IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

Civil Action No.: _____

SECURITIES AND EXCHANGE COMMISSION,	:
Plaintiff,	:
v.	:
PV ENTERPRISES, INC., PANAGIOTIS VILLIOTIS, VIRTUAL SOURCING, INC., NORMAN BIRMINGHAM, MARIO FARAONE, and SWEET CHALLENGE, LLC, (aka SWEET CHALLENGE, INC.),	:
Defendants.	:

COMPLAINT

Plaintiff, Securities and Exchange Commission ("Commission"), alleges as follows:

INTRODUCTION

1. The Commission brings this action against PV Enterprises, Inc. ("PVEC") and Panagiotis (Peter) Villiotis ("Villiotis") for violations of the registration and antifraud provisions of the federal securities laws.

2. The Commission brings this action against Virtual Sourcing, Inc. ("Virtual"), Norman Birmingham ("Birmingham"), Mario Faraone ("Faraone"), and Sweet Challenge, LLC a/k/a Sweet Challenge, Inc. ("Sweet Challenge") for violations of the registration provisions of the federal securities laws.

3. PVEC and Virtual each entered into business transactions with a specific financing company ("Financing Company") which resulted in the companies issuing millions of shares of their companies' stock to the Financing Company in violation of the registration provisions of the federal securities laws.

4. Section 5 of the Securities Act of 1933 ("Securities Act") prohibits the sale of securities unless the securities are registered with the Commission or are exempt from registration.

5. The stock that PVEC and Virtual sold to the Financing Company was not registered with the Commission; rather, the companies attempted to rely on an exemption found in Section 3(a)(10) of the Securities Act. In relevant part, Section 3(a)(10) exempts securities issued in court-approved exchanges for "bona fide outstanding securities, claims, or property interests."

6. To avoid registration, PVEC and Virtual sold outstanding debt liabilities to the Financing Company; the Financing Company then sued PVEC and Virtual in a Florida state court for defaulting on its obligations, and the parties settled the action by requesting the state court allow PVEC and Virtual to pay the creditor in company shares that would be exempt from registration pursuant to Section 3(a)(10).

7. In seeking the Florida state court's approval, both PVEC and Virtual made material misstatements and withheld significant information, thereby rendering the Section 3(a)(10) exemption unavailable for any related stock issuances to the Financing Company.

8. In pursuit of receiving settlement approval from the court to issue shares to the Financing Company, PVEC lied to the Florida state court by misrepresenting that the underlying claims sold to the Financing Company were bona fide, when, in fact, the claims were fabricated by PVEC. PVEC also represented that none of the money received by its purported creditors would be kicked back to PVEC, when, in fact, a majority of the money received by the purported creditors was kicked back to PVEC and Villiotis.

9. In pursuit of receiving settlement approval from the Florida state court to issue shares to the Financing Company, Virtual misrepresented that it and its creditor, Sweet Challenge, were not under the common control of Birmingham, and also misrepresented that funds received by Sweet Challenge would not be kicked back to Virtual and Virtual employees, including Faraone.

10. The omissions and misrepresentations by PVEC and Virtual rendered the Section 3(a)(10) exemption unavailable for the related stock issuances to the Financing Company and, as a result, the unregistered distributions of those securities to the Financing Company violated Section 5 of the Securities Act.

11. PVEC and Villiotis also violated the anti-fraud provisions of the securities laws in making the material misstatements and omissions concerning the bona fide nature of the claims and the kickbacks in connection with the sales of securities to the Financing Company. In addition, PVEC and Villiotis omitted material information and made material misstatements in press releases concerning and relating to the purported Section 3(a)(10) settlements.

12. As a result of the conduct described in this Complaint, PVEC and Villiotis violated Sections 5(a) and (c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c), 77q(a)(1), 77q(a)(2), 77q(a)(3); and Sections 10(b), 15(a) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), 15 U.S.C. § 78o(a) and 117 C.F.R. § 240.10b-5.

13. As a result of the conduct described in this Complaint, Virtual, Birmingham, Sweet Challenge, and Faraone violated Sections 5(a) and (c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

JURISDICTION AND VENUE

14. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), 20(e), 20(g), and 2(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), 77t(e), 77t(g), and 77v(a); and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

15. This Court has personal jurisdiction over the Defendants and venue is proper in the Southern District of Florida because many of the Defendants' acts constituting violations of the Securities Act and the Exchange Act occurred in the District. More specifically, the Defendants offered and sold unregistered securities to the Financing Company, which operates out of Miami, and money received by each of the Defendants, in the form of either direct payments from the Financing Company or kickbacks from the creditors, originated from the Financing Company in Miami Beach. Moreover, Villiotis resides in the Southern District of

Florida, and PVEC, Villiotis, and the Financing Company conduct business from the Southern District of Florida.

16. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails.

DEFENDANTS AND RELATED ENTITY

A. DEFENDANTS

17. **PVEC**, at all times relevant, was a Nevada corporation with its principal place of business in Fort Lauderdale, Florida. PVEC was an international shipping and travel company and was not registered with the Commission. According to an April 29, 2015 press release, PVEC changed its name to Drone Services USA, Inc.

18. **Villiotis** is a resident of Hallandale Beach, Florida. Villiotis was the founder of PVEC and at all times relevant was President and CEO of PVEC. According to an April 29, 2015 press release, Villiotis resigned as CEO and President of PVEC.

19. **Virtual** is a Nevada corporation with its principal place of business in Independence, Kansas that purports to acquire companies and develop products in the waste management market.

20. **Birmingham** is a resident of Columbia, Maryland. At all times relevant, Birmingham was in control of and managed the day-to-day operations of Virtual and Sweet

Challenge. From March 2012 until June 2013, Birmingham served as President and Director of Virtual. On June 4, 2013, Birmingham publicly resigned from all positions held with Virtual; however, Birmingham remained intimately involved in the company, including but not limited to appointing putative officers and directors and, at all relevant times, exercising sole control over Virtual's telephones, email accounts, and bank accounts.

21. **Faraone** is a resident of Rock Hill, South Carolina. Faraone has been the purported President and a Director of Virtual since December 31, 2013. From June 12, 2007 to June 1, 2014, however, Faraone worked full time as a collections agent for Citi, and Faraone did not have access to Virtual's email account or bank account until December 2014.

22. **Sweet Challenge** is a Michigan corporation with its principal place of business in Columbia, Maryland that purports to provide accounting and auditing services to Virtual Sourcing and other microcap companies. Norman Birmingham is the listed registered agent for the company's charter.

B. RELATED ENTITY

23. **Financing Company**, a Nevada limited liability company with its principal place of business in Miami Beach, Florida, holds itself out as a financial services company. Since June 2013, Financing Company's business involves making investments for its own account through settlement transactions with microcap stock companies in purported reliance on the registration exemption contained in Section 3(a)(10) of the Securities Act.

FACTUAL ALLEGATIONS

A. PVEC'S ISSUANCE OF UNREGISTERED SHARES

24. At all times relevant, PVEC was a Fort Lauderdale, Florida shipping and travel company whose common stock was publicly traded on an "over the counter" market (aka the "pink sheets") under the symbol PVEC.

25. At all times relevant, Villiotis was the President and CEO of PVEC.

26. In November 2013, December 2013, and February 2014, PVEC, under the direction of Villiotis, entered into agreements with a Financing Company pursuant to which PVEC would issue shares of its common stock to the Financing Company in purported reliance on a registration exemption found in Section 3(a)(10) of the Securities Act.

27. Section 3(a)(10) of the Securities Act exempts from registration securities issued in court-approved exchanges for "bona fide outstanding securities, claims or property interests."

28. Pursuant to the agreements, the Financing Company purchased outstanding liabilities owed by PVEC to various creditors. The Financing Company executed a Claim Purchase Agreement with each creditor in which the Financing Company acquired immediate assignment of the rights, title, and interest of the creditor in exchange for a future payment.

29. After acquiring the past due liabilities from the creditors, and as agreed beforehand by PVEC and the Financing Company, the Financing Company filed complaints against PVEC in Sarasota County alleging that PVEC defaulted on its obligations to the creditors and that PVEC is responsible and liable for the debts acquired by the Financing Company.

30. As stated in a state court complaint filed in December 2013, the Financing Company purchased and acquired the debt of PVEC in the amount of $20,809.53 owed by PVEC to M&A International & Investments LLC ("M&A") and the debt of PVEC in the amount of $99.563.50 owed by PVEC to Vision Investments Enterprise Group, Inc. ("Vision").

31. As stated in a state court complaint filed in February 2014, the Financing Company purchased and acquired the debt of PVEC in the amount of $52,680.74 owed by PVEC to Alpha Vision Enterprises, Ltd. ("Alpha").

32. Each of the complaints filed with the state court attached purported copies of the invoices evidencing the outstanding debts owed by PVEC to the creditors.

33. Simultaneous to the filing of the state court complaints, PVEC and the Financing Company submitted proposed settlement agreements to the court. The proposed settlement agreements stipulated that PVEC would issue the Financing Company current and future shares of its common stock as a substitute for repayment of the past due liabilities owed by PVEC to the Financing Company.

34. Each of the proposed settlement agreements notified the court of the parties' reliance on Section 3(a)(10) of the Securities Act and specifically referenced that Section 3(a)(10) exempts from registration securities issued in court-approved exchanges for "***bona fide*** outstanding securities, claims, or property interests." (emphasis added).

35. Each of the proposed settlement agreements in state court stipulated the following:

a. "[Creditor] is not, directly or indirectly, utilizing any of the proceeds received from [the Financing Company] for selling the Claims to provide any consideration to or invest in any manner in the [PVEC] or any affiliate of the [PVEC]."

b. "[PVEC] represents that each Claim being purchased pursuant hereto is a bona-fide Claim against the Company and that the invoices or written contract(s)/promissory notes underlying each Claim are accurate representations of the nature of the debt and the amounts owed by [PVEC] to [Creditor]."

36. Each of the proposed settlements was approved by the state court, after which PVEC began issuing shares of its common stock to the financing pursuant to the settlement agreements.

37. In connection with the November 2013 settlement, PVEC issued more than 259 million shares of its common stock to the Financing Company over the course of one month. At the time of entering into the November 2013 settlement agreement, PVEC had 1.58 billion shares of common stock outstanding. Therefore, over the course of one month, PVEC's common stock outstanding increased by over 259 million, representing dilution of more than 15%.

38. In connection with the December 2013 settlement, PVEC issued more than 2.28 billion shares of its common stock to the Financing Company, which diluted PVEC's common stock by more than 88 percent.

39. In connection with the February 2014 settlement, PVEC issued more than 580 million shares of its common stock to the Financing Company, which diluted PVEC's common stock by more than 11 percent.

40. In total, PVEC issued more than 2.8 billion shares of its common stock to the Financing Company in unregistered transactions.

41. In direct contrast to the representations made by PVEC to the state court in the December 2013 and February 2014 settlement agreements, the M&A, Vision, and Alpha debt obligations that were purchased by the Financing Company were *not* "bona fide" outstanding liabilities. Rather, PVEC fabricated the invoices underlying the M&A, Vision, and Alpha claims.

42. PVEC manufactured the M&A invoice from scratch, including creating a fake logo, using an incorrect address, and creating a statement of work that was completely false, (iv) neither he nor anyone from M&A worked on an inspection report for PVEC, inspected a port in Korea for PVEC, or travelled to Korea on behalf of PVEC (all of which were described as services performed on the allegedly fake invoice).

43. For the debt obligation purportedly owed to Vision, PVEC edited a quote received from Vision, at the time a prospective supplier to PVEC, by literally changing the word "quote" to "invoice" on a list of prices sent from Vision to Villiotis.

44. Similarly, the debt obligation purportedly owed to Alpha was fabricated by PVEC.

45. Even though the three creditors' claims referenced in herein were fake and not "bona fide," the Financing Company paid the creditors as if the claims were legitimate and real. Unbeknownst to the Financing Company, Villiotis arranged that the "creditors" would receive payment from the Financing Company, keep a small sum for themselves, and send the majority of the funds received from the Financing Company back to PVEC and Villiotis, in direct contravention of the stipulations made to the state court in the settlement agreements.

46. As planned and in direct contrast to representations in the settlement agreements, M&A, Vision, Alpha each utilized a portion of the funds received from the Financing Company to send money directly to PVEC and Villiotis.

a. Within two days of receiving a $28,000 payment from the Financing Company, M&A transferred $20,000 to PVEC.

b. Within two days of receiving a $90,000 payment from the Financing Company, Vision's principal "followed Mr. Villiotis' explicit instructions" to distribute the funds among three accounts: $40,000 to PVEC, $25,000 to a personal account of Villiotis, and $15,000 to another PVEC employee.

c. On March 7, 2014, the Financing Company transferred $52,681 to Alpha's principal in satisfaction of the CPA and on March 12, 2014, Alpha's principal sent a check to PVEC for $45,000.

47. There was no registration filed or in effect as to the securities issued by PVEC to the Financing Company.

48. The fabrication of the claims and the undisclosed kickbacks rendered the Section 3(a)(10) exemption unavailable for the related stock issuances by PVEC to the Financing Company, causing the stock issuances to directly violate the registration requirements of the federal securities laws.

49. As CEO of PVEC, Villiotis directed and controlled PVEC's sale of shares to the Financing Company.

50. Villiotis signed the settlement agreements between PVEC and the Financing Company, he negotiated the settlement transactions on behalf of PVEC, he orchestrated the fabrication of the underlying debt obligations and the kickbacks, and he personally received kickbacks.

B. PVEC'S MATERIAL MISREPRESENTATIONS AND OMISSIONS

51. In connection with the offering of securities during the relevant period, PVEC and Villiotis made the following material misrepresentations and omissions.

i. Fabricated Debt Obligations and Undisclosed Kickbacks

52. The fabricated debt obligations and the kickbacks were fraudulent representations and/or omissions made in connection with the purchase and sale of securities.

53. PVEC made representations in the settlement agreements about the "bona fide" nature of the debt obligations and the use of funds received by the creditors that were materially misleading and false.

54. PVEC and Villiotis knew that the M&A, Vision, and Alpha invoices were fake and contained incorrect information meant to mislead the Financing Company, the state court, and the public.

55. PVEC and Villiotis also misrepresented that the creditors would not kickback any funds received from the Financing Company to PVEC or Villiotis, when, in fact, that was the plan all along.

ii. Misleading Press Releases

56. At the same time PVEC was issuing billions of shares to the Financing Company, a significant portion of which was premised on fraud, PVEC issued three press releases describing its efforts to redeem or lower the amount of outstanding shares of PVEC stock. These statements were materially misleading when made because they omitted information about the issuance of billions of shares to the Financing Company.

57. On November 13, 2013, less than one week after entering into a Section 3(a)(10) settlement agreement with the Financing Company, PVEC issued a press release stating that "Peter Villiotis, CEO of PV Enterprises International would like to inform shareholders and interested parties alike as to recent corporate activities which have transpired over the past few months…Many shareholders have corresponded with the Company expressing concern about the increases in Authorized Shares and possibility of dilution to current shareholders… Let me assure you that the Company has NO intention of diluting shareholders and is in fact initiating a share buyback of up to 340 million shares via open market transactions."

58. The representations in the November 13, 2013 press release were false and misleading. Villiotis knew, at the time of this press release, that PVEC would issue hundreds of millions of unregistered shares to the Financing Company through a Section 3(a)(10) settlement.

59. The November 13, 2013 press release also stated that a qualified investment conglomerate, Evotech Capital, had purchased 1.2 billion shares of PVEC stock. This representation was false. As of November 13, 2013, Evotech had not purchased any shares of PVEC stock.

60. On December 11, 2013, the same day that the Financing Company purchased the debt of PVEC to consummate the December 2013 Section 3(a)(10) settlement, PVEC posted a letter to shareholders from its CEO onto its company website stating that PVEC is "working to redeem more than 500 million shares of stock" and "We will be filing corrective press releases to clarify and correct disclosures that were included in prior press releases. Several press releases were disseminated without our prior consent. As a result, we have terminated our relationship with our public relations firm."

61. The representations were false. There had not been press releases disseminated without Villiotis' consent, PVEC never had a relationship with a public relations firm, and the incorrect disclosures referred to in the letter were in fact drafted under Villiotis' direction, approved by Villiotis, and published to the company website by Villiotis.

62. On January 27, 2014, PVEC issued another "Letter from the CEO" addressing the company's plans to lower the amount of outstanding shares of stock and stating, "I know you are

concerned for the future of the company and especially with the increase of our authorized shares… As you're aware the corporation is challenging and proceeding to retire 1,098,686,000 shares back to the treasure." As of this date, the company had silently issued more than 1.5 billion shares to the Financing Company, making the January 27, 2014 statement materially misleading.

63. Throughout the relevant period, Villiotis served as PVEC's President and CEO and was responsible for the contents of PVEC's press releases. Villiotis authorized the issuance of and/or published all three press releases.

64. From November 7, 2013 through May 15, 2014, while PVEC was issuing new shares to the Financing Company, the daily closing price of PVEC common stock dropped from $.0016 to $.0003.

C. VIRTUAL'S ISSUANCE OF UNREGISTERED SHARES

65. At all times relevant, Virtual was purportedly in the business of acquiring companies and developing products in the waste management market. Its common stock was publicly traded on an "over the counter" market (aka the "pink sheets") under the symbol PGCX.

66. At all times relevant, Birmingham was in control of and managed the day-to-day operations of Virtual.

67. From March 2012 until June 2013, Birmingham served as President and Director of Virtual. On June 4, 2013, Birmingham publicly resigned from all positions held with Virtual; however, Birmingham remained intimately involved in the company, including but not limited to

appointing putative officers and directors and, at all relevant times, operating sole control over Virtual's telephones, email accounts, and bank accounts.

68. Sweet Challenge purported to provide accounting and auditing services to Virtual. At all times relevant, Birmingham was the listed registered agent for Sweet Challenge's charter.

69. In March 2013, Sweet Challenge purportedly entered into an agreement to provide consulting services to Allied Recycling Corp. ("Allied"), a subsidiary of Virtual. The consulting agreement stipulated that Sweet Challenge would provide six services to Allied in exchange for $12,500 per month "to be paid at the discretion of [Allied] in free restricted (sic) trading shares or cash or a combination of both." The scope of services to be provided by Sweet Challenge included (1) "providing personnel for accounting, compliance, and tax filings…the operation of [Allied] until properly staffed will be the responsibility of Consultant;" (2) assist in locating profession parties to form advisory boards; (3) review all regulatory filings; (4) identify and present to [Allied] board parties who meet a predefined model for financing; (5) provide all record keeping; (6) report directly to Board and supply advice and expertise.

70. In or around February 2014, Birmingham represented Virtual in negotiating a Section 3(a)(10) settlement transaction between Virtual and the Financing Company. Birmingham, and Birmingham alone, represented Virtual in an introductory phone call with the Financing Company to discuss the prospective transaction, and Birmingham unilaterally communicated with the Financing Company, on behalf of Virtual, in setting up the paperwork for the transaction.

71. On February 26 and 27, 2014, the Financing Company executed Claim Purchase Agreements with two Virtual creditors through which the Financing Company agreed to purchase outstanding debt obligations owed by Virtual totaling $178,500, including $162,500 owed to Sweet Challenge as a result of unpaid fees associated with the consulting agreement.

72. On February 27, 2014, and as agreed beforehand by the Financing Company and Birmingham, the Financing Company filed a state court complaint against Virtual in Sarasota County alleging that Virtual defaulted on its obligations to Sweet Challenge and the other creditor and that Virtual is responsible and liable for the debts acquired by the Financing Company.

73. Simultaneous to the filing of the complaint, Virtual and the Financing Company submitted a proposed settlement agreement to the state court. The proposed settlement agreement stipulated that Virtual would issue the Financing Company current and future shares of its common stock as a substitute for repayment of the past due liabilities owed by Virtual to the Financing Company.

74. The proposed settlement agreement notified the state court of the parties' reliance on Section 3(a)(10) of the Securities Act, contained a provision prohibiting Sweet Challenge from passing the proceeds received from the Financing Company back to Virtual, and explicitly stipulated that Sweet Challenge was not and within the past 90 days had not been under common control with Virtual.

75. The settlement agreement stated the following:

a. Sweet Challenge "was not and within the past ninety days has not been directly or indirectly through one or more intermediaries in control, controlled by, or under common control, with [Virtual Sourcing] and is not an affiliate of [Virtual Sourcing] as defined in Rule 144," and

b. "To the best of [Virtual Sourcing]'s knowledge, [Sweet Challenge] is not, directly or indirectly, utilizing any of the proceeds received from IBC for selling the Claims to provide any consideration to or invest in any manner in [Virtual Sourcing] or any affiliate of [Virtual Sourcing]."

76. The proposed settlement was approved by the state court, after which Virtual began issuing shares of its common stock to the Financing Company pursuant to the settlement agreement.

77. In connection with the February 2014 settlement, Virtual issued more than 88 million shares of its common stock to the Financing Company. At the time of entering into the February 2014 settlement agreement, Virtual had 93.89 million shares of common stock outstanding. Therefore, the more than 80 million shares issued to the Financing Company diluted Virtual's common stock by more than 85 percent.

78. In direct contrast to the representations made by Virtual to the state court in the February 2014 settlement, both Sweet Challenge and Virtual were under the common control of Birmingham, and Sweet Challenge utilized proceeds received from the Financing Company to provide consideration to Virtual.

i. Birmingham's Control Over Both Sweet Challenge and Virtual

79. Birmingham, at all times relevant, controlled Sweet Challenge.

80. Birmingham unilaterally performed all the Sweet Challenge work and had sole signature authority for Sweet Challenge's bank account.

81. Birmingham, at all times relevant, also controlled Virtual.

82. Birmingham ran the day to day operations for Virtual. Birmingham exercised unilateral control over Virtual's bank account and email account, answered phone calls placed to Virtual, attended Virtual board meetings, nominated individuals as members of Virtual's board, unilaterally sought out investments for Virtual, drafted and posted press releases for Virtual, and through his company Sweet Challenge, even paid the salary of Virtual employees as well as Virtual legal and administrative expenses and auditor fees.

83. Virtual currently maintains its official place of business at the residential apartment of Adam Birmingham, Birmingham's son. As of January 2015, all the corporate records for Virtual were located at Birmingham's residence in Maryland.

84. In June 2013, Birmingham appointed Faraone as the purported President of Virtual. However, as of June 1, 2013 and continuing through June 1, 2014, Faraone had a full time job with Citi as a mortgage collector, and Faraone did not perform any operational duties as President of Virtual aside from signing the settlement agreement on behalf of Virtual that enabled Virtual to the Finance Company pursuant to Section 3(a)(10). Faraone signed the

agreement under Birmingham's instruction and also attended board phone calls set up and attended by Birmingham.

85. Despite his purported role as president of Virtual, Faraone had no control over or access to Virtual's bank accounts. He could not draft checks or withdraw funds.

ii. Sweet Challenge's Kickbacks to Virtual

86. In direct contrast to the representation to the state court in the settlement agreement, Sweet Challenge utilized a portion of the funds received from the Financing Company to send money directly to Virtual and Faraone.

87. On March 13, 2014, Sweet Challenge received a wire transfer from the Financing Company for $81,250.

88. On March 14, 2014, Sweet Challenge transferred $1,000 into the bank account of Mario Faraone, wrote Virtual a check for $5,000, and paid $1,000 to a law firm for a legal opinion letter for Virtual.

89. Sweet Challenge also wrote checks to Virtual for $1,600 on March 31, 2014, for $5,000 on April 24, 2014, and for $3,400 on June 12, 2014.

90. In September and October of 2014, Sweet Challenge made a total of $10,000 in payments to Virtual's auditor.

91. In December 2014, Virtual entered into a second Section 3(a)(10) settlement transaction with the Financing Company to settle an additional debt purportedly owed to Sweet

Challenge. The parties filed settlement documents with the same state court outlining terms analogous to the February 2014 settlement agreement.

92. In connection with the December 2014 settlement, Virtual issued more than 63 million shares of its common stock to the Financing Company. At the time of entering into the December 2014 settlement agreement, Virtual had 180 million shares of common stock outstanding. Therefore, the more than 63 million shares issued to the Financing Company diluted Virtual's common stock by approximately 35 percent.

93. There was no registration filed or in effect as to the securities issued by Virtual to the Financing Company.

94. The omissions and misrepresentations concerning common control and use of funds rendered the Section 3(a)(10) exemption unavailable for the related stock issuances by Virtual to the Financing Company, causing the stock issuances to directly violate the registration requirements of the federal securities laws.

95. Sweet Challenge sold the debt obligations to the Financing Company that formed the basis of the Section 3(a)(10) settlement transactions, and Sweet Challenge misrepresented that it was not affiliated with Virtual, that it and Virtual were not under the common control of Birmingham, and that it would not kickback funds received from the Financing Company to Virtual.

96. Birmingham controlled both Virtual and Sweet Challenge, orchestrated the 3(a)(10) settlement transactions on Virtual's behalf, communicated with the Financing Company

concerning the transactions, instructed Faraone to sign the settlement agreements, and directed a portion of the proceeds received by Sweet Challenge back to Virtual.

97. Faraone signed the settlement agreements on behalf of Virtual and concealed Birmingham's common control over both Virtual and Sweet Challenge.

COUNT I

Violations of Sections 5(a) and 5(c) of the Securities Act of 1933

98. Paragraphs 1 through 97 are realleged and incorporated herein by reference.

99. Defendants PVEC, Villiotis, Virtual, Birmingham, Sweet Challenge, and Faraone, directly or indirectly, have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, when no registration statement was in effect with the Commission as to such securities, and have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell such securities when no registration statement had been filed with the Commission as to such securities.

100. There were no applicable exemptions from registration, and Defendants PVEC, Villiotis, Virtual, Birmingham, Sweet Challenge, and Faraone therefore violated, and unless restrained and enjoined will in the future violate Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77(e)(a) and (e)(c).

COUNT II

Fraud in Violation of Section 17(a) of the Securities Act

101. Paragraphs 1 through 97 are realleged and incorporated herein by reference.

102. Defendants PVEC and Villiotis directly and indirectly, with scienter, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, employed a device, scheme, or artifice to defraud; obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in transactions, practices, or courses of business which have been or are operating as a fraud or deceit upon the purchasers of the securities.

103. Defendants PVEC and Villiotis violated and unless restrained and enjoined will in the future violate Securities Act Section 17(a), 15 U.S.C. § 77q (a).

COUNT III

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

104. Paragraphs 1 through 97 are realleged and incorporated herein by reference.

105. Defendants PVEC and Villiotis, directly or indirectly, with scienter, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, the mails, or any facility of a national securities exchange, employed devices, scheme, or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, no misleading; or engaged in acts, practices, or courses of business which operated or

would operate as a fraud or deceit upon any person; in violation of Exchange Act Section 10(b) and Rule 10b-5 thereunder.

106. Defendants PVEC and Villiotis violated and unless restrained and enjoined will in the future violate Exchange Act Section 10(b) and Rule 10b-5 thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that Defendants have committed the violations of the federal securities laws alleged in this Complaint, and unless restrained will continue to do so.

II.

Issue a Permanent Injunction restraining and enjoining the Defendants from further violations of the law and rules alleged in this Complaint.

III.

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

IV.

Issue an Order directing each of the Defendants to pay a civil money penalty pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act.

V.

Issue an Order barring Villiotis, Birmingham, and Faraone from participating in any offering of a penny stock, pursuant to Section 20(g) of the Securities Act and Section 21(d) of the Exchange Act.

VI.

Issue an Order barring Villiotis from acting as an Officer or Director of any issuer, pursuant to Section 20(e) of the Securities Act and Section 21(d) of the Exchange Act.

VII.

Order such other relief as this Court deems necessary and appropriate.

Dated: February 16, 2016

Respectfully submitted,

/s/Edward G. Sullivan
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Senior Trial Counsel

/s/Gregory F. Smolar
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