

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
MIAMI DIVISION**

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
v.)
)
SCOTT R. SAND and)
INGEN TECHNOLOGIES, INC.,)
)
Defendants.)
_____)

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

I. INTRODUCTION

1. From no later than April through July 2009, Defendants Scott R. Sand and Ingen Technologies, Inc. engaged in a fraudulent kickback scheme involving Ingen common stock in violation of the federal securities laws.

2. Sand, the CEO and Chairman of Ingen, paid illegal kickbacks to a purported employee pension fund manager and his associate so they would purchase millions of restricted shares of Ingen stock. Unbeknownst to the Defendants, the corrupt employee pension fund manager was actually an undercover FBI agent, and the associate was a cooperating witness.

3. Sand arranged for the fictitious pension fund to make two large purchases of Ingen's common stock. For each purchase, Sand – through his position as Ingen's CEO – paid the agent a kickback equal to approximately 30% of the stock purchase's value. Sand also issued millions of shares of Ingen stock to the cooperating witness in exchange for acting as a middleman in the scheme.

4. Sand created this scheme in an effort to generate the appearance of market interest in his company, induce public purchases of its stock, and ultimately increase the stock's trading price.

5. As a result of the conduct described in this Complaint, the Defendants violated Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a); and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and 17 C.F.R. §240.10b-5. Unless restrained and enjoined, they are reasonably likely to continue to violate the federal securities laws.

6. The Commission respectfully requests that the Court enter: (1) a permanent injunction restraining and enjoining the Defendants from violating the federal securities laws; (2) an order directing the Defendants to disgorge all profits or proceeds they received as a result of the acts and/or courses of conduct complained of, with prejudgment interest; (3) an order directing the Defendants to pay civil money penalties; (4) an order barring Sand from acting as an officer or director of a public company; and (5) an order barring Sand from participating in any offering of penny stock.

II. DEFENDANTS

7. Sand is the CEO and Chairman of Ingen. He resides in Calimesa, California.

8. Ingen Technologies is a Georgia corporation with its principal place of business in Yucaipa, California. It purports to be a medical device manufacturer specializing in respiratory care products. Its common stock is quoted on the Pink Sheets operated by Pink OTC Markets, Inc. ("Pink Sheets") under the symbol "IGNT." Until December 2008, when it filed a Form 15 deregistering its stock, Ingen's common stock was registered with the Commission pursuant to

Section 12(g) of the Exchange Act. Until at least June 1, 2009, it was required to file periodic reports pursuant to Section 15(d) of the Exchange Act.

9. Ingen's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this Complaint, the stock's shares traded at less than \$5.00 per share. In fact, at all times relevant, the stock's price was never greater than five cents per share.

10. During the same time period, Ingen's stock did not meet any of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, the company's stock: (1) did not trade on a national securities exchange; (2) was not an "NMS stock," as defined in 17 C.F.R. § 242.242.600(b)(47); (3) did not have net tangible assets (i.e., total assets less intangible assets and liabilities) in excess of \$5,000,000; and (4) did not have average revenue of at least \$6,000,000 for the last three years. *See* Exchange Act, Rule3a51-1(g).

III. JURISDICTION AND VENUE

11. The Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(d) and 77v(a); and Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa.

12. This Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida, because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Southern District of Florida. For example, Sand met the cooperating witness and an FBI agent posing as the friend of the corrupt fund manager in Coral Springs, Florida while planning his kickback scheme. Additionally, in planning the scheme, Sand sent e-mails to the cooperating witness,

who was located in the District. Sand also wired money to an FBI-controlled account located in the District.

13. The Defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, or of a means or instrumentality of interstate commerce, or of the mails, in connection with the conduct alleged in this Complaint.

IV. THE FRAUDULENT SCHEME

14. In 2009, Sand actively sought partners for a market manipulation scheme whereby he could falsely generate the appearance of market interest in Ingen stock. Specifically, in April 2009, Sand entered into discussions with the cooperating witness looking for investment entities willing to accept kickbacks in exchange for buying large amounts of the stock. The cooperating witness, acting as a middleman, introduced Sand to the undercover FBI agent posing as the friend of a manager of a bogus employee pension fund called Benefits and Pension Group.

15. On April 30, 2009, Sand met with the agent and the cooperating witness in Coral Springs, Florida to plan the market manipulation scheme. During this meeting, Sand indicated he wanted to drive up the price and trading volume of Ingen stock. Sand also stated he was willing to pay a kickback to the fund manager in exchange for large purchases of Ingen stock.

16. The agent informed Sand he owed a fiduciary duty to the pension fund, and there would be a problem if the Commission discovered the kickback. Sand agreed the kickback should remain undisclosed and agreed to disguise it by paying it to a third party. To hide the kickback, Sand, through Ingen, agreed to enter into a phony consulting fee agreement.

17. On May 1, 2009, Ingen entered into a consulting agreement with Great Lakes Advisors, LLC, a bogus consulting company created by the FBI for this sting. Sand, through Ingen, agreed to pay Great Lakes a kickback equal to 30% of the stock purchase the pension fund

made. Sand also agreed to provide restricted shares of Ingen stock to the cooperating witness as payment for introducing the parties. Sand understood Great Lakes would not provide any actual consulting services to Ingen or any other entity.

A. The First Purchase of Ingen Stock and Resulting Kickbacks

18. On May 1, 2009, Ingen and Benefits and Pension Group entered into a subscription agreement where the pension fund agreed to purchase approximately 13.3 million restricted shares of Ingen common stock for \$20,000.

19. Five days later, the FBI wired \$20,000 from an FBI-controlled bank account to Ingen's bank account. Then, on May 7, 2009, Ingen issued approximately 13.3 million restricted shares of Ingen common stock to the pension fund.

20. With the stock purchase concluded, Sand, through Ingen, moved on to paying out the kickbacks to reward the bogus purchase. On May 6, 2009, Great Lakes sent an invoice for consulting services to Ingen in the amount of \$6,333.27 (approximately 30% of the stock purchase price). The next day Ingen wired the money to Great Lakes. Great Lakes never provided any actual consulting services to Ingen. On May 11, 2009, Ingen also issued five million shares of Ingen common stock to the cooperating witness.

B. The Second Purchase of Ingen Stock and Resulting Kickbacks

21. After successfully completing the first kickback scheme, Sand wanted to repeat the manipulation. Therefore, on May 28, 2009, the same parties entered into a second subscription agreement providing for the pension fund to purchase approximately 6.7 million restricted shares of Ingen common stock for \$20,000. On the same day, Ingen issued approximately 6.7 million restricted shares of Ingen common stock to the pension fund. On June 3, 2009, the FBI wired \$20,000 from an FBI-controlled account to Ingen's bank account.

22. With the second purchase completed, Sand, through Ingen, once again paid out kickbacks to reward the purchase. On June 2, 2009, Ingen received an invoice for consulting services from Great Lakes totaling \$6,064.58 (approximately 30% of the stock purchase price). The next day Ingen wired the funds to Great Lakes. As before, Great Lakes never provided any consulting services to Ingen. On July 13, 2009, Ingen also issued two million shares of Ingen common stock to the cooperating witness.

COUNT I

Fraud In Violation of Section 17(a)(1) of the Securities Act

23. The Commission realleges and incorporates paragraphs 1 through 22 of its Complaint.

24. From April through July 2009, the Defendants directly and indirectly, by use of the, means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

25. By reason of the foregoing, the Defendants, directly and indirectly, violated and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. §77q(a).

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5 of the Exchange Act

26. The Commission realleges and incorporates paragraphs 1 through 22 of its Complaint.

27. From April through July 2009, the Defendants, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly:

- (a) employed devices, schemes or artifices to defraud;
- (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engaged in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

28. By reason of the foregoing, the Defendants directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine, and find that the Defendants have committed the violations of the federal securities laws alleged in this Complaint.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with

them, and each of them, from violating Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act, as indicated above.

III.

Disgorgement

Issue an Order directing the Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

IV.

Penalties

Issue an Order directing all Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d); and Section 21(d) of the Exchange Act, 15 U.S.C. § 78(d)(3).

V.

Penny Stock Bar

Issue an Order barring Sand from participating in any offering of penny stock, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), for the violations alleged in this Complaint.

VI.

Officer & Director Bar

Issue an Order pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), barring Sand from serving as an officer or director of a public company.

VII.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

VIII.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

October 7, 2010

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