

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 73160 / September 22, 2014

ADMINISTRATIVE PROCEEDING
File No. 3-16140

In the Matter of

JAMES PRANGE,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT
TO SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF
1934**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against James Prange (“Respondent” or “Prange”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Respondent, age 62, a resident of Greenbush, Wisconsin, operated Northern Equity, Inc. and was in the business of assisting public companies in finding sources of funding. Respondent participated in offerings of the stock of China Wi-Max Communications, Inc. (“China Wi-Max”), the Small Business Company, Inc. (“SBCO”), and Vida-Life International, Ltd. (“Vida-Life”), which are penny stocks. On May 3, 2013, after a jury trial, Prange was convicted of three counts of conspiracy to commit securities fraud and eight counts of wire fraud in *U.S. v. James Prange, et al.*, 11-CR-10415-NMG (D. Mass.). On September 25, 2013, Prange was sentenced to 30 months’ imprisonment to be followed by 24 months’ supervised release. He was also ordered to pay a fine of \$15,250 and to forfeit \$4,750.

B. OTHER RELEVANT ENTITIES AND INDIVIDUALS

1. China Wi-Max Communications, Inc. is a communications company incorporated in Nevada and based in Grafton, Wisconsin whose securities had been registered with the Commission under Exchange Act Section 12(g) and whose common stock was publicly quoted on the OTC Markets. The Commission, pursuant to Exchange Act Section 12(j), revoked the registration of China Wi-Max's securities on September 30, 2013 for failure to make required periodic filings, and its stock was delisted by OTC Markets on September 20, 2013.

2. The Small Business Company, Inc. is a Delaware corporation that purported to assist small businesses in achieving growth. It also conducted business under the name Select Business and Corporation Opportunities, Inc. SBCO's common stock was registered with the Commission under Exchange Act Section 12(g), but the Commission revoked its registration on January 21, 2014 pursuant to Exchange Act Section 12(j) for failure to make required periodic filings. The company's common stock had been publicly quoted on OTC Pink under the symbol "SBCO," but was deleted from the OTC system on January 21, 2014 in light of the Commission's revocation of its registration.

3. Vida-Life International, Ltd. is a Nevada corporation in the business of developing and selling animal nutritional products. Its common stock is registered with the Commission under Exchange Act Section 12(g), but on May 23, 2014, the Commission suspended trading in the securities of Vida-Life for ten days pursuant to Exchange Act Section 12(k). Vida-Life's stock was publicly quoted on the OTC Markets under the symbol "VILF," but OTC Markets has discontinued the display of quotes and labeled Vida Life stock as "Caveat Emptor" in light of the Commission's trading suspension.

4. Steven Berman ("Berman"), age 51, a resident of Hillsboro, Ohio was the Chief Executive Officer and President of China Wi-Max during the period from June 28, 2011 through September 18, 2011 ("the Relevant Period"). Respondent pleaded guilty on April 12, 2013 to one count of conspiracy to commit securities fraud in *U.S. v. Steven Berman, et al.*, CR 11-10415-NMG (D. Mass.), and was sentenced on July 16, 2013 to 18 months' imprisonment to be followed by 12 months' supervised release. He was also ordered to pay a fine of \$4,000 and to forfeit \$16,000.

5. Richard Kranitz ("Kranitz"), age 70, a resident of Grafton, Wisconsin and an attorney who has performed services as a securities lawyer, was a member of the Board of Directors of China Wi-Max during the Relevant Period. Respondent pleaded guilty on April 15, 2013 to one count of conspiracy to commit securities fraud in *U.S. v. Richard Kranitz, et al.*, 11-CR-10415-NMG (D. Mass.) and was sentenced on July 17, 2013 to 18 months' imprisonment to be followed by 12 months of supervised release. He was also ordered to pay a fine of \$4,000. In light of his criminal conviction, Respondent's license to practice law in Wisconsin has been suspended for the period August 2013 through August 2015.

6. Karen Person ("Person"), age 63, a resident of Las Vegas, Nevada. Person was the Chief Executive Officer, President and Chairman of SBCO during the

Relevant Period. Person pleaded guilty on April 22, 2013 to one count of conspiracy to commit securities fraud and was sentenced on August 16, 2013 to 30 months' imprisonment to be followed by 36 months' supervised release in *U.S. v. Karen Person, et al.*, 11-CR-10415-NMG (D. Mass.). She was also ordered to pay a fine of \$5,000.

7. John Jordan ("Jordan"), age 62, is a resident of Shingle Springs, California. During the Relevant Period, Jordan was the Chief Executive Officer, President, Chief Financial Officer and a member of the Board of Directors of Vida-Life. On May 3, 2013, Jordan was convicted after a jury trial of one count of conspiracy to commit securities fraud, four counts of wire fraud, and one count of mail fraud and was sentenced on August 16, 2013 to 30 months' imprisonment to be followed by 12 months' supervised release in *U.S. v. John Jordan, et al.*, 11-CR-10415-NMG (D. Mass.). He was also ordered to pay a fine of \$4,000 and to forfeit \$16,000.

8. Edward Henderson ("Henderson"), age 71, is a resident of Lincoln, Rhode Island. During the Relevant Period, Henderson held himself out as "promoter" or "finder" for small companies seeking venture capital or other sources of funding. On January 11, 2012, Henderson pleaded guilty to one count of wire fraud in *U.S. v. Edward Henderson*, 11-CR-10393-WGY (D. Mass.). On November 26, 2013, Henderson was sentenced to one year's probation and was ordered to forfeit \$12,650.

C. KICKBACK SCHEME

1. Prange Receives a Portion of the Kickback Monies

a. These proceedings arise out of a fraudulent scheme in which insiders of publicly-traded penny stock companies paid secret kickbacks to a purported corrupt hedge Fund Manager, who was in fact an undercover agent with the Federal Bureau of Investigation ("Fund Manager"), in exchange for the Fund Manager's purchase of restricted stock of the penny stock companies on behalf of his purported hedge fund ("the Fund"), which did not actually exist.

b. On or about June 28, 2011, Henderson told Prange that the Fund Manager was willing to invest Fund monies in the stock of companies in exchange for a secret fifty percent kickback that would go to the Fund Manager, enabling the Fund Manager to keep half of the monies that were supposed to be invested on behalf of the Fund.

c. On or about July 22, 2011, Prange met with Henderson and the Fund Manager (the "July 22 Prange Meeting"). At the July 22 Prange Meeting, the Fund Manager represented to Prange that he had access to Fund monies which he could invest in companies. The Fund Manager represented to Prange that the Fund Manager would only invest in the companies in exchange for a kickback of fifty percent of monies invested. The Fund Manager told Prange that the Fund knew nothing about the kickbacks.

d. At the July 22 Prange Meeting, the Fund Manager and Prange entered into an agreement for Prange to steer companies to the Fund Manager for

potential investment of Fund monies. In exchange, the Fund Manager and Prange agreed that Prange would receive approximately ten percent of the monies those companies kicked back to the Fund Manager.

e. In accordance with his arrangement with the Fund Manager, Prange introduced the following individuals and companies to the Fund Manager – Berman and Kranitz, and their company China Wi-Max; Person, and her company SBCO; and Jordan, and his company Vida-Life. Each of these executives whom Prange referred to the Fund Manager agreed to, and did, pay a kickback to the Fund Manager in exchange for the Fund Manager's share purchases purportedly on the Fund's behalf. In connection with the investments, each of the executives also caused stock certificates to be issued representing the purchase by the Fund of shares in their respective companies.

f. The investments in the companies that Prange referred to the Fund Manager were made by wire transfers from a bank account maintained in Massachusetts. The kickback payments from the various companies Prange referred to the Fund Manager were made by wire transfers from the various companies to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts, as described below.

g. Based on his agreement with the Fund Manager, on various dates between August 2011 and September 2011, Prange received a portion of the kickbacks paid by company executives he had referred to the Fund Manager. Prange's shares of the kickbacks were paid by wire transfer from a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts to Community Bank & Trust account number **0231, a bank account controlled by Prange.

h. Specifically, on or about August 19, 2011, in accordance with wiring instructions provided by Prange, a wire transfer of \$3,150 was sent from a Citizens Bank account to Community Bank & Trust account number **0231; this amount represented ten percent of the kickback amounts provided by Berman/Kranitz and by Person.

i. On or about September 16, 2011, in accordance with wiring instructions provided by Prange, a wire transfer of \$1,600 was sent from a Citizens Bank account Community Bank & Trust account number **0231; this amount represented ten percent of the kickback amounts provided by Jordan.

2. The China Wi-Max Scheme

a. On or about July 13, 2011, Prange arranged to have a telephone conference call with Henderson and Berman. During that call, Prange, Henderson and Berman discussed the possibility of the Fund Manager's investing Fund monies in China Wi-Max stock in exchange for a secret fifty percent kickback of the invested monies.

b. On or about July 13, 2011, Prange, Henderson and Kranitz had a separate telephone conference call. During that call, Prange, Henderson and Kranitz discussed the possibility of the Fund Manager's investing Fund monies in China Wi-Max stock in exchange for a secret fifty percent kickback of the invested monies. Also, during the call, Henderson told Kranitz and Prange that the Fund Manager would not disclose to anyone associated with the Fund his receipt of fifty percent of the monies that were supposed to be invested on the Fund's behalf.

c. On or about July 22, 2011, Prange and Berman met with the Fund Manager and Henderson (the "July 22 Berman Meeting"). The Fund Manager explained to Berman that he was prepared to invest Fund monies of up to \$5 million in exchange for a secret fifty percent kickback to the Fund Manager, enabling the Fund Manager to keep for himself half of the money he was supposedly investing on behalf of the Fund. Berman indicated that he was willing to enter the kickback arrangement.

d. At the July 22 Berman Meeting, the Fund Manager also discussed the mechanics of the funding, informing Berman that while the Fund Manager could commit to an investment of \$5 million of the Fund's money, with \$2.5 million being kicked back to the Fund Manager, the Fund Manager did not want to invest the entire amount at once. Therefore, the Fund Manager told Berman, he would invest the money over time in tranches, or installments, of increasing amounts.

e. At the July 22 Berman Meeting, the Fund Manager further discussed with Berman the mechanics of how monies would be kicked back to the Fund Manager. The Fund Manager arranged with Berman that China Wi-Max would execute a consulting agreement with one of the nominee consulting companies that the Fund Manager purportedly controlled, even though the Fund Manager told Berman that he would not actually provide any consulting services. Berman also was told that invoices would be issued by one of the Fund Manager's nominee companies in order to disguise the kickbacks.

f. On or about July 25, 2011, Prange, Berman, Kranitz and the Fund Manager had a telephone conference call during which Berman, Kranitz and the Fund Manager discussed the mechanics of the kickback transaction. Specifically, they discussed that Kranitz would prepare documentation to accompany the kickback transaction, including a consulting agreement between China Wi-Max and one of the Fund Manager's nominee companies.

g. On various dates between July 26, 2011 and September 5, 2011, Kranitz sent the Fund Manager documents related to the kickback transaction, including a consulting agreement between China Wi-Max and one of the Fund Manager's nominee consulting companies and stock purchase agreements between China Wi-Max and the Fund.

h. On or about July 28, 2011, \$32,000.01 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the

Fund, to a China Wi-Max corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to China Wi-Max.

i. On or about August 1, 2011, Berman and Kranitz caused \$16,000 to be sent by wire transfer from a China Wi-Max corporate bank account outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. This wire transfer represented Berman's and Kranitz's kickback to the Fund Manager from the first tranche of funding to China Wi-Max.

j. On or about August 11, 2011, Berman and Kranitz caused a stock certificate representing the purchase by the Fund of China Wi-Max shares to be sent to the Fund Manager.

3. The SBCO Scheme

a. On or about June 28, 2011, Prange facilitated a telephone call between Henderson and Person. During that call, Henderson told Person that the Fund Manager was willing to invest Fund monies in companies in exchange for a secret fifty percent kickback.

b. On or about July 22, 2011, Person met with the Fund Manager, Prange, and Henderson (the "July 22 Person Meeting"). The Fund Manager explained to Person that he was prepared to invest Fund monies of up to \$5 million in exchange for a secret fifty percent kickback, thereby enabling the Fund Manager to keep half of the money he was supposedly investing on behalf of the Fund.

c. During the July 22 Person Meeting, Person indicated that she was willing to enter the kickback arrangement.

d. At the July 22 Person Meeting, the Fund Manager explained to Person the mechanics of the funding, informing Person that the Fund Manager would begin by investing smaller amounts in SBCO stock, while planning to increase the funding installments, or tranches, in the future.

e. At the July 22 Person Meeting, the Fund Manager further discussed with Person the mechanics of how monies would be kicked back to the Fund Manager. He arranged with Person that SBCO would execute a consulting agreement with one of the nominee consulting companies that he purportedly controlled, even though the Fund Manager told Person that he would not actually provide any consulting services.

f. On various dates between July 26, 2011 and August 15, 2011, Person sent the Fund Manager documents related to the kickback transaction, including consulting agreements between SBCO and one of the Fund Manager's nominee consulting companies and a phony invoice in the name of the Fund Manager's nominee consulting company.

g. On or about July 28, 2011, \$31,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to an SBCO corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to SBCO.

h. On or about August 9, 2011, Person caused a stock certificate representing the purchase by the Fund of SBCO shares to be sent to the Fund Manager.

i. On or about August 11, 2011, Person caused \$15,500 to be sent by wire transfer from an SBCO corporate bank account outside of Massachusetts to a Citizens Bank account purportedly held in the name of the Fund Manager's nominee company in Massachusetts. This wire transfer represented Person's kickback to the Fund Manager from the first tranche of funding to SBCO.

4. The Vida-Life Scheme

a. On or around August 22, 2011 (the "August 22 Jordan Meeting"), Jordan and another individual met with the Fund Manager. The Fund Manager explained to Jordan that he was prepared to invest Fund monies of up to \$5 million in Vida-Life in exchange for a secret fifty percent kickback, enabling the Fund Manager to keep half of the money he was supposedly investing on behalf of the Fund.

b. At the August 22 Jordan Meeting, the Fund Manager also explained the mechanics of the funding, informing Jordan that, while the Fund Manager could commit to an investment of \$5 million of the Fund's money, with \$2.5 million being kicked back to the Fund Manager, the Fund Manager did not want to invest the entire amount at once. Therefore, the Fund Manager told Jordan, he would invest the money over time in tranches, or installments, of increasing amounts.

c. At the August 22 Jordan Meeting, the Fund Manager further discussed with Jordan the mechanics of how monies would be kicked back to him. The Fund Manager arranged with Jordan that Vida-Life would execute a consulting agreement with one of the nominee consulting companies that the Fund Manager purportedly controlled, but that the Fund Manager would not actually provide any consulting services. Jordan was told that invoices would be issued by the Fund Manager's nominee company to Vida-Life in order to disguise the kickbacks.

d. At the August 22 Meeting, Jordan agreed to the funding/kickback arrangement and executed a consulting agreement between Vida-Life and the Fund Manager's nominee consulting company. On various dates between August 23, 2011 and September 18, 2011, Jordan sent the Fund Manager documents related to the kickback transaction, including stock purchase agreements between Vida-Life and the Fund.

e. On or about August 29, 2011, in accordance with wiring instructions provided by Jordan, \$32,000 was sent by wire transfer from a bank account maintained in Massachusetts, purportedly belonging to the Fund, to a Vida-Life corporate bank account outside of Massachusetts. This wire transfer represented the first tranche of funding to Vida-Life.

f. On or about September 2, 2011, Jordan caused a total of \$16,000 to be sent by four separate wire transfers, three in the amount of \$5,000 and one in the amount of \$1,000, from two Vida-Life corporate bank accounts outside of Massachusetts to a Citizens Bank account held in the name of one of the Fund Manager's nominee companies in Massachusetts. These wire transfers represented Jordan's kickback to the Fund Manager from the first tranche of funding to Vida-Life.

g. On or about September 7, 2011, Jordan caused a stock certificate representing the purchase by the Fund of Vida-Life shares to be sent to the Fund Manager.

D. VIOLATIONS

1. As a result of the conduct described above, Prange willfully violated Section 10(b) of the Exchange Act and Rule 10b-5(a) thereunder, which prohibit fraudulent conduct in connection with the purchase or sale of securities.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act including, but not limited to, disgorgement and civil penalties pursuant to Section 21B of the Exchange Act; and

C. Whether, pursuant to Section 21C of the Exchange Act, Respondent should be ordered to cease and desist from committing or causing violations of and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, whether Respondent should be ordered to pay a civil penalty pursuant to Section 21B(a) of the Exchange Act, and whether Respondent should be ordered to pay disgorgement pursuant to Sections 21B(e) and 21C(e) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jill M. Peterson
Assistant Secretary