



October 3, 2023

**VIA CM/ECF**

David J. Smith  
Clerk of Court  
U.S. Court of Appeals for the 11th Circuit  
56 Forsyth St., N.W.  
Atlanta, Georgia 30303

Re: Response to Rule 28(j) Letter in No. 22-13129, *U.S. Securities and Exchange Commission v. Spartan Securities Group, Ltd., et al.*

Dear Mr. Smith,

We respond to Plaintiff-Appellee's October 3, 2023 letter regarding *SEC v. Stone*, 2023 WL 6387276 (S.D.N.Y. Sept. 29, 2023).

*Stone* provides little guidance to this Court in this matter. At the motion to dismiss stage, an out-of-circuit district court only determined that at that preliminary stage a disgorgement claim could proceed, but reserved the questions of whether a disgorgement order paid to the Treasury "because no harmed investors have been able to be identified ... would be 'for the benefit of investors as required by § 78u(d)(5) and consistent with equitable principles'" until such time as the SEC prevailed on liability and sought such an award. *Stone*, 2023 WL 6387276, \*11 (quoting *Liu v. SEC*, 140 S. Ct. 1936, 1949 (2020)). Those questions are squarely before this Court.

As Defendants-Appellants have argued, whether disgorgement is a permissible equitable remedy turns on whether it operates as a penalty because

“[e]quity never ... lends its aid to enforce forfeiture or a penalty[.]” Br. at 46 (quoting *Marshall v. City of Vicksburg*, 82 U.S. 146, 149 (1872)); Reply at 20. The disgorgement order under appeal here bears “all the hallmarks of penalty: It is imposed as a consequence of violating public law and it is intended to deter, not to compensate.” Br. at 46 (quoting *Kokesh v. SEC*, 581 U.S. 455, 465 (2017)); Reply at 20-21. Payment to the Treasury for violating public law does not compensate harmed investors and thus establishes that *Kokesh*’s penalty test is met. *See* Br. at 46-47; Reply at 20-22. Under the circumstances here, even were it controlling, *Stone v. SEC* would not be determinative of this case.

Very truly yours,

/s/ Kara M. Rollins

KARA M. ROLLINS  
JOHN J. VECCHIONE  
NEW CIVIL LIBERTIES ALLIANCE  
1225 19th St. NW, Suite 450  
Washington, DC 20036  
Phone: (202) 869-5210  
Fax: (202) 869-5238  
Kara.Rollins@ncla.legal  
John.Vecchione@ncla.legal  
*Counsel for Defendants-Appellants*

cc: All counsel of record via CM/ECF

**CERTIFICATE OF INTERESTED PERSONS AND  
CORPORATE DISCLOSURE STATEMENT**

*SEC v. Spartan Securities Group, Ltd.*, No. 22-13129

Pursuant to Federal Rule of Appellate Procedure 26.1 and 11th Circuit Rule 26.1-1, Defendants-Appellants submit this Certificate of Interested Persons and Corporate Disclosure Statement listing all persons and entities with an interest in the outcome of this action:

1. Aristocrat (ASCC), *microcap issuer involved in charged conduct*
2. Barbero, Megan, *Attorney for the Commission*
3. Berkowitz, Dan, *Attorney for the Commission*
4. Brooks, Darin L., *Counsel for Amicus Curiae Investor Choice Advocates Network*
5. Bustillo, Eric I., *Regional Director for Plaintiff-Appellee*
6. Carson, Jay R., *Counsel for Amicus Curiae The Buckeye Institute*
7. Changing Technologies (CHGT), *microcap issuer involved in charged conduct*
8. Conley, Michael A., *Attorney for the Commission*
9. Connect X Capital Markets LLC, *Non-party owner of Defendants-Appellants Island Capital Management, LLC and Spartan Securities Group, LTD*
10. Cook, Jeffrey, *Senior Counsel for Plaintiff-Appellee*

11. Court Document Services, Inc. n/k/a ChinAmerica Andy Movie Entertainment Co. (CAME), *microcap issuer involved in charged conduct*
12. Dhillon Law Group, Inc., *District Court Law Firm for Defendants-Appellants*
13. Dilley, Carl E., *Defendant-Appellant*
14. Dinello Restaurant Ventures, Inc., n/k/a AF Ocean Investment, *microcap issuer involved in charged conduct*
15. Eldred, Micah J., *Defendant-Appellant*
16. Eldred, Toni, *Indirect owner of Defendants-Appellants Island Capital Management, LLC and Spartan Securities Group, LTD through her interest in Connect X*
17. Envoy Group, Corp. (BLGI), *microcap issuer involved in charged conduct*
18. E-Waste Corp. n/k/a EZ Raider Co. (EZRG), *microcap issuer involved in charged conduct*
19. Fernandez, Wilfredo, *District Court Counsel for Plaintiff-Appellee*
20. First Independence Corp. n/k/a Codesmart Holdings, Inc. (ITEN), *microcap issuer involved in charged conduct*
21. First Social Networx, Corp. n/k/a Rebel Group, Inc. (MOXG), *microcap issuer involved in charged conduct*

22. First Titan n/k/a GlobeStar Therapeutics Corp. (RSTC), *microcap issuer involved in charged conduct*
23. First Xeris, *microcap issuer involved in charged conduct*
24. Global Group n/k/a Tyme Technologies, Inc. (TYME), *microcap issuer involved in charged conduct*
25. Gordon, Glenn S., *Associate Regional Director for Plaintiff-Appellee*
26. Gray Reed & McGraw, *Law Firm for Amicus Curiae Investor Choice Advocates Network*
27. Grilli, Peter J., *District Court Mediator*
28. Hernandez Covington, Virginia, U.S.D.J., *United States District Court Judge*
29. Investor Choice Advocates Network, *Amicus Curiae*
30. Island Capital Management, LLC, d/b/a Island Stock Transfer, *Defendant-Appellant*
31. Johnson, Alise M., *District Court Counsel for Plaintiff-Appellee*
32. Kelly, Michael J., *Counsel for Plaintiff-Appellee*
33. Kids Germ n/k/a Topaz Resources, Inc. (TOPZ), *microcap issuer involved in charged conduct*
34. Kruckenberg, Caleb, *District Court Counsel for Defendants-Appellants*
35. Lopez, David D., *Former Defendant (terminated July 30, 2021)*

36. Morales-Christiansen, Anna Patricia, *District Court Counsel for Defendants-Appellants*
37. Nestor, Christine, *District Court Counsel for Plaintiff-Appellee*
38. Matthew Seth Sarelson P.A., *District Court Law Firm for Defendants-Appellants*
39. Mooney, Brian, *District Court Mediator*
40. Neutra Corp. (NTPR), *microcap issuer involved in charged conduct*
41. New Civil Liberties Alliance, *Legal Organization for Defendants-Appellants*
42. Obscene Jeans n/k/a MyGo Games Holding Co. (OBJE), *microcap issuer involved in charged conduct*
43. On the Move n/k/a Artificial Intelligence Technology Solutions (AITX), *microcap issuer involved in charged conduct*
44. Peter J. Grilli, PA, *Law Firm for District Court Mediator*
45. PurpleReal.com, Corp., *microcap issuer involved in charged conduct*
46. Rainbow Coral Corp. (RBCC). *microcap issuer involved in charged conduct*
47. Reynolds, Scott Richard, *Indirect owner of Defendants-Appellants Island Capital Management, LLC and Spartan Securities Group, LTD through his interest in Connect X*
48. Rollins, Kara McKenna, *Counsel for Defendants-Appellants*
49. Sarelson, Matthew S., *District Court Counsel for Defendants-Appellants*

50. Spartan Securities Group, LTD., *Defendant-Appellant*
51. Staroselsky, Daniel, *Counsel for Plaintiff-Appellee*
52. Sum, Alice K., *District Court Counsel for Plaintiff-Appellee*
53. Top to Bottom Pressure Washing, Inc. n/k/a Ibex Advanced Mortgage Technology, Inc. (IBXM), *microcap issuer involved in charged conduct*
54. The Buckeye Institute, *Amicus Curiae*
55. The Mooney Firm, PLLC, *Law Firm for District Court Mediator*
56. Tuite, Christopher P., U.S.M.J., *United States District Court Magistrate Judge*
57. Ulmer & Berne LLP, *District Court Law Firm for Defendants-Appellants*
58. U.S. Securities and Exchange Commission, *Plaintiff-Appellee*
59. Vecchione, John J., *Counsel for Defendants-Appellants*
60. VonderHeide, Heidi E., *District Court Counsel for Defendants-Appellants*
61. Quality Wallbeds, Inc. n/k/a Horrison Resources Inc. (SLPC), *microcap issuer involved in charged conduct*
62. Wegman Hessler Valore, *Law Firm for Amicus Curiae*
63. Wolper, Alan Mitchell, *District Court Counsel for Defendants-Appellants*
64. Zitman, Christine, *Indirect owner of Defendants-Appellants Island Capital Management, LLC and Spartan Securities Group, LTD through her interest in Connect X*

No publicly traded company or corporation has an interest in the outcome of this case or appeal.

/s/ Kara M. Rollins

KARA M. ROLLINS



**CERTIFICATE OF COMPLIANCE**

This notice complies with Federal Rule of Appellate Procedure 28(j) because it contains 270 words.

/s/ Kara M. Rollins  
KARA M. ROLLINS

**CERTIFICATE OF SERVICE**

I hereby certify that on October 3, 2023, I electronically filed the foregoing with the Clerk of the Court for the United States Court of Appeals for the Eleventh Circuit by using the appellate CM/ECF system which sent notification of such filing to all counsel of record.

/s/ Kara M. Rollins  
KARA M. ROLLINS