# SEC Halts Alleged $125 Million Offering Fraud

**LITIGATION RELEASE NO. 24600 / September 18, 2019**

**Securities and Exchange Commission v. Mediatrix Capital Inc., et al., No. 1:19-cv-02594-RM (D. Colo. filed September 12, 2019)**

The Securities and Exchange Commission today announced that it has filed an emergency action and obtained a temporary restraining order and asset freeze against three individuals and three entities in connection with an alleged fraudulent, ongoing international trading program that has placed at risk more than $125 million of investor funds.

According to the SEC's complaint, beginning in March 2016, Mediatrix Capital Inc. and its three principals, Michael S. Young, Michael S. Stewart, and Bryant E. Sewall, induced investors to invest by falsely representing that their money would be invested using a highly profitable algorithmic trading strategy that had never experienced an unprofitable month and had returned more than 1,600 percent since inception. In truth, the complaint alleges, the defendants' trading strategy consistently lost money-losing more than $18 million from its trading in 2018 alone. In addition to repeatedly misrepresenting the profitability of the trading, the complaint alleges defendants also misled investors by falsifying account statements and making Ponzi-like payments, all while misappropriating more than $35 million of investor money for defendants' personal use, including to purchase luxury properties and vehicles.

The SEC's complaint, filed in federal district court in Colorado on September 12, 2019 and unsealed today, charges all defendants with violating the antifraud provisions of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Section 17(a) of the Securities Act of 1933, as well as with violating the registration provisions of Section 5(a) and 5(c) of the Securities Act. The SEC's complaint also charges Mediatrix Capital, Young, Stewart, and Sewall with violations of the antifraud provisions of the Investment Advisers Act of 1940. The SEC has also charged 20 relief defendants who allegedly received profits from the fraud.

The SEC's continuing investigation is being conducted by Jeffrey D. Felder and Tracy W. Bowen of the SEC's Denver Regional Office and supervised by Kimberly L. Frederick and Jason J. Burt. The litigation is being led by Stephen C. McKenna and Mark D. Williams and supervised by Gregory A. Kasper. The SEC appreciates the assistance of the U.S. Commodity Futures Trading Commission, the U.S. Attorney's Office for the District of Colorado, the Federal Bureau of Investigation, and the U.S. Marshals Service. The SEC also appreciates the assistance of the UK Financial Conduct Authority, the Czech National Bank, the New Zealand Financial Markets Authority, the Securities Commission of The Bahamas, the Central Bank of Armenia, and the Cayman Islands Monetary Authority.

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