

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,**

Plaintiff,

v.

RICHARD DEAN CARTER,

Defendant.

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) **Civil Action No. 10-6145**
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COMPLAINT

Plaintiff United States Securities and Exchange Commission (the “Commission”) alleges:

SUMMARY

This matter involves a microcap fraud on the market perpetrated by Defendant Richard Dean Carter (“Carter”), the former President and CEO of High Velocity Alternative Energy Corporation (“High Velocity”). High Velocity was a company that purportedly specialized in the refining, blending, packaging, and distribution of middle-market petroleum and related products to the automotive and manufacturing aftermarket. In March 2008, based on false information provided by Carter, High Velocity issued two press releases and filed a Form 8-K with the Commission announcing large contracts to supply two of its customers with automotive products. In fact, no such contracts existed. As a result, High Velocity’s stock price increased by over 100% and over 25%, respectively, after the fictitious contracts were announced.

DEFENDANT

1. Richard Dean Carter, age 42, of Lake Zurich, Illinois was appointed President and CEO of High Velocity in January 2008. High Velocity no longer employs Carter.

JURISDICTION AND VENUE

2. The Commission brings this action pursuant to Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78u(d)].

3. This Court has jurisdiction over the action pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

4. Venue is proper in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

5. Carter, directly and indirectly, made use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices, and courses of business alleged herein in the Northern District of Illinois.

6. Carter resides and may be found in the Northern District of Illinois.

FACTS

I. MARCH 4, 2008 PRESS RELEASE AND FORM 8-K

7. On or about March 4, 2008, High Velocity’s stock price opened at \$1.05.

8. On or about March 4, 2008, High Velocity issued a press release that announced the signing of a \$30 million annual contract “to supply a major Midwestern distributor of lubricants, anti-freeze and solvents. . .[that] supplies national auto parts stores, C-stores and national retail chains” with “packaged oil, anti-freeze and windshield washer fluid.”

9. Carter provided the person who drafted the press release with information about the claimed contract that was included in the press release.

10. Carter reviewed and approved the press release before it was finalized and issued.

11. The press release quotes Carter and lists him as High Velocity's contact person. Specifically, the quotation reads: "This contract represents a major shift from being a small regional oil packaging company. High Velocity's model is to provide superior service in existing markets and leverage larger distributors for a national presence," said Richard D. Carter, Chief Executive Officer of High Velocity Alternative Energy."

12. High Velocity filed the press release with the Commission as an exhibit to a March 4, 2008 Form 8-K bearing Carter's electronic signature.

13. On or about March 4, 2008, High Velocity's stock price reached an intra-day high of \$1.40 and closed at \$1.30.

14. On or about March 5, 2008, High Velocity's stock price opened at \$1.62, reached an intra-day high of \$2.49, and closed at \$1.80.

15. On or about March 6, 2008, High Velocity's stock price opened at \$1.90, which was its intra-day high, and closed at \$1.65.

16. On or about March 11, 2008, after the market had apparently absorbed the information, High Velocity's stock price had decreased to an opening price of \$1.15.

17. The contract announced in the press release was fictitious because it did not exist and Carter knew or was reckless in not knowing that it was fictitious.

18. The press release caused an increase in trading volume and caused High Velocity's stock price to be artificially inflated by over 100%.

19. No other publicly-available information during this time period exists to explain this artificial premium.

20. On or about March 5, 2008, Carter attempted to sell shares of High Velocity stock.

21. On or about March 6, 2008, Carter attempted to sell shares of High Velocity stock.

II. MARCH 11, 2008 PRESS RELEASE

22. On or about March 11, 2008, High Velocity issued a press release announcing a signed contract for up to \$1 million to supply Master Price Distributors with packaged oil, anti-freeze, and windshield washer fluid. Although the headline of the press release announces a signed contract, the body of the press release refers to the document as a purchase order.

23. The press release includes a quotation attributed to Carlos Silva (“Silva”). Specifically, the quotation reads: “‘High Velocity has demonstrated the ability to meet all of our needs and Master Price expects to increase our volume two to three fold in the upcoming quarters,’ said Carlos Silva, Chief Executive Officer of Master Price Distributors.”

24. Carter provided the person who drafted the press release with information about the claimed contract/purchase order that was included in the press release.

25. Carter reviewed and approved the press release before it was finalized and issued.

26. The press release lists Carter as High Velocity’s contact person.

27. On or about March 11, 2008, High Velocity’s stock price opened at \$1.15 before reaching an intra-day high of \$1.25 and closing at \$1.24.

28. On or about March 12, 2008, High Velocity’s stock price opened at \$1.24 before reaching an intra-day high of \$1.26 and closing at \$1.25.

29. On or about March 13, 2008, High Velocity’s stock price opened at \$1.20 before reaching an intra-day high of \$1.40 and closing at \$1.40.

30. On or about March 14, 2008, High Velocity's stock price opened at \$1.35 before reaching an intra-day high of \$1.45 and closing at \$1.45.

31. On or about March 20, 2008, after the market had apparently absorbed the information, High Velocity's stock price had decreased to an opening price of \$1.15.

32. The contract/purchase order announced in the press release was fictitious because it did not exist and Carter knew or was reckless in not knowing that it was fictitious.

33. Silva did not provide the quotation attributed to him in the press release and was not the Chief Executive Officer of Master Price Distributors on March 11, 2008.

34. The press release caused an increase in trading volume and caused High Velocity's stock price to be artificially inflated by over 25%.

35. No other publicly-available information during this time period exists to explain this artificial premium.

COUNT I

VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER

36. Paragraphs 1 through 35 are realleged and incorporated by reference.

37. Carter, in connection with the purchase and sale of securities by the use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly, employed devices, schemes, and artifices to defraud; made untrue statements of material fact, 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 engaged in acts, practices, and courses of business which operated as a fraud and deceit upon purchasers and sellers of such securities.

38. Carter engaged in the acts alleged in this complaint knowingly or with a reckless disregard for the truth.

39. By reason of the foregoing, Carter violated 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].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I.

Find that Carter committed the violations alleged.

II.

Enter an order of permanent injunction as to Carter, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining Carter from further violations of the provisions of law and rules alleged in this complaint.

III.

Enter an order requiring Carter to pay a civil penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

IV.

Enter an order barring Carter from participating in any offering of penny stock pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)].

V.

Pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], enter an order barring Carter from acting as an officer or director of any issuer that has a class of securities registered under Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports under Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

Grant such other and further equitable relief as this Court deems appropriate and necessary.

Dated: September 24, 2010

Respectfully submitted,

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**

/s/ Michael D. Wells

By: One of its Attorneys

James G. Lundy (IL Bar No. 6231095)
Michael D. Wells (IL Bar No. 6276155)
United States Securities and Exchange Commission
175 West Jackson Boulevard
Ninth Floor
Chicago, Illinois 60604
Telephone: (312) 353-7390
Facsimile: (312) 353-7398