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10 **UNITED STATES DISTRICT COURT**
11 **SOUTHERN DISTRICT OF CALIFORNIA**

12 SECURITIES AND EXCHANGE
COMMISSION,

13 Plaintiff,

14 v.

15 SAKWINDER SINGH NARWAL, JUSTIN
BECK, BRIAN HILL, AND LARRY DOWNS

16 Defendants.
17

Case No. **'11CV0303 JAH POR**

**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

18 Plaintiff Securities and Exchange Commission (“Commission”) alleges as follows:

19 **JURISDICTION AND VENUE**

20 1. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1),
21 and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77t(b), 77t(d)(1), &
22 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27 of the Securities Exchange Act of 1934
23 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e), & 78aa. Defendants
24 Sakwinder Singh Narwal, Justin Beck, Brian Hill, and Larry Downs have, directly or indirectly,
25 made use of the means or instrumentalities of interstate commerce, or the mails, or of the
26 facilities of a national securities exchange in connection with the transactions, acts, practices, and
27
28

1 courses of business alleged in this Complaint.

2 2. Venue is proper in this District pursuant to Section 22(a) of the Securities Act, 15
3 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because certain of the
4 transactions, acts, practices, and courses of conduct constituting violations of the federal
5 securities laws occurred within this District and Beck, Hill, and Downs reside and transact
6 business in this District.

7 **SUMMARY**

8 3. From at least January through April 2009, Sakwinder Singh Narwal (“Narwal”)
9 engaged in a fraudulent scheme to manipulate the market in the common stock of Pax Clean
10 Energy, Inc. (“Pax Energy”), a microcap company based in Canada. Narwal, a shareholder of Pax
11 Energy, hired Del Mar Corporate Communications, LLC (“Del Mar”), an investor relations firm
12 headed by Justin Beck (“Beck”), Brian Hill (“Hill”), and Larry Downs (“Downs”) to pump up the
13 price of Pax Energy’s stock through a cold call telemarketing campaign of materially false or
14 misleading information. Narwal coached Beck, Hill, Downs, and telemarketers hired by Del Mar
15 to make materially false or misleading misrepresentations to investors to induce them to purchase
16 Pax Energy stock. In particular, Beck, Hill, Downs, and the Del Mar telemarketers told investors
17 that Pax Energy, a non-operational, shell company, would be completing a merger that would
18 make it the “next Google,” that Pax Energy stock would be worth anywhere from \$50 to \$100 by
19 the end of the year, and that Pax Energy would be the only stock investors would ever have to buy.
20 The campaign succeeded and between January and April 2009, the price of the stock jumped from
21 \$2.25 per share to an all time high of \$11.24 per share. Unbeknownst to the investors targeted by
22 the fraudulent telemarketing campaign, Narwal and Del Mar profited from these inflated prices by
23 selling Pax Energy stock, resulting in sale proceeds of \$455,780 and \$139,168, respectively.

24 4. By engaging in the conduct alleged in this Complaint, the defendants violated, and
25 unless restrained and enjoined will continue to violate, the antifraud provisions of Section 17(a) of
26 the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and
27 Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.
28

DEFENDANTS

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2 5. **Sakwinder Singh Narwal**, age 46, is a Canadian resident. He is a shareholder of
3 both Pax Energy and Mobile Video Development, Inc.

4 6. **Justin Beck**, age 30, is a resident of Carlsbad, California and was a managing
5 member of Del Mar.

6 7. **Brian Hill**, age 41, is a resident of Encinitas, California. He was the Secretary
7 and a managing member of Del Mar.

8 8. **Larry Downs**, age 54, is a resident of Carlsbad, California. He was a managing
9 member of Del Mar.

10 **OTHER RELEVANT ENTITIES**

11 9. **Del Mar Corporate Communications, LLC**, a now dissolved Nevada limited
12 liability company, was formed in December 2008 and headquartered in Carlsbad, California.

13 10. **Pax Clean Energy, Inc.**, originally known as Pax Biofuels, Inc. was incorporated
14 in Delaware in February 2007, and is currently headquartered in North Saanich, British
15 Columbia. During the relevant period, its stock was a penny stock, as defined by Section
16 3(a)(51) of the Exchange Act and Rule 3a51-1 thereunder, 15 U.S.C. § 78c(a), 17 C.F.R. §
17 240.3a51-1, dually quoted on the OTC Bulletin Board and the Pink Sheets under the symbol
18 PXCE. On April 28, 2009, the Commission, pursuant to Section 12(k) of the Exchange Act, 15
19 U.S.C. § 78l(k), temporarily suspended the trading of the securities of Pax Energy. Prior to
20 January 2009, there was virtually no trading market in Pax Energy's stock.

21 11. **Mobile Video Development, Inc.** ("Mobile Video") is a Delaware corporation,
22 formed in 2007, with its principal place of business in New York. In March 2009, Pax Energy
23 announced a plan to merge with Mobile Video. That merger was never completed, however. A
24 trust controlled by Narwal is the majority shareholder of Mobile Video and that trust initially
25 provided Mobile Video with its primary source of funding. On March 30, 2010, Mobile Video
26 completed a reverse merger with Seaospa, Inc., an OTC Bulletin Board company, and
27 subsequently changed its name to THWAPR, Inc. This new company is now trading on the OTC
28 Bulletin Board under the symbol THWI.

1 **FACTS**

2 **Pax Energy and the Merger with Mobile Video**

3 12. Pax Energy was incorporated in 2007 purportedly to construct and operate a
4 biodiesel processing plant in Serbia. By late 2008, however, it had no active operations, no
5 revenues, and existed as a public shell company.

6 13. In mid-2008, Pax Energy began merger discussions with Mobile Video, a private
7 company in which Narwal held an approximately 75% ownership interest through a trust he
8 controlled. Mobile Video was purportedly developing a telecommunications technology called
9 “THWAPR,” which allowed mobile phone users to share videos and pictures with each other and
10 communicate about these images. After operating as a “virtual company” and several failed
11 attempts to obtain venture capital financing, Mobile Video decided in 2008 to explore the
12 possibility of merging with a public shell company. Narwal introduced Pax Energy to the
13 officers of Mobile Video. Both companies began discussion of a possible merger, the terms of
14 which were finalized in early 2009.

15 14. Unbeknownst to the Mobile Video principals, Narwal began purchasing shares of
16 Pax Energy in 2008. In August 2008, Narwal bought 90,000 Pax Energy shares (1.8 million
17 shares after Pax Energy’s September 2008 20 for 1 stock split) in private transactions for total
18 consideration of \$10,000.

19 15. On February 11, 2009, Pax Energy announced its intent to merge with a
20 “technology company targeting applications in the exploding mobile social multi-media market.”

21 16. On March 9, 2009, Pax Energy announced that it had entered into a stock
22 purchase agreement with Mobile Video and that after the merger it planned to change its name to
23 THWAPR, Inc. and begin operating in the “mobile social multi-media market.”

24 **Narwal Hires Del Mar to Begin a False Information Campaign**

25 17. Narwal met with Hill, Beck, and Downs (collectively, the “Del Mar Partners”) in
26 Del Mar’s Carlsbad office in early February 2009 and orally retained the company to promote
27 Pax Energy and its merger with Mobile Video to retail investors. During that meeting, Narwal
28 explained that he wanted the Del Mar Partners to operate a telemarketing campaign to cold call

1 potential investors and encourage them to purchase shares of Pax Energy. Narwal told the Del
2 Mar Partners that he wanted them to devote Del Mar's entire business to the Pax Energy
3 promotion.

4 18. From at least February through April 2009, the Del Mar Partners and
5 telemarketers they hired engaged in an extensive marketing campaign for Pax Energy,
6 spearheaded by Narwal. Narwal was intimately involved in the campaign and kept tabs on Del
7 Mar's operations by communicating with Beck two to three times per day and making several
8 trips to Del Mar's Carlsbad office.

9 19. Although Narwal retained Del Mar in February 2009, he instructed the Del Mar
10 Partners to cause Del Mar to enter into a consulting agreement with Pax Energy relating to Del
11 Mar's promotion of Pax Energy stock. As a result, on March 6, 2009, Del Mar entered into a
12 consulting agreement, signed by Hill, with Pax Energy, which provided that the company would
13 pay Del Mar \$7,000 per month for a 12-month period to promote Pax Energy. On that same day,
14 Pax Energy issued a press release announcing the agreement.

15 20. Despite the appearance that Pax Energy hired Del Mar, the Del Mar Partners had
16 minimal contact with its principals and Pax Energy never paid Del Mar for its promotional
17 activity as required by the agreement.

18 21. In fact, the only compensation Del Mar received for its promotion of Pax Energy
19 came from Narwal as follows: (1) \$15,000 for start-up office expenses; (2) a total of
20 approximately \$265,000 to retain the services of other promotional firms and/or consultants to
21 also promote Pax Energy; and (3) a certificate for 725,000 Pax Energy shares previously held in
22 the name of a nominee controlled by Narwal.

23 **The False Information Campaign and Misrepresentations**

24 22. The Del Mar Partners hired telemarketers who worked in shifts and used lead lists
25 distributed by the Del Mar Partners to cold call potential investors and encourage them to buy
26 shares of Pax Energy on the open market. Del Mar initially employed between 6 and 8
27 telemarketers and operated out of a small executive suite that it shared with several co-tenants.
28 At Narwal's direction, Del Mar expanded its operations by hiring additional telemarketers to

1 promote Pax Energy and eventually moved into a significantly larger office space toward the end
2 of April 2009.

3 23. Narwal fed the Del Mar Partners and telemarketers the information he wanted
4 provided to potential investors. Del Mar's telemarketers used sales scripts, drafted and reviewed
5 by the Del Mar Partners and Narwal, to solicit investors. In addition, Narwal trained the Del Mar
6 Partners and telemarketers at Del Mar's office.

7 24. In one training session with the Del Mar Partners and telemarketers, Narwal
8 described THWAPR as being the "next Google" and claimed that the stock would jump to \$100
9 per share within a year. In fact, Narwal wrote \$100 on a piece of paper, which he then taped to a
10 wall in the Del Mar office. During a training session, Narwal also told the Del Mar Partners and
11 telemarketers that investing in Pax Energy was a "once in a lifetime opportunity." Narwal had
12 no basis for these statements.

13 25. The Del Mar Partners and telemarketers then repeated Narwal's baseless
14 statements to convince investors to purchase Pax Energy stock. In particular, the Del Mar
15 telemarketers solicited one of Del Mar's co-tenants in or about April 2009 and told her that Pax
16 Energy would be the "only stock she would ever have to buy." Beck told another investor that
17 he could plan on retiring based on the money he would make off his investment in Pax Energy.
18 Between February and April 2009, the Del Mar Partners and telemarketers also told several
19 investors and potential investors that Pax Energy would be the "next Google" and that its share
20 price would reach anywhere from \$50 to \$100 per share by the end of the year.

21 26. Narwal knew that the Del Mar Partners and telemarketers were making these
22 material misrepresentations because he tightly controlled Del Mar's activities, including
23 reviewing and approving scripts and training the Del Mar Partners and their telemarketers.

24 27. Narwal also knew or was reckless in not knowing that the representations made to
25 investors were false. Narwal knew that Pax Energy had no income, no operating history, and no
26 trading history before January 2009 because he identified the company as a merger candidate. In
27 addition, Narwal was aware that Mobile Video was a "virtual company" with no physical office
28 space through at least 2008. As Mobile Video's primary source of funding and majority

1 shareholder, Narwal also knew or was reckless in not knowing that his statements about the
2 entity formed from the merger of Pax Energy and Mobile Video being the “next Google” or
3 worth \$100 per share by the end of the year were baseless.

4 28. The Del Mar Partners also knew or were reckless in not knowing that the
5 representations made to investors were false. The Del Mar Partners did not have a basis for
6 relying on Narwal’s statements about Pax Energy being the next Google or valued at \$100 per
7 share. In addition, they did not question Narwal’s claims and instead repeated them to investors
8 for the purpose of pumping up the price of Pax Energy’s stock despite multiple red flags.

9 29. For instance, the Del Mar Partners never questioned how a previously non-
10 operational shell company could become the next Google or reach \$100 per share within a year.
11 In addition, Narwal directed the Del Mar Partners to sell Pax Energy shares in March and April
12 2009 at prices between \$10 and \$11, which the Del Mar Partners never questioned despite the
13 fact that these prices were significantly below the \$50 and \$100 highs Del Mar touted to
14 investors.

15 **Narwal Hides His Involvement in the Manipulation Scheme**

16 30. Between February and April 2009, Narwal took several steps to hide his
17 involvement in the scheme to manipulate the market in the stock of Pax Energy.

18 31. First, Narwal used Del Mar as a nominee to enter into agreements with other
19 promotional consultants to make it appear that Del Mar was hiring such consultants when, in
20 fact, Narwal approved the consultants to be hired and also funded all of their costs.

21 32. Second, Narwal instructed the Del Mar Partners to cause Del Mar to enter into a
22 consulting agreement with Pax Energy in March 2009 relating to Del Mar’s promotional
23 activities despite the fact that he had already retained Del Mar for this purpose.

24 33. Third, Narwal did not inform his partners at Mobile Video that he hired Del Mar,
25 that he owned Pax Energy shares, or that he was selling those shares during Del Mar’s
26 promotional campaign.

1 **The Price Hike and Trading Suspension**

2 34. As a result of the fraudulent marketing campaign, between January 2009 and
3 April 2009, Pax Energy's stock price rose from \$2.25 per share to an all time high of \$11.24 per
4 share. Prior to January 2009, there was essentially no trading market for Pax Energy's stock.

5 35. On April 28, 2009, the Commission suspended trading in the stock of Pax Energy
6 through May 11, 2009 because it appeared to the Commission that there was a lack of current
7 and accurate information concerning, among other things, an acquisition by the company, the
8 value of the company after the completion of the acquisition, and the company's current and
9 future financial condition.

10 36. After the trading suspension was lifted, Pax Energy shares traded very
11 infrequently, and on June 25, 2009 Mobile Video terminated its stock purchase agreement with
12 Pax Energy. As a result, the merger was never completed.

13 **Narwal and Del Mar Profit from the Manipulation**

14 37. Narwal and Del Mar profited from the fraudulent marketing campaign by selling
15 their Pax Energy stock at inflated prices. Between March 31 and April 24, 2009, Del Mar sold
16 13,467 shares of Pax Energy, through a brokerage account on which Hill and Downs held
17 signatory authority, for total proceeds of \$139,168. Narwal also sold 68,810 shares of Pax
18 Energy between February 4 and March 26, 2009, reaping sale proceeds of \$455,780. These sales
19 coincide with the time during which Narwal was directing and funding Del Mar's marketing
20 campaign.

21 38. The Del Mar Partners and their telemarketers did not tell the investors they cold
22 called that Del Mar and Narwal were selling Pax Energy shares at the same time that Del Mar
23 was promoting the purchase of such shares to investors.

24 39. The Del Mar Partners knew that Del Mar had been retained to promote Pax
25 Energy and solicited investors to purchase Pax Energy shares. Downs also supervised the
26 telemarketing staff hired by Del Mar. As a result, the Del Mar Partners were aware that the
27 investors they solicited were not told that Del Mar was selling Pax Energy stock at the same time
28 it was recommending that investors purchase that stock.

1 40. Narwal knew that Del Mar was engaging in sales of Pax Energy stock during the
2 promotional campaign because he maintained strict control over Del Mar's Pax Energy stock and
3 sales. Narwal initially provided the Del Mar Partners with a stock certificate for 725,000 shares
4 of Pax Energy held in the name of a nominee he controlled. Narwal instructed the Del Mar
5 Partners on the precise steps to take to have the shares transferred into Del Mar's name. Narwal
6 also directed the Del Mar Partners to deposit the shares at a particular brokerage firm and
7 assisted Beck in filling out paperwork required by the brokerage firm.

8 41. During the fraudulent marketing campaign, the Del Mar Partners had frequent
9 6:00 a.m. calls with Narwal during which he specifically told them how much Pax Energy stock
10 to sell and the price at which they could sell. One of the Del Mar Partners would then call the
11 brokerage firm to enter the order to sell.

12 42. Narwal knew or was reckless in not knowing that investors were not told about
13 the sales of Pax Energy stock because he was involved in the day-to-day operations of the
14 marketing campaign, including training the Del Mar Partners and telemarketers, drafting and
15 approving scripts used to solicit investors, and communicating with Beck about the marketing
16 operation two to three times per day.

17 **Narwal Retains Del Mar to Tout a New Stock and Profits from Further Undisclosed**
18 **Sales**

19 43. After the Commission temporarily suspended trading in the stock of Pax Energy
20 on April 28, 2009, Del Mar was in need of money to fund its significant business expenses,
21 which included \$22,000 monthly rent on a new eleven thousand square foot office space. To
22 continue financing Del Mar, Narwal retained Del Mar in May 2009 to promote Greenstar
23 Alternative Energy ("Greenstar"), a penny stock company, which was trading on the Pink Sheets
24 under the symbol GSAE.

25 44. In May 2009, the price of Greenstar stock increased from a low of \$2.60 per share
26 to as much as \$4.75 per share. With Greenstar, Narwal continued with his pattern of selling
27 stock that he retained Del Mar to promote. In June 2009, Narwal sold 25,600 shares of Greenstar
28 generating proceeds of \$56,280.

SECOND CLAIM FOR RELIEF

**Fraud In Connection With The Purchase Or Sale Of Securities
Violations Of 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
(Against All Defendants)**

49. The Commission realleges and incorporates by reference paragraphs 1 through 45 above.

50. Narwal, Beck, Hill, Downs, and each of them, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaged in acts, practices, or courses or business which operated or would operate as a fraud or deceit upon other persons.

51. By engaging in the conduct describe above, Narwal, Beck, Hill, and Downs violated, and unless restrained and enjoined will continue to violate, 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.

THIRD CLAIM FOR RELIEF

**Aiding and Abetting Violations of
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
(Against Beck, Hill, and Downs)**

52. The Commission realleges and incorporates by reference paragraphs 1 through 45 above.

1 53. Through the conduct alleged above, Del Mar directly or indirectly, by use of
2 means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national
3 security exchange, with scienter:

- 4 a. employed devices, schemes, or artifices to defraud;
- 5 b. made untrue statements of a material fact or omitted to state a material fact
6 necessary in order to make the statements made, in the light of the circumstances
7 under which they were made, not misleading; or
- 8 c. engaged in acts, practices, or courses or business which operated or would operate
9 as a fraud or deceit upon other persons.

10 54. Beck, Hill, and Downs knowingly provided substantial assistance to Del Mar's
11 violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. §
12 240.10b-5, thereunder.

13 55. By reason of the foregoing, Beck, Hill, and Downs have aided and abetted, and
14 unless enjoined, will continue to aid and abet, violations of Section 10(b), 15 U.S.C. § 78j(b),
15 and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

16 **PRAYER FOR RELIEF**

17 Wherefore, the Commission respectfully requests that this Court:

18 **I.**

19 Issue findings of fact and conclusions of law that defendants committed the alleged
20 violations.

21 **II.**

22 Issue a judgment, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining
23 Beck, Hill, Downs, Narwal and their officers, agents, servants, employees, and attorneys, and
24 those persons in active concert or participation with any of them, who receive actual notice of the
25 judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the
26 Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and
27 Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

1 **III.**

2 Issue a judgment, in a form consistent with Fed. R. Civ. P. 65(d), enjoining Beck and
3 Hill, for a period of five years, from directly or indirectly soliciting investors to purchase or sell
4 securities, but providing that this restriction shall not prevent either of them from serving as a
5 public relations contact for existing shareholders of their clients.

6 **IV.**

7 Order each defendant to disgorge all ill-gotten gains from their illegal conduct, together
8 with prejudgment interest thereon.

9 **V.**

10 Order Downs and Narwal each to pay a civil penalty under Section 20(d) of the Securities
11 Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

12 **VI.**

13 Enter an order barring Narwal and Downs from participating in the offering of any penny
14 stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of
15 the Exchange Act, 15 U.S.C. § 78u(d)(6).

16 **VII.**

17 Retain jurisdiction of this action in accordance with the principles of equity and the
18 Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and
19 decrees that may be entered, or to entertain any suitable application or motion for additional
20 relief within the jurisdiction of this Court.

21 **VIII.**

22 Grant such other and further relief as this Court may determine to be just and necessary.

23
24 Dated: February 16, 2011

s/ David J. Van Havermaat
David J. Van Havermaat
Attorneys for Plaintiff
Securities and Exchange Commission