

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

CASE NO.

SECURITIES AND EXCHANGE)
COMMISSION,)
)
Plaintiff,)
v.)
)
ERIC S. BROWN,)
)
Defendant.)
_____)

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

I. INTRODUCTION

1. From November 2010 through January 2011, Defendant Eric S. Brown engaged in a fraudulent market manipulation scheme involving International Development & Environmental Holdings Corp. (“IDEH”) stock.

2. Less than a year later, from October 2011 through November 2011, Brown engaged in a second fraudulent market manipulation scheme, this time involving DAM Holdings, Inc. n/k/a Premier Beverage Group Corp. (“DAMH”) stock.

3. As part of the schemes, Brown paid a corrupt promoter to induce him and his purported buying group to purchase shares of IDEH and DAMH stock in the open market.

4. Unbeknownst to Brown, the corrupt promoter was a witness cooperating with the FBI.

5. The Defendant engaged in these schemes in an effort to artificially manipulate the market for IDEH and DAMH stocks by: (1) falsely generating the appearance of market interest

in the stocks; (2) inducing public purchases of the stocks; and (3) artificially increasing the trading price and volume of the stocks.

6. As a result of the conduct described in this Complaint, Brown violated Section 17(a)(1) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a)(1); and Section 10(b) and Rule 10b-5(a) and (c) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a) and (c). Unless restrained and enjoined, he is reasonably likely to continue to violate the federal securities laws.

7. The Commission respectfully requests that the Court enter: (a) a permanent injunction restraining and enjoining Brown from violating the federal securities laws; (b) an order directing Brown to pay disgorgement with prejudgment interest; (c) an order directing Brown to pay civil money penalties; and (d) an order barring Brown from participating in any offering of a penny stock.

II. DEFENDANT AND RELEVANT ENTITIES

A. Defendant

8. Brown resides in Brooklyn, New York. During the relevant time period, Brown acted as a stock promoter for IDEH and DAMH.

B. Relevant Entities

9. During the relevant time period, IDEH was a Nevada corporation with offices in New York. IDEH purported to acquire and manage parking lots and garages in New York City and surrounding areas. Its common stock has been quoted on the OTC Link operated by OTC Markets Group, Inc. and on the OTC Bulletin Board (“OTCBB”) under the symbol “IDEH.” It was deleted from the OTCBB in December 2011. IDEH’s common stock is registered with the

Commission pursuant to Section 12(g) of the Exchange Act, and IDEH is therefore subject to Section 13(a) reporting obligations.

10. IDEH's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this Complaint, the stock's shares traded at less than nine cents per share. During the same time period, IDEH's stock did not meet any of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, IDEH's stock did not trade on a national securities exchange and was not an "NMS stock," as defined in 17 C.F.R. § 242.242.600(b)(47). Furthermore, IDEH did not have net tangible assets (i.e., total assets less intangible assets and liabilities) in excess of \$5,000,000; and did not have average revenue of at least \$6,000,000 for the last three years. *See* Exchange Act, Rule 3a51-1(g).

11. During the relevant time period, DAMH was a Nevada corporation with offices in New York. DAMH purported to be in the business of designing, building and selling high performance motorcycles. Its common stock has been quoted on the OTC Link under the symbol "DAMH" at all relevant times. In November 2011, DAMH changed its name to Premier Beverage Group Corp. and is now quoted on the OTC Link under the symbol "PGBC." DAMH's common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act, and DAMH is therefore subject to Section 13(a) reporting obligations.

12. DAMH's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this Complaint, the stock's shares traded at less than a dollar per share. During the same time period, DAMH's stock did not meet any of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, DAMH's stock did not trade on a national securities exchange and was not an "NMS stock," as defined in 17 C.F.R. § 242.242.600(b)(47). Furthermore, DAMH did not have net tangible

assets (i.e., total assets less intangible assets and liabilities) in excess of \$5,000,000; and did not have average revenue of at least \$6,000,000 for the last three years. *See* Exchange Act, Rule 3a51-1(g).

III. JURISDICTION AND VENUE

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

14. This Court has personal jurisdiction over Brown, and venue is proper in the Southern District of Florida because many of Brown's acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the District. For example, Brown met with the cooperating witness ("CW") in Broward County on October 25, 2011 and in November 2011. Furthermore, throughout the fraud, Brown frequently communicated with the CW via telephone, emails, and text messages while the CW was located within the District. Also, Brown sent one of the inducement payments, in the form of a stock certificate for 5,000 common shares of DAMH, to the CW via overnight delivery into the District.

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

IV. THE FRAUDULENT SCHEMES

A. The IDEH Market Manipulation Scheme

16. On November 18, 2010, Brown, a stock promoter for IDEH, began discussing with the CW a possible market manipulation scheme involving IDEH stock.

17. Between mid-November and December 2010, Brown and the CW communicated with each other in a series of text messages and telephone calls while the CW was within the District.

18. In a November 18, 2010 text message, Brown asked the CW whether he still did “IR [investor relations] work” because Brown needed IDEH “worked on now.” The CW responded that he did.

19. On the same day, Brown texted the CW stating that “the goal was liquidity” and that he wanted the CW to purchase IDEH common stock in the open market. Brown also stated in a text that he had some stock he “needed to get out of.”

20. The CW told Brown he was working with a fund manager who would buy publicly-traded shares of IDEH stock in the open market in exchange for a 30% inducement payment. Pursuant to the plan, the fund manager would receive one share of purportedly unrestricted stock in exchange for every three shares of IDEH he purchased in the open market.

21. Via text message, Brown expressed his interest to the CW in participating in the plan. His goal was to artificially raise the volume of IDEH’s stock.

22. On December 16, Brown and the CW again communicated via text message while the CW was in the District. They further discussed the manipulation, and in particular, they discussed executing matched trades of IDEH stock between an account Brown controlled and an account the purported fund manager controlled.

23. Ultimately, Brown agreed to send cash instead of the stock as an inducement payment. On January 18, 2011, Brown sent two wires totaling \$7,000 from bank accounts he controlled to the CW’s personal bank account in Broward County, Florida.

24. On January 18 and 19, 2011, during telephone conversations between the CW, who was located in the District, and Brown, they coordinated the matched trading.

25. On January 19, 2011, the FBI purchased 300,000 shares of IDEH in the open market for a total of \$8,370. All of these shares were executed in matched sell orders with an account controlled by Brown. The FBI's purchase constituted 22% of the volume in the stock for that day.

B. The DAMH Market Manipulation Scheme

26. On October 3, 2011, Brown contracted the CW again via text message saying he had a "huge deal" and needed to bring in \$6 million in purchases of DAMH stock. At the time, the CW was located in the District.

27. In a telephone call on October 13, 2011, and in texts the same day, the CW told Brown that he was still working with a fund manager, who was "working 1 for 4." This meant the fund manager would receive an inducement payment of one share of DAMH stock in exchange for every four shares purchased on the open market. Again, the CW was located within the District during this telephone call and text message exchange.

28. The CW told Brown the fund manager would accept either stock or cash as his inducement payment. The parties continued discussing the deal via telephone and text messages throughout October 2011.

29. At a face-to-face meeting on October 25, 2011 in Broward County, Brown explained to the CW that he and a group of partners controlled six million shares of DAMH, and they wanted to sell all the shares at one dollar or more per share. At this meeting, Brown and the CW agreed the fund manager would initially buy 20,000 shares of DAMH stock on the open

market in exchange for 5,000 purportedly unrestricted shares of DAMH stock as the inducement payment to the CW.

30. Brown agreed to send the inducement payment for this initial transaction to a shell company the fund manager controlled with the understanding the fund manager would eventually purchase all six million shares. At one point during the meeting, Brown remarked, "I don't want to get into trouble, so I want this done orderly."

31. The CW advised that the fund manager would begin buying once he received the money or when a stock certificate cleared.

32. During their various text messages, Brown and the CW also agreed that a "promotional campaign" would follow the fund manager's purchases, thus enabling him to sell his stock by creating an active market.

33. On October 28, 2011, Brown sent the CW a stock certificate for the 5,000 purportedly unrestricted common shares of DAMH stock as the agreed upon inducement payment. Brown sent the stock certificate to an address within the District.

34. On November 2, 2011, during a telephone call, the CW, who was located in the District, told Brown that although the fund manager was waiting for the certificate to clear, he would purchase some shares of DAMH as a show of "good faith."

35. In a series of telephone calls that day, Brown and the CW discussed coordinating matched trades of 5,000 shares, between Brown and the fund manager's brokerage accounts.

36. Once Brown advised the CW of his position at 52 cents per share, the FBI purchased his 5,000 shares of DAMH at the same price in an FBI controlled brokerage account for \$2,600. All of these shares were executed in matched sell orders with an account controlled by Brown. This represented 16.6% of the trading volume in DAMH that day.

37. Brown and the CW met about two weeks after the initial trade to discuss the additional buying in Broward County, Florida. Ultimately, the CW did not respond to Brown's subsequent texts, and no additional purchases occurred.

COUNT I

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

38. The Commission realleges and incorporates paragraphs 1 through 37 of its Complaint.

39. From November 2010 through January 2011 and from October 2011 through November 2011, Brown, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

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

COUNT II

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

41. The Commission realleges and incorporates paragraphs 1 through 37 of its Complaint.

42. From November 2010 through January 2011 and from October 2011 through November 2011, Brown, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly:

- (a) employed devices, schemes, or artifices to defraud; and/or
- (c) engaged in acts, practices, or courses of business which operated or would have operated as a fraud or deceit upon any person.

43. By reason of the foregoing, Brown, directly or indirectly, violated and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a) and (c), 17 C.F.R. §§ 240.10b-5(a) and (c).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

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

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining Brown, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act, as indicated above.

III.

Disgorgement

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

IV.

Penalties

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

V.

Penny Stock Bar

Issue an Order barring Brown from participating in any offering of penny stock, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6), for the violations alleged in this Complaint.

VI.

Further Relief

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

VII.

Retention of Jurisdiction

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

Respectfully submitted,

May 22, 2014

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