

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

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SECURITIES AND EXCHANGE		:	
COMMISSION,		:	
		:	
Plaintiff,		:	Civil Action No. 2:16-cv-02889-DCN
		:	
v.		:	
		:	
JOHN M. RAGSDALE,		:	
		:	
Defendant		:	
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COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC” and “Commission”), hereby files this civil enforcement action against John M. Ragsdale (“Defendant” or “Ragsdale”), alleging the following:

Overview

1. From August 2013 through mid-2014, Global Earth Energy, Inc. (“Global Earth”), a now-defunct public company formerly based in North Carolina, made materially false and misleading statements in press releases to the public and in public filings with the Commission. Most of the false and misleading statements involved Global Earth's alleged partner, Hawk Manufacturing Corporation (“Hawk”), a now-defunct private company based in South Carolina.

Defendant Ragsdale was Hawk’s Chief Executive Officer (“CEO”) and principal decision-maker. Global Earth falsely and misleadingly claimed, among other things: (1) that Global Earth and Hawk had exchanged 20 percent of their common stock, when they had not; (2) that the value of the Hawk stock exchange was nearly \$5,000,000, when there was no reasonable basis for that valuation; (3) that Hawk proposed to acquire businesses with existing credit facilities of \$10 million or \$25 million, when Hawk had no such funding; (4) that Hawk had completed various material business acquisitions, when Hawk had not; and, (5) that Global Earth and Hawk had merged, when they had not.

2. As set forth in more detail below, Global Earth violated antifraud provisions of the federal securities laws by making misrepresentations and omissions of material facts about Hawk to the investing public.

3. Through the actions and inactions set forth below, Defendant Ragsdale aided and abetted violations of the antifraud provisions of the federal securities laws.

Jurisdiction and Venue

4. The Commission brings this action pursuant to Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d) and 78u(e)] to enjoin Defendant 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 civil penalties, for an order barring Defendant from serving as an officer or director of a public company and from participating in any offer or sale of a penny stock, and for other equitable relief.

5. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

6. Defendant, directly and indirectly, made use of the means and instrumentalities of interstate commerce and of the mails in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

7. Venue is proper because certain of the transactions, acts, practices, and courses of business constituting violations of the Exchange Act occurred in the District of South Carolina.

8. Defendant, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged in this Complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

The Defendant

9. John M. Ragsdale, age 44, resides near Charleston, South Carolina. During the period described herein, he was the CEO of Hawk.

Relevant Entities

10. Global Earth Energy, Inc., formerly based in Wilmington, North Carolina, is a now-defunct public company incorporated in Nevada. During the relevant period, Global Earth's stock was registered under Section 12(g) of the Exchange Act and was quoted on OTC Link under the symbol GLER.

11. Hawk Manufacturing Corp., also sometimes erroneously referred to as Hawk Manufacturing, Inc., is a now-defunct, privately-held company headquartered in Charleston, South Carolina. Incorporated in Florida on July 1, 2013, Hawk claimed to be in the business of, among other things, acquiring operating businesses in the plastics and metal manufacturing industries.

FACTS

12. During the period August 2013 through April 2014 (“relevant period”), Ragsdale was Hawk's CEO and principal decision-maker.

13. During the relevant period, Global Earth’s common stock typically closed at between \$0.0001 and \$0.0003 per share, on thin trading volume.

14. During the relevant period, Global Earth's common stock was a "penny stock," as defined in Section 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder.

15. Prior to the relevant period, Global Earth touted a wide variety of proposed business plans involving, among others, fresh water technologies, carbon credits, coal mining, and commercial real estate. All of those business plans eventually were abandoned.

16. For at least several years before the relevant period, Global Earth generated little or no revenue and had substantial net losses.

17. In August 2013, Global Earth was in poor financial condition, with continuing substantial net losses and no material operations, assets, or revenues. Hawk was a newly-formed Florida corporation based in Charleston, South Carolina.

**Press Release Regarding Supposed
Exchange of Stock Between Global Earth and Hawk**

18. On August 23, 2013, Global Earth and Hawk (through Defendant Ragsdale) signed an "Exchange Agreement" expressing an intention to exchange 20 percent of each company's common stock. The exchange never came to pass.

19. Nevertheless, on August 28, 2013, Global Earth and Hawk misleadingly announced in a press release that Global Earth and Hawk had completed the 20 percent stock exchange pursuant to the Exchange Agreement, when both Global Earth and Defendant Ragsdale knew that no such stock exchange had in fact been completed.

20. Specifically, on August 28, 2013, Global Earth issued a press release announcing that: “GLER and HAWK Manufacturing [i.e., Hawk] have completed a stock swap of 20% in each company, giving one another ownership in each respective corporation.”

21. The August 28, 2013 press release also stated: “The value of the transaction is nearly \$5,000,000.00 between the two firms. GLER is receiving \$4,300,000.00 worth of stock from Hawk.”

22. In the August 28, 2013 press release, Defendant Ragsdale was quoted as stating, as CEO of Hawk: “We feel we can work with our client companies to provide quality products and profitable prices . . . from an American manufacturing base.”

23. As Defendant Ragsdale knew, and contrary to what Global Earth represented in the August 28, 2013 press release, Global Earth acquired no interest in Hawk, much less a 20 percent stake.

24. In addition, as Defendant Ragsdale knew, the stock valuations included in the August 28, 2013 press release were false and misleading because there was no reasonable basis to claim that Global Earth was receiving \$4,300,000 worth of Hawk stock or that the value of the transaction was nearly \$5,000,000.

25. Moreover, as Defendant Ragsdale knew, Hawk had no “client companies,” let alone client companies sufficient to justify a representation that Global Earth was receiving \$4,300,000 worth of Hawk stock.

26. For several months after the announcement of the Exchange Agreement, Global Earth issued press releases that falsely and misleadingly touted its purported “partner” Hawk’s actual and proposed operations, when in fact Global Earth and Defendant Ragsdale knew that the two companies had not acquired any equity interest in the other.

27. In each instance detailed below Defendant Ragsdale reviewed and approved the press releases before issuance.

28. In each instance detailed below Defendant Ragsdale knew or was reckless in not knowing that the press releases were materially false and misleading.

29. In each instance detailed below Defendant Ragsdale nevertheless drafted and/or approved the press releases for issuance to the public.

Press Release Regarding Hawk’s Non-Existent “Credit Facilities”

30. On September 9, 2013, Global Earth announced in a press release that Hawk was working on acquisition agreements with four businesses with “combined 2012 annual revenues of \$27 million and 2012 annual EBITA profits of \$4 million.”

31. Global Earth’s press release stated: “Expecting to close these acquisitions before the end of 2013, HAWK anticipates using existing financial facilities of more than \$10 million to close on these transactions.”

32. Also in that press release, Global Earth reported that Hawk “intends to use existing credit facilities for more than \$10 million to complete this transaction and similar transactions going forwards [sic] . . .”

33. Global Earth repeated the representation that Hawk had existing credit facilities of more than \$10 million and/or more than \$25 million in seven

subsequent press releases dated October 17, 2013, November 7, 2013, November 22, 2013, December 3, 2013, January 9, 2014, February 5, 2014, and February 7, 2014.

34. In truth, as Defendant Ragsdale knew, Global Earth's press releases were false and misleading because Hawk never had any material, existing credit facilities, let alone credit facilities of more than \$10 million or more than \$25 million.

35. Ragsdale was the source of Global Earth's false and misleading statements about Hawk's existing credit facilities.

36. At a minimum, Ragsdale reviewed and approved Global Earth's September 9, 2013 press release, which he knew would falsely and misleadingly inform the public that Hawk had existing credit facilities of \$10 million and/or \$25 million.

37. Global Earth omitted to disclose in the September 9, 2013 press release that no acquisition by Hawk would benefit Global Earth or its shareholders, as Global Earth owned no interest in Hawk.

Press Release Regarding Supposed Acquisition of Trump Equipment

38. On September 27, 2013, Global Earth announced in a press release that Hawk acquired Trump Equipment Company, Inc. ("Trump Equipment"),

stating that Trump Equipment “is Hawk's first acquisition in oil services,” and that Hawk “completed this TEC transaction as an equity transaction valuing Trump Equipment at \$9.5 million.”

39. The statements in that press release were false and misleading because, as Defendant Ragsdale knew, Hawk had only entered into a letter of intent to acquire 65 percent of Trump's stock and the acquisition never closed.

40. On October 17, 2013, Global Earth announced in a press release that Hawk had signed a “letter-of-intent through its Trump . . . subsidiary to acquire Swing Equipment Company, ” that the acquisition was expected to close on or before December 1, 2013, and that Hawk “expects to use existing financing facilities of more than \$25 million to close the transaction on behalf of its subsidiary.”

41. In the same press release, Global Earth stated that Hawk intended to use “existing credit facilities for more than \$10 million to complete transactions.”

42. These statements were false and misleading because, as Defendant Ragsdale knew, Trump Equipment never was Hawk's subsidiary, Trump Equipment’s letter of intent did not benefit Hawk, and Hawk had no existing credit facilities, let alone credit facilities of \$10 million or \$25 million.

43. Ragsdale was the source of Global Earth's false and misleading statements in the September 27, 2013 and October 17, 2013 press releases.

44. At a minimum, Ragsdale reviewed and approved Global Earth's September 27, 2013 and October 17, 2013 press releases, which he knew would mislead the public.

45. Global Earth omitted to disclose in the September 27, 2013 and October 17, 2013 press releases that no acquisition by Hawk would benefit Global Earth or its shareholders, as Global Earth owned no interest in Hawk.

Press Release Regarding Supposed Partnership with SouthStar Capital

46. On November 7, 2013, Global Earth announced Hawk's partnership with SouthStar Capital ("SouthStar"), stating that SouthStar would be providing Hawk and Trump Equipment with additional operating capital, and that "SouthStar ... will initially provide Trump ... with a three year revolving line of credit that initially can be drawn at up to \$2.5 million per month."

47. These statements were false and misleading because, as Defendant Ragsdale knew, Hawk had merely applied for financing from SouthStar, a South Carolina-based financing company, and SouthStar never committed to fund Hawk or Trump Equipment.

48. In addition, these statements were false and misleading because Trump Equipment never was Hawk's subsidiary, any such transaction did not benefit Global Earth, and Hawk had no existing credit facilities, let alone credit facilities of \$10 million or \$25 million.

49. Ragsdale was the source of Global Earth's false and misleading statements in the November 7, 2013 press release.

50. At a minimum, Ragsdale reviewed and approved Global Earth's November 7, 2013 press release, which he knew would mislead the public.

51. Global Earth omitted to disclose in the November 7, 2013 press release that no acquisition by Hawk would benefit Global Earth or its shareholders, as Global Earth owned no interest in Hawk.

Press Release Regarding Supposed Acquisition of NQM, Inc.

52. On February 5, 2014, a press release issued by Global Earth and/or Hawk announced Hawk's "closing the acquisition of NQM, Inc.," that the "acquisition is immediately accretive to HAWK's revenues and earnings," that "monthly revenues are targeted to be around \$500,000 per month" throughout 2014 and that "[m]anagement remains confident that revenues could reach or exceed \$1M per month upon closing pending contracts."

53. These statements were false and misleading because, as Defendant Ragsdale knew, although Hawk had entered into a stock purchase agreement with Neodesha Quality Machining, Inc. (“NQM”), not NQM, Inc. as stated in the press release, Hawk never closed the NQM acquisition, none of NQM's revenues were “immediately accretive” to Hawk, and there was no reasonable basis for projecting that its revenues would benefit Hawk.

54. Ragsdale was the source of Global Earth’s false and misleading statements in the February 5, 2014 press release.

55. Ragsdale reviewed and approved Global Earth’s February 5, 2014 press release, which he knew would mislead the public.

56. Global Earth omitted to disclose in the February 5, 2014 press release that no acquisition by Hawk would benefit Global Earth or its shareholders, as Global Earth owned no interest in Hawk.

57. Ragsdale reviewed and approved Global Earth’s February 5, 2014 press releases, which he knew would mislead the public.

Press Release Regarding Supposed Merger of Global Earth and Hawk

58. On January 22, 2014, Hawk announced in a press release that Hawk and Global Earth had “signed a definitive agreement” in which Hawk would

acquire a “significant majority” of Global Earth stock, and that the new senior management team would include Ragsdale as CEO.

59. The press release described Ragsdale as having “experience in managing organizations that have dealt primarily in the technology field.”

60. In that press release, Global Earth’s CEO stated: “We are excited and pleased for the quality of the new management team and where the Company is headed.”

61. In truth, as Defendant Ragsdale knew, Global Earth and Hawk merely had signed a letter of intent, not a definitive agreement.

62. The press release also misleadingly failed to provide adequate information about the new management, including, as Defendant Ragsdale knew, that Ragsdale's “experience” included a 2002 felony conviction for arson, for which he was imprisoned until 2007 and on supervised release until 2010.

63. On February 5, 2014, Global Earth and Hawk announced in a press release “the closing of the transaction to acquire and merger [sic] into Global Earth Energy.”

64. Global Earth and Hawk stated: “Under the completed transaction, GLER delivered to Hawk Manufacturing common and preferred shares ” They represented that the “new senior management team” would include Ragsdale as CEO.

65. The press release was false and misleading because, as Defendant Ragsdale knew, although Global Earth and Hawk entered into merger agreements, the merger never closed and no shares of stock were ever exchanged between Global Earth and Hawk. Thus, there was no new management team.

66. Yet, after the merger announcement, Ragsdale purported to act as Global Earth's President by signing questionable loan documents dated February 2014, including a promissory note committing Global Earth to pay \$1,500,000 to Ragsdale himself.

67. Ragsdale knew that Global Earth’s statements in the January 22, 2014 and February 5, 2014 press releases were false and misleading.

68. At a minimum, Ragsdale reviewed and approved Global Earth’s January 22 and February 5, 2014 press releases, which he knew would mislead the public.

The Central Omission

69. In addition to the above-cited material misrepresentations, each press release omitted a highly material fact which Global Earth was under a duty to disclose.

70. By announcing supposed positive developments at Hawk, Global Earth implied that such developments were positive for Global Earth; they were not.

71. Global Earth's announcements of purported positive developments at Hawk, which were fictitious in any event, would have been misleading even if true, because they created the impression that Global Earth owned a stake in Hawk and omitted the fact that Global Earth did not own a stake in Hawk. The purported positive developments at Hawk, even if true, would have been no more relevant to Global Earth than positive developments at any other company in which Global Earth held no stake.

72. By giving the investing public the false impression that positive developments at Hawk benefitted Global Earth, Global Earth acquired a duty affirmatively to disclose that Global Earth owned no interest in Hawk and that any positive developments at Hawk would **not** benefit Global Earth.

73. A reasonable investor would have considered the information in the above press releases, and the information omitted, significant.

74. Global Earth made the above misrepresentations in, and omissions from, the above press releases with an intent to deceive, manipulate, or defraud, or, at the very least, recklessly.

Defendant Ragsdale's Role

75. At the time of the issuance of each of the press releases detailed above, both the CEO of Global Earth and Defendant Ragsdale knew that Global Earth held no interest in Hawk, and that any positive developments at Hawk would not benefit Global Earth or its shareholders.

76. Ragsdale was the source of all or substantially all of Global Earth's false and misleading statements in the press releases detailed above.

77. Defendant Ragsdale reviewed and approved the above-mentioned press releases.

78. Defendant Ragsdale knew or was reckless in not knowing that the press releases described above were materially false and misleading.

79. Defendant Ragsdale nevertheless drafted and/or approved the press releases for issuance to the public.

80. Defendant Ragsdale thereby deliberately associated himself with Global Earth's effort to mislead the investing public through the described press releases and sought to bring about such deception.

AIDING AND ABETTING FRAUD
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]

81. Paragraphs 1 through 80 are hereby re-alleged and are incorporated herein by reference.

82. Global Earth, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- a. employed devices, schemes, and artifices to defraud;
- b. made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

c. engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

83. Global Earth knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business.

84. Defendant Ragsdale knowingly or recklessly substantially assisted Global Earth's violations of 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].

85. By reason of the foregoing, Defendant Ragsdale aided and abetted violations of and, unless enjoined, will continue to aid and abet violations of 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].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff SEC respectfully prays for:

I.

Findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that Defendant committed the violations alleged.

II.

A permanent injunction enjoining Defendant, his agents, servants, employees, and attorneys from violating, directly or indirectly, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

III.

An order barring Defendant from serving as an officer and/or director of a public company.

IV.

An order barring Defendant from participating in any offer or sale of penny stocks.

V.

An order, pursuant to Section 21(d) of the Exchange Act, directing Defendant to pay civil penalties.

VI.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission demands trial by jury in this action of all issues so triable.

Respectfully submitted,

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