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17 Securities and Exchange Commission

18 **UNITED STATES DISTRICT COURT**  
19 **CENTRAL DISTRICT OF CALIFORNIA**  
20 **WESTERN DIVISION**

21 SECURITIES AND EXCHANGE )  
22 COMMISSION, ) Case No.:  
23 )  
24 Plaintiff )  
25 )  
26 v. ) COMPLAINT FOR  
27 ) VIOLATIONS  
28 Gold Standard Mining Corp., ) OF THE FEDERAL  
(formerly known as Fluid Solutions Inc.), ) SECURITIES LAWS  
Panteleimon Zachos, )  
Kenneth G. Eade, )  
Edward Randall Gruber, CPA, )  
Gruber & Company, LLC, )  
Defendants. )

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1           The Plaintiff United States Securities and Exchange Commission (“SEC”)  
2 alleges the following facts in support of its Complaint:

3           1.     From approximately May 2009 through April 2011, defendant Gold  
4 Standard Mining Corporation (“Gold Standard”), and its chief executive officer,  
5 defendant Panteleimon Zachos (also known as Pantelis Zachos) (“Zachos”) made  
6 false and misleading statements and omitted material facts in periodic and current  
7 reports filed with the SEC, about the assets and operations of the company and  
8 the company’s purported acquisition of a Russian gold mining company. Gold  
9 Standard and Zachos made misrepresentations and omitted facts regarding the  
10 company’s failure to register the acquisition with Russian regulatory authorities,  
11 an agreement to pay certain profits from the acquired mining company to the  
12 former Russian owner, and the company’s financial activities because the  
13 company’s financial statements were not prepared in conformance with generally  
14 accepted accounting principles (“GAAP”).

15           2.     Gold Standard filed periodic and current reports with the SEC on at  
16 least eight occasions from May 2009 through April 2011 that contained  
17 inaccurate and misleading information about the company’s activities in Russia.  
18 The company also failed to make and keep books and records, and implement  
19 internal controls necessary to provide accurate information about the financial  
20 activities occurring in its Russian subsidiary.

21           3.     Defendant Kenneth G. Eade (“Eade”), the company’s corporate  
22 counsel at the time and major shareholder, drafted the false and misleading  
23 periodic and current reports and some of the financial statements at issue. To  
24 spark interest in the company, Eade misrepresented the company’s financial  
25 activities by initially representing that the Russian mining interests were worth  
26 more than \$1.3 billion.

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1           4.     Zachos, a Greek citizen and resident, gave Eade authority to conduct  
2 activities of the corporation and authorized Eade to submit Zachos' electronic  
3 signatures on periodic and current reports and certifications filed with the SEC.

4           5.     Eade engaged defendant Gruber & Co. LLC ("Gruber & Co."), a  
5 public accounting firm to audit Gold Standard's financial statements. Gruber &  
6 Co. and its sole member and engagement partner, defendant Edward Randall  
7 Gruber ("Gruber") a certified public accountant, failed to conduct the audit in  
8 accordance with standards of the Public Company Accounting Oversight Board  
9 ("PCAOB"). Gruber & Co. and Gruber misrepresented in SEC filings that it had  
10 audited the financial statements in accordance with PCAOB standards and that  
11 the financial statements were fairly presented in conformance with GAAP.

12          6.     The defendants, directly or indirectly, have engaged in, and unless  
13 restrained and enjoined by this Court will continue to engage in, transactions,  
14 acts, practices and courses of business that violate the following provisions of the  
15 federal securities laws:

16               (a) Gold Standard, Zachos, and Gruber & Co. violated, and Eade  
17               and Gruber aided and abetted violations of, Section 10(b) of the  
18               Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §  
19               78j(b), and Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b) and in the  
20               alternative Gruber is liable for Gruber & Co's. violations as a  
21               control person under Section 20(a) of the Exchange Act, 15  
22               U.S.C. § 78t(a);

23               (b) Gold Standard violated, and Zachos, Eade, Gruber & Co. and  
24               Gruber aided and abetted violations of, Section 13(a) of the  
25               Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-11  
26               and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-11, 240.13a-13;

27               (c) Gold Standard violated, and Zachos aided and abetted violations  
28               of, Section 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act; and



1 within this district, and Gold Standard maintained its principal executive office at  
2 Eade's law office which is located in this district.

### 3 **DEFENDANTS**

4 11. Defendant **Gold Standard Mining Corporation** ("Gold Standard")  
5 was incorporated in Nevada on December 11, 2007 under the name Fluid  
6 Solutions Inc. ("Fluid Solutions") and on or about July 31, 2009, changed its  
7 name to Gold Standard. (The company is referred to by the name it used at the  
8 time of each event). Its principal place of business was the law office of  
9 Defendant Kenneth Eade in Beverly Hills, Los Angeles, or Agoura Hills,  
10 California. Beginning on or about April 2009, Gold Standard's securities were  
11 quoted on the over-the-counter bulletin board under the symbol "GSTP". The  
12 company's common stock was a "penny stock" as the term is defined by Rule  
13 3a51-1 of the Exchange Act.

14 12. Defendant **Panteleimon Zachos** (also known as Pantelis Zachos)  
15 ("Zachos") is a Greek citizen who resides in Greece. He was the chief executive  
16 officer of Gold Standard at all times relevant to this Complaint and became the  
17 company's chief financial officer in or about May 2010.

18 13. Defendant **Kenneth G. Eade** ("Eade") is an attorney licensed to  
19 practice law in California and maintained an office in Beverly Hills, Los Angeles,  
20 or Agoura Hills, California during times relevant to this Complaint. Eade was the  
21 general counsel for Gold Standard until March 2011, when he resigned. While  
22 the false and misleading information about Gold Standard was available to  
23 investors, Eade sold 24,750,000 shares of Gold Standard held in the name of his  
24 corporation Kenata Corporation for approximately \$172,000 during 2010.

25 14. Defendant **Gruber & Company LLC** ("Gruber & Co.") is a public  
26 accounting firm organized as a Missouri limited liability company with its  
27 principal place of business in Lake St. Louis, Missouri. Gruber & Co. is  
28

1 registered with the PCAOB. Gruber & Co. served as Gold Standard's outside  
2 auditor for 2007, 2008 and 2009.

3 15. Defendant **Edward Randall Gruber** ("Gruber") is a certified public  
4 accountant licensed in Missouri and the sole managing member of Gruber & Co.  
5 He resides in Lake St. Louis, Missouri. Gruber was the engagement partner on  
6 the Gold Standard audit and was responsible for supervising the engagement and  
7 signing of the audit report for Gruber & Co. Gruber traveled to Los Angeles,  
8 California in connection with the audit engagement.

### 9 **STATEMENT OF FACTS**

#### 10 **A. Eade Created a Public Shell Company.**

11 16. Eade incorporated Fluid Solutions in Nevada on December 11, 2007,  
12 and listed Zachos as its director. At the time, it was a shell company with no  
13 business operations.

14 17. On September 22, 2008, Eade prepared and caused Fluid Solutions  
15 to file with the SEC a Form 10 registration statement under Section 12(g) of the  
16 Exchange Act, 15 U.S.C. § 78l(g), to register its securities and become a public  
17 company required to file periodic and current reports with the SEC. The  
18 company disclosed it had a plan to bottle and sell natural mineral water, but  
19 retained only \$5,739 of the original cash raised from its securities sales to carry  
20 out its business plan after spending the rest on operating expenses. At that time, it  
21 employed only one management level employee.

22 18. By April 2009, Eade arranged for a brokerage firm to make quotes  
23 on the over-the-counter bulletin board to create a market for the purchase or sale  
24 of Fluid Solutions' securities. As part of the process, Fluid Solutions disclosed it  
25 was a shell company as defined in 17 C.F.R. § 240.12b-2, which meant it had no  
26 or nominal operations, and nominal assets consisting solely of cash.

#### 27 **B. Eade Acquired Control of a Russian Mining Company.**

28 19. In late 2008 or early 2009, Eade learned about a Russian gold mining

1 company, Ross Zoloto Ltd. (“Ross Zoloto”), which was owned by Araik  
2 Khachatrian (“Khachatrian”), a Russian citizen. Khachatrian claimed Ross  
3 Zoloto was making \$17 million to \$18 million per year from current operations,  
4 but wanted to develop hard rock deposits that were worth substantially more. He  
5 was looking for financing to build a factory that could process the hard rock  
6 deposits. Eade agreed to help secure financing from public investors by creating  
7 a U.S. company with securities that would trade on the over-the-counter bulletin  
8 board.

9         20. In furtherance of the plan to raise money from investors, Eade  
10 created a Wyoming corporation, Gold Standard Mining Corp. (“GSMC”), which  
11 he incorporated on February 6, 2009. GSMC was a separate and distinct entity  
12 from defendant Gold Standard, which was originally incorporated in Nevada  
13 under the name Fluid Solutions. Eade formed GSMC to acquire Ross Zoloto in  
14 exchange for securities. The acquisition occurred in or about February 19, 2009.

15         21. In or about March 2009, Eade persuaded Zachos that Fluid Solutions  
16 should acquire GSMC and its subsidiary Ross Zoloto in a second combination  
17 and change Fluid Solutions’ business plan from selling bottled water to gold  
18 mining in Russia. Eade told Zachos that as part of the agreement to acquire  
19 GSMC and its subsidiary Ross Zoloto, Khachatrian was to keep the profits from  
20 the alluvial mining operations, and any investors who purchased the securities of  
21 Fluid Solutions would only receive future profits from the hard rock mining,  
22 which the company needed to raise \$40 million to \$100 million to develop.

23         22. Zachos did not personally conduct any due diligence on Fluid  
24 Solution’s acquisition of GSMC and its subsidiary Ross Zoloto, and did not visit  
25 the mining properties in Russia. Rather he relied on Eade to conduct negotiations  
26 and perform the due diligence.

27         23. On May 6, 2009, Eade prepared an agreement in which Fluid  
28 Solutions was to acquire GSMC, which was owned by Khachatrian, Agata

1 Gotova, who was Eade's wife at the time, and another Russian citizen, in  
2 exchange for shares of Fluid Solutions.

3 24. Eade set the closing for the agreement at his office in Beverly Hills,  
4 California on May 9, 2009, and the parties agreed that any legal dispute would be  
5 resolved in federal court in California. Zachos signed the agreement on behalf of  
6 Fluid Solutions.

7 25. On or about May 8, 2009, Fluid Solutions directed its transfer agent  
8 in the United States to issue shares to Khachatrian, Eade's wife, and another  
9 Russian citizen as part of the acquisition.

10 26. Eade and his wife agreed to split the shares she received. In July  
11 2009, Gold Standard also issued 24,750,000 shares to Kenata Corporation, a  
12 corporation owned and controlled by Eade.

13 **C. Eade Began Promoting Fluid Solutions' Stock in False and**  
14 **Misleading SEC Filings.**

15 27. As part of the acquisition of Ross Zoloto, Eade obtained documents  
16 from Ross Zoloto including geologic reports, maps, and financial statements  
17 prepared under Russian Accounting Principles ("RAP"), which he had translated  
18 from Russian into English.

19 28. Eade prepared an executive summary for Gold Standard and a  
20 business plan describing Ross Zoloto's gold mining business, which he planned  
21 to use in raising money for the company. Gold Standard hired a consultant to  
22 introduce them to investment banking firms and help provide financing for the  
23 company. Eade also prepared a private placement memorandum for the sale of  
24 400,000 shares of Fluid Solutions at \$10 per share.

25 **1. Defendants Filed a False Form 8-K on May 8, 2009.**

26 29. To spark interest in the purchase of the securities Fluid Solutions,  
27 Eade prepared a Form 8-K, or current report, filed on May 15, 2009 ("Financial  
28 8-K"), which made misleading statements and omitted material facts about the

1 assets and operations of the combined entities and the purported acquisition of  
2 Ross Zoloto. The Financial 8-K was signed by Zachos and filed by Fluid  
3 Solutions.

4 30. The Financial 8-K contained unaudited pro forma consolidated  
5 financial statements that contained financial data from the Russian mining  
6 operations and represented that Fluid Solutions had acquired, among other things,  
7 alluvial mineral interests worth \$277,321,643 and placer mineral interests worth  
8 \$1,086,330,000. These amounts were material facts because they represented an  
9 increase to Fluid Solutions' total assets reported in the financial statements from  
10 approximately \$3 to \$1,379,555,681.

11 31. In the Financial 8-K, Fluid Solutions, Zachos and Eade failed to  
12 disclose the material facts that Fluid Solutions' acquisition of Ross Zoloto was  
13 not complete until Ross Zoloto registered the exchange agreement and received  
14 approval of Russian regulatory authorities, and that there was an oral agreement  
15 for Khachatrian to keep the profits from the alluvial mining operations.

16 32. Eade knew, and Zachos knew or were reckless in not knowing, that  
17 GSMC and Ross Zoloto had not registered the transfer of ownership of Ross  
18 Zoloto from Khachatrian to Fluid Solutions with the local Russian regulatory  
19 authorities, and that Khachatrian was to keep the profits from the alluvial mining  
20 operations.

21 33. In the Financial 8-K, Fluid Solutions, Zachos and Eade also  
22 misrepresented that the financial statements were prepared in conformance with  
23 GAAP, when they were not. Fluid Solutions, Zachos and Eade improperly valued  
24 the mineral properties based on a historical contract price without conducting an  
25 impairment analysis. Fluid Solutions did not hire an accountant to convert Ross  
26 Zoloto's financial statements from RAP into financial statements prepared in  
27 conformance with GAAP.

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1           34. Eade knew, and Zachos knew or was reckless in not knowing, that  
2 Fluid Solutions was required to prepare its financial statements in conformance  
3 with GAAP. Eade knew, and Zachos knew or was reckless in not knowing, that  
4 the company had not hired an accountant to convert Ross Zoloto's financial  
5 statements from RAP into financial statements prepared in conformance with  
6 GAAP. In addition, Eade knew, and Zachos knew or was reckless in not  
7 knowing, that the value assigned to the assets were based on historical  
8 information without an impairment analysis to assess whether the carrying value  
9 exceeded the fair value.

10           **2. Defendants Filed a False Form 10-Q for June 30, 2009.**

11           35. In furtherance of the plan to raise money for the company through  
12 securities sales to public investors, Eade wrote the text of the report and prepared  
13 the financial statements contained in the Form 10-Q, or periodic report, for the  
14 quarter ending June 30, 2009 ("June 2009 10-Q"), which Zachos signed and  
15 certified, and Gold Standard filed on August 17, 2009. This filing also contained  
16 misleading statements and omitted material facts concerning Gold Standard's  
17 operations, its acquisition of Ross Zoloto, and preparation of its financial  
18 statements in conformance with GAAP.

19           36. Gold Standard, Zachos and Eade misrepresented in the June 2009  
20 10-Q that "The Company, through its subsidiary, Ross Zoloto, is engaged in the  
21 business of exploration, development, and production of gold [from] alluvial and  
22 hard rock mineral deposits located in the Amur region in the far east of the  
23 Russian Federation." But they failed to disclose the material fact that Fluid  
24 Solutions' exchange agreement with Ross Zoloto was pending required review  
25 and approval by the Russian regulatory authorities, and that there was an oral  
26 agreement for Khachatryan to keep the profits from the alluvial mining operations.

27           37. Gold Standard, Zachos and Eade also misrepresented in the June  
28 2009 10-Q that the financial statements had been prepared in conformance with

1 GAAP. Contrary to this representation, the value of Gold Standard's Property,  
2 Plant and Equipment("PPE") at \$391,460,000 was not presented in conformance  
3 with GAAP, because they failed to disclose the basis for the material change in  
4 the value assigned to the PPE which was inconsistent the value previously  
5 reported in the Financial 8-K. Information about a change in value is required to  
6 conform with GAAP under ASC 250.10.50.4 *Accounting Changes and Error*  
7 *Corrections*; and ASC 360.10.35 *Property, Plant, and Equipment: Impairment or*  
8 *Disposal of Long-Lived Assets*.

9 38. During May and June 2009, Gruber & Co., with Gruber as the  
10 engagement partner, began the audit of the financial statements for Ross Zoloto.  
11 As part of the audit, Gruber travelled to Russia in June 2009 to review the  
12 company's books and records and mining and other operations.

13 39. While in Russia, Eade met with Gruber who was staying in a hotel  
14 owned by Ross Zoloto. During the course of the audit, Gruber raised concerns  
15 with Eade about the value of Ross Zoloto's assets listed in the financial  
16 statements, including that the hotel and other assets were overvalued, that some of  
17 the buildings claimed as assets located at the mining sites did not exist, and that  
18 the proven reserves could not be booked as assets on the balance sheet without  
19 confirmation by an independent engineer.

20 40. On June 18, 2009, Fluid Solutions announced that it had appointed  
21 Earl T. Williams ("Williams") as its new Chief Financial Officer.

22 41. On August 1, 2009, Eade sent an email to Williams, Gruber, a  
23 consultant hired to raise money for the company, and others stating "This is the  
24 schedule of what needs to be done in order to secure our financing."

25 42. Later on August 4, 2009, Eade sent an email to Gruber stating he  
26 wanted everything on the financial statements resolved during that week because  
27 the audit was past due and the company wanted to send him to New York for a  
28 finance meeting.

1           43. During the preparation of the June 2009 10-Q, Eade exchanged  
2 several emails and telephone calls with Williams, who put Eade in contact with a  
3 Russian-speaking accountant in Los Angeles, California (the “hired accountant”),  
4 who agreed to assist with preparing the June 2009 10-Q financial statements.

5           44. The hired accountant raised several issues with Eade including: that  
6 the exchange agreement had not been registered with Russian regulatory  
7 authorities, as required; that the hotel and other assets were overvalued and  
8 should be valued based on an appraisal; that the books and records provided did  
9 not include production expenses and use of profits; and that the company had paid  
10 out most of its retained earnings to Khachatryan as of June 30, 2009.

11           45. On August 17, 2009, the day Fluid Solutions was to file its quarterly  
12 report, Eade received an email from Williams requesting a telephone call to  
13 discuss his concerns with him certifying the statements in the June 2009 10-Q.  
14 Shortly after that email, Eade sent an email to Zachos advising that Eade had fired  
15 Williams.

16           46. Proceeding without the oversight of the company’s CFO, Eade  
17 finalized the financial statements to be filed with the June 2009 10-Q, and omitted  
18 material facts when he deleted footnotes 1 and 15 written by the hired accountant.  
19 These footnotes had disclosed that Ross Zoloto was still owned 100% by  
20 Khachatryan, and that “[t]he exchange transaction is pending review and approval  
21 by the Russian regulatory authorities.”

22           47. Eade made these deletions even though he knew the hired accountant  
23 had repeatedly asked for copies of an amended charter for Ross Zoloto, which  
24 was required to be filed with the Russian regulatory authorities, to demonstrate  
25 that ownership to the mining assets had passed from Ross Zoloto to Gold  
26 Standard. Eade was unable to provide the amended charter, instead falsely  
27 claiming that “we will get it in six days.”

28

1           48. Eade also knew from his emails and discussions with Gruber and the  
2 hired accountant that the value of the PPE reported in the company's financial  
3 statements was "unreasonabl[y] high compared to market" and that the hired  
4 accountant had advised using a "reasonable valuation reserve to get to a true fair  
5 value".

6           49. In addition, Eade knew that the value of the PPE on the Consolidated  
7 Balance Sheet included non-mining assets consisting of a hotel, night club, farm  
8 and related infrastructure that were valued at approximately \$188,236,000. But  
9 he knew from his June 2009 visit to the properties, that these assets were grossly  
10 overvalued. During the visit, he discussed with Gruber that some of the buildings  
11 identified did not exist, and that the hotel and other properties were in a state of  
12 disrepair. Again on August 8, 2009, Eade was alerted by the hired accountant  
13 that the value for the buildings and facilities was unreasonably high compared to  
14 market value. In one email message, the hired accountant stated the "[v]aluations  
15 of some [assets] (i.e. hotel at \$3MM per room!!!) cannot be reasonable."  
16 However, Eade ignored the evidence that the fair value of these assets was  
17 impaired and should be reduced.

### 18           **3. Defendants Filed a False 10-Q for September 30, 2009.**

19           50. Eade continued with the plan to raise money for Gold Standard  
20 through securities sales to public investors. In late 2009, the company engaged an  
21 investment banker to assist it in obtaining financing for the company.

22           51. Eade prepared the text of the report and the financial statements  
23 contained the Form 10-Q for the quarter ending September 30, 2009 ("September  
24 2009 10-Q"), which Zachos signed and certified, and Gold Standard filed on  
25 November 17, 2009.

26           52. Gold Standard, Zachos and Eade continued to disclose in the  
27 September 2009 10-Q that the Company, through its subsidiary, Ross Zoloto, was  
28 engaged in the business of exploration, development, and production of gold from

1 alluvial and hard rock mineral deposits, but omitted the material facts that Gold  
2 Standard's exchange agreement with Ross Zoloto was still pending required  
3 review and approval by the Russian regulatory authorities, and that there was an  
4 oral agreement for Khachatrian to keep the profits from the alluvial mining  
5 operations. Gold Standard, Zachos and Eade also misrepresented in the  
6 September 2009 10-Q that the financial statements had been prepared in  
7 conformance with GAAP.

8 53. Eade knew, and Zachos knew or was reckless in not knowing, that  
9 Gold Standard's acquisition was still pending registration with the Russian  
10 regulatory authorities.

11 54. In response to Gruber's request for an independent appraisal of Ross  
12 Zoloto's assets, Eade obtained a flawed appraisal conducted by a Russian  
13 company, Yukos Co. Ltd. ("Yukos"), which shared a business address with Ross  
14 Zoloto. The appraisal, which was contracted for on September 7, 2009, consisted  
15 of four pages listing various equipment, buildings and other assets with an  
16 assigned value, but it did not contain any description of the appraiser's credentials  
17 or the methodology used to reach the values assigned. Eade provided a copy to  
18 Gruber on or about September 11, 2009, indicating that the appraisal was  
19 conducted in just three days.

20 55. In the September 2009 10-Q, Gold Standard, Zachos and Eade  
21 represented the value of the company's PPE was \$13,700,000. But that amount  
22 was not presented in conformance with GAAP.

23 56. In Note 11 to the financial statements, Gold Standard, Zachos and  
24 Eade disclosed that PPE had accumulated depreciation, depletion and  
25 amortization ("DDA") of approximately \$391,893,000 which reduced the cost of  
26 its assets to \$13,700,000. But this disclosure did not conform to GAAP, because  
27 DDA was improperly adjusted to account for the new value contained in the  
28 Yukos appraisal.

1           57. In Note 15 to the financial statements, Gold Standard, Zachos and  
2 Eade disclosed that “the financial statements have been restated to properly  
3 record a lower appraised value of the company’s assets over the historical cost  
4 value, and the result of Araik Khachatrian’s release of debt owed to him by the  
5 company’s subsidiary.” But this disclosure did not conform to GAAP, because it  
6 did not disclose that DDA was improperly adjusted to account for the new value  
7 or that the appraisal did not contain any description of the appraiser’s credentials  
8 or the methodology used to reach the values assigned.

9           58. Eade knew, and Zachos knew or was reckless in not knowing, that  
10 the value of PPE was substantially reduced from \$391,460,000 previously  
11 reported in the June 2009 10-Q to \$13,700,000 based on the Yukos appraisal.  
12 This material change in the value of the PPE was misleading, because the  
13 appraisal contained no description of methodology and the reductions appeared  
14 arbitrary without any description of how the values were determined.

15           59. Zachos knew or was reckless in not knowing that the September  
16 2009 10-Q contained false and misleading statements and omissions of material  
17 fact, because he relied entirely on Eade to prepare the materials and did no due  
18 diligence to determine the value of the Ross Zoloto’s assets.

19           **4. Defendants Filed a False “Super Form 8-K” on October 5, 2010.**

20           60. Eade continued with his plan to raise money for the company  
21 through securities sales to public investors. Eade wrote the text of the amended  
22 Form 8-K (“Super 8-K”) for Gold Standard, which Zachos signed and Gold  
23 Standard filed on October 5, 2010.

24           61. Gold Standard, Zachos and Eade disclosed in the Super 8-K that  
25 Gold Standard had entered into an amended agreement to acquire GSMC and  
26 Ross Zoloto. But they failed to disclose the material facts that the agreement to  
27 acquire Ross Zoloto was still pending required review and approval by the  
28

1 Russian regulatory authorities, and that there was an oral agreement for  
2 Khachatrian to keep the profits from the alluvial mining operations.

3 62. Gold Standard and Zachos also misrepresented in the Super 8-K that  
4 the consolidated financial statements for Gold Standard were presented in  
5 conformance with GAAP. The change in presentation from unconsolidated  
6 financial statements in the company's annual report filed on April 15, 2010 that  
7 did not include the financial operations of Ross Zoloto, to consolidated financial  
8 statements that included the financial operations of Ross Zoloto, was an  
9 accounting error that required disclosure under ASC 250-10-50-7, *Accounting*  
10 *Changes and Error Corrections*.

11 63. Gold Standard and Zachos also represented that Ross Zoloto had  
12 significant revenue from gold production sales of \$33,614,000, \$32,747,000 and  
13 \$25,042,000 in 2009, 2008, and 2007 respectively. But this information was  
14 misleading in part because the company did not disclose that Khachatrian had  
15 withdrawn the profits and because it was not presented in conformance with  
16 GAAP. Under GAAP, revenue may only be recognized when realized and  
17 earned. Revenue is realized when products are exchanged for known amounts of  
18 cash. See ASC 605.10.25-1, *Revenue Recognition*.

19 64. Gold Standard and Zachos had put no internal controls in place to  
20 determine whether the revenue reported from Ross Zoloto's gold production sales  
21 was accurate. Further, the reported revenue was recognized in periods when Gold  
22 Standard had neither sufficient inventory nor active mining operations to support  
23 the purported sales.

24 65. Gold Standard and Zachos had no accounting records related to the  
25 costs for extracting gold from year to year. Gold Standard and Zachos failed to  
26 include a separate line item in the financial statements for the cost of goods sold  
27 which also violated GAAP. Because Gold Standard and Zachos did not track its  
28 costs, it could not report inventory in conformance with GAAP. GAAP requires

1 that “inventory at any given date is the balance of costs applicable to goods on  
2 hand remaining after the matching of absorbed costs with concurrent revenues.”  
3 GAAP also states that “[a] major objective of accounting for inventories is the  
4 proper determination of income through the process of matching appropriate cost  
5 against revenue.” See ASC 330.10.05-3 and 330.10.10-1 *Inventory*. The  
6 inventory reported by Gold Standard was insufficient to support these purported  
7 sales, and Gold Standard recognized sales in periods when the mine was not  
8 operating, which did not conform to GAAP.

9       66. Gold Standard and Zachos also falsely represented that “Gold is  
10 measured at the lower of net production cost or net realizable value. The net cost  
11 of production per unit of gold is determined by dividing total production cost, by  
12 the saleable output of gold.” But they did not have sufficient records to determine  
13 the net production costs for extracting gold each year to present the information in  
14 conformance with GAAP.

15       67. Gold Standard and Zachos also represented that the value of the  
16 company’s PPE at \$6,698,000 in 2008 and \$5,783,000 in 2009, stating in the  
17 notes to the financial statements that the “[s]ignificant value of Company’s  
18 mining assets included in the balance sheet was derived as a result of an  
19 independent appraisal before the contribution by the member. This appraised  
20 value represents fair market value at the time of the contribution.” However, they  
21 omitted material facts that the report contained no methodology on how the  
22 values were reached and the results were arbitrary.

### 23       **5. Defendants Filed a False 10-Q for September 30, 2010.**

24       68. In the fall of 2010, Eade continued his efforts to raise money for the  
25 company through securities sales to public investors, Eade wrote the text of the  
26 report contained in the Form 10-Q for the quarter ending September 30, 2010  
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28

1 (“September 2010 10-Q”), which Zachos signed and certified, and Gold Standard  
2 filed on November 22, 2010.

3 69. In this filing, Gold Standard, Zachos and Eade failed to disclose  
4 material facts that the agreement to acquire Ross Zoloto was still pending  
5 required review and approval by the Russian regulatory authorities, and that there  
6 was an oral agreement for Khachatryan to keep the profits from the alluvial  
7 mining operations.

8 70. Gold Standard and Zachos engaged a California public accounting  
9 firm (“The California accounting firm”) to prepare the consolidated financial  
10 statements and footnotes that were filed with the September 2010 10-Q.

11 71. In the September 2010 10-Q, Gold Standard and Zachos also failed  
12 to disclose material facts that the financial statements were not prepared in  
13 conformance with GAAP.

14 72. Gold Standard failed to provide sufficient information to the  
15 California accounting firm to prepare the September 2010 10-Q in conformance  
16 with GAAP. For example, Gold Standard did not provide the California  
17 accounting firm with direct access to Ross Zoloto’s books and records in Russia  
18 or the company’s employees. Gold Standard failed to provide, among other  
19 things, a closed trial balance or a roll up of gold inventory. Because of the lack  
20 of records, the California accounting firm estimated all of the accounts based on  
21 prior periods.

22 73. Gruber & Co., as Gold Standard’s auditor, performed a quarterly  
23 review of Gold Standard’s financial statements for the September 2010 10-Q  
24 before they were filed. Gruber & Co. and Gruber performed a deficient review  
25 on the September 2010 10-Q, because their review consisted solely of reading  
26 through the financial statements and related footnotes without creating work  
27 papers or a review report. Gruber performed no procedures on the quarterly  
28 financial statements which were necessary to be in accordance with PCAOB

1 standards. The deficient review was egregious because Gruber knew that the  
2 financial statements were estimated and not prepared in conformance with  
3 GAAP.

4 74. Gruber & Co. and Gruber aided and abetted Gold Standard's  
5 violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) when they  
6 knowingly provided substantial assistance by performing a deficient review of the  
7 September 2010 10-Q, and causing the company to misrepresent that its financial  
8 statements were prepared in conformance with GAAP.

9 **6. Defendants Filed a False Form 8-K on January 27, 2011.**

10 75. On or about January 27, 2011, Eade drafted and caused Zachos to  
11 sign and Gold Standard to file a Form 8-K ("January 2011 Form 8-K").

12 76. In the filing, Gold Standard, Zachos and Eade failed to disclose  
13 material facts that the agreement to acquire Ross Zoloto was still pending review  
14 and approval by the Russian regulatory authorities, and that there was an oral  
15 agreement for Khachatryan to keep the profits from the alluvial mining operations.

16 77. Gold Standard and Zachos also made materially inaccurate  
17 disclosures in the January 2011 Form 8-K, because, among other things, they  
18 announced revenue of \$17,252,000 during fiscal year 2010 and income before  
19 taxes of \$5,480,000, when in fact all of the amounts in the financial statement  
20 were based on estimates.

21 **7. Defendants Filed a False Form 8-K on February 9, 2011.**

22 78. On or about February 9, 2011, Eade drafted and caused Zachos to  
23 sign and Gold Standard to file a Form 8-K ("February 2011 Form 8-K").

24 79. Gold Standard, Zachos and Eade made materially inaccurate  
25 disclosures in the February 2011 Form 8-K, because, among other things, they  
26 announced that it had unsold gold inventory of 56,500 ounces at the end of fiscal  
27 year 2010 worth over \$75,000,000, but failed to disclose material facts necessary  
28 to make the statements made not misleading, among other things, that the

1 company had no inventory as of September 30, 2010, and had no internal controls  
2 to determine whether the amount of inventory stated was accurate.

3 80. Gold Standard, Zachos and Eade also failed to disclose material facts  
4 that the agreement to acquire Ross Zoloto was still pending review and approval  
5 by the Russian regulatory authorities, and that there was an oral agreement for  
6 Khachatryan to keep the profits from the alluvial mining operations.

7 81. Zachos and Eade knew the statements in the February 2011 Form 8-  
8 K were false and misleading because they had no records to substantiate the  
9 amount of inventory or internal controls in place to confirm that the amount  
10 reported was accurate.

11 **8. Defendants Filed a False Form 8-K on April 7, 2011.**

12 82. On or about April 7, 2011, Zachos caused Gold Standard to file a  
13 Form 8-K (“April 2011 Form 8-K”) announcing that the financial statements  
14 including those in the September 2010 10-Q could not be relied upon because of a  
15 translation error in converting the accounting records from Russian to English.  
16 However, this statement was false and misleading, because the errors in the  
17 September 2010 10-Q, were caused by the lack of accounting books and records  
18 to substantiate the numbers reported, and in fact, the figures were based on  
19 estimates made by the California accounting firm rather than actual figures.

20 83. Zachos knew or was reckless in not knowing that the errors in the  
21 September 2010 10-Q were the result of estimates because the accountants did  
22 not have access to accurate books and records, rather than a language translation  
23 error as he represented in the April 2011 Form 8-K.

24 **D. Gruber & Co. and Gruber Submitted a False Audit Report in**  
25 **Super 8-K.**

26 84. Gold Standard engaged Gruber & Co. to conduct annual audits of the  
27 company’s financial statements for 2007, 2008, and 2009.  
28

1           85. Gruber & Co. prepared an audit report for the Super 8-K, which  
2 Gruber caused Gruber & Co. to sign on June 21, 2010, and he consented to its  
3 inclusion in the Super 8-K on October 5, 2010.

4           86. In the audit report filed with the Super 8-K, Gruber & Co. falsely  
5 represented that it had conducted an audit of Gold Standard's 2009, 2008 and  
6 2007 consolidated financial statements in accordance with PCAOB standards, and  
7 that the consolidated financial statements present fairly, in all material respects,  
8 the financial position of Gold Standard and its subsidiaries.

9           87. In fact, Gruber & Co. and Gruber failed to conduct the audit in  
10 accordance with PCAOB standards, and the consolidated financial statements did  
11 not fairly present the financial position of Gold Standard and its subsidiaries.

12           88. During its audit, Gruber & Co. and Gruber failed, among other  
13 things, to include procedures to independently verify that Ross Zoloto's gold  
14 sales in fact occurred and that the company had received the sales proceeds  
15 represented; to determine the cost of sales for the gold mining production; to  
16 determine the existence or movement of inventory during the three year period; or  
17 to determine whether the values assigned to PPE were appropriate.

18           89. Gruber & Co. and Gruber also relied on the Yukos appraisal to  
19 evaluate the value Gold Standard set for its PPE. But Gruber & Co. and Gruber  
20 failed to comply with PCAOB Standard AU § 336.08-.11 *Using the Work of a*  
21 *Specialist*, which requires that an auditor should evaluate the professional  
22 qualifications of the specialist, understand the specialist's work, evaluate the  
23 specialist's relationship with the client and perform additional procedures if there  
24 is any risk of impairment of the specialist's objectivity. Gruber failed to identify  
25 that the appraisal was flawed because it was performed by a company owned by  
26 Khachatryan and it did not sufficiently describe the appraiser's qualifications and  
27 methods for determining the value of Ross Zoloto's assets.

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1           90. Gruber & Co. and Gruber also relied upon the representations of  
2 management about the amount of gold produced and sold, and the proceeds  
3 deposited into Ross Zoloto’s Russian bank account without obtaining evidence  
4 confirming management’s representations. But Gruber & Co. and Gruber failed  
5 to comply with PCAOB Standard AU § 230.07-.09 *Due Professional Care in the*  
6 *Performance of Work*, which requires the auditor to “exercise professional  
7 skepticism” -- an attitude that includes “a questioning mind and a critical  
8 assessment of audit evidence” entailing the auditor to consider the competency  
9 and sufficiency of the evidence; (2) PCAOB Standard AU § 326.01-.02, .13, .16,  
10 .19 and .22 *Evidential Matter*, which requires that evidential matter obtained  
11 should be sufficient and competent to form conclusions concerning the validity of  
12 the assertions embodied in the components of the financial statements and a  
13 reasonable basis for an opinion; (3) PCAOB Standard AU § 333.02, .14  
14 *Management Representations*, which states that management representations “are  
15 not a substitute for the application of those auditing procedures necessary to  
16 afford a reasonable basis for an opinion regarding the financial statements under  
17 audit”; (4) PCAOB Standard AU § 326.21, which states, “[t]he validity of  
18 evidential matter is so dependent on the circumstances under which it is obtained”  
19 and “[w]hen evidential matter can be obtained from independent sources outside  
20 an entity, it provides greater assurance of reliability for the purposes of an  
21 independent audit than that secured solely within the entity”; and (5) PCAOB  
22 Standard AU § 330.31 *The Confirmation Process*.

23           91. In addition, Gruber & Co. and Gruber disregarded problems with  
24 obtaining adequate financial information about Ross Zoloto’s activities, the  
25 inability to independently confirm the Russian gold sales and banking  
26 transactions. They also disregarded red flags about the overvalued assets, the  
27 independence of the appraiser, and inconsistent statements about inventory and  
28

1 timing of gold sales that came to Gruber's attention. Accordingly, Gruber & Co.  
2 and Gruber failed to exercise due professional care.

3 92. Gruber & Co. and Gruber failed to obtain sufficient competent  
4 evidential matter and improperly relied on limited evidence such as management  
5 representations which Gruber was unable to verify.

6 93. Despite the known deficiencies in Gold Standard's consolidated  
7 financial statements, Gruber & Co. provided an unqualified audit report and  
8 falsely stated that it had audited the consolidated financial statements in  
9 accordance with standards of the PCAOB.

10 **E. Gold Standard Failed to keep Accurate Books and Records.**

11 94. As a company with securities registered under Section 12 of the  
12 Exchange Act, Gold Standard was required to make and keep books, records and  
13 accounts which in reasonable detail accurately and fairly reflected the  
14 transactions and dispositions of its assets under Section 13(b)(2)(A) of the  
15 Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

16 95. Gold Standard failed to make and keep accurate books, records and  
17 accounts concerning the operations of Ross Zoloto. For example, Gold Standard  
18 did not have accurate information in its books, records and accounts about the  
19 revenue that Ross Zoloto earned from its gold sales, the production costs for  
20 extracting gold each year, the inventory that Ross Zoloto maintained of the gold  
21 that it produced, or the value of its PPE.

22 96. As the chief executive officer and one of only two management level  
23 employees of Gold Standard, Zachos knew that Gold Standard's books, records,  
24 and accounts were insufficient or nonexistent and did not accurately and fairly  
25 reflect the transactions and dispositions of Gold Standard's assets. Zachos  
26 provided knowing or reckless, substantial assistance to, and aided and abetted  
27 Gold Standard's violations of Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C.

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1 § 78m(b)(2)(A), by failing to make and keep accurate books, records and  
2 accounts concerning the operations of Ross Zoloto.

3 **F. Gold Standard Failed to Implement a System of Internal Controls.**

4 97. As a company with securities registered under Section 12 of the  
5 Exchange Act, Gold Standard was required to devise and maintain a system of  
6 internal accounting controls sufficient to provide reasonable assurance that  
7 transactions were executed in accordance with management's authorization, and  
8 that transactions were recorded as necessary to permit preparation of financial  
9 statements in conformance with GAAP under Section 13(b)(2)(B) of the  
10 Exchange Act, 15 U.S.C. § 78m(b)(2)(B) .

11 98. Gold Standard failed to devise and maintain a system of internal  
12 accounting controls. For example, Gold Standard did not have a means to verify  
13 the amount of gold produced; it did not have a means to determine the costs of  
14 producing the gold that was sold; it did not maintain records of inventory; it did  
15 not have independent access to Ross Zoloto's bank statements and transactions;  
16 and. It did not have a method for accessing the Russian accounting system used  
17 by Ross Zoloto or to close the books quarterly and create trial balances. It did not  
18 have copies of accounting policies or methods used to create the Russian  
19 accounting records to enable any U.S. accountants it retained to be able to convert  
20 the Russian accounting records accurately into financial statements in  
21 conformance with GAAP.

22 99. As the chief executive officer of Gold Standard, Zachos knowingly  
23 or recklessly failed to implement a system of internal controls at Gold Standard in  
24 violation of Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b)(5).

25 100. Zachos knowingly or recklessly provided substantial assistance to  
26 Gold Standard's violation of Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C.  
27 § 78m(b)(2)(B), by failing to implement a system of internal accounting controls.

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1           **G. Zachos Violated the Certification Process.**

2           101. Rule 13a-14(a), 17 C.F.R. § 240.13a-14, which was adopted under  
3 Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), requires any company  
4 that files reports containing financial statements to include a certification signed  
5 by the chief executive officer and principal financial officer certifying, among  
6 other things, that the report does not contain any untrue statement of a material  
7 fact or omit to state a material fact necessary to make statements made, in light of  
8 the circumstances under which such statements were made, not misleading with  
9 respect to the period covered by the report and based on the officer's knowledge.  
10 The certification must comply with the exact language contained in 17 C.F.R. §  
11 229.601 (31) (i).

12           102. Zachos, as the chief executive officer of Fluid Solutions and later  
13 Gold Standard, signed false certifications for the June 2009 10-Q, September  
14 2009 10-Q, and September 2010 10-Q knowing the financial information in the  
15 periodic reports did not fairly present, in all material respects, the financial  
16 condition and results of the operations of the issuer.

17           **H. Gruber & Co. and Gruber Violated the Audit Requirements of**  
18           **Section 10A of the Exchange Act.**

19           103. Gruber & Co. was a public accounting firm engaged in the practice  
20 of public accounting and registered with the Public Company Accounting  
21 Oversight Board ("PCAOB").

22           104. Gruber & Co. conducted an audit of the financial statements of Gold  
23 Standard for 2007, 2008 and 2009, and submitted an audit report dated June 21,  
24 2010 that was filed with Gold Standard's Super 8-K.

25           105. Gruber was the engagement partner for the Gold Standard audit and  
26 caused Gruber & Co. to sign the audit report dated June 21, 2010.

27           106. Gruber & Co. and Gruber failed to design audit procedures to  
28 provide reasonable assurance of detecting illegal acts that would have a direct and

1 material effect on the determination of financial statement amounts. PCAOB  
2 Standard AU § 317.05 *Illegal Acts by Client* states “[t]he auditor considers laws  
3 and regulations that are generally recognized by auditors to have a direct and  
4 material effect on the determination of financial statement amounts” and “the  
5 auditor considers such laws or regulations from the perspective of their known  
6 relation to audit objectives derived from financial statement assertions rather than  
7 from the perspective of legality per se.”

8 107. During the audit, Gruber & Co. through Gruber raised questions  
9 about whether Gold Standard had consummated its purchase of Ross Zoloto by  
10 properly registering its acquisition with the Russian regulatory authorities during  
11 2009, but failed to obtain sufficient information to determine whether that  
12 registration ever occurred. Gruber and Gruber & Co. failed to conduct any audit  
13 procedures to confirm that Gold Standard had registered its acquisition of Ross  
14 Zoloto under Russian laws.

15 108. As part of the audit, Gruber and Gruber & Co. obtained from Gold  
16 Standard purported bank statements for 2007, 2008 and 2009 for Ross Zoloto’s  
17 bank accounts which were written in Russian and provided with translations in  
18 English written by management.

19 109. Gruber and Gruber & Co. failed to conduct any audit procedures to  
20 determine the authenticity of these Russian bank records and the amounts  
21 reported within them. For example, they failed to obtain copies of the records  
22 directly from the bank, and did not receive confirmation letters from the bank  
23 affirming the balances or transactions in the account.

24 110. As part of the audit, Gruber and Gruber & Co. obtained documents  
25 from Gold Standard that appeared to be contracts and invoices for the sale of gold  
26 to two Russian banks during 2007, 2008, and 2009. The documents which were  
27 written in Russian were provided with translations in English written by  
28 management.



1 abetted, and caused Gruber & Co.'s violations, and unless restrained and enjoined  
2 will continue to cause violations, of Section 10(b) of the Exchange Act and Rule  
3 10b-5(b).

4 117. In the alternative, Gruber as the person who, directly or indirectly,  
5 controlled Gruber & Co. is liable under Section 20(a) of the Exchange Act, 15  
6 U.S.C. § 78t(a), for Gruber & Co.'s violations of Section 10(b) of the Exchange  
7 Act, 15 U.S.C. § 78j(b), and Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b).

8 **SECOND CLAIM FOR RELIEF**

9 **Violations of the Periodic Reporting Provisions of Section 13(a) of the**  
10 **Exchange Act and Rules 12b-20, 13a-11, and 13a-13**  
11 **[15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-11 and 240.13a-13]**  
12 **(All Defendants)**

13 118. The SEC realleges and incorporates paragraphs 1 through 112 by  
14 reference.

15 119. Gold Standard failed to prepare its financial statements in  
16 conformance with GAAP and made material misrepresentations and omissions in  
17 periodic reports filed with the SEC.

18 120. By engaging in the conduct alleged above, Gold Standard violated,  
19 and unless restrained and enjoined will continue to violate, Section 13(a) of the  
20 Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-11, and 13a-13, 17  
21 C.F.R. §§ 240.12b-20, 240.13a-11 and 240.13a-13.

22 121. Zachos and Eade aided and abetted and caused the violations by  
23 Gold Standard of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and  
24 Rules 12b-20, 13a-11, and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-11 and  
25 240.13a-13, for each of the reports identified above (except for the April 2011 8-  
26 K which Eade did not prepare), and unless restrained and enjoined will continue  
27 to aid and abet violations of these provisions.

28 122. Gruber & Co. and Gruber aided and abetted and caused the  
violations by Gold Standard of Section 13(a) of the Exchange Act, 15 U.S.C. §

1 78m(a), and Rules 12b-20, 13a-11, and 13a-13, 17 C.F.R. §§ 240.12b-20,  
2 240.13a-11 and 240.13a-13, for the Super 8-K filed on October 5, 2010, and the  
3 September 2010 10-Q, and unless restrained and enjoined will continue to aid and  
4 abet violations of these provisions. In the alternative, Gruber, as the person who,  
5 directly or indirectly, controls Gruber & Co. is liable, under the provisions of  
6 Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), for Gruber & Co. causing  
7 these violations.

8 **THIRD CLAIM FOR RELIEF**

9 **Violations of the Books and Records Provisions**

10 **Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)]**  
11 **(Defendants Gold Standard and Zachos)**

12 123. The SEC realleges and incorporates paragraphs 1 through 112 by  
13 reference.

14 124. By engaging in the conduct alleged above, Gold Standard failed to  
15 make and keep books, records and accounts, which, in reasonable detail,  
16 accurately and fairly reflected its transactions and disposition of assets.

17 125. Gold Standard violated, and unless restrained and enjoined will  
18 continue to violate, Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. §  
19 78m(b)(2)(A) .

20 126. Zachos aided and abetted and caused Gold Standard's violations of  
21 Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), and unless  
22 restrained and enjoined will continue to aid and abet violations of these  
23 provisions.

24 **FOURTH CLAIM FOR RELIEF**

25 **Violations of the Internal Controls Provisions**

26 **Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)]**  
27 **(Defendants Gold Standard and Zachos)**

28 127. The SEC realleges and incorporates paragraphs 1 through 112 by  
reference.



1 the financial information in the periodic reports did not fairly present, in all  
2 material respects, the financial condition and results of the operations of the  
3 issuer.

4 135. As a result, Zachos violated Rule 13a-14(a) adopted under Section  
5 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), by falsely certifying Gold  
6 Standard's quarterly reports.

7  
8 **SEVENTH CLAIM FOR RELIEF**  
9 **Violation of the Audit Requirements of**  
10 **Section 10A(a) of the Exchange Act [15 U.S.C. § 78j-1(a)]**  
11 **(Defendants Gruber & Co. and Gruber)**

12 136. The SEC realleges and incorporates paragraphs 1 through 112 by  
13 reference.

14 137. In the course of conducting an audit of the financial statements of  
15 Gold Standard and its subsidiary, Gruber & Co. and Gruber failed to adopt  
16 procedures designed to provide reasonable assurance of detecting illegal acts that  
17 would have a direct and material effect on the determination of financial  
18 statement amounts.

19 138. Based on the conduct alleged above, Gruber & Co. and Gruber  
20 violated Section 10A(a) of the Exchange Act, 15 U.S.C. § 78j-1(a).

21 **PRAYER FOR RELIEF**

22 The SEC respectfully requests that this Court:

23 I.

24 Find that defendants Gold Standard, Zachos, Eade, Gruber & Co. and  
25 Gruber committed the violations alleged in this Complaint and unless restrained  
26 will continue to do so.

27 II.

28 Enter a permanent injunction, pursuant to Rule 65(d) of the Federal Rules

1 of Civil Procedure, enjoining defendants Gold Standard, Zachos, Eade, Gruber &  
2 Co. and Gruber from violating, directly or indirectly, or aiding and abetting  
3 violations of each of the provisions of the law and rules alleged in this Complaint.

4 III.

5 Order defendants Eade, Gruber & Co. and Gruber to prepare an accounting  
6 of all the proceeds they obtained from the unlawful transactions and activities  
7 described above.  
8

9 IV.

10 Order defendants Eade, Gruber & Co. and Gruber to disgorge all ill-gotten  
11 gains resulting from their participation in the illegal conduct alleged in this  
12 Complaint plus pre-judgment and post judgment interest.

13 V.

14 Order defendants Gold Standard, Zachos, Eade, Gruber & Co. and Gruber  
15 to pay civil penalties pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. §  
16 78u(d), in an amount to be determined by the Court.  
17

18 VI.

19 Order defendants Zachos and Eade each to be barred from acting as an  
20 officer or director of any company having a class of securities registered with the  
21 SEC under to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required  
22 to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d),  
23 pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).  
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VII.

Grant such other relief as the Court deems necessary and appropriate.

DATED: June 29, 2012.

Respectfully submitted,

s/ Leslie J. Hughes

Leslie J. Hughes Esq.

s/Molly M. White

Molly M. White

Attorneys for Plaintiff  
Securities and Exchange Commission