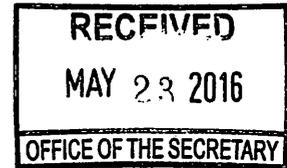


UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

May 23, 2016



In the Matter of

Striper Energy, Inc.

OPENING BRIEF OF
PETITIONER

3-17260

File No. 500-1

We have been provided with a sworn affidavit that purports to provide information concerning Striper Energy, Inc. that justifies the Suspension.

You may be as surprised as we are to discover that this sworn affidavit contains a number of tragic misapprehensions of facts. We cite the items by their number in the affidavit.

Number 3. The accumulated deficit of Striper Energy, Inc. given as \$16 million. In actual fact, this is the deficit of the predecessor entity, not the oil company.

Number 4. This claims that Striper Energy only has 11 wells, not 56, in Oklahoma.

There seems to be a misunderstanding of the basic operation and components of Striper's industry.

The most significant lack of knowledge is in this basic fact; there is a significant and substantial difference between ownership and operatorship.

1.) Ownership is the right to hold, produce, destroy, sell or act with the asset is seen fit, whereas 2.) Operatorship is the assignment of liability for environmental issues or if the state deems fit, the liability for the expense to plug the well.

The Oklahoma Corporation Commission does not track ownership of wells, but rather liability for these wells. As of the date of this response, Striper owns more than 56 wells in the State of Oklahoma and has assumed additional liability for some of these acquired assets.

The "Taken Offline in 2011" is a reference to one lease we had acquired, but there it is negligent to not at minimum research the 11 wells we are liable for, as these are the same wells we produced from as recently as October 2015 when Striper made the decision to cease production given declining crude oil prices.

The statement "To capitalize on the operating history of these wells to create an inexpensive and fast track to revenue" is accurate. While leases vary in the degree of work required to make them operational, the track to operational is short when compared to drilling a new well. It is known in the industry that you can easily spend six months to develop a producing well and this is not inclusive of permitting and contracting to create the opportunity for a new well.

The acquisitions we have made and are continuing to make have existing wellbores, casing and in most of our instances include all wellhead assemblies and equipment to produce the well. Beyond this, we seek clusters of wells for the sake of efficiency.

Included aside from the equipped well is the necessary infrastructure including flowlines, pumps, separators tank batteries, etc. When we acquire our job is to troubleshoot the system to put an existing operation back into production.

This is accomplished on a well by well basis where a single well can be operational with a day of adjustments or in other cases two weeks to bring in equipment for a complete overhaul. Either way, this is much quicker than six months. The history of the acquired assets is substantial as many of the fields where our wells are located have been in existence in some case for more than 75 years. In addition to this general history, as a function of liability, OCC has a complete history of each and every wells production including depths, time intervals, fluid production/type and gas production. Operating history is in abundance and certainly more available than on a new drill.

Striper elected to become a bonded operator to avoid the necessity to outsource the service as well as create the opportunity for additional leverage in negotiating acquisitions. We paid a \$25,000 cash bond to the Oklahoma Corporation Commission for the right to assume liability. Should we elect to assume liability beyond the 11 wells referenced, we have the authority to do so.

Number 6. We believe that the SEC has the transfer agent report. The actual float after reverse split is less than 25,000 shares.

Number 8. This gives the impression that the DTC Chill may be lifted by an attorney opinion letter on Rule 144. In actual fact, as Striper clearly indicates in its public disclosure, the company is not eligible to use Rule 144 as it has been a shell company. It would take 12 months of Form 10 filing, with audited financial statements, to make the company eligible to use Rule 144.

This key fact, that the company cannot use Rule 144, is omitted from the entire affidavit, despite it being mentioned as an highly important fact in our original petition.

Number 12. Striper Energy, Inc. has no knowledge of Mr. Sayid's legal problems as the Division should be aware. A search on the SEC website for David Sayid produces only one request for a no-action letter made in 2003.

Number 14. As is noted elsewhere in the affidavit, the debt to Mr. Sayid was to be converted to stock. It is obvious, it it not, that no one in his right mind would buy a shell for a reverse merger for \$30,000 when the shell had almost a half a million dollars in debt? This would be financial suicide. The more you look at this, the more you can start to discover that this is a totally unwarranted assumption.

Number 16 refers to three name changes. This puts the name changes in a misleading perspective. In fact, the last name change before Striper Energy was eight years ago as we said in our Petition.

Numbers 17 - 22. In acquiring control of the shell, Striper Energy relied on public information in EDGAR and OTC Markets and the very limited information provided by

company counsel, officers, and directors.

Striper has no information on or connection with events that occurred years ago. There is no allegation here that Striper has any connection with these events. In fact, if anything the current ownership of Striper would indicate that the individuals mentioned have no influence or connection with Striper today.

This is guilt by association – but without the association.

Number 17. We are attaching the case mentioned that we found on the SEC.gov website as Appendix I. We are unable to find any mention of the company's predecessor.

Number 22. We believe the stock mentioned is listed on the transfer agent report. We believe that the SEC has this report.

As anyone can plainly see, transfer of this stock is stopped by the company.

In actual fact, it was Mr. Sayid that told us there was a question about this stock. We were not able to obtain any facts on the stock from the named owner and so have not yet canceled it yet. With the additional information contained in the affidavit, Striper Energy is cancelling this stock.

The stock, as is clearly indicated on the transfer agent's report was not available for sale and thus not in the float.

The transfer agent does not consider it part of the float as they reported to us the number for the float post-split to be given to DTCC as 22,097.

Number 22. Mr. Sayid tells us that he issued no such letter. We have no knowledge of any of this.

Even if such a letter existed or were now created, it would be of no effect as the company has clearly declared it is not eligible to use Rule 144.

Number 23. It was our understanding that the stock to be issued to Mr. Sayid in connection with his debt was issued before the closing of the acquisition. The resolution

to convert is noted in the affidavit.

This stock would be impossible to sell as it would be restricted in a company that cannot use Rule 144.

The company feels that it was defrauded by Mr. Sayid and is cancelling any right he may have to receive stock.

Number 24. Insight Management did not give us information on when or how this stock was issued. The only information we have was public. The directors gave very limited limited warranties to Striper Energy at the time of the acquisition.

As given above, transfer of this stock was blocked and it was not in the float, as clearly indicated in the transfer agent records. As given above, it was our understanding that the stock to be issued to Mr. Sayid in connection with his debt was issued before the closing of the acquisition.

Any of this stock would be impossible to sell as it would be restricted in a company that cannot use Rule 144.

Number 25. We find it utterly impossible to believe that the actions mentioned would indicate to anyone that there is a “likely new attempt at a false informational campaign for and the potential for pre-arranged trading to manipulate the price.”

The actions listed are actions that are legitimate and required. The company was making its annual report and so took the opportunity to make the other actions listed, five months after the acquisition. Only one brief press release was issued to inform current shareholders of any of these actions.

The company's website is standard for its business and makes no attempt at all to promote investment. It is substantially the same as the earlier website of Striper Wells, LLC.

Second, recent financials are offered as evidence of manipulative intent, but are they not required?

Third, the reverse stock split is not evidence of anything. In fact, a study last year by company counsel (not done for Striper Energy), studied dozens of reverse splits in low

priced stocks to conclude that reverse splits were negative for stock price. In no case was any of these splits a prelude to manipulation. Why is a reverse split a necessary prelude to manipulation? We are given none of the facts needed to jump to this conclusion and we believe no such facts exist.

The name change allows the company to better disclose its business and thus can hardly be considered some kind of tool for fraud. The ticker symbol is appropriate considering the new name.

If we follow the logic in number 25, no small company could ever have a website, or provide financial information, or reverse split its stock, or change its name and stock symbol without being singled out for suspicion. We submit that this is inappropriate.

The language given in the affidavit says "The Division is aware of indications that Striper is preparing to begin a promotional campaign, including," as though there were other facts not mentioned. This innuendo of the word "including" is false and grossly unfair. The company has never engaged in any promotion or investor relations at all and had no plans at all to do so in the foreseeable future as it would not even contemplate doing so until it has been an SEC reporting company for 12 months.

There are simply no facts at all to indicate a "likely new attempt at a false informational campaign. . . ."

There are no facts at all on which anyone could conclude that there is "the potential for pre-arranged trading to manipulate the price." How does one discover the intention to make pre-arranged trading? It seems us that it is impossible to discover what might be in some unnamed person's mind. Under this test, every stock in the market could be a venue for a pre-arranged trade.

The SEC obviously talked to Mr. Sayid, the other old corporate officers, the State of Oklahoma, FINRA and the transfer agent. Was there any effort was made to investigate this key piece of evidence, the \$200 trade, to contact the brokers who made the alleged pre-arranged trade? Please inform us if this information is available.

Further, as any experienced stock market professional will tell you there is not enough stock in the float to sustain any meaningful trading.

Number 26. There is a complaint that the company's website mentions it is managed by specialized energy experts. Please see the attached resumes in Appendix II for proof the

company “is managed by specialized energy experts.”

This statement is cited from the website: “with a bank CD you wait until the end of the year to earn ½%. With Striper Wells investments you earn the same in 20 days”

Information was furnished in the last submission that the webmaster did not upload the complete revision as this was not supposed to be published. When brought to our attention, the webmaster was reprimanded and the correction was made the same day.

This statement is a remnant from our earlier approach, prior to acquiring Insight Management Corporation. At inception, our seed capital came from friends and family in the form of a 9% note offering. Mathematically, at a rate of 9%, it only takes 20 days to earn ½% on your money.

In practice, regardless of the market price for oil, we have over two years of perfect delivery of monthly payments (ROI) of this interest which equate to 9% returns, or ½% in 20 days.

To derive from the statement in question that we’re promoting profitability in 20 days is an unreasonable reach. However, we can be “profitable” much quicker than that.

Stripers' operating overhead is negligible as none of the officers or managers draw a salary and office expenses are consumed by Sam Smith.

To prove this statement true, as of the date of this answer, WTI Crude is trading circa \$47 per/barrel and hit a low this year of \$26. For our explanation, to be conservative, we’ll use \$26 per barrel.

Assuming we take one of our low producers of ½ barrel per day and begin production on day one, 30 days of production will gross 15 Barrel of Oil or \$390 in immediately marketable crude oil.

There are two expenses with regard to this scenario and they are invoiced/billed for payment on day 30.

- 1.) The pumper for the daily review of this well is \$100 for the month
- 2.) The electric expense on this small producer is about \$25 for the month

Total revenue and expenses are $\$390 - \$125 = \$265$. The expenses of \$125 are consumed by production in 9.61 days, which means the balance 10.39 days of the “20 day” are all profitable days just as the additional 10 days in the billing cycle are profitable.

Summary

First, in order to profit from a stock manipulation, you have to own marketable stock. Only less than 25,000 shares of stock are tradable. Most of these are owned by small holders who could not afford to pay the ticket charges.

It must be admitted that the \$200 of buying in the market, the alleged pre-arranged trade, called such with no evidence that it was pre-arranged, is inadequate to excite investor interest.

We have no information about this trade and none is offered by the SEC. Apparently the assumption, without any proof, is made that because the trade was made at \$1 that it was somehow pre-arranged. We see no facts to support this conclusion. As anyone with any experience in stock trading would know, a person attempting to manipulate the stock would want to show heavy volume and repeated trades. Neither of these is present here.

There are several actual reasons why such a trade could occur.

First, there are uninformed investors out there and perhaps one, seeing the obscure announcement of the reverse split, decided to waste what little money he had on a speculation. He had only less than \$300 to spend. This would be a mad decision on his part given the fact that most reverse splits in small stocks cause a decline in price. It is possible that there was a very wide spread in the stock because the stock hardly ever trades. We cannot test this theory because the data on the spread is not available.

It is possible that the market makers did not want to short such a thin stock as they could not cover and so put up a high offering price to protect themselves.

Second, it could be some broker with a small discrepancy in his position trying to even out the error. A dealer could charge a premium for such an odd lot as the dealer would otherwise have to eat the ticket charges and the extra charges of clearing stock with a DTC chill.

The power given to the SEC in the power to suspend trading is enormous. The discretion given to the SEC is exceedingly broad. Does this mean that this power can be wielded carelessly? No, it means that there has to be some care used in its application. That means that guilt by association without association is not an appropriate standard. That means that the tool should only be given to those expert in the markets. Does this mean that the power can be used where, as it the case of Striper Energy, it is impossible to find any threat to the public?

The damage to Striper Energy is irreparable. To get the stock trading again, if that is even possible, will cost \$10,000 or more to a market maker, if one can be found, and we would estimate at least \$25,000 to get FINRA approval, if that can ever be obtained at all. The total expense to Striper could to exceed 2015 revenues. Not profit, revenues.

To the extent this is a claim that the current management of Striper Wells, Inc. is engaged in, or even aware of, improper activities of any kind, we reject it out of hand. To the extent that other parties will attempt to manipulate the stock, we find this assertion to be virtually impossible and, upon examination considering the actual float, beyond impossible.

The only hope for these stranded shareholders and the restricted stock shareholders is that the company developed enough to file Form 10 information and after at least a year wait become eligible to use Rule 144. Striper Energy had been starting to search for a PCAOB accountant when the stock was suspended.

Of course, that will now be next to impossible. We have never seen a company come back from being suspended like this. Certainly a company with limited resources, like Striper Energy will not.

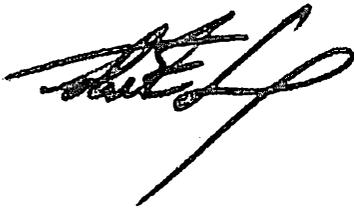
In summary, we have a company with 22,074 shares in the float, that is not eligible to use Rule 144 so no other stock can hit the market, being suspended because there was a \$200 trade in the stock.

Request for Termination of Suspension

For the reasons stated above, we respectfully request that the suspension be terminated immediately.

Dated: May 23, 2016

Respectfully submitted,



Attorney for Striper Energy, Inc.
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John.Lux@Securities-Law.info

I HEREBY CERTIFY that on this 20TH day of May 2016, before me personally appeared Samuel C. Smith, President of Striper Energy, Inc., and declared and affirmed under the penalties of perjury that the contents of the foregoing information, statements, matters and facts set forth in this Petition are true and correct as therein stated to the best of his knowledge, information and belief.

AS WITNESSETH, by hand and notarial seal.

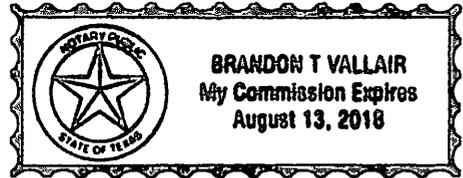


Notary Public



Samuel C. Smith 5/20/16
DJC

My commission expires 08.13.2018



Appendix I

SEC v. Geranio

1 RICHARD E. SIMPSON
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Attorneys for Plaintiff

11
12 **UNITED STATES DISTRICT COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14

15
16 **SECURITIES AND EXCHANGE**
COMMISSION,
17
18 **Plaintiff,**
19 **vs.**
20 **NICHOLAS LOUIS GERANIO,**
KEITH MICHAEL FIELD,
21 **THE GOOD ONE, INC., and**
KALEIDOSCOPE REAL ESTATE, INC.,
22
23 **Defendants, and**
24 **BWRE HAWAII, LLC**
25
26 **Relief Defendant.**

Case No.

**COMPLAINT FOR INJUNCTIVE
RELIEF, DISGORGEMENT,
PENALTIES AND OTHER RELIEF,
FOR VIOLATIONS OF THE
FEDERAL SECURITIES LAWS AND
DEMAND FOR JURY TRIAL**

27
28

1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows against the defendants named above:

3 SUMMARY

4 1. The Commission brings this securities fraud action seeking relief from
5 Defendants’ critical role in a \$35 million scheme to manipulate the market and to
6 profit from the issuance and sale of stock through offshore boiler rooms.

7 2. From approximately April 2007 to September 2009 (“the relevant
8 time period”), the scheme worked as follows: Nicholas Louis Geranio (“Geranio”)
9 organized eight U.S. companies (the “Issuers”); installed management, including
10 his longtime business partner Keith M. Field (“Field”); and entered into consulting
11 agreements with the Issuers through his *alter-ego* companies The Good One, Inc.
12 and Kaleidoscope Real Estate, Inc. (“Kaleidoscope”). Through The Good One’s
13 and Kaleidoscope’s consulting agreements, Geranio set up a common system to
14 raise money through the Issuers’ sale of Regulation S shares to offshore investors
15 by boiler rooms that Geranio recruited. Regulation S stock is stock that is exempt
16 from registration with the Commission because it is offered solely to investors who
17 are located outside the United States.

18 3. Field, an officer, director and/or investor-relations representative of
19 each of the Issuers, drafted materially misleading business plans, marketing
20 materials, and website material for the Issuers. The offshore boiler rooms provided
21 these materials to investors as part of their fraudulent solicitation efforts.

22 4. Geranio directed traders, including Field, to engage in matched orders
23 and manipulative trades to establish artificially high prices for at least five of the
24 Issuers’ stock and to deceptively convey to the market the impression that
25 legitimate transactions had created *bona fide* prices for the stock.

26 5. This manipulation was critical to the scheme. In particular, the boiler
27 rooms, as part of their fraudulent solicitation efforts, informed the investors that
28 they were offering them Regulation S shares at a discount to the then publicly-

1 traded stock price. Thus, the manipulation of the publicly-traded stock price
2 allowed the boiler rooms to sell the Regulation S shares at a higher price to the
3 overseas investors.

4 6. The boiler rooms, teams of unregistered telemarketers operating
5 mostly from Spain, used high-pressure sales tactics and material false statements
6 and omissions to induce the investors (many of them elderly and located in the
7 United Kingdom) to buy the Issuers' Regulation S stock. Based on a structure
8 created by Geranio, the boiler rooms directed the investors to send their money to
9 escrow agents in the U.S.

10 7. Under Geranio's oversight, the escrow agents paid 60% to 75% of the
11 approximately \$35 million in proceeds to the boiler rooms as their sales markups,
12 kept 2.5% as their fee, and paid the remaining proceeds to the Issuers. The Issuers'
13 (or in some cases the escrow agents) then funneled approximately \$2.135 million of
14 the proceeds of the Regulation S sales to Geranio, through The Good One and
15 Kaleidoscope. The Issuers and the escrow agents paid Field approximately
16 \$279,000.

17 8. By committing the acts described in this Complaint, Geranio, Field,
18 The Good One and Kaleidoscope directly or indirectly engaged in and, unless
19 restrained and enjoined by the Court, will continue to engage in, transactions, acts,
20 practices and courses of business that violate Section 17(a)(1) and (3) of the
21 Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)(1) & (3)] and
22 Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15
23 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)].
24 Field also directly or indirectly engaged in acts, practices or courses of business
25 that violate Securities Act Section 17(a)(2) [15 U.S.C. § 77q(a)(2)], and aided and
26 abetted the Issuers' violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)]
27 and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)]. Geranio also is liable as a control
28 person of The Good One and Kaleidoscope under Exchange Act Section 20(a) [15

1 U.S.C. §78u(a)].

2 9. The Commission seeks a judgment from the Court: (a) enjoining the
3 defendants from engaging in or aiding and abetting future violations of the federal
4 securities laws named above; (b) ordering them to disgorge, with prejudgment
5 interest, all ill-gotten gains obtained as a result of the securities violations
6 described in this Complaint; (c) requiring them to pay civil money penalties
7 pursuant to Securities Act Section 20(d) and Exchange Act Section 21(d)(3) [15
8 U.S.C. §§ 77t(d), 78u(d)(3)]; (d) barring them from participating in any offering of
9 penny stock pursuant to Securities Act Section 20(g) and Exchange Act Section
10 21(d)(6) [15 U.S.C. §§ 77t(g), 78u(d)(6)]; (e) barring Geranio and Field from
11 serving as an officer or director of an issuer that has a class of securities registered
12 pursuant to Section 12 of the Exchange Act, as amended [15 U.S.C. § 781] or that
13 is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C.
14 § 78o(d)], pursuant to Securities Act Section 20(e) and Exchange Act Section
15 21(d)(2) [15 U.S.C. §§ 77t(e), 78u(d)(2)]; and (f) requiring the relief defendant to
16 disgorge all funds it received from Defendants' ill-gotten gains or by which it has
17 been unjustly enriched, including all investor funds transferred to it or used for its
18 benefit, including prejudgment interest thereon.

19 **JURISDICTION AND VENUE**

20 10. The Court has jurisdiction over this action pursuant to Securities Act
21 Section 20(b) and (c) and Exchange Act Sections 21(d) and (e) and 27 [15 U.S.C.
22 §§ 77t(b) & (c), 78u(d) & (e), 78aa]. The defendants made use of the means or
23 instruments of interstate commerce, of the mails, or of the facilities of a national
24 securities exchange in connection with their acts, transactions, practices and
25 courses of business alleged in this Complaint.

26 11. Venue lies in the United States District Court for the Central District
27 of California pursuant to Securities Act Section 22(a) and Exchange Act Section
28 27 [15 U.S.C. §§ 77v(a) and 78aa] in that certain of the acts, practices and courses

1 of business constituting the violations described in this Complaint occurred in this
2 District and one or more of the defendants reside in this District.

3 **THE PARTIES**

4 12. The plaintiff is the Securities and Exchange Commission, which
5 brings this action pursuant to the authority conferred on it by Securities Act
6 Section 20(b) and (c) and Exchange Act Section 21(d) and (e) [15 U.S.C. §§ 77t(b)
7 & (c), 78u(d) & (e)].

8 13. Defendant Nicholas Louis Geranio, also known as Nick Louis, is a
9 resident of Haleiwa, Hawaii. During the relevant time period, he controlled The
10 Good One and Kaleidoscope. On July 14, 2000, Geranio settled an emergency
11 enforcement action that the Commission filed against him on April 30, 1999,
12 consenting to an injunction against future violations of the antifraud provisions for
13 his role in an alleged offering fraud involving California Laser Company. *SEC v.*
14 *Nicholas L. Geranio and California Laser Company*, Civil Action No. 99-4702
15 WJR (AIJ) (C.D. Cal. Jul. 7, 1999), SEC Lit. Rel. No. 16628 (Jul. 14, 2000). On at
16 least one occasion during the relevant period, Geranio used an address at a UPS
17 Store in Calabasas, California to procure services for Green Energy Live.

18 14. Defendant Keith Michael Field is a resident of Sherman Oaks,
19 California who works out of his home. During the relevant time period and since
20 2006, he was Chairman of Mundus Group, Inc. Since 2007, he was the Chairman
21 of Spectrum Acquisition Holdings, Inc. From 2007 to 2009, he was the Chairman
22 of United States Oil and Gas, Inc. and Green Energy Live, Inc. From 2003 to
23 2006, he was a director of Wyncrest, Inc. He also served as a director of Power
24 Nanotech. Previously, Field had served as Director of Sales and Marketing for
25 California Laser Company.

26 15. Defendant The Good One, Inc., a Nevada corporation, is a financial
27 consulting company that purports to provide general financial and business advice.
28 Geranio's former wife is The Good One's Director, Secretary and Treasurer.

1 During the relevant period, The Good One used as its business address a UPS Store
2 in Las Vegas, Nevada and also on a few occasions an address at a UPS store in
3 Calabasas, California.

4 16. Defendant Kaleidoscope Real Estate, Inc., a Nevada corporation, is a
5 financial consulting company that purports to provide general financial and
6 business advice. Geranio's girlfriend is the President, Secretary, Director and
7 Treasurer of Kaleidoscope.

8 17. Relief defendant BWRE Holdings, LLC is a domestic limited liability
9 company based in Hawaii.

10 **RELATED ENTITIES (THE "ISSUERS")**

11 18. Green Energy Live, Inc. ("Green Energy") is a Nevada corporation,
12 with its principal office located in Wyoming, Michigan. On November 19, 2008,
13 Green Energy began trading publicly on the OTC Bulletin Board under the symbol
14 "GELV.OB."

15 19. Spectrum Acquisition Holdings, Inc. ("Spectrum") is a Nevada
16 corporation, with its principal office located in Austin, Texas. In March 2008,
17 Western American Mining became the majority owner of Spectrum, and on March
18 17, 2008, Spectrum began trading on the OTC Bulletin Board under the symbol
19 "SPAH.OB."

20 20. United States Oil & Gas Corp. ("USOG") is a Delaware corporation,
21 with its principal office located in Austin, Texas. On April 17, 2008, USOG shares
22 began trading on the OTC Bulletin Board under the symbol "USOG.OB." On June
23 7, 2011, the Commission suspended trading in USOG stock because of questions
24 regarding the adequacy and accuracy of publicly available information about the
25 company.

26 21. Mundus Group, Inc. ("Mundus") is a Nevada corporation, with its
27 principal office located in Chatsworth, California. Mundus shares are quoted on
28 OTC Link under the symbol "MNDP."

1 false and misleading, high-pressure sales tactics to sell the Issuers' Regulation S
2 shares, and received most of the sales proceeds.

3 28. The Issuers received 20% to 30% of the total proceeds of the boiler
4 room sales. A substantial amount of the proceeds that did find its way back to the
5 Issuers paid Geranio's hand-picked Issuer-CEOs and Field or was funneled to
6 Geranio through the "consulting fees" the Issuers paid The Good One and
7 Kaleidoscope.

8 29. Geranio worked behind the scenes to keep the Issuers' publicly-traded
9 shares trading at prices conducive to the boiler room sales. He did this by directing
10 Field, personal friends, and others to open accounts and buy or sell publicly-traded
11 shares in at least five of the Issuers as part of matched orders and manipulative
12 trades that created the impression of active trading and market value that the
13 Issuers' stock would not have otherwise had.

14 30. The manipulative trades allowed the boiler rooms to sell Regulation S
15 shares to overseas investors at higher prices as part of their fraudulent solicitation
16 efforts.

17 **B. Geranio Found, Organized and Controlled the Issuers**

18 31. According to a common system he devised, Geranio, and others at his
19 direction, created the Issuers, installed management, created consulting
20 arrangements with the Issuers (through The Good One and Kaleidoscope), and
21 instructed management about how to run the Issuers. In essence, Geranio served as
22 an undisclosed founder and executive officer of the Issuers.

23 32. During the relevant time period, Geranio located and acquired shell
24 companies through a "prospecting" system that he developed. As part of this
25 system, Geranio sent out letters to shell companies he identified from lead-lists.
26 Geranio found the companies that became the Issuers through these prospecting
27 efforts.

28 33. Geranio then found and appointed management for the Issuers, which

1 typically consisted of Field as a director and/or officer and a CEO who performed
2 administrative recordkeeping duties related to Regulation S sales and prospecting
3 for acquisitions. In some cases, Geranio appointed friends or business associates
4 as officers of the Issuers. For example, the former CEO of Blu Vu was someone
5 Geranio met “kite surfing” in Malibu.

6 34. During the relevant time period, Geranio also hired the CEOs of
7 Spectrum, Green Energy, Blu Vu, USOG, and Mundus; the presidents of Power
8 Nanotech and Wyncrest; and an interim president of Microresearch.

9 35. During the relevant time period, the Issuers had few or no employees,
10 little or no office space, and no sales or customers. With the exception of a few
11 standalone, small businesses they purchased: Wyncrest had two or three
12 employees, no office space, and no sales or customers; Mundus had three
13 employees, rented 1,500 square feet of office space, and had no sales or customers;
14 Green Energy had no employees, office space, customers, or products; Blu Vu had
15 no employees, office space, products, or services; Microresearch and Spectrum had
16 no employees or office space; and USOG had two employees, one of whom was
17 the CEO of another Geranio-related company, Power Nanotech.

18 **C. Geranio Instructed Management About How to Run the Issuers**

19 36. During the relevant time period, Geranio instructed the Issuers’ CEOs
20 on almost every aspect of the businesses, particularly setting up and overseeing the
21 Regulation S sales.

22 37. When Geranio appointed a CEO for Spectrum, he told the CEO “you
23 are an accountant ... do as I tell you ... you are a bookkeeper.” Geranio further
24 told the CEO that his lack of experience didn’t matter because he was just
25 “keeping track of stuff,” including Regulation S funds, and updating Geranio. The
26 former CEO related how Geranio explained it to him:

27 “I mean [Geranio’s] like, I’m doing this for – this recipe or this
28 way of doing, of starting companies, and doing it, and I can

1 raise the funds. We'll find you companies to buy and I just
2 need someone to keep everything straight. He's like, I'm doing
3 everything. I just need you to keep it straight. And he's like,
4 I've done this in the past and we're doing it, and that's what
5 we're doing."

6 38. Geranio explained to the CEO of USOG that his responsibilities
7 would consist of "running the company administratively." USOG's CEO
8 explained,

9 "Initially it was setting up the books for the company and being
10 introduced to . . . the attorney who handled the document
11 preparation and the escrow for the fund raising through
12 Regulation S. So initially it was focused on, mostly on
13 bookkeeping and the Regulation S. And then . . . the
14 acquisition side grew. It would be evaluating potential
15 acquisitions."

16 39. Emblematic of Geranio's control of the Issuers was his involvement
17 with Mundus. The Mundus CEO exchanged emails with Geranio concerning
18 Mundus' efforts to: file Form S-1s and Form 10s with the SEC, hire the
19 company's auditor, provide technical assistance with the company's website,
20 change Mundus' rating on the pink sheets, engage promoters, sell stock in a Rule
21 504 offering, and list Mundus on the Frankfurt Stock Exchange. As the Mundus
22 CEO described it, Geranio reminded him "what... things to do." Geranio also was
23 involved with doing a reverse split for the company and preparing patents.

24 40. The CEO and the General Counsel of one company (not one of the
25 Issuers in this case) that Geranio had acquired through the Good One and
26 organized according to the common methodology outlined above, decided that that
27 company either had to disclose Geranio's relationship with the company or sever
28 that relationship. As a result, Geranio stopped working with that company.

1 **D. Geranio Concealed his Role from Investors and the Public by**
2 **Acting as a Consultant through The Good One and Kaleidoscope**

3 41. During the relevant time period, at Geranio's direction, virtually all of
4 the Issuers had consulting agreements with The Good One and/or Kaleidoscope.
5 These agreements required the Issuers to pay The Good One or Kaleidoscope
6 \$20,000 each per month.

7 42. Geranio sent the CEO of USOG a draft consulting agreement between
8 Kaleidoscope and USOG, and negotiated the \$20,000 that USOG paid
9 Kaleidoscope each month pursuant to the agreement.

10 43. Mundus' CEO believed that Mundus' \$20,000 per month consulting
11 fee paid Geranio.

12 44. These agreements required the Good One and Kaleidoscope to
13 perform the exact same services, and in fact, the agreements were virtually
14 identical except for the difference in the names of the companies.

15 45. Both The Good One and Kaleidoscope were, from inception,
16 substantial shareholders in virtually all of the Issuers, with their combined share
17 ownership exceeding 80% in certain cases.

18 46. Geranio controlled The Good One and Kaleidoscope.

19 47. During the relevant time period, Geranio's girlfriend was the president
20 of Kaleidoscope and his former wife was president of The Good One.

21 48. Geranio directed the Issuers and the escrow agents to pay the \$20,000
22 per month "consulting fees" to bank accounts in the name of The Good One and
23 Kaleidoscope.

24 49. Geranio controlled these bank accounts, and, at his instruction, the
25 Issuers and/or escrow agents sent approximately \$2.135 million into those
26 accounts. Geranio used the funds sent into these accounts to pay his personal
27 expenses, including payments for his credit cards, home mortgage, automobile, and
28 even his personal helicopter.

1 50. From time to time and without giving any reason, Geranio directed the
2 Issuers' CEOs to send money to him through The Good One and Kaleidoscope.

3 51. Geranio used The Good One and Kaleidoscope to conceal his role as
4 an undisclosed promoter and control person of the Issuers. On September 18,
5 2009, Geranio explained to Field,

6 "I don't want any of these companies in my name. So we need
7 to get them out of my name or I close them. So we need to
8 transfer them to something or get fresh ones. I never want to
9 raise money with me on them that's all."

10 52. In another instance, at Geranio's request, Field gave instructions to
11 remove a news article featured on a website that related to the flying car marketed
12 by Mundus, because that news article mentioned Geranio's name and Geranio "...
13 had received judgment in 2000" providing "that he was not going to be involved in
14 the sale of securities."

15 **E. The Issuers' Business Plans and Websites Contained Materially**
16 **False and Misleading Information**

17 **1. Field Created the Issuers' Marketing Materials**

18 53. During the relevant time period, Field served as an officer, director,
19 and/or investor relations representative for each of the Issuers. More specifically,
20 Field at times was the Chairman and a director of Green Energy, Power Nanotech,
21 USOG, Mundus, Wyncrest, and Spectrum. On some occasions, Field was the only
22 director at a particular Issuer.

23 54. Field also served as an ad-hoc investor-relations representative for all
24 the Issuers; he stated, "I was also asked by the presidents [of the Issuers] to help
25 out in investor relations, because there were obviously problems. And I learned
26 about those."

27 55. Field admitted that, "When the presidents asked me for help, when
28 there was a problem when investors were calling and they needed help, I was

1 inside, so it was good save [sic] money. And I knew about the companies, since I
2 helped write the business plans, and I could be of service.”

3 56. In these roles, Field drafted business plans, press releases, and the
4 content for the Issuers’ websites. Field also wrote the press releases for Blu Vu,
5 Green Energy, USOG, Wyncrest and Mundus, and created brochures for all the
6 Issuers. As Field himself admitted, “I write most everything” for the Issuers.

7 **2. The Issuers’ Marketing Materials Contained Materially**
8 **False and Misleading Statements**

9 57. The Issuers’ business plans and websites, written by Field, contained
10 materially false and misleading statements. These statements generally fell into
11 several categories: use of present tense for hypothetical planned activities; use of
12 the word “divisions” for ideas that had no personnel or operations; plagiarized
13 content; use of the word “customers” for entities that had little or no relationship to
14 the companies; discussion of “plans” when no such plans were in place; and
15 misleading or false statements about the experience and number of management.

16 58. These statements created the false and misleading impression that the
17 Issuers were established operating businesses when in fact they were mere start-
18 ups built around business plans that incorporated Field’s Internet research and, in
19 some cases, inventions that Geranio came up with and patented.

20 59. The chart below describes specific false statements in the business
21 plans:

	Issuer	Statement
22 (a)	Spectrum	“WAMCO has a team of expert metallurgists, 23 process automation, and design engineers.”
24 (b)	Spectrum	“In addition to proven technology, we provide 25 integrated process design, equipment supply, 26 related engineering, project management and start- 27 up training, as well as a customer focus after sale 28 service.”

	Issuer	Statement
1 2 3	(c) Green Energy	"... [we] are pursuing strategic collaborations with members of academia, industry and foundations to further accelerate the pace of [our] research efforts."
4 5 6	(d) Green Energy	"Green Energy provides engineering assistance, assists customers in applying biometh fuel energy systems to their specific needs and provides complete equipment packages."
7 8	(e) Microresearch	"Our current management team is comprised of several members with strong financial backgrounds, coupled with past experience in sales and marketing."
9 10	(f) USOG	"USOG's current management team [is] . . . supported by experienced, skilled, and dedicated personnel at all of USOG's business units."
11 12 13 14	(g) Blu Vu	"Blu Vu is an oil and gas technologies consortium with 'Small footprint' technologies including patented Rebreather systems, geological imaging, composite drilling components and new micro drilling technologies that will minimize the traditionally poisonous and toxic environmental effects posed by the oil and gas industry."
15	(h) Blu Vu	"Blu Vu is currently listed on the pink sheet exchange."
16 17 18	(i) Wyncrest	"Through Wyncrest's Offshore Service Division, the company provides offshore insurance companies, offshore bank and trust companies and command[s] the most up-to-date tools in the field of tax planning and tax optimization."
19 20	(j) Wyncrest	"Wyncrest Offshore Aviation Division . . . insure[s] helicopters, small aircraft, large aircraft, aircraft maintenance facilities, fixed-based operators, regional airlines and flight schools."
21 22	(k) Wyncrest	"Wyncrest Group's offshore Catastrophic Insurance Division provides their clients with insurance services which can include various types of Catastrophic insurance coverage..."
23 24 25 26	(l) Wyncrest	"Wyncrest Offshore Extended Warranty Division acts as a third party administrator, facilitating claims for all of our Offshore Division programs.... Our Offshore Division Marketing Agent network is our most important asset and is always available to assist you..."

27 60. The Issuers knew or were reckless in not knowing that these
28 statements about their own basic operations and business were materially false or

1 misleading.

2 61. Field drafted at least the statements listed in Paragraph 59(a) to (g)
3 and (i) to (l), and he knew, or was reckless, or negligent, in not knowing that all of
4 the statements in Paragraph 59 were materially false or misleading.

5 62. The Issuers and Field provided information on the websites and in the
6 business plans to the boiler room advisors, who then provided the information to
7 investors. Indeed, Field specifically explained that he asked the boiler room
8 advisors to have the investors rely on information contained in the companies'
9 business plans, websites, and on the pink sheets. He added,

10 "... that's what we asked them – everything about the company
11 is posted, All the officers, how many shares, what we're doing,
12 the 132(C)11 [sic], the company profile. Everything that there
13 is that we have to say to anybody. . . . "

14 63. The Issuers' false statements were distributed widely and provided to
15 investors. The Issuers, Geranio and Field sent, or instructed others to send, the
16 Issuers' solicitation materials (including business plans, press releases, and
17 brochures) to the boiler room advisors. The then-CEO of Spectrum understood
18 that, "Nick [Geranio] was taking care of [providing the boiler room sales advisors
19 with a business plan] and giving them whatever information they needed to
20 educate themselves as well as the shareholders or the prospective shareholders."

21 64. The false statement from the Green Energy business plan about
22 "strategic collaborations with members of academia" also appeared in Green
23 Energy's SB-2 offering and in its Annual Reports for 2007 and 2008. This
24 business plan was also sent directly to at least one prospective investor in Australia
25 who was solicited by a boiler room. Field included the same false statement in
26 Power Nanotech's and Spectrum's offering documents and reports.

27 65. Likewise, the Issuers and Field sent the Blu Vu business plan that
28 included the false statement that Blu Vu was listed on the Pink Sheets and the

1 USOG business plan that exaggerated its "business units" to potential or actual
2 U.K. investors.

3 66. The Issuers and Field also sent the Wyncrest and Blu Vu business
4 plans that included the false statements listed above to boiler room sales advisors.
5 On occasion the boiler room representatives asked for updated business plans for
6 each of the Issuers, and the Issuers and Field provided them.

7 **F. Geranio Instructed Stock Promoters and Individuals to**
8 **Manipulate the Issuers' Share Prices in the United States**

9 **1. Geranio Directed U.S. Investors to Particular Brokers**

10 67. Geranio directed several U.S. individuals ("Traders") to open
11 accounts at particular brokerage firms, with brokers he knew. Then the Issuers
12 issued shares to certain of the Traders. Four traders, subsequently involved in
13 matched orders and manipulated trades, opened one or more brokerage accounts at
14 Geranio's suggestion.

15 68. Geranio helped one trader ("Trader A") open two brokerage accounts
16 with "friendly brokers" who "knew the story" of one of the Issuers. Geranio also
17 asked him to set up a corporation for the purpose of purchasing stock, and Geranio
18 paid a lawyer for the costs of organizing that corporation for Trader A.

19 69. Geranio arranged for Trader A to receive millions of shares of
20 Wyncrest and Mundus stock at a discount of 25% from the bid price.

21 70. Trader A received some of the shares based on his assurances that he
22 would pay for them later. When the stock market declined and he was unable to
23 sell these shares, no one asked Trader A to return the shares.

24 71. Geranio or an individual acting at Geranio's direction asked another
25 trader ("Trader B") to open up an account with a brokerage firm and then caused
26 five million shares of Wyncrest stock to be deposited into this account. Trader B
27 explained, "I believe, to the best of my recollection, that somebody from [the
28 brokerage firm] or someone [else] ... indicated that I had to have a million shares

1 “of stock in that account for the purpose of fulfilling the intent of this advertising
2 campaign, which was to sell shares and raise capital for the company ...”.

3 72. Geranio introduced another trader (“Trader C”) to three brokers when
4 Trader C asked him for a place to send his stock. Trader C also received shares of
5 a number of the Issuers by purchasing restricted shares owned by Kaleidoscope or
6 The Good One. Trader C was a personal friend of Geranio and spoke to him
7 approximately once a week.

8 73. Geranio helped set up the brokerage account of another trader
9 (“Trader D”). Pursuant to a consulting agreement with Green Energy, Trader D
10 answered telephone calls responding to prospecting letters that went out under her
11 name. Trader D understood that Geranio was associated with Green Energy, and
12 she spoke with him about ten times on the telephone during the relevant period.

13 2. Geranio Orchestrated Matched Orders and Manipulative 14 Trades to Raise the Issuers’ Share Price

15 74. Geranio instructed Traders A, B, C and D and others to engage in a
16 total of at least five matched orders. In addition, Geranio made at least four
17 additional manipulative trades through The Good One.

18 75. “Matched orders” are orders for the purchase or sale of a security that
19 are entered with the knowledge that orders of substantially the same size at
20 essentially the same price have been or will be entered by the same or different
21 persons for the sale or purchase of the same security.

22 76. “Manipulative trades” are a series of transactions creating actual or
23 apparent active trading in a security, or raising or depressing the price of a security,
24 for the purpose of inducing the purchase or sale of the security by others.

25 77. These manipulative and matched trades deceptively conveyed to the
26 market the impression that legitimate transactions had established *bona fide* prices
27 to facilitate the Regulation S sales to investors and raised the price at which the
28 overseas boiler rooms were able to sell those shares.

1 78. As a practical matter, the Issuers' publicly traded share price affected
2 the prices that the boiler rooms could charge overseas investors for the Regulation
3 S shares. Frequently, the boiler rooms offered to sell the Regulation S shares at a
4 price that was discounted from the publicly quoted price for unrestricted shares.

5 79. For example, the CEO of Green Energy admitted that the Issuers'
6 publicly-traded share price correlated directly to the Regulation S share price, by
7 noting:

8 "[t]he understanding that I had was [the Regulation S] price
9 was a discounted price off the quoted exchange ... that, for the
10 Regulation [S] investors, once there's a quoted price out there,
11 they discount it from the exchange price It was a lot simpler
12 when we weren't [publicly] trading because [the price] was
13 static – it went dynamic and got complicated."

14 3. **The Manipulation of Spectrum**

15 a. **The Wyncrest CEO's February 14, 2008 purchase**

16 80. In early January 2008, Geranio identified Spectrum Acquisition
17 Holdings Corporation, Inc. (then-ticker symbol "SAQH") as a potential public-
18 shell target for Western American Mining ("WAM"). Ultimately, in March 2008,
19 SAQH and WAM were reverse-merged to create Spectrum, with the ticker symbol
20 "SPAH."

21 81. Even before the reverse-merger was complete, Geranio instructed the
22 CEO of Wyncrest to manipulate the then publicly-traded stock price for SAQH.
23 On February 14, 2008, the CEO of Wyncrest sent an email with the subject
24 heading "share price assistance," to the then-CEO of Spectrum stating, among
25 other things, that:

26 "... Nick [Geranio] told me to put 10,000 into the account for
27 working on the share price of SAQH. We have already propped
28 up the share price from 2 cents to 5 cents. To replace my own

1 funds we have all agreed to mark up the price that we are
2 spending to cover the taxes that we will have to pay. If
3 Wyncrest needs assistance we will do the same.”

4 82. On that same day (February 14), the CEO of Wyncrest purchased
5 10,000 SAQH shares at \$0.04 per share, spending about \$400. Consistent with the
6 email, the previous purchase of SAQH occurred at \$0.02 per share, and the stock
7 closed on February 14, 2008 at \$0.05 per share.

8 **b. Spectrum Manipulation from March 17, 2008 to**
9 **July 14, 2008**

10 83. On or around March 17, 2008, WAM completed its reverse merger
11 with Spectrum and began trading under the new symbol SPAH. Geranio (through
12 The Good One) and the CEOs of USOG and Mundus bought SPAH stock that day
13 creating the appearance of active trading on its first trading day.

14 84. On March 17, 2008, The Good One purchased 1,000 Spectrum shares
15 at \$0.65 per share. That same day, the CEO of Mundus purchased 1,090 Spectrum
16 shares at \$0.75 per share. The following day (March 18), the CEO of USOG
17 purchased 100 Spectrum shares at \$1.25 per share. At the time of these purchases,
18 both The Good One and the CEO of USOG owned substantial founders Spectrum
19 shares that they had acquired for less than a penny a share.

20 85. After these purchases, Spectrum’s stock traded thinly, with small
21 amounts of stock changing hands at around \$1.40 per share.

22 86. The increase in Spectrum’s publicly-traded stock price impacted the
23 price-per-share at which the boiler rooms sold the company’s Regulation S shares.
24 Prior to WAM becoming a publicly-traded company, the overseas boiler rooms
25 had sold WAM Regulation S shares for \$0.50 per share, but by July 2008, they
26 sold the Spectrum shares for approximately \$1.12 per share, an increase of over
27 100%.

28 //

1 per share. Trader B communicated with Geranio before he made his purchase.
2 Later in the evening on November 19, 2008, the former CEO of Spectrum replied
3 to the boiler room team leader's email, stating, "I show that the price closed at
4 \$3.50."

5 94. These orders matched, thereby setting Spectrum's share price at \$3.50
6 per share.

7 95. The next day, demonstrating the artificial nature of Spectrum's stock
8 price, Spectrum shares dropped by \$2.00 to \$1.50 per share. The very next
9 morning (November 21, 2008), the former CEO of Microresearch bumped up
10 Spectrum's stock price by purchasing 500 Spectrum shares at \$2.50 per share.

11 4. The Manipulation of United States Oil and Gas

12 a. Manipulation Between April and September 2008

13 96. In the summer of 2007, various overseas boiler rooms started selling
14 Regulation S shares of USOG at \$1.50 per share. At this time, USOG did not trade
15 publicly.

16 97. On March 6, 2008, USOG announced that it had entered into a reverse
17 merger and would soon be publicly-traded. Geranio instructed others to
18 manipulate USOG in the same manner as he did with respect to Spectrum.

19 98. On or about April 17, 2008, USOG began trading publicly on the Pink
20 Sheets. The next day, April 17, Field purchased 166 shares of USOG at an
21 astronomical \$18.50 per share. Field's trade set the closing price for USOG at
22 \$18.50 on its first day trading. At the time of this purchase, Field owned 2 million
23 USOG founders shares, which he acquired for approximately \$200, or \$.0001 per
24 share.

25 99. Between April 29, 2008 and June 2, 2008, USOG traded thinly, with
26 little to no shares changing hands. On June 2, 2008, again demonstrating the
27 artificial nature of the prior \$18.50 closing price, USOG stock sold (in one
28 transaction) for only \$0.10 per share.

1 100. On July 11, 2008, The Good One acted to increase USOG's stock
2 price, by purchasing 150 USOG shares at \$3.50 per share.

3 101. On July 14, 2008, Trader C entered an order to sell 1,000 USOG
4 shares at \$3.50 per share.

5 102. On July 21, 2008, 200 shares of Trader C's sell order filled when
6 Field entered a purchase order to buy 200 USOG shares at \$3.50 per share, the
7 exact price at which Trader C wished to sell his shares.

8 103. On July 28, 2008, an additional 500 shares of Trader C's sell order
9 filled when Field entered a purchase order to buy 500 USOG shares, again at \$3.50
10 per share.

11 104. On July 28, 2008 and August 12, 2008, the CEO of Microresearch
12 acted to increase USOG's stock price, by purchasing 500 USOG shares at \$3.40
13 per share on each date.

14 105. On September 16, 2008, The Good One entered an order to sell 100
15 USOG shares at \$3.70 per share. This order filled when Trader B, at
16 approximately the same time, entered an order to purchase 100 USOG shares at
17 \$3.70 per share.

18 106. During this time frame, the overseas boiler rooms increased the share
19 price at which they sold USOG's Regulation S shares from \$1.50 per share to over
20 \$2.00 per share.

21 5. The Manipulation of Mundus

22 107. Geranio also instructed Trader B to place manipulative trades in
23 Mundus. On November 14, 2008, Trader B sent an email to Geranio stating,
24 "Nick, None of my MNDP orders went through today. I put one in at .30 and .35,
25 too. I'll start Monday at .25 and go upwards."

26 108. Three days later, on November 17, 2008, Trader B sent another email
27 to Geranio stating, "What should I do about Mundus today?" Later that day,
28 Trader B sent another email to Geranio stating, "I have orders in for MNDP ...

1 5000 at \$.25 ... 5000 at \$.30 ... 5000 at \$.35 ... about to put in for 5000 at \$.40.

2 But...orders are not clearing. What's up?"

3 109. The next day, November 18, 2008, Trader B purchased 999 shares of
4 Mundus for \$0.40 per share.

5 110. The next day, November 19, 2008, Trader B purchased another 2,500
6 shares of Mundus for \$1.00 per share, which was \$0.60, or 150%, higher than the
7 share price he had paid just a day earlier.

8 111. On November 19, 2008, the CEO of Blu Vu acted to increase
9 Mundus' stock price, by purchasing 500 shares of Mundus for \$1.20 per share.

10 **6. The Manipulation of Green Energy**

11 112. As he had with the other above-described securities, Geranio arranged
12 for Green Energy, when it began trading publicly, to start trading at an artificially
13 high stock price.

14 113. On November 19, 2008, the first day Green Energy began trading
15 publicly, Trader A entered an order to purchase 100 shares of Green Energy for
16 \$2.90 per share.

17 114. Trader A bought the stock after Geranio called him and said, "Can
18 you do me a favor? Just buy 100 shares because nobody is trading in it."

19 115. At approximately the same time, Trader D entered an order to sell 100
20 shares of Green Energy for \$2.90 per share. Trader D's sell order matched with
21 Trader A's buy order, thereby setting Green Energy's stock price at \$2.90.

22 116. Trader D's sale was financed by Green Energy. In October 2008,
23 Trader D was drawing an \$800 per month salary for answering telephone calls for
24 Green Energy. In October 2008, Trader D entered into an additional consulting
25 agreement with Green Energy pursuant to which she received a wire of \$6,500.
26 After receiving the \$6,500, Trader D then spent \$6,000 in a private transaction
27 purchasing the Green Energy shares that she then sold to Trader A for \$2.90 per
28 share. Geranio helped to arrange the private transaction through which Trader D

1 obtained the shares that she sold to Trader A.

2 117. During this same time frame, the overseas boiler rooms selling Green
3 Energy's Regulation S shares increased the price-per-share from \$1.50 to \$2.00 per
4 share.

5 7. **The Manipulation of Microresearch**

6 118. In the fall of 2008, Microresearch traded on only three days – October
7 7, October 17, and December 3 – with one transaction involving 100 shares
8 accounting for all of the volume on each of these trading days. Each transaction
9 moved the stock price up from \$1.80 per share, to \$1.90 per share, and then to
10 \$2.05 per share. Trader C made the October 7 purchase; the then-interim president
11 of Microresearch made the October 17 purchase; and Trader C made the December
12 3 purchase. These trades affected the Regulation S sales. From October through
13 December, the prices the boiler rooms charged offshore investors to purchase
14 Microresearch gradually increased from \$0.50 to \$1.20 per share.

15 **G. Geranio and Field Created and Controlled the Regulation S Sales** 16 **Structure**

17 119. During the relevant time period, through The Good One and
18 Kaleidoscope, Geranio and Field created and controlled the Issuers' common
19 Regulation S sales structure, including: 1) creating (and serving as liaison with)
20 holding company Worth Systems International, a Panamanian entity ("Worth"); 2)
21 recruiting the boiler rooms and negotiating the terms of their agreements; 3)
22 recruiting the escrow agents and negotiating the terms of their agreements; and 4)
23 controlling the implementation (i.e., the day to day mechanics) of the Regulation S
24 sales process.

25 1. **Geranio and Field Created Worth**

26 120. Each of the Issuers distributed large blocks of their Regulation S
27 shares through Worth.

28 121. Worth then transferred the shares to the boiler rooms, which sold the

1 shares to overseas investors at a price significantly above the price-per-share listed
2 in the agreements with the Issuers. The investors then sent their funds to several
3 U.S. escrow agents, who after retaining a 2.5% fee, paid most of the investor funds
4 to the boiler rooms as their markup and then sent the remainder mainly to the
5 Issuers. On some occasions, the escrow agents sent money directly to The Good
6 One, Kaleidoscope and Field.

7 122. Field and the then-CEO of Green Energy created Worth because two
8 attorneys told them that they needed to set up an offshore corporation in order to sell
9 shares of Regulation S stock to foreigners.

10 123. Field discussed the need to create Worth with Geranio, and Geranio
11 contacted the Panamanian company that set up Worth.

12 124. As an example of Worth's role, on July 31, 2008, Wyncrest entered
13 into a consulting agreement with Worth in which Wyncrest agreed to transfer to
14 Worth 30,000,000 restricted Rule 144 shares and to allow Worth to keep a
15 commission of not more than one percent "from re-selling these securities to
16 qualified non-US individuals." The next day, Wyncrest asked its transfer agent to
17 issue the 30,000,000 shares to Worth and send the stock certificate to Field at his
18 home in California.

19 **2. Geranio Recruited the Boiler Rooms and Negotiated the**
20 **Terms of Their Agreements with the Issuers, Including Large**
21 **Markups**

22 125. Geranio recruited the boiler rooms to raise money for the companies.
23 Prior to the creation of Green Energy, Geranio traveled to Spain to talk to overseas
24 advisors to find investors or ways to raise capital without having to go through
25 investment bankers.

26 126. Geranio recruited, and negotiated the terms of the agreements with, at
27 least two boiler room teams and with the persons who served as liaisons with three
28 other boiler room teams.

1 127. The former CEOs of Green Energy and Spectrum asked Geranio
2 about one boiler room's exorbitant 80% sales commissions and Geranio responded
3 by claiming that the boiler room would not work for less and adding, "As we get
4 bigger and more established, we'll get better deals Trust me, this is what – this
5 is good as you're going to get – or we're going to get."

6 128. Geranio explained to the CEO of USOG that the commission rate for
7 these sales agents was so high (over 70%) because, "that was the best rate you
8 could get on a start-up company."

9 129. On at least one occasion, the liaison with three of the boiler room
10 teams visited Geranio at his home in Hawaii.

11 130. Geranio gave the Issuers' CEOs contact information for the boiler
12 room sales advisors.

13 **3. Geranio Recruited the Escrow Agents and Negotiated the**
14 **Terms of Their Agreements**

15 131. The boiler rooms instructed Regulation S investors to wire their funds
16 to one of several U.S.-based escrow agents. From October 2006 to August 2009,
17 one escrow agent in the New York area received incoming wires that totaled over
18 \$23 million mostly from overseas investors.

19 132. Geranio retained that escrow agent and negotiated the 2.5%
20 commission that he received.

21 133. Geranio also hired an attorney in Woodland Hills, California to
22 provide escrow and other services. Another Los Angeles-based attorney also
23 served as escrow agent for the Issuers during the relevant period.

24 **4. Geranio and Field Controlled the Mechanics of the**
25 **Regulation S Process**

26 134. During the relevant time period, Geranio and Field oversaw the
27 transfer of the Issuers' shares to Worth. Geranio directed the Issuers' CEOs to
28 keep track of the transactions.

1 135. After a Regulation S sale, the boiler room agent who made the sale
2 sent the CEO of the Issuer whose stock had been sold a trade sheet listing the name
3 of the investor, the number of shares sold, and the total funds from the sale. At the
4 same time, the investor sent his payment to one of the escrow agents. One key job
5 of the Issuers' CEOs was to reconcile funds listed in the trade sheets with
6 corresponding funds in the escrow accounts to ensure that they were consistent.

7 136. Geranio closely coordinated with the Issuers' CEOs and escrow
8 agents about this process. Geranio told Spectrum's CEOs that his job "... was to
9 deal with funds coming in, and so [Geranio] was responsible for any relations with
10 any brokers. And so [the CEO] viewed [Geranio] as ultimately the person in
11 charge of any money coming in...." Every Friday, Spectrum's CEO updated
12 Geranio about funds received from the sale of Regulation S Spectrum stock for that
13 week, using a spreadsheet that contained the share price and the shareholder's
14 name.

15 137. Geranio also told Spectrum's CEO to reconcile funds in the trade
16 sheets with corresponding funds in the escrow accounts.

17 138. The Regulation S funds for a particular sale were released from the
18 escrow account after an investor had returned a completed subscription agreement.
19 The escrow agents then sent between 60% and 77.5% of the funds from the sale to
20 the boiler rooms as their sales markup; collected 2.5% of the funds as their escrow
21 fee, and sent the remainder of the funds to the Issuers whose securities had been
22 sold. The Issuers then transferred much of this amount to Geranio's companies,
23 The Good One and Kaleidoscope, as their consulting fees. The escrow agents also
24 at times directly paid The Good One and Kaleidoscope, and both the escrow agents
25 and Issuers from time to time made payments to Field.

26 **H. The Boiler Rooms Made Material False Statements and**
27 **Omissions to the Purchasers**

28 139. During the relevant time period, the boiler rooms deceived investors

1 by distributing business plans, prepared by Field, which contained materially false
2 and misleading statements about the Issuers. The boiler rooms also deceived
3 investors in four additional ways.

4 140. First, the boiler rooms made explicit additional false statements to
5 investors about the Issuers, such as claims that:

- 6 • Mundus, Microresearch and WAM traded on the NASDAQ stock
7 exchange when, in reality, none of those companies has ever traded
8 on a listed exchange;
- 9 • Blu Vu had discovered oil seventy miles off the coast of Miami;
- 10 • the U.S. government provided research grants and the US Navy
11 provided facilities for Mundus;
- 12 • Green Energy was doing test runs with McDonalds restaurants to
13 convert its refuse into petroleum;
- 14 • WAM had projects in South Africa and Mongolia and had received
15 two large investments by Barclays and an additional \$26 million
16 infusion;
- 17 • Boeing had developed a 747 aircraft to run on fuel developed by
18 Power Nanotech; and
- 19 • the U.S., German, and Swiss governments were interested in
20 Power Nanotech's technology.

21 141. Second, in telephone conversations with the investors, the boiler
22 rooms omitted to disclose the massive mark-ups that the boiler rooms would reap
23 from the stock sales. Several investors declared that while they understood that the
24 sales agents would collect a one percent commission or "administrative fee" on the
25 Regulation S sales, they did not realize that the sales agents would also profit from
26 60 – 77.5% markups they would collect.

27 142. Third, in telephone conversations with investors, the boiler rooms
28 failed to inform the investors up front that their shares were restricted shares, and

1 therefore subject to a one-year holding period pursuant to Regulation S. For
2 example, one investor expected to receive Initial Public Offering shares and was
3 surprised to see any restriction.

4 143. In other cases, boiler room representatives told investors that they
5 would not be affected by the Regulation S restriction. For example, a boiler room
6 representative told one investor that if he bought a sufficient number of shares, he
7 would qualify as an "institutional client" and would be able to sell his shares at any
8 time. Another investor was offered discounted shares at \$0.40 and told that after a
9 "one-year lock-in" she could take profits at \$3 per share in eighteen months or wait
10 longer until the stock reached \$5.00.

11 144. Fourth, these representatives used aggressive techniques consistent
12 with boiler room activity, such as: (i) threatening legal action if an investor did not
13 agree to purchase shares that the representatives believed the investor had already
14 agreed to purchase; (ii) promising immediate and substantial investment returns;
15 (iii) aggressively telling investors that they needed to purchase the shares
16 immediately or the opportunity would be lost; and (iv) using "advance fee"
17 solicitations, that is, telling investors that if they purchased shares of one of the
18 Geranio-related issuers, then (and only then), would the boiler room agree to sell
19 their other shares. For example, a boiler room offered to sell one investor's
20 nonperforming shares of a fund he had purchased in the past only if he first
21 purchased \$50,000 worth of stock in Power Nanotech.

22 145. Geranio also approved an unusual request from one of the boiler
23 rooms to have an Issuer CEO confirm, falsely, that two boiler room sales agents
24 worked as consultants for that Issuer. On October 28, 2008, a boiler room sales
25 agent told the then-CEO of Spectrum in an email that he had spoken to Geranio
26 and a "few guys going into brokers (licensed) to see if we can get some interested
27 in your company." The sales agent then gave the names of the two men and asked
28 the former CEO to "please keep track of these names" so he could confirm the

1 names if he received any inquiries. About a month later, the sales agent sent the
2 former CEO another email which read, "We-are-saying-[name omitted]-is-a-
3 consultant-for-your-company, I-checked-with-nic-on-that-as-well." Neither of
4 these individuals actually worked for Spectrum.

5 **I. Geranio and Field Knew Through Investor Complaints that the**
6 **Boiler Rooms Made Fraudulent Statements to Regulation S Investors**

7 146. During the relevant time period, Geranio and Field received many
8 complaints from Regulation S investors and others, over a long period of time, that
9 several boiler rooms, hired by Geranio, had made material misrepresentations to
10 investors.

11 **1. Geranio Received Complaints About the Boiler Room**
12 **Advisors**

13 147. In general terms, the Issuers frequently passed investor complaints on
14 to Geranio. The former CEO of Spectrum, for example, received numerous
15 investor complaints which he passed on to Geranio. He explained,

16 "... and so I would forward that [the complaints] to Nick
17 [Geranio] or to [name omitted] or whichever person, but always
18 to Nick also, and said, What does this relate to? Can you guys
19 take care of it? And Nick would respond right away, yeah
20 we're on it, we're taking care of it, and so I felt this was his
21 area of expertise, and he was on top of it And he's like,
22 don't worry about it, we've got it under control, you just keep
23 track of the numbers. . ."

24 148. The former CEO of Green Energy told Geranio about a June 22, 2007
25 email from an investor complaining that a boiler room had made
26 misrepresentations to him about Green Energy.

27 149. In 2008, the Green Energy CEO also told Geranio about a shareholder
28 who had been falsely told by a boiler room that Green Energy would be acquired

1 by a big oil company "like Gulf Oil or Chevron."

2 150. In October 2008, the former CEO of Spectrum received an email from
3 an investor complaining that he would contact the police if he did not get his
4 money back after purchasing a "worthless stock in your company" from another
5 boiler room. The former Spectrum CEO forwarded the investor's email to Geranio
6 and wrote, "Please read the shareholder's email and advise."

7 151. In January and February 2009, Field forwarded Geranio three investor
8 complaints that boiler room agents falsely told investors that Blu Vu would be
9 listed on an exchange (or "floated") in the near future. One investor offered to
10 forward Field tape-recorded calls of assurances of huge returns that supposedly
11 would be available after Blu Vu floated and its share price went up to \$2.50 at
12 least.

13 152. On February 27, 2009, the CEO of USOG forwarded to Geranio and
14 Field a letter from a lawyer for an elderly and incapacitated British man who was
15 receiving frequent cold-calls to purchase USOG stock. The lawyer described the
16 solicitations as fraudulent and said that his client's name appeared on "sucker lists"
17 used by boiler rooms.

18 153. On May 29, 2009, Field sent an email to Geranio, attaching a blog
19 page regarding a boiler room "hard selling Mundus." Field testified that the blog
20 discussed how that boiler room was "calling people and slamming [sic] and telling
21 them that this was going to be bought by Lockheed [Martin]..."

22 2. Field Received Complaints about Boiler Room Advisors

23 154. On July 23, 2007, after Field told the Mundus CEO about complaints
24 pertaining to a boiler room, Mundus sent a letter to the boiler room's team leader
25 advising him of serious concerns about misrepresentations to investors and
26 informing him he was no longer authorized to act as a distributor of Mundus'
27 stock.

28 155. That boiler room team leader continued to sell Regulation S securities

1 for several of the Issuers (other than Mundus) and complaints about him continued.

2 156. In 2007 and 2008, Field received complaints about two other boiler
3 rooms. After the Mundus CEO received an October 11, 2007 email from the team
4 leader of those boiler rooms stating “you don’t want to know what we tell
5 investors” and referring to investors as “punters” and “buggers,” the Mundus CEO
6 told Field that the team leader’s sales practices concerned him. Specifically, the
7 email stated that,

8 “... You have no idea what we tell investors to get them
9 involved. (You don’t want to know.) Taking their calls about
10 anything to do with stock purchases/prices could potentially
11 lead to problems. Mainly because you might have clay feet and
12 we told them you were Gods. Anyway what the hell is the high
13 and mighty CEO of a potential multinational corporation taking
14 calls from punters?”

15 157. That team leader and his boiler rooms however, continued to sell the
16 Issuers’ Regulation S shares.

17 158. In a February 15, 2009 email to the then-president of Blu Vu, Field
18 acknowledged his concerns about sales agents’ practices when, in response to an
19 investor inquiry asking whether a solicitation to purchase Blu Vu was a “scam,”
20 Field advised the CEO to send the investor a Blu Vu package, saying, “Regardless
21 of what other twists the advisor has put on the sale...we protect ourselves when we
22 send out the package.”

23 159. On August 23, 2009, Field received a complaint from an investor who
24 stated that he had been “conned” into buying shares of Green Energy and Blu Vu
25 by a boiler room, and had even contacted the City of London police regarding the
26 misleading misrepresentations made to him.

27 160. In early 2009, Field repeatedly responded to investor inquiries and
28 complaints with similar stock answers which expressed his surprise that third

1 parties would use boiler room tactics to sell shares of the companies. On February
2 26, 2009, Field prepared responses to three U.K. investors or potential investors
3 who wrote to him about cold-call solicitations of Blu Vu stock. Field told the
4 investors that he was sorry to hear that an unscrupulous outfit was “using our
5 name,” that he had heard stories about boiler rooms and hardcore sales, but would
6 never expect it to be about an Issuer he was involved with. Field promised to
7 investigate.

8 161. Despite these several investor inquiries that he had already received,
9 on May 18, 2009, when Field received another complaint about sales of Blu Vu in
10 the U.K., he again answered with the same stock response, “We hear stories about
11 boiler rooms and hardcore sales that revolve around lying and misrepresenting, but
12 would never expect it to be involved with selling Blu Vu,” and again he promised
13 to investigate.

14 **J. Geranio, through The Good One and Kaleidoscope, and Field**
15 **Drained a Significant Portion of the Regulation S Revenue**

16 162. The Issuers used a substantial percentage of the investor funds they
17 received from Regulation S sales to pay consulting fees to Geranio. According to
18 the former CEO of Spectrum,

19 “So anything that Nick got paid, this was the money that the
20 company – that was the company’s share of the Regulation S
21 stock sale. There was no extra money left over. The money out
22 of the escrow went specifically to the sellers or the brokers and
23 then Spectrum got their portion of it. And then that’s what the
24 money would go to pay Nick [Geranio].”

25 163. During the relevant period, The Good One and Kaleidoscope received
26 a total of approximately \$2.135 million from the Regulation S sales, representing
27 monies forwarded to them from the escrow agents and Issuers.

28 164. During the relevant period, Field received a total of approximately

1 \$279,000 from the Regulation S sales, representing monies forwarded to him by
2 the escrow agents and Issuers.

3 **K. Investor Funds Used to Purchase Property, Owned by Relief**
4 **Defendant BWRE Hawaii LLC**

5 165. In addition to the consulting fees paid to The Good One and
6 Kaleidoscope, Geranio assisted in diverting investor funds to help establish a
7 property for a Hawaiian wedding planning company.

8 166. On February 27, 2008, the former CEO of Spectrum instructed the
9 Issuers' escrow agent to wire \$240,000 to a Hawaiian-based escrow company,
10 "[f]or further credit to" Geranio. These funds were used for a \$250,000 down
11 payment for a \$2.7 million Hawaiian property. According to the purchase
12 agreement, Geranio served as the guarantor on the \$20,000 monthly installment
13 payments, although the purchaser was the shell entity BWRE Hawaii LLC.

14 167. This property was not used, in any way, to further the business
15 interests of Spectrum. Instead, it was leased to a Hawaiian wedding planning
16 company controlled by the then-CEO of Blu Vu.

17 168. In June 2009, the wedding planning company merged into publicly-
18 traded Hawaiian Hospitality Group Incorporated ("HHGI"), of which
19 Kaleidoscope and The Good One have served as significant shareholders. The
20 former President of HHGI testified that Geranio set him up in his position and
21 assisted in creating HHGI.

22 169. The \$240,000 that was wired to the Hawaiian escrow company came
23 from monies that were to be sent to one of the boiler room team leaders as his
24 markup for sales of Regulation S stock of the Issuers.

25 **FIRST CLAIM FOR RELIEF**

26 **Geranio, Field, The Good One and Kaleidoscope**

27 **Violated Securities Act Section 17(a)(1) and (3)**

28 170. The Commission realleges Paragraphs 1 through 169 above.

1 171. Geranio, Field, The Good One and Kaleidoscope each violated
2 Securities Act Section 17(a)(1) and (3) [15 U.S.C. § 77q(a)(1) & (3)].

3 172. Between April 2007 and September 2009, these defendants, directly
4 or indirectly, by use of the means or instruments of interstate commerce, or of the
5 mails, or the facilities of a national securities exchange, in the offer or sale of
6 securities, and with knowledge, recklessness or negligence: (a) employed devices,
7 schemes or artifices to defraud; and/or (b) engaged in acts, practices or courses of
8 business which operated or would operate as a fraud or deceit upon the purchaser
9 of the securities being offered or sold.

10 173. The defendants' fraudulent scheme included, among other things, the
11 following fraudulent devices and acts:

12 a. Geranio, through The Good One and Kaleidoscope, entered into
13 consulting agreements with the Issuers that allowed Geranio to be paid
14 while concealing his control over the Issuers from investors and the
15 public;

16 b. Geranio instructed stock promoters and other individuals to
17 manipulate the Issuers' share prices in the United States by means of
18 matched orders and manipulative trades;

19 c. The Good One purchased shares of Spectrum stock at inflated prices
20 in March through September 2008, purchased shares of USOG at an
21 inflated price in June 2008, and sold shares of USOG as part of a
22 matched order with Trader B in September 2008.

23 d. On November 19, 2008, Geranio arranged for others to execute a
24 matched order at \$2.90 per share for Green Energy stock to create the
25 artificial impression of active trading and value for Green energy stock
26 on the first day it was quoted publicly, and

27 e. Field purchased USOG stock at an inflated price on the first day
28 USOG shares were quoted publicly in April 2008, and entered purchase

1 orders in July 2008 to buy USOG stock at an inflated price as part of a
2 matched order with Trader C.

3 **SECOND CLAIM FOR RELIEF**

4 **Field Violated Securities Act Section 17(a)(2)**

5 174. The Commission realleges Paragraphs 1 through 173 above.

6 175. Field violated Securities Act Section 17(a)(2) [15 U.S.C. § 77q(a)(2)].

7 176. Between April 2007 and September 2009, Field, directly or
8 indirectly, by use of the means or instruments of interstate commerce, or of the
9 mails, or the facilities of a national securities exchange, in the offer or sale of
10 securities, and with knowledge, recklessness or negligence, obtained money or
11 property by means of untrue statements of material fact or by omitting to state
12 material facts necessary to make the statements made, in light of the circumstances
13 under which they were made, not misleading.

14 177. Field disseminated untrue statements of material fact and material
15 omissions concerning, among other things, statements describing numerous
16 Issuers' current services, products, customers, strategic collaborations and/or
17 employees with particular expertise, when such services, products, customers,
18 strategic collaborations and/or employees did not exist but were merely planned or
19 hoped for in the future.

20 **THIRD CLAIM FOR RELIEF**

21 **Geranio, Field, The Good One and Kaleidoscope Violated Exchange Act**

22 **Section 10(b) and Rule 10b-5(a) and (c)**

23 178. The Commission realleges paragraphs 1 through 177 above.

24 179. Geranio, Field, The Good One and Kaleidoscope each violated
25 Exchange Act Section 10(b) and Exchange Act Rule 10b-5(a) and (c) [15 U.S.C. §
26 78j(b); 17 C.F.R. § 240.10b-5(a) and (c)].

27 180. Between April 2007 and September 2009, these defendants, directly
28 or indirectly, by use of the means or instruments of interstate commerce, or of the

1 mails, or the facilities of a national securities exchange, in connection with the
2 purchase or sale of securities, and with knowledge or recklessness: (a) employed
3 devices, schemes or artifices to defraud; and/or (c) engaged in acts, practices,
4 or courses of business which operated or would operate as a fraud and deceit upon
5 any person.

6 181. The defendants' fraudulent scheme included, among other things, the
7 following fraudulent devices and fraudulent acts:

8 a. Geranio, through The Good One and Kaleidoscope, entered into
9 consulting agreements with the Issuers that allowed Geranio to be paid
10 while concealing his control over the Issuers from investors and the
11 public;

12 b. Geranio instructed stock promoters and other individuals to
13 manipulate the Issuers' share prices in the United States by means of
14 matched orders and manipulative trades;

15 c. The Good One purchased shares of Spectrum stock at artificially
16 high prices in March through September 2008, purchased shares of
17 USOG at an inflated price in June 2008, and sold shares of USOG as
18 part of a matched order with Trader B in September 2008;

19 d. Field purchased USOG stock at an inflated price at or around its first
20 trading day in April 2008, and entered purchase orders in July 2008 to
21 buy USOG stock at an inflated price as part of a matched order with
22 Trader C; and

23 e. On November 19, 2008, Geranio arranged for others to execute a
24 matched order at \$2.90 per share for Green Energy stock to create the
25 artificial impression of active trading and value for Green Energy stock
26 on the first day it was quoted publicly.

27 //

28 //

1 188. The Good One and Kaleidoscope violated Exchange Act Section
2 10(b) and Exchange Act Rule 10b-5(a) and (c) [15 U.S.C. §78j(b); 17 C.F.R. §
3 240.10b-5(a) and (c)].

4 189. By his conduct described herein, Geranio is a control person of the
5 The Good One and Kaleidoscope under Exchange Act Section 20(a). Geranio
6 directed the Issuers' CEOs to send money and consulting agreements to The Good
7 One and Kaleidoscope. The Good One and Kaleidoscope paid for Geranio's
8 personal expenses, including his credit card bills and even his personal helicopter.
9 Geranio's girlfriend was the president of Kaleidoscope.

10 190. By reason of the foregoing, Geranio is jointly and severally liable as a
11 control person for violations of The Good One and Kaleidoscope of Exchange Act
12 Section 10(b) and Rule 10b-5(a) and (c) thereunder.

13 **PRAYER FOR RELIEF**

14 WHEREFORE, the Commission respectfully requests that the Court:

15 **I.**

16 Enter judgment in favor of the Commission finding that Geranio, Field, The
17 Good One and Kaleidoscope each violated the federal securities laws as alleged in
18 this Complaint;

19 **II.**

20 Permanently enjoin Geranio, Field, The Good One and Kaleidoscope from
21 violating Section 17(a)(1) and (3) of the Securities Act and Section 10(b) of the
22 Exchange Act and Rule 10b-5(a) and (c) promulgated thereunder;

23 **III.**

24 Permanently enjoin Field from violating Section 17(a)(2) of the Securities
25 Act and from aiding and abetting the Issuers' violations of Section 10(b) of the
26 Exchange Act and Rule 10b-5(b) thereunder;

27 //

28 //

1 IV.

2 Permanently enjoin Geranio, as control person of The Good One and
3 Kaleidoscope, from violating Section 10(b) of the Exchange Act and Rule 10b-5(a)
4 and (c) thereunder;

5 V.

6 Order Geranio, Field, The Good One and Kaleidoscope, jointly and
7 severally, to disgorge all ill-gotten gains resulting from their participation in the
8 conduct described above, and to pay prejudgment interest thereon;

9 VI.

10 Order Geranio, Field, The Good One and Kaleidoscope to pay civil penalties
11 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the
12 Exchange Act [15 U.S.C. §§ 77t(d), 78u(d)(3)];

13 VII.

14 Permanently bar Geranio and Field from serving as an officer or director of
15 an issuer that has a class of securities registered pursuant to Section 12 of the
16 Exchange Act, as amended [15 U.S.C. § 78l] or that is required to file reports
17 pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], pursuant to
18 Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act [15
19 U.S.C. §§ 77t(e) and 78u(d)(2)];

20 VIII.

21 Permanently bar Geranio, Field, The Good One and Kaleidoscope from
22 participating in any offering of penny stock pursuant to Section 20(g) of the
23 Securities Act and Section 21(d)(6) of the Exchange Act [15 U.S.C. §§ 77t(g) and
24 78u(d)(6)];

25 IX.

26 Order relief defendant BWRE Holdings, LLC to disgorge all funds it
27 received from defendants' ill-gotten gains or by which it has been unjustly
28 enriched, including all investor funds transferred to it or used for its benefit,

1 including prejudgment interest thereon.

2 X.

3 Grant such equitable relief as may be appropriate or necessary for the benefit
4 of investors pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)].

5 **DEMAND FOR JURY TRIAL**

6 The Commission hereby demands a trial by jury pursuant to Rule 38(b) of the
7 Federal Rules of Civil Procedure.

8 DATED: May 16, 2012

9 Respectfully submitted,

10 

11
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Appendix II

Resumes of Striper Energy, Inc. Professionals

Malik A. Husain

Oil Recovery Systems, Inc. 2015 to present
President

Hurricane Creek Gas Venture, LLC 2011 to present
General Manager

Delta Petroleum, Inc. 1995 to present
President/Chief Operating Officer

Shazi Petroleum, Inc. 1982 to 1995
Owner/Operator

Petro American Corp. 1981 to 1982
Operating Engineer

- Operated and managed this small public company.
- Took care of 45 oil and gas wells in Kansas

Black Jack Manufacturing Co. 1978 to 1981
Manufacturing Engineer/Part Owner

- Designed, manufactured, marketed oil field related equipment
- Managed a work force of 12 people
-

CP Rail 1976 to 1978
- Stationary Engineer

Malik A. Husain, age 67, has been involved in the oil and gas industry as a well service rig provider, oilfield operator, and well drilling and rework specialist for more than 30 years.

During the 30 years, he has been involved in development and completion and operations of more than 500 wells. He has been the oilfield consultant for several Independent oil and gas entities in Oklahoma, Texas, Kansas, Kentucky, Louisiana, Mississippi and Alberta, Canada.

Husain is familiar with the characteristics of most of the known producing formations in the areas he has worked over the years. Additionally, he has built and maintained well service rigs and the equipment related to the rigs.

His background provides a base of industry wide contacts that supply parts and equipment to the oil & gas industry. This allows Husain to secure parts and supplies on a timely basis rather than being placed on a "wait list" for the strategic parts and equipment necessary to the ongoing requirements of the well service and production businesses.

Malik has years of experience in field operation, designing and executing frac jobs, cement jobs, acid jobs and trouble shooting of oil and gas wells and equipment. He is also knowledgeable with the workings of state and federal agencies and their rules and regulations.

Husain graduated from University of Engineering and Technology, Lahore, Pakistan with B.Sc. in Mechanical Engineering in 1973. He has successfully completed several short courses offered by Marginal Well Commission of Oklahoma over the years.

NAME: Kris K. Agrawal

SUMMARY OF EXPERIENCE AND EDUCATION:

Experienced in design of pipe lines, storm water, waste water, water, subdivisions, landfills, geo technical, roads, bridges, find, produce and sell oil, gas, and coal from start to finish. Have designed, installed to operate remediation systems for hazardous waste, RCRA wastes, salt water disposal, oil field waste, refinery spills, toxics and metals. Managed accounting, procurement, training, automation and contracting for a drilling services company, a roustabout construction company, oil and gas producer, a coal mining company and a gas compressor manufacturer. Have undergone high level education in engineering, hydrology, soils, geology, business, finance, marketing, management and law, earning 400+ college credit hours since 1965. Details are available on each area of experience below.

Geo Technical Engineering and Hydrogeology:

Have performed geotechnical investigations for foundation design and prepared related technical reports. Defined testing plans and interpreted test data for use in engineering analyses. Performed engineering analyses for foundation design by drilling, and boring, laid out drilling sites and test pits, site preparation for building design, slope stability evaluations. Have drilled many borings for design of roads, parking lots, pollution investigation, drilled many monitoring wells, geotechnical wells, domestic and municipal water wells. Performed tests for soil, oil, concrete, hydrometer, Atterberg Limit tests, Plasticity Index, soil size analysis, moisture analysis, compaction tests, infiltration tests, compressive strength, permeability and porosity tests, tests for earth embankments stability for industrial facilities, infrastructure, pavement studies, retaining walls, road construction, hospital facilities, and water and wastewater systems.

Food Engineering:

Studied food and biological engineering at University of Massachusetts and Oklahoma State University. Studied business management and law at University of Oklahoma.

Industrial and Manufacturing Engineering:

Set work and time standards, balanced assembly line and production departments, identified, selected, purchased and installed over million dollars' machinery to eliminated third shift to double production from \$300,000 to \$750,000 per month. Re-tooled manufacturing and packaging facility to eliminate warranty recalls.

Mechanical Engineering:

Designed machinery, heating ventilation and air conditioning, cryogenics, plumbing, piping, and lectured in machine design, dynamics, surveying, and shop practices to Bachelor of Engineering students.

Management and Marketing:

Prepared many cost proposals to submit before private and municipal clients to win bids. Managed accounting, procurement, training, automation and contracting for several types of small businesses including a real estate management company, an environmental, food and soils testing laboratory, engineering design services firm, a well drilling and work over service company, a construction company, oil and gas companies, and a coal mining company.

Civil Engineering:

Lead designer of buildings, sub-divisions, roads, bridges, dams, waste water lagoons, pipe lines, water and sewer lines, lift stations, foundation design, structural inspections, and other civil construction projects. As city Engineer, reviewed many design plans for subdivisions, roads, bridges, water and sewer lines, buildings, water wells, etc. for compliance with codes, ordinances, and standards. Designed solid and municipal waste landfills and transfer stations.

Environmental Engineering:

Experienced and educated to design, install and operate remediation systems for hazardous waste, RCRA wastes, salt water and waste water disposal, and ground water wells, and oil field, toxic and metal waste. Worked on hundreds of projects in Oklahoma, Arkansas, Texas, New Mexico and Utah. Provided technical leadership for writing and evaluation of many cost proposals for winning bids, investigated and consolidated findings and made recommendations, managed acquisitions of services and materials and contracts for private, state and federal projects. Prepared and solicited bids, RFQ's and managed the Procurement of electrical and electronic equipment, laboratory supplies and precision instruments, heavy construction machinery, building materials, professional services, and labor contracts. Organized and managed an environmental laboratory. As a consultant, solved many complex legal problems between citizens, EPA, State, County, Cities and Towns, Attorney General, industrial groups from real estate, agricultural, pig farming, leaky underground petroleum tank operators, hazardous waste Operators, petroleum refinery, mining, and oil and gas producers. Obtained many permits after being rejected due to errors by large consulting firms. Wrote SPCC Plans. Have installed many monitoring wells on Cathodic protection facilities, tested hazardous waste storage tanks at Tinker AFB. Managed work of five chemists to analyze, oil, water, gas, asbestos,

Pipeline Engineering:

Designed and installed pipe lines for water, sewer, gas, fuel and oil, heating and cooling ducts, selected materials, prepared bid documents, awarded bids, hired contractors, researched ownership of right-of-way, negotiated purchase, supervised construction, inspected and tested before commissioning. Designed and laid many miles of pipe lines for oil and gas transmission in Oklahoma, Utah and New Mexico on private and federal lands. Arranged for Archaeological surveys. Taught static, dynamics, machine design, stress analysis, hydraulics, and land survey to college level students. All design work required calculation of loads, and bearing stress on structures, beams, columns, and pipes. Performed corrosion surveys of buried structures, and installed anodes, rectifiers and electrical wiring to protect pipes and tanks. Designed and installed natural gas compressor stations. Reviewed drawings, and observed installation of large pipelines for transportation of natural gas and refined products. Repaired ruptured and leaky pipe lines. Installed and cemented many miles of vertical pipelines in oil and gas wells.

Petroleum and Mining Engineering:

Since 1980 Agrawal has drilled, completed and operated many oil wells for the industry partners. He has extensively performed reserve evaluation for valuation of oil and gas properties for acquisitions. Since 1987, he has assisted in the acquisition and development of several oil and gas fields in Oklahoma, New Mexico, Utah, Kansas and Texas. He is familiar with many aspects of oil, gas and CBM-shale gas production on private, Indian and federal lands. He designed and installed pipelines, gathering lines, Compressor stations, salt water injection wells and hazardous waste injection wells and implemented gas, nitrogen, CO₂ and water flood systems. He has managed operations and refurbishing of oil field machinery, work over rigs, swab rigs, drilling rigs, winch trucks, tank trucks, acid and fracturing equipment, and gas compressors to enhance oil and gas production. He has performed field geology, land title work, leasing work, define location to drill, get regulatory approval, hire contractors, monitor drilling, log interpretation, casing cementing design, well completion, fracture stimulation, production enhancement, supervise work over of wells and anything else to run the fields. He has extensively designed coal mines and mined coal and hard rock in Oklahoma.

Teaching, Research, and writing skills:

Commenced writing technical papers in college since 1965. Authored more than two dozens of research papers and published them in scientific and engineering Journals. Quit publishing in 1974. Authored two dissertations and published two text books and several teaching manuals by 1972. During 1977-1998, Agrawal wrote many project reports and complex permit applications for coal mining, air quality permits, water discharge permits, asbestos and lead removal for governmental approval.

Computer Literacy:

Wrote 100+ computer programs to solve complex metrological and multivariate boundary value problems. Quit after burn out in 1972. Have used MS Word, Excel, and many computer programs for routine use.

Electrical Skills:

Have sized electrical motors for various uses, designed control circuits, wiring diagrams for buildings, load calculations, trouble shoot transformers, relays, circuit breakers, and wired time clocks, motors, control panels and air conditioning controls.

Legal and Accounting Skills:

Worked with many lawyers to manage their case load, research law to resolve disputes in labor, real estate, eminent domain, oil and gas, legal ethics, and write briefs and testify as expert witness. Performed accounting for several companies.

Education:

Agrawal earned an advanced degree in engineering in 1972 from Oklahoma State University and received a Legal Assistant Diploma from University of Oklahoma in 1995. He undertook high level education in petroleum, industrial, mechanical and civil engineering, hydrogeology, geology, business, finance, marketing, management and law, earning 400+ college credit hours since 1965. Agrawal has attended many seminars including hazardous waste, air emission monitoring and permitting.

Licenses and Certifications, Present and Former:

- 1976: Registered Professional Engineer-Oklahoma (License).
- 1989: OSHA/Hazwoper/CPR (Certificate).
- 1990: Water Well Driller's License- Oklahoma (License).
- 1990: Corrosion Specialist- NACE-Houston, Texas (Certificate).
- 1992: Notary Public Commission- Oklahoma (Certificate).
- 1995: Legal Assistant Diploma (Certificate).
- 1996: Lead Based Paint Risk Assessor & Inspector- Oklahoma (Certificate).
- 1999: Petroleum Tank Installer-Texas (License).

References:

1. Dr. Jim Shirazi, Geologist, Retired: Formerly with Oklahoma Water Resources Board, Oklahoma Department of Mines, and Department of Agriculture. [REDACTED] [REDACTED]
2. Malik Husain, Engineer, Tulsa, Oklahoma, [REDACTED]
3. Lewis Barber, Jr. Lawyer, [REDACTED]
4. Dr. Subi Joy Dutta, Engineer, [REDACTED]
5. Dr. Walke Alam, Engineer, [REDACTED], Tetrahedron
6. Mike Eghtebas, Engineer, [REDACTED]
7. Nizam Ahmed, Engineer, [REDACTED]
8. Dr. Shrikant Gir, Professor, Chemical Engineering, [REDACTED] [REDACTED].

Jim Banes

Education

Bachelor of Science in Architectural Studies from Oklahoma State University (College of Engineering).

Professional status

Licensed Architect for 7 years (not currently licensed)

Employment

Employed 15 years with Tulsa Architectural firms. Responsibilities range from entry level draftsman thru Project Architect with roles in the office, or on the job site doing construction inspections or construction management for my firms. I was Computer Manager at one Architectural firm for 4.5 years to support multiple platforms of CAD production. I found having hands on construction experience during my Architectural years was very valuable in my positions for understanding what we were detailing, designing, documenting and managing what ever project we were working on. Projects range from some residential, to some medical, but mainly commercial including very large retail companies.

Self Employed from 1991 to current.

Oil and Gas related work

3 summers (during college) working in New Mexico natural gas processing plant and their local field engineering office running the testing lab. Plant responsibilities range from pipe fitter to general maintenance around the plant and some on site gas well maintenance.

Operate and manage family oil business from December 2007 to present

Responsible for all aspects of operations except the money end. I work closely with my Aunt as we plan and track income and expense, but the actual ledger work and check writing is her job. Operation responsibilities range from working with pumpers to being a pumper as needed. I have solved many issues to keep equipment running consistent and more efficient. More responsibilities range from planning and carry out tank battery rebuild and maintenance, schedule of vendors such as chemical treatment, water haul schedules, oil sales, pump jack maintenance, pump or other equipment maintenance. Bottom line is that my Aunt says of the 30 some years she has been doing the money end of our family partnership, our expenses have dramatically reduced, our equipment is running more consistent with fewer breakdowns due to proactive maintenance and our production/income has increased due to my efforts.