



## **DEFENDANTS**

4. Defendant Norman Forrest Germany (“Forrest Germany”) is an individual residing in Jackson, Mississippi.

5. Defendant E.B. Germany & Sons, LLC (“EBG”) is a limited liability company formed under Mississippi law. It purports to have offices in both Jackson, Mississippi and Dallas, Texas. EBG claims to be in the business of oil and gas exploration and production. Forrest Germany is EBG’s president.

6. Defendant Germany Energy Company (“GEC”) is a corporation formed under Texas law that had a business office in Dallas, Texas during the periods relevant to this complaint. GEC purportedly is in the business of oil and gas exploration and production. Forrest Germany is GEC’s president.

## **FACTS**

7. From at least 2008 until approximately May 2010, Defendants raised at least \$600,000 from at least 36 investors – many located in Dallas, Texas – through a fraudulent, unregistered offering of oil-and-gas-related securities. Specifically, Defendants offered and sold securities relating to three oil and gas projects located in Mississippi and Texas: (1) working interests in three oil and gas wells and a saltwater disposal well located in the Dexter Field in Walthal County, Mississippi (collectively “the Dexter Field project”); (2) working interests in a gas well project known as the East Athens Pipeline; and (3) promissory notes providing that interest would be payable with working interests in the Northwest Summit oil and gas project located in Pike County, Mississippi. Some of the funds raised in these offerings were wired by investors to EBG’s bank accounts in Dallas, Texas.

8. Defendants' securities offerings were not registered with the Commission or any state. Defendants solicited many investors through "cold-calls," *i.e.*, telephonic sales pitches to prospective investors with whom the Defendants have no prior relationship.

9. Defendants made a number of material misrepresentations and omissions to investors. For example, Defendants represented to investors in the Dexter Field project that they were acquiring a working interest in a producing oil and gas project when, as Defendant Forrest Germany knew, the oil and gas wells were not producing. Defendant Forrest Germany also knew that one well in this field had been shut in because it was only producing water.

10. Similarly, Defendants offered and sold working interests in the East Athens Pipeline project without disclosing that, even if the gas well that was part of the project was to produce gas, it would be cost prohibitive to connect the well to the nearest pipeline. Defendant Forrest Germany knew this fact when he was offering this investment.

11. Defendants also represented to investors in the Northwest Summit project that the funds borrowed would be used for that project. Instead, they were used primarily or exclusively for Forrest Germany's personal expenses, a fact not disclosed to investors. In fact, most or all of the \$600,000 raised by Defendants in all of their securities offerings was diverted for Forrest Germany's personal use, a fact not disclosed to investors.

12. Defendant Forrest Germany made the material misrepresentations and omissions described in paragraphs 9 through 11 with *scienter* and in his capacity as EBG's and GEC's president. All Defendants are therefore responsible for these misrepresentations and omissions.

**FIRST CLAIM**

**Violations of Section 17(a) of the Securities Act**

13. Plaintiff re-alleges and incorporates paragraphs 1 through 12 of this Complaint by reference.

14. Defendants, directly or indirectly, singly or in concert with others, in the offer or sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) obtained money or property by means of untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices, and courses of business which operate or would operate as a fraud and deceit upon the purchasers.

15. As a part of and in furtherance of their scheme, the Defendants, directly and indirectly, prepared, disseminated, or used advertisements, contracts, promotional materials, and investor and other correspondence, which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth in Paragraphs 9 and 11 above.

16. Defendants made the above-referenced misrepresentations and omissions intentionally or with severe recklessness regarding the truth.

17. By reason of the foregoing, the Defendants have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

## SECOND CLAIM

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

18. Plaintiff re-alleges and incorporates paragraphs 1 through 12 of this Complaint by reference.

19. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of a material fact and omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, and courses of business which operate or would operate as a fraud and deceit upon purchasers, prospective purchasers, and any other persons.

20. As a part of and in furtherance of their scheme, Defendants, directly and indirectly, prepared, disseminated, or used advertisements, contracts, promotional materials, and investor and other correspondence, which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth in Paragraphs 9 and 11 above.

21. Defendants made the above-referenced misrepresentations and omissions intentionally or with severe recklessness regarding the truth.

22. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

### THIRD CLAIM

#### **Violations of Section 5(a) and 5(c) of the Securities Act**

23. Plaintiff repeats and realleges paragraphs 1 through 12 of this Complaint and incorporated herein by reference.

24. Defendants, directly or indirectly, singly and in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and have been, directly and indirectly: (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise; (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

25. As described in this Complaint, Defendants offered and sold securities to the public through general solicitations of interest. No registration statement has been filed with the Commission or is otherwise in effect with respect to these securities.

26. For these reasons, Defendants have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

#### **RELIEF REQUESTED**

Therefore, Plaintiff respectfully requests that this Court:

(a) permanently enjoin Defendants from violating Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e and 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

(b) order the Defendants to disgorge an amount equal to the funds and benefits they obtained illegally, or to which they are otherwise not entitled, as a result of the violations alleged, plus prejudgment interest on that amount;

(c) order the Defendants to pay civil monetary penalties in an amount determined as appropriate by the Court under 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)] for the violations alleged herein; and

(d) grant such further relief as this Court may deem just and proper.

Dated: June 10, 2011

Respectfully submitted,

*s/Toby M. Galloway*

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