

George S. Canellos
Regional Director, New York Regional Office
Jack Kaufman
Adam Grace
Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center, Suite 400
New York, NY 10281
(212) 336-0106
(212) 336-1319 (fax)

JUDGE BAER

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

09 CIV 7580

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

GOLDEN APPLE OIL AND GAS, INC., JAY BUDD,
JOHN BRINER, and ETHOS INVESTMENTS, INC.,

Defendants.



Plaintiff Securities and Exchange Commission (the "Commission") alleges the following for its complaint against defendants Golden Apple Oil and Gas, Inc. ("Golden Apple" or "the Company"), Jay Budd, John Briner, and Ethos Investments, Inc. ("Ethos") (collectively, the "Defendants"):

SUMMARY

1. This action concerns a fraudulent scheme to "pump and dump" millions of shares of stock of a profitless company, Golden Apple and its predecessors (hereinafter, collectively, "Golden Apple"). Originating in the fall of 2004 and continuing through May 2006, Defendants' scheme involved repeated illegal unregistered offerings of

Golden Apple stock, issued to Company affiliates, and the issuance of false and misleading press releases concerning Golden Apple's purported business operations that were designed to fraudulently increase the Company's stock price and thereby permit defendants and their affiliates to sell their Golden Apple stock to the public at a profit.

2. In the fall of 2004, Golden Apple's counsel, defendant Briner, laid the initial groundwork for the scheme by orchestrating an illegal offering of 5,000,000 shares of Company stock. Briner's sham offering gave him control of 100% of the Company's purportedly tradable stock and, acting as an underwriter, Briner illegally distributed the stock to persons who then started trading the stock publicly.

3. In addition, in May 2005, Briner created the false impression of a legitimate market for Golden Apple stock by causing the market activity in the stock to commence with an artificial stock price quotation and matched trading order.

4. Subsequently, from approximately June 2005 through April 2006, defendants Golden Apple and Budd issued a number of false and misleading press releases touting the success of Golden Apple's business, first as a seller of home warranties, and then as an oil and gas exploration company. The press releases contained false and misleading information, or omitted material information, concerning, among other matters, Golden Apple's business, contracts and financing arrangements. At the same time, Golden Apple, Budd, and Briner engaged in a series of additional illegal unregistered securities offerings that enabled affiliates of Defendants to privately obtain shares, sell them to the public at a profit, and share those profits with Budd and Golden Apple.

5. Defendant Ethos was the largest Budd affiliate to illegally profit from dumping its Golden Apple stock. In September 2005, Budd illegally caused Golden Ap-

ple to issue Ethos 5 million shares of Golden Apple stock in violation of federal securities laws stock registration requirements. The purported consideration justifying issuance of this large block of shares was a fraudulent promissory note, backdated to a date before Ethos even existed. Ethos sold its Golden Apple stock to the public and generated more than \$3 million from its illegal sales. Budd and Ethos used portions of that money to pay Golden Apple's expenses and to fund a staged financing that Budd touted in three separate false press releases and which, in turn, enabled Ethos to sell yet more stock at artificially inflated prices. In addition, Budd received Golden Apple trading profits from Ethos, through payments to a Budd-controlled company.

6. By the conduct alleged herein, Golden Apple, Budd and Briner violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder; and Golden Apple, Budd, Briner and Ethos violated Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

JURISDICTION AND VENUE

7. This Court has jurisdiction over this action, and venue lies in this District, pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)], and Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa]. Certain of the transactions, acts, practices and courses of business alleged herein occurred within this District, including the use of a stock quotation medium administered in this District, and the purchase of securities by investors and brokerage firms located in this District.

8. Defendants Golden Apple, Budd, Briner and Ethos, directly or indirectly, singly or in concert, made use of the means or instrumentalities of interstate commerce, the means of transportation or communication in interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

THE DEFENDANTS

9. **Golden Apple Oil and Gas, Inc.**, (“Golden Apple”) is a Nevada corporation. During the time period covered by this Complaint, Golden Apple purportedly operated in Phoenix, Arizona and Scottsdale, Arizona.

10. **Jay Budd** currently resides in Toronto, Ontario, Canada, and was President and CEO of Golden Apple during the time period covered by this Complaint. Budd was the incorporator and initial director of Ethos Investments, Inc.

11. **John Briner** currently resides in Vancouver, British Columbia, Canada, and provided legal services for Golden Apple.

12. **Ethos Investments, Inc.** is an Arizona corporation which reports its principal place of business as Scottsdale, Arizona, at the same address previously used by Golden Apple.

FACTS

A. Golden Apple Formation and Initial Stock Issuance

13. In September 2004, Golden Apple was incorporated in Nevada under the name CDI Developments, Inc. (“CDI”). On June 8, 2005, CDI changed its name to Home Warranty Services of America, Inc. (“HWSA”), and on October 26, 2005, HWSA

changed its name to Golden Apple Oil and Gas, Inc. (“Golden Apple”) (hereinafter, collectively, “the Company”).

14. In November 2004, with the substantial participation of defendant John Briner, CDI engaged in the offer and sale of 5 million shares of its stock to Nexus Asset Holdings, LLC (“Nexus”) (the “Nexus Sale”).

15. Nexus was controlled by Briner, who was also CDI’s attorney.

16. No registration statement was filed or was in effect as to the 5 million shares of CDI stock at the time of the Nexus Sale, nor any time thereafter, and the Nexus Sale and Nexus’ subsequent distribution of its CDI stock failed to comply with any applicable federal or state law exemption from such registration.

17. In December 2004, Briner caused CDI to notify the State of Texas that it was claiming an exemption from registration for the Nexus Sale and described itself as a company involved in “on-line marketing.” The claimed Texas exemption was not applicable to CDI, however, for several reasons, including that: (i) CDI was a development stage company that had no bona fide business plan and, within weeks of the Nexus Sale, signed a letter of intent to merge with a newly formed company controlled by defendant Budd; and (ii) Briner intended from the outset to engage in, and did engage in, a chain of transfers through which the CDI shares were distributed to the public, at times through entities that Briner himself owned.

18. CDI issued the 5 million Nexus Sale shares to Nexus in approximately February 2005.

19. On March 1, 2005, Briner caused the Nexus Sale shares to be transferred from Nexus to a purported entity called Nexus Capital Holdings, Inc., which Briner also

controlled. That same day, Briner further caused Nexus Capital Holdings to transfer 500,000 CDI shares to Tripartite Holdings, LLC (“Tripartite”), also a company that Briner owned.

B. Commencement of Public Trading of CDI stock

20. On March 9, 2005, Briner, acting on behalf and as a purported “director” of CDI, subscribed to a stock price quotation medium headquartered in New York City called Pink Sheets LLC (“Pink Sheets”), to post information to the public concerning CDI. In its subscription form, CDI described the nature of its business as “internet software development.” At that time, CDI’s only purportedly free-trading stock was the 5 million Nexus Sale shares.

21. On or about April 4, 2005, New York-based brokerage firm S.G. Martin Securities, Inc. filed an “Unsolicited Quote Entry Form” with Pink Sheets, thereby permitting CDI stock price quotations to be published by Pink Sheets. S.G. Martin represented in the entry form that it was seeking to publish a stock price quote representing an “unsolicited customer order.” However, at that time, S.G. Martin’s only customer holding CDI stock was Tripartite, which Briner controlled.

22. On April 19, 2005, Briner deposited Tripartite’s 500,000 shares of CDI stock into Tripartite’s brokerage account at S.G. Martin. Also during April 2005, Briner caused Nexus Capital to transfer 1.85 million of its CDI shares to various other persons. Thus, as of May 3, 2005, the only persons holding “free-trading” CDI stock were Nexus, Nexus Capital, and persons to whom Briner had transferred CDI shares.

23. On May 3, 2005, SG Martin quoted on Pink Sheets an offer to purchase CDI stock at \$.05 per share and an offer to sell CDI stock at \$.16 per share. The same

day, defendant Briner caused Tripartite to purchase 5,000 CDI shares at \$.10, in the first reported trade for CDI stock. The seller of those shares was an entity that had received its stock from Briner (through Nexus Capital Holdings), trading in a Canadian brokerage account. In effecting the first publicly-recorded CDI stock trade, therefore, Briner knew that the seller was either a person or entity to whom Briner had privately transferred shares of CDI stock.

24. Briner thus knowingly obtained control of the purportedly tradeable CDI stock through an illegal stock offering, privately distributed shares to others who would then be in position to start a public market, engaged S.G. Martin to initiate artificial price quotations in CDI stock on Pink Sheets and used a brokerage account he controlled to directly participate in the initial artificial purchase and sale of CDI stock, thus knowingly creating the false appearance of legitimate market activity in CDI stock.

25. On May 5, 2005, CDI posted an information statement on the Pink Sheets website falsely representing that “The Issuer has no knowledge of any broker-dealer(s) or associated persons who is/are submitting quotations with respect to the Issuer’s Common Stock, who may be associated, directly or indirectly, on behalf of the Issuer or on behalf of a director, officer or beneficial owners of more than ten (10) percent of the Common Stock that is issued and outstanding.”

26. From May 5, 2005, to May 17, 2005, trading between and among accounts that were controlled by persons who had received their CDI stock from Briner continued, and CDI’s stock price rose from \$0.05 to \$0.75 per share.

27. At all relevant times, the Company’s stock was a “penny stock” as that term is defined by applicable federal securities laws and regulations.

C. Budd's Issuance of False and Misleading Press Releases to the Public

28. Beginning in June 2005, defendant Budd embarked on a prolonged campaign to communicate materially false and misleading information to the public concerning CDI, HWSA, and Golden Apple through press releases disseminated over the internet. Budd personally either authored or authorized all such press releases. At the time of their issuance, Budd either knew or recklessly disregarded the false and misleading nature of the press releases described below.

1. CDI and HWSA Press Releases Concerning Their Business

29. From June 2, 2005, through October 12, 2005 -- when CDI abruptly announced that it was changing its business from home warranty to oil and gas -- CDI and HWSA repeatedly issued press releases that falsely portrayed the state of the company's home warranty business in a positive light:

(a) The Company (CDI and HWSA) repeatedly claimed in its press releases, including one issued as late as September 2, 2005, that "Home Services of America is in an exciting position to leverage a unique relationship with a high volume partner to sell home warranties and an established contractor to service them, generating over \$1 million in revenue in its first year. Home Services of America will continue to realize strong growth as these relationships mature and our market share grows." Those statements were materially false, or at the least misleading, particularly in light of the Company's simultaneous failure to disclose material facts concerning its having failed significantly to meet its internal business plan projections. The Company failed to disclose that its financial plan for achieving "\$1 million in revenue" was premised on its having sold 400 warranties by September 2005; that its financial viability was premised on its having con-

ducted 250 transactions per month; and that, as of September 2, 2005, the Company had issued fewer than 10 warranties, three of which were complimentary warranties provided to Budd and a company called the Hernandez Companies.

(b) Similarly, on June 29, 2005, and July 18, 2005, the Company issued press releases misleadingly stating that it “will continue to realize strong growth,” notwithstanding the fact that the Company had sold only 1 warranty through June 2005, an amount that fell 149 warranties short of the Company’s financial budget projections.

(c) The Company repeatedly and falsely touted to the public its “unique relationship” with an unnamed “high volume partner.” In its June 29, 2005, press release the Company added additional details to that claim, stating that its “mortgage partner provides an exclusive sales channel to their thousands of customers.” The Company’s July 18, 2005 press release further falsely states that it “is capitalizing on its exclusive relationship with a national mortgage partner,” that its partner provides an “exclusive sales channel locally,” and that this “exclusive offering will enable HSA to meet its sales projections for the coming years.” In fact, although the Company had been informally engaged with a mortgage company in Arizona, the engagement was not even a formal contract, much less an exclusive contract (at the most, only a draft agreement existed).

(d) On July 19, 2005, and July 22, 2005, the Company issued press releases falsely stating that “HSA is a National Home Warranty Provider with its head office and initial operations based in Arizona.” These statements were false and misleading; the Company was not a national company, and its only operations as of that date were in Arizona.

30. On October 13, 2005, only six weeks after having repeated its claim to the public that it was in an “exciting position” in the home warranty industry and “will continue to realize strong growth,” the Company announced that it would be changing its business entirely, to the energy sector.

31. On November 17, 2005, the Company posted on the Pink Sheets website unaudited financial statements for the period ending September 30, 2005. Contrary to the misleadingly positive claims it had made in its July and September press releases, the financial statements reported total revenue from inception of \$3,384, net losses of \$181,636, total cash of \$754, and no loans.

2. Press Releases Concerning the Company’s Switch To The Oil and Gas Business

32. Prior to the November 17, 2005, release of the unaudited third quarter financials for “Home Warranty Services of America, Inc.,” the Company changed its name to Golden Apple Oil and Gas, Inc. and issued a press release announcing an acquisition of an oil and gas property.

33. On November 7 and 8, 2005, Golden Apple issued press releases falsely and misleadingly announcing “the acquisition of a significant oil and gas property” located in Canada. The press releases further falsely and misleadingly represented that “[i]n the coming weeks the Company will be on-site initiating its drilling program.”

34. As of November 7, 2005, Golden Apple lacked both sufficient cash and the requisite Canadian government permit to drill on the property referenced in the press release, and Golden Apple never acquired such a permit.

35. The announcements of an oil and gas property “acquisition” also omitted key material facts necessary to prevent the press releases from being misleading:

(a) The so-called “acquisition” was actually a stock purchase agreement in which the Company agreed to sell 30 million shares of its stock in return for an assignment of the purchaser’s interest in development rights over the identified Canadian property. The Company failed to disclose, however, that Golden Apple needed to use stock in order to make the acquisition, and the failure to disclose the agreement to sell 30 million shares was particularly misleading because the press releases represented that the Company “has 25 million shares outstanding,” less than the 30 million shares needed to meet the Company’s contractual obligation to the purported purchaser;

(b) The Company failed to disclose that the agreement included a significant material limitation on Golden Apple’s rights; it gave the purchaser the right to rescind the purchase if the Company failed to obtain financing within 12 months;

(c) The Company failed to disclose that the agreement contained a representation and warranty that the Company would have a minimum of \$100,000 available within one month, creating a risk of breach given that the Company did not have sufficient money; and

(d) The distribution of 30 million shares of common stock contemplated by the agreement would cause a change of control over the Company, a material event that the Company likewise failed to disclose in the press releases.

36. In December 2005, the purchaser accused Golden Apple of breaching its obligation to obtain \$100,000 in financing. Golden Apple never disclosed that fact to the public. Nor did it ever obtain any legitimate financing for its purported oil and gas operations.

3. **Press Releases Concerning a Sham Financing**

37. Starting in January 2006, Golden Apple issued a series of press releases trumpeting a sham financing arrangement. Budd and Ethos coordinated on a fake private placement, funded by proceeds of Golden Apple stock sold to the public by Ethos, which Budd knowingly misrepresented to the public in three separate press releases.

38. On January 13, 2006, Golden Apple issued a press release stating, in part, that the company “is pleased to announce that it has secured the first \$100,000 placement as they finalize arrangement for additional financings.” On February 17, 2006, Golden Apple issued a press release informing the public that an additional \$100,000 was committed and that the identity “of the Investors will be released in the coming days, pending approval by the Investors attorney[]s.” On March 7, 2006, Golden Apple announced that it “completed the initial private placement with Franklin Ross Securities of New Jersey,” and that Franklin Ross had purchased 181,818 shares of restricted stock at \$1.10 per share. All three of those press releases contained a number of false statements and omissions of material fact, as:

(a) No financing of any kind had been “secured” or finalized by January 13, 2006;

(b) No such “Investors” existed; rather, only one such purported investor existed;

(c) Franklin Ross Securities, a brokerage firm, did not purchase shares of Golden Apple stock, and did not invest in Golden Apple. Rather, Golden Apple used Franklin Ross as a placement agent, paying the firm a commission that was not disclosed to the public;

(d) There were significant irregularities in the alleged private placement transaction: Franklin Ross never escrowed the cash and securities; the Company received the cash on February 16, 2006, but no stock certificate was issued then or even as of the date of the March 7, 2006, press release; and eventually, on March 21, 2006, the Company issued a stock certificate, dated February 13, 2006, but for 227,272 shares rather than for the 181,818 shares referenced in the press release.

39. Moreover, the 2006 purported financing was not a bona fide, arms-length transaction with a third party. Rather, defendant Ethos supplied the purported “financing” money to Golden Apple, funds that Ethos had obtained through its own illegal sales of Golden Apple stock. On February 10, 2006, Ethos wired those funds, \$199,983.78, to Franklin Ross. On February 16, 2006, Franklin Ross in turn wired the \$199,983.78 to Golden Apple’s bank account.

40. Thus, as Budd knew or recklessly disregarded, and contrary to the impression given in Golden Apple’s three press releases that the company was receiving an infusion of capital from a third-party investor, the money that Golden Apple received was actually disguised proceeds from sales of Golden Apple stock, funneled to the company by Ethos. In the four trading days following Golden Apple’s initial false press release about its \$100,000 financing on January 13, 2006, Ethos made more than \$1.3 million by selling Golden Apple shares to the public. Portions of those proceeds in turn funded the fake private placement that was misrepresented in the press releases.

D. Budd and Golden Apple’s Illegal Issuances of Golden Apple Stock

41. As further described in paragraphs 45-65 below, beginning in September 2005, Golden Apple repeatedly issued millions of shares of Golden Apple stock in viola-

tion of the stock registration provisions of the federal securities laws. No registration statements were filed or were in effect as to those shares at the time of their issuances, nor at any time thereafter, and those issuances failed to comply with any applicable federal or state law exemption from such registration. Defendant Budd substantially participated in all of these illegal Golden Apple stock issuances.

42. As a purported basis for issuing the shares (except those to Golden Apple's Secretary, described below), Briner, Golden Apple and Budd manufactured and executed fraudulent, back-dated promissory notes that purportedly had been issued to the persons who were to receive the Golden Apple shares. Each of the fictitious notes contained names and dates that do not match either the corporate history of Golden Apple or the holder of the note. None of the debt obligations appear in the Company's financial records.

43. The persons and entities to whom Golden Apple illegally issued shares were closely affiliated with Budd, and those persons and entities sold their Golden Apple stock to the public.

44. At least a portion of the proceeds from Golden Apple stock sales were ultimately deposited into bank and brokerage accounts beneficially owned by Budd and his family. Other amounts were used to fund Golden Apple's business operations. Thus, Budd and Golden Apple profited from sales of Golden Apple stock while issuing false and misleading press releases concerning Golden Apple's business.

1. **Ethos**

45. On August 5, 2005, Budd incorporated defendant Ethos in the State of Arizona. Budd was named the sole initial director of Ethos, and all of the officer positions were held, at least nominally, by an associate of Budd.

46. At all relevant times, Ethos had a close relationship with Budd and Golden Apple. Ethos, Budd, and Golden Apple collaborated in illegal sales of Golden Apple stock to the public and in distributing the proceeds of such sales.

47. On September 16, 2005, Budd illegally caused Golden Apple to issue 5 million shares of Golden Apple stock to Ethos free of restriction and in violation of stock registration requirements under the federal securities laws and regulations.

48. Ethos began selling its shares to the public in October 2005.

49. From the time of the January 13, 2006 press release forward, Ethos made more than \$3.1 million selling its Golden Apple shares to the public, and Golden Apple received, or received the benefit of, over \$400,000 of those stock sale proceeds. Other Ethos Golden Apple stock proceeds were used to pay Golden Apple expenses. Additionally, Ethos paid some proceeds to another Budd-controlled entity named Golden Apple Enterprises ("GAE").

2. **Golden Apple's Secretary**

50. On October 6, 2005, Budd caused 100,000 shares of stock to be issued to Golden Apple's Secretary, free of restriction and in violation of stock registration requirements under the federal securities laws and regulations.

51. On October 13, 2005, Golden Apple's Secretary transferred \$29,000 from his brokerage account to GAE's brokerage account, apparently as payment for the 100,000 shares.

52. Golden Apple's Secretary began selling his shares to the public on November 4, 2005.

53. On January 26, 2006, after selling additional Golden Apple shares to the public, Golden Apple's Secretary paid \$15,000 to an associate of Budd's, and \$10,000 of those funds eventually were deposited into a GAE bank account and into an account owned by another Budd-related company named Belgium Investments, LLC.

3. **Rocket Fuel Entertainment**

54. Rocket Fuel Entertainment ("Rocket Fuel") is a company owned by a friend of Budd and for which Budd has done consulting work over the years.

55. On November 9, 2005, Budd caused the issuance of 1 million shares of CDI stock to Rocket Fuel, in violation of stock registration requirements under the federal securities laws and regulations.

56. On the day he authorized issuance of the CDI stock shares to Rocket Fuel, Budd caused the share certificates to be sent to his own home address. The shares subsequently were deposited into a brokerage account held by a "Rocket Fuel Entertainment, L.L.C.," an Arizona limited liability company created on November 16, 2005. One of the two members of Rocket Fuel Entertainment L.L.C. was Golden Apple's Secretary.

57. In January 2006, Rocket Fuel sold 10,000 of its Golden Apple shares to the public.

58. On January 19, 2006, Budd authorized the issuance of an additional 1.5 million shares to Rocket Fuel, free of restriction and in violation of stock registration requirements under the federal securities laws and regulations.

59. On February 24, 2006, through two bank transfers, Budd's wife received \$7,500 from Rocket Fuel, more than half of the proceeds of Rocket Fuel's Golden Apple stock sales.

60. In addition to selling shares directly to the public, Rocket Fuel, with Budd's knowledge and participation, transferred some of its Golden Apple shares to two offshore-incorporated entities named Bentley Corporation ("Bentley") and Thimble Capital Ltd. ("Thimble"). Bentley and Thimble, in turn, sold their Golden Apple stock to the public.

4. **Thimble, Bentley and WS Netsolution, Inc.**

61. Budd also caused the issuance of shares by Golden Apple directly to Thimble, Bentley, and a company named WS Netsolution, Inc. ("Netsolution"), in violation of stock registration requirements under the federal securities laws and regulations.

62. Bentley, Thimble, and Netsolution likewise sold those Golden Apple shares to the public.

E. **Briner's Participation in Illegal Share Issuances**

63. In addition to his participation in the illegal CDI share issuance to Nexus, Briner substantially participated in Golden Apple issuances that violated the registration requirements of the federal securities laws and regulations.

64. For example, Briner drafted the backdated promissory notes related to the various stock issuances described in paragraphs 41-49 and 54-62 above.

65. In November 2005, Briner received Golden Apple shares issued without restriction, in the name of the “Briner Group,” and then sold those shares to the public in violation of the registration requirements of the federal securities laws and regulations.

F. Budd’s Failure to Disclose Stock Issuances To Public

66. Golden Apple’s November 7, 2005 press release stated that the Company had 25 million shares outstanding. Additionally, on November 1, 2005, Pink Sheets sent Budd an e-mail seeking to confirm that the Company had 25 million shares outstanding as of October 31, 2005. The e-mail stated: “Because this information is displayed to investors and other OTC market participants via our public website . . . it is extremely important that it be accurate and kept current.” Thereafter, Pink Sheets continued to report that Golden Apple’s current outstanding shares totaled 25 million.

67. Beginning in November 2005, Budd caused Golden Apple to issue tens of millions of additional shares to various persons and entities closely associated with Budd. Consequently, by February 6, 2006, as Budd knew, Golden Apple had a total of over 57 million shares outstanding.

68. Neither Budd nor Golden Apple, nor anyone else, disclosed to the public that Golden Apple’s outstanding shares had increased from 25 million to over 57 million shares, thus leaving the public with the materially false impression that Golden Apple continued to have only 25 million shares outstanding. At no time after October 2005 did Budd or Golden Apple provide the public an accurate statement of Golden Apple shares outstanding and share issuances that occurred after that date.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act (Golden Apple, Budd, Briner)

69. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 68.

70. Defendants Golden Apple, Budd, and Briner, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in the offer or sale of securities issued by Golden Apple, knowingly or recklessly have (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material fact, or have omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of shares of Golden Apple.

71. As detailed in paragraphs 28-40 above, Budd knowingly or recklessly authorized CDI, HWSA, and Golden Apple to issue press releases that contained materially false or misleading information and/or omitted material information, and obtained for the benefit of Golden Apple and himself proceeds of stock sold after the issuance of those press releases.

72. As detailed at paragraphs 66-68 above, Budd knowingly or recklessly fraudulently created a materially false impression to the investing public regarding the total number of Golden Apple shares outstanding.

73. As detailed in paragraphs 20-24 above, Briner knowingly created the materially false and fraudulent appearance of legitimate market activity in CDI stock.

74. By reason of the foregoing, Defendants Golden Apple, Budd, and Briner have violated, and unless enjoined will again violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

SECOND CLAIM FOR RELIEF

**Violations of Section 10(b) of the Exchange Act and Rule 10b-5
(Golden Apple, Budd, Briner)**

75. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 68.

76. Defendants Golden Apple, Budd, and Briner, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in connection with the purchase or sale of securities issued by Golden Apple, knowingly or recklessly, have: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material fact, or omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in transactions, acts, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of shares of Golden Apple.

77. As detailed in paragraphs 28-40 above, Budd knowingly or recklessly authorized CDI, HWSA, and Golden Apple to issue press releases that contained materially false or misleading information and/or omitted material information, and obtained for the benefit of Golden Apple and himself proceeds of stock sold after the issuance of those press releases.

78. As detailed at paragraphs 66-68 above, Budd knowingly or recklessly fraudulently created a materially false impression to the investing public regarding the total number of Golden Apple shares outstanding.

79. As detailed in paragraphs 20-24 above, Briner knowingly created the materially false and fraudulent appearance of legitimate market activity in CDI stock.

80. By reason of the foregoing, Defendants Golden Apple, Budd, and Briner have violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder.

THIRD CLAIM FOR RELIEF

Violations of Sections 5(a) and 5(c) of the Securities Act (Golden Apple, Budd, Briner, and Ethos)

81. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 68.

82. As detailed in paragraphs 13-19 and 41-65 above, defendants Golden Apple, Budd, Briner and Ethos, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce or of the mails, were substantial participants and factors in offers to sell and sales of certain securities of CDI, HWSA, and Golden Apple as to which no registration statement was filed with the Commission or was in effect, and as to which no applicable exemption from registration existed.

83. By reason of the foregoing, Defendants Golden Apple, Budd, Briner and Ethos have violated, and unless enjoined will again violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

PRAYER FOR RELIEF

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

A. Permanently restraining and enjoining Golden Apple, Budd, Briner and Ethos, their agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]; and permanently restraining and enjoining Golden Apple, Budd and Briner, their agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

B. Ordering Budd, Briner and Ethos to disgorge all ill-gotten gains, derived directly or indirectly, from their violative conduct, plus prejudgment interest on that amount;

C. Ordering Budd, Briner and Ethos to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] (all Defendants), and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] (Golden Apple, Budd and Briner).

D. Permanently barring Budd and Briner from acting as an officer or director of an issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or is required to file reports pursuant to Section 15 of the Exchange Act [15 U.S.C. § 78o].

E. Permanently barring Budd and Briner from participating in any offering of penny stock.

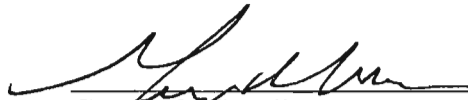
F. Requiring Budd, Briner and Ethos to repatriate assets held outside the United States.

G. Requiring defendants Budd, Ethos, and Briner to submit verified accountings.

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

Dated: August 31, 2009
New York, New York

Respectfully Submitted,



George S. Canellos
Regional Director, New York Regional Office
Jack Kaufman
Adam Grace
Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
New York Regional Office
3 World Financial Center, Suite 400
New York, New York 10281
212-336-0106