

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
GREENBELT DIVISION**

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
v.)
)
DOUGLAS ROE)
1111 Alberni Street)
Vancouver, BC V6E 4V2, and)
)
DONALD LINDO)
11 Rocky Road)
Queensborough)
Kingston, 19)
Jamaica)
Defendants.)
)

COMPLAINT

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

I. Introduction

1. The Commission brings this action to enjoin Defendants Douglas Roe (“Roe”) and Donald Lindo (“Lindo”) from violating the antifraud provisions of the federal securities laws. From no later than April 2012 until 2014, Roe and Lindo participated in a fraudulent scheme to offer for sale the securities of Blue Mountain Eco Tours, Inc. (“Blue Mountain”), which included filing with the Commission a false and misleading Form S-1 registration statement and seven Form S-1/A amendments thereto (collectively, the “Forms S-1”).

2. Roe was the driving force behind Blue Mountain’s ultimately unsuccessful attempt to be a publicly held company. Roe was involved in every aspect of the scheme,

including drafting and revising relevant filings with the Commission, paying invoices related to the filing of the Forms S-1, and orchestrating the timing of the filings. Roe retained Blue Mountain's attorney, auditors, and accountant and controlled the company's communications with these professionals.

3. Even though Lindo was named Blue Mountain's sole officer in the company's Forms S-1, Lindo at best, played a nominal role in Blue Mountain. Lindo ceded virtually all control of Blue Mountain to Roe, while taking a variety of actions in furtherance of the scheme, including but not limited to masking Roe's role as Blue Mountain's undisclosed control person.

4. As a result of the conduct alleged in this Complaint, Roe and Lindo violated Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77q(a)(1) and 77q(a)(3). Unless restrained and enjoined, Roe and Lindo are reasonably likely to continue to violate the federal securities laws.

5. The Commission respectfully requests the Court enter: (a) a permanent injunction restraining and enjoining Roe and Lindo from violating Sections 17(a)(1) and 17(a)(3) of the Securities Act; (b) an order directing Roe and Lindo to pay civil money penalties; (c) an order imposing penny stock bars against Roe and Lindo; and (d) an order imposing officer and director bars against Roe and Lindo.

II. Defendants and Relevant Entity

6. Roe is a resident of Vancouver, British Columbia. Roe led the efforts to register the sale of securities by Blue Mountain by, among other things, making material false statements and failing to disclose himself as Blue Mountain's control person in Blue Mountain's Forms S-1 filings.

7. Lindo is a resident of Kingston, Jamaica. During the relevant time period, he

was the purported sole officer and director of Blue Mountain, a Nevada corporation. Among other things, Lindo signed documents he knew or was reckless in not knowing falsely described his role and omitted Roe's role.

8. At all times relevant to this action, Blue Mountain was a Nevada corporation headquartered in Kingston, Jamaica. Blue Mountain's purported business was to provide eco-tourism excursions into the backcountry regions of Jamaica. Blue Mountain was a company without any operations and no assets besides its bank accounts. On February 26, 2016, the Commission issued an Order suspending the effectiveness of Blue Mountain's registration statement based on false statements in its registration statements, including, but not limited to Roe's role as an undisclosed control person.

9. Blue Mountain's securities are penny stocks as defined by the Securities Exchange Act of 1934 ("Exchange Act"). Blue Mountain's securities do not fit within any of the exceptions from the definition of "penny stock," as defined by Section 3(a)(51) of the Exchange Act and Exchange Act Rule 3a51-1 thereunder. Among other things, Blue Mountain's securities were equity securities: (1) that were not an "NMS stock," as defined in 17 C.F.R. 242.600(b)(47); (2) traded below five dollars per share during the relevant period; (3) whose issuer had net tangible assets and average revenue below the thresholds of Exchange Act Rule 3a51-1(g)(1); and (4) did not meet any of the other exceptions from the definition of "penny stock" contained in Exchange Act Rule 3a51-1.

III. Jurisdiction and Venue

10. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1) and 77v(a).

11. The Court has personal jurisdiction over the Defendants and venue is proper in

this District under Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), because, among other things the Defendants:

- a. Participated in the offer of securities in this District by filing Forms S-1 with the Commission using the Commission's Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system, which during the relevant time was located in Beltsville, Maryland.
- b. Served as the sole officer and director (Lindo) and undisclosed control person (Roe) of Blue Mountain, a company incorporated in Nevada.
- c. Retained, paid, and/or communicated with Blue Mountain's auditors, based in Houston, Texas, and its attorney, based in Seattle, Washington and Vancouver, Canada.

12. In addition, venue is proper in this District under 28 U.S.C. § 1391, because the Defendants are foreign citizens and not residents of the United States.

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

IV. Overview of the Blue Mountain Scheme

14. On April 25, 2012, Blue Mountain filed a Form S-1 registration statement seeking to register the offer and sale of 3,041,000 common shares for \$0.05 per share, and amended it on August 13, 2012, January 24, 2013, August 2, 2013, September 20, 2013, October 10, 2013, October 29, 2013, and November 12, 2013.

15. Roe controlled Blue Mountain, a material fact not disclosed in Blue Mountain's

Forms S-1.

16. Roe, as Blue Mountain's undisclosed control person, was intimately involved in Blue Mountain and handled the mechanics of Blue Mountain's Forms S-1 filings. Among other things, Roe drafted language that was included in Blue Mountain's filings with the Commission, engaged and communicated with the various professionals hired to perform services for Blue Mountain, and addressed the bookkeeping and other financial matters of Blue Mountain.

17. Roe enlisted Blue Mountain's attorney, accountant, and auditors and controlled all communications with these gatekeepers.

18. Roe paid Blue Mountain's auditors and its EDGAR filer to perform services for Blue Mountain concerning its Forms S-1. He also facilitated payments to Blue Mountain's attorney to perform services for Blue Mountain in connection with the scheme.

19. Lindo, on the other hand, only communicated briefly with Blue Mountain's attorney, and never communicated with or even knew the names of other gatekeepers, including Blue Mountain's accountant and auditors.

20. Roe requested various fraudulent actions from Lindo, including allowing Lindo's name and signature to be used to submit the fraudulent and misleading Forms S-1 filed with the Commission's EDGAR system. During the course of the scheme, and often times without reading the documents, Lindo routinely signed corporate documents, including subscription agreements accepting on behalf of Blue Mountain investors in its private placement share offering. These investors were listed as the selling shareholders in Blue Mountain's Forms S-1. Lindo also allowed his electronic signature to be used on filings made with the Commission.

21. Lindo's signature also appears on various documents relied on by the gatekeepers

and required to facilitate the registration statement process, including EDGAR ID Access (necessary to file the Forms S-1 and Blue Mountain's responses to comments on the Forms S-1 raised by the staff of the Commission's Division of Corporation Finance), and management representation letters and loan verification documents sent to Blue Mountain's auditors.

22. Lindo blindly and routinely signed these documents which contained false statements. For example, communications with Blue Mountain's auditors included management representation letters that misrepresented the company's disclosure controls and procedures and internal accounting controls and falsely represented that the sole officer had no knowledge of fraud involving the company.

V. Roe and Lindo's Misrepresentations and Omissions

23. After enlisting the gatekeepers, Roe prepared at least two initial iterations of the Form S-1 registration statement seeking to register a public offering of the common stock of Blue Mountain.

24. Each of Roe's draft Forms S-1 falsely portrayed Blue Mountain as a development-stage entity with the sole officer, Lindo at the helm of an active business and omitted the material information that Roe was functioning as a control person of Blue Mountain.

25. The draft Forms S-1 further falsely stated that Lindo had loaned money to Blue Mountain that was being used for working capital, and that Lindo had earned an industry specific certification that purportedly added to the company's *bona fides*. Roe knew or was reckless in not knowing that these statements were false.

26. Each of those false statements that Roe drafted were repeated in Blue Mountain's Form S-1 filed with the Commission's EDGAR system on April 25, 2012, and in the amendments filed on August 13, 2012, January 24, 2013, August 2, 2013, September 20, 2013,

October 10, 2013, October 29, 2013, and November 12, 2013.

27. Lindo allowed his electronic signature to be affixed to Blue Mountain's Forms S-1, which contained these false statements.

i) Fictitious Loan

28. Blue Mountain's Forms S-1 (dated August 2, 2013, September 20, 2013, October 10, 2013, October 29, 2013, and November 12, 2013) falsely state that Lindo loaned the company at least \$15,000. The Forms S-1 also state that the loan was for working capital. However, Lindo never loaned any money to the company.

29. The Forms S-1 also falsely state that Blue Mountain repaid Lindo \$10,000 of the loan when in fact no such repayments were made.

30. Before Blue Mountain filed its first Form S-1 on April 25, 2012, Roe caused Blue Mountain's financial statements to falsely reflect that Blue Mountain repaid Lindo a portion of Lindo's outstanding loan balance. Those false financial statements were audited and included in Blue Mountain's Forms S-1.

ii) Undisclosed Control Persons

31. The Forms S-1 failed to disclose the identity or involvement of Roe. In fact, the Forms S-1 contained the misrepresentation that Blue Mountain has "no significant employees other than our sole officer and director." This disclosure is false and misleading because it was Roe, not Lindo, who controlled Blue Mountain based on the following:

- a. Roe enlisted Blue Mountain's accountant, its Seattle and Vancouver-based attorney, and its Houston, Texas-based auditors to prepare Blue Mountain's Forms S-1. Roe controlled all communications with these gatekeepers.
- b. Roe paid at least \$7,800 to Blue Mountain's Texas-based auditors for Blue Mountain's audit expenses in connection with its Forms S-1 (using credit cards in his personal or professional capacity).

- c. Roe communicated with the law firm that facilitated the filing of Blue Mountain's Forms S-1, providing it with drafts of the company's Form S-1 and draft responses to the comments by the staff of the Commission's Division of Corporation Finance to Blue Mountain's Forms S-1.
- d. Roe directed Lindo to sign – and Lindo did sign – a variety of other false documents in furtherance of Blue Mountain's Forms S-1, including management representation letters to auditors. The communications to Blue Mountain's auditors included management representation letters signed by Lindo that misrepresented, among other things, Blue Mountain's internal accounting controls.
- e. Roe provided supporting evidence that Blue Mountain's accountant used to prepare Blue Mountain's financial statements.

32. The Forms S-1 further fail to disclose that persons other than Lindo:

- a. Had sole signatory authority over Blue Mountain's bank account.
- b. Were listed as Blue Mountain's corporate secretary.
- c. Authorized over 30 ATM withdrawals from Blue Mountain's bank account for purposes unknown to Lindo.
- d. Withdrew thousands of dollars of so-called consulting fees and travel expenses from Blue Mountain's bank account.
- e. Established Blue Mountain's website.
- f. Had custody of all of Blue Mountain's corporate documents.

33. Additionally, despite representing in the Forms S-1 that he was the sole officer and director of Blue Mountain, Lindo was in fact a mere figurehead. Lindo signed forms he knew or was reckless in not knowing falsely described his role and omitted Roe's role.

34. Lindo knew at all material times that Blue Mountain was operated and otherwise controlled by Roe and by other undisclosed control persons and/or promoters who were not disclosed in Blue Mountain's Forms S-1.

iii) False Credentials and Overstated Operations

35. The Forms S-1 state that Blue Mountain “provid[es] hiking expeditions into the Blue Mountain region.” This disclosure is false and misleading because Blue Mountain had no operations.

36. The Forms S-1 also falsely state that Lindo “earned the Sustainable Travel International Certification.” This disclosure is false and misleading because Lindo did not earn the Sustainable Travel International Certification.

COUNT I

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

37. The Commission repeats and realleges Paragraphs 1 through 36 of its Complaint.

38. From no later than April 2012 through 2014, Roe and Lindo, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, knowingly or recklessly employed any device, scheme or artifice to defraud.

39. By reason of the foregoing, Roe and Lindo violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT II

Fraud in Violation of Section 17(a)(3) of the Securities Act

40. The Commission repeats and realleges Paragraphs 1 through 36 of its Complaint.

41. From no later than April 2012 through 2014, Roe and Lindo, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in

interstate commerce or by use of the mails, directly or indirectly negligently engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities.

42. By reason of the foregoing, Roe and Lindo violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court find the Defendants committed the violations alleged, and:

I.

Permanent Injunction

Issue a Permanent Injunction restraining and enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating the federal securities laws alleged in this Complaint.

II.

Penalties

Issue an Order directing Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d).

III.

Penny Stock Bar

Issue an Order, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g) barring Defendants from participating in any future offering of a penny stock.

IV.

Officer and Director Bar

Issue an Order, pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e) barring Defendants from acting as officers or directors of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

V.

Further Relief

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

VI.

Retention of Jurisdiction

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

Dated: May 11, 2017

Respectfully submitted,

By:



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