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 8

9 **UNITED STATES DISTRICT COURT**  
 10 **FOR THE EASTERN DISTRICT OF WASHINGTON**

11  
 12 SECURITIES AND EXCHANGE  
 13 COMMISSION,

14 Plaintiff,

15 v.

16 USA REAL ESTATE FUND 1, INC. and  
 17 DANIEL F. PETERSON,

18 Defendants.

Civil Action No. CV-13-157-LRS

**COMPLAINT**

19  
 20 Plaintiff Securities and Exchange Commission (“Commission”) alleges:

21 **SUMMARY OF THE ACTION**

22 1. Daniel F. Peterson, through his company USA Real Estate Fund 1, Inc.  
 23 (“USA Fund”), has been operating a securities fraud out of his home in Spokane  
 24 Valley.

25 2. Since 2010, Peterson has sold USA Fund securities to at least 21  
 26 investors, raising more than \$400,000 in an offering of common stock, based on  
 27 materially false and misleading statements about his purported business plans.

28 3. Specifically, Peterson told investors that he was preparing to raise

1 billions of dollars in a second offering of additional, “preferred” securities, and that  
2 their earlier investments would pay off massively once that second offering was  
3 underway. Peterson claimed that this second offering would be made possible by  
4 his ability to offer future investors a “guaranteed” investment product, and he  
5 disseminated return-on-investment projections showing 500% to 1300% gains over  
6 ten years.

7 4. Peterson claimed that reputable financial firms Merrill Lynch and  
8 BlackRock had partnered with him to bring his offering to market. Among other  
9 things, he told investors that the firms had conducted “due diligence” on USA Fund  
10 and, in June 2012, that they were “structuring...sales agreements and pricing as we  
11 speak.”

12 5. Among his other claims, Peterson repeatedly told investors that his  
13 future offering would be made possible by a new statute called the “JOBS Act”  
14 which, he claimed, would allow him to raise billions of dollars in investment capital  
15 by advertising to the general public. Peterson also promised investors he would  
16 invest in exclusively American businesses and that he would assist in Washington  
17 State’s economic recovery, preying upon investors’ sense of patriotism and their  
18 hopes for improving the economy through their own investments.

19 6. But Peterson’s claims were false. He had no guaranteed investment  
20 product to offer, the returns he projected for current and future investors were either  
21 fictitious or based on implausible and unsupported analyses, and he had no  
22 affiliation with any financial firm, let alone agreements with Merrill Lynch and  
23 BlackRock to underwrite his purported future offering.

24 7. Peterson continues to solicit investors for his scheme, and he has said  
25 that he is preparing to expand his offering to include investor seminars and public  
26 advertising.

27 8. Peterson and USA Fund have violated, and continue to violate, the  
28 antifraud provisions of Section 17(a) of the Securities Act of 1933 (“Securities Act”)

1 [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)] and Section 10(b) of the Securities  
2 Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5  
3 thereunder [17 C.F.R. 240.10b-5].

4 9. To address these violations and deter future wrongdoing, the  
5 Commission seeks an order preliminarily and permanently enjoining the defendants  
6 from continuing their unlawful conduct, requiring them to disgorge their ill-gotten  
7 gains plus prejudgment interest, and imposing civil money penalties against them.  
8 The Commission further seeks an order prohibiting Peterson from offering securities  
9 of entities he controls, and from soliciting others for securities transactions.

#### 10 **JURISDICTION AND VENUE**

11 10. The Commission brings this action pursuant to Sections 20(b) and  
12 20(d) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b) and  
13 77t(d)] and Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934  
14 (“Exchange Act”) [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

15 11. This Court has jurisdiction over this action pursuant to Sections 20(b)  
16 and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d),  
17 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].  
18 Defendants, directly or indirectly, made use of the means and instrumentalities of  
19 interstate commerce or of the mails in connection with the acts, transactions,  
20 practices, and courses of business alleged in this complaint.

21 12. Venue is proper in this District pursuant to Section 22(a) of the  
22 Securities Act [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act  
23 [15 U.S.C. § 78aa(a)]. USA Fund has operated and is operating its principal place  
24 of business in this District and Defendant Peterson resides in this District. In  
25 addition, acts, practices, and courses of business that form the basis for the  
26 violations alleged in this complaint occurred in this District.

1 DEFENDANTS

2 13. **Daniel F. Peterson**, age 63, resides in Spokane Valley, Washington.  
3 He has previously worked as a private loan broker and promoter of purported land  
4 development projects.

5 14. **USA Real Estate Fund 1, Inc.** is a Washington corporation that  
6 Peterson founded in 2009 and has operated from his home, including his current  
7 residence in Spokane Valley. Since USA Fund’s inception, Peterson has been its  
8 Chairman, President and, with his wife, its majority stockholder, and has managed  
9 and controlled all aspects of its operations. USA Fund claims to have a number of  
10 non-operating subsidiaries, including the entities: Americans Rebuilding America  
11 Technology Fund, Inc.; Americans Rebuilding America Real Estate Fund, Inc.; USA  
12 Technology Fund 1, Inc.; Washington Economic Recovery Investment Fund, Inc.;  
13 and Xanadu Inc.

14 FACTS

15 **A. Peterson Used USA Fund, and the Promise of a Future**  
16 **Multi-Billion Dollar Securities Offering, to Lure Investors**

17 15. Between November 2010 and June 2012, Peterson used USA Fund to  
18 raise at least \$400,000 from at least 21 investors. Persons who invested lived in the  
19 State of Washington, including in King County and Whitman County, and in at least  
20 five other states: Alaska, California, Idaho, New York and Connecticut.

21 16. In exchange for their money, the 21 investors received common stock  
22 in USA Fund.

23 17. Between August 2011 and September 2011, Peterson also exchanged  
24 USA Fund common stock with 26 additional investors for securities that they held in  
25 an entity called The Retreat in Palm Canyon LLC (“TRIPC”).

26 18. TRIPC was a purported hotel development project that Peterson had  
27 previously promoted and for which he sold approximately \$4 million in partnership  
28 interests. Peterson dissolved TRIPC in approximately 2008, with full losses to the

1 investors.

2 19. Peterson also previously defaulted on approximately \$300,000 in  
3 promissory notes that he executed with two TRIPC investors in 2008. Peterson had  
4 obtained money from one of the noteholders by claiming that he merely needed the  
5 money as a bridge loan while an existing \$3.3 billion financing package for TRIPC  
6 was purportedly being funded. Peterson has two outstanding judgments against him  
7 for more than \$400,000 in connection with these defaulted notes.

8 20. As part of an exchange agreement that he executed with TRIPC  
9 investors in return for USA Fund stock, Peterson required that they release him from  
10 legal liability for the prior, failed project.

11 21. Peterson solicited common stock investors verbally, in e-mails, and in  
12 periodic newsletters, which he distributed via e-mail to past and prospective USA  
13 Fund investors.

14 22. Peterson also solicited common stock investors by referring them to the  
15 company's Internet website, [www.arafunds.com](http://www.arafunds.com), the content of which he either  
16 created or approved.

17 23. In his solicitations, and on the company's website, Peterson claimed  
18 that he would conduct a second, much larger offering of "preferred" securities  
19 through which he would raise billions of dollars of investment capital.

20 24. Peterson claimed that his future offering would be made possible by a  
21 new statute called the Jumpstart Our Business Startups ("JOBS") Act.

22 25. The JOBS Act, Pub. L. No. 112-106, 126 Stat. 306 (2012), which was  
23 signed into law on April 5, 2012, amends the Securities Act with regard to certain  
24 disclosure and registration requirements. Among other things, the JOBS Act rules,  
25 once finalized by the Commission, will permit certain limited securities offerings to  
26 use general public advertising aimed at accredited investors.

27 26. In newsletters and emails to investors, Peterson repeatedly referred to  
28 the JOBS Act as providing legitimacy and urgency for his offerings, which he said

1 he would conduct by advertising to the public.

2 27. For example, in a January 25, 2012 newsletter that he emailed to more  
3 than thirty investors, Peterson wrote that “[u]pon passing of H.R. 2940 [a  
4 predecessor bill to the JOBS Act] we WILL be signed with a major securities  
5 Brokerage to sell to the public as well as doing our own marketing.”

6 28. Similarly, in a March 2, 2012 newsletter, Peterson announced that  
7 Congress had set a vote on the JOBS Act and wrote: “What this means is we are  
8 most likely to be about to be [sic] blessed with full approval of all necessary  
9 legislation to put us into full sales operations.” Peterson then offered the recipients  
10 common stock in USA Fund at \$2.00 per share, noting that “[t]he offer is only good  
11 until the Senate votes on [the bill] and that will be within 2 weeks. So if you wish to  
12 purchase move quickly.”

13 29. Notwithstanding Peterson’s claim, he continued to offer USA Fund  
14 common stock well after March 2, 2012. For example, in an October 2, 2012 e-mail  
15 to potential investors, Peterson offered USA Fund common stock at \$.05 per share,  
16 setting a new deadline of October 8, 2012, when he said the Commission would  
17 approve the JOBS Act rules.

18 30. Peterson claimed that his multi-billion dollar offering would provide  
19 future investors with a guaranteed investment product.

20 31. On USA Fund’s website, for example, Peterson claimed that  
21 investments in USA Fund’s preferred securities would be “secured” and would be  
22 “insure[d] against loss.”

23 32. In an April 28, 2012 offering letter to more than 100 potential investors,  
24 Peterson claimed that he could offer this guarantee by using a “reserve account”  
25 managed by Merrill Lynch. Peterson claimed:

26 For every \$100.00 of stock sold Merrill will place approximately [\$25] into  
27 the account that grows and pays back the investors all of their invested dollars  
28 in the future. The remaining [\$75] becomes the capital from which we make  
investments and pay dividends. Since the Merrill fund pays off the investors  
we never have to return the money we invested. We take our part of the

1 profits each six months and are able to report all of the invested cash on our  
2 company balance sheet with no corresponding debt.

3 33. On USA Fund's website and in newsletters to investors, Peterson  
4 described various investment projects he claimed he would pursue with the proceeds  
5 of the future offering. These included investing in technology company start-ups,  
6 trading in discounted mortgage notes, buying and selling defaulted real estate,  
7 "conduit lending," and development of a fractional interest resort called "Xanadu"  
8 which, among other things, offered access to a private, luxury submarine.

9 34. Peterson also exploited investors' sense of patriotism and altruism by  
10 pitching USA Fund as an American job-creation opportunity. On USA Fund's  
11 website and in offering letters, he promised to invest the proceeds of his purported  
12 future offering in only American businesses. USA Fund's website further claimed,  
13 regarding the purported "Washington Economic Recovery Fund," that "[t]his fund  
14 will help return people to the work force and get them off the unemployment and  
15 welfare programs. Investments will also create and fund new companies providing  
16 additional employment to assist in the recovery of our economy."

17 **B. Peterson and USA Fund Defrauded Investors by**  
18 **Making Spectacular, and False, Claims on USA Fund's Website**

19 35. Since at least May 9, 2012, USA Fund's website has been generally  
20 accessible to the public and has been styled as an advertisement for an offering of  
21 preferred securities.

22 36. As part of his sales pitch, Peterson also referred would-be common  
23 stock investors to USA Fund's website for information about his purported business  
24 plans, financial projections, and various downloadable documents.

25 37. As such, the website targeted both current common stock investors and  
26 future preferred stock investors – the former being told that they would profit from  
27 Peterson's ability to raise capital from the latter.

28 38. Since at least May 9, 2012, the contents of the website have been

1 replete with false and misleading statements going to the core of Peterson's scheme,  
2 including the following.

3 39. USA Fund's website told investors that return of preferred  
4 shareholders' investments would be "secured" and that USA Fund had "created a  
5 relationship with a major securities firm, Merrill Lynch that will furnish the funds to  
6 repurchase your investment shares for what you paid for them at a guaranteed date  
7 in the future." In a "frequently asked questions" page, the website said:

8 "Q: How do you assure the investor that they will not lose their investment?

9  
10 A: Our protection works much the same as flood insurance or earthquake or  
11 tornado insurance. We buy from the US Governments financial instruments  
that will provide the money to insure against loss."

12 40. These statements were false. Peterson and USA Fund could not offer  
13 "secured" investments, nor could they "insure" future investors against loss.

14 41. USA Fund also did not have a relationship with Merrill Lynch whereby  
15 the firm would furnish funds to repurchase investment shares. In fact, Peterson and  
16 USA Fund had no relationship with Merrill Lynch at all, other than having opened  
17 an empty brokerage account at a Merrill Lynch office under USA Fund's name.

18 42. To the extent Peterson claimed that he could offer "secured"  
19 investments, that claim was based on implausible, unsupported, and undisclosed  
20 assumptions. As in the April 28, 2012 offering letter, Peterson elsewhere told  
21 investors that he would set aside 25% of preferred shareholders' investments into a  
22 protection account, which he said would be independently managed by Merrill  
23 Lynch, and that the account would appreciate sufficiently to repay 100% of the  
24 principal in 20 years. But Peterson could not guarantee any appreciation, let alone  
25 what would be necessary to quadruple an investment in 20 years.

26 43. Peterson's claims were especially misleading in light of the suggestion  
27 on USA Fund's website that money in a protection account would be invested in  
28 "US Governments [sic] financial instruments." During the time Peterson was



1 making such claims, however, the yield on U.S. Treasury instruments maturing in  
2 20 years was less than 3%. Yet USA Fund would have to consistently earn  
3 annualized returns of more than double that in order to achieve the claimed results,  
4 rendering his promised results entirely inconsistent with the purported means for  
5 achieving them.

6 44. In addition, contrary to Peterson's claim, Merrill Lynch had not agreed  
7 to manage any reserve or protection account, nor had it endorsed any such notion.

8 45. USA Fund's website also posted return-on-investment ("ROI")  
9 projections for the parent company and each of its subsidiary funds. The website  
10 projected that an investment of \$1,000 in USA Fund would yield \$13,679 in returns  
11 over ten years, and that an investment of \$1,000 in the "Americans Rebuilding  
12 America Real Estate Fund, Inc." would yield \$7,245 in returns over the same period.  
13 The website projected more than 500% in ten-year returns for each of the other  
14 subsidiary funds.

15 46. These projections were baseless and misleading, or purely fictitious.  
16 Peterson and USA Fund had no analysis to support the spectacular returns they  
17 projected for preferred stock investors.

18 47. USA Fund's website also contained a timeline of its history. The  
19 timeline reflected that, on June 13, 2010 USA Fund was "accepted by the US  
20 Securities and Exchange Commission as a Regulation D 506 Exempt Security."

21 48. This statement was false and misleading. The Commission had not  
22 (and has not) accepted USA Fund in any capacity, nor has the Commission accepted  
23 any of USA Fund's securities as exempt from registration.

24 49. In order to lend further credibility to its claims, USA Fund's website  
25 also contained a "Loan Advisory Committee" page that contained photographs and  
26 biographies of five purported committee members.

27 50. This page contained false and misleading information. At least three of  
28 the five individuals identified on USA Fund's website were not, in fact, members of

1 a purported Loan Advisory Committee, nor were they aware that Peterson and USA  
2 Fund had been using their names in this manner.

3 51. USA Fund's website also contained a "Financial Affiliates" page that  
4 identified two financial firms as its "affiliates:" Merrill Lynch and BlackRock.

5 52. This page also contained false and misleading information. As  
6 described above, Merrill Lynch was not associated with USA Fund, and Peterson  
7 had merely opened an unfunded brokerage account in USA Fund's name with that  
8 firm. Further, BlackRock had no relationship with USA Fund whatsoever.

9 **C. Peterson and USA Fund Defrauded**  
10 **Investors by Making False and Misleading**  
11 **Claims in Direct Solicitations and Investor Newsletters**

12 53. In addition to using USA Fund's website, Peterson also deceived  
13 investors and potential investors in solicitations that he made verbally, via e-mail,  
14 and in his periodic newsletters. Like the website, these solicitations contained false  
15 and misleading financial projections and untrue statements about USA Fund's  
16 purported relationships with reputable financial firms, among other topics.

17 54. Indeed, the financial projections Peterson used in direct solicitations to  
18 common stock investors were even more aggressive than those posted on USA  
19 Fund's website. In one instance, in a January 18, 2012 email to more than thirty  
20 current and potential investors, Peterson sent a projection showing \$10,000 of  
21 common stock yielding \$376,552 in ten years. In another instance, in an April 22,  
22 2012 email to 15 people, Peterson solicited investments by predicting that a share of  
23 USA Fund common stock purchased for \$.50 would have a 900% annual ROI.

24 55. These projections were baseless and misleading, or purely fictitious.  
25 Peterson and USA Fund had no analysis to support the spectacular returns they  
26 projected for common stock investors.

27 56. To the extent that Peterson claimed to have performed analyses to  
28 support his ROI projections, those purported analyses were based on implausible,

1 unsupported, and undisclosed assumptions. Among other things, as in the April 28,  
2 2012 offering letter quoted above, Peterson told common stock investors that they  
3 could split among them the proceeds of a future offering of preferred stock. But  
4 Peterson did not disclose that the value of USA Fund, including money raised in a  
5 future offering, would have to be shared with future preferred stock investors.

6 57. In e-mails and newsletters sent to investors between at least August 18,  
7 2011 and July 10, 2012, Peterson further touted the involvement of the financial  
8 firms Merrill Lynch and BlackRock. He told investors that USA Fund had passed  
9 “due diligence” by both Merrill Lynch and BlackRock, that Merrill Lynch had  
10 agreed to be USA Fund’s “custodial trustee,” and that BlackRock was Merrill  
11 Lynch’s “partner for our deal.” Peterson further told investors that Merrill Lynch  
12 and Blackrock were structuring sales agreements and pricing for his purported future  
13 offering of preferred stock and that, as of April 2012, he was “going to have our  
14 final planning session [to decide] the method which BlackRock will use to sell our  
15 shares.”

16 58. These statements about Merrill Lynch and BlackRock were false and  
17 misleading. Neither Merrill Lynch nor BlackRock had performed any due diligence  
18 on USA Fund, nor had they performed any work to structure sales agreements or set  
19 pricing for an offering of USA Fund securities. In fact, other than Peterson’s having  
20 opened a brokerage account at Merrill Lynch, USA Fund had no relationship with  
21 Merrill Lynch or BlackRock at all, let alone a relationship that would lead to a final  
22 planning session for the sale of preferred stock in April 2012.

23 **D. Peterson and USA Fund Filed False and Misleading Statements**  
24 **About Their Purported Offering in Filings with the Commission**

25 59. In connection with his purported future multi-billion-dollar offering,  
26 Peterson caused USA Fund to file a Form D with the Commission on July 14, 2010,  
27 and three subsequent amendments on May 24, 2011, September 9, 2011 and January  
28 30, 2013. A Form D is a brief notice that companies must file with the Commission

1 when they intend to offer and sell securities in unregistered transactions. The Forms  
2 D filed by USA Fund announced the company's intent to offer and sell between  
3 \$100 million and \$100 billion worth of securities. The original and first two  
4 amended Forms D indicated that USA Fund had revenues of \$25 million to \$100  
5 million. USA Fund's most recent amended Form D, filed on January 30, 2013,  
6 indicates the company's intent to offer and sell \$2 billion worth of securities, and it  
7 claims revenues of \$1 to \$1 million.

8 60. USA Fund's Forms D were, and continue to be, false and misleading.  
9 USA Fund has never had any revenue, let alone the \$25 million claimed in its initial  
10 and first two amended SEC Forms D.

11 **E. Peterson Spent Investor Money on Personal Expenses**

12 61. Peterson spent the more than \$400,000 he raised from investors nearly  
13 as quickly as he received it. Peterson used the money to pay for personal expenses  
14 such as rent, food, vacations, and other entertainment.

15 62. For example, in March 2012 Peterson spent more than \$2,800 on  
16 personal rent, nearly \$3,000 on a trip for his wife to Palm Springs, and more than  
17 \$2,800 on electronics for his wife and a friend, all from USA Fund's checking  
18 account.

19 63. In May 2012 Peterson charged the following to the same account:  
20 \$7,000 for personal vacations to the St. Regis Hotel in Dana Point, California; more  
21 than \$4,600 on a rented Mercedes Benz SUV; more than \$3,000 on rent and clothing  
22 for friends; \$1,000 on luggage for his wife; and additional charges at a Las Vegas  
23 casino, a fine wine and cigar shop, and many others.

24 64. Peterson's wife also used USA Fund's checking account to pay for her  
25 personal shopping and expenses.

26 **F. Peterson and USA Fund's Misconduct is Continuing**

27 65. USA Fund's website continues to advertise securities based on the  
28 various false and misleading claims described herein.

1 66. Peterson also continues to directly solicit investors, and has indicated  
2 his intent to expand his scheme.

3 67. For example, in his October 2, 2012 letter to investors, which he wrote  
4 more than a month after he testified before Commission staff in connection with  
5 their investigation of USA Fund, Peterson offered a new round of USA Fund stock  
6 and said that he would use the sales proceeds to pay for advertising and investor  
7 seminars targeted to new investors.

8 **FIRST CLAIM FOR RELIEF**

9 **(Violations of Section 17(a) of the Securities Act  
10 and Rule 10b-5 Thereunder by Both Defendants)**

11 68. Paragraph numbers 1 through 67 are re-alleged and incorporated herein  
12 by reference.

13 69. Defendants have, by engaging in the conduct set forth above, directly  
14 or indirectly, in the offer or sale of securities, by the use of means or instruments of  
15 transportation or communication in interstate commerce, or of the mails: (a) with  
16 scienter, employed devices, schemes, or artifices to defraud; (b) obtained money or  
17 property by means of untrue statements of material fact or by omitting to state  
18 material facts necessary in order to make statements made, in the light of the  
19 circumstances under which they were made, not misleading; and (c) engaged in  
20 transactions, practices, or courses of business which operated or would operate as a  
21 fraud or deceit upon the purchasers of such securities.

22 70. By reason of the foregoing, Defendants have directly or indirectly  
23 violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and unless  
24 enjoined will continue to violate this provision.

25 **SECOND CLAIM FOR RELIEF**

26 **(Violations of Section 10(b) of the Exchange Act  
27 and Rule 10b-5 by Both Defendants)**

28 71. Paragraph numbers 1 through 67 are re-alleged and incorporated herein  
by reference.

1 72. Defendants, by engaging in the conduct set forth above, directly or  
2 indirectly, by use of means or instrumentalities of interstate commerce, or of the  
3 mails, or of a facility of a national security exchange, with scienter: (a) employed  
4 devices, schemes, or artifices to defraud; (b) made untrue statements of material fact  
5 or omitted to state material facts necessary in order to make the statements made, in  
6 light of the circumstances under which they were made, not misleading; and  
7 (c) engaged in acts, practices, or courses of business which operated or would  
8 operate as a fraud or deceit upon other persons, in connection with the purchase or  
9 sale of securities.

10 73. By reason of the foregoing, Defendants have directly or indirectly  
11 violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17  
12 C.F.R. §§ 240.10b-5] thereunder and unless restrained and enjoined will continue to  
13 violate these provisions.

14 **PRAYER FOR RELIEF**

15 WHEREFORE, the Commission respectfully requests that the Court:

16 I.

17 Enjoin Defendants from directly or indirectly violating Section 17(a) of the  
18 Securities Act [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange Act [15  
19 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

20 II.

21 Enter an Order preliminarily and permanently enjoining Defendant Daniel F.  
22 Peterson from directly or indirectly participating in the issuance, offer, or sale of any  
23 security of an entity he controls, including but not limited to securities of USA Real  
24 Estate Fund 1, Inc. and its subsidiaries.

25 III.

26 Enter an Order preliminarily and permanently enjoining Defendant Daniel F.  
27 Peterson from directly or indirectly soliciting any person or entity to purchase or sell  
28 any security.

1 IV.

2 Enter an Order requiring Defendants to disgorge their ill-gotten gains  
3 according to proof, plus prejudgment interest thereon.

4 V.

5 Enter an Order requiring Defendants to pay civil penalties pursuant to  
6 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the  
7 Exchange Act [15 U.S.C. § 78u(d)].

8 VI.

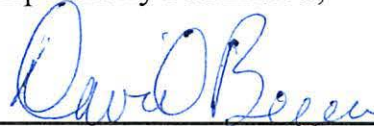
9 Retain jurisdiction of this action in accordance with the principles of equity  
10 and the Federal Rules of Civil Procedure in order to implement and carry out the  
11 terms of all orders and decrees that may be entered, or to entertain any suitable  
12 application or motion for additional relief within the jurisdiction of this Court.

13 VII.

14 Grant such other and further relief as this Court may determine to be just,  
15 equitable, and necessary.

16  
17 Dated: April 24, 2013

Respectfully submitted,

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20 David A. Berman  
21 Attorney for Plaintiff  
22 SECURITIES AND EXCHANGE  
23 COMMISSION  
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