

1 PHILIP A. FORTINO (NY Bar No. 4417986)
Attorney for Plaintiff
2 SECURITIES AND EXCHANGE COMMISSION
3 New York Regional Office
100 Pearl Street, Suite 20-100
4 New York, NY 10004
5 Tel.: (212) 336-1100
6 Fax: (212) 336-1320

7 **UNITED STATES DISTRICT COURT**
8 **SOUTHERN DISTRICT OF CALIFORNIA**

9
10 SECURITIES AND EXCHANGE
11 COMMISSION,

12 Plaintiff,

13 v.

14 MICHAEL J. FORSTER,

15 Defendant.
16

'22CV0627 BEN BLM

Case No.: [Case No.]

COMPLAINT

JURY TRIAL DEMANDED

17
18 Plaintiff Securities and Exchange Commission (the "Commission") for its
19 Complaint against Defendant Michael J. Forster ("Forster" or the "Defendant") alleges as
20 follows:

21 **SUMMARY OF THE ALLEGATIONS**

22 1. This case concerns a fraudulent pump-and-dump scheme orchestrated by
23 Forster, a stock promoter, in the common stock of Cuba Beverage Company ("CUBV"),
24 a penny-stock issuer based in San Diego, California. The scheme occurred between
25
26
27
28

1 approximately February and August 2012 (the “Relevant Period”) and netted Forster over
2 \$100,000 in illicit proceeds.¹

3 2. In or around February 2012, Forster gained control of CUBV, becoming its
4 undisclosed control person. CUBV was a purported energy drink company and barely a
5 going concern.

6 3. In each pump and dump scheme, Foster would first buy shares of CUBV
7 over a sustained period in both accounts in his own name and the names of others. This
8 sustained buying would result in an increase in the price of CUBV shares and make it
9 appear as if the stock price was on an uptrend.

10 4. Foster then would promote the stock to prospective investors by brochures,
11 emails, websites, and phone calls. The promotional activity touted the recent apparent
12 performance of the stock without disclosing that Forster was responsible for the
13 performance and/or news about the company, much of which was false.

14 5. As the promotional campaigns increased interest in CUBV among retail
15 investors, the price would rise, and Forster sold his shares to unsuspecting retail investors
16 at a substantial profit. Forster’s dumping of a large number of shares, coupled with the
17 end of his promotional campaign, resulted in the stock price crashing, generating losses
18 for the investors who purchased the shares in response to the promotional campaign.

19 6. On April 6, 2020, Forster’s pleaded of guilty to one count of conspiracy to
20 commit securities fraud (18 U.S.C. § 1371) in *United States v. Forster*, 20-cr-0325
21 (CAB) in connection with the conduct alleged herein.

22
23
24
25 ¹ Forster entered into a series of tolling agreements with the Commission for the
26 period August 27, 2017 through May 13, 2022.

VIOLATIONS

1
2 7. By virtue of the conduct alleged herein, Forster, directly or indirectly,
3 violated and is otherwise liable for violations of the federal securities laws as follows:
4 Section 17(a)(1), (2), and (3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.
5 § 77q(a)(1), (2), and (3)]; and Sections 9(a)(2) and 10(b) of the Securities Exchange Act
6 of 1934 (“Exchange Act”) [15 U.S.C. §§ 78i(a)(2) and 78j(b)], and Exchange Act Rules
7 10b-5(a), (b), and (c) thereunder [17 C.F.R. §§ 240.10b-5(a), (b), and (c)].

8 **JURISDICTION AND VENUE**

9 8. The Commission brings this action under the authority conferred upon it by
10 Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d)(1), 21(d)(5),
11 and 21(d)(6) of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(d)(5), and 78u(d)(6)],
12 seeking a final judgment: (a) restraining and permanently enjoining the Defendant from
13 engaging in the acts, practices, and courses of business alleged against him herein;
14 (b) ordering the Defendant to disgorge all ill-gotten gains and to pay prejudgment interest
15 on that amount; (c) imposing civil money penalties on the Defendant under Section
16 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; (d) imposing a penny-stock bar
17 order against the Defendant under Section 20(g) of the Securities Act [15 U.S.C.
18 § 77t(g)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)]; and (e)
19 granting such other relief as the Court deems appropriate.

20 9. This Court has jurisdiction over this action, and venue lies in this District,
21 under Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d),
22 and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d),
23 78u(e), and 78aa], and 28 U.S.C. § 1331. The Defendant, directly or indirectly, made use
24 of the means or instruments of transportation or communication in interstate commerce,
25 or of the mails, or of a facility of a national securities exchange, in connection with the
26 transactions, acts, practices, or courses of business alleged herein, which occurred in this

1 District and elsewhere. For example, during the Relevant Period, CUBV maintained its
2 sole office at 8635 Commerce Avenue, San Diego, California 92121. Forster sent emails
3 and placed phone calls to CUBV employees in that office, and CUBV employees in that
4 office sent emails and placed phone calls to Forster in connection with, and in furtherance
5 of, the fraudulent scheme to pump and dump CUBV's stock. Forster also drafted
6 fraudulent CUBV press releases used in the scheme in the District. During the Relevant
7 Period, Forster also maintained an office at 2368 2nd Avenue, San Diego, California
8 92101 and held this address out as his place of business in CUBV's press releases.

9 DEFENDANT

10 10. **Forster**, age 57, resides in Carmel, California. Forster has never been
11 registered with the Commission and he holds no securities licenses. From in or around
12 September 2006 to March 2012, Forster was the chief executive officer of Power-Save
13 Energy Co., a penny-stock issuer, which purported to sell solar panels. As early as 2012,
14 Forster has worked as a penny-stock promoter through various nominees he controls,
15 including OTC Media LLC, Gidapis LLC, and Kensington Marketing LLC. Forster
16 previously owned and operated a number of stock promotion websites, including
17 designIR.com, stockmailer.com, and openingbellreport.com. In *United States v. Forster*,
18 20-cr-0325 (CAB), Forster pleaded guilty to one count of conspiracy to commit securities
19 fraud (18 U.S.C. § 1371) on April 6, 2020 in connection with the conduct alleged herein.

20 OTHER RELEVANT ENTITIES

21 11. **CUBV** is a non-reporting penny stock issuer incorporated in Wyoming with
22 a principal place of business in San Diego, California. The company's stock is quoted on
23 OTC Link, an interdealer quotation system operated by OTC Markets Group Inc., under
24
25
26
27
28

1 the stock ticker symbol “CUBV”.² The company purports to manufacture and sell all-
2 natural energy juice products. In its annual report for the year ending December 31,
3 2020, CUBV had \$0 in assets, \$0 in cash, stockholders’ equity of negative \$6,280,727,
4 and a net loss of \$469,833.

5 12. **SLO 3 Holdings LLC dba designIR.com and stockmailer.com (“SLO 3**
6 **Holdings”)**, is a California limited liability company formed by Forster in 2008. Forster
7 was SLO 3 Holdings’ sole member; he used the entity as a nominee. During the Relevant
8 Period, SLO 3 Holdings did business as designIR.com and stockmailer.com, two related
9 stock-promotion websites and investor-relations firms Forster controlled.

10 FACTS

11 **A. Forster Becomes CUBV’s Undisclosed Control Person**

12 13. When Forster began the CUBV pump-and-dump scheme in or around
13 February 2012, CUBV was in peril of failing as a going concern. According to its annual
14 filing with OTC Markets for the fiscal year ended 2011, CUBV had total assets of
15 \$39,184, no cash on hand, liabilities of \$514,652, zero revenues, and a net operating loss
16 of \$1,140,230. “Executive 1” was CUBV’s sole employee, serving as the company’s
17 president, secretary, and treasurer.

18 14. In order to facilitate his pump and dump scheme, on or about February 28,
19 2012, Forster offered to provide various services to CUBV.

20
21
22
23 ² OTC Link is an electronic inter-dealer quotation system that displays quotes from
24 broker-dealers for many over-the-counter (“OTC”) securities. OTC Link is
25 registered with the Commission as a broker-dealer and as an alternative trading
26 system and is a member of the Financial Industry Regulatory Authority
27 (“FINRA”).
28

1 15. Approximately two weeks later, Forster caused designir.com, one of his
2 stock-promotion websites, to enter into a consulting agreement with CUBV dated March
3 14, 2012 (“Consulting Agreement”). The Consulting Agreement, which Forster drafted
4 and emailed to Executive 1, detailed the investor-relations services that designir.com
5 would perform for CUBV—namely, drafting and disseminating written promotional
6 materials touting CUBV, soliciting broker-dealers’ interest in CUBV through “an
7 ongoing telemarketing campaign,” and drafting and disseminating CUBV’s press
8 releases.

9 16. In addition to the consulting agreement, Forster reached a separate
10 agreement, not documented, with Executive 1 that gave Forster de facto control over
11 CUBV. Under this agreement, Forster not only directed the company’s investor
12 relations, but also directed Executive 1 and others at the company to pursue distribution
13 arrangements with other companies and oversaw the preparation of the company’s
14 financial statements.

15 17. In exchange for obtaining control over CUBV, Forster paid the company a
16 total of approximately \$40,000.

B. The March Through May 2012 Pump and Dump

1. In the Pump Phase, Forster Buys Almost 2 Million Shares of CUBV Stock in Seven Brokerage Accounts He Controls to “Build a Chart”

18. From in or about March 2012 to May 2012, Forster engaged in the first pump and dump of CUBV shares.

19. In the pump phase of the first pump-and-dump, Forster sought to “build a chart” by consistently buying CUBV stock in the open market to increase its trading volume and share price. Between March 2, 2012, the date of Forster’s first purchase of CUBV stock, and May 17, 2012, Forster bought approximately 1,980,289 shares of CUBV stock in seven brokerage accounts he controlled over thirty-two trading days. Forster’s purchases constituted an average of approximately 66% of all CUBV purchases on days on which he traded and 95% or more of all purchases on fourteen of those trading days.

20. Forster’s efforts to “build a chart” worked. As a result of his purchases, CUBV’s stock price vaulted approximately *1,120%* from \$.015 on March 2 to \$0.183 on May 21, 2012, thus creating an attractive stock chart that he and other stock promoters could later cite to in promotional materials as “evidence” of CUBV’s purported growth and promising investment potential.

21. Forster sought to conceal the fact that he was behind the increased buying volume by trading CUBV in seven separate online retail brokerage accounts, some in his name and others in the name of his then-girlfriend and her family members.

22. In sum, Forster dominated the buying of CUBV’s stock between March 2, 2012 and May 17, 2012 in the seven brokerage accounts to increase CUBV’s share price and trading volume in an effort to create a stock chart that would entice potential

1 investors solicited in the promotional campaign that quickly followed to buy CUBV
2 stock.

3
4 **2. With the Chart Made, Forster Conducts a Large-Scale**
5 **Promotional Campaign to Generate Interest in CUBV Stock**

6 23. By on or about May 18, 2012, having built an attractive chart, Forster turned
7 to conducting a two-part promotional campaign of CUBV stock. In the first part, Forster
8 himself promoted CUBV through designir.com and stockmailer.com; in the second part,
9 Forster caused CUBV to pay for a third-party promotional campaign through at least one
10 stock promoter.

11 24. In or about May 2012, Forster created a brochure touting the CUBV
12 investment opportunity. Forster mailed and emailed the brochure to his subscribers to
13 designir.com and stockmailer.com. He also made the brochure available on
14 stockmailer.com to download.

15 25. The brochure named CUBV as a “featured company” and exhorted existing
16 and prospective investors to buy CUBV stock in the open market, stating, “This is a stock
17 opportunity you cannot afford to miss! Buy CUBV!,” and “BUY CUBV STOCK
18 BEFORE IT RISES.”

19 26. The brochure went on to state, “[f]or fiscal 2012, CUBA Beverage Company
20 is projecting a gross profit of approximately \$1 million on total CUBA Herbal Energy
21 Juice sales of approximately \$2.5 million.”

22 27. This claim was false and Foster knew that the claim was false at the time he
23 drafted the brochure and disseminated it to prospective investors. In reality, CUBV had
24 sold no product to date in 2012, and had done little, if anything, operationally to project
25 such sanguine future sales activity over the next seven months.

1 28. The brochure also included other material misrepresentations.

2 29. First, Forster knowingly falsely stated in the brochure that “[t]he preparation
3 costs of the report, twenty five thousand dollars, were funded by CUBA Beverage Co.
4 The distribution costs of this report, four hundred and seventy five thousand[,] was paid
5 by CUBA Beverage Co. in an effort to create investor awareness for CUBA Beverage
6 Co.” In fact, CUBV never paid Forster anything for the report. This representation was
7 material because it gave the false appearance that CUBV had the financial wherewithal to
8 expend approximately half a million dollars on one marketing brochure.

9 30. Second, Forster knowingly made the following false statement in the
10 brochure: “Michael Forster, the editor is also the owner of Stockmailer. Neither
11 Stockmailer nor Michael Forster is a broker-dealer, nor own any shares of CUBA
12 Beverage Co.” Contrary to this statement, Forster beneficially owned and controlled
13 almost 2 million CUBV shares by late May 2012, when Forster was emailing links to the
14 brochure to his subscribers.

15 31. On or about May 20 and May 21, 2012, Forster sent emails touting CUBV to
16 his designer.com/stockmailer.com subscribers that, among other things, included a link to
17 download the brochure from designir.com.

18 32. Forster’s May 20, 2012 tout email declared CUBV its “current pick” and
19 went on to say the following:

20 “CUBV ended the week on Friday [on] a positive note
21 with a string of large buys at the bell. We believe this
22 could be an indicator of a very positive week for CUBV.
23 Closing at \$0.15 on Friday we believe CUBV is
24 significantly undervalued. Keep a close eye on CUBV
25 this week . . . Our brochures are beginning to arrive at
26 prospective investors[’] homes and we expect a lot of
27 buying pressure from these investors.”
28

1 33. Forster signed the email, "Happy Trading, Michael Forster." As Forster
2 knew, this tout was materially false and misleading because it omitted that it was Forster
3 himself who had made approximately 1/3 of the purchases of CUBV's stock on the
4 referenced trading day, Friday, May 18, 2012.

5 34. On or about May 21, 2012, Forster disseminated another email tout to his
6 designir.com/stockmailer.com subscribers with the headline, "CUBV is up 29.3% in this
7 morning's trading with a volume of 500,000+ shares trading hands." The tout then
8 quotes at length from a profile by a third-party stock promotion firm, Promotion Firm 1,
9 stating, among other things, that "at barely \$0.15 a share, few would accuse this juice-
10 based energy drink maker of being a luxury stock. The investment banks didn't
11 artificially set the CUBV price at \$40 and you don't need \$10 million for a taste." The
12 email tout then references the stock chart that Forster himself was responsible for
13 creating: "Take a look at the chart. You see how CUBV was stuck at barely 1 penny a
14 share just two months ago?"

15 35. The email omitted that Forster's own trading activity resulted in much of the
16 apparent appreciation in CUBV stock.

17 36. On May 21, 2012, the day he disseminated this email tout, Forster sold
18 133,500 shares of CUBV stock at a profit.

19 **a. Forster Arranges a Third-Party Promotional Campaign of**
20 **CUBV and Causes CUBV to Pay at Least One Stock**
21 **Promoter Directly**

22 37. On May 18, 2012, Forster caused CUBV to wire \$15,000 from its primary
23 bank account to a bank account in the name of a nominee entity controlled by recorded
24 stock promoter. The wire instruction on the wire read, "Media Marketing."

25 38. Between on or about May 18 and May 22, 2012, CUBV was the subject of a
26 tightly coordinated third-party email promotional campaign whereby multiple stock-

1 promotion website operators disseminated email touts of CUBV to their subscribers. One
2 email tout from one website dated on or about May 22, 2012 included a disclaimer that
3 stated, among other things, that the website “has been compensated 25,000.00 dollars by
4 [the nominee entity paid by CUBV], on 05-22-2012 for this one-day profile of CUBV.”

5 39. This particular tout, and others, included, among other things, a stock chart
6 hyping the rise in CUBV’s stock price over the preceding three months. The tout stated,
7 “We have been monitoring CUBV’s chart for awhile [*sic*] now and have noticed a
8 significant upward trend that is showing us no signs of slowing down anytime soon.”

9 40. The tout was false and misleading because it omitted that Forster had caused
10 CUBV to pay for the promotions and omitted that the “significant upward trend” in
11 CUBV’s stock price was the result of Forster’s purchases of CUBV stock.

12 **b. Forster Set Up a Call Room in Toronto, Canada and Paid**
13 **Callers to Solicit American Stock Brokers’ Purchases of**
14 **CUBV Stock**

15 41. Foster also hired cold-callers located in Toronto, Canada to solicit purchases
16 of CUBV and other penny-stock issuers Forster was then promoting. Forster chose to
17 locate the call room in Canada to evade the jurisdictional reach of U.S. law enforcement
18 and regulators.

19 42. In a March 31, 2012 email Forster explained how the typical call room setup
20 worked: “I have 4 callers and 2 closers avail [*sic*] to work on whatever you would like.
21 The callers are \$350.00 per week, and the closers are \$650 per week with a flat charge of
22 \$300/mo per person for utilities/phone/etc. Ratio is usually 1 closer for 2 callers.”

23 43. In the same email, Forster went on to boast about the call room’s efficacy
24 with CUBV: “I have . . . put half of the phone room on a beverage deal I have going
25 (CUBV). You can see what they have accomplished since \$0.002 to Friday \$0.05 so
26 far—they are the only thing I have going on for CUBV so far.”

1 44. In a second email dated April 10, 2012, Forster again extolled the call
2 room's efficacy: "[S]o I have had the phone room on cubv for 1 month, so far \$39k in
3 trades so far. So a 3x for month 1. The volume picks up as they get more and more
4 brokers on board. I suspect it will return 6x or more after the 90 days total."

5 45. Forster never disclosed his use of the call room in an attempt to pump up
6 CUBV's trading volume in the designer.com/stockmailer.com brochure he had created or
7 any of the touts he disseminated through that website, thus rendering the statements he
8 did make in the brochure and those touts further materially false and misleading.

9 **3. Forster Dumps 146,000 CUBV Shares on Increased Trading**
10 **Volume and CUBV's Share Price Plummets as a Result**

11 46. On May 17, 2012, a total of approximately 50,466 shares of CUBV stock
12 were traded, and on May 18, 2012, a total of approximately 34,920 shares of CUBV
13 stock were traded. On the next trading day, May 21, 2012, CUBV's trading volume
14 increased exponentially, with approximately 777,708 shares traded that day.

15 47. Forster capitalized on that increased trading volume—volume generated by
16 the promotional campaign he had orchestrated—and sold 133,500 shares across four of
17 the seven brokerage accounts he controlled.

18 48. The following day, May 22, 2012, CUBV's trading volume increased even
19 further, with approximately 1,067,500 shares traded that day. Forster again capitalized
20 on the increased trading volume, selling an additional 12,500 shares in one of the seven
21 brokerage accounts he controlled.

22 49. In total, Forster realized proceeds of approximately \$23,000 from these
23 sales.

24 50. Following the promotional campaign and Forster's dumping of shares on
25 May 21 and May 22, 2012, CUBV's stock price closed at approximately \$0.18 on May
26 21 and \$.017 on May 22.

1 51. Over the next six trading days, CUBV's stock price continued to drop,
2 closing at \$0.08 on June 1, 2012, thus causing shareholders who had bought shares on
3 May 21 and May 22—while Forster was dumping his shares—to lose more than half the
4 value of their investment.

5 **C. The June Through August 2012 Pump and Dump**

6 52. After the initial pump and dump between on or about March 2 and May 21,
7 2012, Forster arranged for a second pump and dump that culminated in him selling his
8 remaining 2.2 million CUBV shares between on or about August 28 and August 30, 2012
9 in conjunction with CUBV's issuance of three bullish press releases and a third-party
10 promotional campaign that helped cause CUBV's trading volume to surge.

11 **1. Forster Continues to Act as a Dominant Buyer of CUBV Stock**
12 **Across the Seven Brokerage Accounts**

13 53. Between on or about May 23 and August 24, 2012, Forster bought 308,050
14 additional CUBV shares on the open market in the seven brokerage accounts on twenty
15 trading days, accounting for an average of 49.75% of all purchases on days in which he
16 traded and 65% or more of all purchases on seven of those days. Although CUBV's
17 stock price fell during this period, Forster's trading helped increase CUBV's trading
18 volume, thus sustaining the continued perception of genuine market demand for, and
19 interest in, CUBV's stock.

20 **2. Between August 27 and August 31, 2012, Forster Arranged for a**
21 **Third-Party Promotional Campaign of CUBV to Coincide with**
22 **CUBV's Issuance of Bullish Press Releases and His Sales of His**
23 **Remaining CUBV Shares**

24 54. Forster arranged a promotional campaign touting CUBV and then sold his
25 stock into the demand generated by the promotional campaign.
26
27
28

1 55. On or about June 17, 2012, Forster sent an email to a stock promoter, who in
2 turn forwarded the email to other stock promoters. Forster's email attached a draft
3 CUBV press release announcing a Mexican distribution company's initial order of
4 \$250,000 worth of CUBV product.

5 56. On or about June 18, 2012, Forster forwarded to the same group of stock
6 promoters copies of two additional draft press releases: the first announced CUBV's
7 hiring of a sales manager and the second announced the company's finalization of a
8 forthcoming production run of CUBV products.

9 57. On or about August 27, 2012, Forster caused CUBV to issue a press release
10 titled "Goldman Small Cap Research Issues Research Report on Cuba Beverage
11 Company," which, among other things, touted CUBV and set a remarkable price target of
12 \$0.75, a more than eight-fold premium to CUBV's closing share price on August 26,
13 2012 of \$0.085. The Goldman Small Cap Research purported "research report" included
14 in its disclaimer a disclosure that the firm had been paid \$4,000 by a third party in
15 connection with the report's issuance.

16 58. On or about August 28, 2012, CUBV issued two press releases concerning a
17 purported production run of CUBV product and CUBV's purported hiring of a sales
18 manager. These press releases were updated versions of the draft press releases Forster
19 had emailed to the stock promoters on or about June 18, 2012.

20 59. Forster caused CUBV to issues these press releases on or about August 28,
21 2012 to generate interest in CUBV's stock that would allow him to timely dump his
22 shares into the increased trading volume.

23 60. In addition, at Forster's request, various paid stock promoters disseminated
24 more than thirty email touts of CUBV between on or about August 27 and August 31,
25 2012. These touts cited to, and referenced, CUBV's press releases issued on or about
26

1 August 27 and August 28 as indications of CUBV's purported growth and sound
2 investment potential.

3 61. Concurrent with this promotional campaign, CUBV's trading volume
4 increased exponentially, from 42,500 shares traded on August 27 to more than 5.4 million
5 shares traded on August 28, and more than 4.3 million shares traded on August 29, 2012.

6 **3. Forster Sells More Than 2 Million CUBV Shares Into the**
7 **Increased Trading Volume Generated by the Promotional**
8 **Campaign, and CUBV's Share Price Crashes Thereafter**

9 62. Forster dumped all but 500 of his remaining CUBV shares—2,004,590
10 CUBV shares—on the open market between August 28 and August 30, 2012 into the
11 significantly increased trading volume, realizing illicit proceeds of more than \$120,000.

12 63. As a result of the increased sales volume generated by, among others,
13 Forster, between August 28 and August 30, 2012, CUBV's share price declined
14 precipitously and its trading volume continued to decline in the following days. To wit,
15 CUBV's share price closed at approximately \$0.09 on August 28, and then fell
16 precipitously, closing at approximately \$0.04 on August 30, 2012. Investors who
17 purchased CUBV stock on August 28 thus lost more than half of their investment by the
18 close of the following trading day.

19 64. By September 26, 2012, after Forster had ceased buying CUBV stock and
20 causing the stock to be promoted to generate investor interest, CUBV's share price fell
21 further, closing at approximately \$0.03 on trading volume of only 48,068. By the end of
22 2012, CUBV's share price fell to approximately \$0.02.

23 **FIRST CLAIM FOR RELIEF**

24 **Violations of Sections 17(a)(1) and (3) of the Securities Act**

25 65. The Commission hereby incorporates Paragraphs Nos. 1 through 64 by
26 reference.

1 66. By engaging in the conduct described above, defendant Forster directly or
2 indirectly, in the offer or sale of securities, by use of the means or instrumentalities of
3 transportation or communication in interstate commerce or by use of the mails, with
4 scienter, employed devices, schemes, and artifices to defraud; and engaged in
5 transactions, practices, or courses of business that operated or would operate as a fraud or
6 deceit upon purchasers.

7 67. By reason of the foregoing, defendant Forster violated and, unless restrained
8 and enjoined, will continue to violate Sections 17(a)(1) and (3) of the Securities Act [15
9 U.S.C. §§ 77q(a)(1) and (3)].

10 **SECOND CLAIM FOR RELIEF**

11 **Violations of Section 10(b) of the Exchange Act and Rules 10b-5(a) and (c)**

12 **Thereunder**

13 68. The Commission hereby incorporates Paragraphs Nos. 1 through 64 by
14 reference.

15 69. By engaging in the conduct described above, defendant Forster directly or
16 indirectly, by use of means or instrumentalities of interstate commerce, or of the mails, or
17 of a facility of a national securities exchange, in connection with the purchase or sale of
18 securities, with scienter, employed devices, schemes, and artifices to defraud; and
19 engaged in acts, practices, and courses of business that operated or would operate as a
20 fraud or deceit upon any person.

21 70. By reason of the foregoing, defendant Forster violated and, unless restrained
22 and enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C.
23 § 78j(b)] and Rule 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] thereunder.

THIRD CLAIM FOR RELIEF

Violations of Section 17(a)(2) of the Securities Act

1
2
3 71. The Commission hereby incorporates Paragraphs Nos. 1 through 64 by
4 reference.

5 72. By engaging in the conduct described above, defendant Forster directly or
6 indirectly, in the offer or sale of securities, by use of the means or instruments of
7 transportation or communication in interstate commerce or by use of the mails, obtained
8 money or property by means of untrue statements of material fact and by omitting to state
9 a material fact necessary in order to make the statements made, in light of the
10 circumstances under which they were made, not misleading.

11 73. By reason of the foregoing, defendant Forster violated and, unless restrained
12 and enjoined, will continue to violate Section 17(a)(2) of the Securities Act [15 U.S.C.
13 § 77q(a)(2)].

14 **FOURTH CLAIM FOR RELIEF**

15 **Violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act**

16 74. The Commission hereby incorporates Paragraphs Nos. 1 through 64 by
17 reference.

18 75. By engaging in the conduct set forth above, defendant Forster directly or
19 indirectly, by use of means or instrumentalities of interstate commerce, or of the mails, or
20 of a facility of a national securities exchange, in connection with the purchase or sale of
21 securities, with scienter, made untrue statements of material fact and omitted to state
22 material facts necessary in order to make the statements made, in the light of the
23 circumstances under which they were made, not misleading.

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

FIFTH CLAIM FOR RELIEF

Violations of Section 9(a)(2) of the Exchange Act

1
2
3 77. The Commission hereby incorporates Paragraphs Nos. 1 through 64 by
4 reference.

5 78. By engaging in the conduct described above, defendant Forster directly or
6 indirectly, effected, alone or with one or more other persons, a series of transactions in
7 securities registered on a national securities exchange, creating actual or apparent active
8 trading in such securities, or raising or depressing the price of such securities, for the
9 purpose of inducing the purchase or sale of securities by others.

10 79. By reason of the foregoing, defendant Forster violated and, unless restrained
11 and enjoined, will continue to violate Section 9(a)(2) of the Exchange Act [15 U.S.C.
12 § 78i(a)(2)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently restraining and enjoining Forster, his agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 17(a)(1), (2), and (3) of the Securities Act [15 U.S.C. § 77q(a)(1), (2), and (3)], Section 9(a) of the Exchange Act [15 U.S.C. § 78i(a)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a), (b), and (c) [17 C.F.R §§ 240.10b-5(a), (b), and (c)] thereunder;

II.

Ordering Forster to disgorge all ill-gotten gains he received as a result of the violations of the federal securities laws, plus prejudgment interest thereon, under Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)];

III.

Ordering Forster to pay civil money penalties under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] for violations of the federal securities laws;

IV.

Ordering Forster to be barred from participation in any offering of a penny stock, under Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and/or Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)]; and

V.

Granting such other and further relief as this Court deems just, equitable, and appropriate.

JURY DEMAND

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff demands that this case be tried to a jury.

Dated: New York, New York
May 4, 2022

By: s/ Philip A. Fortino

Philip A. Fortino
SECURITIES AND EXCHANGE COMMISSION
Senior Trial Counsel
New York Regional Office
100 Pearl Street, Suite 400
New York, New York 10004
(212) 336-1014
FortinoP@sec.gov

Of Counsel:
Christine D. Ely (ElyC@sec.gov)
Lindsay S. Moilanen (MoilanenL@sec.gov)