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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

CASE NO. 6:18-CV-01155-OLG-18TBS

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DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO, FLORIDA

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
v.)
)
STEPHEN J. BARBER and)
LARRY LEE ARROWOOD,)
)
Defendants.)
_____)

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. From at least September 2015 through at least March 2016, Defendants Stephen J. Barber and Larry Lee Arrowood (collectively “Defendants”) made material misstatements and omissions in at least six press releases issued by Oakridge Global Energy Solutions, Inc. (“Oakridge” or the “Company”), which was a Palm Bay, Florida based company that purported to develop and manufacture lithium batteries. Barber was Oakridge’s Chairman and CEO, and Arrowood was Oakridge’s President, and they issued false and misleading press releases regarding, among other things, Oakridge’s lithium battery manufacturing operations and capabilities, new customer agreements, and growing sales. For example, the Defendants falsely claimed in the press releases that the Company had reached maximum production capacity at its plant, had agreements to supply its battery systems to at least two other companies, had received \$250,000 in “immediate booked orders” and more than \$20 million of “follow on commitments” to sell its golf cart battery systems, and had “existing pipeline orders” to sell \$24 million of

batteries. In reality, Oakridge was nowhere close to maximum production capacity at its plant, did not have agreements to supply its battery systems to any other companies, had not received \$250,000 in “immediate booked orders” and more than \$20 million of “follow on commitments” to sell its golf cart battery systems, and did not have an “existing pipeline orders” to sell \$24 million of batteries. The fraudulent press releases often had a material impact on the price and trading volume of Oakridge’s publicly traded stock.

2. Moreover, during this same time frame, Defendants participated in a scheme to defraud and a fraudulent course of business that included, in addition to the false press releases, giving Oakridge’s manufacturing facility visitors the false impression that the facility was in full production mode and passing off battery cells purchased from other companies as the Company’s own cells.

3. Through their conduct, each of the Defendants has violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5. Unless restrained and enjoined, the Defendants are reasonably likely to engage in future violations of the federal securities laws.

II. DEFENDANTS AND RELATED ENTITY

A. Defendants

4. **Barber**, 61, previously resided in Melbourne, Florida but is now believed to reside in either Hong Kong or Australia. He served as Oakridge’s CEO and Chairman beginning no later than 2014 and its interim CFO beginning no later than July 2016. Barber controlled Oakridge during the relevant time period. As Oakridge’s CEO and Chairman, Barber would execute Oakridge’s filings with the Commission and certify that the filings fairly presented, in all material respects, the financial position, results of operations and cash flows for

all periods presented, in compliance with Generally Accepted Accounting Principles. When the Commission subpoenaed Barber's testimony during its investigation, he failed to appear.

5. **Arrowood**, 56, resides in Melbourne, Florida. He served as President of Oakridge from November 2014 to May 2016 and as Oakridge's Registered Agent from at least March 2015 through February 2017.

B. Related Entity

6. **Oakridge** is a Colorado corporation that was located in Palm Bay, Florida. During the relevant time period, Oakridge purported to develop and manufacture lithium batteries and made filings with the Commission. Oakridge's stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act. On or about November 25, 2016, Barber signed as CEO of Oakridge, a Notification of Late Filing of Oakridge's Quarterly Report ("10-Q") for the quarter ending September 30, 2016, and since filing the Notification, the Company has not made any other filings with the Commission. During the relevant time period, Oakridge's stock was quoted on the OTC Link operated by OTC Markets Group, Inc. under the ticker symbol "OGES."

III. JURISDICTION AND VENUE

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

8. The Court has personal jurisdiction over the Defendants, and venue is proper in the Middle District of Florida, because many of the Defendants' acts and transactions constituting violations of the Exchange Act occurred in the Middle District of Florida, Oakridge's principal place of business during the relevant time period was in the Middle

District of Florida, and during the relevant time period, Barber and Arrowood resided in the Middle District of Florida.

9. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE DEFENDANTS' FRAUD

A. Barber and Arrowood's Roles in the Issuance of the False Press Releases

10. Barber and Arrowood both participated in preparing the six false press releases, all of which included direct quotes from Barber. In general, Barber would come up with the topics for the press releases, and Arrowood would put together an initial draft and send it to Barber for his review and comments. Oftentimes, Barber would totally rewrite the drafts before sending it back to Arrowood. Arrowood would issue Barber's version of the releases even if he knew it contained inaccurate or misleading information.

B. Fraudulent Press Releases

11. Barber made numerous material misrepresentations and omissions in the press releases concerning Oakridge, while Arrowood participated (and provided substantial assistance to Barber) in the making of these misrepresentations and omissions.

12. On September 17, 2015, through Barber and Arrowood, Oakridge issued a press release announcing that Oakridge was moving into its "new 68,718 square foot" corporate offices and manufacturing facility located in Palm Bay, Florida. The press release included a quote from Barber explaining that Oakridge "had simply outgrown [its] previous 12,000 square foot facility" and that the new facility would provide the space Oakridge

needed “to increase [its] maximum production of small format lithium cells from 250,000 per year to 25,000,000 cells per year.”

13. The quote of Barber gave the false impression that Oakridge was a growing company. In fact, Oakridge had not “outgrown” its manufacturing facility. At best, it had manually produced no more than 8,000 units from September 2014 to September 2015, significantly less than the 250,000 unit figure mentioned in the press release. Oakridge’s financial reports also demonstrate that the Company had not “outgrown” its manufacturing facility, because according to Oakridge’s 10-Q filing with the Commission for the period ending September 30, 2015, that Barber signed on November 20, 2015 as Oakridge’s CEO and Chairman, the Company did not record any revenues, cost of sales, or gross profits for the two and half months immediately preceding the press release, and only had \$1,110 in total revenues with a gross profit of just \$374 for the preceding eight and half months.

14. Moreover, in press releases issued on January 7, 2016 and February 16, 2016, through Barber and Arrowood, Oakridge announced that the company had signed a supply deal with Maritime Tactical Systems, Inc. (“Martac”), an “industry leader in the unmanned maritime market space,” and touted Martac as a client by announcing that Martac had recently conducted “very successful field trials” of several of its maritime vessels powered by “custom-tailored, high performance, Oakridge batteries.”

15. These press releases were blatantly false, as Martac has never entered into a supply agreement with Oakridge or received a major supply of batteries from Oakridge. Rather, Oakridge was merely providing Martac with a test battery, which, if successful, Martac could then purchase for its vessels. Ultimately, that never happened, in part, because the Oakridge test battery was not used during the Martac field trial. Oakridge provided only

one prototype battery for the demonstration and the Martac boat that actually contained that battery remained on a display table and never entered the water. The test batteries utilized during the field trial was an older, commercially available cell that was not produced by Oakridge. Both Barber and Arrowood were aware of this since they were both present on the day of the field demonstration.

16. Furthermore, on February 24, 2016, through Barber and Arrowood, Oakridge issued a similar press release announcing that the Company would be supplying batteries to Freedom Motors, LLC (“Freedom”), a Minnesota company that builds semi-trucks powered by a fully electric “propulsion system” technology. This press release claimed that Freedom would power its electric trucks using Oakridge’s “specially designed battery systems,” and that with the Oakridge batteries, Freedom could now begin to use its trucks “in the interstate logistic industry to move product from Chicago to Minneapolis,” a distance of approximately 400 miles. According to this press release, Freedom’s electric propulsion system is “now ready for full scale production in 2016 with high quality, ‘Made in USA’ Oakridge battery systems.” This press release included photographs of two semi-trucks with a logo containing the words “Freedom All Electric Technology” displayed on them, suggesting that these trucks were part of Freedom’s fleet.

17. This press release was also false and misleading. Freedom had neither entered into a supply agreement with nor purchased any batteries from Oakridge, and the Defendants did not have any legitimate basis to claim that Oakridge’s batteries could move the trucks 400 miles. Freedom merely expressed interest in exploring and testing a purported prototype of one of Oakridge’s batteries. At the time the press release was issued, Oakridge had yet to even conduct any testing of this prototype for Freedom, which made Arrowood very

concerned about the accuracy of the press release. Barber, however, when approached by Arrowood about his concerns, instructed Arrowood to issue the Freedom press release “just as it is.” In early May 2016, more than two months later, when testing was conducted using one of the Oakridge prototype battery systems, the Freedom truck was only able to travel a distance of about 80 miles on a single charge, rather than the 400 mile, Chicago to Minneapolis distance mentioned in the press release.

18. Additionally, the battery cells Oakridge used in the prototype testing were not produced by it as represented in the press release. Instead, Barber and Arrowood purchased those batteries for Oakridge from a company in Germany and passed them off as Oakridge’s own. Arrowood would work with the purchasing employee on placing the orders from these foreign companies, and Barber, who controlled Oakridge’s spending, knew, or was reckless in not knowing, that Arrowood was buying these battery cells. Finally, even the pictures of the semi-trucks included in the press release were a fraud. Barber took publicity photographs from another trucking company and photoshopped the words “Freedom All Electric Technology” on the pictures and stuck them in the press release.

19. Further, on March 1, 2016, through Barber and Arrowood, Oakridge issued a press release announcing the Company’s “major success” at the Orlando PGA Merchandise Show, which it described as “one of the biggest annual golf industry conventions in the world.” This press release claimed that Oakridge received more than \$250,000 of “immediate booked orders” and about \$20.57 million in “follow on commitments” for its “state-of-the-art” lithium golf car battery systems.

20. This press release was also false and misleading as Oakridge had received far less than \$250,000 of “immediate booked orders” and \$20.57 million of “follow on

commitments.” In fact, Oakridge received less than \$25,000 in booked orders at the convention. Also, “follow on commitments” were nowhere close to \$20.57 million as demonstrated by Oakridge’s filings with the Commission, which showed little revenue. For example, on or about May 23, 2016, Barber signed as CEO of the Company, Oakridge’s 10-Q filing with the Commission for the period ending March 31, 2016, which showed that the Company had only recorded revenue during this time frame of approximately \$257,000. Further demonstrating that the Company did not have more than \$20 million of “follow on commitments,” on or about August 23, 2016, Barber signed as CEO of the Company, the Company’s 10-Q filing with the Commission for the next quarter (for the period ending June 30, 2016), which showed that the Company had zero revenue.

21. Moreover, on March 22, 2016, through Barber and Arrowood, Oakridge issued a press release announcing the opening of the Company’s manufacturing facility in Palm Bay, Florida, which was described as a “\$40 million, 70,000 square-foot state-of-the-art” building. This press release claimed that “the opening and operation of the manufacturing facility confirms the commercial viability of Oakridge’s innovations and represents the most significant step forward in the Company’s history.” Additionally, the press release claimed that the new facility “will immediately begin full commercial production fulfilling orders” and that Oakridge already had “[e]xisting pipeline orders of \$24 million.”

22. These statements were false and misleading. The plant was not up-and-running and ready for production as represented. Oakridge also did not have pipeline orders of \$24 million, which Barber was specifically told by the Company’s then CFO. Additionally, as further described above, Oakridge’s public filings that Barber signed, demonstrate that the Company did not have pipeline orders anywhere near \$24 million, since

Oakridge's reported little revenue during the quarter the press release was issued and no revenue during the quarter after the issuance of this press release.

C. Fraudulent Scheme

23. Both Barber and Arrowood participated in a scheme to defraud and a fraudulent course of business. Specifically, in addition to the misrepresentations and omissions made in the press releases, they also gave the false impressions that the Company's manufacturing facility was in full production mode and passed off battery cells purchased from other companies as Oakridge's own cells. For example, in early 2016, when investors visited Oakridge, Barber and Arrowood would orchestrate "dummy" runs at the company's manufacturing facility to make it appear as if it was in full production mode. During that same time, Barber and Arrowood would also purchase cells from other companies located overseas and pass them off as Oakridge's own cells.

D. Market Impact of the False Press Releases

24. Barber was very insistent on issuing a press release on anything that happened at the company. Barber was trying very hard to drive Oakridge's stock price up to \$4 per share through the issuance of press releases so Barber could get the company listed on the NASDAQ.

25. Oakridge traded on the OTC Link, an inefficient market, and the fraudulent promotional activities of Barber and Arrowood often caused Oakridge's stock price and trading volume to increase markedly. For example, in the days preceding the February 24, 2016 press release announcing the purported supply deal with Freedom, Oakridge shares were trading as high as \$0.75 per share. Several days following the issuance of that press release, the stock traded as high as \$0.84 per share (a 12% increase). The volume also more than

doubled, jumping from approximately 56,000 shares the previous day to approximately 133,000 shares on the day of the announcement. Similarly, the day before the March 22, 2016 press release announcing the opening of its new \$40 million manufacturing facility, Oakridge's shares traded at \$0.65 per share with a volume of approximately 35,000 shares. On the day of that release, the stock price increased by approximately 5% and the volume more than tripled to approximately 128,000 shares. Currently, Oakridge's stock is trading at less than a penny a share.

V. CLAIMS FOR RELIEF

COUNT I

Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act

(Against Defendants Barber and Arrowood)

26. The Commission repeats and realleges paragraphs 1 through 25 of its Complaint.

27. Starting no later than September 2015 through at least March 2016, Defendants Barber and Arrowood, directly and indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of any security, knowingly or recklessly employed devices, schemes or artifices to defraud.

28. By reason of the foregoing, Defendants Barber and Arrowood have violated and, unless enjoined, are reasonable likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a), 17 C.F.R. § 240.10b-5(a).

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act

(Against Defendant Barber)

29. The Commission repeats and realleges paragraphs 1 through 25 of this Complaint.

30. Starting no later than September 2015 through at least March 2016, Defendant Barber, directly and indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of any security, knowingly or recklessly, made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

31. By reason of the foregoing, Defendant Barber has violated and, unless enjoined, is reasonable likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b).

COUNT III

Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act

(Against Defendants Barber and Arrowood)

32. The Commission repeats and realleges paragraphs 1 through 25 of this Complaint.

33. Starting no later than September 2015 through at least March 2016, Defendants Barber and Arrowood, directly and indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of any security,

knowingly or recklessly engaged in acts, practices and courses of business which operated, or would have operated as a fraud or deceit upon any person.

34. By reason of the foregoing, Defendants Barber and Arrowood have violated and, unless enjoined, are reasonable likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(c), 17 C.F.R. § 240.10b-5(c).

COUNT IV

Aiding and Abetting Barber's Violations of Section 10(b) and Rule 10b-5 of the Exchange Act

(Against Defendant Arrowood)

35. The Commission repeats and realleges paragraphs 1 through 25 of this Complaint.

36. Starting no later than September 2015 through at least March 2016, Defendant Barber, directly and indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of any security, knowingly or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon any person.

37. Starting no later than September 2015, Defendant Arrowood knowingly or recklessly aided and abetted Defendant Barber's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Defendant Arrowood also, directly and indirectly, had a general awareness that he was part of an overall activity that was improper or illegal and knowingly, or recklessly provided substantial assistance to Defendant Barber's violations of

Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Exchange Act Rule 10b-5, 17 C.F.R. § 240.10b-5.

38. By reason of the foregoing acts, Defendant Arrowood aided and abetted and, unless enjoined, is reasonably likely to continue to aid and abet violations of Section 10(b) and Rule 10b-5 of the Exchange Act.

VI. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court find the Defendants committed the violations of the federal securities laws alleged herein and:

I.

Permanent Injunction

Issue a Permanent Injunction restraining and enjoining Defendants their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 10(b) and Rule 10b-5 of the Exchange Act.

II.

Penalties

Issue an Order directing the Defendants to pay civil money penalties pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

III.

Officer-or-Director Bars

Issue an Order pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), barring Defendants 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 or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

IV.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

V.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action and the Defendants in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

July 18, 2018

Respectfully submitted,

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