered agent and GMC is the managing member of Quick Gold. Quick Gold was purportedly in the business of installing and servicing internet portals and related software in hotels across the United States. Quick Gold did not file a Securities Act registration statement or make a Regulation D filing with the Commission or any state claiming an exemption from registration for its securities, nor did Quick Gold register a class of securities under the Exchange Act.

7. Traxall Capital, LLC (“Traxall”) is a Colorado limited liability company formed on March 31, 2003, with its headquarters formerly in one of GMC’s offices. GMC is the registered agent and managing member of Traxall. Traxall was purportedly in the business of installing and servicing GPS units in long-haul tractor-trailers to track shipments. Traxall did not file Securities Act registration statements or make Regulation D filings with the Commission or any state claiming an exemption from registration for their securities, nor did Traxall register a class of securities under the Exchange Act.

## FACTUAL ALLEGATIONS

### Offer and Sale of Quick Gold and Traxall Securities

8. In 2002 and 2003, Thomas drafted private placement memoranda and sales brochures for, respectively, Quick Gold and Traxall (collectively, “offering materials”). The offering materials for Quick Gold and Traxall are identical, except for the names and purported business ventures of the entities.

9. Also in 2002 and 2003, Thomas hired several employees for GMC and began selling Quick Gold and Traxall investments through promoters who were paid commissions to solicit investors, investment seminars, and GMC’s internet website.

10. The offering materials stated that the goal of the Quick Gold and Traxall investments was to “reduce the risk of investing” by placing funds into a form of trust account called a “non-depleting, custodial bank account.”

11. In the offering materials and orally, Thomas told investors that their funds would never leave the “non-depleting” accounts under the terms of the trust agreement with GMC’s bank, and thus investments in Quick Gold and Traxall were “low risk” and “secure.”

12. Further, Thomas represented in the offering materials and orally that investor funds would be pooled together within Quick Gold’s and Traxall’s respective non-depleting custodial accounts, and that the funds would be used merely as collateral, by being classified as an asset on Quick Gold’s and Traxall’s books, in order to finance their respective business projects.

13. Additionally, Thomas told investors that Quick Gold and Traxall investments were safe and secure because they were insured by the Securities Investor Protection Corporation (“SIPC”) and by “AAA” rated insurance companies. Specifically, the offering materials stated that “a

Master Certificate of Insurance . . . is issued to Quick Gold [or Traxall] for its Custodial Trust Account” and that investors would receive a “personal Certificate of Insurance” for their investments.

14. After making investments, Thomas and GMC sent at least some investors a certificate titled “Guarantee Certificate Bond,” which purported to certify that an insurance company called “Credit Risk RE Limited” had insured an individual’s investment in Quick Gold or Traxall.

15. Thomas and GMC also represented to Quick Gold and Traxall investors in the offering materials and orally that their investments would generate “high rates of return.”

16. Further, Thomas caused GMC to send account statements to investors periodically representing earnings ranging from 3 to 10 percent monthly, or 36 to 120 percent annually, on investors’ principal.

17. The account statements sometimes included earnings checks to investors after an investor’s initial investment, and thereafter Thomas and GMC often represented that earnings were being reinvested in the non-depleting bank accounts.

18. Based on these representations, GMC sold approximately \$1.8 million of Quick Gold securities to 29 investors between June 2002 and November 2003, and \$4.5 million of Traxall securities to 122 investors between July 2003 and February 2005. Nine investors invested in both Quick Gold and Traxall. Moreover, approximately one-third of the investors are seniors.

#### Material Misrepresentations

19. All of Thomas’ and GMC’s representations concerning the Quick Gold and Traxall investments were false and misleading.

20. First, non-depleting bank custodial bank accounts do not exist. Quick Gold and Traxall had ordinary checking accounts controlled by Thomas.
21. Second, GMC was not insured. GMC is not a member of SIPC and therefore is not insured by it. Moreover, there were no insurance contracts covering investments in Quick Gold or Traxall. Thomas prepared and sent to investors fraudulent insurance certificates under the name “Credit Risk RE Limited” in order to provide a false sense of security.
22. Third, the so-called returns paid to investors after their initial investments were simply Ponzi-type payments to convince investors that GMC, Quick Gold, and Traxall were legitimate. In this way, GMC returned to investors approximately \$1.9 million of the \$6.3 million raised.
23. Fourth, Thomas caused GMC to misappropriate from investors the remaining approximately \$4.4 million. Without informing investors, Thomas caused GMC to place approximately \$4.4 million in several different prime bank trading programs from 2002 through 2005. The vast majority of funds that Thomas and GMC invested in the prime bank programs were lost.
24. GMC and Thomas received some purported returns from the prime bank investments, which they used, among other things, to pay commissions to Quick Gold and Traxall promoters and salaries to GMC’s employees.
25. Moreover, the account statements that Thomas caused GMC to send to investors never showed that investor funds had been withdrawn, but instead falsely depicted that the investors’ principal, plus, in some cases, “reinvested earnings” was safe and secure.

26. For example, on January 22, 2004, the Quick Gold account statements showed total current investment values of nearly \$1.9 million. As of January 30, 2004, Quick Gold's bank account, however, held only approximately \$18,000.

27. Similarly, on December 31, 2005, the Traxall account statements showed approximately \$4.6 million in total current investment values yet, on that date, Traxall's bank account held only \$725.

**FIRST CLAIM FOR RELIEF**  
**Violations of Securities Act Section 17(a)(1)**  
**[15 U.S.C. § 77q(a)(1)]**

28. The Commission incorporates the allegations of paragraphs 1 through 27 as if fully set forth herein.

29. Defendants Thomas and GMC directly and indirectly, with scienter, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, employed a device, scheme or artifice to defraud.

30. Thomas and GMC violated and unless restrained and enjoined will in the future violate Section 17(a)(1) of the Securities Act.

**SECOND CLAIM FOR RELIEF**  
**Violations of Securities Act Sections 17(a)(2) and 17(a)(3)**  
**[15 U.S.C. §§ 77q(a)(2) and (3)]**

31. The Commission incorporates the allegations of paragraphs 1 through 27 as if fully set forth herein.

32. Defendants Thomas and GMC by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly obtained money or property by means of untrue statements of material facts or omissions of material fact

necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

33. Defendants Thomas and GMC engaged in transactions, practices or courses of business which operated as a fraud or deceit upon the purchaser of securities.

34. Defendants Thomas and GMC violated, and unless restrained and enjoined will in the future violate Sections 17(a)(2) and 17(a)(3) of the Securities Act.

**THIRD CLAIM FOR RELIEF**  
**Violations of Exchange Act Section 10(b) and Rule 10b-5**  
**[15 U.S.C. §§ 78j(b) and 17 C.F.R. § 240.10b-5]**

35. The Commission incorporates the allegations of paragraphs 1 through 27 as if fully set forth herein.

36. Defendants Thomas and GMC, acting with scienter, by use of means or instrumentalities of interstate commerce or of the mails, or of any facility of a national securities exchange, used or employed, in connection with the purchase or sale of a security, a manipulative or deceptive device or contrivance in contravention of the rules and regulations of the Commission; employed devices, schemes or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon any person, in violation Section 10(b) and Rule 10b-5 of the Exchange Act.

37. Thomas and GMC violated, and unless restrained and enjoined will in the future violate Sections 10(b) and Rule 10b-5 of the Exchange Act.



**FOURTH CLAIM FOR RELIEF**  
**Violations of Section 5(a) and 5(c) of the Securities Act**  
**[15 U.S.C. §§ 77e(a) and (c)]**

38. The Commission incorporates the allegations of paragraphs 1 through 27 as if fully set forth herein.

39. Defendants Thomas and GMC, through means or instruments of transportation or communication in interstate commerce or the mails, directly or indirectly sold a security through the use or medium of a prospectus for which no registration statement was in effect.

40. There were no exemptions from registration and Thomas and GMC violated Sections 5(a) and 5(c) of the Securities Act.

41. Thomas and GMC violated, and unless restrained will violate in the future, Sections 5(a) and 5(c) of the Securities Act.

**FIFTH CLAIM FOR RELIEF**  
**Violations of Section 15(a)(1) of the Exchange Act**  
**[15 U.S.C. § 78o(a)(1)]**

42. The Commission incorporates the allegations of paragraphs 1 through 27 as if fully set forth herein.

43. Defendant Thomas is a natural person and made use of the mails or means or instrumentalities of interstate commerce to effect transactions in or to induce or attempt to induce the purchase or sale of a security without being registered in accordance with Section 15(b) of the Exchange Act.

44. Thomas violated Section 15(a)(1) of the Exchange Act by acting as an unregistered broker-dealer in connection with his offer and sale of Quick Gold and Traxall securities.

Thomas did not act through a broker-dealer with whom he was associated when he offered and sold Quick Gold and Traxall securities.

45. As a result, Thomas violated, and unless restrained and enjoined will in the future violate, Section 15(a)(1) of the Exchange Act.

### **PRAYER FOR RELIEF**

WHEREFORE, the Commission prays for:

1. an Order finding Defendant Thomas has violated the securities laws as alleged in the First through Fifth Claims for Relief;
2. an Order finding Defendant GMC has violated the securities laws as alleged in the First through Fourth Claims for Relief;
3. an Order permanently enjoining Defendant Thomas from, directly or indirectly violating Sections 5(a), 5(c), and 17(a)(1)-(3) of the Securities Act; Sections 15(a)(1) and 10(b) of the Exchange Act, and Exchange Act Rule 10b-5 thereunder;
4. an Order permanently enjoining Defendant GMC from, directly or indirectly violating Sections 5(a), 5(c), and 17(a)(1)-(3) of the Securities Act; Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5 thereunder; and

5. such further relief as the Court deems just or proper.

Dated: September 19, 2008

Respectfully submitted,

s/ Ian S. Karpel  
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