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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE COMMISSION,	:	
	:	19 CV ____ ()
Plaintiff,	:	
	:	
-against-	:	Jury Trial Demanded
	:	
MICHAEL AJZENMAN	:	
and	:	
CUTTING EDGE BUSINESS SERVICES, INC.	:	
	:	
Defendants.	:	
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COMPLAINT

Plaintiff Securities and Exchange Commission, for its Complaint against defendants Michael Ajzenman (“Ajzenman”) and Cutting Edge Business Services, Inc. (“Cutting Edge”) (collectively, “Defendants”), alleges as follows:

SUMMARY OF THE ALLEGATIONS

1. From at least January 2014 through September 2015, Ajzenman, acting through Cutting Edge, an entity he owned and controlled, obtained and sold unregistered securities of Bebida Beverage Co. (“Bebida”) into the market.

2. Specifically, Ajzenman, acting through Cutting Edge, purchased two notes purportedly issued by Bebida with a feature allowing the notes to be converted into Bebida stock. In fact, these notes had been fraudulently created by Brian Weber (“Weber”), Bebida’s CEO and controlling shareholder. Ajzenman, acting through Cutting Edge, purchased these fabricated notes at steep discounts. Within days of purchasing each of the notes, Ajzenman, acting through Cutting Edge, began exercising the convertible feature of the notes and selling the resultant Bebida stock into the public market when no registration statement was in effect and no valid exemption from registration was available.

3. By doing so, Ajzenman and Cutting Edge generated unlawful profits of approximately \$200,000.

VIOLATIONS

4. By virtue of the conduct alleged herein, the Defendants, directly or indirectly, singly or in concert, violated and are otherwise liable for violations of Sections 5(a), and 5(c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a), (c)].

5. Unless the Defendants are permanently restrained and enjoined, they will again engage in the acts, practices, transactions, and courses of business set forth in this complaint and in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

6. The Commission brings this action pursuant to authority conferred by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], seeking to restrain and permanently enjoin the Defendants from engaging in the acts, practices, transactions and courses of business alleged herein.

7. The Commission also seeks a final judgment: (a) permanently enjoining the

Defendants from future violations of the securities laws provisions that the Defendants violated as alleged in this Complaint; (b) ordering the Defendants to disgorge all ill-gotten gains and to pay prejudgment interest on those amounts; and (c) imposing civil money penalties on the Defendants pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), 77v(a)]. The Defendants, either directly or indirectly, have made use of the means or instrumentalities of interstate commerce, of the mails, of the facilities of national securities exchanges, and/or the means or instruments of transportation or communication in interstate commerce in connection with the acts, practices, and courses of business alleged herein.

9. Venue lies in the Eastern District of New York pursuant to 28 U.S.C. §1391(b)(2) and Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)]. Ajzenman resides in, and Cutting Edge's principal place of business is in, the Eastern District of New York. In addition, certain of the acts, practices, transactions, and courses of business alleged in this complaint occurred within the Eastern District of New York, and were effected, directly or indirectly, by making use of means or instrumentalities of transportation or communication in interstate commerce, or the mails, or the facilities of a national securities exchange.

DEFENDANTS

9. **Ajzenman**, age 56, resides in Brooklyn, New York. Ajzenman has solely owned and controlled Cutting Edge since 2006. Since 1996, Ajzenman has also solely owned and controlled Madison Stock Transfer, Inc. ("Madison Stock"), a transfer agent located in Brooklyn, New York.

10. **Cutting Edge** is a New York corporation incorporated in June 2001 with its principal place of business in Brooklyn, New York. Cutting Edge provides consulting services on setting up corporate structure for public companies and invests in and loans money to corporations.

RELATED ENTITIES

11. **Weber**, age 52, resides in Cornelius, North Carolina. Weber assumed control of Bebida in April 2009 and served as its President and CEO until at least June 2017. On September 5, 2018, the SEC charged Weber and Bebida alleging, *inter alia*, misconduct relating to the claims asserted in this Complaint. (1:10-cv-05079-DLI-RML (E.D.N.Y.) (the “Weber Action”). On October 30, 2018, the court entered a final judgment on consent against Weber in the Weber Action.

12. **Bebida** is a Wyoming corporation incorporated in November 2008 with its principal place of business in Mooresville, North Carolina. Bebida has never registered an offering of securities under the Securities Act or a class of securities under the Exchange Act, and it does not file periodic reports under Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78m(a) or § 78o(d), respectively]. Bebida’s common stock is quoted on OTC Link (formerly “Pink Sheets”) operated by OTC Markets Group, Inc. On February 11, 2019, the clerk of the Court certified that Bebida was in default in the Weber Action pursuant to Fed. R. Civ. P. 55(a) for Bebida’s failure to appear or otherwise defend that action.

FACTS

13. **Bebida** developed and sold energy drinks and later, relaxation drinks, targeting the Latin American market. As Bebida failed to generate sufficient cash flow to sustain its

operations, Weber employed several schemes to acquire money for the company, in violation of the federal securities laws.

The Creation of the Fraudulent Notes

14. In December 2013 and August 2014, Weber fabricated two notes, each convertible into Bebida stock: a \$200,000 convertible note purportedly issued on June 22, 2012 to a company controlled by Weber's cousin ("Company A") and a \$100,000 convertible note purportedly issued on April 25, 2013 to Weber's cousin (collectively, the "Notes"). The Notes were purportedly issued by Bebida in exchange for amounts loaned to it by Company A and Weber's cousin.

15. In actuality, the loans made to Bebida by Company A and Weber's cousin were simple loans that did not contain a feature allowing the debt to be converted into Bebida stock. Moreover, one of the loans had previously been repaid.

Ajzenman and Cutting Edge Purchase the Fraudulent Notes at Steep Discounts

16. Shortly after creating them, Weber presented the fabricated notes for sale to Ajzenman. Since 2006, Ajzenman, acting through Cutting Edge, regularly purchased convertible debt issued by publicly traded companies, exercised the conversion feature of the debt instrument held, and then sold the resulting stock into the public market.

17. In order to purchase the Notes, Ajzenman negotiated with Weber. Ajzenman had no interaction with the purported holders of the Notes – Weber's cousin or Company A.

18. By virtue of being the principal of a transfer agent and given his extensive experience in purchasing debt instruments issued by publicly traded issuers, Ajzenman understood that speaking directly to the noteholder was important to determine the validity of the

transaction. By failing to speak with the purported holders of the Notes, Ajzenman acted in a manner inconsistent with his standard business practices.

19. On January 16, 2014, Ajzenman, acting through Cutting Edge, paid \$20,000 to purchase the \$200,000 note purportedly issued to Company A – a discount of 90% off the face value of the note.

20. On October 5, 2014, Ajzenman, acting through Cutting Edge, paid \$20,000 to purchase the note purportedly issued to Weber's cousin – a discount of 80% off the face value of the note.

21. At the times of the purchases, Bebida's stock was trading at prices that ensured that even the first round of conversions would result in significant gains for Ajzenman and Cutting Edge.

22. Specifically, at the time that Ajzenman, acting through Cutting Edge, purchased the note purportedly issued to Company A, Bebida's stock was trading at \$.0008/share, and Cutting Edge's first round of conversions pursuant to this note resulted in nearly immediate profits of more than \$67,000.

23. Likewise, at the time that Ajzenman, acting through Cutting Edge, purchased the note purportedly issued to Weber's cousin, Bebida's stock was trading at \$.00029/share, and Cutting Edge's first round of conversions pursuant to this note resulted in nearly immediate profits of more than \$33,000.

24. Although Ajzenman, acting through Cutting Edge, made the checks (to purchase the notes) payable to Weber's cousin and to Company A, Ajzenman mailed the checks directly to

Weber. The checks were then altered by Weber. Ajzenman received copies of the canceled checks showing the alterations.

Ajzenman and Cutting Edge Sell Bebida Stock to Public for Profit

25. On ten separate occasions, Ajzenman, acting through Cutting Edge, dealt with Bebida's transfer agent, Madison Stock (an entity wholly owned by Ajzenman himself), to obtain Bebida common stock by exercising the Notes' conversion feature. Ajzenman, acting through Cutting Edge, then sold those shares into the public market.

26. No registration statement was in effect, and no valid exemption from registration was available, as to the resales of Bebida's shares by Ajzenman and Cutting Edge into the public market.

27. From June 2014 through September 2015, Ajzenman and Cutting Edge generated unlawful profits of approximately \$200,000.

CLAIM FOR RELIEF

**Violations of Sections 5(a) and (c) of the Securities Act
(Both Defendants)**

28. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 27, as if fully set forth herein.

29. The Defendants, directly or indirectly, and notwithstanding the fact that there was no applicable exemption: (a) made use of the means and instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement was in effect; and (c) made use of means and instruments of transportation or communication in interstate commerce or of the mails to offer to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed. No valid registration

statement was filed with the Commission or in effect with respect to Cutting Edge's and Ajzenman's sales of, and offers to sell, securities in Bebida.

30. The Defendants made offers of securities in the United States and sold securities in the United States in that: (a) sales were executed by broker-dealer firms in the United States; (b) irrevocable liability with respect to sales was incurred in the United States; and (c) title with respect to sales passed in the United States.

PRAYER FOR RELIEF

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

I.

Finding that the Defendants each violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), (c)] as alleged in this Complaint;

II.

Permanently enjoining the Defendants, their agents, servants, employees, attorneys-in-fact and assigns, and those persons in active concert or participation with them or who receive actual notice of the injunction by personal service or otherwise, from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), (c)] as alleged in this Complaint;

III.

Ordering each of the Defendants to disgorge any ill-gotten gains and to pay prejudgment interest on those amounts on a joint and several basis;

IV.

Ordering each of the Defendants to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)];

V.

Granting such other and further relief as the Court may deem just and proper.

JURY DEMAND

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

Dated: New York, NY
September 26, 2019

Respectfully submitted,

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