

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF NORTH CAROLINA
CHARLOTTE DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

No. 3:16-cv-208

GEORGE A. MOORE III

and

JOSEPH R. DEROSA,

Defendants,

and

LISA A. DEROSA,

Relief Defendant.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff, Securities and Exchange Commission (the “Commission”), files its complaint and alleges the following:

OVERVIEW

1. This case involves violations of the antifraud and securities offering registration provisions of the federal securities laws by George A. Moore III (“Moore”) and Joseph R. DeRosa (“Joe DeRosa”) (collectively, “Defendants”) arising from an unregistered distribution of Solarbrook Water and Power Corp. (“Solarbrook”) common stock that occurred in 2010.

2. Beginning in or about May 2010 and continuing through in or about November 2010, Moore, the chief executive officer of Solarbrook, and Joe DeRosa, a purported media and investor relations consultant doing business as OTC Capital Media, Inc. (“OTCCM”), conducted

an unregistered offering of 10,000,020 shares of Solarbrook common stock. OTCCM was a privately-held entity owned by Joe DeRosa's wife, Relief Defendant Lisa A. DeRosa ("Lisa DeRosa"), that Solarbrook purportedly engaged to provide business and consulting services. In order to evade the securities transaction registration requirements of the federal securities laws, Moore and Joe DeRosa created a backdated consulting agreement between Solarbrook and Lisa DeRosa and a backdated convertible debenture that Moore caused Solarbrook to issue to OTCCM.

3. Acting in his wife's name, Joe DeRosa exercised the backdated convertible debenture and Solarbrook's transfer agent issued a 10,000,020 share Solarbrook stock certificate, dated July 7, 2010, in Lisa DeRosa's name. The stock certificate bore a restrictive legend that prevented the shares of Solarbrook stock represented by the certificate from being sold in the public marketplace.

4. Thereafter, Joe DeRosa and Moore made false and misleading statements, and supplied falsified and forged documents that they had created, to Solarbrook's transfer agent in order to deceive the transfer agent into issuing a new 10,000,020 stock certificate without a restrictive legend to Lisa DeRosa.

5. Solarbrook's transfer agent, in reliance upon the false and misleading statements and documents from Joe DeRosa and Moore, issued an unrestricted Solarbrook stock certificate for 10,000,020 shares in Lisa DeRosa's name, thereby making the 10,000,020 shares of Solarbrook stock represented by the stock certificate purportedly unrestricted in the public marketplace.

6. Joe DeRosa subsequently opened brokerage accounts in Lisa DeRosa's name with two registered broker-dealers to sell the Solarbrook stock. In order to deceive the broker-dealers

into believing that the 10,000,020 shares of Solarbrook stock were freely tradeable and could be sold pursuant to a valid exemption from the securities transaction registration requirements, Joe DeRosa made false and misleading statements to the broker-dealers and provided the broker-dealers with false and misleading documents that he and Moore had created.

7. On or about November 17, 2010, Joe DeRosa sold all 10,000,020 shares of Solarbrook stock from an account in Lisa DeRosa's name at one of the registered broker-dealers in a public market transaction from which he and Lisa DeRosa realized gross proceeds of \$26,175. Joe DeRosa's sale of this Solarbrook stock was not pursuant to an effective registration statement, nor was it eligible for any safe harbor or other exemption from registration.

JURISDICTION AND VENUE

8. The Commission brings this action pursuant to Section 20 of the Securities Act of 1933 (Securities Act") [15 U.S.C. § 77t] and Section 21 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78u] to enjoin the Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, for disgorgement, civil penalties and other equitable relief.

9. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d)(1), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(e), and 78aa].

10. Venue is proper in the Western District of North Carolina pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the acts, practices, transactions, and courses of business alleged herein occurred within the Western District of North Carolina. Joe DeRosa and Lisa DeRosa are residents of Cornelius,

North Carolina, which is in the Western District of North Carolina. Joe DeRosa communicated with and transmitted documents to Solarbrook's transfer agent, located in Colorado, and two broker-dealers, located in California and Florida, respectively, from his home and office located in Cornelius, North Carolina.

11. The Defendants have, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or of the mails, and/or the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged herein.

DEFENDANTS AND RELIEF DEFENDANT

12. **Defendant George A. Moore, III**, age 67, is a resident of Durham, North Carolina. From 2004 until 2006, Moore was the chief operating officer of a Solarbrook subsidiary. From approximately July 2007 until early 2014, Moore was Solarbrook's chief executive officer ("CEO") and director. From at least January 1, 2008 until he resigned as Solarbrook's CEO in 2014, Moore was the company's only employee, officer, and director.

13. **Defendant Joseph R. De Rosa**, age 48, is a resident of Cornelius, North Carolina. At all relevant times, he was a principal of OTC Capital Media, Inc., purportedly a business consulting and investor relations firm.

14. **Relief Defendant Lisa A. De Rosa**, age 45, is a resident of Cornelius, North Carolina. She is Joe DeRosa's wife, and was the owner of OTC Capital Media, Inc. Lisa DeRosa is a high school graduate and has been a homemaker for most of her adult life. She has no business, consulting, or investor relations training or professional experience.

RELATED ENTITIES

15. Solarbrook Water and Power Corporation was a North Carolina corporation with

its headquarters located in Cary, North Carolina. Prior to December 2007, Solarbrook operated under the name, "HydroFlo, Inc." In 2006, HydroFlo and its then-CEO were charged with fraud in an SEC enforcement action filed in the United States District Court for the Eastern District of North Carolina for, among other things, issuing false and misleading press releases regarding the company's purported involvement in the federal government's Hurricane Katrina relief efforts. In that matter, HydroFlo and its former CEO both consented to the entry of permanent injunctions against future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and the former CEO was barred from serving as an officer or director of a public company and ordered to pay a \$100,000 civil money penalty. Following the settlement of the prior SEC enforcement action, HydroFlo changed its name to Solarbrook Water and Power Corporation. In November 2006, Solarbrook filed a Form 15 with the Commission, suspending its duty to file periodic reports with the Commission, and became a non-reporting company. On April 4, 2012, Solarbrook was administratively dissolved by the State of North Carolina for failure to file required annual reports.

16. "OTC Capital Media, Inc." was the trade name of "50/50 Ventures LLC", a North Carolina limited liability company those at all relevant times was owned by Lisa DeRosa, who also served as OTCCM's President. OTCCM purportedly was a consulting firm that provided public and investor relations and business consulting and development services. Solarbrook was OTCCM's only client. Joe DeRosa was a principal at OTCCM and he conducted all of OTCCM's business affairs pursuant to an understanding with Lisa DeRosa who, among other things, authorized Joe DeRosa to execute and sign documents in her name. On or about October 3, 2012, Articles of Dissolution of Limited Liability Company signed by Lisa DeRosa were filed with the North Carolina Secretary of State and terminated the existence of 50/50 Ventures LLC

and OTCCM.

FACTS
Unregistered Stock Offering

17. Sections 5(a) and 5(c) of the Securities Act make it unlawful for any person, directly or indirectly, to use the mails or other means of interstate commerce to sell or to offer to sell a security for which a registration statement is not on file or in effect, absent an available exemption. Rule 144 under the Securities Act [17 C.F.R. § 230.144] contains a series of conditions that, if properly met, will provide a reselling shareholder a safe harbor from the Securities Act's registration requirements and allow resale of restricted shares of stock. Here, the shares acquired by Lisa DeRosa were restricted because they were acquired directly or indirectly from the issuer in a chain of transactions not involving a public offering. Rule 144 has specific requirements that include a holding period for securities acquired from an issuer and requires, among other things, that the acquirer of securities in a non-reporting company, such as Solarbrook, hold the restricted shares for at least one year before the securities can be sold into the public marketplace. At all relevant times, Solarbrook was a non-reporting company, having suspended its duty to file periodic reports with the Commission in November 2006. Accordingly, anyone who acquired Solarbrook securities directly from the company in an unregistered transaction after November 2006 was required to have held the securities for over one year before such securities could be resold in a public marketplace transaction.

18. In 2007, Moore returned to Solarbrook to serve as its CEO. Within months of becoming Solarbrook's CEO, Moore closed both of Solarbrook's offices and fired all of the company's employees because of the company's lack of sales or revenues.

19. In or about May 2010, Moore and Joe DeRosa executed a consulting agreement purportedly between Lisa DeRosa and Solarbrook, which they backdated to January 2, 2009

(“Backdated Consulting Agreement”). Moore signed the Backdated Consulting Agreement on behalf of Solarbrook. Joe DeRosa signed Lisa DeRosa’s name to the Backdated Consulting Agreement. Prior to May 2010, Solarbrook had no business or other relationship with Joe DeRosa, Lisa DeRosa, or OTCCM.

20. Pursuant to the Backdated Consulting Agreement, Lisa DeRosa was to provide certain business consulting and other investor relations services to Solarbrook for a period of two years, including “management of resources, strategic planning, corporate organization and structure, financial matters in connection with the operation of the businesses of the company, expansion of services, [and] acquisitions and business opportunities.” Lisa DeRosa never performed any services for Solarbrook.

21. Under the terms of the Backdated Consulting Agreement, as compensation for services to be provided to Solarbrook by Lisa DeRosa, Solarbrook was obligated to issue 10,000,020 shares of common stock to Lisa DeRosa “immediately upon execution of the agreement.”

22. In or about May 2010, Moore caused Solarbrook to issue a convertible debenture to OTCCM, which he backdated to January 2, 2009, in order to create the misleading appearance that the debenture had been outstanding for over one year (“Backdated Convertible Debenture”). The Backdated Convertible Debenture gave OTCCM the right to convert 333,334 shares of Solarbrook preferred stock into 10,000,020 shares of Solarbrook common stock. At the time that he caused Solarbrook to issue the Backdated Convertible Debenture, Moore knew or was reckless in not knowing that Solarbrook had had no business or other relationship with Lisa DeRosa or OTCCM prior to May 2010. Joe DeRosa knew or was reckless in not knowing that the Backdated Convertible Debenture had not been issued on January 2, 2009, and that Moore

had created the Backdated Convertible Debenture in or about May 2010 and had backdated the debenture.

23. Joe DeRosa, acting on behalf of Lisa DeRosa in her capacity as President of OTCCM, exercised the conversion option under the Backdated Convertible Debenture in early July 2010 and Solarbrook's stock transfer agent issued a restricted stock certificate for 10,000,020 Solarbrook shares in Lisa DeRosa's name, dated July 7, 2010.

24. In or about late July 2010, in order to obtain an unrestricted stock certificate that could be used to effectuate the public marketplace sale of the 10,000,020 shares, Joe DeRosa sent to Solarbrook's stock transfer agent, among other things, a form "Shareholder Representation Letter to Remove Legend" that he had completed and signed in Lisa DeRosa's name, which falsely stated that Lisa DeRosa had held the shares represented by the accompanying stock certificate for over one year, and an attorney opinion letter that Joe DeRosa had forged on the letterhead of a law firm with offices located in Charlotte, North Carolina, dated July 21, 2010. The forged attorney opinion letter falsely stated that, with regard to Lisa DeRosa's request for the restrictive legend to be removed from the 10,000,020 share Solarbrook stock certificate in question, the attorney was of the opinion that "the seller will be allowed to sell his [sic] shares subject to the limitation of Rule 144 on July 21st, 2010 so long as the proposed sale is made in conformity with Rule 144." As of July 21, 2010, Lisa DeRosa had not held the Solarbrook shares for one year.

25. In furtherance of Joe DeRosa's fraudulent effort to obtain an unrestricted 10,000,020 share Solarbrook stock certificate from the transfer agent, Moore, in his capacity as Solarbrook's president and CEO, wrote a letter to the transfer agent, dated July 12, 2010, ("Moore Transfer Agent Letter") in which he falsely certified to the transfer agent that

10,000,020 shares of Solarbrook stock represented by the restricted stock certificate issued in Lisa DeRosa's name had been "validly issued" and were "free trading." Joe DeRosa knew or was reckless in not knowing that the statements that Moore made in the Moore Transfer Agent Letter were false and misleading and were made in order to fraudulently induce Solarbrook's transfer agent to issue an unrestricted 10,000,020 share Solarbrook stock certificate to Lisa DeRosa.

26. Based on Joe DeRosa's and Moore's fraudulent misrepresentations, the transfer agent issued an unrestricted stock certificate for 10,000,020 Solarbrook shares, dated August 2, 2010, in Lisa DeRosa's name.

27. At some point in July or August 2010, Moore created a document entitled, "Corporate Resolution – For Over 1 Million Shares," dated July 12, 2010, which he signed as the president and a director of Solarbrook ("Corporate Resolution"). In the Corporate Resolution, Moore certified that Solarbrook's board of directors had met with no fewer than two board members present and had resolved that the unrestricted stock certificate that had been issued to Lisa DeRosa for 10,000,020 shares of Solarbrook stock had been validly issued and that the shares were "free trading." Moore knew or was reckless in not knowing that the assertions in the Corporate Resolution were false and misleading. Further, Moore provided the Corporate Resolution to Joe DeRosa and knew or was reckless in not knowing that Joe DeRosa would use the Corporate Resolution to mislead others in connection with their scheme to evade the securities registration requirements.

28. On or about August 22, 2010, Joe DeRosa opened a brokerage account in Lisa DeRosa's name at a registered broker-dealer ("Broker-Dealer A") located in El Cajon, California. Joe DeRosa sent the fraudulently procured unrestricted stock certificate to Broker-

Dealer A, along with other false and fraudulent documents for the purpose of deceiving Broker-Dealer A into believing that the Solarbrook shares were properly unrestricted and could be sold into the public marketplace immediately. As part of that effort, Joe DeRosa submitted two forged attorney opinion letters, both dated July 22, 2010, on the letterhead of the same Charlotte, North Carolina law firm as the letter that Joe DeRosa had sent to Solarbrook's transfer agent. One of the forged attorney opinion letters falsely asserted that the 10,000,020 shares of Solarbrook stock had been issued pursuant to a consulting agreement between Lisa DeRosa and a shareholder of Solarbrook "on behalf of Solarbrook," while the other letter falsely stated that the same shares had been issued "via [sic] a consulting agreement" between Lisa DeRosa and Solarbrook.

29. Broker-Dealer A contacted the attorney who purportedly had signed the attorney opinion letters that Joe DeRosa had forged. The attorney disavowed the letters and denied that he had prepared or authorized either letter. When Broker-Dealer A confronted Joe DeRosa about the falsified letters, Joe DeRosa admitted forging one of letters.

30. In light of DeRosa's admission that he had forged an attorney opinion letter, Broker-Dealer A closed the account in Lisa DeRosa's name and returned the Solarbrook share certificate to Joe DeRosa.

31. On or about September 2, 2010, Joe DeRosa opened a brokerage account in Lisa DeRosa's name with a registered broker-dealer ("Broker-Dealer B"), located in Altamonte Springs, Florida, and deposited the same Solarbrook stock certificate into that account.

32. Joe DeRosa submitted falsified documentation to Broker-Dealer B. In addition to the unrestricted Solarbrook stock certificate that Joe DeRosa had procured from the transfer agent by fraud, Joe DeRosa sent to Broker-Dealer B a copy of the false and misleading

Corporate Resolution that Moore had created and signed. Joe DeRosa also sent to Broker-Dealer B a false and misleading “Rule 144 Seller’s Letter,” dated September 9, 2010, that he had completed and signed in Lisa DeRosa’s name, in which he falsely stated that Lisa DeRosa had held the Solarbrook shares for more than one year.

33. Based on the false and misleading information that Joe DeRosa submitted to Broker-Dealer B, the firm allowed Joe DeRosa to deposit the 10,000,020 share Solarbrook stock certificate into the account. Thereafter, on November 17, 2010, Joe DeRosa sold all 10,000,020 shares of Solarbrook stock from Lisa DeRosa’s account at Broker-Dealer B in an open market transaction, for gross proceeds of \$26,175. No registration statement was on file or in effect for the sale of these shares, and the transaction was ineligible for any exemption from registration.

34. Moore was a necessary participant and a substantial factor in the unregistered offer and sale of the Solarbrook stock. Moore created and signed both the Backdated Consulting Agreement with Lisa DeRosa and the Backdated Convertible Debenture, and he prepared and signed the false and misleading Moore Transfer Agent Letter and the Corporate Resolution, falsely representing that the stock had been validly issued and was “free trading”. At the time that Moore made these false and misleading statements in documents and correspondence that he sent to Solarbrook’s transfer agent and provided to Joe DeRosa, Moore knew or was reckless in not knowing that Joe DeRosa would use Moore’s false and misleading statements to mislead others in furtherance of the scheme to evade the securities registration requirements of the federal securities laws and to sell the 10,000,020 shares of Solarbrook stock in the public marketplace.

FIRST CLAIM FOR RELIEF

**Registration Provisions – Violations of Section 5(a) and (c) of the Securities Act
(Moore and Joe DeRosa)**

35. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 34, as if fully set forth herein.

36. The 10,000,020 shares of Solarbrook stock that Joe DeRosa sold through Lisa DeRosa's account constitute "securities" within the meaning of Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

37. The sale of Solarbrook shares by Joe DeRosa was not registered pursuant to the Securities Act and no exemption from registration was applicable.

38. Moore and Joe DeRosa therefore, singly or in concert, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer and sell securities when no registration statement had been filed or was in effect as to such offers and sales of such securities.

39. By reason of the activities described herein, Moore and Joe DeRosa, singly or in concert, directly or indirectly, have violated, and unless enjoined and restrained will continue to violate, Section 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and 77e(c)].

SECOND CLAIM FOR RELIEF

**Fraud – Violations of Section 10(b) of the Exchange Act and
Rule 10b-5(a) and (c) Thereunder
(Moore and Joe DeRosa)**

40. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 34, as if fully set forth herein.

41. Moore and Joe DeRosa, in the connection with the purchase or sale of securities, directly or indirectly, singly or in concert, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, with

scienter, have employed devices, schemes, and artifices to defraud, and have engaged in transactions, acts, practices, and courses of business which operated as a fraud or deceit.

42. By reason of the foregoing, Moore and Joe DeRosa have violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

THIRD CLAIM FOR RELIEF

**Fraud – Violations of Section 17(a)(1) of the Securities Act
(Moore and Joe DeRosa)**

43. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 34, as if fully set forth herein.

44. Moore and Joe DeRosa, directly or indirectly, singly or in concert, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and of the mails, knowingly or with reckless disregard for the truth, employed devices, schemes or artifices to defraud.

45. By reason of the foregoing, Moore and Joe DeRosa, singly or in concert, directly or indirectly, have violated, and unless enjoined and restrained will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

FOURTH CLAIM FOR RELIEF

**Fraud – Violations of Section 17(a)(2) and (a)(3) of the Securities Act
(Moore and Joe DeRosa)**

46. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 34, as if fully set forth herein.

47. Moore and Joe DeRosa, directly or indirectly, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce or by use of the mails, (a) obtained money or property by means of untrue statements of material

fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (b) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.

48. By reason of the foregoing, Moore and Joe DeRosa, singly or in concert, directly or indirectly, have violated, and unless enjoined and restrained will continue to violate, Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and 77q(a)(3)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court issue a Final Judgment:

I.

Permanently restraining and enjoining:

(a) Defendants Moore and Joe DeRosa, and their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Sections 5 [15 U.S.C. § 77e] and 17(a) [15 U.S.C. § 77q(a)] of the Securities Act; and

(b) Defendants Moore and Joe DeRosa, and their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

II.

Ordering Defendants Moore and Joe DeRosa and Relief Defendant Lisa DeRosa, jointly and severally, to disgorge any and all ill-gotten gains they received as a result of the violations of the federal securities laws, plus prejudgment interest thereon.

III.

Ordering Defendants Moore and Joe DeRosa to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] for violations of the federal securities laws.

IV.

Ordering that Defendants Moore and Joe DeRosa are barred from participation in any offering of a penny stock, pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and/or Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)].

V.

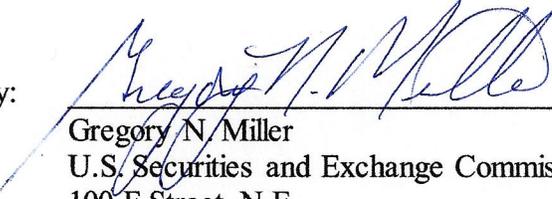
Ordering that Defendant Moore be barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78(1)] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)].

VI.

Granting such other relief as this Court may deem just and appropriate.

Dated: May 3, 2016
Washington, D.C.

By:



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