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Of Attorneys for Plaintiff

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF UTAH**

**Robert Klingler, individually and on behalf  
of all others similarly situated,**

**Plaintiff,**

**v.**

**Matthew Morrison Bates,  
Joshua Curtis Bishop,  
Frances M. Palacios,  
Jared James Prazen,  
Thiel Fama Ruperto,  
Jason Leon Stock,  
Wilfred Jose Manuel Vigil a/k/a Will Vigil,  
Stronghold Capital Partners, LLC, and  
Stronghold Wealth Partners, LLC,**

**Defendants.**

**Case No.**

**PROPOSED CLASS ACTION  
COMPLAINT**

**Jury Trial Demanded**

**CLASS ACTION COMPLAINT**

Plaintiff, Robert Klingler, individually and on behalf of all others similarly situated, by and through his attorneys, brings this class action complaint against Matthew Morrison Bates, Joshua Curtis Bishop, Francis M. Palacios, Jared James Prazen, Thiel Fama Ruperto, Jason Leon Stock, Wilfred Jose Manuel Vigil a/k/a Will Vigil, Stronghold Capital Partners, LLC, and Stronghold Wealth Partners, LLC. Plaintiff alleges as follows:

## INTRODUCTORY STATEMENT

1. This case concerns an \$80 million Ponzi scheme perpetrated by Hedgehog Investments, LLC (“Hedgehog Investments”) and several affiliate companies. Defendants are executives, owners, managers, and members of Hedgehog Investments and the related entities that perpetrated the Ponzi scheme as well as its primary promoters and fundraisers.

2. According to Hedgehog Investments’ website, [hedgehoginvestments.com](http://hedgehoginvestments.com), “Hedgehog Investments is an alternative investment model that allows investors an opportunity to earn high returns by placing those funds into a system designed to help small businesses grow.”

3. Amongst other things, Hedgehog Investments claims on its website it is “committed to protecting our partners and their capital,” it is “transparent,” and that Hedgehog Investments and its partners “have dialed in our model over the years to be a well-oiled machine.”

4. Moreover, Hedgehog Investments boasts on its website that the “key” to its investment model is that “we work with service providers who help young, promising companies qualify for long-term financing . . . Once these promising companies secure financing, our service providers are paid immediately and then vet the next company that needs help to grow.”

5. In reality, Hedgehog Investments was neither a well-oiled machine nor transparent with its investors. Rather, Defendants misrepresented Hedgehog Investments’ purpose and operations to investors and certain Defendants instead grossly misused investor funds, misdirecting them to bank and brokerage accounts owned and/or controlled by Vigil and Palacios as well as to unrelated entities owned and/or controlled Vigil and/or Bates, all while failing to implement virtually any investment “model” at all.

6. On May 23, 2025, the Director of the Utah Division of Securities issued an Emergency Order to Cease and Desist to many of the Defendants named herein and the Hedgehog

Investments entities described herein, amongst other involved parties, concluding that Hedgehog Investments engaged in securities fraud and the sale of unregistered securities, amongst other misconduct. *In the matter of: Hedgehog Investments LLC*, Dkt. No. SD-25-0006 (Utah Div. Sec. Emergency Order to Cease and Desist filed May 23, 2025) (the “Utah Order”) (attached as **Exhibit A**). The Utah Order set forth findings of fact that—as of the date of the Order—“Respondents will continue to illegally solicit investment funds from Utah investors as they continue to promote and offer these illegal investments to the unsuspecting public and will continue to do so in the future if not ordered to cease and desist.” *Id.* at ¶ 90.

7. Likewise, on December 5, 2025, the Arizona Corporation Commission issued a notice regarding Stronghold Capital Partners, LLC, Stronghold Wealth Partners, LLC, Stock, Ruperto, and others alleging the sale of unregistered securities and fraud in connection with the offer and sale of Hedgehog Investments securities. *In the matter of: Stronghold Capital Partners, LLC*, Dkt. No. S-21377A-25-0253 (Ariz. Corp. Comm’n Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist for Administrative Penalties, Order of Revocation, Order of Denial, and Order for Other Affirmative Action filed December 5, 2025) (the “Arizona Order”) (attached as **Exhibit B**).

### PARTIES

8. Plaintiff Robert Klingler (“Plaintiff” and/or “Klingler”) is an individual who resides in Raleigh, North Carolina.

9. Defendant Matthew Morrison Bates (“Defendant” and/or “Bates”) is an individual who resides in Lehi, Utah.

10. Defendant Joshua Curtis Bishop (“Defendant” and/or “Bishop”) is an individual who resides in Pleasant Grove, Utah.

11. Defendant Frances M. Palacios (“Defendant” and/or “Palacios”) is an individual who resides in Salt Lake City, Utah.

12. Defendant Jared James Prazen (“Defendant” and/or “Prazen”) is an individual who resides in South Jordan, Utah.

13. Defendant Jason Leon Stock (“Defendant” and/or “Stock”) is an individual who resides in Gibert, Arizona.

14. Defendant Thiel Fama Ruperto (“Defendant” and/or “Ruperto”) is an individual who resides in Gilbert, Arizona.

15. Defendant Wilfred Jose Manuel Vigil a/k/a Will Vigil (“Defendant” and/or “Vigil”) is an individual who resides in Sunnyside, Utah.

16. Defendant Stronghold Capital Partners, LLC (“Stronghold Capital”) is an Arizona limited liability company. Stronghold Capital’s member-managers are Defendant Stock and non-party Blake Essary, who each reside in Arizona.

17. Defendant Stronghold Wealth Partners, LLC (“Stronghold Wealth”) is an Arizona limited liability company. Stronghold Wealth’s member-managers are Defendant Stock and non-party Blake Essary, who each reside in Arizona.

### **JURISDICTION AND VENUE**

18. This court has subject matter jurisdiction over this action pursuant to the Class Action Fairness Act of 2005 (“CAFA”) (codified at 28 U.S.C. § 1332(d)(2)). At least one member of the putative class is a citizen of a different state than at least one Defendant, there are more than one hundred (100) putative class members, and the aggregate amount in controversy exceeds \$5,000,000.

19. This Court has personal jurisdiction over Defendants Bates, Bishop, Palacios, Prazen, and Vigil because they each reside in the State of Utah.

20. Pursuant to Utah's Long-Arm Statute, codified at Utah Code Ann. § 78-27-24, this Court has personal jurisdiction over Defendants Stock, Ruperto, Stronghold Capital, and Stronghold Wealth because they transacted business in Utah and caused injury within Utah.<sup>1</sup>

21. Venue is proper in this District pursuant to 28. U.S.C. § 1391(b)(2) because a substantial part of the events or omissions giving rise to Plaintiff's claims occurred herein.

### **FACTUAL ALLEGATIONS**

#### **I. Key individuals and entities to Hedgehog Investments' fundraising efforts**

##### *The Hedgehog Notes and Sunnyside Notes*

22. Hedgehog Investments purports to be an investment manager in the business of securing financing for growing companies. To fund such operations, Defendants solicited and sold hundreds of promissory notes to retail investors issued by a series of entities set forth below listed as "Borrowers" in the notes. Besides Prazen, Ruperto, and Stock, and Stronghold Capital, none of the Defendants nor any of the issuer "Borrowers" are registered or licensed with the State of Utah or United States Securities and Exchange Commission ("SEC") to sell securities or provide investment advice. Regardless of any single Defendant's registration status, the investments themselves were not registered or licensed with the State of Utah or United States Securities and Exchange Commission ("SEC") as securities.

23. The promissory notes Defendants sold were issued by the following entities as "Borrowers":

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<sup>1</sup> Utah Code Ann. § 78-27-23 defines "any person" within the meaning of Utah's Long-Arm Statute to include "any individual, firm, company, association, or corporation."

- a. Hedgehog Investments;
- b. Hedgehog Holdings I, LLC and Hedgehog Holdings II, LLC, each Utah limited liability companies managed by Hedgehog Investments (these and the notes issued by Hedgehog Investments will be collectively referred to herein as the “Hedgehog Notes”);
- c. Sunnyside Equity Holdings, LLC, a Utah limited liability company managed by Defendant Palacios until a 2025 amendment added Defendant Vigil as manager and demoted Defendant Palacios to member and inactive principal;
- d. Grow Marketing Company, L.L.C., a Utah limited liability company managed by Defendant Palacios; and
- e. Princeton Law Firm, a Utah “Assumed Name” owned by Sunnyside Equity Holdings, LLC (administratively dissolved in 2023) (the notes issued by Sunnyside Equity Holdings, LLC, Grow Marketing Company, L.L.C., and Princeton Law Firm will be collectively referred to herein as the “Sunnyside Notes”).

*Bates, Bishop, Palacios, and Vigil: Hedgehog Investments’ Primary Operators and Fundraisers*

24. Defendant Bates is Hedgehog Investments’ CEO and co-founder. Bates also had signatory authority over Hedgehog Investments’ bank accounts that received investor funds. Bates is a convicted felon and is required to be registered as a sex offender, having pled guilty to Transfer of Obscene Material to Minors in 2010.

25. Defendant Bishop is Hedgehog Investments’ co-founder and manager. Bishop also had signatory authority over Hedgehog Investments’ bank accounts that received investor funds.

26. Defendant Palacios is a Utah attorney who was reprimanded by the Utah Office of Professional Conduct in 2019 relating to her connection to a credit repair business that failed to deliver services promised to Palacios’ client.

27. Defendant Vigil was an undisclosed principal and manager of the investments. He has a lengthy criminal history including multiple charges for driving under the influence and a conviction for attempted communications fraud relating to a scheme to obtain fraudulent bank

loans. Vigil and his company, Safefunding, LLC are also featured on Utah’s “Buyer Beware List.” In connection therewith, the Utah Division of Consumer Protection found Vigil made or caused to be made untrue material statements to a Utah consumer in connection with promises to secure financing for her business (not unlike Hedgehog Investments’ purported investment model).

28. From approximately June 2020 through the present, Defendants Bates, Bishop, and Vigil sold Hedgehog Notes in the form of promissory notes to retail investors that carried one- or two-year terms and offered interest rates between 12% and 20% on the one-year notes and as high as 49% on the two-year notes. As a matter of law, these notes are securities.

29. From approximately 2023-2024, Defendants Vigil and Palacios sold Sunnyside Notes in the form of promissory notes that carried a one-year term and offered interest rates ranging from 30% to 33%. As a matter of law, these notes are also securities.

*Stronghold Capital’s / Stronghold Wealth’s Prazen,  
Ruperto, and Stock: Hedgehog Investments’ Promoters*

30. Hedgehog Investments also relied on promoters Prazen, Ruperto, and Stock (the “Stronghold Sellers”) to help raise capital by promoting the previously-described business model. Prazen, Ruperto, and Stock were SEC-registered Investment Advisers registered with Defendant Stronghold Capital, a SEC-registered Investment Adviser Firm. The Stronghold Sellers also operated as agents of Defendant Stronghold Wealth.

31. Stronghold Wealth is *not* a SEC-registered Investment Adviser Firm nor is it otherwise registered with the SEC or the State of Utah to sell securities or provide investment advice.

32. Regarding the affiliation between Stronghold Capital and Stronghold Wealth, Stronghold Capital made the following disclosures about Stronghold Wealth according to filings Stronghold Capital made with the SEC:

- a. Stronghold Wealth is a “Related Person” to Stronghold Capital;
- b. Stronghold Wealth and Stronghold Capital are under common control;
- c. Stronghold Wealth and Stronghold Capital share supervised persons and physical locations;
- d. Stronghold Wealth is an “insurance company or agency”; and
- e. Stronghold Wealth is *not* a broker-dealer or investment advisor of any kind.

33. Consistent therewith, the Arizona Notice confirms “Stronghold Capital and Stronghold Wealth share the same principal place of business, contact information, and client web portal. In addition, Stock and Essary each own 50% of each entity and held themselves out as co-founders of both entities.” **Exhibit B** at ¶ 5.

34. Stronghold Capital and Stronghold Wealth display nearly-identical logos on their websites:

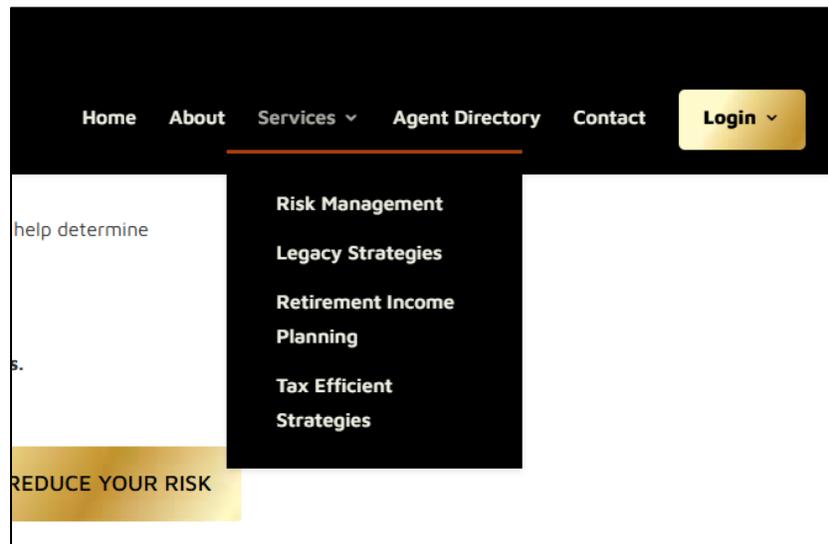


35. Despite lacking registrations to provide investment advice or solicit or sell securities, Stronghold Wealth’s website, [strongholdwealthpartners.com](http://strongholdwealthpartners.com), advertises itself as follows:

- a. “At StrongHold Wealth Partners, we look at retirement strategies differently. We help fortify your finances with insurance products and strategies designed to help you retire properly and feel confident in the legacy that you have built.”
- b. “Each of our clients have different dreams, goals, and retirement needs. We personalize our services to help you not only meet, but to exceed your retirement goals.”
- c. “At StrongHold Wealth Partners, we help you identify, quantify, and prioritize risk, and then work together to help mitigate it.”

- d. “As an independent firm, StrongHold Wealth Partners provides products and strategies tailored to your individual situation.”
- e. “We will create a tailored retirement income and protection strategy to help determine whether an insurance solution is right for you.”

36. Stronghold Wealth’s website also contains a disclaimer that “**We do not provide tax, legal, or estate planning advice or services.**” Yet, under the “Services” tab, a dropdown menu appears that includes “Legacy Strategies” and “Tax Efficient Strategies.”



37. Stronghold Capital and Stronghold Wealth are both co-managed by Defendant Stock, a SEC-registered Investment Adviser. According to Stock’s biography, which is identically displayed on [strongholdcapitalpartners.com](http://strongholdcapitalpartners.com) and [strongholdwealthpartners.com](http://strongholdwealthpartners.com), “[a]fter recognizing the major downfalls of being confined to a massive financial firm, [Stock] wanted access to the best financial tools and the companies that were the best at what they did.” However, according to Stock’s previous registrations on the SEC’s Investment Adviser Public Disclosure website, Stock has never been registered with a massive financial firm, or even a modestly-sized one.

38. Defendant Prazen has been a SEC-registered Investment Adviser with Stronghold Capital since June 2024. According to public filings available on the SEC’s Investment Adviser

Public Disclosure website, Prazen has also been an “Insurance Agent” for Stronghold Wealth since April 2023 and was a “Referral Representative” for Hedgehog Investments from July 2024 to June 2025 (one month after the Utah Order). Also according to these filings, “Mr. Prazen is supervised by Jason Stock, Chief Compliance Officer of Stronghold Capital Partners LLC. He reviews Mr. Prazen’s work through client account reviews, quarterly personal transaction reports, as well as face-to-face and phone interactions.”

39. Defendant Ruperto was a SEC-registered Investment Adviser with Stronghold Capital from August 2023 through June 2024. The only state in which Ruperto is SEC-registered is Texas. Ruperto’s SEC filings omit his affiliation with or role on behalf of Hedgehog Investments and misrepresents that he “does not receive additional compensation other from [sic] any other outside business activity.” Like Prazen, Ruperto’s SEC filings state “Mr. Ruperto is supervised by Jason Stock, Chief Compliance Officer of Stronghold Capital Partners LLC. He reviews Mr. Ruperto’s work through client account reviews, quarterly personal transaction reports, as well as face-to-face and phone interactions.”

40. In March 2024, Hedgehog Investments brought Ruperto aboard as COO, creating a massive undisclosed conflict of interest in light of Ruperto’s role selling Hedgehog Notes.

41. The Stronghold Sellers’ status as SEC-registered Investment Advisers, the Arizona Notice notes “[t]he Commission has not registered any of these individual respondents as a securities dealer or salesman.” **Exhibit B** at ¶ 10.

42. Hedgehog Investments maintains a “solicitor agreement” with Stronghold Wealth, for which Stronghold Wealth receives transaction-based compensation of 3.5% of the invested principal, of which 70% was paid to the Stronghold Sellers and other selling agents affiliated with Stronghold Wealth and/or Stronghold Capital. According to the Arizona Notice, the Stronghold

Sellers raised nearly \$10 million from at least 57 investors. **Exhibit B** at ¶ 18. At least 25 of those investors were advisory clients of Stronghold Capital. *Id.* at ¶ 51.

43. The Stronghold Sellers offered and sold Hedgehog Investments by holding themselves out as knowledgeable and experienced investment advisors affiliated with SEC-registered investment advisory firm Stronghold Capital, by promoting the previously-described business model, and by ultimately recommending that individuals invest in Hedgehog Notes. In exchange, they received compensation after the referred individuals invested.

44. Regardless of the Stronghold Sellers' registrations with the SEC, the securities for which they helped raise funds (the Hedgehog Notes and Sunnyside Notes) were unregistered.

## **II. Defendants' sales pitches to investors**

45. Hedgehog Investments and Sunnyside Equity solicited investors via their websites, written correspondence, and oral communication. The individuals primarily responsible for soliciting investors were Defendants Bates, Bishop, Palacios, Prazen, Ruperto, Stock, and Vigil (collectively, the "Sellers").

46. The sales pitches the Sellers employed to sell Hedgehog Notes and Sunnyside Notes were generally uniform, although issued by various "Borrowers" described herein. At the core, the Sellers' most egregious misrepresentation was that they raised funds for a bogus operation which generated little to no profit from the alleged financing it purported to secure for small businesses and instead stole the investors' money for certain Defendants' own use and enjoyment.

47. Likewise, the terms of the Hedgehog Notes and Sunnyside Notes themselves, although varying in term and interest rate, were also uniform.

48. Hedgehog Investments' website, [hedgehoginvestments.com](http://hedgehoginvestments.com), represents to prospective and current investors that:

- a. “Hedgehog Investments is an alternative investment model that allows investors an opportunity to earn high returns by placing those funds into a system designed to help small businesses grow.”
- b. “Our model uses investor funds to help up-and-coming companies qualify for long-term financing.”
- c. “[W]orking with Hedgehog, you can expect us to provide you with as much transparency and communication as possible throughout every step of the process.”
- d. “We are committed to protecting our partners and their capital. This is why we are transparent. This is why we go to such great lengths to protect what is yours. This is why our model works.”
- e. “We and our partners have dialed in our model over the years to be a well-oiled machine. We get the job done and mitigate risks where possible.”

49. Sunnyside Equity’s website, sunnysideequity.com, is a barebones copy of Hedgehog Investments’ website, displaying much of the same exact language, such as:

- a. “We are committed to protecting our partners and their capital.”
- b. “We have dialed in our model over the years to be a well-oiled machine. We get the job done and mitigate risks where possible.”

50. Sunnyside Equity’s website also boasted that “[w]e value our clients and treat their resources as though they are our own” and that “Sunnyside Equity takes pride in our stellar track record.”

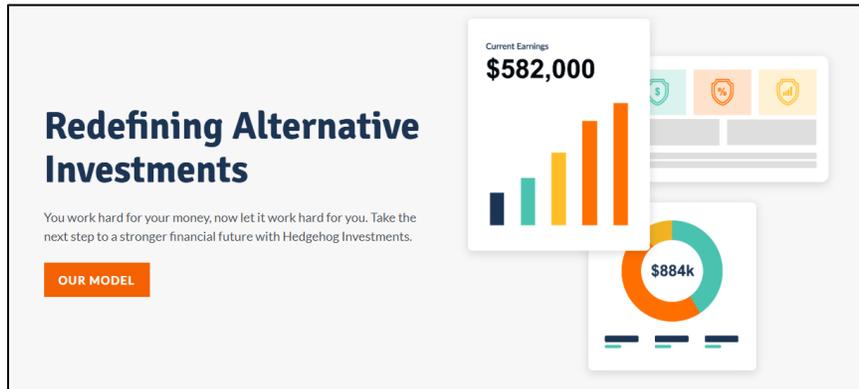
51. Sunnyside Equity’s and Hedgehog Investments’ websites also used nearly identical graphics:

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*Screenshot from hedgehoginvestments.com:*



*Screenshot from sunnysideequity.com:*



52. When selling Hedgehog Notes and Sunnyside Notes to investors, the Sellers' pitch was relatively straightforward: investors' funds would be used to secure financing for promising growing companies.

53. This is confirmed by the language of the promissory notes themselves, which specify that "the principal purpose of the proceeds of this Note is for securing corporate lines of credit and or [sic] pay down on Borrower's client's debt to allow Borrower to obtain more financing for Borrower's client's business goals."

54. The Sellers emphasized that investments in the Hedgehog Notes and Sunnyside Notes were extremely safe and low risk.

55. Hedgehog Investments, through the Sellers and through advertising and marketing materials made available to investors by the Sellers, represented that Hedgehog Investments will use investor monies to “help businesses looking to grow to the next level” and aid “young promising companies with demonstrated success and potential” to secure financing for those companies. Hedgehog Investments claims to use a “rigorous vetting process” that makes “our model a success time and time again.” Among other things, Hedgehog Investments claimed “our team takes and **in depth view** of the company’s legal and financial background to ensure that we have a comprehensive understanding of the situation and processes. Once complete, we only move forward if we obtain **pre-approvals** from potential lenders, so we are highly confident that we will succeed in helping them obtain the financing they seek. We start our engagement by signing a **power of attorney** which ensures that we have **control over the process**, turns the **business into collateral** while we work, and guarantees the **loan comes to us** once it’s funded by the bank.” (emphasis in original).

56. For example, Bates told one potential investor that the companies seeking funds “have to be in the black already,” meaning profitable, with a “good trailing 12,” meaning positive financial performance over the past twelve months, and that “we find out all of this information through our own vetting process . . . The first thing that we’re going to do is vet them, right? So, we look at them, financially, legally and structurally, any way that could affect the way a bank is going to look at them, right? So, we go as deep as we can go, because we need to know as much as we need to as we can so we can de-risk ourselves in this situation, right?”

57. However, Bates admitted to the Utah Division of Securities that these representations are false. Rather, Hedgehog Investments, Bates, and Bishop do not even lightly vet—or even know the names of—the purported “young promising companies,” much less

anything about their “legal and financial background” or situations, and, further, have zero control over “the process” to allegedly obtain long-term financing with large commercial banks. Instead, Bates admitted to the Utah Division of Securities that Hedgehog Investments simply transfers investor money to Vigil and trusts that Vigil will use the monies as claimed.

58. The sales pitches made by the Stronghold Sellers were no different. For example, Ruperto told one potential investor that Hedgehog Investments requires businesses to “open up [their] books” as part of a “very stringent vetting process to make sure that the company checks all the boxes we look for. We have to be 99.9% sure we can get their funding . . .”

59. Ruperto misrepresented to another prospective investor that “[w]hen [Hedgehog Investments] work[s] with a company they sign a power of attorney with the company giving them full control over that companies [sic] financials.”

60. Ruperto went as far as to represent to Plaintiff Klingler that a \$500,000 investment in a Hedgehog Note would be worth millions in just a few years. Ruperto provided Klingler with the following tables:

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With \$500,000 in 6 years:

<b>Investment</b>	\$500,000.00
<b>Interest</b>	49.00%
<b>Current Age</b>	57

<b>2-yr Contract</b>			
<b>Years</b>	<b>Age</b>	<b>Amount</b>	<b>Additional</b>
1	58	\$500,000.00	
2	59	\$745,000.00	
3	60	\$745,000.00	
4	61	\$1,110,050.00	
5	62	\$1,110,050.00	
6	63	\$1,653,974.50	

Income in 6 years:

<b>Years</b>	<b>Age</b>	<b>Amount</b>	<b>Income</b>
1	63	\$1,653,974.50	\$297,715.41
2	64	\$1,687,053.99	\$303,669.72
3	65	\$1,720,795.07	\$309,743.11
4	66	\$1,755,210.97	\$315,937.97
5	67	\$1,790,315.19	\$322,256.73
6	68	\$1,826,121.49	\$328,701.87
7	69	\$1,862,643.92	\$335,275.91
8	70	\$1,899,896.80	\$341,981.42
9	71	\$1,937,894.74	\$348,821.05
10	72	\$1,976,652.63	\$355,797.47

61. Likewise, Stock represented to prospective investors that Hedgehog Investments' 15-year track record was flawless, and that Hedgehog Investments was fully vetted.

62. The Sellers told investors that if investing in a one-year note, they can expect their money to fund two different loans during that timeframe, with each loan taking four to five months for funding. The Sellers told investors that if investing in a two-year note, they can expect their capital to be used in as many as five loan transactions over that period.

63. The Sellers told investors that Vigil has extensive experience and special commercial banking relationships that help growing companies obtain loans they would not otherwise qualify for because the companies, while successful, have high debt-to-income ratios.

64. Bates and Ruperto told investors they have successfully funded hundreds of deals over the past several years.

65. Hedgehog Investments, through the Sellers and through advertising and marketing materials made available to investors by the Sellers, also touts its use of an “insured trust account” as an additional risk-reducing mechanism. Specifically, the Hedgehog Notes and Sunnyside Notes state:

Borrower agrees through an appropriate power of attorney granted to Princeton Law Firm (PLF), to have all loan proceeds of the both the present Note and the New Financing flow through the insured attorney trust account of Princeton Law Firm. In addition, Princeton Law Firm shall assure that the proceeds of the present Note are used in a manner consistent with the purposes outlined above and that the proceeds of the New Financing are used, to the extent necessary, to cover all obligations to Lender including minimum monthly payments associated with any loans and tax penalties for other sources of funds procured by Lender . . .

66. As further assurance to investors, [princetonlawfirm.com](http://princetonlawfirm.com) displays the logos of several reputable insurance companies, including Travelers and CNA. Rather, to the extent Princeton Law Firm or its principal, Amy Walker, carried any insurance with Travelers, CNA, or the other insurance companies displayed on Princeton Law Firm’s website, the \$1 million to \$2 million in coverage would not and could not protect investors (from whom Defendants raised in excess of \$80 million) in the event of a breach.

**III. Defendants’ sales pitch misrepresented and omitted the true business (or lack thereof) of Hedgehog Investments and misuse of investor funds**

67. Contrary to Defendants’ misrepresentations and omissions, Hedgehog Investments simply turned investor money over to Vigil—a repeat criminal convicted of attempted fraud in connection with a scheme to obtain fraudulent bank loans, amongst other misconduct towards consumers—and blindly trusted that Vigil would properly deploy the funds.

68. Bates admitted as much to the Utah Division of Securities: “Hedgehog Investments simply transfers investor monies to Vigil and trusts that he will use the monies as claimed.” Utah Order, ¶ 34.

69. This admission is further supported by a statement on Hedgehog Investments’ website that Hedgehog Investments’ attorneys “made an official demand to the attorneys representing Will Vigil and entities through which he conducts business . . . for a return of all client funds.”

70. Hedgehog Investments’ attempt to misdirect blame to Vigil does not absolve Defendants of misrepresenting and omitting to investors how their invested funds would be used and ultimately misusing such funds, amongst other things.

71. Specifically, instead of using investor money to obtain financing for growing companies, the Utah Division of Securities’ review of bank records revealed that neither Hedgehog Investments nor Vigil employed any legitimate profit-making mechanism and instead misused investor funds. Some examples of such misuse include:

- a. Vigil transferred investor money into Palacios’ TD Ameritrade brokerage account over which Vigil had access;
- b. Vigil transferred investor money to his own and Bates’ outside business ventures;
- c. Vigil transferred investor money to his fiancée;
- d. Vigil transferred money to pay his residential rent;
- e. Vigil used investor funds to cover personal expenses including meals, gas, golf, and medical expenses; and
- f. Vigil purchased a Ford Bronco for his daughter that cost nearly \$89,000.

72. Moreover, the Utah Division of Securities’ review of bank records revealed that Vigil was using new investor money to pay existing investors, the hallmark of a Ponzi scheme.

73. The Utah Order provided an example of such banking activity that occurred in an account belonging to Grow Marketing Company, L.L.C. ending in -8247 (the “8247 Account”), over which Palacios and Vigil had signatory authority. After receiving \$250,000 from an investor, the monies were spent as follows:

Hedgehog bank account -9151	(\$73,000)
Investor B.L.	(\$61,000)
Reveal Laboratories, LLC <sup>2</sup>	(\$19,000)
Investor B.W.	(\$10,000)
Imperium Group (public relations company)	(\$8,000)
Shane Co. (jewelry company)	(\$6,000)
Venmo	(\$5,000)
Vigil’s fiancée	(\$5,000)
Seat Cover Co.	(\$4,000)
Internet-Google Ads	(\$4,000)
Daybreak Expeditions LLC (Vigil’s residential rent)	(\$4,000)
Prime Power & Electric	(\$4,000)
Investor C.H.	(\$3,000)
Amazon.com	(\$3,000)
Reveal Laboratories, LLC investor A.C.	(\$3,000)
David Allred (Reveal Laboratories principal)	(\$3,000)
Next Generation (unknown entity)	(\$3,000)
Other individual payees	(\$30,000)
TOTAL SPENT	(\$248,000)

74. In another example, after the 8247 Account received \$50,000 from an investor, the monies were spent as follows:

Venmo	(\$4,200.00)
Daughter of Vigil associate	(\$4,000.00)
Payments to nine previous investors	(\$20,445.00)
Payment to the investor that wired the \$50,000	(\$854.50)
Google Services	(\$2,055.00)
Payments to Bates, Bishop, Palacios, and Hedgehog Investments	(\$4,676.00)
Alcohol / bars	(\$2,165.23)
Eating out	(\$168.29)
E-Commerce Purchase	(\$56.52)

<sup>2</sup> Reveal Laboratories was a venture started by Vigil.

Experian Credit Services	(\$19.99)
Gas Station	(\$135.80)
Golfing	(\$116.00)
Groceries	(\$239.62)
Ignition Interlock Device	(\$74.67)
Medical Expense	(\$76.67)
Onstar Services	(\$51.31)
Retail Hardware	(\$133.99)
Shoe Shop	(\$128.68)
Streaming Service	(\$96.44)
XM Radio	(\$21.92)
TOTAL SPENT	(\$39,715.63)

75. In a third example, after \$75,000 of investor money was transferred to a Sunnyside Equity account ending in -6619, \$89,890 was used to purchase a Ford Bronco for Vigil's daughter.

76. In May 2023, a concerned investor shared the results of a private investigation into Hedgehog Investments and its principals with non-party Essary of Stronghold Wealth and Stronghold Capital, who shared the same with Defendant Stock. The report revealed that Bishop, Bates, and Vigil appeared to be judgment-proof or own very few physical assets. The report also revealed various court and regulatory cases against Vigil.

77. About a week later, Stock hired a new investigator to conduct due diligence about Vigil. The results confirmed Vigil was, at best, highly suspect, disclosing to Stock Vigil's lengthy criminal history, civil judgments, use of various names and addresses, possession of two Social Security numbers, and two voter registrations. Moreover, the investigator identified Vigil's non-registration with the SEC a "big red flag." This did not deter the Stronghold Sellers' continued solicitation and sale of Hedgehog Notes.

78. Accordingly, in connection with Defendants' sales of Hedgehog Notes and Sunnyside Notes to investors, Defendants misrepresented the following:

- a. That the "Borrowers" or issuers of the notes will use investor funds to help growing businesses secure financing;

- b. That the notes are safe or low risk;
- c. That Hedgehog Investments employs a vetting process to identify growing businesses;
- d. That in connection with such “vetting process,” Hedgehog Investments only moves forward if it obtains pre-approvals from potential lenders;
- e. That in connection with such “vetting process,” Hedgehog Investments begins by obtaining power of attorney ensuring control over the subject business;
- f. That Vigil has special relationships with commercial banks to assist subject companies in securing financing; and
- g. That Hedgehog Investments created or employs an investment model that allows investors to earn high returns.

79. Likewise, in connection with Defendants’ sales of Hedgehog Notes and Sunnyside Notes to investors, Defendants omitted to tell investors the following facts which would have been important to investors when deciding to invest:

- a. That Bates is a convicted felon and registered sex offender;
- b. That Vigil has an extensive criminal history including a conviction for attempted fraud in connection with a fraudulent bank loan scheme;
- c. That Vigil is on Utah’s “Buyer Beware List;”
- d. That Palacios has been disciplined by the Utah Office of Professional Conduct relating to her connection to a credit repair business that failed to deliver services promised to Palacios’ client;
- e. That Hedgehog Investments did not in fact vet or otherwise conduct due diligence on potential companies to work with;
- f. That investor funds are simply turned over to Vigil;
- g. That investor funds are deposited in Palacios’ TD Ameritrade brokerage account over which Vigil has access;
- h. That Vigil used investor funds for personal expenditures;

- i. That new investor funds are used to pay existing investors, the hallmark of a Ponzi scheme;
- j. That Defendants are not licensed or registered to sell securities;
- k. The conflicts of interest created by Ruperto's role as COO of Hedgehog Investments and the Stronghold Sellers' earning of commissions; and
- l. That regardless of Defendants' own registrations or lack thereof, the Hedgehog Notes and Sunnyside Notes are unregistered securities that do not qualify for any exemption from registration.

80. Unfortunately, as a result of these misrepresentations, omissions, and other misconduct detailed herein, Plaintiff and the class have lost their principal investments.

### **PLAINTIFF'S INVESTMENTS**

81. Towards the end of 2023, Plaintiff Klingler discovered Defendants Ruperto and Stronghold Capital online.

82. Ruperto pitched the idea of investing in a Hedgehog Note to Klingler, assuring Klingler that Ruperto was Klingler's fiduciary and making representations (and omissions) about the Hedgehog Notes consistent with those detailed herein, such as that the investment was incredibly safe.

83. To learn more, Klingler participated in a Zoom call with Defendants Ruperto and Bishop, during which Bishop made representations largely identical to those made to other class members who purchased Hedgehog Notes and Sunnyside Notes including, but not limited to, that Hedgehog Investments would use investor capital to help growing businesses secure financing and that the Hedgehog Notes were safe and low risk.

84. Based on those representations, Klingler invested \$499,486 in a Hedgehog Note in or around January 2024. The note carried a two-year term. The funds represented a substantial portion of Klingler's 401(k), which he had spent decades accumulating.

85. Ultimately, the note was never paid back, and Klingler lost his entire principal investment.

### **CLASS ACTION ALLEGATIONS**

86. Plaintiff brings this action against Defendants pursuant to Rules 23(a) and 23(b)(2) and 23(b)(3) of the Federal Rules of Civil Procedure on behalf of themselves and all other persons similarly situated. The Class which the Plaintiff seeks to represent is comprised of all persons who:

- a. Purchased Hedgehog Notes or Sunnyside Notes between January 1, 2020 and the present<sup>3</sup>;
- b. Did not make a net profit on their investments;
- c. Have never been owners, employees, legal representatives, or successors of Hedgehog Investments, Hedgehog Holdings I, LLC, Hedgehog Holdings II, LLC, Sunnyside Equity Holdings, LLC, Grow Marketing Company, L.L.C., or Princeton Law Firm.

(the “Class Definition”).

87. Plaintiff reserves the right to amend this Complaint to assert claims on behalf of additional classes or subclasses of investors in any of the Hedgehog Notes or Sunnyside Notes as may later become necessary, insofar as the misrepresentations and omissions identified in this complaint were common to the notes.

88. **Numerosity and superiority:** Approximately 350 individuals or entities fall within the proposed Class Definition. As a result, a class action is superior to other methods of adjudicating the claims of the putative class members; litigating their claims individually would be impractical. Additionally, the disposition of the claims in a class action will provide substantial benefit to the parties and the Court in avoiding a multiplicity of identical suits and inconsistent or

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<sup>3</sup> According to the Utah Division of Securities, as of its Emergency Cease and Desist Order dated May 23, 2025, solicitations were ongoing.

varying adjudications with respect to individual Class members that would establish incompatible standards of conduct for the party defending the claims.

89. Plaintiff's claims are typical of the claims of the Class he seeks to represent. Plaintiff and other Class members invested in one or more of the Hedgehog Notes or Sunnyside Notes during the relevant time period. All of their purchases were based on uniform offering documents and other information made available by Hedgehog Investments and Defendants. A material misrepresentation or omission to one investor is thus the same for all investors.

90. **Commonality and predominance:** There are well-defined, nearly-identical issues common to the Class—which predominate over issues not common to the class—including:

- a. Whether Hedgehog Investments and Defendants operated a Ponzi scheme;
- b. Whether certain representations common among the Hedgehog Notes and Sunnyside Notes were false and misleading including, but not limited to:
  - i. That the “Borrowers” or issuers of the notes will use investor funds to help growing businesses secure financing;
  - ii. That the notes are safe or low risk;
  - iii. That Hedgehog Investments employs a vetting process to identify growing businesses;
  - iv. That in connection with such “vetting process,” Hedgehog Investments only moves forward if it obtains pre-approvals from potential lenders;
  - v. That in connection with such “vetting process,” Hedgehog Investments begins by obtaining power of attorney ensuring control over the subject business;
  - vi. That Vigil has special relationships with commercial banks to assist subject companies in securing financing; and
  - vii. That Hedgehog Investments created or employs an investment model that allows investors to earn high returns.

- c. Whether Defendants knew that the representations common among the Hedgehog Notes and Sunnyside Notes were false and/or misleading;
- d. Whether the misleading statements made by Defendants were material; and
- e. Whether Defendants' misrepresentations and omissions were relied upon by any individual who purchased those investments.

91. These and other common issues predominate over any individual issues. The focus of these claims is on the conduct of the Defendants and Hedgehog Investments and the contents of their offering documents and other public statements, which did not vary as between class members. Resolution of these common questions will drive the claims of all Class members toward judgment or resolution; they involve a "fatal similarity" for purposes of the claims of all class members.

92. For all of these reasons, a class action is the superior method for the fair and efficient adjudication of this controversy

93. **Typicality:** Like all of the proposed Class members, Plaintiff seeks to recover the financial losses he suffered because of Defendants' misrepresentations regarding the investments.

94. **Adequacy of representation:** Plaintiff is a member of the Class and will fairly and adequately represent and protect its interests. Plaintiff has no interests contrary to or in conflict with the interests of other class members.

95. Counsel for Plaintiff are competent and experienced attorneys.

96. **Risk of inconsistent or impeding adjudications:** Prosecuting separate actions by individual Class members would create a risk of inconsistent or varying adjudications that would establish incompatible standards of conduct for at least one party opposing the class.

97. Moreover, adjudications with respect to individual Class members would, as a practical matter, substantially impair the ability of other members to protect their interests because of the limited assets that may be available to remedy harms done to Plaintiff in this case.

98. Class-wide relief is essential to resolve the claims regarding all potential investors relating to all responsible parties in an equitable, even-handed fashion.

99. Plaintiff therefore seeks certification of the Class(es) pursuant to Rules 23(b)(1)(A) and (b)(3).

## **CAUSES OF ACTION**

### **Count I**

#### **Violation of the Utah Uniform Securities Act § 61-1-7 (against all Defendants)**

100. Plaintiff realleges and incorporates by reference the preceding paragraphs as if fully set forth herein.

101. It is a violation of the Utah Uniform Securities Act § 61-1-7 “for any person to offer or sell any security in this state unless it is registered under this chapter, the security or transaction is exempted under Section 61-1-14, or the security is a federal covered security for which a notice filing has been made pursuant to the provisions of Section 61-1-15.5.”

102. The Hedgehog Notes and Sunnyside Notes that Defendants offered and/or sold to Plaintiff and the Class were securities.

103. The Hedgehog Notes and Sunnyside Notes did not qualify for exemption under the Utah Uniform Securities Act § 61-1-14 nor were they federally covered securities for which a notice filing was made pursuant to the Utah Uniform Securities Act § 61-1-15.5.

104. The notes issued by Hedgehog Holdings I, LLC and Hedgehog Holdings II, LLC purported to qualify for exemption under the federal securities laws by filing a Form D Notice of

Exempt Offering of Securities (“Form D”) with the SEC and indicating that the securities were being sold pursuant to Rule 506(b) of Regulation D of the Securities Act. None of the other “Borrower” issuers purported to qualify for such exemption by filing a Form D.

105. Regardless, the investments issued by Hedgehog Holdings I, LLC and Hedgehog Holdings II, LLC did not meet the criteria for exemption because Defendants engaged in general solicitation, marketing, and advertising of the Hedgehog Notes and Sunnyside Notes as described herein.

**Count II**  
**Violation of the Utah Uniform Securities Act § 61-1-1(2)**  
**(against all Defendants)**

106. Plaintiff realleges and incorporate by reference the preceding paragraphs as if fully set forth herein.

107. It is a violation of the Utah Uniform Securities Act § 61-1-1(2), in connection with the offer, sale, or purchase of a security, directly or indirectly, to “make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.”

108. Defendants’ offer and sale of the Hedgehog Notes and Sunnyside Notes included untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.

109. Specifically, in connection with Defendants’ sales of Hedgehog Notes and Sunnyside Notes to investors, Defendants misrepresented:

- a. That the “Borrowers” or issuers of the notes will use investor funds to help growing businesses secure financing;
- b. That the notes are safe or low risk;

- c. That Hedgehog Investments employs a vetting process to identify growing businesses;
- d. That in connection with such “vetting process,” Hedgehog Investments only moves forward if it obtains pre-approvals from potential lenders;
- e. That in connection with such “vetting process,” Hedgehog Investments begins by obtaining power of attorney ensuring control over the subject business;
- f. That Vigil has special relationships with commercial banks to assist subject companies in securing financing; and
- g. That Hedgehog Investments created or employs an investment model that allows investors to earn high returns.

110. Likewise, in connection with Defendants’ sales of Hedgehog Notes and Sunnyside Notes to investors, Defendants omitted:

- a. That Bates is a convicted felon and registered sex offender;
- b. That Vigil has an extensive criminal history including a conviction for attempted fraud in connection with a fraudulent bank loan scheme;
- c. That Vigil is on Utah’s “Buyer Beware List;”
- d. That Palacios has been disciplined by the Utah Office of Professional Conduct relating to her connection to a credit repair business that failed to deliver services promised to Palacios’ client;
- e. That Hedgehog Investments did not in fact vet or otherwise conduct due diligence on potential companies to work with;
- f. That investor funds are simply turned over to Vigil;
- g. That investor funds are deposited in Palacios’ TD Ameritrade brokerage account over which Vigil has access;
- h. That Vigil used investor funds for personal expenditures;
- i. That new investor funds are used to pay existing investors, the hallmark of a Ponzi scheme;
- j. That the Hedgehog Notes and Sunnyside Notes are unregistered securities that do not qualify for any exemption from registration;

- k. That Defendants are not licensed or registered to sell securities; and
- l. The conflicts of interest created by Ruperto's role as COO of Hedgehog Investments and the Stronghold Sellers' earning of commissions.

111. Defendants' misrepresentations and omissions were reckless or intentional considering their direct involvement in the underlying Ponzi scheme and knowledge of the falsity of their sales pitch. In particular, but without limitation, Defendant Bates admitted to the Utah Division of Securities that Hedgehog Investments conducted no due diligence or vetting of companies and that Hedgehog Investments did not use investor money as represented. Likewise, Vigil himself was misusing investor funds while making representations and omissions to the contrary to investors. Finally, as SEC-registered investment advisers holding themselves out as offering risk mitigation, investment advice, and retirement planning advice, Defendants Prazen, Ruperto, and Stock were well-aware that they were providing investment advice and guidance in recommending Hedgehog Notes and that the notes were neither properly licensed or registered nor safe or consistent with the provision of prudent investment advice.

112. As a result of these reckless material misrepresentations and omissions, Plaintiff and the Class have suffered damages and are entitled to damages and/or rescission as well as interest, costs, and reasonable attorney fees less the amount of income received on the securities pursuant to the Utah Uniform Securities Act § 61-1-22(1)(b). Plaintiff and the Class respectfully request that the court award an amount equal to three times the consideration paid for the security, together with interest, costs, and attorney fees less any amount of income received on the securities pursuant to the Utah Uniform Securities Act § 61-1-22(2).

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**Count III**  
**Fraud**  
**(against all Defendants)**

113. Plaintiff realleges and incorporates by reference the preceding paragraphs as if fully set forth herein.

114. Defendants defrauded Plaintiff and the Class by making misrepresentations and omissions in offering and marketing materials and in oral sales pitches as follows:

115. In connection with Defendants' sales of Hedgehog Notes and Sunnyside Notes to investors, Defendants misrepresented:

- a. That the "Borrowers" or issuers of the notes will use investor funds to help growing businesses secure financing;
- b. That the notes are safe or low risk;
- c. That Hedgehog Investments employs a vetting process to identify growing businesses;
- d. That in connection with such "vetting process," Hedgehog Investments only moves forward if it obtains pre-approvals from potential lenders;
- e. That in connection with such "vetting process," Hedgehog Investments begins by obtaining power of attorney ensuring control over the subject business;
- f. That Vigil has special relationships with commercial banks to assist subject companies in securing financing; and
- g. That Hedgehog Investments created or employs an investment model that allows investors to earn high returns.

116. Likewise, in connection with Defendants' sales of Hedgehog Notes and Sunnyside Notes to investors, Defendants omitted:

- a. That Bates is a convicted felon and registered sex offender;
- b. That Vigil has an extensive criminal history including a conviction for attempted fraud in connection with a fraudulent bank loan scheme;

- c. That Vigil is on Utah’s “Buyer Beware List;”
- d. That Palacios has been disciplined by the Utah Office of Professional Conduct relating to her connection to a credit repair business that failed to deliver services promised to Palacios’ client;
- e. That Hedgehog Investments did not in fact vet or otherwise conduct due diligence on potential companies to work with;
- f. That investor funds are simply turned over to Vigil;
- g. That investor funds are deposited in Palacios’ TD Ameritrade brokerage account over which Vigil has access;
- h. That Vigil used investor funds for personal expenditures;
- i. That new investor funds are used to pay existing investors, the hallmark of a Ponzi scheme;
- j. That the Hedgehog Notes and Sunnyside Notes are unregistered securities that do not qualify for any exemption from registration;
- k. That Defendants are not licensed or registered to sell securities; and
- l. The conflicts of interest created by Ruperto’s role as COO of Hedgehog Investments and the Stronghold Sellers’ earning of commissions.

117. Such misrepresentations and omissions were material.

118. Plaintiff and the Class justifiably relied upon the misstatements and omissions described herein when purchasing their investments in the Hedgehog Notes and Sunnyside Notes.

119. As a result, Plaintiff and the Class suffered damages.

**Count IV**  
**Breach of Fiduciary Duty**  
**(against all Defendants)**

120. Plaintiff realleges and incorporates by reference the preceding paragraphs as if fully set forth herein.

121. At all relevant times, Defendants owed a fiduciary duty to Plaintiff and the Class because Defendants purported to have expertise in the investments they sold to Plaintiff and the

Class, because Defendants understood that Plaintiff and the Class did not have such expertise, and because Defendants Bates, Bishop, Vigil, and Palacios—through Hedgehog Investments, Hedgehog Holdings I, LLC, Hedgehog Holdings II, LLC, Sunnyside Equity Holdings, LLC, Grow Marketing Company, L.L.C., and Princeton Law Firm, and through misappropriations of investor funds to Palacios’ TD Ameritrade brokerage account and Vigil’s personal bank accounts—solicited and held Plaintiff’s and the Class’ investment funds purportedly for Plaintiff’s and the Class’ benefit. Such fiduciary duties included the duty to act in Plaintiff’s and the Class’ best interests.

122. Defendants breached their fiduciary duties to Plaintiff and the Class by failing to act in their best interests in recommending the Hedgehog Notes and Sunnyside Notes through the use of material misrepresentations and omissions and in operating Hedgehog Investments as a Ponzi scheme and misusing and misappropriating investor funds, as set forth herein.

123. As a result, Plaintiff and the Class suffered damages.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff respectfully requests that the Court:

- a. Award compensatory damages to Plaintiff in the amount of \$84.4 million, for which Defendants are jointly and severally liable;
- b. Award interest, costs, and reasonable attorney fees less the amount of income received on the securities pursuant to the Utah Uniform Securities Act § 61-1-22(1)(b);
- c. Award three times the consideration paid for the security, together with interest, costs, and attorney fees less any amount of income received on the securities pursuant to the Utah Uniform Securities Act § 61-1-22(2);
- d. Award pre- and post-judgment interest at the legal rate; and

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e. Grant Plaintiff whatever other relief is just and proper.

**JURY TRIAL DEMANDED**

DATED January 15, 2026.

**RESPECTFULLY FILED,**

By: /s/ Shawn M. Lindsay \_\_\_\_\_  
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