

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

VENULUM LTD., VENULUM INC., AND  
GILES CADMAN,

Defendants.

C.A. No. \_\_\_-\_\_\_

**COMPLAINT**

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

**I.**  
**SUMMARY**

1. Between 2002 and 2011, Venulum Ltd., Venulum Inc., and their owner and Chairman Giles Cadman (collectively, “Defendants”) raised approximately \$22,000,000 through the unregistered offerings of (a) investment contracts involving interests in fine wines; and (b) promissory notes from which proceeds were used as working capital for Venulum Ltd., Venulum Inc., and other businesses affiliated with Giles Cadman.

**II.**  
**JURISDICTION AND VENUE**

2. The Commission brings this action under Section 20(b) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §77t(b)] to enjoin Defendants from future violations of the federal securities laws.

3. The Court has jurisdiction over this action, and venue is proper, under Section 22(a) of the Securities Act [15 U.S.C. §77v(a)], as one or more acts or transactions constituting the violations alleged herein occurred in this district. Among other things, Defendants offered and sold the securities at issue in this district.

**III.**  
**THE DEFENDANTS**

4. Venulum Ltd. is a British Virgin Islands company owned and operated by Giles Cadman. It issued the securities made subject of this action. Venulum Ltd. consented to service of the summons and complaint in this action.

5. Venulum Inc. is a Canadian corporation owned and operated by Giles Cadman. It provided day-to-day management services to Venulum Ltd., including employing staff who offered and sold Venulum Ltd.'s securities to United States investors. Venulum Inc. consented to service of the summons and complaint in this action.

6. Giles Cadman, 42, is a British citizen who is the owner and chairman of Venulum Ltd. and Venulum Inc. Mr. Cadman consented to service of the summons and complaint in this action.

**IV.**  
**STATEMENT OF FACTS**

7. The Commission hereby incorporates Paragraphs 1 through 6 by reference.

8. Venulum Ltd. and Venulum Inc. (collectively, "Venulum") offered and sold securities in the form of promissory notes and investments in interests in fine wines.

9. Beginning in January 2002, Venulum Ltd. and Venulum Inc., acting under Mr. Cadman's direction, solicited prospective investors throughout the United States to invest in interests trading in fine wines ("Wine Investment Contracts").

10. In written offering documents and verbal communications with prospective investors, Venulum emphasized its expertise in the wine industry and invited investors to rely upon that expertise in acquiring, storing, managing, and selling wine.

11. Venulum raised approximately \$20,000,000 from the sale of Wine Investment Contracts to 1,664 United States investors. Venulum deposited in its bank accounts the funds raised in the sale of Wine Investment Contracts.

12. In addition to its offering of Wine Investment Contracts, Venulum solicited 94 wine investors, by phone, mail, and other means of interstate commerce, to also purchase promissory notes issued by Venulum Ltd., the proceeds of which were used as working capital for Venulum Ltd., Venulum Inc., and other companies affiliated with Mr. Cadman ("Promissory Notes").

13. Venulum offered and sold the Promissory Notes beginning in April 2010 and raised a total of \$1,855,500.

14. The notes purport to be secured by Venulum Ltd.'s assets, and provide annual interest rates ranging between 6-8% paid quarterly over three to four years.

15. Each Wine Investment Contract and Promissory Note offered and sold by Defendants constitutes a “security” pursuant to Section 2(1) of the Securities Act [15 U.S.C. §77b(1)].

16. No registration statement was filed with the Commission or was in effect with respect to the securities offered and sold by Defendants.

**V.**

**FIRST CLAIM FOR RELIEF**  
**(Violations of Section 5(a) and 5(c) of the Securities Act of 1933)**

17. The Commission hereby incorporates Paragraphs 1 through 16 by reference.

18. Defendants, directly or indirectly, singly or in concert with others: (a) without a registration statement in effect as to the securities, (i) made use of the means or instruments of transportation or communication or the mails to sell such securities through the use or medium of a prospectus or otherwise, or (ii) carried or caused to be carried through the mails, or in interstate commerce, by any means or instruments of transportation, such securities for the purpose of sale or for delivery after sale; and (b) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of a prospectus or otherwise securities for which a registration statement had not been filed as to such securities.

19. By reason of the foregoing, Defendants directly or indirectly violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)], and unless restrained and enjoined will continue to violate these provisions.

**VI.**  
**REQUEST FOR RELIEF**

The Commission respectfully requests that this Court:

(1) Permanently enjoin Venulum Ltd., Venulum Inc., and Giles Cadman from violating, directly or indirectly Sections 5(a), and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]; and

(2) Order such further relief as this Court may deem just and proper.

DATED: February 15, 2012

Respectfully submitted,

s/ Toby M. Galloway  
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