

FILED

1 NICOLAS MORGAN, Cal. Bar No. 166441
2 LISA A. GOK, Cal. Bar No. 147660
3 DAVID J. VAN HAVERMAAT, Cal. Bar No. 175761
4 PETER F. DEL GRECO, Cal. Bar No. 164925

2023 JUN 14 11:39
CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

5 Attorneys for Plaintiff
6 Securities and Exchange Commission
7 Randall R. Lee, Regional Director
8 Sandra J. Harris, Associate Regional Director
9 5670 Wilshire Boulevard, 11th Floor
10 Los Angeles, California 90036-3648
11 Telephone: (323) 965-3998
12 Facsimile: (323) 965-3908

13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA

15 SECURITIES AND EXCHANGE
16 COMMISSION,

17 Plaintiff,

18 v.

19 PREMIER MARKETING AND
20 INVESTMENTS, INC. AND
21 NICHOLAS ROBLEE a/k/a
22 NICHOLAS RICHMOND,

23 Defendants.

Case No.

03 0342

RGK
JEL

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

24 Plaintiff Securities and Exchange Commission ("Commission") alleges as
25 follows:

26 JURISDICTION AND VENUE

27 1. This Court has jurisdiction over this action pursuant to Sections
28 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15
U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a) and Sections 21(d)(3)(A), 21(e) and 27 of the
Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(3)(A),
78u(e) & 78aa. Defendants have, directly or indirectly, made use of the means or
instrumentalities of interstate commerce, of the mails, or of the facilities of a
national securities exchange in connection with the transactions, acts, practices

1 and courses of business alleged in this Complaint.

2 2. Venue is proper in this District pursuant to Section 22(a) of the
3 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
4 § 78aa, because certain of the transactions, acts, practices and courses of conduct
5 constituting violations of the federal securities laws occurred within this District
6 and because certain of the defendants reside and/or transact business in this
7 District.

8 SUMMARY

9 3. This matter involves the ongoing fraudulent unregistered offer and
10 sale of securities, in the form of investment contracts, by Premier Marketing &
11 Investments, Inc. ("Premier") and Nicholas Roblee a/k/a Nicholas Richmond
12 ("Richmond"), Premier's president and CEO.

13 4. Since November 2000, Richmond and Premier have offered and sold
14 securities, through which they raised at least \$4.5 million by representing to
15 investors that they would invest their monies in a variety of "high-yield"
16 investment programs involving, among other things, high-yield promissory notes,
17 bridge loans, and the purchase and sale of precious metals. Richmond represented
18 to investors that these programs would generate returns of up to 200% per month.
19 Richmond also represented to investors that their funds would be placed in
20 Premier's attorney's "legal trust account" and that the funds were safe and would
21 never leave the account.

22 5. Premier and Richmond have not invested any of the monies they
23 received in any of the programs described to investors. Instead, they have
24 dissipated and spent more than \$4.4 million, or 97% of the investor funds.

25 6. Richmond, through Premier, used investor funds for, among other
26 things: (1) Richmond's personal expenses; (2) working capital for Premier
27 Pictures, a company owned by Richmond that produced adult-content films and
28 operated an adult website; (3) other failed business ventures of Richmond,

1 including a forfeited deposit made in connection with the aborted purchase of a
2 male strip club; and (4) the operational costs of maintaining Premier's fraudulent
3 scheme, including office rental and employee salaries.

4 7. In addition, although investor funds did not generate any income,
5 Richmond and Premier paid purported profits, interest payments, and fees to
6 certain individuals in an attempt to perpetuate a Ponzi-like scheme to enable
7 Richmond to continue to raise additional funds from unwary investors.

8 8. Richmond is currently involved in discussions with a potential
9 investor that purportedly concern a "profit participation agreement" of more than
10 \$28 million in bank debentures, stocks and other instruments. He is also involved
11 in discussions with another potential investor that purportedly concern the use of a
12 \$400 million bank guarantee that will generate returns of \$100 million per week.

13 9. Richmond and Premier, by engaging in the above conduct, have
14 violated the registration provisions of Sections 5(a) and 5(c) of the Securities Act,
15 15 U.S.C. §§ 77e(a) and (c). The Defendants have also violated the antifraud
16 provisions of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), and Section
17 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17
18 C.F.R. § 240.10b-5.

19 THE DEFENDANTS

20 10. Premier is a California corporation headquartered in Los Angeles,
21 California. Premier was formed in November 2000. No registration statement has
22 been filed with the Commission or is in effect with respect to any of the offerings
23 of the securities of Premier.

24 11. Richmond, age 34, resides in Encino, California. Richmond is the
25 President and Chief Executive Officer of Premier and has maintained sole control
26 over the activities of Premier at all relevant times.

27 ///

28 ///

THE FRAUDULENT SCHEME

A. Background

12. From at least November 2000 through the present, Richmond, through Premier, has raised more than \$4.5 million for the ostensible purpose of placing investor monies in various purported high-yield investment programs.

13. Richmond was solely responsible for soliciting investors and controlling the disposition of Premier's assets. Among other things, Richmond directed Premier employees to sign blank checks for which Richmond would later provide the payment information.

14. The relationship between Premier and its investors is analogous to a multilevel marketing scheme. Richmond and Premier stood atop a pyramid of 40 to 50 persons or entities who invested directly with Premier. These investors were residents of at least eight states, and several were residents of Canada. Some investors were investors of their own monies only. Others were sales agents who stood atop a pyramid of their own, investing the pooled monies of others -- in some cases, dozens of others. Richmond did not provide investors with financial statements or any similar documents.

B. Richmond And Premier Make Misrepresentations To Investors

15. Over the course of Premier's two years of existence, Richmond has purported to offer a variety of investment opportunities to investors. Initially, Richmond and Premier promoted a "High-Interest Short-Term Notes Program," pursuant to which Premier issued six-month promissory notes purporting to pay a return of up to 50% every six weeks.

16. According to written materials created and disseminated by Richmond and Premier, Premier was able to pay such favorable rates "because of the productivity of its ventures which involve overseas projects." Richmond told some investors in the Notes Program that their monies were to be placed with a bank in the Cayman Islands offering high yields, and told other investors that their

1 monies were to be used in overseas construction projects. Neither representation
2 was true.

3 17. Richmond subsequently took to representing Premier as a financier of
4 short-term, high-yield bridge loans. Once again, Premier issued promissory notes
5 to investors in these various ventures, which included a \$300,000 "flip deal"
6 paying 25% per month, a \$1 million "bank to bank deal" paying 60% per month,
7 and a \$1.5 million deal paying 200% per month. Richmond typically told
8 investors that the borrowers of these funds were persons or entities in dire need of
9 immediate funding for planned construction projects or other business ventures.
10 In some instances, Richmond described the borrowers as humanitarian or church-
11 based organizations whose work was intended to benefit the less fortunate.
12 Neither Richmond nor Premier used any of the funds raised for any of these stated
13 purposes.

14 18. In April and May of 2002, Richmond and Premier solicited an
15 investment of more than \$1 million from a minister in Cincinnati, Ohio.
16 Richmond told the investor about lucrative markets for the trading of gold and
17 silver that were normally restricted to banks. Richmond told the investor that
18 Premier could gain access to those markets by pooling his money with the monies
19 of other investors, and that he would earn a return of 70% per month on his
20 investment. Richmond told the investor that Premier had helped a number of
21 churches finance their humanitarian projects through this type of investment and
22 that he now wanted to make this opportunity available to African-American
23 churches as well. Neither Richmond nor Premier invested the funds as
24 represented.

25 19. In connection with each of these various ventures, Richmond and
26 Premier represented to investors, both orally and in writing, that investor monies
27 would never be placed at risk.

28 20. A form letter entitled "Security of Investment," signed by Richmond,

1 set forth several purported reasons why an investment with Premier was secure.
2 Among other things, the letter emphasized that investors' funds would never leave
3 Premier's attorney's legal trust account. These representations regarding the
4 purported safety of the investments are untrue. Although some of the money was
5 placed in trust accounts, Premier routinely issued checks and wires drawn against
6 the trust accounts for purposes other than those described to investors, or
7 transferred monies in the trust accounts to Premier's operating accounts and issued
8 checks and wires drawn against those accounts for purposes other than those
9 described to investors.

10 **C. Richmond And Premier Misuse Investor Funds**

11 21. Richmond and Premier did not use any investor monies to invest in
12 high-yield programs involving overseas banks, humanitarian organizations, the
13 funding of construction projects, the financing of bridge loans, or the purchase or
14 sale of precious metals, or in any other projects that Richmond described to
15 investors.

16 22. Richmond and Premier exhausted more than 97% of investor funds,
17 totaling over \$4.4 million, for purposes that were not disclosed to investors.

18 23. Premier and Richmond spent more than \$2 million (over 44% of
19 investor funds) on personal expenses, a failed adult-film production company,
20 other failed ventures, and expenses associated with maintaining Premier's office.

21 24. In addition, in an attempt to perpetuate the Ponzi-like scheme that
22 enabled Richmond to continue to raise investor funds, Richmond and Premier paid
23 out more than \$2.4 million (over 53% of investor funds) as purported profits,
24 interest payments and, fees to certain individuals. These payments did not actually
25 constitute profits or interest, but rather came from investments made by
26 subsequent investors.

27 25. At least \$800,000 was taken out of Premier's bank accounts in the
28 form of cash withdrawals or checks made payable to Richmond or to cash.

1 26. In addition to the monies that went directly to Richmond or were
2 withdrawn in cash, Premier paid for many of Richmond's expenses. Premier spent
3 at least \$22,000 on apartments rented by Richmond or his friends. Premier owned
4 or leased several limousines for Richmond's personal and professional use, and
5 paid the salaries of several limousine drivers and armed personal bodyguards that
6 Richmond kept on staff. The defendants did not disclose any of these transfers,
7 withdrawals or purchases to investors.

8 27. Premier covered the cost of clothing, airline transportation, car
9 rentals, charitable donations, and other personal, rather than business, expenses
10 incurred by Richmond and his friends. Premier also paid credit card bills that
11 were used for Richmond's personal expenses.

12 28. Premier directly transferred at least \$155,000 to finance the
13 operations of its wholly-owned, money-losing subsidiary, Premier Pictures,
14 without disclosing to investors that their monies would be used for this purpose.

15 29. In addition to the direct cash transfers, Premier paid for many
16 expenses of Premier Pictures, including rent, actor and model fees, and video
17 production costs, totaling additional tens of thousands of dollars.

18 30. Premier spent at least \$21,000 in its efforts to purchase, among other
19 things, male strip clubs and escort services. Despite entering into a signed
20 agreement to purchase at least one of the clubs and making a good faith deposit,
21 Premier did not close the deal and lost the deposit. Premier failed to complete the
22 purchase of any of the other clubs it contemplated purchasing as well. Similarly,
23 Premier incurred expenses in connection with its fruitless efforts to create a
24 limousine service and an employment agency. The defendants did not disclose
25 any of these expenses to investors.

26 31. Premier spent at least \$1.1 million on rent, payroll, utilities, express
27 mail service, bank fees, insurance, parking, legal representation, and other
28 expenses incurred in the normal course of running a business – albeit a business

1 that never undertook any of its stated purposes.

2 **D. Richmond's And Premier's Conduct Is Ongoing**

3 32. Richmond is currently engaged in similar ongoing fraudulent
4 conduct. Specifically, Richmond is currently involved in discussions with a
5 potential investor that purportedly concern the "liquidating and/or collateralizing .
6 . . for the purposes of a loan or participation in a profit participation agreement" of
7 more than \$28 billion in bank debentures, stock and United States Savings Bonds,
8 and he is involved in discussions with another potential investor that purportedly
9 concern the use of a \$400 million bank guarantee that will generate returns of
10 \$100 million per week. Richmond is engaged in these discussions as a pretext to
11 raise additional monies from potential investors.

12 33. Within the last month, Richmond used a check drawn on one of
13 Premier's attorney's legal trust accounts to make a \$45,000 down payment on a
14 \$1.5 million house.

15 **FIRST CLAIM FOR RELIEF**

16 **UNREGISTERED OFFER AND SALE OF SECURITIES**

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

18 **(Against All Defendants)**

19 34. The Commission realleges and incorporates by reference ¶¶ 1 through
20 33.

21 35. Premier and Richmond, and each of them, by engaging in the conduct
22 described above, directly or indirectly, made use of means or instruments of
23 transportation or communication in interstate commerce or of the mails, to offer to
24 sell or to sell securities, or to carry or cause such securities to be carried through
25 the mails or in interstate commerce for the purpose of sale or for delivery after
26 sale.

27 36. No registration statement has been filed with the Commission or has
28 been in effect with respect to these offerings.

1 37. By engaging in the conduct described above, defendants Premier and
2 Richmond violated, and unless restrained and enjoined will continue to violate,
3 Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

4 **SECOND CLAIM FOR RELIEF**

5 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

6 **Violations of Section 17(a) of the Securities Act**

7 **(Against All Defendants)**

8 38. The Commission realleges and incorporates by reference ¶¶ 1 through
9 33 above.

10 39. Premier and Richmond, and each of them, by engaging in the above
11 conduct, directly or indirectly, in the offer or sale of securities by the use of means
12 or instruments of transportation or communication in interstate commerce or by
13 use of the mails:

- 14 a. with scienter, employed devices, schemes, or artifices to
15 defraud;
- 16 b. obtained money or property by means of untrue statements of a
17 material fact or by omitting to state a material fact necessary in
18 order to make the statements made, in light of the
19 circumstances under which they were made, not misleading; or
- 20 c. engaged in transactions, practices, or courses of business which
21 operated or would operate as a fraud or deceit upon the
22 purchaser.

23 40. By engaging in the conduct described above, defendants Premier and
24 Richmond violated, and unless restrained and enjoined will continue to violate,
25 Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

26 ///

27 ///

28 ///

THIRD CLAIM FOR RELIEF
FRAUD IN CONNECTION WITH THE
PURCHASE OR SALE OF SECURITIES
Violations of Section 10(b) of the Exchange Act
and Rule 10b-5 thereunder
(Against All Defendants)

41. The Commission realleges and incorporates by reference ¶¶ 1 through 33 above.

42. Premier and Richmond, and each of them, with scienter, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, or of the mails:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of a material fact or omitted to state a material fact 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 operate as a fraud or deceit upon other persons.

43. By engaging in the conduct described above, defendants Premier and Richmond violated, and unless restrained and enjoined will continue to violate, 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.

///

///

///

///

1 **PRAYER FOR RELIEF**

2 WHEREFORE, the Commission respectfully requests that the
3 Court:

4 **I.**

5 Issue findings of fact and conclusions of law that the defendants committed
6 the alleged violations.

7 **II.**

8 Issue orders, in a form consistent with Fed. R. Civ. P. 65(d), temporarily,
9 preliminarily and permanently enjoining each defendant and their officers, agents,
10 servants, employees and attorneys, and those persons in active concert or
11 participation with any of them, who receive actual notice of the order by personal
12 service or otherwise, and each of them, from violating Sections 5(a), 5(c) and
13 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5
14 thereunder.

15 **III.**

16 Issue in a form consistent with Fed. R. Civ. P. 65, a temporary restraining
17 order and a preliminary injunction freezing the assets of each of the defendants
18 and prohibiting each of the defendants from destroying documents; expediting
19 discovery; and ordering an accounting from Premier and Richmond.

20 **IV.**

21 Order defendants Premier and Richmond to disgorge all ill-gotten gains
22 from their illegal conduct, together with prejudgment interest thereon pursuant to
23 28 U.S.C. § 1961.

24 **V.**

25 Order defendants Premier and Richmond to pay civil penalties under
26 Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the
27 Exchange Act, 15 U.S.C. § 78u(d)(3).
28

VI.

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

DATED: January 14, 2003

Peter F. Del Greco

Peter F. Del Greco

Attorney for Plaintiff

Securities and Exchange Commission