

SEC Charges California Contractor and CPA for Roles in \$909 Million Ponzi Scheme

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The Securities and Exchange Commission today has charged two California individuals for their roles in a multi-year alternative energy tax credit Ponzi scheme run by two California-based companies. Defendants have agreed to settle the SEC's charges, with monetary relief to be determined by the court at a later date.

According to the SEC's complaint, filed in federal court in Sacramento, Joseph Bayliss, a licensed electrical and general building contractor, and Ronald Roach, a certified public accountant and investment adviser, were integral to a Ponzi scheme that raised approximately \$909 million from 17 investors between 2011 and 2018.

The complaint alleges that investors were induced by others to invest in tax credit investment contracts and sale leaseback investments through promises of gains in the form of tax credits, guaranteed lease payments, and profits from the operation of mobile service generators.



However, the SEC claims that thousands of the purportedly profitable generators were never even manufactured, let alone put into use, and the vast majority of revenue to investors came from Ponzi-like payments, where funds from new investors were used to pay off old investors.

Bayliss allegedly provided false technical certificates of inspection for generators that he never inspected, and in many cases, for generators that did not exist.

Roach allegedly issued compilation reports and accompanying financial statements that falsely reported significant revenue from purportedly real leases. According to the complaint, defendants each made millions of dollars from the scheme, while investors lost their money.

The SEC's complaint charges defendants with violating the antifraud provisions of the federal securities laws and seeks injunctive relief, disgorgement, and civil penalties. Defendants have consented to permanent injunctions, with monetary relief to be determined by the court at a later date.

In a parallel criminal case, the U.S. Attorney's Office for the Eastern District of California announced criminal charges against both defendants.

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