

**FILED**

JAN 11 2019

9TH JUDICIAL CIRCUIT  
COUNTY OF KALAMAZOO  
KALAMAZOO, MICHIGAN

**STATE OF MICHIGAN  
IN THE CIRCUIT COURT FOR THE COUNTY OF EATON**

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SCOTTSDALE CAPITAL ADVISORS CORP.,  
an Arizona corporation,

CASE NO. 2018—0153-CZ

Plaintiff,

Hon. Alexander C. Lipsey

v.

MORNINGLIGHTMOUNTAIN, LLC, a  
Michigan limited liability company d/b/a  
GoodeTrades.com; MICHAEL GOODE, an  
individual; and DOES 1-10, inclusive,

Defendants.

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**PLAINTIFF'S THIRD AMENDED COMPLAINT AND JURY DEMAND**

Plaintiff Scottsdale Capital Advisors Corp., for its Complaint against  
MorningLightMountain, LLC d/b/a GoodeTrades.com and Michael Goode, alleges as follows:

**INTRODUCTION**

1. Plaintiff Scottsdale Capital Advisors Corp. ("SCA") is a successful securities broker-dealer.
2. In an effort to smear SCA's reputation, MorningLightMountain, LLC d/b/a GoodeTrades.com and Michael Goode (collectively, "Defendants") published an article on their website, www.goodetrades.com, which contained false, defamatory, and highly misleading statements of and concerning SCA. Among other things, the articles falsely alleged that SCA is involved in penny stock "pump and dump" schemes and improperly permits the deposit and sale of penny stocks.
3. By this action, SCA seeks to clear its good name and hold Defendants liable for

the harm caused by their misconduct.

### **THE PARTIES**

4. Plaintiff Scottsdale Capital Advisors Corp. is, and at all times relevant hereto was, a corporation organized under the laws of the State of Arizona, with its principal place of business in Maricopa County, Arizona.

5. SCA is informed and believes and based thereon alleges that Defendant MorningLightMountain, LLC d/b/a GoodeTrades.com ("MorningLightMountain") is, and at all times relevant hereto was, a corporation organized under the laws of the Michigan, with its principal place of business in Eaton County, Michigan. SCA is informed and believes and based thereon alleges that MorningLightMountain owns and operates the website goodetrades.com.

6. SCA is informed and believes and based thereon alleges that Defendant Michael Goode ("Goode") is an individual who resides in Kalamazoo County, Michigan. Upon information and belief, Goode is the sole owner and officer of Defendant MorningLightMountain.

7. SCA is informed and believes and based thereon alleges that the fictitiously-named defendants sued herein as Does 1 through 10, and each of them, are in some manner responsible or legally liable for the actions, events, transactions and circumstances alleged herein. The true names and capacities of such fictitiously-named defendants, whether individual, corporate, or otherwise, are presently unknown to SCA, and SCA will seek leave of Court to amend this Complaint to assert the true names and capacities of such fictitiously-named defendants when the same have been ascertained. For convenience, each reference to a named defendant herein shall also refer to Does 1 through 10. All defendants, including MorningLightMountain, LLC d/b/a GoodeTrades.com, Michael Goode, and those referred to herein as Does 1 through 10, are collectively referred to herein as "Defendants."

### **JURISDICTION AND VENUE**

8. This Court has personal jurisdiction over Defendants because they have minimum contacts with the State of Michigan, and defendant Goode is a domiciliary of the State of

Michigan.

9. Venue in Kalamazoo County is proper because Defendant Goode resides in Kalamazoo County.

10. The amount in controversy exceeds Twenty Five Thousand Dollars (\$25,000.00) exclusive of interest, costs, and attorney fees and the matter is otherwise within the jurisdiction of this Court.

**FACTS COMMON TO ALL CAUSES OF ACTION**

11. Founded in 2002, SCA is a full service broker-dealer focused on serving the microcap securities market, often referred to as the OTC market. In this time, SCA has grown to become one of the dominant companies in the OTC market, with more than \$125 million worth of trades in 2015.

12. On April 17, 2017, Defendants published an article written by Goode on the website goodetrades.com, entitled "FINRA fines Scottsdale Capital Advisors \$1.5 million" (the "Article"): <https://www.goodetrades.com/2017/04/finra-fines-scottsdale-capital-advisors-1-5-million/>. A true and correct copy of the Article is attached hereto as **Exhibit 1** and incorporated by this reference.

13. The Article contained statements that are defamatory and outright false, including: "If you have followed penny stocks and pump and dumps for a few years then you know Scottsdale Capital Advisors" (False Statement #1")

14. False Statement #1 is immediately preceded by the headline: "FINRA fines Scottsdale Capital Advisors \$1.5 million." To a reasonable reader, this juxtaposition makes it appear that SCA was fined \$1.5 million for its involvement in the pump and dump of penny stocks. This is false. In fact, FINRA fined SCA \$1.5 million for allegedly violating FINRA Rule 2010 by selling securities without registration and without an exemption – this fine is presently being appealed. The Article disingenuously quotes extensively from the FINRA decision, which has nothing to do with any pump and dump scheme, further giving the impression that SCA was fined for its involvement in a pump and dump.

15. In addition, False Statement #1 falsely alleges and/or implies that SCA is so heavily involved in the illegal pump and dump of penny stocks that it is identified and known by the association. This is also demonstratively false. If people who “followed penny stocks and pump and dumps for a few years” were polled, most respondents would not be aware of SCA. Because SCA has never been involved in any “pump and dump” schemes, has never been a defendant in any “pump and dump” lawsuits, has never been charged by FINRA or any regulatory agency with involvement in a “pump and dump” scheme, has never been fined for its involvement in a “pump and dump”, and has never been either identified or known as being involved in the illegal pump and dump of penny stocks, the implications created by False Statement #1 in the context of the Article are false and defamatory.

16. On September 21, 2017, SCA’s counsel sent a letter to Defendants identifying the foregoing false statements in the Article, and demanding that Defendants remove each one and publish a retraction, correction, and apology as to each of those statements. Defendants have failed and refused to comply with SCA’s demand.

17. The false, defamatory, and highly misleading statements written and published by Defendants have caused and are continuing to cause SCA economic harm and damage to its reputation. Accordingly, SCA has no alternative but to file this lawsuit for compensatory damages, punitive damages, and injunctive relief, as explained more fully herein.

**COUNT ONE**

**(Against All Defendants)**

**(Defamation)**

18. SCA incorporates by reference all of the preceding paragraphs as though fully restated herein.

19. Defendants wrote and published False Statement #1.

20. False Statement #1, whether by itself or by implication, is false or involves materially false implications.

21. Moreover, the statement, individually and jointly, tends to harm the reputation of Plaintiff as to lower its reputation in the community or deter third persons from associating or dealing with it. Specifically, False Statement #1 accuses SCA of illegal, unsavory, and unusual business activity – engaging in the pump and dump of penny stocks.

22. At a minimum, Defendants were negligent in creating the implication in False Statement #1 that FINRA fined SCA \$1.5 million for participating in illegal pump and dump schemes. In the Article, Defendants cite to a Stockwatch article and a 111-page FINRA decision as support for False Statement #1, but a plain reading of both of these documents indicates that FINRA fined SCA for selling securities without registration and without an exemption, as required by FINRA Rule 2010, and not for participating in illegal pump and dump schemes. A reasonable journalist reads the documents he cites and would not report, or imply that, a fine for procedural noncompliance is the equivalent of a fine for intentional pump and dump activity.

23. Defendants intended, or acted with reckless disregard for the truth, to cause the reasonable reader to read False Statement #1 and conclude that FINRA fined SCA \$1.5 million for participating in illegal pump and dump schemes by juxtaposing certain facts together and by purposefully omitting that the FINRA fine was for SCA “violat[ing] FINRA Rule 2010 by selling securities without registration and without an exemption.”

24. Defendants were also negligent in making False Statement #1. Defendants, as journalists in the penny stock industry, knew or should have known that SCA has not been charged by any regulatory agency with involvement in a “pump and dump” scheme, has never been fined for its involvement in a “pump and dump”, and has never been either identified or known as being involved in the illegal pump and dump of penny stocks. Defendants had no reason to conclude that followers of penny stock pump and dumps would have any knowledge of SCA, yet published a statement specifically to that affect.

25. Defendants intended, or acted with careless disregard for the truth, to cause the reasonable reader to read False Statement #1 and conclude that SCA is such a major player in penny stock pump and dumps that it is commonly associated with such activity.

26. False Statement #1 has caused SCA to be damaged.
27. Defendants have refused to retract, correct or apologize for False Statement #1 after being given notice and ample time to do so.
28. As a direct and proximate result of Defendants' conduct, SCA has suffered damages to its reputation and business interests in an amount to be determined at trial, and in an amount not less than the jurisdictional minimum of this Court. SCA's damages may also be presumed because False Statement #1 imputes to SCA offenses regarded by public opinion as involving moral turpitude, and unfitness for the proper conduct of its lawful business, trade, and profession.
29. SCA is a private figure for purposes of a defamation analysis.
30. Notwithstanding SCA's status as a private figure, at the time False Statement #1 was published, Defendants knew the False Statement #1 was false and/or acted in reckless disregard of whether False Statement #1 was true or false. As such, in addition to compensatory damages and/or presumed damages, SCA is entitled to an award of punitive damages in an amount to be determined at trial.

#### **JURY TRIAL DEMAND**

SCA hereby demands a jury trial of all issues in this case.

#### **PRAYER FOR RELIEF**

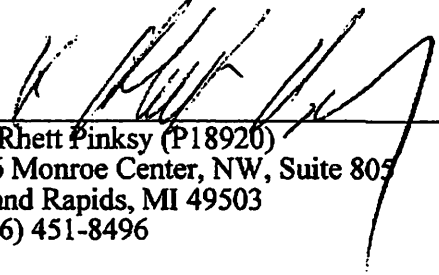
WHEREFORE, SCA requests that judgment be entered against the Defendants, and each of them, as follows:

- A. For compensatory, consequential, exemplary, and punitive damages in an amount to be determined at trial;
- B. For pre- and post-judgment interest on the foregoing sum at the highest lawful rate from entry of judgment until paid in full;
- C. For an injunction enjoining further publication of False Statement #1;
- D. For SCA's costs of suit; and
- E. For all other relief the Court deems appropriate.

RESPECTFULLY SUBMITTED this 11th day of January 2019.

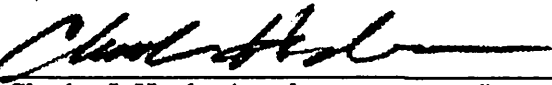
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