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12 **UNITED STATES DISTRICT COURT**
13 **NORTHERN DISTRICT OF CALIFORNIA**
14 **SAN FRANCISCO DIVISION**

15 **SECURITIES AND EXCHANGE**
16 **COMMISSION,**

17 Plaintiff,

18 vs.

19 **BEHROOZ SARAFRAZ,**

20 Defendant.

Case No.

COMPLAINT

21 Plaintiff Securities and Exchange Commission (“SEC”) alleges as
22 follows:

23 **JURISDICTION AND VENUE**

24 1. This Court has jurisdiction over this action pursuant to Sections
25 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange
26 Act”), 15 U.S.C. §§ 78u(d), 78u(e), and 78aa. Defendant has, directly or
27 indirectly, made use of the means and instrumentalities of interstate
28 commerce, or of the mails, in connection with the transactions, acts,
practices and courses of business alleged herein.

2. Venue is proper pursuant to Section 27 of the Exchange Act, 15
U.S.C. § 78aa, because certain of the transactions, acts, practices, and courses
of business constituting violations alleged herein occurred within this district.

1 **INTRADISTRICT ASSIGNMENT**

2 3. Under Civil Local Rule 3-2, this civil action should be assigned
3 to the San Francisco Division, because a substantial part of the events which
4 give rise to the claim occurred in Marin County.

5 **SUMMARY**

6 4. The SEC brings this action to enjoin Behrooz Sarafraz
7 (“Sarafraz”) from acting as an unregistered broker-dealer in violation of the
8 broker-dealer registration provisions of the federal securities laws.

9 5. Between February 2002 and April 2010 (the “Relevant Period”),
10 Sarafraz participated in the offer and sale of securities by TVC Opus I
11 Drilling Program, LP (“Opus”) and its managing general partner, Tri-Valley
12 Corporation (“Tri-Valley”). During the Relevant Period, Opus raised
13 approximately \$97 million from nearly 300 investors in a private placement
14 of securities in the form of general and limited partnership interests. During
15 the same period, Tri-Valley and two subsidiaries raised nearly \$43 million in
16 other securities offerings to many of the same investors.

17 6. Sarafraz helped Opus, Tri-Valley and its subsidiaries raise
18 funds in these offerings.

19 7. Opus and Tri-Valley paid Sarafraz approximately \$18.3 million
20 in sales commissions as a result of his fundraising efforts in connection with
21 the above securities offering (of which Sarafraz paid approximately \$1.9
22 million to others for their referrals).

23 8. During the Relevant Period, Sarafraz was not registered with
24 the SEC as a broker-dealer or associated with a registered broker-dealer.

25 9. By engaging in the business of effecting transactions in
26 securities for the account of others, Sarafraz acted as an unregistered broker
27 in violation of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

28 Unless restrained and enjoined, Sarafraz is reasonably likely to continue to

1 violate the federal securities laws.

2 **THE DEFENDANT**

3 10. **Behrooz Sarafraz** (“Sarafraz”), age 53, is a resident of
4 Tiburon, California. Sarafraz acted as the principal securities salesman on
5 behalf of Opus and Tri-Valley. Sarafraz has never held any securities
6 licenses or been registered with the SEC in any capacity.

7 **RELATED PARTIES**

8 11. **TVC Opus I Drilling Program, LP** (“Opus”) is a Delaware
9 limited partnership that was based in Bakersfield, California during the
10 Relevant Period. Opus was formed in 2002 to develop oil drilling prospects.
11 Opus is subject to Tri-Valley’s bankruptcy proceeding, discussed below.

12 12. **Tri-Valley Corporation** (“Tri-Valley”) is a Delaware
13 corporation that was based in Bakersfield, California during the Relevant
14 Period. Tri-Valley engaged in petroleum and mineral exploration and
15 development. Tri-Valley was the managing general partner of Opus, and
16 held a 25% working interest in the Opus properties. During the Relevant
17 Period, Tri-Valley’s common stock traded on the NYSE AMEX under the
18 symbol “TIV” and was registered with the SEC pursuant to Section 12(b) of
19 the Exchange Act. On June 22, 2012, Tri-Valley was delisted from the
20 NYSE. On August 7, 2012, Tri-Valley filed for Chapter 11 bankruptcy, as
21 debtors-in-possession, on behalf of itself and Opus under Title 11 of the
22 United States Code, 11 U.S.C. §§ 101, et seq., in the United States
23 Bankruptcy Court for the District of Delaware. Tri-Valley Corporation, et
24 al., Bankr. Case No. 12-12291 (MFW) (D.DE). On March 25, 2013, the
25 case was converted to Chapter 7 bankruptcy.

26 **STATEMENT OF FACTS**

27 **A. The Securities Offerings**

28 13. Between February 2002 and April 2010, Opus raised

1 approximately \$97 million from nearly 300 investors in a private placement
2 of securities in the form of general and limited partnership interests.

3 14. During the Relevant Period, Tri-Valley and two subsidiaries,
4 Great Valley Production Services LLC (“GVPS”) and Great Valley Drilling
5 Company LLC (“GVDC”), raised nearly \$43 million in other securities
6 offerings to many of the same investors.

7 **B. Sarafraz’s Sales Activities**

8 15. During the Relevant Period, Sarafraz worked full time locating
9 individuals to invest in the securities offered by Opus, Tri-Valley, GVPS and
10 GVDC.

11 16. Sarafraz met with prospective investors in person, spoke with
12 them on the telephone, or communicated via the internet. He described the
13 investment program to investors and recommended they purchase Opus
14 partnership interests and/or securities of Tri-Valley and its affiliated entities.
15 During the Relevant Period, Sarafraz sold the majority of securities to
16 investors.

17 17. Accordingly, Sarafraz engaged in the business of effecting
18 transactions in securities for the account of others.

19 **C. Sarafraz’s Commissions**

20 18. Sarafraz was paid commissions that ranged from seven to 17
21 percent of the proceeds from the sale of securities that he (or members of a
22 network he created) facilitated.

23 19. In particular, he received a 12 percent commission from sales of
24 Opus interests (which was paid in part from a three percent fee Tri-Valley was
25 entitled to receive) during the Relevant Period, plus an additional five percent
26 that Tri-Valley paid him until approximately May 2008. Although Sarafraz
27 continued selling Opus interests into early 2010, he stopped receiving
28 commissions in October 2009.

1 in accordance with Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

2 27. By engaging in the conduct described above, Sarafraz violated,
3 and unless restrained and enjoined will continue to violate, Section 15(a) of
4 the Exchange Act, 15 U.S.C. § 78o(a).

5 **PRAYER FOR RELIEF**

6 WHEREFORE, the SEC respectfully requests that the Court:

7 **I.**

8 Issue findings of fact and conclusions of law that Sarafraz committed
9 the violation of the federal securities laws alleged herein.

10 **II.**

11 Issue a judgment, in a form consistent with Fed. R. Civ. P. 65(d),
12 permanently enjoining Sarafraz and his agents, servants, employees, and
13 attorneys, and those persons in active concert or participation with any of
14 them, who receive actual notice of the judgment by personal service or
15 otherwise, and each of them, from violating Section 15(a) of the Exchange
16 Act, 15 U.S.C. § 78o(a).

17 **III.**

18 Order Sarafraz to disgorge all ill-gotten gains derived from the
19 conduct described herein, together with prejudgment interest thereon.

20 **IV.**

21 Order Sarafraz to pay a civil penalty under Section 21(d) of the
22 Exchange Act, 15 U.S.C. § 78u(d).

23 **V.**

24 Retain jurisdiction of this action in accordance with the principles of
25 equity and the Federal Rules of Civil Procedure in order to implement and
26 carry out the terms of all orders and decrees that may be entered, or to
27 entertain any suitable application or motion for additional relief within the
28 jurisdiction of this Court.

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VI.

Grant such other and further relief as this Court may determine to be just and necessary.

Respectfully submitted,

DATED: May 15, 2014

/s/ William S. Fiske
William S. Fiske
Attorney for Plaintiff
Securities and Exchange Commission