

UNITED STATES DISTRICT COURT  
 NORTHERN DISTRICT OF INDIANA  
 FORT WAYNE DIVISION

<b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	
<b>v.</b>	)	<b>Case No. 17-cv-415</b>
	)	
<b>MICHEAL A. SKERRY,</b>	)	
	)	<b>Jury Trial Demanded</b>
<b>Defendant.</b>	)	
<hr/>	)	

**COMPLAINT**

Plaintiff U.S. Securities and Exchange Commission (“Commission” or “SEC”) alleges as follows:

**SUMMARY**

1. This case involves a fraudulent scheme to “scalp” the stock of Success Holding Group International, Inc. (“Success Holding”), a penny stock whose securities were quoted on OTC Link under the symbol SHGT. After acquiring a large block of Success Holding stock in June 2014, Defendant Micheal A. Skerry (“Skerry”), a consultant to the company, employed a variety of deceptive practices to drive up the demand for and the price of Success Holding stock. Skerry then dumped his shares on unsuspecting investors, generating a profit of over \$950,000 in approximately 5 months.

2. In May 2014, Skerry entered into agreements with Success Holding and its principals to provide investor relations services and purchase shares of Success Holding stock at a discount. In June 2014, Skerry paid \$36,000 to Success Holding in exchange for 360,000 shares of Success Holding stock and immediately began taking steps to generate interest in the

company through a fraudulent campaign to drive up public demand for Success Holding stock. Among other things, Skerry posted misleading messages on public websites and sent blast emails to potential investors urging them to buy Success Holding stock without disclosing his ownership of the stock and intent to sell his shares. He also spoke directly with potential investors and hired another person to assist him in recommending Success Holding stock to investors. At the time, Skerry's shares represented substantially all of the Success Holding shares that were readily available for trading. In fact, not a single share of Success Holding stock had publicly traded before Skerry's first sale in July 2014. From July 2014 to December 2014, Skerry sold all of the Success Holding shares he bought in June 2014 to the public for a profit of over \$950,000. Skerry's sales made up more than 60% of the trading volume during the period, including 100% of the trading volume on certain days. With Skerry no longer selling a substantial number of shares into the market, the price and trading volume of Success Holding stock dropped dramatically during 2015.

3. The SEC brings this civil enforcement action seeking a permanent injunction, a penny stock bar, disgorgement, with prejudgment interest, and civil penalties for Skerry's violations of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e and 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

### **JURISDICTION AND VENUE**

4. The Commission brings this action under Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]. The Commission seeks the imposition of civil penalties pursuant to Section 20(d)(2)(C) of the Securities Act [15 U.S.C. § 77t(d)(2)(C)] and Section 21(d)(3)(B)(iii) of the Exchange Act [15 U.S.C. §§ 78u(d)(3)(B)(iii)].

5. The Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa] because Skerry directly or indirectly made use of the means or instrumentalities of interstate commerce and of the mails in connection with the fraudulent and deceptive transactions described herein.

6. Venue is proper in this District under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the acts, transactions and courses of business constituting violations alleged in this Complaint occurred within the jurisdiction of the United States District Court for the Northern District of Indiana. Success Holdings is located in this District and acts and transactions constituting the violations occurred in this District.

**DEFENDANT**

7. Michael A. Skerry, age 60, is a resident of New Westminster, British Columbia, Canada.

**RELATED ENTITY**

8. Success Holding Group International, Inc. is a Nevada corporation with its registered address in Fort Wayne, Indiana and its operations in Taiwan. According to its most recent annual report on Form 10-K (filed with the Commission on March 10, 2015), Success Holding is “in the business of conducting training seminars primarily in China and the business of investing in the production of Internet short films in China ... [and] developing a specialty drink.” The company’s common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act [15 U.S.C. § 78l(g)] and is quoted on OTC Link under the symbol SHGT. The majority of Success Holding’s shares are owned by Success Holding Group Corp. (“SHGR”), a company owned and controlled by Success Holding’s principals.

**FACTS**

9. In April 2014, SHGR purchased all of the outstanding shares of Macco International Corp. (“Macco”) and changed Macco’s name to Success Holding Group International, Inc. The shares were purchased in two primary transactions: first, SHGR directly acquired 6.2 million shares held by Macco’s principals; second, SHGR acquired control over the remaining 2.97 million so-called “free trading” shares from several other shareholders. The “free-trading” shares purportedly were fully transferable and not subject to a holding period or other restrictions.

10. The stock purchase agreement for purchase of the Macco shares purported to show the “free-trading” shares being purchased by a group of individuals rather than SHGR. However, according to one of Success Holding’s consultants, SHGR supplied the names of the individuals “just to get the deal done” and SHGR paid the full purchase price for all of the shares. Further, the share certificates were never transferred into the names of the individuals listed in the stock purchase agreement, but instead continued to be held in the names of the original Macco shareholders in the custody of SHGR’s escrow agent. Thus, SHGR and its principals (and ultimately Success Holding through its common ownership) owned and controlled all of Success Holding’s outstanding shares.

11. In May 2014, Success Holding’s principals met with Skerry and other consultants to discuss the company’s plans for obtaining a listing on the Nasdaq Stock Market or the American Stock Exchange. In order to obtain a listing on one of those stock exchanges, the company needed to meet certain requirements such as attaining a minimum number of shareholders and a minimum stock price. Following the meeting, Success Holding entered into a contract with Skerry under which Skerry agreed to provide investor relations services and aid in raising capital for the company in exchange for \$120,000.

12. Around the same time, Skerry told Success Holding that he also could help the company raise money by selling shares of its stock to the public. In order to get the necessary shares, Skerry entered into an agreement with Success Holding and its principals that allowed Skerry to purchase shares of Success Holding stock at predetermined prices ranging from \$0.10 to \$2.50 per share.

13. In June 2014, Skerry bought 360,000 shares from Success Holding for \$36,000. Although the stock purchase agreement that Skerry signed stated that he was buying the shares from one of the original Macco shareholders, that representation was untrue. Instead, Skerry purchased the shares from Success Holding and paid the entire purchase price to Success Holding through an escrow agent. In July 2014, Skerry deposited the shares into a brokerage account under his control.

14. The share certificate for Skerry's Success Holding stock did not contain any restrictive legend and Success Holding did not file a registration statement in connection with the offer or sale of these securities to Skerry.

15. After purchasing the shares of Success Holding stock from the company, Skerry began taking steps to generate interest in Success Holding and its stock. Among other things, Skerry assisted Success Holding in drafting and editing press releases, sent out blast emails recommending Success Holding stock to potential investors, posted messages on public websites recommending that investors purchase Success Holding stock, spoke with potential investors about Success Holding and its stock, and hired another promoter to recommend Success Holding to the promoter's contacts. At the same time that he was promoting the stock to investors, Skerry began selling his shares of Success Holding stock on the open market. Skerry did not disclose to potential investors that he planned to sell his shares in contrast to his recommendations that they buy shares.

16. Skerry suggested that Success Holding issue press releases at least once per week to generate investor interest in the company and its stock. Skerry also recommended topics to include in the press releases, edited the press releases drafted by the company, and worked with vendors to have the press releases distributed to the public. Success Holding issued at least 21 press releases from mid-June 2014 to December 31, 2014. The press releases announced, among other things, contracts with service providers, the status of Success Holding's new internet movie business, a product launch for Success Holding's new health drink business, and Success Holding's periodic revenues.

17. Skerry also sent blast emails hyping Success Holding and its stock to investors and brokers beginning in August 2014. Skerry attempted to legitimize many of his emails by including a link to the latest press release or copying a portion of the press release into the body of the email and then adding his own commentary. Skerry did not mention in any of these blast emails that he was selling his shares of Success Holding stock at the same time that he was recommending that investors buy shares. Among other things, Skerry's emails stated:

- A. 8/26/2014 – "SHGT announced a major financing today. Much more news to come over the next few months. Could be play of the year."
- B. 9/23/2014 – Success Holding is working on getting "a listing on the Entry level of the Frankfurt Stock Exchange. This should happen in 4 or 5 weeks and the Germans have assured me and the company that they will bring in millions of Euros in buying and funding to the company. SHGT is by far the best company I have been associated with in the 30 years I have been working in the stock market and I hope you are all able to get yourself a position."
- C. 10/23/2014 – "Hope you are all doing as well as SHGT has over the past couple of months...They are expecting about \$0.50-0.70 pre-tax earnings for the

rest of this fiscal year and even better earnings next year. SHGT is also hoping to apply for their Nasdaq listing by the end of the year...SHGT continues to move up in price with low volume which should start to increase in the next few weeks significantly... [I am meeting with] some fund managers who want to invest in SHGT as well as start coming into the market to buy shares. If you haven't gotten a position yet or want to pick up some additional shares. They [*sic*] next couple of days might be a good time to get in to the market before we go up and over the \$3 mark."

D. 11/3/2014 – "If you haven't got into the marker yet I would think these next couple of weeks would be a great time to do so. SHGT is one of the few stocks not getting hammered in the markets right now, so it may be time to acquire some additional shares. I expect SHGT to start another nice run later this month and that will be followed by the launch on the Frankfurt Stock Exchange which should take the company to new highs."

18. Skerry also posted information about Success Holding on the business social networking site, LinkedIn, that was available to the public at large. For example, on August 19, 2014, Skerry posted a message stating that Success Holding "should be one of the best plays of the year and the party is about to begin. The companies [*sic*] intention is to move the stock price up over \$4 a share and file and [*sic*] S-1 for full listing on the NASDAQ." Once again, Skerry did not mention in any of his LinkedIn posts that he was selling his shares of Success Holding stock while recommending that other investors buy Success Holding stock.

19. Skerry also spoke directly with a number of potential investors regarding Success Holding stock and hired a stock promoter located near Buffalo, New York to introduce more potential investors to Success Holding. Skerry began paying the stock promoter \$4,000 per

month in September 2014, and at least 25 investors from the greater Buffalo, New York area purchased shares of Success Holding stock from September 2014 to December 2014.

20. At the time Skerry began his promotional activities, his shares represented substantially all of the Success Holding shares that were readily available for trading. In fact, not a single share of Success Holding stock traded publicly before Skerry's first sale in July 2014. From July 2014 to December 2014, Skerry sold all of the shares that he bought from Success Holding in June 2014 to the public for a profit of approximately \$957,712. Skerry's sales made up more than 60% of the trading volume during the period, including 100% of the trading volume on certain days. Skerry's efforts to promote Success Holding and its stock dramatically increased Success Holding's share price. The price of Success Holding stock rose from \$1.00 per share at the time of Skerry's first sale to \$10.25 per share on December 31, 2014.

21. With Skerry no longer selling a substantial number of shares into the market, the trading volume of Success Holding stock dropped significantly during 2015. In fact, fewer shares of Success Holding stock traded from January 1, 2015 to June 30, 2015 than had traded in December 2014 alone. The stock price also dropped dramatically from \$10.25 on December 31, 2014 to \$6.76 on June 30, 2015.

22. No registration statement was filed in connection with Skerry's sales of Success Holding stock to the public.

### **COUNT I**

Section 10(b) of the Exchange Act and Rule 10b-5 thereunder  
[15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5]

23. Plaintiff re-alleges paragraphs 1 through 22 of the Complaint as if set forth herein.



24. Skerry, directly or indirectly, by use of the instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, as described herein, knowingly, willfully, or recklessly: (a) employed devices, schemes or artifices to defraud; (b) 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, not misleading; and (c) engaged in acts, practices or courses of business which operated or would have operated as a fraud or deceit upon purchasers and prospective purchasers of the securities offered and sold by Skerry and other persons.

25. Skerry acted with scienter.

26. By reason of the foregoing acts and practices, Skerry violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

## **COUNT II**

Section 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act  
[15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3)]

27. Plaintiff re-alleges paragraphs 1 through 26 of the Complaint as if set forth herein.

28. Skerry, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange, in the offer or sale of securities, as described in this Complaint: (a) knowingly, willfully or recklessly employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, no misleading; and (c) engaged in transactions, practices and courses of

business which operated as a fraud or deceit upon purchasers and prospective purchasers of such securities.

29. Skerry acted knowingly, recklessly and negligently.

30. For these reasons, Skerry violated and, unless enjoined, will continue to violate Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(1), 77q(a)(2) and 77q(a)(3)].

### **COUNT III**

Sections 5(a) and 5(c) of the Securities Act  
[15 U.S.C. §§ 77e(a) and 77e(c)]

31. Plaintiff re-alleges paragraphs 1 through 30 of the Complaint as if set forth herein.

32. By engaging in the conduct described above, Skerry (a) without a registration statement in effect, 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 a prospectus or otherwise; or carried securities or caused securities to be carried through the mails or in interstate commerce, by means or instruments of transportation, for the purpose of sale or for delivery after sale; and (b) without filing a registration statement, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or to offer to buy securities through the use or medium of a prospectus or otherwise.

33. For these reasons, Skerry violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff respectfully requests that this Court:

(1) Enter an Order finding that Skerry committed, and unless restrained will continue to commit, the violations alleged in this Complaint;

(2) Permanently enjoin Skerry from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

(3) Permanently enjoin Skerry from future violations of Section 17(a) of the Securities Act;

(4) Permanently enjoin Skerry from future violations of Section 5 of the Securities Act;

(5) Order Skerry to disgorge all ill-gotten gains from the conduct alleged herein, with prejudgment interest;

(6) Order civil penalties against Skerry pursuant to Section 20(d) of the Securities Act and Section 21(d) of the Exchange Act for violations of the federal securities laws as alleged herein;

(7) Impose a penny stock bar against Skerry pursuant to Section 20(g) of the Securities Act and Section 21(d)(6) of the Exchange Act; and

(8) Order such other and further relief as the Court may deem just and proper.

**JURY DEMAND**

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Commission hereby requests a trial by jury.

Dated: September 28, 2017

Respectfully submitted,

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