

ANDREW M. CALAMARI
REGIONAL DIRECTOR
Sanjay Wadhwa
Sheldon L. Pollock
John O. Enright
Ann Marie Preissler
Attorneys for Plaintiff
U.S. SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
200 Vesey Street, Suite 400
New York, New York 10281-1022
Phone: (212) 336-9138 (Enright)
Email: enrightj@sec.gov

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

RICHARD ST. JULIEN,
JARED MITCHELL,
CHRISTOPHER F. CASTALDO,
LOUIS F. PETROSSI,
HERSCHEL C. (a/k/a TRES) KNIPPA,
RICHARD L. BROWN,
GERALD J. (a/k/a GERRY) COCUZZO,
NAVEED A. (a/k/a NICK) KHAN,
MAROOF MIYANA,
and
PRANAV V. PATEL,

Defendants.

1:16-cv-2193

COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against defendants Richard St. Julien (“St. Julien”), Jared Mitchell (“Mitchell”), Christopher F. Castaldo (“Castaldo”), Louis F. Petrossi (“Petrossi”), Herschel C. (a/k/a Tres) Knippa

(“Knippa”), Richard L. Brown (“Brown”), Gerald J. (a/k/a Gerry) Cocuzzo (“Cocuzzo”), Naveed A. (a/k/a Nick) Khan (“Khan”), Maroof Miyana (“Miyana”), and Pranav V. Patel (“Patel” and, together with Brown, Cocuzzo, Khan, and Miyana, the “Registered Representative Defendants”) (collectively, the “Defendants”), alleges as follows:

SUMMARY OF ALLEGATIONS

1. This case concerns three schemes to defraud investors in ForceField Energy, Inc. (f/k/a SunSi Energies, Inc.) (referred to hereinafter as “ForceField”), a public issuer and Commission registrant whose common stock was traded on the NASDAQ Capital Market (“NASDAQ”) from October 15, 2013 to April 20, 2015.

2. All three schemes were orchestrated by ForceField’s ex-Chairman, defendant St. Julien, with the other defendants serving as his accomplices for one or more of the schemes.

3. In the first scheme, which took place between approximately October 2014 and April 2015, St. Julien hired defendant Mitchell, a purported “investor relations” professional, to pay cash kickbacks to the Registered Representative Defendants in return for their recommending and purchasing ForceField stock in their customers’ accounts. The Registered Representative Defendants, all of whom were registered with the Commission and associated with registered broker-dealers, did not disclose to their customers that they were being paid these cash kickbacks.

4. In the second scheme, which took place between approximately June 2012 and January 2014, St. Julien paid kickbacks to defendant Castaldo—a former registered representative who was found liable by a jury in 2009 for violating the federal securities laws—for the latter’s successful solicitation of investors to buy ForceField stock in their personal brokerage accounts. Castaldo lured investors into investing in ForceField by first touting the

company in an investment newsletter he sells to investors under the name of Wall Street Buy Sell Hold, Inc. (“WSBSH”). Although St. Julien paid Castaldo to tout ForceField in the WSBSH newsletter, Castaldo did not accurately disclose in the newsletter the amount of compensation he was being paid.

5. Castaldo then solicited the investors who subscribed to the WSBSH newsletter to buy ForceField stock in their personal brokerage accounts. Castaldo advised these investors on the merits of investing in ForceField, but he did not disclose to them that St. Julien was paying him kickbacks of approximately 10% of the dollar amount of stock the investors bought.

6. In the third scheme, which took place between approximately December 2009 and April 2015, St. Julien paid defendants Knippa and Petrossi, neither of whom was registered as a broker with the Commission, kickbacks in exchange for their successfully soliciting investments in ForceField’s private placements of common stock and warrants. Knippa and Petrossi solicited investors at, among other places, investment conferences they attended with St. Julien. Knippa and Petrossi advised potential investors on the merits of investing in ForceField, but they failed to disclose to these investors that St. Julien was paying them kickbacks of 10% or more of the dollar amount of stock and warrants that investors purchased. Knippa went so far as to tout ForceField on the Fox Business Network’s “Varney & Co.” show as a purported market commentator without disclosing to the host or the viewers that he was ForceField’s purported head of investor relations and was soliciting investors in exchange for kickbacks he expected to receive from St. Julien.

7. In each of the three schemes, St. Julien and the other Defendants tried to conceal their illegal conduct by, among other things, having St. Julien pay most of the kickbacks through an offshore nominee he controlled. Mitchell and some of the Registered Representative

Defendants also sought to conceal their illegal conduct by communicating with each other on prepaid, disposable (i.e., “drop” or “burner”) phones. Finally, St. Julien, Mitchell, and some of the Registered Representative Defendants sought to conceal their illegal conduct by communicating with each other using an encrypted, content-expiring messaging app on their cellphones.

VIOLATIONS

8. Based on the conduct alleged in this Complaint:

(a) St. Julien violated Sections 5 and 17(a)(1) and (3) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e and 77q(a)(1) and (3)], and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5(a) and (c) thereunder [17 C.F.R. §§ 240.10b-5(a) and (c)];

(b) Mitchell violated Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (3)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) thereunder [17 C.F.R. §§ 240.10b-5(a) and (c)];

(c) Castaldo violated Sections 17(a) and 17(b) of the Securities Act [15 U.S.C. §§ 77q(a) and 77q(b)], and Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78o(a)] and Rule 10b-5 thereunder [17 C.F.R. §§ 240.10b-5];

(d) Petrossi violated Sections 5 and 17(a) of the Securities Act [15 U.S.C. §§ 77e and 77q(a)], and Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78o(a)] and Rule 10b-5 thereunder [17 C.F.R. §§ 240.10b-5];

(e) Knippa violated Sections 5, 17(a), and 17(b) of the Securities Act [15 U.S.C. §§ 77e, 77q(a), and 77q(b)], and Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78o(a)] and Rule 10b-5 thereunder [17 C.F.R. §§ 240.10b-5]; and

(f) the Registered Representative Defendants violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

NATURE OF PROCEEDINGS AND RELIEF SOUGHT

9. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], seeking to permanently enjoin the Defendants from engaging in the acts, practices, transactions and courses of business alleged herein. The Commission also seeks a final judgment: (a) ordering the Defendants to disgorge their ill-gotten gains, on a joint and several basis, together with prejudgment interest thereon, and to pay civil money penalties pursuant to 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)]; (b) imposing a penny stock bar order against St. Julien, Castaldo, and Petrossi pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)]; and (c) entering an officer-and-director bar against St. Julien, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)]. Finally, the Commission seeks any other relief the Court may deem just and appropriate.

JURISDICTION AND VENUE

10. This Court has jurisdiction over this action under Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)], Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa], and 28 U.S.C. § 1331.

11. Venue is proper in the Eastern District of New York under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d) and 27 of the Exchange Act [15 U.S.C.

§§ 78u(d) and 78aa]. Certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the Eastern District of New York and were effected, directly or indirectly, by making use of the means or instrumentalities of transportation or communication in interstate commerce, or the mails. For example, ForceField's principal place of business was in the Eastern District of New York while some of the schemes described herein took place. In addition, during the scheme, Brown, Castaldo, and Khan all resided in and had their places of businesses in the Eastern District of New York. Lastly, Castaldo solicited investors residing in the Eastern District of New York to buy ForceField stock in their personal brokerage accounts.

DEFENDANTS

12. **St. Julien**, age 46, is a Canadian citizen who, during the relevant time period, resided in Escazu, Costa Rica. From March 24, 2009 to April 17, 2015, St. Julien served as a director of ForceField. From approximately mid-2012 to April 17, 2015, St. Julien served as the Executive Chairman of ForceField's Board of Directors. On April 17, 2015, St. Julien was arrested by the Federal Bureau of Investigation on the basis of a criminal complaint charging him with one count of conspiracy to commit securities fraud.

13. **Mitchell**, age 34, resides in New York, New York. Mitchell is a principal of Excelsior Global Advisors, a purported investor relations firm.

14. **Castaldo**, age 44, resides in Glen Head, New York. Castaldo is the president of WSBSH and Stock Traders Press Inc. ("STP"), both of which publish investment newsletters. While Castaldo is not currently associated with any registered entity, he was a registered representative at various registered broker-dealers between approximately March 1992 and April 1998. During that time, Castaldo held Series 7, 24, and 63 securities licenses. On September 30, 2008, the Commission charged Castaldo with violating Section 15(a) of the Exchange Act and

aiding and abetting violations of Section 15(b)(7) of the Exchange Act by a registered broker-dealer. A jury found Castaldo liable for the latter claim and, on August 17, 2009, Castaldo was ordered to pay disgorgement, pre-judgment interest and civil penalties totaling more than \$280,000. *SEC v. Castaldo et al.*, Lit. Release No. 22598 (Jan. 23, 2013). Castaldo still owes \$240,353.56 of this judgment, and has not made a payment in the past six months.

15. **Petrossi**, age 75, resides, upon information and belief, in Reno, Nevada. Petrossi is the founder and owner of the “Wealth Research Institute,” a purported “financial service firm.” While Petrossi is not currently registered with the Commission, he was a registered representative at various registered broker-dealers between approximately April 1988 and September 1992. During that time, Petrossi held Series 6, 7, 24, 39, and 63 securities licenses.

16. **Knippa**, age 45, resides in Dallas, Texas. In or around the beginning of July 2014, Knippa became ForceField’s head of investor relations. While Knippa is not currently registered with the Commission, he was a registered representative at various registered broker-dealers between approximately November 1993 and November 1999. During that time, he held Series 3, 7, 63, and 65 securities licenses. Knippa has been a commodities broker registered with the U.S. Commodities Futures Trading Commission since approximately July 1993.

17. **Brown**, age 37, resides in Huntington, New York. Brown is currently a registered representative with a Brooklyn, New York-based registered broker-dealer. From February 2012 to November 2015, Brown was a registered representative with a Staten Island, New York-based registered broker-dealer. Previously, Brown worked as a registered representative at various other registered broker-dealers. Brown holds Series 7 and 63 securities licenses.

18. **Cocuzzo**, age 37, resides in Delray Beach, Florida. Cocuzzo has been a registered representative with a Boca Raton, Florida-based registered broker-dealer since

December 2014. Previously, Cocuzzo worked as a registered representative at various registered broker-dealers. Cocuzzo holds Series 7 and 63 securities licenses.

19. **Khan**, age 33, resides in Staten Island, New York. Khan has been a registered representative with a New York, New York-based registered broker-dealer since approximately April 2013. Previously, Khan worked as a registered representative at various registered broker-dealers. Khan holds Series 7, 24, and 63 securities licenses.

20. **Miyana**, age 35, resides in Boca Raton, Florida. Miyana has been a registered representative with a New York, New York-based registered broker-dealer since December 2014. Previously, Miyana worked as a registered representative at various registered broker-dealers. Miyana holds Series 7, 24, and 63 securities licenses.

21. **Patel**, age 35, resides in Tamarac, Florida. While Patel is not currently associated with any registered entity, Patel was employed as a registered representative at a Boca Raton, Florida-based registered broker-dealer between approximately January and December 2015. Previously, Patel was a registered representative at various registered broker-dealers. Patel held Series 7 and 63 securities licenses.

RELEVANT ISSUER

22. **ForceField** is a Nevada corporation with a principal place of business in Coconut Creek, Florida. The company is a successor entity to Bold View Resources, Inc., a “mineral exploration” company that was incorporated in Nevada in 2007 with a principal office in Las Vegas, Nevada. On March 24, 2009, the company changed its name to SunSi Energies, Inc. (“SunSi”), its business to the “solar industry in China,” and its principal place of business to

Brooklyn, New York.¹ On February 28, 2013, SunSi changed its name to ForceField Energy, Inc. and its business to the manufacturing, distribution, and licensing of “alternative energy products and technologies.” ForceField’s common stock was traded on NASDAQ from October 15, 2013 to April 20, 2015, and was registered with the Commission under Section 12(g) of the Exchange Act from October 15, 2013 to May 12, 2015. Prior to October 15, 2013, ForceField’s stock was traded on the OTCQB marketplace operated by OTC Markets Group, Inc. On April 20, 2015, NASDAQ halted trading in ForceField’s common stock. On April 21, 2015, the Commission suspended trading in ForceField’s securities for 10 business days. On May 11, 2015, ForceField filed a Form 25 with the Commission, voluntarily delisting its securities from NASDAQ effective May 12, 2015.

OTHER RELEVANT ENTITIES

23. **WSBSH** is a New York corporation with a principal place of business in Glenwood Landing, New York. Castaldo is WSBSH’s President. Castaldo publishes an email newsletter under the name of WSBSH that recommends investing in certain microcap and small-cap issuers that have paid Castaldo to tout their securities.

24. **Adventure Overseas Holding Corp. (“AOHC”)** is an international business corporation that St. Julien formed in or about 2004 under Belizean law, with a business address in Belize City, Belize.² St. Julien paid a Belizean accountant to be the entity’s nominal president, secretary, and sole director. St. Julien completely controlled AOHC, however, and was the sole signatory on bank accounts and a brokerage account he opened in AOHC’s name.

¹ ForceField’s principal place of business remained in Brooklyn through approximately November 30, 2011.

² An international business corporation is an offshore, untaxed company formed under the laws of a foreign jurisdiction that is not permitted to engage in business within the jurisdiction in which it is incorporated.

FACTS

25. Over time, St. Julien took steps to get investors to buy shares of ForceField stock through three separate but illegal schemes. The common thread through each of those schemes was St. Julien's payment of hidden kickbacks to the other Defendants.

I. The First Scheme to Defraud Investors: St. Julien and Mitchell Pay the Registered Representative Defendants Undisclosed Kickbacks.

26. In or about October 2014, St. Julien hired Mitchell, a purported investor relations professional, to, among other things, pay the Registered Representative Defendants cash kickbacks to induce them to recommend ForceField stock to their customers and to then buy ForceField stock in those customers' accounts.

27. St. Julien and Mitchell agreed that St. Julien would pay Mitchell a kickback of approximately 10% of the dollar amount of ForceField stock that the Registered Representative Defendants purchased in their customers' accounts. St. Julien and Mitchell further agreed that Mitchell would split the kickbacks with the Registered Representative Defendants, paying them approximately half of what St. Julien wired to him.

28. St. Julien usually wired the kickbacks from an AOHC bank account he controlled to an account that Mitchell controlled. At other times, St. Julien caused third parties to wire the kickbacks to an account that Mitchell controlled.

29. Mitchell tried to hide his payment of the kickbacks to the Registered Representative Defendants by paying them by cash in person. Mitchell would withdraw the kickback payments from his account in cash, arrange to meet with the Registered Representative Defendants in person, and then hand them the cash payments.

30. Mitchell referred to himself as St. Julien's "brown bag man"—that is, Mitchell was responsible for paying the Registered Representative Defendants their kickback payments in cash and in person.

31. Mitchell and some of the Registered Representative Defendants also tried to conceal their illegal scheme by communicating with each other on prepaid, disposable (i.e., "drop" or "burner") phones. Beginning in approximately December 2014, St. Julien, Mitchell, and some of the Registered Representative Defendants further tried to conceal their illegal scheme by communicating with each other using an encrypted, "content-expiring" messaging application (or app) on their cellphones. This messaging app encrypts all communications locally on each user's cellphone, and allows the user to auto-delete a message after the expiration of the user's choice of a set period of time lasting seconds up to one day.

32. Mitchell paid each of the Registered Representative Defendants as follows:

- **Brown:** Between October 2014 and April 2015, Mitchell paid Brown at least \$30,000 in cash in exchange for Brown recommending and buying more than 256,000 shares of ForceField stock in approximately 25 customers' accounts at a cost of more than \$1,735,000. At the time of St. Julien's arrest, Mitchell owed Brown approximately an additional \$55,000.
- **Cocuzzo:** Between January and April 2015, Mitchell paid Cocuzzo at least \$18,500 in cash in exchange for Cocuzzo recommending and buying more than 65,000 shares of ForceField stock in approximately 13 customers' accounts at a cost of more than \$485,000. At the time of St. Julien's arrest, Mitchell owed Cocuzzo approximately an additional \$15,000.
- **Khan:** Between January and April 2015, Mitchell paid Khan at least \$49,000 in cash in exchange for Khan recommending and buying more than 69,000 shares of ForceField stock in more than 40 customers' accounts at a cost of more than \$531,000. At the time of St. Julien's arrest, Mitchell owed Khan additional money for some of these purchases.
- **Miyana:** Between March and April 2015, Mitchell paid Miyana at least \$2,800 in cash in exchange for Miyana recommending and buying more than 30,000 shares of ForceField stock in approximately 20 customers'

accounts at a cost of more than \$250,000. At the time of St. Julien's arrest, Mitchell owed Miyana additional money for some of these purchases.

- **Patel:** Between March and April 2015, Mitchell paid Patel at least \$2,144 in cash in exchange for Patel recommending and buying more than 8,100 shares of ForceField stock in 5 customers' accounts at a cost of more than \$62,855.

33. The Registered Representative Defendants did not disclose to their customers that St. Julien and Mitchell were paying them cash kickbacks to recommend and buy ForceField stock in their customers' accounts.

II. The Second Scheme to Defraud Investors: St. Julien Pays Castaldo to Tout ForceField Stock and Pays Him Undisclosed Commissions to Solicit Investors to Purchase ForceField Stock in Their Brokerage Accounts.

A. Castaldo Touted ForceField Stock in the WSBSH Newsletters Without Accurately Disclosing the Amount of Compensation St. Julien Was Paying Him.

34. Castaldo sells subscriptions to two investment newsletters he publishes: STP and WSBSH.

35. The STP newsletter recommends investing in certain mid- and large-cap stocks identified by Castaldo or those working for him. Castaldo boasts in marketing materials about his ability to pick winning stocks in the STP newsletter.

36. The WSBSH newsletter recommends investing in certain microcap and small-cap issuers that have paid Castaldo to tout their companies in WSBSH.

37. Castaldo maintains an office for STP and WSBSH in Glenwood Landing, New York, where he employs a staff that "cold calls" potential investors around the country to buy subscriptions to STP and WSBSH. Castaldo generally identifies potential investors in "lead lists" he buys from third parties.

38. As a rule, when soliciting investors to buy subscriptions to the WSBSH newsletter, Castaldo and his employees would not tell the investors that the companies touted in that newsletter are paying Castaldo to tout them.

39. Beginning in approximately May 2011, St. Julien, through ForceField, paid Castaldo to tout the company in the WSBSH newsletter.

40. From May 2011 through October 2011, this arrangement was governed by monthly “Consulting Agreements” entered into between ForceField and WSBSH.

41. The Consulting Agreements stated, among other things, that WSBSH was “in the business of assisting public companies in strategic business planning, and investor and public relations services designed to make the investing public knowledgeable about the benefits of stock ownership in [ForceField].”

42. The Consulting Agreements further stated that ForceField would pay WSBSH a flat monthly fee in cash and stock, which, over this six-month period, ranged from \$7,500 to \$17,500 in cash and 10,000 to 17,500 shares of ForceField stock per month.

43. After October 2011, Castaldo continued to tout ForceField in WSBSH’s newsletters. Upon information and belief, Castaldo’s touts after October 2011 were made without any written contract in place between ForceField and WSBSH.

44. The WSBSH newsletters that touted ForceField included a lengthy, small-print disclaimer at the end of each document, which stated, among other things, that WSBSH had been “paid an advertising fee” comprised of cash and ForceField stock. Every disclaimer, however, inaccurately understated the amount of compensation that WSBSH had been paid.

45. For example, a WSBSH newsletter that Castaldo published in February 2013 included a disclaimer stating the following: “Wall Street Buy Hold [sic] Sell Inc[.] was paid an

advertising fee of seven thousand five hundred dollars and ten thousand shares of restricted stock of [ForceField].” In reality, by February 2013, St. Julien had paid WSBSH, through ForceField, AOHC, and other third parties, approximately \$241,000, not \$7,500.

B. St. Julien Paid Castaldo Kickbacks to Solicit Investors’ Purchases of ForceField Stock in Their Personal Brokerage Accounts.

46. From approximately June 2012 to January 2014, St. Julien paid Castaldo kickbacks for successfully soliciting investors to buy ForceField stock in their personal brokerage accounts. These kickbacks were not disclosed to the investors.

47. Castaldo and his employees solicited the same individuals to whom they had sold (or tried to sell) subscriptions to the WSBSH newsletter to buy ForceField stock in their personal brokerage accounts. In their phone solicitations, Castaldo and his employees described ForceField’s business, touted ForceField’s purported successes, and advised potential investors generally on the merits of investing in ForceField.

48. Castaldo and his employees frequently prescribed for prospective investors the number of shares of ForceField stock they should buy and at what price.

49. After an investor had bought ForceField stock in his personal brokerage account, Castaldo and his employees asked the investor to confirm the number of shares he had bought and at what price, and then recorded that information in writing.

50. Castaldo then communicated to St. Julien, often by email, the names of the investors who had told Castaldo they had bought ForceField stock and the numbers of shares they had claimed to buy.

51. St. Julien then reconciled that information against beneficial stock ownership information he obtained from the Depository Trust & Clearing Corporation.

52. After St. Julien confirmed the amount of stock Castaldo's investors had bought, he wired from the AOHC account to a WSBSH account that Castaldo controlled a kickback of approximately 10% or more of the total dollar amount of stock bought by Castaldo's investors.

53. From approximately June 2012 to January 2014, Castaldo and his employees solicited more than \$600,000 in open market purchases of ForceField stock from more than 40 investors.

54. In return, St. Julien paid Castaldo more than \$183,000 in kickbacks and other payments for soliciting these investments. During this same time period, St. Julien also caused approximately 86,000 shares of ForceField stock to be issued to or transferred to WSBSH for Castaldo's benefit, which Castaldo subsequently sold, earning additional proceeds of more than \$229,000.

55. Castaldo and his employees did not disclose to the investors they solicited to buy ForceField stock that Castaldo was being paid or expected to be paid these kickbacks from St. Julien.

III. The Third Scheme to Defraud Investors: St. Julien Pays Petrossi and Knippa Kickbacks to Solicit Investors in ForceField's Private Placements.

A. ForceField's Private Placements

56. Between approximately September 2009 and April 2015, ForceField conducted private placements of common stock, warrants, debentures, and promissory notes that raised more than \$19.7 million from investors around the country.

57. ForceField never filed a registration statement with the Commission in connection with any of these securities offerings.

58. While neither Knippa nor Petrossi was registered with the Commission in any capacity between September 2009 and April 2015, they both solicited investors to invest in

ForceField's private placements of common stock and warrants at various points during this time period.

59. Knippa and Petrossi solicited investors in the private placements through various means, including at domestic and international investment conferences they attended with St. Julien on behalf of ForceField. At those conferences, Knippa and Petrossi, alone and together with St. Julien, would talk to prospective investors about ForceField's business, tout ForceField's purported successes, and advise investors generally on the merits of investing in ForceField stock.

60. Knippa and Petrossi would continue to communicate with potential investors they met at these investment conferences by phone and email after the conferences had ended. As part of these conversations, they would advise the potential investors on the merits of investing in ForceField, send them subscription agreements to buy ForceField securities, and return signed subscription agreements to St. Julien. St. Julien would receive the subscription agreements on ForceField's behalf, and then ask ForceField's transfer agent over phone and by email to issue and mail stock certificates to the investors' addresses.

61. Knippa and Petrossi would also solicit potential investors outside of the investor conferences. They would solicit individuals with whom they had other business relationships, or to whom they had been referred by third parties, and advise those potential investors in phone calls and through email on the merits of investing in ForceField.

62. Knippa and Petrossi also facilitated their investors' purchases of ForceField securities by providing them with subscription agreements and payment instructions.

B. St. Julien Paid Petrossi Kickbacks to Solicit Investors in ForceField's Private Placements.

63. From late 2009 through 2013, Petrossi attended numerous investment conferences with St. Julien and presented to attendees on the merits of investing in ForceField's private placements. Petrossi conferred with St. Julien and other ForceField officers about the investment pitch he would make, and Petrossi made edits and suggested changes to the presentation materials that ForceField gave to investors at the conferences.

64. Petrossi would hold himself out to the attendees at these presentations as a purportedly independent investment professional appearing on behalf of his "Wealth Research Institute" business. In his presentations, he frequently recommended that investors allocate 10% of their portfolios to "private equity" or "pre-IPO" companies, and then recommended investing in ForceField's private placements as such a "private equity" investment.

65. During his presentations and conversations with individual investors at conferences and afterward, Petrossi made numerous material, but incomplete, statements of fact about ForceField when soliciting investments. These statements included assertions about how much ForceField stock management owned, how management had voluntarily agreed to lock up their holdings, the amount of debt ForceField carried, and how the company had begun generating significant revenues. In some emails with potential investors, Petrossi characterized investing in ForceField as an "outstanding investment opportunity."

66. Between September 2010 and December 2012, Petrossi emailed prospective investors, stating, among other things:

- That an analyst had targeted a \$5 stock price for the company by December 2012.

- “I just visited both [ForceField] manufacturing facilities in Shandong Province in China. [ForceField] is rapidly moving forward and I was 100% satisfied with the trip.”
- “[ForceField] will move to [the] American Stock Exchange [by the] end of first quarter 2011.”
- “I have visited the [ForceField] plants which are expanding and new acquisitions are in process. Richard St. Julien is moving [the company] to NASDAQ. We are trading around \$4 a share which means you doubled your money.”
- “[ForceField] is moving to NASDAQ from OTC soon and the stock should be trading around \$10 when it comes time to sell.”

67. Petrossi also made material, but incomplete, statements to investors about his own purported investments in ForceField. In June 2012, Petrossi told one investor that “I can not [sic] be bought” and that he “only recommend[s] companies that [he] invests in.”

68. St. Julien and Petrossi agreed that St. Julien would pay Petrossi kickbacks equaling approximately 10% of the gross proceeds of money invested by investors who Petrossi had solicited to invest in ForceField’s private placements. Between approximately December 2009 and December 2013, Petrossi solicited more than \$4.5 million from more than 60 investors in ForceField’s private placements. As a result, St. Julien paid Petrossi kickbacks in cash and ForceField stock worth more than \$438,000.

69. St. Julien wired the kickbacks from the AOHC account or other third-party accounts to accounts that Petrossi controlled, including accounts in his name, his wife’s name, and in the name of Chadwicke, Inc., a nominee that Petrossi controlled.

70. Despite making various material statements of fact to investors about ForceField, Petrossi did not disclose to the investors he solicited that St. Julien was paying him kickbacks of roughly 10% of the amount of money Petrossi raised from them.

71. In addition, Petrossi's investors generally believed that their entire investment was going to fund the company. These investors would not have purchased shares in the private placements if they had known Petrossi was getting a 10% kickback.

C. St. Julien Paid Knippa Kickbacks to Solicit Investors in ForceField's Private Placements.

72. In June 2014, St. Julien and Knippa began discussing St. Julien hiring Knippa to solicit investors in ForceField's private placements. For example, on June 17, 2014, Knippa told St. Julien in a text message, "Hire me and put me on the road." St. Julien asked, in response, "Can you pitch ForceField to investors and brokers[?]" Knippa responded, "I can pitch it as good as anyone in the world. . . . I want to be on the road."

73. Thereafter, St. Julien offered Knippa a position as ForceField's head of investor relations. St. Julien and Knippa agreed that Knippa would not be paid a salary; rather, St. Julien would pay Knippa kickbacks of approximately 10% of the amounts of money he raised from investors in the private placements.

74. Knippa then began soliciting investors—both at investment conferences and elsewhere—in the private placements without disclosing his employment relationship with ForceField. For example, on or about July 10-11, 2014, Knippa attended an investment conference with St. Julien in Las Vegas, at which Knippa solicited investors in ForceField's private placements.

75. Knippa made material, but incomplete, statements of fact to potential investors when soliciting their investments in ForceField's private placements. For example, Knippa made material statements about ForceField to one investor in early 2015 about ForceField's operations, contracts the company had purportedly entered into with states or municipalities, and that he

personally knew St. Julien. Knippa told another investor in early 2015 that he knew St. Julien and believed in him.

76. Although Knippa made material statements about ForceField when soliciting investments, Knippa did not disclose that he was working for ForceField, that St. Julien had offered him a position as ForceField's head of investor relations, or that St. Julien had begun paying him kickbacks in exchange for successfully soliciting investments in ForceField's private placements.

77. From approximately July 2014 to March 2015, Knippa solicited more than \$1.19 million from more than 10 investors in ForceField's private placements. St. Julien wired Knippa kickbacks equaling between 10 and 15% of the amounts of money Knippa had raised from investors he solicited in the private placements. St. Julien wired those payments from the AOHC account to accounts in Knippa's name and the name of an entity he controlled, Kenai Capital Management.

78. Despite making various material statements of fact to investors about ForceField when soliciting investments, Knippa did not disclose to the investors he solicited that St. Julien was paying him kickbacks equaling 10% or more of the amounts of money Knippa raised.

79. Knippa's investors generally believed that their entire investment was going to fund the company. These investors would not have purchased shares in the private placements if they had known Knippa was getting a 10% to 15% kickback.

D. Knippa Touted ForceField on the Fox Business Network and the Business News Network.

80. On July 15, 2014, during a trip to New York with St. Julien to meet with investment bankers regarding ForceField, Knippa appeared on Fox Business News's "Varney & Co." show as a purported market commentator. The show airs each weekday from 9:00 a.m. to

12:00 p.m., Eastern Time. During his appearance, the show's host, Stuart Varney, asked Knippa for a stock pick. The following dialogue then took place between the two men:

Knippa: "I like to do my homework on individual companies. I like ForceField Energy. . . . They're very involved in . . . converting to LED lighting for company[ies]. The business model is good. I know the CEO. I've met him personally."

Varney: "You own it? You own it?"

Knippa: "You bet I do. I put my money where my mouth is. I'm a fund manager."

Knippa: "The business model is very simple, and it's making money. This isn't a development kind of thing."

81. Although Knippa made material statements about ForceField during this appearance, Knippa did not disclose that he was working for ForceField, that St. Julien had offered him a position as ForceField's head of investor relations, that St. Julien and he had agreed that St. Julien would pay him kickbacks for soliciting investments in ForceField's private placements, or that he had already begun soliciting investors at an investment conference just days before in Las Vegas.

82. On July 15, 2014, ForceField's trading volume increased more than fourfold from the day before, trading approximately 104,000 shares.

83. On or about August 20, 2014, Knippa appeared on the Business News Network, and again recommended investing in ForceField. The host and Knippa said the following:

Host: "Okay, Tres Knippa is owner of Kenai Capital Management. He's joining me through this show as guest co-host. Kind of unusual for you to have a specific company on your radar because you're looking more at, sort of, trades of broader things,

commodities and so on, but ForceField Energy, a company that you're looking at.”

Knippa: “Nasdaq symbol FNRG is ForceField Energy. I like the company because their business plan is very very simple. An LED lightbulb uses half to 85% less energy than the normal incandescent light. ForceField Energy will go to a company—they've already done this; I'll give you an example of a current client of theirs, the Beverly Hills Hotel. . . . And then what they do is, is they share in the cost savings. . . . ForceField Energy shares in that cost savings for five years.”

84. Knippa went on to tout ForceField, citing the company's purported business model and future growth. Knippa again failed to disclose that he was working for ForceField, was soliciting investors to invest in ForceField's private placements, and by that time had already been paid two kickbacks by St. Julien through AOHC—one wire on or about July 31, 2014, of \$8,000 and a second wire on or about August 13, 2014, of \$10,000.

FIRST CLAIM FOR RELIEF

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

(All Defendants)

85. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 84, as if fully set forth herein.

86. The Defendants, in connection with the purchase or sale of securities, directly or indirectly, singly or in concert, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, with scienter, have employed devices, schemes, and artifices to defraud, and have engaged in transactions, acts, practices, and courses of business which operated as a fraud or deceit.

87. By reason of the foregoing, the Defendants directly or indirectly, have violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

SECOND CLAIM FOR RELIEF

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

(All Defendants)

88. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 84, as if fully set forth herein.

89. The Defendants, directly or indirectly, singly or in concert, in the offer and sale of securities, by the use of the means and instruments of transportation and communication in interstate commerce and of the mails, knowingly or with reckless disregard for the truth: (a) employed devices, schemes or artifices to defraud; and (b) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities.

90. By reason of the foregoing, the Defendants, singly or in concert, directly or indirectly, have violated, and unless enjoined and restrained will continue to violate, Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (a)(3)].

THIRD CLAIM FOR RELIEF

Violations of Section 5 of the Securities Act

(St. Julien, Knippa, and Petrossi)

91. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 84, as if fully set forth herein.

92. The shares of ForceField common stock and warrants that St. Julien, Knippa, and Petrossi sold constitute “securities” within the meaning of Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(1) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

93. At all relevant times, the shares of ForceField common stock and warrants that St. Julien, Knippa, and Petrossi sold were not registered in accordance with the provisions of the Securities Act and no exemption from registration was applicable.

94. St. Julien, Knippa, and Petrossi therefore, singly or in concert, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer and to sell securities when no registration statement had been filed or was in effect as to such offers and sales of such securities and no exemption from registration was available.

95. By reason of the activities described herein, St. Julien, Knippa, and Petrossi, singly or in concert, directly or indirectly, has violated, and unless enjoined and restrained will continue to violate, Section 5 of the Securities Act [15 U.S.C. §§ 77e].

FOURTH CLAIM FOR RELIEF

Violations of Section 15(a) of the Exchange Act

(Castaldo, Knippa, and Petrossi)

96. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 84, as if fully set forth herein.

97. Castaldo, Knippa, and Petrossi, while engaged in the business of effecting transactions in securities for the account of others made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to

induce the purchase or sale of, a security without being registered in accordance with Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

98. Castaldo, Knippa, and Petrossi have violated, and unless restrained and enjoined will in the future violate, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

FIFTH CLAIM FOR RELIEF

Violations of Section 17(b) of the Securities Act

(Castaldo & Knippa)

99. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 84, as if fully set forth herein.

100. Castaldo and Knippa, by the use of the means and instruments of transportation and communication in interstate commerce and of the mails, published, gave publicity to, and circulated notice, circular, advertisement, newspaper, article, letter, investment service, or communication, which though not purporting to offer a security for sale, describes such security for consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

101. Castaldo and Knippa have violated, and unless restrained and enjoined will in the future violate, Section 17(b) of the Securities Act [15 U.S.C. § 77(q)(b)].

SIXTH CLAIM FOR RELIEF

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

**(Castaldo, Petrossi, Knippa, and
the Registered Representative Defendants)**

102. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 84, as if fully set forth herein.

103. Castaldo, Petrossi, Knippa and the Registered Representative Defendants, 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, 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, in violation of Section 10(b) of the Exchange Act and Rule 10b-5(b).

104. By reason of the foregoing, Castaldo, Petrossi, Knippa and the Registered Representative Defendants, directly or indirectly, have violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) thereunder [17 C.F.R. § 240.10b-5(b)].

SEVENTH CLAIM FOR RELIEF

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

**(Castaldo, Petrossi, Knippa, and
the Registered Representative Defendants)**

105. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 84, as if fully set forth herein.

106. Castaldo, Petrossi, Knippa and the Registered Representative Defendants, directly or indirectly, singly or in concert, in the offer and sale of securities, by the use of the means and

instruments of transportation and communication in interstate commerce and of the mails, knowingly or with reckless disregard for the truth, obtained money or property by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

107. By reason of the foregoing, Castaldo, Petrossi, Knippa and the Registered Representative Defendants, singly or in concert, directly or indirectly, have violated, and unless enjoined and restrained will continue to violate, Sections 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)].

PRAYER FOR RELIEF

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

I.

Permanently restraining and enjoining:

- (a) Defendants St. Julien, Petrossi, and Knippa, and their 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, from violating Section 5 of the Securities Act [15 U.S.C. §§ 77q], pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)];
- (b) All Defendants and their 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, from violating Section 10(b) of

the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5], pursuant to Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)];

- (c) All Defendants and their 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, from violating Sections 17(a) of the Securities Act [15 U.S.C. § 77q(a)], pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)];
- (d) Defendants Castaldo, Petrossi, and Knippa, and their 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, from violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)], pursuant to Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)]; and
- (e) Defendants Castaldo and Knippa, and their 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, Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)], pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)].

II.

Ordering all Defendants to disgorge, on a joint and several basis, any and all ill-gotten gains they received as a result of the violations of the federal securities laws, plus prejudgment interest thereon, pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)].

III.

Ordering all Defendants to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and/or Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] for violations of the federal securities laws.

IV.

Ordering Defendants St. Julien, Castaldo, and Petrossi to be barred from participation in any offering of a penny stock, pursuant to 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)].

V.

Ordering St. Julien to be barred from serving as an officer or director of a public company, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] for the violations alleged herein.

VI.

Granting such other and further relief as the Court may deem just and proper.

Dated: May 3, 2016
New York, New York



Andrew M. Calamari
Sanjay Wadhwa
Sheldon L. Pollock
John O. Enright
Ann Marie Preissler
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
200 Vesey Street, Suite 400
New York, New York 10281-1022
(212) 336-9138 (Enright)
Email: enrightj@sec.gov

JS 44 (Rev. 11/15)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

United States Securities and Exchange Commission

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
Andrew M. Calamari, Sanjay Wadhwa, Sheldon L. Pollock, John O. Enright, Ann Marie Preissler, U.S. Securities and Exchange Commission, 200 Vesey St., New York, NY 10281 (212) 336-1100

DEFENDANTS

Richard St. Julien, Jared Mitchell, Richard L. Brown, Naveed A. Khan, Gerald J. Cocuzzo, Pranav V. Patel, Maroof Miyana, Christopher F. Castaldo, Louis F. Petrossi, and Herschel C. Knippa

County of Residence of First Listed Defendant Outside U.S.
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | | | | | |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395f) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Acts <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	PRISONER PETITIONS Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement		

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from Another District (specify)
- 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
 15 U.S.C. §§ 77e(a), 77e(c), 77q(a), 77q(b), 78o(a), 78j(b)
 Brief description of cause:
 Securities fraud action by SEC seeking injunctions, penalties, and other relief.

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. **DEMAND \$** _____ CHECK YES only if demanded in complaint: **JURY DEMAND:** Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE _____ DOCKET NUMBER _____

DATE: 05/03/2016 SIGNATURE OF ATTORNEY OF RECORD: 

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

CERTIFICATION OF ARBITRATION ELIGIBILITY

Local Arbitration Rule 83.10 provides that with certain exceptions, actions seeking money damages only in an amount not in excess of \$150,000, exclusive of interest and costs, are eligible for compulsory arbitration. The amount of damages is presumed to be below the threshold amount unless a certification to the contrary is filed.

I, Andrew M. Calamari, counsel for U.S. Securities and Exchange Commission, do hereby certify that the above captioned civil action is ineligible for compulsory arbitration for the following reason(s):

- monetary damages sought are in excess of \$150,000, exclusive of interest and costs,
the complaint seeks injunctive relief,
the matter is otherwise ineligible for the following reason

DISCLOSURE STATEMENT - FEDERAL RULES CIVIL PROCEDURE 7.1

Identify any parent corporation and any publicly held corporation that owns 10% or more of its stocks:

N/A

RELATED CASE STATEMENT (Section VIII on the Front of this Form)

Please list all cases that are arguably related pursuant to Division of Business Rule 50.3.1 in Section VIII on the front of this form. Rule 50.3.1 (a) provides that "A civil case is "related" to another civil case for purposes of this guideline when, because of the similarity of facts and legal issues or because the cases arise from the same transactions or events, a substantial saving of judicial resources is likely to result from assigning both cases to the same judge and magistrate judge." Rule 50.3.1 (b) provides that " A civil case shall not be deemed "related" to another civil case merely because the civil case: (A) involves identical legal issues, or (B) involves the same parties." Rule 50.3.1 (c) further provides that "Presumptively, and subject to the power of a judge to determine otherwise pursuant to paragraph (d), civil cases shall not be deemed to be "related" unless both cases are still pending before the court."

NY-E DIVISION OF BUSINESS RULE 50.1(d)(2)

- 1.) Is the civil action being filed in the Eastern District removed from a New York State Court located in Nassau or Suffolk County? No
2.) If you answered "no" above:
a) Did the events or omissions giving rise to the claim or claims, or a substantial part thereof, occur in Nassau or Suffolk County? No
b) Did the events or omissions giving rise to the claim or claims, or a substantial part thereof, occur in the Eastern District? Yes

If your answer to question 2 (b) is "No," does the defendant (or a majority of the defendants, if there is more than one) reside in Nassau or Suffolk County, or, in an interpleader action, does the claimant (or a majority of the claimants, if there is more than one) reside in Nassau or Suffolk County? N/A

(Note: A corporation shall be considered a resident of the County in which it has the most significant contacts).

BAR ADMISSION

I am currently admitted in the Eastern District of New York and currently a member in good standing of the bar of this court.

- Yes No

Are you currently the subject of any disciplinary action (s) in this or any other state or federal court?

- Yes (If yes, please explain) No

I certify the accuracy of all information provided above.

Signature

[Handwritten signature]

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____ .

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____ ; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____ , and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____ , who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____ ; or

I returned the summons unexecuted because _____ ; or

Other *(specify)*: _____ .

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ .

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____ .

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____ ; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____ , and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____ , who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____ ; or

I returned the summons unexecuted because _____ ; or

Other *(specify)*: _____ .

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ .

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____ .

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____ ; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____ , and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____ , who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____ ; or

I returned the summons unexecuted because _____ ; or

Other *(specify)*: _____ .

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ .

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____ .

I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____ ; or

I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____ , and mailed a copy to the individual's last known address; or

I served the summons on *(name of individual)* _____ , who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____ ; or

I returned the summons unexecuted because _____ ; or

Other *(specify)*: _____ .

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ .

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

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I personally served the summons on the individual at *(place)* _____
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