ADMINISTRATIVE PROCEEDING
File No. 3-15758

In the Matter of
Ads in Motion, Inc., et. al,
Respondent

PREMIER BEVERAGE GROUP CORP.
MOTION IN OPPOSITION
to
SECURITIES AND EXCHANGE COMMISSION
DIVISION OF ENFORCEMENT'S
MOTION FOR SUMMARY DISPOSTION

June 2, 2014

PREMIER BEVERAGE GROUP CORP.

MOTION IN OPPOSITION

This is a Motion in Opposition to the Securities and Exchange Commission's Division of Enforcement ("Division") motion for an order of summary disposition against Premier Beverage Group Corp. ("PBGC", "Company", "we", "us" or "our") filed on May 19, 2014 (Administrative Proceeding File No. 3-15758, In the Matter of Ads in Motion, Inc., *et.al*, Respondent). The Division supports its motion with a 164 page submission asserting that PBGC should no longer have access to the public capital markets, that it is an egregious violator the Securities Exchange Act of 1934 ("Exchange Act") and that its management is irresponsible. For the reasons set forth herein, revocation of the registration of PBGC's securities is neither necessary nor appropriate for the protection of investors.

Background

Filing Status. As of May 30, 2014, PBGC is fully current in its filing obligations under the Exchange Act. Admittedly, the Company did not meet the May 15, 2014 deadline that it set for itself in its March 13, 2014 answer to the Order Instituting Administrative Proceedings and that it reaffirmed in the March 19 and April 23, 2014 prehearing conferences. Nevertheless, in the course of the last 75 days, the Company has completed two audits, filed two Forms 10-K and filed four Forms 10-Q, including for the quarter ended March 31, 2014, and crossed the finish line on this effort only fifteen days later than it said it would two months ago.

Fraud Complaint Against PBGC's Funding Source. On May 22, 2014, the Securities and Exchange Commission filed a complaint in the U.S. District Court for the Southern District of Florida against Eric Brown alleging fraud in violation of §17(a)(1) of the Securities Act of 1933 and 10(b) of the Exchange Act involving two stock manipulation schemes. *See* **Exhibit A**. One of these schemes involved the Company's stock when it

was traded under the symbol "DAMH." Brown, through a controlled entity, had committed to fund the Company in connection with the merger pursuant to which its securities began trading in October 2011. As reported in the Company's Form 8-K/A filed on December 23, 2011, Brown defaulted on his obligation to provide capital to the Company in the amount of $200,000, which caused it irreparable harm and made it impossible for the Company to purchase inventory, engage in any kind of active marketing program, follow through on previous planned celebrity promotional events in New York City and otherwise engage in its plan of operations.

The Company cooperated with the Commission and with the Federal Bureau of Investigation in their investigation of Brown. The purpose of disclosing this matter here is to demonstrate that, contrary to the Division's assertions that management chose to ignore PBGC's filing obligations and acted irresponsibly and that whatever it does now is "too little and too late", management was completely blindsided by a person now exposed as a stock manipulator who failed to honor a substantial funding commitment that was the Company's life blood. As a direct result, the Company has struggled since the first month its shares began trading to regain the business momentum that was lost and to find funding sources to enable it both to regain that momentum and to remain current in its filings under the Exchange Act. There was never any intent to become a reporting company and then not to report.

The Division is not entitled, as a matter of law, to an order pursuant to Section 12(j)

It this statement were in fact true, it would not have been necessary for the Division to file its motion, for PBGC to file its motion or for the Administrative Law Judge to decide the matter. This case would be long over. To the contrary, revocation is a matter of discretion based on a standard that requires a determination to be made and judgment to be exercised:

> "I do not read the Commission's Opinion in Absolute Potential, Inc., [cit. omit.] as making the revocation of registered securities automatic for all delinquent filers because

Section 12(j) of the Exchange Act requires a determination of each set of facts of what is necessary or appropriate for the protection of investors." *Administrative Proceedings Rulings Release No. 1396/April 23, 2014.*

Protection of investors

It is difficult to understand how revoking the registration of the Company's securities at this time is "necessary or appropriate for the protection of investors". The Company is current in its filings, as it said it would be in its Answer to the OIJ more than two months ago, *albeit* a few days later that expected. The Company has done what it said it would do - and what the Chief Administrative Law Judge offered it the opportunity to do - at the March 19, 2014 prehearing conference.

The Company has not used the 12(j) proceeding, as alleged repeatedly by the Division, as an invitation to catch up. At the time the OIJ was instituted on February 20, 2014, the Company was in the process of preparing its Form 10-K for 2011 and had retained its auditors for that purpose. Management was not "ignoring" PBGC's filing requirements and then "hurriedly" becoming current during a proceeding. Management was not "hurriedly" doing anything; rather, when funding became available, management deliberately and conscientiously proceeded filing-by-filing to bring PBGC current. Indeed, its ability to attract any level of capital needed to operate as a result of Brown's unexpected and fraudulent funding default *required* the Company to be current in its filings. The initiative to become current was not in response to any Division proceeding.

In this respect, we present a marked contrast to the facts established in *Absolute Potential, Inc.* (Exchange Act Release No. 71866, 2014 SEC LEXIS 1193 (April 4, 2014).

- Absolute was a shell company with no business. PBGC is actively engaged in business, and the fact that PBGC is an operating company with real transactions, real customers, real inventory and real payables and receivables should not be

underestimated when it comes to the level of effort required to complete an audit. It is not just a matter – as it was for Absolute - of moving zeros and static numbers from one year to the next to the next.

- One person owns 97% of Absolute's stock. PBGC's founder and President owns 51% of the Company's stock, but the remaining 49% is widely distributed among several hundred shareholders. PBGC is not one person's captive enterprise.

- Absolute waited more than 5 years after receiving a delinquency letter from the Division of Corporate Finance until the OIP was instituted before commencing a filing program that covered nearly three years. PBGC filed its Form 10-K for 2011 within six months after receiving our delinquency letter and had initiated the audit required for that 10-K well before then.

- The Administrative Law Judge found that Absolute had "an utter lack of resources with which to pay for compiling and auditing or reviewing its financial statements." PBGC has consistently raised funds – admittedly after several misfires and delays - for the purpose of doing what is necessary to file under the Exchange Act and has at this date a commitment to fund its operations going forward.

We do not dispute the Commission's right to revoke the registration of a company that becomes current in its filings after an OIP is instituted. We do dispute that *Absolute* requires this result, particularly when it cannot reasonably be concluded that PBGC "essentially ignored its reporting obligations until it was ultimately confronted with revocation through the institution of these proceedings."

Filing Forms 12b-25

The Division points out that PBGC "filed only one of the ten required Forms 12b-25 seeking extension of time to make its periodic filings", referencing a case where a

delinquent issuer's actions were found to be "egregious" and then concluding that the "serial and continuous nature" of PBGC's failures in this respect similarly supported revocation.

A Form 12b-25 is a registrant's notification that the referenced report (10-K or 10-Q) "will be filed on or before the" the expiration of the permitted extension period, and the filer is requested to check a box so indicating. Inasmuch as PBGC did not anticipate being able to file the applicable reports within such prescribed extended period, submitting the form arguably would have been misleading, and submitting the form without checking the box that indicates that a timely filing will be forthcoming would appear to be of no value at all. PBGC understands that this may not be the official interpretation of how Form 12b-25 is intended to operate, but if that is in fact the case, the official interpretation is honored in the breach. Companies that do expect to file within the allowed extension far more often than not do not file *seriatim* Forms 12-25 as their sole filings under the Exchange Act. The Division's reliance on our failure to file Forms 12b-25, therefore, should not add support to its argument that a revocation sanction should be granted.

Serious and egregious violations

The Division asserts that our violations "are serious and egregious" and "suggest a high degree of culpability". We admit that our violations were serious, and we carried that mindset through our corrective efforts. We believe, however, that characterizing them as egregious is unwarranted. Effectively, we were fraudulently induced to enter into a reverse merger transaction that we believed came along with adequate funding for our needs for a 12 to 15 month period. If we are "culpable" to the grave extent alleged by the Division, we are culpable of not figuring out in advance that Brown was going to engage in a market manipulation scheme and pocket the funds. To assert that our violations are "egregious", *i.e.*, "flagrant" and "outrageous" according to *Merriam-Webster*, is a gross overstatement and ignores our history starting in 2011 and the level of our corrective efforts since that time.

PBGC's inability to meet subsequent, "self-defined deadlines for bringing itself current" were caused first by funding constraints and then subsequently by its auditors' inability to move as fast as the Company wanted them to, despite their good faith efforts to cooperate fully. We have now overcome our funding issues and are current in all of our filings. We respectfully submit that the fact that we were unable to meet "self-defined" deadlines (while being off the mark by only two weeks) is not, as the Division states, evidence of a "high degree of culpability" worthy of imposing a revocation sanction. Our efforts in this respect are certainly in stark contrast to Impax Laboratories, Inc. in which respondent missed successive deadlines of up to 40 weeks (and then never did become current) because it could not figure out its own accounting methodology. *In the Matter of Impax Laboratories, Inc.*, Admin. Proc. File No. 3-1259 (Rel. No. 57864/May 23, 2008).

Alleged Section 14(a) and/or 14(c) violations

Nor do alleged Section 14(a) and/or 14(c) violations by PBGC – even if they were true - provide any meaningful support for the Division's case:

- The Division concludes that the fact that we did not elect one-fourth of our directors annually as is required by Nevada law is material to the outcome of this matter, notwithstanding that we have only one director, that this one director owns more than one-half of our voting stock and is accordingly entitled to elect himself as a director by his sole consent. We respectfully submit that if our apparent failure in this respect has not caused a loss of our good standing in Nevada – which it has not – it is not relevant to a determination of whether revocation is necessary or appropriate for the protection of investors, particularly given our full compliance with Nevada law relating to our proxy submission to shareholders to increase our authorized capital.

- We have never appointed a chief financial officer, and accordingly never were required to file a Form 8-K to announce the appointment of Mr. Buttles as same.

Mr. Buttles is a consultant who advises on "finance", but he is not, and never has been, an employee of PBGC or PBGC's "principal financial officer" or "principal accounting officer". He assists in finance matters as a consultant, not as an officer, serving as an advisor to our President who has sole responsibility for financial matters and who as President, solely, attests to our financial statements as "Principal Executive and Financial Officer." The Division erroneously concludes in its Exhibit 21, page 4, that the statement, as it relates to Mr. Buttles, "Responsible for financial operations and capital strategies" refers to PBGC; it does not. That statement refers to Core Equity Group, Mr. Buttles' full-time employer.

A chief financial officer is an executive officer of a company who is appointed by its board of directors. There has been no such appointment. "Treasurer" is a state law title that does not connote chief financial officer responsibilities any more than "controller" would, and if a person were to serve as both "treasurer" and chief financial officer of a company, that person would never be held out solely as "treasurer".

- The Division concludes that I was required to file a Form 3 and failed to do so. As the Company's secretary, I provide ministerial and administrative support. In no sense am I an "officer" of the Company required to file Form 3, even if I owned PBGC securities, which I do not. I am not involved in making any policy decisions whatsoever. Nor does the fact that I serve as legal counsel to the Company mean that I need to file a Form 3, just as any other person serving as counsel of a company to provide legal services on a consulting basis would be required to file a Form 3.

As it relates to Mr. Buttles and myself, therefore, there are no Sections 14(a) and 14(c) violations that provide "further evidence of the company's culpability that the Court can and should consider when assessing the appropriate sanction for PBGC's violations." These alleged violations are red herrings.

Too little and too late

The Division concludes that "[c]learly, PBGC has proven itself to be incapable of meeting its obligation as a Section 12 registrant with any measure of responsibility." We respectfully submit that this statement is not true. At significant cost and with very significant effort, PBGC has become current in its filings, now having concluded a process that begun well before any Division enforcement action was commenced and, frankly, having been concluded in spite of the Division's enforcement action. Those who have never raised capital should not minimize the *in terrorem* effect a government proceeding can have.

Nor have we used this administrative proceeding as an "extension of time ....to file delinquent reports", other than as we said we would do at the first prehearing conference on March 19, 2004 in continuation of our ongoing, pre-enforcement efforts to become current and as the Chief Administrative Law Judge invited us to do. To characterize our efforts as "hurried, catch-up filings" suggests that we were responding solely to the Division's proceedings in doing what we were doing. In fact, we were responding to the need to be current in our filings to have any meaningful opportunity to succeed in the capital markets in order to execute our business plan.

"Too little and too late" does not fit our facts.

PBGC's assurances against future violations are not credible

We are unaware of any assurances that we have provided regarding *future* compliance with the securities laws other than to state that we would become current, which we have done. We submit that the fact that we missed our date by two weeks provides an inadequate basis to conclude that whatever assurances against future violations the Division believes we have made are not credible. Rather, it would seem obvious that having spent tens of thousands of dollars and considerable effort to complete our audits in

order to become current in our filings and to finally be in a position to draw on our funding commitment, PBGC is not now simply going to stop filing. Further assurances are unnecessary, and somehow tying Mr. Kallamni's §§13(d) and 16(a) violations into the credibility of those assurances as the Division does citing *Citizens Capital Corp.* is disingenuous.

The Company plans to timely file its Exchange Act reports in the future notwithstanding, according to the Division, that "PBGC has not had a profitable quarter since current management "gained" control of the Company", that PBGC has "relied on infusions of cash from stock and note issuances to meet its expenses" and that PBGC's "financial performance … shows no evidence of a viable operating model."

These assertions are misplaced, if not puzzling:

- Many public companies have never had a profitable quarter; it is not a requirement of a company whose securities are registered under the Exchange Act to be profitable.

- Management did not "gain" control of the Company; it continued the control it had of the private beverage company (OSO Beverages) that Mr. Kallamni had operated for years before the merger.

- Many, many companies have relied on infusions of cash from stock and note issuances; indeed, this is one of the principal benefits of being a public company and one that, given our current funding commitment, is very important to us.

- With due respect to the Division, it is unqualified to judge whether or not our business model is viable.

Revocation is not required as a deterrent

The Division asserts that it is necessary to revoke our registration as a deterrent to others. In fact, revoking our status would not serve as a deterrent to any company thinking it need not file and then, when the heat is turned on, send in a batch of reports and continue on as though nothing had happened. At least for operating companies like ours (unlike, for example, Absolute Potential which as a shell corporation conducted no business year to year, had no inventory to observe, no confirmations to issue and collect, and no beneficial conversion features and associated fair value adjustments to labor through, among many other things), conducting an audit in arrears is time consuming and expensive. No words in a favorable decision for PBGC are going to adversely interfere with the deterrence that already exists in the many Commission decisions on this point in which the facts really do suggest that there was no serious attempt by the respondents to meet their reporting requirements.

Not harmful going forward.

The Division argues that "revocation will not be overly harmful to whatever business operations, finances, or shareholders PBGC may now have." Again with due respect to the Division, on what basis does it have the wherewithal to make this judgment? Would it reach the same conclusion if it knew that revocation would cause the loss of our financing (as it will), or is the type of financing for which we have a commitment somehow inappropriate as the Division implies, or ultimately, is this simply a manner of the Division falling back on "too little and too late"?

The Company recognizes that, if its registration is revoked, it can file a §12 registration statement. However, the Company is now current, no additional information is going to be provided to anyone by filing a Form 10, and once again the Company's energies and expenses will be directed at Exchange Act filings, all in the interest of serving as a theoretical deterrent to other companies that wish to delay their filings for as long as possible and of punishing PGBC for its "egregious" conduct and "culpable" behavior.

This is a burden that should not be imposed on the Company, and there is no investor protection interest that will be served by imposing it.

Conclusion

We reject the Division's assertion that "PBGC has proven itself to be incapable of meeting its obligation as a Section12 registrant with any measure of responsibility." PBGC does not hold itself out as blameless and without fault in this matter, but it is obvious from the course of conduct that the Company has embraced that management considers compliance with the Exchange Act as a serious matter. The Division's Section 14 assertions are invalid and represent a failed attempt to paint management as irresponsible and incompetent. To the contrary, management has overcome being defrauded, has survived considerable adversity to get the Company to the point where it is today, has remained steadfast in this effort and along the way has never sold a single share of stock. Short of being successful earlier in raising funds (and paying more attention to §§13 and 16 on Mr. Kallamni's behalf, which it will do in the future), management does not believe there was anything more it could do than it did, and the Division's repeated assertions that we ignored our filing requirements and then "hurriedly" became current are without factual basis.

For the reasons set forth above, Premier Beverage Group Corp. respectfully requests that the Administrative Law Judge conclude that the revocation of the registration of PBGC's securities is neither necessary nor appropriate for the protection of investors and, accordingly, that the Administrative Law Judge (i) deny the Division's motion for an order of summary disposition and (ii) order the Commission to revoke the Order of

Suspension of Trading of the Company's securities under the Exchange Act.

Respectfully submitted,

PREMIER BEVERAGE GROUP CORP.

By: Richard A. Fisher
Richard A. Fisher
Counsel

EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,	)
Plaintiff,	)
v.	)
ERIC S. BROWN,	)
Defendant.	)

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

I. INTRODUCTION

1. From November 2010 through January 2011, Defendant Eric S. Brown engaged in a fraudulent market manipulation scheme involving International Development & Environmental Holdings Corp. ("IDEH") stock.

2. Less than a year later, from October 2011 through November 2011, Brown engaged in a second fraudulent market manipulation scheme, this time involving DAM Holdings, Inc. n/k/a Premier Beverage Group Corp. ("DAMH") stock.

3. As part of the schemes, Brown paid a corrupt promoter to induce him and his purported buying group to purchase shares of IDEH and DAMH stock in the open market.

4. Unbeknownst to Brown, the corrupt promoter was a witness cooperating with the FBI.

5. The Defendant engaged in these schemes in an effort to artificially manipulate the market for IDEH and DAMH stocks by: (1) falsely generating the appearance of market interest

in the stocks; (2) inducing public purchases of the stocks; and (3) artificially increasing the trading price and volume of the stocks.

6. As a result of the conduct described in this Complaint, Brown violated Section 17(a)(1) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a)(1); and Section 10(b) and Rule 10b-5(a) and (c) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a) and (c). Unless restrained and enjoined, he is reasonably likely to continue to violate the federal securities laws.

7. The Commission respectfully requests that the Court enter: (a) a permanent injunction restraining and enjoining Brown from violating the federal securities laws; (b) an order directing Brown to pay disgorgement with prejudgment interest; (c) an order directing Brown to pay civil money penalties; and (d) an order barring Brown from participating in any offering of a penny stock.

II. DEFENDANT AND RELEVANT ENTITIES

A. Defendant

8. Brown resides in Brooklyn, New York. During the relevant time period, Brown acted as a stock promoter for IDEH and DAMH.

B. Relevant Entities

9. During the relevant time period, IDEH was a Nevada corporation with offices in New York. IDEH purported to acquire and manage parking lots and garages in New York City and surrounding areas. Its common stock has been quoted on the OTC Link operated by OTC Markets Group, Inc. and on the OTC Bulletin Board ("OTCBB") under the symbol "IDEH." It was deleted from the OTCBB in December 2011. IDEH's common stock is registered with the

Commission pursuant to Section 12(g) of the Exchange Act, and IDEH is therefore subject to Section 13(a) reporting obligations.

10. IDEH's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this Complaint, the stock's shares traded at less than nine cents per share. During the same time period, IDEH's stock did not meet any of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, IDEH's stock did not trade on a national securities exchange and was not an "NMS stock," as defined in 17 C.F.R. § 242.242.600(b)(47). Furthermore, IDEH did not have net tangible assets (i.e., total assets less intangible assets and liabilities) in excess of $5,000,000; and did not have average revenue of at least $6,000,000 for the last three years. *See* Exchange Act, Rule 3a51-1(g).

11. During the relevant time period, DAMH was a Nevada corporation with offices in New York. DAMH purported to be in the business of designing, building and selling high performance motorcycles. Its common stock has been quoted on the OTC Link under the symbol "DAMH" at all relevant times. In November 2011, DAMH changed its name to Premier Beverage Group Corp. and is now quoted on the OTC Link under the symbol "PGBC." DAMH's common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act, and DAMH is therefore subject to Section 13(a) reporting obligations.

12. DAMH's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this Complaint, the stock's shares traded at less than a dollar per share. During the same time period, DAMH's stock did not meet any of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, DAMH's stock did not trade on a national securities exchange and was not an "NMS stock," as defined in 17 C.F.R. § 242.242.600(b)(47). Furthermore, DAMH did not have net tangible

assets (i.e., total assets less intangible assets and liabilities) in excess of $5,000,000; and did not have average revenue of at least $6,000,000 for the last three years. *See* Exchange Act, Rule 3a51-1(g).

III. JURISDICTION AND VENUE

13. The Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(d) and 77v(a); and Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa.

14. This Court has personal jurisdiction over Brown, and venue is proper in the Southern District of Florida because many of Brown's acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the District. For example, Brown met with the cooperating witness ("CW") in Broward County on October 25, 2011 and in November 2011. Furthermore, throughout the fraud, Brown frequently communicated with the CW via telephone, emails, and text messages while the CW was located within the District. Also, Brown sent one of the inducement payments, in the form of a stock certificate for 5,000 common shares of DAMH, to the CW via overnight delivery into the District.

15. Brown, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, or of a means or instrumentality of interstate commerce, or of the mails, in connection with the conduct alleged in this Complaint.

IV. THE FRAUDULENT SCHEMES

A. The IDEH Market Manipulation Scheme

16. On November 18, 2010, Brown, a stock promoter for IDEH, began discussing with the CW a possible market manipulation scheme involving IDEH stock.

17. Between mid-November and December 2010, Brown and the CW communicated with each other in a series of text messages and telephone calls while the CW was within the District.

18. In a November 18, 2010 text message, Brown asked the CW whether he still did "IR [investor relations] work" because Brown needed IDEH "worked on now." The CW responded that he did.

19. On the same day, Brown texted the CW stating that "the goal was liquidity" and that he wanted the CW to purchase IDEH common stock in the open market. Brown also stated in a text that he had some stock he "needed to get out of."

20. The CW told Brown he was working with a fund manager who would buy publicly-traded shares of IDEH stock in the open market in exchange for a 30% inducement payment. Pursuant to the plan, the fund manager would receive one share of purportedly unrestricted stock in exchange for every three shares of IDEH he purchased in the open market.

21. Via text message, Brown expressed his interest to the CW in participating in the plan. His goal was to artificially raise the volume of IDEH's stock.

22. On December 16, Brown and the CW again communicated via text message while the CW was in the District. They further discussed the manipulation, and in particular, they discussed executing matched trades of IDEH stock between an account Brown controlled and an account the purported fund manager controlled.

23. Ultimately, Brown agreed to send cash instead of the stock as an inducement payment. On January 18, 2011, Brown sent two wires totaling $7,000 from bank accounts he controlled to the CW's personal bank account in Broward County, Florida.

24. On January 18 and 19, 2011, during telephone conversations between the CW, who was located in the District, and Brown, they coordinated the matched trading.

25. On January 19, 2011, the FBI purchased 300,000 shares of IDEH in the open market for a total of $8,370. All of these shares were executed in matched sell orders with an account controlled by Brown. The FBI's purchase constituted 22% of the volume in the stock for that day.

B. The DAMH Market Manipulation Scheme

26. On October 3, 2011, Brown contracted the CW again via text message saying he had a "huge deal" and needed to bring in $6 million in purchases of DAMH stock. At the time, the CW was located in the District.

27. In a telephone call on October 13, 2011, and in texts the same day, the CW told Brown that he was still working with a fund manager, who was "working 1 for 4." This meant the fund manager would receive an inducement payment of one share of DAMH stock in exchange for every four shares purchased on the open market. Again, the CW was located within the District during this telephone call and text message exchange.

28. The CW told Brown the fund manager would accept either stock or cash as his inducement payment. The parties continued discussing the deal via telephone and text messages throughout October 2011.

29. At a face-to-face meeting on October 25, 2011 in Broward County, Brown explained to the CW that he and a group of partners controlled six million shares of DAMH, and they wanted to sell all the shares at one dollar or more per share. At this meeting, Brown and the CW agreed the fund manager would initially buy 20,000 shares of DAMH stock on the open

market in exchange for 5,000 purportedly unrestricted shares of DAMH stock as the inducement payment to the CW.

30. Brown agreed to send the inducement payment for this initial transaction to a shell company the fund manager controlled with the understanding the fund manager would eventually purchase all six million shares. At one point during the meeting, Brown remarked, "I don't want to get into trouble, so I want this done orderly."

31. The CW advised that the fund manager would begin buying once he received the money or when a stock certificate cleared.

32. During their various text messages, Brown and the CW also agreed that a "promotional campaign" would follow the fund manager's purchases, thus enabling him to sell his stock by creating an active market.

33. On October 28, 2011, Brown sent the CW a stock certificate for the 5,000 purportedly unrestricted common shares of DAMH stock as the agreed upon inducement payment. Brown sent the stock certificate to an address within the District.

34. On November 2, 2011, during a telephone call, the CW, who was located in the District, told Brown that although the fund manager was waiting for the certificate to clear, he would purchase some shares of DAMH as a show of "good faith."

35. In a series of telephone calls that day, Brown and the CW discussed coordinating matched trades of 5,000 shares, between Brown and the fund manager's brokerage accounts.

36. Once Brown advised the CW of his position at 52 cents per share, the FBI purchased his 5,000 shares of DAMH at the same price in an FBI controlled brokerage account for $2,600. All of these shares were executed in matched sell orders with an account controlled by Brown. This represented 16.6% of the trading volume in DAMH that day.

37. Brown and the CW met about two weeks after the initial trade to discuss the additional buying in Broward County, Florida. Ultimately, the CW did not respond to Brown's subsequent texts, and no additional purchases occurred.

COUNT I

Fraud In Violation of Section 17(a)(1) of the Securities Act

38. The Commission realleges and incorporates paragraphs 1 through 37 of its Complaint.

39. From November 2010 through January 2011 and from October 2011 through November 2011, Brown, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

40. By reason of the foregoing, the Defendant, directly and indirectly, violated and, unless enjoined, is reasonably likely to continue to violate, Section 17(a)(l) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act

41. The Commission realleges and incorporates paragraphs 1 through 37 of its Complaint.

42. From November 2010 through January 2011 and from October 2011 through November 2011, Brown, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly:

(a) employed devices, schemes, or artifices to defraud; and/or

(c) engaged in acts, practices, or courses of business which operated or would have operated as a fraud or deceit upon any person.

43. By reason of the foregoing, Brown, directly or indirectly, violated and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule l0b-5(a) and (c), 17 C.F.R. §§ 240.10b-5(a) and (c).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine, and find that Brown has committed the violations of the federal securities laws alleged in this Complaint.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining Brown, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act, as indicated above.

III.

Disgorgement

Issue an Order directing Brown to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

IV.

Penalties

Issue an Order directing Brown to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d); and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

V.

Penny Stock Bar

Issue an Order barring Brown from participating in any offering of penny stock, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act,15 U.S.C. § 78u(d)(6), for the violations alleged in this Complaint.

VI.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

VII.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

May 22, 2014

By: s/ James M. Carlson

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