

**UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF FLORIDA  
ORLANDO DIVISION**

**FILED**

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U.S. DISTRICT COURT  
MIDDLE DISTRICT OF FL  
ORLANDO, FLORIDA

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Plaintiff,

v.

K&L INTERNATIONAL ENTERPRISES, INC.,  
SIGNATURE LEISURE, INC., SIGNATURE  
WORLDWIDE ADVISORS, LLC, STEPHEN W.  
CARNES, LAWRENCE A. POWALISZ,  
ENZYME ENVIRONMENTAL SOLUTIONS,  
INC. and JARED E. HOCHSTEDLER,

Case No. 6:09-CV-1638-31KRS

**JURY TRIAL DEMANDED**

Defendants.

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**COMPLAINT**

Plaintiff United States Securities and Exchange Commission alleges as follows:

**NATURE OF THE CASE**

1. Defendants Stephen Carnes and Lawrence Powalisz, in collaboration with the other defendants, are selling billions of shares of stock in "microcap" companies to the investing public without adhering to the registration requirements of Section 5 of the Securities Act of 1933 ("Securities Act"). (Carnes, Powalisz and their companies, Signature Leisure, Inc., Signature Worldwide, Inc. and K&L International Enterprises, Inc., are collectively referred to in this complaint as the "Stock Distributor Defendants.")
2. The microcap companies include Defendant Enzyme Environmental Solutions, Inc., Revenge Designs, Inc., Cross Atlantic Commodities, Inc. and

International Power Group, Ltd. (the “Issuer Companies”). The Issuer Companies each have stock listed on the “Pink Sheets” or the “Over-the-Counter” Bulletin Board. Each is controlled primarily by one person, with limited operational histories and minimal revenue.

3. The scheme involves a series of transactions between the Stock Distributor Defendants and the Issuer Companies with the same essential characteristics:

First, the Stock Distributor Defendant either purports to lend money to an Issuer Company or the Issuer Company identifies a “debt” owed to its officer that it assigns to the Stock Distributor Defendant. Second, the Stock Distributor Defendant pays the Issuer Company or an affiliate of the company. Third, to reduce or eliminate the loan or the assigned debt, the Issuer Company issues shares of its stock to the Stock Distributor Defendant. Fourth, the Stock Distributor Defendant immediately dumps the shares into the public market. For all of the transactions described in this complaint, the Stock Distributor Defendant sold the Issuer Company’s stock into the public market less than six months after it received such stock.

4. This scheme has proven extraordinarily lucrative for the Stock Distributor Defendants. In approximately two years, they have generated more than \$7 million in illegal profits. Their stock distributions do not, however, adhere to the registration and public disclosure requirements of the federal securities laws. Because no registration statements were filed in conjunction with the issuance and resale of Issuer Company stock, prospective investors never received important information to which they were legally entitled before deciding whether to purchase an Issuer Company’s stock – such as the company’s audited financial statements, information about the management’s

business history, the dilution impact a distribution would have on existing shareholders, and a description of principal risks that could arise and affect the value of the company's shares.

5. The Commission brings this lawsuit to put an immediate halt to defendants' ongoing violations of the Securities Act, to prevent further harm to investors, and to seek disgorgement and civil penalties from defendants stemming from their violations of the federal securities laws.

### **JURISDICTION AND VENUE**

6. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act.

7. Venue lies in this Court pursuant to Section 22(a) of the Securities Act. Defendants, directly or indirectly, have made and are making 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 Middle District of Florida.

### **DEFENDANTS**

8. **Stephen W. Carnes**, age 45, is a resident of Apopka, Florida. He is the president, principal executive officer and principal accounting officer of Signature Leisure and the managing member of Signature Worldwide.

9. **Signature Leisure, Inc.** is a Colorado corporation with its principal place of business in Casselberry, Florida.

10. **Signature Worldwide Advisors, LLC** is a Minnesota limited liability company with a business address in Champlin, Minnesota and a mailing address in Casselberry, Florida.

11. **Lawrence A. Powalisz**, age 45, is a resident of Winter Park, Florida.

Powalisz is the sole officer of K&L.

12. **K&L International Enterprises, Inc.** is a Florida corporation located in Casselberry, Florida. The company purports to be a direct marketing business primarily focusing on telemarketing services.

13. **Jared E. Hochstedler**, age 33, is a resident of Fort Wayne, Indiana and is Enzyme's Chief Executive Officer and sole director and officer.

14. **Enzyme Environmental Solutions, Inc.**, a Nevada corporation and one of the "Issuer Companies," is located in Fort Wayne, Indiana and purportedly produces enzyme-based products used for cleaning, odor control and dietary supplements.

#### **THE ISSUER COMPANIES**

15. **Cross Atlantic Commodities, Inc.**, a Nevada corporation located in Weston, Florida, purports to develop, market and distribute "life enhancement products" and other merchandise through direct marketing and retail/wholesale distributors.

16. **International Power Group, Ltd.**, a Delaware corporation located in Celebration, Florida, purports to operate a "waste to energy" business that provides environmentally-friendly waste management and, in the process, produces cost-effective electricity.

17. **Revenge Designs, Inc.**, a Nevada corporation, is located in Decatur, Indiana and purportedly designs and develops modification packages for cars.

## **FACTS**

18. The transactions between the Stock Distributor Defendants and the Issuer Companies take one of two forms: (a) a promissory note in which the Stock Distributor Defendant agrees to loan money directly to an Issuer Company (Paragraphs 19 through 24); and (b) a so-called “wrap-around agreement” in which a Stock Distributor Defendant agrees to purchase an alleged debt that the Issuer Company supposedly owes to its officer or affiliate (Paragraphs 25 through 44).

### **THE REVENGE DESIGNS PROMISSORY NOTES**

19. **Promissory Notes with Signature Leisure.** In September 2007, Revenge Designs entered into a promissory note with Signature Leisure. Revenge Designs agreed to pay Signature Leisure \$322,000, consisting of \$300,000 in debts that Revenge Designs already owed to Signature Leisure, and about \$22,000 in new loan proceeds.

20. Under the terms of the note, Revenge Designs’ indebtedness could be repaid either in cash or in shares of Revenge Designs’ common stock, at Signature Leisure’s option. Under the latter option, “[t]he debt will be converted to Borrower’s common stock at a 50% (fifty percent) discount from the opening bid price on the date Lender converts the debt to Borrowers common stock.”

21. Between November 2007 and February 2008, Signature Leisure accepted repayment in the form of discounted Revenge Designs stock. Signature Leisure submitted five conversion requests, which resulted in Revenge Designs’ issuance of about 195 million shares of its stock to Signature Leisure. Signature Leisure received more shares than it was entitled to under the stock conversion formula. Shortly after receiving the shares from Revenge Designs, Signature Leisure transferred the stock to

other individuals and entities, who, on information and belief, promptly resold the stock into the public market.

22. **Promissory Notes with K&L.** From September 2007 through January 2008, Revenge Designs entered into 13 promissory notes with K&L. Under the terms of the notes, K&L loaned Revenge Designs approximately \$420,000. K&L also had the option of accepting repayment in cash or in Revenge Designs stock, calculated “at a 50% discount, based on the opening bid from September 14, 2007 of \$.005 (one half of a cent)” or similar formula.

23. K&L opted to be repaid in discounted shares of Revenge Designs stock. From October 2007 through February 2008, K&L sent Revenge Designs seven conversion requests, resulting in Revenge Designs’ issuance of about 352 million shares of its stock to K&L.

24. From November 5, 2007 to March 7, 2008, K&L resold nearly all the shares of Revenge Designs stock into the public market, yielding net profits of almost \$1 million. K&L made nearly all of these sales within days or weeks of receiving the Revenge Designs stock.

#### **THE WRAP-AROUND AGREEMENTS: AN OVERVIEW**

25. Issuer Companies Cross Atlantic, Revenge Designs, International Power, and defendant Enzyme Environmental have entered into a series of wrap-around agreements with Stock Distributor Defendants K&L, Signature Leisure and Signature Worldwide. The details of such transactions are set forth in Paragraphs 27 through 44 below.

26. As a general matter, these wrap-around agreements work as follows: First, the transaction is predicated upon a debt the Issuer Company allegedly owes to one of its officers for more than one year, either for unpaid salary or a loan. The Issuer Company and its officer (or another affiliate) agrees to assign the debt to a Stock Distributor Defendant . The agreement modifies the purported original debt “to include a convertibility provision allowing [the Stock Distributor Defendant] to convert [the debt that the Issuer Company now owes to the Stock Distributor Defendant] into common voting stock” based upon a formula set forth in the agreement. Second, the Stock Distributor Defendant signs a promissory note agreeing “to purchase the debt due and owed” to the officer for an amount equal to, or for a percentage of, the debt, generally within a one-year period. Third, the Stock Distributor Defendant requests that the Issuer Company convert the debt into shares of an Issuer Company and the Issuer Company issues shares to the Stock Distributor Defendant, usually at a significant discount and without adherence to the convertibility formula. Fourth, before or after the request, the Stock Distributor Defendant pays cash to the Issuer Company or its officer. Fifth, in a matter of days or weeks after issuance, the Stock Distributor Defendant resells the stock into the public market, reaping enormous profits.

#### **THE CROSS ATLANTIC WRAP-AROUND AGREEMENTS**

27. Cross Atlantic entered into wrap-around agreements with K&L in April May and July 2008, and with Signature Worldwide in April 2008.

28. Under the agreements, certain officers of Cross Atlantic assigned to K&L and Signature Worldwide alleged debts they were owed by Cross Atlantic for past services rendered. As consideration for the purported debt assignments, K&L and

Signature Worldwide agreed to pay those officers and employees an amount equal to the alleged debts. Thereafter, pursuant to the terms of those notes, K&L and Signature Worldwide paid Cross Atlantic, respectively, about \$226,704 and \$31,210.

29. The agreements contained convertibility provisions under which K&L and Signature Worldwide could convert the debts that Cross Atlantic allegedly owed them into shares of stock. Shortly after the agreements were signed, K&L and Signature sent Cross Atlantic a series of conversion requests; Cross Atlantic issued more than 1.4 billion shares to K&L and more than 74 million shares to Signature Worldwide.

30. Within about six weeks of receiving Cross Atlantic stock, K&L and Signature Worldwide each resold the stock into the public market. All told, the sales comprised about 37% of the outstanding, publicly available shares of Cross Atlantic.

#### **THE REVENGE DESIGNS WRAP-AROUND AGREEMENTS**

31. In May and August 2008, Revenge Designs entered into two wrap-around agreements with K&L.

32. Under the agreements, Revenge Designs and its officer assigned to K&L \$345,000 in alleged debts, representing loans supposedly made to Revenge Designs by its officer through another one of his companies. As consideration for the debt assignments, K&L signed promissory notes in which it agreed to pay Revenge Designs' affiliate an amount equal to the alleged debts. Thereafter, K&L paid the affiliate \$195,000, which the affiliate passed on to Revenge Designs.

33. The agreements contained convertibility provisions that allowed K&L to convert the debts into stock at a 33% discount relative to market price. Shortly after the



agreements were signed, K&L made a series of conversion requests to Revenge Designs; Revenge Designs issued 965 million shares of its stock to K&L.

34. Within about six weeks after receiving the Revenge Designs stock, K&L sold the stock into the public market. These sales constituted more than 43% of the shares of Revenge Designs stock outstanding in the public market (not including shares previously acquired under the promissory notes).

#### **THE ENZYME ENVIRONMENTAL WRAP-AROUND AGREEMENTS**

35. From January through June 2008, Enzyme entered into two wrap-around agreements with K&L and one with Signature Worldwide.

36. Under the agreements, Enzyme and Hochstedler assigned to K&L and Signature Worldwide \$915,635 in debts that Enzyme allegedly owed Defendant Hochstedler, Enzyme's sole officer and director. K&L and Signature Worldwide also signed promissory notes in which they agreed to pay Hochstedler \$651,564. Between February 2008 and June 2009, K&L and Signature Worldwide paid about \$347,000 to Enzyme and \$245,000 to Hochstedler.

37. The agreements contained convertibility provisions that allowed K&L and Signature Worldwide to convert the debts that Enzyme owed to them into shares of Enzyme stock, issued at a discount. From February 2008 and June 2009, K&L and Signature Worldwide sent a total of 18 conversion requests to Enzyme, and Enzyme issued more than 1.8 billion shares to K&L and Signature Worldwide.

38. Within eight weeks of receiving the Enzyme stock, K&L resold the stock to the investing public, generating more than \$4.9 million in sales proceeds. Similarly, within the time span of approximately 21 days in July 2008, Signature Worldwide sold

approximately 130,000,000 of its 400,000,000 shares, generating about \$69,977 in proceeds. Collectively, K&L and Signature Worldwide have sold at least 88% of Enzyme's outstanding shares into the public market.

39. In June 2009, Enzyme entered into new wrap-around agreements with Signature Worldwide and K&L. Once again, the agreements are based on debts that Enzyme allegedly owes to Hochstedler—now in amounts exceeding \$2.3 million. The agreements provide for the conversion of assigned debts into discounted Enzyme stock.

40. Hochstedler received \$500,000 from K&L on June 8, 2009; he received an additional \$700,000 from a company controlled by Carnes on June 25, 2009. As of July 6, 2009, Enzyme has processed two conversion requests and issued about 200 million additional shares of Enzyme stock to Signature Worldwide and K&L. Since these conversions reduced the \$2.3 million debt by a mere \$165,000, over \$2 million in "debt" remains for possible conversion to discounted Enzyme stock.

#### **THE INTERNATIONAL POWER WRAP-AROUND AGREEMENTS**

41. In February and March 2009, Signature Leisure entered into two wrap-around agreements with International Power.

42. Under the agreements, International Power assigned to Signature Leisure about \$270,000 of alleged debt that International Power owed to one its officers for loans he supposedly made to the company. Signature Leisure signed promissory notes in consideration for the assignment and thereafter paid the officer about \$126,000.

43. The agreements include a convertability provision under which Signature Leisure can convert the debt into shares of stock, calculated at a 50% discount. Pursuant to this provision, Signature Leisure has sent International Power several conversion

requests, and International Power has issued least 162 million shares of its stock to Signature Leisure.

44. As of August 17, 2009, Signature Leisure has sold less than half of these shares to the investing public. On information and belief, it maintains control of the remaining shares. Moreover, under the second agreement, about \$80,000 in “debt” remains for possible conversion – more than one hundred million shares of International Power stock.

### **COUNT I**

#### **DEFENDANTS’ OFFER AND SALE OF UNREGISTERED SECURITIES IN VIOLATION OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT**

**(Against Defendants K&L International Enterprises, Inc.,  
Signature Leisure, Inc., Signature Worldwide Advisors, LLC,  
Stephen W. Carnes and Lawrence A. Powalisz)**

45. Paragraphs 1 through 44 are re-alleged and incorporated by reference.

46. Defendants K&L International Enterprises, Inc., Signature Leisure, Inc., Signature Worldwide Advisors, LLC, Stephen W. Carnes and Lawrence A. Powalisz, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of any prospectus or otherwise as to which no registration statement was in effect; or made use of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise securities as to which no registration statement had been filed.

47. The shares of Cross Atlantic, International Power, Revenge Designs and Enzyme that the aforementioned defendants offered and sold are “securities” as that term is defined in Section 2(a)(1) of the Securities Act.

48. By reason of the foregoing, each of the aforementioned defendants violated and, unless restrained and enjoined, will continue to violate, Sections 5(a) and 5(c) of the Securities Act.

49. Each defendant was a necessary participant or a substantial factor in the aforementioned unregistered offerings. Carnes and Powalysz signed the agreements and made the conversion requests on behalf of K&L, Signature Leisure and Signature Worldwide. They controlled the bank accounts that made the payments to the Issuer Companies and the brokerage accounts that received and sold the Issuer Companies' stock.

## COUNT II

### **DEFENDANTS' OFFER AND SALE OF UNREGISTERED SECURITIES IN VIOLATION OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT**

**(Against Defendants Enzyme Environmental  
Solutions, Inc. and Jared E. Hochstedler)**

50. Paragraphs 1 through 44 are re-alleged and incorporated by reference.

51. Defendants Enzyme Environmental Solutions, Inc. and Jared E. Hochstedler, directly or indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell securities through the use or medium of any prospectus or otherwise as to which no registration statement was in effect; or made use of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise securities as to which no registration statement had been filed.

52. The shares of Enzyme that the aforementioned defendants offered and sold are "securities" as that term is defined in Section 2(a)(1) of the Securities Act.

53. By reason of the foregoing, each of the aforementioned defendants violated and, unless restrained and enjoined, will continue to violate, Sections 5(a) and 5(c) of the Securities Act.

54. Each defendant was a necessary participant or a substantial factor in the aforementioned unregistered offerings. Hochstedler signed the agreements on Enzyme's behalf, directed its transfer agent to issue conversion stock to K&L and Signature Worldwide, and controlled the bank accounts that received payments.

**REQUEST FOR RELIEF**

WHEREFORE, the Commission respectfully requests that the Court:

**A.**

Find that defendants committed the violations alleged.

**B.**

Enter a permanent injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining defendants from violating, directly or indirectly, each of the provisions of law and rules alleged in the complaint.

**C.**

Order defendants to disgorge all ill-gotten gains, including pre-judgment interest and post-judgment interest, resulting from the violations alleged herein.

**D.**

Order defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act in an amount to be determined by the Court.

**E.**

Order barring defendants K&L International Enterprises, Inc., Signature Leisure, Inc., Signature Worldwide Advisors, LLC, Stephen W. Carnes and Lawrence A. Powalisz from participating in an offering of penny stock pursuant to Section 20(g) of the Securities Act.

**F.**

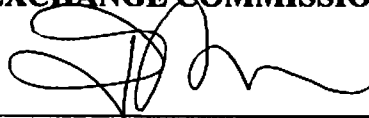
Grants such other and further relief as this Court deems just and appropriate.

**JURY TRIAL DEMANDED**

The Commission hereby requests a trial by jury.

September 24, 2009

**UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION**



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