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**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA**

	:	
SECURITIES AND EXCHANGE COMMISSION,	:	
	:	
<i>Plaintiff,</i>	:	
	:	
v.	:	No. 14-cv-5621
	:	
MIKHAIL GALAS, ALEXANDER HAWATMEH,	:	AMENDED
CHRISTOPHER MWROCA, and TOVY PUSTOVIT,	:	COMPLAINT
	:	
<i>Defendants, and</i>	:	
	:	
NADIA HAWATMEH,	:	
	:	
<i>Relief Defendant.</i>	:	
	:	

33 Plaintiff Securities and Exchange Commission (the “Commission”) for its complaint
34 against Mikhail Galas (“Galas”), Alexander Hawatmeh (“A. Hawatmeh”), Christopher Mrowca,
35 (“Mrowca”), and Tovy Pustovit (“Pustovit”), as defendants (collectively, “Defendants”), and
36 Nadia Hawatmeh (“N. Hawatmeh”) as relief defendant (“Relief Defendant”), alleges as follows:

37

1 **SUMMARY OF ALLEGATIONS**

2 1. This emergency action is brought to stop an ongoing market manipulation and
3 pump-and-dump scheme. The Defendants – Mikhail Galas, Alexander Hawatmeh , Christopher
4 Mrowca and Tovy Pustovit – acting in concert, engaged in manipulative trading techniques such
5 as wash trading and matched orders in order to artificially inflate the stock prices of numerous
6 thinly-traded microcap companies, including ISM International, Inc. (“ISML”), Allied Products,
7 Corp. (“ADPC”), Aden Solutions, Inc. (“ADSU”); GrowLife, Inc. (“PHOT”); Hemp, Inc.
8 (“HEMP”); and Riverdale Oil and Gas Corporation (“RVDO”).

9 2. The Defendants’ manipulative trading created the illusion of an active market in
10 these stocks, which caused the stock price to artificially increase. Defendants coordinated their
11 sales of ISML, ADPC, ADSU, PHOT, HEMP and RVDO with aggressive promotions of the
12 stocks over the Internet and via social media. Defendants had prior knowledge that these
13 promotions would take place and in some cases promoted these stocks themselves using webs
14 sites they controlled and blast e-mails, and timed their stock sales to benefit from the artificially
15 high price and demand.

16 3. After accumulating large positions, Defendants sold their shares in these
17 companies. Defendants’ trading in ISML, ADPC, ADSU, PHOT, HEMP and RVDO generated
18 profits for the Defendants of over \$2.5 million.

19 4. In each promotion, potential investors were urged to buy the target stock and told
20 that the price of the stock would rise substantially. These assertions were misleading because
21 two of the target companies (ADPC and ADSU) had no business operations and there was no

1 news concerning the other companies that would provide any basis for a significant increase in
2 the price of its stock.

3 5. Following the stock promotions, the price of the manipulated stocks collapsed,
4 resulting in losses to investors who had purchased the ISML, ADPC, ADSU, PHOT, HEMP or
5 RVDO shares sold by Defendants during the promotions.

6 6. Upon information and belief, A. Hawatmeh controlled accounts in the name of N.
7 Hawatmeh and used those accounts to trade in ADPC, ADSU and RVDO, generating profits of
8 approximately \$35,000 in N. Hawatmeh's accounts.

9 **VIOLATIONS**

10 7. By virtue of the conduct alleged herein, Defendants, directly or indirectly, singly
11 or in concert, have engaged and, unless restrained and enjoined will continue to engage in acts,
12 practices, schemes and courses of business that constitute violations of Section 17(a)(1) and (3)
13 of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)(1) and (3)] and Sections
14 9(a)(1) and 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§
15 78i(a) and 78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

16 **JURISDICTION AND VENUE**

17 8. The Commission brings this action pursuant to the authority conferred upon it by
18 Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d)(1) of the Exchange
19 Act [15 U.S.C. § 78u(d)(1)].

1 9. The Commission seeks an emergency order: (a) restraining and enjoining
2 Defendants from further violations; (b) freezing Defendants' and Relief Defendant's assets; (c)
3 prohibiting Defendants from destroying documents; (d) ordering Defendants and Relief
4 Defendants to provide a verified accounting; (e) ordering Defendants to repatriate funds held
5 overseas, and (f) authorizing the Commission to conduct expedited discovery.

6 10. The Commission seeks a final judgment: (a) permanently enjoining Defendants
7 from engaging in the acts, practices and courses of business alleged against them herein;
8 (b) ordering Defendants and Relief Defendant to disgorge any ill-gotten gains and to pay
9 prejudgment interest thereon, jointly and severally; (c) prohibiting Defendants, pursuant to
10 Section 20(g)(1) of the Securities Act [15 U.S.C. § 77t(g)(1)] and Section 21(d)(6)(A) of the
11 Exchange Act [15 U.S.C. § 78u(d)(6)(A)], from participating in any offering of a penny stock;
12 and (d) imposing civil money penalties on Defendants pursuant to Section 20(d) of the Securities
13 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

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

17 12. Venue lies in the Western District of Washington pursuant to Section 22 (a) of the
18 Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].
19 Defendants, directly or indirectly, singly or in concert, have made use of the means and
20 instrumentalities of interstate commerce, or of the mails, in connection with the transactions,
21 acts, practices, and courses of business alleged herein. Certain of these transactions, acts,
22 practices, and courses of business occurred in the Western District of Washington. For example,

1 A. Hawatmeh, who formerly lived in Vancouver, Washington, and Galas, a resident of
2 Vancouver, Washington, placed some of the orders alleged in this Complaint while resident in
3 the Western District of Washington.

4 13. Assignment to the Tacoma Division is appropriate pursuant to Local Rule 3(d)(1)
5 because a substantial part of the events that gave rise to the claims alleged herein occurred in
6 Clark County.

7 **DEFENDANTS AND RELIEF DEFENDANT**

8 14. Defendant Galas, age 25, lives in Vancouver, Washington. Galas has traded in
9 over 300 different low-cost, microcap stocks through his accounts at E*Trade Financial Group
10 (“E*Trade”) and Fidelity Brokerage Services LLC (“Fidelity”).

11 15. Defendant A. Hawatmeh, age 24, is a resident of Lincoln City, Oregon and a
12 former resident of Vancouver, Washington. A. Hawatmeh is a member of Worthmore
13 Investments LLC, which owns a stock promotion website, stockhaven.com. In 2013 and 2014,
14 A. Hawatmeh traded in over 100 different microcap stocks in three different accounts at E*Trade
15 and TD Ameritrade, Inc. (“TD Ameritrade”). A. Hawatmeh also maintains an account at the
16 Housing Bank for Trade and Finance in Jordan. On June 12 and 13, 2013, A. Hawatmeh’s father
17 received wire transfers totaling \$90,000. On June 27, 2013, A. Hawatmeh’s father transferred
18 \$90,000 to A. Hawatmeh’s brokerage account at E*Trade, and the next day A. Hawatmeh began
19 accumulating shares of ADSU and ADPC. In the past several years, A. Hawatmeh transferred
20 about \$60,000 to Mrwoca.

21 16. Defendant Mrowca, age 25, is a former resident of Boulder, Colorado. He
22 currently lives in Bradenton, Florida. Mrowca is a stock promoter and operates through an entity

1 called Money Runners Group LLC, which has an affiliated stock promotion web site called
2 MoneyRunnersGroup.com. In 2013 and 2014, Mrowca traded in over 150 different low-cost,
3 over-the-counter stocks in three accounts at E*TRADE.

4 17. Defendant Pustovit, age 20, is a resident of Vancouver, Washington. Pustovit was
5 the registered owner of a stock promotion website called “Explosive Alerts” from August 2012,
6 when the site was created, until August 2013. In 2013 and 2014, Pustovit traded in over 50
7 different low-cost, over-the-counter stocks in four accounts at E*TRADE and Scottrade
8 Financial Inc. (“Scottrade”). In 2013 and 2014, Pustovit traded in over 50 different low-cost,
9 over-the-counter stocks in four accounts at E*TRADE and Scottrade.

10 18. Relief Defendant N. Hawatmeh, age 50, is a resident of Hernando, Florida. . In
11 2013 and 2014, N. Hawatmeh’s accounts traded in over 20 different low-cost, over-the-counter
12 stocks in four accounts at E*TRADE and Charles Schwab & Co, (“Schwab”). Based on
13 analyses of Internet protocols, it appears that all or some of the trading in N. Hawatmeh’s
14 accounts may have been conducted by A. Hawatmeh, Mrowca, or Pustovit.

15 **RELATED ENTITIES**

16 19. ISML is a Delaware corporation based in Clearwater, Florida. The company
17 claims to specialize “in innovation, technology and manufacturing organic products.” The
18 company lists its products as “organic nail polish and nail polish remover, security bra, green
19 energy products, Flea market, [and] movie production.” ISML securities are not registered with
20 the Commission, and ISML common stock is quoted on OTC Link.

1 20. ADPC is a Delaware corporation that had its principal place of business in
2 Chicago, Illinois. ADPC was a manufacturer of agricultural and industrial equipment that filed
3 for reorganization under Chapter 11 of the Bankruptcy Code in October 2000. On November 24,
4 2003, ADPC filed a Form 15 to terminate the registration of its common stock pursuant to
5 Exchange Act Rule 12g-4. ADPC's last periodic filing with the Commission was its Form 10Q
6 for the quarter ended June 30, 2000. On February 3, 2014, the Commission entered an order
7 temporarily suspending trading in ADPC securities pursuant to Section 12(k) of the Exchange
8 Act. Prior to the trading suspension, ADPC common stock was quoted on OTC Link. During all
9 times relevant to this action, ADPC had no business operations.

10 21. ADSU is a Nevada corporation that had its principal place of business in Toronto,
11 Canada. In filings with the Commission, the company purported to be a development stage
12 company focused on "providing travel packages and concierge services to corporate entities and
13 individuals in the United States and Canada." ADSU's last periodic filing with the Commission
14 was its Form10-Q for the quarter ended September 30, 2011. ADSU's Nevada corporate
15 registration expired in December 2011. On December 6, 2013, the Commission temporarily
16 suspended trading in ADSU securities. ADSU's stock was registered pursuant to Section 12(g)
17 of the Exchange Act until March 21, 2014, when the Commission revoked the registration of
18 ADSU's securities pursuant to Section 12(j) of the Exchange Act. Prior to the trading
19 suspension, ADSU was quoted on OTC Link. During all times relevant to this action, ADSU
20 had no business operations.

21 22. PHOT is a Delaware corporation based in Woodland Hills, California. In filings
22 with the Commission, the company purports that it is in the oil recovery business and that it has

1 set up a subsidiary company, Legalizedpot.us, to manage growers of legalized marijuana and
2 hemp in various states. PHOT stock is registered under Section 12(g) of the Exchange Act and is
3 quoted on OTC Link. On April 10, 2014, the Commission issued an order temporarily
4 suspending trading in PHOT securities pursuant to Section 12(k) of the Exchange Act.

5 23. HEMP is a Colorado corporation based in Las Vegas, Nevada. In an information
6 statement posted on the OTC Markets web site, the company purports to be in the business of
7 providing lawful products and services to the medical marijuana industry and to provide over-
8 the-counter health products made from industrial hemp. HEMP stock is not registered with the
9 Commission and is quoted on OTC Link.

10 24. RVDO is a Nevada corporation based in Austin, Texas. RVDO is in the business
11 of acquiring partial interests in oil and gas production. RVDO securities are not registered with
12 the Commission, and RVDO common stock is quoted on OTC Link.

13 **FACTS**

14 **Trading in ISML**

15 25. Prior to the promotion of ISML that began on April 20, 2012, A. Hawatmeh
16 engaged in coordinated trading with Mrowca, Galas and others to accumulate a large position in
17 ISML and to increase the price and volume of ISML in advance of the promotion.

18 26. A. Hawatmeh began buying ISML on December 15, 2011. By April 10, 2012, A.
19 Hawatmeh had accumulated approximately 2.6 million shares of ISML common stock through
20 market purchases at prices ranging from \$.0097 to \$.09 per share.

1 27. A. Hawatmeh's trades in ISML common stock from December 15, 2011 through
2 April 10, 2012 constituted approximately 85% of the total trading volume of ISML common
3 stock during that period.

4 28. From January 18, 2012 to February 10, 2012, Galas acquired 70,000 shares of
5 ISML common stock at prices ranging from \$.03 to \$.043, which he sold on February 28 for \$.07
6 per share.

7 29. From December 15, 2011 through April 10, 2012, the price of ISML rose from
8 less than a penny per share to a high of over \$.09 per share.

9 30. From April 11, 2012 through April 19, 2012, A. Hawatmeh was a net seller of
10 ISML, while Galas and Mrowca were net buyers of ISML.

11 31. From April 11, 2012 through April 19, 2012, A. Hawatmeh sold 1.88 million
12 shares of ISML at prices ranging from \$.055 to \$.12 per share, and purchased approximately
13 280,000 shares at prices ranging from \$.04 to \$.0951 per share. A. Hawatmeh's trades during
14 this period constituted approximately 65% of the total trading volume of ISML common stock.

15 32. From April 11, 2012 through April 16, 2012, while A. Hawatmeh was selling
16 ISML, Galas accumulated 170,000 shares of ISML at prices ranging from \$.06 to \$.07 per share.
17 Between April 11, 2012 and April 19, 2012, Galas was a net buyer of 85,000 shares.

18 33. From April 13, 2012 through April 18, 2012, Mrowca bought and sold 125,000
19 shares of ISML. By close of trading on April 18, 2012, Mrowca owned no shares of ISML.

20 34. A. Hawatmeh, Mrowca, and Galas engaged together in various forms of
21 manipulative trading in ISML common stock, both before and during the promotion of ISML.

1 35. For example, on April 13, 2012, April 16, 2012, April 19, 2012 and April 20,
2 2012, A. Hawatmeh, Mrowca, and Galas entered “matched orders” and “wash trades” of ISML.
3 Some of the orders were matched with orders entered by a third party, identified herein as
4 “Trader A.”

5 36. “Matched orders” occur when a person, for the purpose of creating a false or
6 misleading appearance of active trading in a security, enters an order to buy or sell that security
7 with the knowledge that a substantially similar order has been or will be placed to trade the
8 security.

9 37. “Wash trades” occur when a security is traded between two accounts with no
10 change in beneficial ownership for the purpose of creating a false or misleading appearance of
11 active trading in the security.

12 38. A. Hawatmeh entered matched orders for ISML knowing that matching orders
13 had been placed or would be placed in the account of Mrowca, Galas or Trader A.

14 39. A. Hawatmeh entered matched orders for ISML with the intention of creating a
15 false or misleading appearance of active trading in ISML common stock or a false and
16 misleading appearance with respect to the market for ISML common stock.

17 40. Mrowca entered matched orders for ISML knowing that matching orders had
18 been placed or would be placed in the account of A. Hawatmeh or Trader A.

19 41. Mrowca entered matched orders and wash trades for ISML with the intention of
20 creating a false or misleading appearance of active trading in ISML common stock or a false and
21 misleading appearance with respect to the market for ISML common stock.

1 42. Galas entered matched orders for ISML knowing that matching orders had been
2 placed or would be placed by A. Hawatmeh.

3 43. Galas entered matched orders and wash trades for ISML with the intention of
4 creating a false or misleading appearance of active trading in ISML common stock or a false and
5 misleading appearance with respect to the market for ISML common stock.

6 44. A. Hawatmeh's, Mrowca's and Galas's matched orders and wash trades affected
7 the market price and volume of ISML stock.

8 45. Beginning on April 20, 2012, ISML was the subject of an Internet promotional
9 campaign by Mrowca's stock promotion entity, Money Runners Group LLC, and other
10 promoters. ISML was also promoted by Mrowca on the Investors Hub web site under the user
11 name "HotStockAce." The promotions urged investors to buy ISML and claimed that ISML
12 would trade at \$.20 per share, although there was no news at the company justifying the
13 prediction or the buy recommendation.

14 46. A. Hawatmeh, Mrowca and Galas had prior knowledge of the ISML promotion
15 and its timing.

16 47. On April 20, 2012, A. Hawatmeh sold 995,000 shares of ISML at prices ranging
17 from \$.124 to \$.20 per share.

18 48. On April 20, 2012, Galas sold 85,000 shares of ISML at prices ranging from
19 \$.129 to \$.20 per share.

20 49. A. Hawatmeh's sales of ISML stock from April 12, 2012 through April 20, 2012
21 generated gross profits of approximately \$223,000.

1 50. Galas's sales of ISML stock through April 20, 2012 generated gross profits of
2 approximately \$15,000.

3 51. Following the promotion of ISML, the price and volume of ISML stock collapsed.
4 The trading volume of ISML stock on April 20, 2012 was almost 5 million shares with a high
5 price of \$.22 per share. By May 20, 2012, the price had declined to \$.03 per share and the
6 trading volume was only 33,200 shares.

7 **Trading in ADPC**

8 52. From June 14, 2013 through the early morning of July 2, 2013, over 2.9 million
9 shares of ADPC common stock was accumulated in A. Hawatmeh's, N. Hawatmeh's and
10 Pustovit's accounts through market purchases at prices ranging from \$.0018 to \$.03 per share.

11 53. The ADPC trades in N. Hawatmeh's account were controlled by A. Hawatmeh.

12 54. The ADPC trades in A. Hawatmeh's, N. Hawatmeh's and Pustovit's accounts
13 from June 14, 2013 through July 1, 2013 constituted over 90% of the total trading volume of
14 ADPC common stock during that period.

15 55. The price of ADPC common stock rose from \$.008 per share on June 14, 2013, to
16 \$.025 per share on July 1, 2013.

17 56. From June 19, 2013 to July 1, 2013, matched orders for ADPC common stock
18 were entered in the accounts of A. Hawatmeh, N. Hawatmeh and Pustovit.

19 57. On July 1, 2013, Pustovit engaged in two wash trades of ADPC common stock.

1 58. A. Hawatmeh entered matched orders for ADPC (including orders in the N.
2 Hawatmeh account) knowing that matching orders had been placed or would be placed in the
3 account of N. Hawatmeh or Pustovit.

4 59. Pustovit entered matched orders for ADPC knowing that matching orders had
5 been placed or would be placed by in the account of A. Hawatmeh or N. Hawatmeh.

6 60. A. Hawatmeh and Pustovit entered the matched orders for ADPC (including
7 orders in the N. Hawatmeh account) with the intention of creating a false or misleading
8 appearance of active trading in ADPC common stock or a false and misleading appearance with
9 respect to the market for ADPC common stock.

10 61. On July 1, 2013, Pustovit sold ADPC common stock in an account at one broker-
11 dealer, identified herein as “B-D 1” and at the same time bought an equal amount of ADPC
12 common stock in an account in his name at another broker-dealer, identified herein as “B-D 2.”
13 These transactions did not result in a change in the beneficial ownership of the ADPC stock
14 being traded.

15 62. Pustovit effected these wash trades with the intention of creating a false or
16 misleading appearance of active trading in ADPC common stock or a false and misleading
17 appearance with respect to the market for ADPC common stock.

18 63. The Defendants matched orders and wash trades of ADPC stock affected the price
19 and volume of ADPC stock. These orders accounted for trading volume of over 4.1 million
20 shares of ADPC common stock, approximately 50% of the total volume during the period from
21 June 19, 2013 to July 1, 2013.

1 64. Starting on the morning of July 2, 2013, there was an e-mail and Internet
2 promotion of ADPC stock by a stock promoter using the name “Explosive Alerts.”

3 65. Pustovit was the registered owner of the Explosive Alerts website at this time.

4 66. At or around 10 AM eastern time on July 2, 2013, Explosive Alerts broadcast the
5 following spam e-mail:

6 **ADPC buy Alert!**

7 **Alerting ADPC here at .0255**

8 **We strongly believe ADPC could see .08+ today!**

9 **By the time you finish reading this email ADPC will probably have rose 5% or**
10 **maybe even 10% so stop wasting your time and go make some damn money!**

11
12 67. Explosive Alert’s price rise prediction was baseless, since ADPC had no business
13 operations at the time of the promotion.

14 68. Between 10:00 AM and 10:40 AM eastern time on July 2, 2013, A. Hawatmeh
15 sold 2,720,000 shares of ADPC common stock in his account at E*TRADE at prices ranging
16 from \$.025 to \$.071 per share.

17 69. A. Hawatmeh and Pustovit had prior knowledge of the ADPC promotion and its
18 timing.

19 70. A. Hawatmeh’s sales of ADPC from June 14, 2013 through July 2, 2013
20 generated gross profits of approximately \$53,970.

21 71. Pustovit’s sales of ADPC from June 14, 2013 through July 2, 2013 generated
22 profits of approximately \$42,200.

1 72. Following the promotion of ADPC, the price and volume of ADPC stock
2 collapsed. The trading volume of ADPC stock on July 2, 2014 was over 9.8 million shares with
3 a high price of \$.08 per share. By July 12, 2013, the price had declined to \$.0031 per share and
4 the trading volume was only 35,500 shares.

5 **Trading in ADSU**

6 73. From June 28, 2013 through November 5, 2013, over 6.6 million shares of ADSU
7 common stock was accumulated in A. Hawatmeh's and N. Hawatmeh's accounts through market
8 purchases at prices ranging from \$.0032 to \$.048 per share.

9 74. The trading in ADSU common stock in N. Hawatmeh's account was controlled
10 by A. Hawatmeh.

11 75. From June 28, 2013 through July 22, 2013, A. Hawatmeh's and N. Hawatmeh's
12 accounts purchased a total of 3,960,000 shares of ADSU common stock in market trades at
13 prices ranging from \$.0032 to \$.018 per share. These trades constituted over 90% of the total
14 trading volume of ADSU common stock during that period.

15 76. On July 2, 2013, the A. Hawatmeh and N. Hawatmeh accounts entered matched
16 orders for 10,000 shares of ADSU common stock that were executed at \$.07.

17 77. ADSU's price rose from \$.009 per share on June 28, 2013 to \$.0181 per share on
18 July 22, 2013.

19 78. On August 23, 2013, the A. Hawatmeh and N. Hawatmeh accounts entered
20 matched orders by which the entire 2,850,000 shares of ADSU common stock in N.
21 Hawatmeh's account was sold to A. Hawatmeh at \$.09 per share.

1 79. Following the matched orders on August 23, 2013, and through November 5,
2 2013, A. Hawatmeh purchased an additional 2,905,950 shares of ADSU common stock in
3 market trades at prices ranging from \$.005 per share to \$.0481 per share.

4 80. Trading in A. Hawatmeh's and N. Hawatmeh's accounts from August 23, 2013
5 through November 5, 2013, including the matched orders, constituted over 90% of the total
6 trading volume in ADSU during this period. By November 5, 2013, A. Hawatmeh's account
7 held over 6.6 million shares of ADSU.

8 81. A. Hawatmeh entered matched orders for ADSU (including orders entered in the
9 N. Hawatmeh account) knowing that matching orders had been placed or would be placed in the
10 A. Hawatmeh or N. Hawatmeh account.

11 82. A. Hawatmeh entered matched orders with the intention of creating a false or
12 misleading appearance of active trading in ADSU common stock or a false and misleading
13 appearance with respect to the market for ADSU common stock.

14 83. The matched orders in A. Hawatmeh's and N. Hawatmeh's accounts affected the
15 market price and volume of ADSU stock. For example, the 2,850,000 share matched order on
16 August 23, 2013 accounted for 93% of the market volume on that day.

17 84. On November 7 and November 8, 2013, there was an aggressive promotion of
18 ADSU over the Internet and social media claiming that ADSU would trade at \$2 per share. This
19 assertion was baseless since ADSU had no business operations at the time of the promotion.

20 85. On November 7 and November 8, 2013, A. Hawatmeh sold his entire 6.6 million
21 share position in ADSU at prices ranging from \$.045 to \$.24 per share.

22 86. A. Hawatmeh had prior knowledge of the ADSU promotion and its timing.

1 87. A. Hawatmeh’s sales of ADSU stock from June 28, 2013 through November 08,
2 2013 generated gross profits of approximately \$425,000.

3 88. On November 8, 2013, B-D 1, through which A. Hawatmeh traded ADSU, froze
4 A. Hawatmeh’s account. At the time of the freeze, the account contained positions in numerous
5 microcap stocks and approximately \$486,000 in cash.

6 89. The trading volume for ADSU common stock on November 7 and 8, 2013 was
7 4,121,053 shares and 11,897,090 shares, respectively. The price of ADSU common stock
8 peaked on November 7, at \$.24 per share. By December 4, 2013, the daily volume of ADSU
9 common stock had declined to approximately 186,000 shares and the price had declined to \$.01
10 per share.

11 **Trading in PHOT**

12 90. From January 9 to January 14, 2014, there was an Internet promotion of PHOT as
13 part of a broader promotion of several marijuana-related stocks.

14 91. During that promotion, Mrowca and Galas traded approximately 6.4 million
15 shares of PHOT common stock, and during and leading up to the promotion engaged in
16 manipulative trading designed to increase the price and volume of PHOT common stock.

17 92. From January 2, 2014 through January 14, 2014, Mrowca engaged in wash trades
18 of PHOT common stock and also engaged in matched orders of PHOT common stock with
19 Galas.

20 93. Mrowca used “limit orders” to execute his wash trades of PHOT common stock.

1 94. A “limit order” is an order to a broker to buy or sell a security that sets a
2 particular price, the “limit price,” at which the broker is authorized to execute the transaction.

3 95. For each wash trade of PHOT common stock, Mrowca entered a limit order to sell
4 that had a lower limit price than the corresponding limit order to buy. The purpose of Mrowca’s
5 sell low/buy high strategy was to increase the stock price.

6 96. Mrowca entered matched orders for PHOT common stock knowing that matching
7 orders had been placed or would be placed by Galas.

8 97. Galas entered matched orders for PHOT common stock knowing that matching
9 orders had been placed or would be placed by Mrowca.

10 98. Mrowca entered matched orders and wash trades for PHOT common stock with
11 the intention of creating a false or misleading appearance of active trading in PHOT common
12 stock or a false and misleading appearance with respect to the market for PHOT common stock.

13 99. Galas entered matched orders for PHOT common stock with the intention of
14 creating a false or misleading appearance of active trading in PHOT common stock or a false and
15 misleading appearance with respect to the market for PHOT common stock.

16 100. From January 2, 2014 to January 9, 2014, while the manipulative trading was
17 taking place, the price of PHOT increased 196% from \$.1575 per share to a high of \$.467 per
18 share.

19 101. By January 14, 2014, Mrowca and Galas had liquidated their PHOT holdings,
20 generating gross profits of approximately \$54,700 for Mrowca and \$3,200 for Galas.

1 102. From March 6, 2014 through March 18, 2014, Mrowca promoted PHOT through
2 Money Runners Group, LLC and its related website, MoneyRunnersGroup.com. The promotion
3 touted the marijuana industry, and predicted that PHOT's stock price would nearly double.

4 103. During that promotion, A. Hawatmeh, Mrowca and Galas engaged in
5 manipulative trading designed to increase the price and volume of PHOT common stock and
6 they then sold their stock.

7 104. On March 6, 2014, shares of PHOT opened at \$.3865 per share. During the
8 promotion, from March 6, 2014 to March 18, 2014, PHOT's daily average market volume
9 increased to over 60 million shares per day and PHOT traded as high as \$.7777 per share. This
10 was a 101% price increase from March 6, 2014.

11 105. From March 6 to March 18, 2014, Mrowca, Galas, and A. Hawatmeh collectively
12 traded approximately 17 million shares of PHOT.

13 106. During the period March 6, 2014 through March 17, 2014, Mrowca engaged in
14 wash trades, and in matched orders with Galas and A. Hawatmeh.

15 107. Mrowca entered matched orders for PHOT knowing that matching orders had
16 been placed or would be placed by Galas or A. Hawatmeh.

17 108. Galas entered matched orders for PHOT knowing that matching orders had been
18 placed or would be placed by Mrowca.

19 109. A. Hawatmeh entered matched orders for PHOT knowing that matching orders
20 had been placed or would be placed by Mrowca.

1 110. Mrowca entered the matched orders and wash trades for PHOT with the intention
2 of creating a false or misleading appearance of active trading in PHOT common stock or a false
3 and misleading appearance with respect to the market for PHOT common stock.

4 111. Galas entered the matched orders for PHOT with the intention of creating a false
5 or misleading appearance of active trading in PHOT common stock or a false and misleading
6 appearance with respect to the market for PHOT common stock.

7 112. A. Hawatmeh entered the matched order for PHOT with the intention of creating
8 a false or misleading appearance of active trading in PHOT common stock or a false and
9 misleading appearance with respect to the market for PHOT common stock.

10 113. A. Hawatmeh's, Mrowca's and Galas's matched orders and wash trades affected
11 the market price and volume of PHOT stock.

12 114. By March 18, 2014, Mrowca, Galas and A. Hawatmeh had sold the positions in
13 PHOT stock each of them had built up since January 14, 2014.

14 115. From December 16, 2014 through March 2014, trading in PHOT common stock
15 in Mrowca's accounts generated gross profits of approximately \$111,000; trading in PHOT
16 common stock in Galas' account generated gross profits of approximately \$6,000; and trading in
17 PHOT common stock in A. Hawatmeh's account generated a gross loss of approximately
18 \$17,000.

19 116. On April 10, 2014, the Commission suspended trading in PHOT securities.

20 **Trading in HEMP**

21 117. A. Hawatmeh, Galas and Mrowca began accumulating HEMP common stock
22 through market purchases on January 23, 2014. Between January 23, 2014 and February 12,

1 2014, A. Hawatmeh, Galas, and Mrowca bought and sold approximately 41.7 million shares of
2 HEMP common stock.

3 118. During the period from January 24 through February 12, 2014, HEMP was
4 actively promoted on the Internet.

5 119. For example, on February 6, 2014, one Internet tout claimed that HEMP could
6 reach “a REAL Possible Gain of OVER 2900%.”

7 120. During the promotion, A. Hawatmeh, Mrowca and Galas engaged in manipulative
8 wash trades and matched orders of HEMP common stock.

9 121. The total trading volume for HEMP common stock in the A. Hawatmeh, Mrowca,
10 and Galas accounts during this period was approximately 83 million shares.

11 122. Mrowca engaged in wash trades of HEMP common stock using two accounts in
12 his name at B-D 1 (the “Mrowca #1” and “Mrowca #2” accounts).

13 123. For each wash trade of HEMP common stock, Mrowca entered a limit order to
14 sell that had a lower limit price than the corresponding limit order to buy. The purpose of
15 Mrowca’s sell low/buy high strategy was to increase the stock price.

16 124. Mrowca also engaged in matched orders of HEMP common stock with Galas, A.
17 Hawatmeh, and a third party identified herein as “Trader B.”

18 125. From January 24, 2014 through February 12, 2014, while these manipulative
19 trades were taking place, HEMP’s stock price increased by 573%.

20 126. Mrowca entered matched orders for HEMP common stock knowing that matching
21 orders had been placed or would be placed by Galas or A. Hawatmeh.

1 127. Galas entered matched orders for HEMP common stock knowing that matching
2 orders had been placed or would be placed by Mrowca.

3 128. A. Hawatmeh entered matched orders for HEMP common stock knowing that
4 matching orders had been placed or would be placed by Mrowca.

5 129. Mrowca entered the matched orders and wash trades for HEMP common stock
6 with the intention of creating a false or misleading appearance of active trading in HEMP
7 common stock or a false and misleading appearance with respect to the market for HEMP
8 common stock.

9 130. Galas entered the matched orders for HEMP common stock with the intention of
10 creating a false or misleading appearance of active trading in HEMP common stock or a false
11 and misleading appearance with respect to the market for HEMP common stock.

12 131. A. Hawatmeh entered the matched order for HEMP common stock with the
13 intention of creating a false or misleading appearance of active trading in HEMP common stock
14 or a false and misleading appearance with respect to the market for HEMP common stock.

15 132. A. Hawatmeh's, Mrowca's and Galas's matched orders and wash trades affected
16 the market price and volume of HEMP common stock.

17 133. The price and volume of HEMP has collapsed since February 12, 2014. On June
18 24, 2014, the volume was approximately 7.4 million shares and the closing price was \$.0590 per
19 share.

20 134. During the period of the manipulative trading, from January 24 through February
21 12, 2014, sales of HEMP common stock in the Mrowca account generated gross profits of
22 approximately \$106,000; sales of HEMP common stock in the A. Hawatmeh account generated

1 gross profits of approximately \$229,000; and sales of HEMP common stock in the Galas account
2 generated gross profits of approximately \$12,500.

3 **Trading in RVDO**

4 135. From February 7, 2014 through March 4, 2014, A. Hawatmeh's and N.
5 Hawatmeh's accounts accumulated a total of approximately 3.3 million shares of RVDO
6 common stock through market purchases at prices ranging from \$.01 to \$.102 per share.

7 136. A. Hawatmeh controlled the RVDO trading in N. Hawatmeh's account.

8 137. The RVDO trades in A. Hawatmeh's and N. Hawatmeh's accounts constituted
9 over 50% of the market volume for RVDO common stock during the period from February 7,
10 2014 through March 4, 2014. The price of RVDO common stock rose from an opening price of
11 \$.01 per share on February 7, 2014 to a closing price of \$.06 on March 4, 2014.

12 138. From February 7, 2014 through February 28, 2014, A. Hawatmeh entered at least
13 20 matched orders for RVDO common stock in his account or N. Hawatmeh's account. These
14 orders were matched with orders entered by third parties identified herein as Trader C, Trader D,
15 Trader E, and Trader F.

16 139. A. Hawatmeh entered matched orders for RVDO common stock knowing that
17 matching orders had been placed or would be placed by Trader C, Trader D, Trader E or Trader
18 F.

19 140. A. Hawatmeh entered matched orders for RVDO common stock with the
20 intention of creating a false or misleading appearance of active trading in RVDO common stock
21 or a false and misleading appearance with respect to the market for RVDO common stock.

1 141. The matched orders of RVDO in A. Hawatmeh's and N. Hawatmeh's accounts
2 affected the price and volume of RVDO stock. The matched orders started at a price of \$.0162
3 per share on February 7, 2014, and increased in price to \$.07 per share on February 28, 2014,
4 hitting a high of \$.075 per share on February 10, 2014.

5 142. On March 5, 2014, there was a promotion of RVDO over the Internet claiming
6 that RVDO would trade at \$2 per share. The closing price of RVDO on March 4, 2014 was \$.06
7 per share. This claim was misleading because there was no business development at RVDO that
8 would justify such a rise in price.

9 143. A. Hawatmeh had prior knowledge of the RVDO promotion and its timing.

10 144. Between 9:30 AM and 09:52 AM Eastern Time on March 5, 2014, A. Hawatmeh
11 sold approximately 3.23 million shares of RVDO common stock at prices ranging from \$.28 per
12 share to \$.90 per share.

13 145. A. Hawatmeh's average selling price per share on March 5, 2014 was
14 approximately \$.4375 per share, almost an eightfold increase over his average purchase price per
15 share.

16 146. A. Hawatmeh's gross profits from trading RVDO between February 7, 2014 and
17 March 5, 2014 were over \$1.23 million.

18 147. N. Hawatmeh's account sold 95,500 shares of RVDO on March 5, 2014 for gross
19 profits of over \$35,800.

20 148. On March 5, 2014, RVDO closed at \$.635 per share. Thereafter, the price dropped
21 sharply. On March 6, 2014, RVDO closed at \$.18 per share.

1 **SECOND CLAIM FOR RELIEF**

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

3 (All Defendants)

4 154. The Commission realleges and incorporates paragraphs 1 through 153 by
5 reference as if fully set forth herein.

6 155. Defendants, directly or indirectly, singly or in concert, by use of the means or
7 instruments of transportation or communication in, or the means or instrumentalities of, interstate
8 commerce or by the use of the mails, in connection with the purchase or sale of securities,
9 knowingly or recklessly: a) employed, are employing or are about to employ devices, schemes
10 and artifices to defraud; b) have obtained, are obtaining or are about to obtain money and
11 property by means of untrue statements of material fact or omissions to state material facts
12 necessary in order to make the statements made, in light of the circumstances under which they
13 were made, not misleading; and/or c) have engaged, are engaging or are about to engage in
14 transactions, practices or courses of business which have operated, operate or will operate as a
15 fraud and deceit upon investors.

16 156. By reason of the activities herein described, Defendants, singly or in concert,
17 directly or indirectly, have violated, are violating, and unless restrained and enjoined will again
18 violate Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)] and Rule 10b-5 (a) and (c) [17
19 C.F.R. §240.10b-5(a) and (c)] promulgated thereunder.

1 **THIRD CLAIM FOR RELIEF**

2 **Violations of Section 9(a) of the Exchange Act**

3 (All Defendants)

4 157. The Commission realleges and incorporates paragraphs 1 through 156 by
5 reference as if fully set forth herein.

6 158. Defendants, directly or indirectly, singly or in concert, by use of the means or
7 instruments of transportation or communication in, or the means or instrumentalities of, interstate
8 commerce or by the use of the mails, knowingly or recklessly, and for the purpose of creating a
9 false or misleading appearance of active trading in securities or a false or misleading appearance
10 with respect to the market for such securities, (a) have effected, are effecting, or are about to
11 effect, transactions in such securities which involved no change in the beneficial ownership
12 thereof, or (b) have entered, are entering, or are about to enter an order or orders for the purchase
13 of such securities with the knowledge that an order or orders of substantially the same size, at
14 substantially the same time, and at substantially the same price, for the sale of any such
15 securities, had been or would be entered by or for themselves or different parties, or (c) have
16 entered, are entering, or are about to enter an order or orders for the sale of such securities with
17 the knowledge that an order or orders of substantially the same size, at substantially the same
18 time, and at substantially the same price, for the purchase of such securities had been or would
19 be entered by or for themselves or different parties.

20 159. By reason of the foregoing, Defendants have violated, are violating, and unless
21 restrained and enjoined, will again violate Section 9(a)(1) of the Exchange Act [15 U.S.C.
22 §78i(a)(1)].

1 **FOURTH CLAIM FOR RELIEF**

2 **(Relief Defendant)**

3 160. The Commission realleges and incorporates paragraphs 1 through 159 by
4 reference as if fully set forth herein.

5 161. N. Hawatmeh received, directly or indirectly, without consideration, funds which
6 are the proceeds of the unlawful activities alleged herein and to which she has no legitimate
7 claim.

8 162. N. Hawatmeh obtained the funds as part of and in furtherance of the securities
9 violations alleged herein and under circumstances in which it is not just, equitable, or
10 conscionable for her to retain the funds, and accordingly, N. Hawatmeh has been unjustly
11 enriched by ill-gotten gains.

12 163. By reason of the foregoing, N. Hawatmeh should disgorge her ill-gotten gains,
13 plus pre-judgment interest.

14 **PRAAYER FOR RELIEF**

15 **WHEREFORE**, the Commission respectfully requests the Court to grant the following
16 relief:

17
18 **I.**

19 An Order temporarily restraining and preliminarily enjoining Defendants from violating
20 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 9(a) and 10(b) of the Exchange
21 Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

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II.

An Order freezing Defendants’ and Relief Defendant’s assets;

III.

An Order permanently restraining and enjoining Defendants and any person or entity acting at their direction or on their behalf, from destroying, altering, concealing, or otherwise interfering with the access of the Commission to, relevant documents, books and records;

IV.

An Order requiring Defendants and Relief Defendant each to provide a verified accounting;

V.

An Order requiring Defendants to repatriate funds held overseas;

VI.

An order authorizing the Commission to conduct expedited discovery;

VII.

A Final Judgment finding that Defendants each violated the securities laws and rules promulgated thereunder as alleged against them herein.

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VIII.

A Final Judgment permanently restraining and enjoining Defendants from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 9(a) and 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5];

IX.

A Final Judgment ordering Defendants jointly and severally to disgorge their ill-gotten gains, if any, plus prejudgment interest;

X.

A Final Judgment ordering N. Hawatmeh to disgorge her ill-gotten gains, if any, plus prejudgment interest;

XI.

A Final Judgment prohibiting Defendants, pursuant to Section 20(g)(1) of the Securities Act [15 U.S.C. § 77t(g)(1)] and Section 21(d)(6)(A) of the Exchange Act [15 U.S.C. § 78u(d)(6)(A)], from participating in an offering of penny stock;

XII.

A Final Judgment ordering Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and

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XIII.

Granting such other relief as this Court may deem just and proper.

Dated: August 5, 2014

Respectfully submitted,

By: **/s David Stoelting**

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