

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS**

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
v.)
)
SEVEN PALM INVESTMENTS, LLC,)
PETER P. VEUGELER,)
CARDIOVASCULAR SCIENCES, INC., and)
LAWRENCE H. HOOPER, JR.,)
)
Defendants.)
_____)

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. The Commission brings this action against Defendants Seven Palm Investments, LLC (“Seven Palm”), Peter P. Veugeler, Cardiovascular Sciences, Inc. (“Cardiovascular”), and Lawrence H. Hooper, Jr. for violating the antifraud and registration provisions of the federal securities laws.

2. From at least October 2007 through September 2009, Veugeler, through his company, Seven Palm, earned illicit profits of more than \$8 million through the pump and dump of two penny stocks, Cardiovascular and Emergent Health Corp. (“Emergent”)

3. Seven Palm obtained nearly all of both companies’ purportedly unrestricted shares by offering financing to Cardiovascular and Emergent.

4. Hooper, Cardiovascular’s president and chief executive officer, prepared false and misleading press releases and other correspondence to investors on behalf of the

company. Veugeler reviewed and discussed a number of the false press releases Hooper prepared and directed him to work with a third-party stock promoter to issue the press releases to the public.

5. Veugeler entered manipulative trades to generate trading volume and increase Cardiovascular's and Emergent's stock prices, allowing Seven Palm to sell its holdings in both stocks at artificially inflated prices.

6. Through their conduct, the Defendants each have violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a); and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5. Unless restrained and enjoined, the Defendants are reasonably likely to engage in future violations of the federal securities laws.

II. DEFENDANTS

7. Seven Palm is a Florida limited liability company formed in April 2005 with its principal place of business in Naperville, Illinois. Seven Palm purports to be a consulting company.

8. Veugeler, 41, resides in Naperville and manages all of Seven Palm's affairs.

9. Cardiovascular is a Nevada corporation incorporated in 1996 with its principal place of business in Orlando, Florida. Cardiovascular purports to be a medical products company, and its stock trades on the Pink Sheets.

10. Hooper, 56, resides in Oviedo, Florida.

III. JURISDICTION AND VENUE

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

12. The Court has personal jurisdiction over the Defendants, and venue is proper in the Northern District of Illinois because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Northern District of Illinois. In addition, Seven Palm's principal place of business is in the Northern District of Illinois, and Veugeler resides in the Northern District of Illinois. In addition, acting on behalf of Cardiovascular, Hooper solicited financing from and did significant business with Seven Palm and Veugeler in the Northern District of Illinois, as described in more detail below.

13. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE FRAUDULENT OFFERINGS

A. Cardiovascular

14. Through its websites, press releases, and shareholder correspondence, Cardiovascular purported to be developing, among other things, proprietary technology for the prevention of post-surgical adhesions.

15. Cardiovascular has been a client of the University of Central Florida's Business Incubation Program, utilizing the university's business development resources as

well as office facilities to conduct business. At one point, Cardiovascular entered into an agreement with the university to conduct research and development on Cardiovascular's post-surgical anti-adhesion technology. That agreement terminated in late 2007. Since then, Cardiovascular has not received sufficient funding to renew its collaboration with the university, or conduct active research or development of any kind.

16. In October 2007, Cardiovascular's financial condition was dismal. The company had minimal revenues from operations and its bank account totaled \$57.

1. The Fraudulent Offering of Unregistered Shares

17. In 2007, Hooper solicited Veugeler in Naperville, Illinois to provide financing for Cardiovascular. Through Seven Palm, Veugeler agreed to provide \$1 million for 5 million Cardiovascular shares, which represented more than 97% of Cardiovascular's outstanding, purportedly unrestricted shares. The shares were to be issued to Seven Palm in two 2.5 million share tranches for \$500,000 each.

18. No registration statement has ever been filed or in effect with the Commission in connection with the securities offered by Cardiovascular to Seven Palm, nor is any registration exemption applicable to these shares.

19. The subscription agreement for the first 2.5 million share tranche, dated October 2, 2007, stated Cardiovascular was conducting its offering (to Seven Palm) in reliance on an exemption, pursuant to Rule 504 of Regulation D and the Texas Securities Act, to the requirement that all publicly traded shares be registered with the Commission

20. To allow Cardiovascular to claim this exemption and Seven Palm to receive the shares, Veugeler directed an attorney to issue an opinion letter to Hooper and Cardiovascular to be used to instruct a transfer agent to issue the shares to Seven Palm.

21. According to the attorney opinion letter, dated October 8, 2007, Cardiovascular purported to rely on the registration exemption set forth in Rule 504(b)(1)(iii) of Regulation D, which allows accredited investors to rely on a state law exemption. The letter also said Cardiovascular's offering to Seven Palm was relying on the Texas Securities Act. The letter stated Seven Palm was "an entity residing and authorized to transact business within the state of Texas." As the head of Seven Palm, Veugeler knew this statement was false. On the basis of this statement, the opinion letter claimed Cardiovascular could rely on Rule 109.4 of the Texas Administrative Code, an exemption for sales to certain institutional investors.

22. Cardiovascular's offering to Seven Palm, however, had no nexus to Texas. The attorney opinion letter to Cardiovascular's New Jersey-based transfer agent was from Cardiovascular, a Nevada company located in Florida. The letter instructed the transfer agent to issue legend-free (unrestricted) share certificates to Seven Palm, a Florida limited liability company doing business in Illinois.

23. On October 8, 2007, Cardiovascular forwarded the attorney opinion letter to the transfer agent and instructed it to issue the first 2.5 million share tranche to Seven Palm. Contrary to the express terms of the subscription agreement, Cardiovascular instructed the agent to issue the 2.5 million shares to Seven Palm even though Cardiovascular had not yet received "the total purchase price."

24. A draft Promissory Note dated October 9, 2007 gave Seven Palm 90 days, or until January 9, 2008, to make the \$500,000 payment to Cardiovascular. In reality, Veugeler and Seven Palm did not make any payments until February 22, 2008, when it transferred just \$10,000 to Cardiovascular. By March 14, 2008, Seven Palm had paid Cardiovascular only \$95,000 for the shares.

25. Despite having received only \$95,000 of the initial \$500,000 owed under the share purchase agreement, Cardiovascular issued Seven Palm's second 2.5 million-share tranche on March 18, 2008. Again, Seven Palm failed to pay for the shares upon their issuance. On March 26, 2008, after having sold Cardiovascular shares into the market, Seven Palm made one additional payment to Cardiovascular of \$100,000. Seven Palm never paid the remainder of the \$1 million it had agreed to pay Cardiovascular.

2. Fraudulent Misrepresentations and Omissions

26. In connection with Cardiovascular's unregistered offering, the Defendants made numerous material misrepresentations and omissions regarding Seven Palm's funding of the company and Cardiovascular's operations.

a. Seven Palm's Funding

27. Many of the Defendants' public misrepresentations and omissions concerned Seven Palm providing funding to Cardiovascular. Veugeler devised a Cardiovascular promotional campaign to facilitate Seven Palm's liquidation of its Cardiovascular shares. Seven Palm provided investor relations services to Cardiovascular that included launching Cardiovascular's website and instructing Hooper to work with stock promoters. Seven Palm paid for various Cardiovascular promotional activities, and even transferred Cardiovascular shares to one promoter to hype the company.

28. From October 2007 through February 2008, Cardiovascular issued a shareholder letter and press releases, and provided content for a newspaper article, falsely touting that Seven Palm had funded the company. Many of these communications discussed how Cardiovascular planned to use the money to fund its research and development, which the company touted as active and ongoing.

29. Hooper prepared and sent the shareholder letter, approved all releases, and was quoted in the newspaper article. These materials included statements that were false and misleading at the time Hooper made them.

30. Hooper e-mailed Veugeler draft copies of shareholder letters and various releases, and Veugeler provided links to Cardiovascular news on at least one penny stock promotion website. Hooper spoke with Veugeler on at least a couple of occasions to discuss the content of Cardiovascular's draft press releases.

31. In an October 18, 2007 letter to shareholders, Hooper claimed Cardiovascular was moving forward with a 504 Regulation D offering that would allow it to raise up to \$1 million. The letter went on to state "by the time you receive this letter, we expect to be receiving funds from this offering."

32. Hooper knew this statement had no basis because the draft promissory note provided that Seven Palm did not have to pay Cardiovascular until January.

33. On December 6, 2007, even though it had still received no funding, Cardiovascular announced in a shareholder letter it was "just wrapping up" the Rule 504 Regulation D offering.

34. On December 12, 2007, still not having received a penny, the company announced the funding event in a press release and a newspaper article titled "Cardiovascular Sciences get \$1M capital investment." Hooper provided the following quote in the newspaper article: "The investment will allow the company to develop its products more rapidly and enter the marketplace within the next two years."

35. The statements in the shareholder letter, the press release and the newspaper article were baseless and misleading because at the time Hooper made them, Seven Palm had not provided any funding to Cardiovascular. Seven Palm did not provide any funding to the company until it made a *de minimis* payment on February 22, 2008, and the next payment was not until March 11, 2008. Veugeler knew about these late payments as well as Seven Palm's failure to make full payment to the company. In total, Cardiovascular netted only \$140,000 of the \$1 million funding it had publicly touted.

b. Cardiovascular's Operations

36. The Defendants also made public statements falsely asserting Seven Palm's funding to Cardiovascular allowed the company to further its research and development.

37. In a February 5, 2008 press release, Cardiovascular announced: "[F]ollowing the recent funding event, the Company has been able to reach an agreement with the University of Central Florida to continue the Company's research and development of its post-surgical anti-adhesion technology."

38. Nine days later, another Cardiovascular press release reported: "[T]he recent funding event, in association with its move into the next stage of development of its primary technology, actually represents a step ahead of where it planned to be. The Company is developing its technology with the University of Central Florida in Orlando."

39. Hooper also authorized a February 19, 2008 press release stating: "The recent funding event announced with Seven Palm Investments, LLC now allows the company to intensify its efforts and move into high gear with its R&D."

40. Hooper had no basis to make any of these statements. At the time he made them, Cardiovascular had not received any funding from Seven Palm, much less sufficient

funding to renew any collaboration with the university. It had not reached any agreement with the university to develop its technology, and it was not conducting any active research and development at the time. Veugeler knew that without any funding from Seven Palm, Cardiovascular and Hooper were incapable of proceeding with the developments touted in the press releases.

3. Manipulative Trading

41. In addition to devising the Cardiovascular promotional campaign, Seven Palm, through Veugeler, engaged in manipulative practices aimed at misleading the market to increase and maintain artificially high prices so Veugeler could resell Seven Palm's Cardiovascular holdings for substantial gains.

42. Veugeler traded Cardiovascular shares in Seven Palm accounts at several broker-dealers to falsely create the impression that Cardiovascular's stock was liquid and active. He sold the majority of his shares as Cardiovascular disseminated positive press releases.

43. Specifically, Veugeler used Seven Palm's accounts at multiple broker-dealers to place numerous buy orders for small amounts of Cardiovascular stock at prices that equaled or exceeded the highest bid price posted by market makers. This had two consequences. First, when there was increased selling in the market by other market participants, Veugeler's supporting buy orders absorbed some of the sell orders so the stock price would not fall dramatically (essentially creating artificial floor prices for the stock). Second, by placing supporting buy orders through different brokerage firms, Veugeler created a façade that market makers were posting a substantial number of bids. This gave a false sense of investor demand.

44. For example, in December 2007, Veugeler several times entered buy and sell orders in Cardiovascular stock at the same price or lower within minutes of each other in two different accounts. In one instance, Veugeler purchased shares at \$0.40, sold at \$0.26, and then bought again at \$0.40 within a short period of time.

45. At the height of his activity, there were numerous instances of Veugeler being on the inside bid, and even entering buy orders at increasing prices and then cancelling them. Veugeler also entered buy orders with a limit price exceeding the existing inside bid, and subsequently canceled those orders prior to execution. This manipulative tactic gave the appearance of an active market with high demand for Cardiovascular stock, causing Cardiovascular's share price to increase.

46. Cardiovascular's promotional activity and Veugeler's manipulation caused the company's stock price and volume to increase markedly. From August 22 through October 12, 2007 (the first day that Veugeler executed a trade in the stock), Cardiovascular shares were dormant and traded on only two days. As Veugeler implemented his manipulative tactics, Cardiovascular's share price steadily increased, peaking at \$2.70 on March 11, 2008 on volume of 1,530,417 shares. This compared to Cardiovascular's average daily trading volume of 32,306 for the prior six months.

47. As a result of this manipulative scheme, Veugeler and Seven Palm realized more than \$4.6 million in illicit profits.

48. After Veugeler's manipulation, Cardiovascular stock became almost worthless. Once the stock peaked in March 2008, it dipped below \$1.00 by the end of April 2008. By early June 2008, Cardiovascular's stock was below \$0.50, and most recently traded at \$0.05 per share.

B. Emergent

49. Emergent purports to develop neutraceutical products. Through its websites and its press releases, Emergent claims to produce, among other things, a trademarked and patented product designed to enhance the immune system as well as a trademarked and patent pending product designed to help lose weight. Like Cardiovascular, Emergent's stock was traded on the Pink Sheets.

50. In July 2008, Emergent was in need of funding, and its chief executive officer contacted Veugeler to seek financing. At the time, Emergent had approximately \$73,480 in its bank account.

1. The Fraudulent Offering of Unregistered Shares

51. Through Seven Palm, Veugeler agreed to provide \$240,000 for 1.6 million Emergent shares, which represented more than 96% of Emergent's outstanding, purportedly unrestricted shares.

52. Veugeler directed the same attorney who issued the opinion letter to Cardiovascular to issue an opinion letter to Emergent to be used to instruct the transfer agent to issue shares to Seven Palm. In August 2008, Emergent forwarded the attorney opinion letter to its transfer agent and instructed it to issue the 1.6 million shares to Seven Palm.

53. According to the attorney opinion letter, Emergent purported to rely on the registration exemption set forth in Rule 504(b)(1)(iii) of Regulation D, which allows accredited investors to rely on a state law exemption. The letter also said Emergent's offering to Seven Palm was relying on the Texas Securities Act. The letter stated Seven Palm was "an entity residing and authorized to transact business within the state of Texas." As the head of Seven Palm, Veugeler knew this statement was false. On the basis of this statement, the

opinion letter claimed Emergent could rely on Rule 109.4 of the Texas Administrative Code, an exemption for sales to certain institutional investors.

54. As with the Cardiovascular offering, however, Emergent's offering to Seven Palm had no nexus to Texas. The letter to Emergent's New Jersey based transfer agent is from Emergent, a Nevada company located in Pennsylvania who previously had done business in South Carolina. The letter instructed the transfer agent to issue legend-free share certificates to Seven Palm, a Florida limited liability company doing business in Illinois.

55. No registration statement had been filed or was in effect with the Commission in connection with the securities Emergent offered to Seven Palm, nor was any registration exemption applicable to these shares.

56. Just as Cardiovascular did, Emergent issued the shares to Seven Palm without receiving any payment. On September 30, 2008, Seven Palm executed a promissory note to pay for the shares on or before June 30, 2009. Seven Palm, however, failed to make payment by that date.

57. In July and August 2009, Seven Palm made two payments to Emergent totaling \$50,000. After earning illicit profits from trading Emergent's stock in September 2009, Seven Palm paid Emergent the \$190,000 balance.

2. Manipulative Trading

58. Beginning in August 2008, Seven Palm, through Veugeler, applied similar manipulative practices in trading Emergent as it did with Cardiovascular's stock. Veugeler entered Emergent transactions through multiple Seven Palm brokerage accounts to falsely create the impression that Emergent's stock was liquid and active. He also placed numerous

orders for small amounts of Emergent stock at prices that equaled or exceeded the highest bid price posted by market makers.

59. Veugeler entered buy and sell orders at the same price within minutes of each other in two different accounts. He also entered buy orders at increasing prices, only to cancel them.

60. Veugeler was active on both sides of the market, contributing more than 50% of the reported trading volume for Emergent over a number of days. Veugeler's trading included numerous wash trades.

61. Veugeler's manipulation caused the company's stock price and volume to increase markedly. Four months after Emergent issued shares to Seven Palm, Emergent's share price climbed from \$0.35 to \$1.25 on November 24, 2008. Between August 2008 and January 2009, Seven Palm sold more than 350,000 Emergent shares into the market.

62. From January 2009 through September 21, 2009, Emergent's stock remained largely inactive. From September 21 through September 28, Seven Palm dumped an additional 1,148,367 Emergent shares into the market.

63. Seven Palm used similar deceptive trading practices that it employed in both the Cardiovascular manipulation and its earlier Emergent trading, including trading in two separate brokerage accounts, buying a small number of Emergent shares to bid up the share price before dumping its holdings. Between September 1 and September 28, 2009 Emergent's share price increased from \$1.09 to \$3.69. On September 30, 2009, the Commission suspended trading in Emergent's stock for ten days.

64. In total, Veugeler earned more than \$3.4 million in illicit profits from his sale of Emergent's securities.

V. CLAIMS FOR RELIEF

COUNT I

Sales of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act by Veugeler and Seven Palm

65. The Commission repeats and realleges paragraphs 1 through 25 and 49 through 57 of its Complaint.

66. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this Complaint, and no exemption from registration exists with respect to these securities and transactions.

67. Starting no later than October 2007, Veugeler and Seven Palm, directly and indirectly, have been: (a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise; (b) carrying securities or causing such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or (c) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, without a registration statement having been filed or being in effect with the Commission as to such securities.

68. By reason of the foregoing, Veugeler and Seven Palm have violated, and, unless enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT II

**Sales of Unregistered Securities in Violation of
Sections 5(a) and 5(c) of the Securities Act by Hooper and Cardiovascular**

69. The Commission repeats and realleges paragraphs 1 through 25 of its Complaint.

70. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this Complaint, and no exemption from registration exists with respect to these securities and transactions.

71. Starting no later than October 2007, Hooper and Cardiovascular, directly and indirectly, have been: (a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise; (b) carrying securities or causing such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or (c) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, without a registration statement having been filed or being in effect with the Commission as to such securities.

72. By reason of the foregoing, Hooper and Cardiovascular have violated, and, unless enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT III

**Fraud in Violation of Section 17(a)(1) of the
Securities Act by Veugeler and Seven Palm**

73. The Commission repeats and realleges paragraphs 1 through 64 of its Complaint.

74. Starting no later than October 2007, Veugeler and Seven Palm 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, have been knowingly, willfully or recklessly employing devices, schemes or artifices to defraud.

75. By reason of the foregoing, Veugeler and Seven Palm, directly and indirectly, have 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 IV

**Fraud in Violation of Section 17(a)(1) of the
Securities Act by Hooper and Cardiovascular**

76. The Commission repeats and realleges paragraphs 1 through 40 of its Complaint.

77. Starting no later than October 2007, Hooper and Cardiovascular 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, have been knowingly, willfully or recklessly employing devices, schemes or artifices to defraud.

78. By reason of the foregoing, Hooper and Cardiovascular, directly and indirectly, have 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 V

**Fraud in Violation of Sections 17(a)(2) and 17(a)(3) of the
Securities Act by Veugeler and Seven Palm**

79. The Commission repeats and realleges paragraphs 1 through 64 of its Complaint.

80. Starting no later than October 2007, Veugeler and Seven Palm, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities, have been: (a) obtaining money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

81. By reason of the foregoing, Veugeler and Seven Palm, directly and indirectly, have violated and, unless enjoined, are reasonably likely to continue to violate, Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3).

COUNT VI

**Fraud in Violation of Sections 17(a)(2) and 17(a)(3) of the
Securities Act by Hooper and Cardiovascular**

82. The Commission repeats and realleges paragraphs 1 through 40 of its Complaint.

83. Starting no later than October 2007, Hooper and Cardiovascular, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities, have been: (a) obtaining money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

84. By reason of the foregoing, Hooper and Cardiovascular, directly and indirectly, have violated and, unless enjoined, are reasonably likely to continue to violate, Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3).

COUNT VII

Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder by Veugeler and Seven Palm

85. The Commission repeats and realleges paragraphs 1 through 64 of its Complaint.

86. Starting no later than October 2007, Veugeler and Seven Palm, 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, have been knowingly, willfully or recklessly: (a) employing devices, schemes or artifices to defraud; (b) making untrue statements of material facts and omitting 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) engaging 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.

87. By reason of the foregoing, Veugeler and Seven Palm have 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. § 240.10b-5.

COUNT VIII

**Fraud in Violation of Section 10(b) of the
Exchange Act and Rule 10b-5 Thereunder by Hooper and Cardiovascular**

88. The Commission repeats and realleges paragraphs 1 through 40 of its Complaint.

89. Starting no later than October 2007, Hooper and Cardiovascular, 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, have been knowingly, willfully or recklessly: (a) employing devices, schemes or artifices to defraud; (b) making untrue statements of material facts and omitting 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) engaging 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.

90. By reason of the foregoing, Hooper and Cardiovascular have 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. § 240.10b-5.

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 herein.

II.

Permanent Injunction

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 Sections 5(a), 5(c), and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as indicated above.

III.

Disgorgement

Issue an Order directing Seven Palm, Veugeler, and Cardiovascular 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 the 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. § 78u(d).

V.

Penny Stock Bars

Issue an Order prohibiting Veugeler and Hooper from participating in any future offering of a penny stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6).

VI.

Further Relief

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

VII.

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.

April ____, 2010

Respectfully submitted,

By:

C. Ian Anderson
New York Reg. No. 2693067
Senior Trial Counsel
U.S. Securities and Exchange Commission
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Direct Dial: (305) 982-6317
E-mail: andersonci@sec.gov
Lead Counsel for Plaintiff

s/John E. Birkenheir

John E. Birkenheier

Illinois ARD No. 6270993
Regional Trial Counsel
U.S. Securities and Exchange Commission
175 W. Jackson Blvd., Suite 900
Chicago, Illinois 60604
Direct Dial: (312) 886-3947
Designated Local Counsel for Plaintiff