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8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**

12 SECURITIES AND EXCHANGE  
13 COMMISSION,

14 Plaintiff,

15 vs.

16 PATRICK S. CARTER,  
17 808 RENEWABLE ENERGY  
CORPORATION,  
18 808 INVESTMENTS, LLC, MARTIN  
J. KINCHLOE, PETER J.  
19 KIRKBRIDE, WEST COAST  
20 COMMODITIES, LLC, THOMAS A.  
FLOWERS, and T.A. FLOWERS LLC,

21 Defendants.  
22

Case No.

**COMPLAINT**

24 Plaintiff Securities and Exchange Commission (“SEC”) alleges:

25 **JURISDICTION AND VENUE**

26 1. The Court has jurisdiction over this action pursuant to Sections 20(b),  
27 20(d)(1), and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§  
28 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of the

1 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),  
2 78u(d)(3)(A), 78u(e) & 78aa(a).

3 2. Defendants have, directly or indirectly, made use of the means or  
4 instrumentalities of interstate commerce, of the mails, or of the facilities of a national  
5 securities exchange in connection with the transactions, acts, practices and courses of  
6 business alleged in this complaint.

7 3. Venue is proper in this district pursuant to Section 22(a) of the Securities  
8 Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a),  
9 because certain of the transactions, acts, practices and courses of conduct constituting  
10 violations of the federal securities laws occurred within this district. In addition,  
11 venue is proper in this district because defendants 808 Renewable Energy  
12 Corporation, 808 Investments, LLC, West Coast Commodities, LLC, and T.A.  
13 Flowers LLC each have their principal place of business in this district and because  
14 defendants Patrick S. Carter, Martin J. Kinchloe, Peter J. Kirkbride, and Thomas A.  
15 Flowers reside in this district.

16 **SUMMARY**

17 4. This matter involves the fraudulent and unregistered offer and sale of  
18 securities by Patrick Carter (“Carter”) through a company he founded and managed,  
19 808 Renewable Energy Corporation (“808 Renewable”). Peter Kirkbride  
20 (“Kirkbride”), 808 Renewable’s chief operating officer, and two sales representatives  
21 for 808 Renewable, Martin Kinchloe (“Kinchloe”) and Thomas Flowers (“Flowers”),  
22 also perpetrated the fraud and carried out the illegal securities offerings.

23 5. 808 Renewable owns cogeneration equipment that produces electricity  
24 and energy on-site at customers’ facilities, and which is supposed to generate revenue  
25 from the sale of the electricity and energy produced by the company’s cogeneration  
26 systems. From 2009 through 2014, the defendants engaged in a scheme where they  
27 offered and sold securities in 808 Renewable, raising over \$30 million from over 500  
28 investors nationwide in fraudulent and unregistered offerings.

1           6.       When selling shares of 808 Renewable, the defendants represented to  
2 investors and prospective investors that the company was engaged in the renewable  
3 and efficient energy business. As part of their campaign to raise capital, the  
4 defendants circulated private placement memoranda, or “PPMs,” and made oral  
5 statements representing that investor funds would be used to acquire new equipment,  
6 to expand 808 Renewable’s business, and for other business-related expenditures.  
7 The defendants also represented that if any commissions were paid in connection  
8 with the sale of 808 Renewable securities, they would not exceed 10% and would be  
9 paid only to registered brokers. In addition, some of the defendants represented that  
10 808 Renewable was generating positive cash flow that would be used to pay monthly  
11 or quarterly dividends to investors. Carter also told prospective investors that the  
12 company’s shares had been pre-approved by the New York Stock Exchange  
13 (“NYSE”) for listing on the American Stock Exchange (“AMEX”).

14           7.       Contrary to these representations, Carter misappropriated about half of  
15 the money raised from investors to support his lavish lifestyle and to pay substantial  
16 sales commissions of up to 25% to the sales agents who helped Carter perpetrate the  
17 fraud. Carter and Kirkbride personally authorized these misuses of company funds.  
18 Carter and Kirkbride also authorized the use of investor funds for other undisclosed  
19 and improper purposes, including the payment of Ponzi-like “dividends” to existing  
20 investors with funds invested by new investors. In addition, contrary to Carter’s  
21 representations to investors, 808 Renewable had never been approved or pre-  
22 approved for listing on AMEX.

23           8.       By lying to investors and perpetrating their fraudulent scheme, all of the  
24 defendants violated the antifraud provisions of Sections 17(a) of the Securities Act,  
25 and violated and/or aided and abetted violations of Section 10(b) of the Exchange Act  
26 and Rule 10b-5 thereunder. In addition, each of the defendants, except for Kirkbride,  
27 violated the securities registration provisions of Section 5 of the Securities Act.  
28 Carter, Kinchloe, Flowers, and the limited liability companies that they controlled

1 also violated the broker-dealer registration provisions of Section 15(a)(1) of the  
2 Exchange Act.

3 **THE DEFENDANTS**

4 9. **Patrick S. Carter**, age 45, resides in Newport Beach, California. Carter  
5 was registered as an investment adviser with the SEC from October 2006 through  
6 August 2007, and was associated with a FINRA-registered broker-dealer from  
7 September 2006 through July 2007. On December 3, 2009, the Texas State Securities  
8 Board issued a cease-and-desist order finding that Carter and other parties had made  
9 materially misleading and deceptive statements in connection with the offer and sale  
10 of securities while not registered as dealers or agents in that state. On January 20,  
11 2010, the California Department of Corporations issued a desist-and-refrain order  
12 against Carter and others finding that Carter had failed to disclose the Texas order to  
13 prospective investors in California and that, from 2005 through 2009, Carter offered  
14 and sold securities in California by means of “communications which omitted to state  
15 material facts necessary to make the statements made [] not misleading.”

16 10. **808 Renewable Energy Corporation** is a Nevada corporation with its  
17 principal place of business in Orange County, California. 808 Renewable was  
18 formed by Carter in May 2009, purportedly to acquire, develop, and manage  
19 renewable energy projects. The company’s stock is quoted over-the-counter and is  
20 presently quoted at \$0.002 with average daily trading volume of less than 4,000  
21 shares. 808 Renewable is required to file periodic reports, including Forms 10-K and  
22 10-Q, with the SEC, but it is delinquent and has not submitted any reports since it  
23 filed its Form 10-K for the fiscal year ended December 31, 2015 on April 22, 2016.

24 11. **808 Investments, LLC (“808 Investments”)** is a California limited  
25 liability company solely owned and controlled by Carter. 808 Investments’ corporate  
26 status has been suspended by the California Franchise Tax Board. 808 Investments is  
27 not and has never been registered with the SEC in any capacity.

28 12. **Peter J. Kirkbride**, age 53, resides in Laguna Niguel, California. From

1 2009 through 2010, Kirkbride was also engaged as a sales representative for 808  
2 Renewable and, in that role, solicited investors and was paid commissions. Kirkbride  
3 was registered as an investment adviser with the SEC from January 2005 through  
4 April 2010, and was associated with a FINRA-registered broker-dealer from October  
5 2004 through August 2009.

6 13. **Martin J. Kinchloe**, age 41, resides in Garden Grove, California. From  
7 2009 through at least 2014 Kinchloe served as a sales representative for 808  
8 Renewable and he was paid approximately \$1.8 million in commissions for soliciting  
9 investors. Kinchloe is not and has never been associated with a broker or dealer  
10 registered with the SEC.

11 14. **West Coast Commodities, LLC (“WCC”)**, is a California limited  
12 liability company solely owned and controlled by Kinchloe. Kinchloe used WCC to  
13 collect some of the commission payments he received in connection with the sale of  
14 808 Renewable securities. WCC is not and has never been registered with the SEC in  
15 any capacity.

16 15. **Thomas A. Flowers**, age 49, resides in Mission Viejo, California. From  
17 2009 through at least 2014 Flowers worked as a sales representative for 808  
18 Renewable and he was paid approximately \$1.3 million in commissions for soliciting  
19 investors. Flowers is not and has never been associated with a broker or dealer  
20 registered with the SEC.

21 16. **T.A. Flowers LLC (“TAF”)**, is a limited liability company that is solely  
22 owned and controlled by Flowers. Flowers used TAF to collect some of the  
23 commission payments he received in connection with the sale of 808 Renewable  
24 securities. TAF is not and has never been registered with the SEC in any capacity.

## 25 **THE ALLEGATIONS**

### 26 **A. 808 Renewable and Its Officers and Sales Agents**

27 17. Since its formation in 2009, 808 Renewable has claimed to “manage[]  
28 combined heat and power... renewable energy projects” for public entities and

1 industrial firms with the “goal [] to help America focus on renewable and green  
2 energy solutions in order to reduce [] dependence on foreign oil.” 808 Renewable  
3 owns and operates cogeneration equipment that is installed on customer sites to  
4 generate revenues from the sale of electricity generated by those systems. 808  
5 Renewable has never been profitable and by 2015 the company had only four  
6 operational systems installed at customer sites. 808 Renewable became a public  
7 company on January 24, 2014.

8 18. By August 2010, 808 Renewable owned all membership interests of two  
9 subsidiaries purportedly formed to acquire combined heat and power plants: 808  
10 Energy 2, LLC and 808 Energy 3, LLC. These subsidiaries were dissolved on April  
11 23, 2012.

12 19. Carter and Kirkbride were the key officers and directors of 808  
13 Renewable. Carter founded the company and has served as its president, secretary,  
14 treasurer, and director since the company’s inception. Carter also served as the  
15 company’s chief executive officer from 2009 through September 2010, and from  
16 November 2011 through the present. Kirkbride has been 808 Renewable’s chief  
17 operating officer since 2010.

18 20. Kinchloe and Flowers were sales agents for 808 Renewable. From 2009  
19 through at least 2014, Kinchloe was a sales representative for 808 Renewable and he  
20 was paid approximately \$1.8 million in commissions for soliciting investors. Flowers  
21 was a sales representative from 2009 through at least 2014, and was paid  
22 approximately \$1.3 million in commissions for soliciting investors. Kinchloe served  
23 as a director of 808 Renewable and a member of the audit committee for 808  
24 Renewable’s board from August 2012 through October 2012.

## 25 **B. The Unregistered Fraudulent Offerings**

26 21. From at least 2009 through 2014, the defendants raised over \$30 million  
27 from over 500 investors nationwide by offering and selling five different types of  
28 securities in 808 Renewable.

1           22. As alleged in more detail below, the offer and sale of units in 808  
2 Energy 3, LLC, which were converted to 808 Renewable common stock, and the  
3 offer and sale of 808 Renewable common and series B stock, constituted a single  
4 offering. These securities were offered and sold pursuant to one of three PPMs. At  
5 least one investor who purchased shares in 808 Renewable was given the PPM for  
6 808 Energy 3, LLC in connection with her purchase of 808 Renewable stock.

7           23. When the offering pursuant to the PPMs was carried out, Carter had  
8 common control over both 808 Renewable and 808 Energy 3, LLC. While offering  
9 these securities, each issuer was engaged in the same type of business, raising  
10 investor capital that purportedly would be used to acquire and maintain cogeneration  
11 systems that would generate energy that the issuers would, in turn, sell to its  
12 customers. Both issuers shared office space, management, employees, and sales  
13 representatives.

14           24. The offering of securities of 808 Renewable and 808 Energy 3, LLC was  
15 also a part of a single plan of financing and purportedly for the same general purpose,  
16 namely to raise funds for 808 Renewable's operations. All of the sales raised cash as  
17 consideration. Because the 808 Energy 3, LLC units were converted to 808  
18 Renewable stock by 2010, they all involved stock in one issuer, 808 Renewable.  
19 During September 2010, the offering of units overlapped with the offering of 808  
20 Renewable common stock and, from January 2011 through February 2012, the  
21 offering of common stock overlapped with the offering of 808 Renewable series B  
22 shares.

23           **1. Units in 808 Energy 3, LLC, Converted to 808 Renewable Stock**

24           25. From 2009 through at least September 2010, the defendants distributed a  
25 PPM dated August 12, 2009 for units in 808 Energy 3, LLC ("August 2009 PPM").  
26 Under the direction of Carter and 808 Renewable, Kirkbride, Kinchloe, Flowers, and  
27 other sales representatives distributed the August 2009 PPM to prospective investors.

28           26. The defendants raised approximately \$7.5 million from about 200

1 investors in connection with the offering of 808 Energy 3, LLC units.

2 27. By September 2010, all units in 808 Energy 3, LLC were exchanged for  
3 common stock in 808 Renewable. In 2012, 808 Energy 3, LLC, which was by then a  
4 wholly-owned subsidiary of 808 Renewable, dissolved.

5 **2. Common Stock in 808 Renewable**

6 28. From at least 2010 through at least October 2012, the defendants  
7 distributed a PPM dated October 11, 2010 for common stock in 808 Renewable  
8 (“October 2010 PPM”). Under the direction of Carter and 808 Renewable, Kinchloe,  
9 Flowers, and other sales representatives distributed the October 2010 PPM to  
10 prospective investors.

11 29. The defendants raised approximately \$4.5 million from about 150  
12 investors in connection with the offering of 808 Renewable common stock.

13 **3. Series B Stock in 808 Renewable**

14 30. From at least January 2011 through approximately February 2012, the  
15 defendants distributed a PPM dated January 28, 2011 for series B preferred stock in  
16 808 Renewable (“January 2011 PPM”). Under the direction of Carter and 808  
17 Renewable, Kinchloe, Flowers, and other sales representatives distributed the January  
18 2011 PPM to prospective investors.

19 31. The defendants raised approximately \$3.5 million from over 60 investors  
20 in connection with the offering of 808 Renewable series B stock.

21 **4. Carter’s Founder Shares (Common Stock in 808 Renewable)**

22 32. From about October 2011 through approximately July 2014, Carter  
23 offered and sold his “founder shares” in 808 Renewable, representing that he was  
24 selling only a “limited” amount of his shares at a discount to avoid taking a salary.

25 33. During prerecorded shareholder conference calls, for which links were  
26 emailed to investors, Carter encouraged existing investors to invest in his founder  
27 shares and to refer the offering to their friends and family. Kinchloe, Flowers, and  
28 other sales representatives also pitched the founder shares to investors and



1 prospective investors whom they initially contacted in connection with the offering  
2 made pursuant to the PPMs.

3 34. Carter pitched the offer and sale of founder shares as beneficial to the  
4 company and investors. He claimed that he would continue providing services as  
5 CEO while waiving his salary, and that investors who purchased his discounted  
6 founder shares at \$0.75 (a purported discount from the \$1.00 per share company  
7 shares) would allegedly have greater profit margins when the company became  
8 publicly listed.

9 35. Carter sold the majority of his founder shares, raising approximately \$14  
10 million.

11 36. Carter engaged Kinchloe, Flowers, and other sales representatives to  
12 offer and sell his founder shares, and he paid them commissions of up to 25% for  
13 these sales. From 2011 through at least 2012, the sales representatives were  
14 simultaneously offering and selling Carter's founder shares and shares in 808  
15 Renewable pursuant to one of the PPMs.

16 37. Carter used unregistered brokers to solicit investors and sell his founder  
17 shares. In at least two instances, he failed to limit the shares he sold in any three  
18 month period to no more than 1% of the common shares outstanding for 808  
19 Renewable.

20 38. Carter did not file a Form 144 in connection with his sale of founder  
21 shares.

22 39. Carter sold founder shares to over 100 investors nationwide and  
23 generally solicited some of the sales. Many of the individuals were unsophisticated  
24 investors and some were also unaccredited. Existing investors were urged to solicit  
25 family members to purchase founder shares, without regard to the sophistication of  
26 those referred.

27 **5. Series D Stock in 808 Renewable**

28 40. In or about October 2014, 808 Renewable offered and sold series D

1 preferred stock.

2 41. This offering was announced in an October 17, 2014 press release issued  
3 by 808 Renewable. At the direction of Carter and 808 Renewable, Kinchloe and  
4 Flowers circulated emails to investors promoting the offering.

5 42. 808 Renewable raised approximately \$5.5 million from at least two  
6 investors in connection with the offering of 808 Renewable series D stock.

7 **C. The Defendants' Solicitation Efforts**

8 43. To sell the 808 Renewable securities, Carter and 808 Renewable hired  
9 sales representatives to solicit investors and paid them a percentage of each of their  
10 sales as commission.

11 44. Investors were generally solicited through cold calls, mass emails, or a  
12 televised advertisement.

13 45. The offerings of 808 Renewable securities other than the series D  
14 preferred stock were made to investors in multiple states. Nationwide, over 500  
15 investors purchased 808 Renewable securities.

16 46. Over \$15 million in 808 Renewable securities was offered and sold in  
17 these offerings.

18 47. None of the defendants made any meaningful effort to determine  
19 whether the investors were or accredited or sophisticated. Some investors were  
20 unaccredited. Indeed, some of the investors had no experience trading in securities  
21 prior to their investment in 808 Renewable.

22 48. The investors were not provided with any audited financial statements.  
23 The defendants did not provide the kind of information that an adequate registration  
24 statement would reveal.

25 49. Carter and his sales representatives told prospective investors that 808  
26 Renewable was engaged in the renewable energy industry, and the PPMs that the  
27 defendants distributed to prospective investors similarly represented that the company  
28 was formed "for the purpose of acquiring, developing, owning and managing

1 renewable and efficient energy projects throughout the United States.”

2 50. Carter reviewed and approved the content of all of the PPMs distributed  
3 to investors for the offer and sale of the units in 808 Energy 3, LLC, and of the  
4 common and series B stock of 808 Renewable (namely, the August 2009 PPM, the  
5 October 2010 PPM, and the January 2011 PPM).

6 51. Carter also participated in and spoke during the prerecorded conference  
7 calls in November 2013 and other telephone calls with investors when his founder  
8 shares were offered.

9 52. Carter also drafted the language of the October 17, 2014 press release  
10 and emails announcing and promoting the offer and sale of 808 Renewable’s series D  
11 stock.

12 53. As part of their investor solicitation efforts, the defendants engaged in  
13 several forms of general solicitations.

14 54. At the direction of Carter and 808 Renewable, sales representatives,  
15 including Kinchloe and Flowers, made cold calls to potential investors nationwide  
16 using lead lists. The sales representatives, including Kinchloe and Flowers, used high  
17 pressure sales tactics and misleading sales scripts to promote investments in 808  
18 Renewable.

19 55. In 2010, 808 Renewable advertised its “investment opportunity” on the  
20 television show *Today in America*. Carter and Kirkbride both appeared in this  
21 advertisement and, as part of their 2010 and 2011 sales efforts, Flowers, Kinchloe and  
22 other sales representatives mass emailed a link to this televised advertisement to  
23 prospective investors.

24 56. On October 15, 2012, 808 Renewable filed a registration statement with  
25 the SEC and, at Carter’s direction, sales representatives circulated this registration  
26 statement to attract investors to purchase shares.

27 57. Carter, Kinchloe, and Flowers personally met with some investors to  
28 persuade them to purchase 808 Renewable securities.

1           58. The defendants provided subscription agreements to investors who  
2 agreed to purchase shares of 808 Renewable. The subscription agreements included a  
3 clause under which the investors self-certified that they were accredited. Even  
4 though the offerings were supposed to be limited to accredited investors, the  
5 defendants took no steps to verify that investors were accredited and that the self-  
6 certifications were accurate.

7           59. In fact, some investors were not accredited or had no prior experience  
8 investing in stock. Further, some of these investors made clear to the 808 Renewable  
9 sales representatives who solicited them that they had had little to no experience  
10 investing in securities.

11           60. Some investors used their retirement funds to invest in 808 Renewable.  
12 Kinchloe provided instructions to some investors regarding rolling over their  
13 retirement funds to self-directed IRAs so that investors could use their retirement  
14 money to invest in 808 Renewable.

15           61. Once an investor made an initial purchase, Carter, Kinchloe, Flowers,  
16 and other sales representatives urged the investor to invest more funds before the  
17 allegedly imminent initial public offering. 808 Renewable's sales representatives  
18 referred to this practice of persuading investors to increase their investment as  
19 "reloading."

20           62. Flowers and Kinchloe offered to pay some investors referral fees and  
21 commissions to convince them to reload and to refer their friends and family.

22 **D. The Defendants' Misrepresentations and Omissions of Material Fact**

23           63. In connection with the offerings of 808 Renewable securities, the  
24 defendants misrepresented information, made misleading statements, and omitted  
25 material facts. These misrepresentations and omissions related to, among other  
26 things, (i) the payment of commissions to 808 Renewable's sales agents, (ii) how  
27 investor funds would be used, (iii) investors purportedly earning cash flow and  
28 receiving monthly or quarterly dividend payments, and (iv) representations that 808

1 Renewable had been preapproved by the NYSE for listing on AMEX.

2 **1. Misrepresentations Regarding the Payment of Commissions**

3 64. 808 Renewable, Carter, and Kinchloe, as well as their companies (808  
4 Investments and WCC), made materially false statements regarding the payment of  
5 commissions to sales representatives.

6 65. Each of the defendants circulated PPMs to investors and prospective  
7 investors in connection with the offer or sale of 808 Renewable securities  
8 (specifically, the 808 Energy 3, LLC units, and the 808 Renewable common stock  
9 and series B preferred stock). All of these PPMs falsely represented that only “up to  
10 10%” of the proceeds of the offerings could be paid in commissions to “broker-  
11 dealers.”

12 66. The August 2009 PPM for the sale of units in 808 Energy 3, LLC  
13 represented that, if commissions were paid, FINRA registered brokers would be  
14 engaged. Specifically, the August 2009 PPM stated “We have not entered into any  
15 agreements or commitments to pay any commission. However, we may pay up to  
16 10% of the proceeds of the offering to broker dealers registered with the Financial  
17 Industry Regulatory Authority (‘FINRA’).”

18 67. Also in connection with the offering of 808 Energy 3, LLC units, Carter,  
19 as president of the company, executed and filed a Notice of Exempt Offering of  
20 Securities (“Form D”) with the SEC on February 2, 2010, where he represented that  
21 “No Agreements with FINRA registered Broker dealers have been signed, but the  
22 Company may pay commissions up to [\$1 million of the \$10 million total offering  
23 amount] if such broker dealers are engaged.”

24 68. The October 2010 and January 2011 PPMs for the offer and sale of 808  
25 Renewable’s common and series B stock also misleadingly implied that commissions  
26 would not be paid. The October 2010 PPM for the sale of common stock stated “We  
27 are acting as our own agent with respect to the Shares being offered pursuant to this  
28 Memorandum. To the extent shares are sold directly by us, no commissions will be

1 paid, and the proceeds allocated for commissions will be used by us as additional  
2 working capital. We reserve the right to enter into agreements with one or more  
3 broker-dealers to sell the shares, with such broker-dealers receiving commissions of  
4 up to 10% of the price of the Shares in the form of cash or Shares in connection with  
5 this offering.”

6 69. The January 2011 PPM for the sale of series B shares contained identical  
7 representations regarding commissions as the defendants made in the October 2010  
8 PPM.

9 70. In a Form D that 808 Renewable filed with the SEC on July 26, 2011 in  
10 connection with the series B share offering, 808 Renewable represented that the  
11 amounts of sales commissions and finders fees expenses in connection with the sale  
12 of 808 Renewable’s series B shares were “\$0.”

13 71. On July 7, 2012, Carter, in his capacity as president of 808 Renewable,  
14 executed and filed a Form D with the SEC in connection with 808 Renewable’s  
15 common stock offering. In this July 7, 2012 Form D, Carter and 808 Renewable  
16 represented that the amounts of sales commissions and finders’ fees expenses in  
17 connection with the offering of 808 Renewable common stock were “\$0.”

18 72. In the conference calls and telephone calls in which Carter’s founder  
19 shares were offered, and in the October 17, 2014 press release and emails announcing  
20 and promoting the offer and sale of 808 Renewable’s series D stock, it was never  
21 disclosed that up to 25% of the investments would be paid in commissions, including  
22 to non-FINRA registered brokers, as well as commissions to Carter.

23 73. Kinchloe falsely told at least one investor that he was only receiving  
24 commissions in shares of the company, rather than in cash, because Kinchloe  
25 allegedly was waiting for the company to become publicly listed in order to get a  
26 large payout from his shares.

27 74. The defendants’ representations regarding commissions were false  
28 because 808 Renewable always paid commissions either to 808 Investments, which

1 then paid the sales representatives, or directly to the sales agents. Also, those  
2 commissions exceeded 10% and generally were as high as 25%, the commissions  
3 were not paid only to FINRA registered brokers, and the commissions were paid to  
4 people affiliated with 808 Renewable including Carter, Kinchloe, and Flowers.

5 75. Carter used his company, 808 Investments, to collect commissions from  
6 808 Renewable at rates of up to 25% of the investor capital that was raised. Carter  
7 sometimes referred to these commissions as “consulting fees.” Carter sometimes  
8 used these fees to pay commissions to the sales representatives according to the rates  
9 to which the sales representatives had agreed with Carter.

10 76. For example, when Flowers first joined 808 Renewable, he was paid  
11 15% of the funds raised from investors he successfully solicited. Carter’s company,  
12 808 Investments, collected a commission of 25% of the investments Flowers  
13 solicited, and Carter passed on 15% to Flowers, and kept 10% for himself.

14 77. Kinchloe generally earned a 25% commission on amounts that he raised.  
15 When Kinchloe and Flowers worked together to solicit an investment, they would  
16 split a 25% commission on funds they raised as a team.

17 78. After each sale, Kinchloe, Flowers, and other sales representatives filled  
18 out forms seeking payment of commissions for their sales. These forms showed that  
19 sales representatives collected commissions as high as 25% for each sale.

20 79. 808 Renewable’s bookkeeper prepared reports that showed that 808  
21 Renewable would pay 808 Investments, which was Carter’s LLC, purported  
22 consulting fees in an amount as high as 25% of funds raised from investors. Carter  
23 and Kirkbride reviewed and approved these reports, and authorized the payments to  
24 808 Investments.

25 80. In connection with a July 31, 2013 audit confirmation letter, Carter  
26 signed the letter acknowledging that, from January 2012 through September 2012,  
27 808 Investments had been paid 25% of the proceeds from the sales of 808 Renewable  
28 stock as purported “finders’ fees.”

1 81. Investors were never told, and did not know, that sales representatives  
2 received commissions as high as a quarter of the capital they were investing in 808  
3 Renewable.

4 82. Investors were never told, and did not know, that Carter himself was  
5 collecting commissions or consulting fees for raising capital for 808 Renewable.

6 83. Investors were never told, and did not know, that 808 Renewable paid  
7 commissions to brokers who were not registered with FINRA.

8 84. Carter's, 808 Renewable's, 808 Investments', Kinchloe's, and WCC's  
9 misrepresentations and omissions regarding commissions were material because  
10 reasonable investors would have considered it important to know that up to 25% of  
11 their investment would be paid in commissions, including to non-FINRA registered  
12 brokers, as well as commissions to Carter, the CEO and president of the company, in  
13 deciding whether to invest in 808 Renewable.

14 **2. Misrepresentations and Omissions Regarding the Use of Offering**  
15 **Proceeds**

16 85. 808 Renewable, Carter, and his company, 808 Investments, made  
17 materially false statements regarding the use of offering proceeds.

18 86. Carter, 808 Renewable, and 808 Investments misrepresented that  
19 investor funds would be used for legitimate business purposes. Instead, Carter, with  
20 the help of Kirkbride, used substantial amounts of investor funds for improper and  
21 undisclosed purposes, including to support his lavish lifestyle.

22 87. Carter and his sales representatives represented orally to investors that  
23 their capital would be used to acquire new cogeneration equipment, maintain current  
24 assets, and to expand 808 Renewable's business. The PPMs that the defendants  
25 distributed to investors and prospective investors similarly stated that 808 Renewable  
26 would use investor funds for business-related expenditures, including the acquisition  
27 and development of energy generation facilities and working capital.

28 88. The August 2009 PPM for units in Energy 3, LLC specifically stated



1 “We intend to use the proceeds from this offering for investing in, acquiring or  
2 developing, and operating, energy generation facilities and projects; procurement of  
3 equipment and technology; hiring additional personnel; and general corporate  
4 purposes. . . . Pending any of these uses, we plan to invest the proceeds of this  
5 offering in bank certificates of deposit or short-term, investment-grade, interest  
6 bearing securities.” The August 2009 PPM further specified that 30.75% of the  
7 proceeds would be used to acquire cogeneration assets, 16% would be used for  
8 maintenance and operating reserves, 45% would be paid to 808 Renewable in  
9 connection with the purchase of cogeneration assets and plants, 8.75% would be used  
10 for working capital, and 0.5% would be used for offering expenses.

11 89. Both the October 2010 and January 2011 PPMs provided that 70% of the  
12 offering proceeds would be used for “Investments in and Acquisitions and  
13 Development of Energy Generation Facilities and Projects) and 19.8% would be used  
14 for working capital.

15 90. In the conference calls and telephone calls in which Carter’s founder  
16 shares were offered, and in the October 17, 2014 press release and emails announcing  
17 and promoting the offer and sale of 808 Renewable’s series D stock, it was never  
18 disclosed that investor funds were being used for improper and undisclosed purposes.

19 91. Contrary to the representations to investors, only about half of the capital  
20 raised from investors was used for legitimate business expenses. From 2009 through  
21 early 2015, 808 Renewable generated approximately \$5 million from business  
22 operations and raised approximately \$21 million from investors who purchased  
23 shares directly from the company (as opposed to those who purchased Carter’s  
24 founder shares). Approximately half of these funds went directly to Carter or 808  
25 Investments: approximately \$10 million (or about 38% of the \$26 million) was  
26 transferred from 808 Renewable to Carter and 808 Investments, approximately \$2.7  
27 million (or about 10%) of investor funds was deposited directly with 808  
28 Investments, and approximately \$12.7 million (or about 48%) was spent on business

1 expenses.

2 92. Carter used the funds he misappropriated from 808 Renewable to  
3 support his lifestyle and to pay commissions to the sales representatives who helped  
4 him defraud investors.

5 93. For example, in 2009, 808 Investments paid over \$220,000 for boats and  
6 cars for Carter, \$246,000 to pay Carter's personal credit card bills, and over \$40,000  
7 to cover additional personal expenses of Carter's, including trips, jewelry, art, and  
8 gambling. Carter's 2009 personal expenses were largely paid by funds traced to 808  
9 Renewable investors.

10 94. In 2014, 808 Renewable remained unprofitable and its independent  
11 auditor issued a "going concern" qualification when it completed the company's most  
12 recent audit. Despite this, Carter continued to misappropriate funds from the  
13 company, using over \$3 million of 808 Renewable's funds for his benefit: \$2.2  
14 million was used to redeem Carter's series A shares, approximately \$600,000 was  
15 used to repay a purported loan made by Carter to 808 Renewable Energy, and  
16 \$360,000 was used to pay Carter's 2014 salary.

17 95. In early 2015, when company funds were largely depleted and no  
18 additional investor funds were being raised, 808 Renewable paid Carter a bonus of  
19 \$360,000 and a salary of \$125,000. In 2015, Kirkbride also was paid a bonus of  
20 \$150,000 in addition to his \$139,000 salary. Carter and Kirkbride approved each  
21 other's 2015 bonuses.

22 96. Carter and Kirkbride both reviewed bookkeeping reports that were  
23 generated during this period reflecting the improper use of 808 Renewable funds, and  
24 both approved these improper uses.

25 97. Carter's, 808 Renewable's, and 808 Investments' misrepresentations and  
26 omissions regarding the use of investor funds were material because reasonable  
27 investors would have considered it important to know that substantial portions of  
28 their investments were being funneled to Carter or an entity that he controlled in

1 deciding whether to invest in 808 Renewable.

2 **3. Misrepresentations and Omissions Regarding 808 Renewable**  
3 **Generating Cash Flow to Pay Dividends**

4 98. 808 Renewable, Carter, and his company, 808 Investments, made  
5 materially false statements regarding 808 Renewable purportedly generating cash  
6 flow to pay dividends or distribution to investors.

7 99. In order to induce investors to buy 808 Renewable securities, Carter, 808  
8 Renewable, and 808 Investments misrepresented that 808 Renewable was generating  
9 a cash flow that enabled it to pay a 12% annual return in the form of dividends or  
10 distributions until the company went public.

11 100. In the February 2010 *Today in America* broadcast, Carter stated “we are  
12 currently looking for the right investors that [sic] are interested in hard assets that  
13 produce cash flow.” In this same broadcast, investors were told that each investor  
14 “buys a part of the company as such they own shares and receive dividends....”

15 101. In a September 7, 2010 email, Carter wrote to an investor “You will get  
16 the 10 percent within 60 days...Also the cash flow will be over 20 percent annually.  
17 This is your chance....We should be public in 90 days.”

18 102. Sales representatives working under Carter’s direction also told  
19 prospective investors that they would receive monthly dividends if they invested in  
20 808 Renewable. For example, a solicitation script that Kirkbride reviewed and  
21 revised for a sales representative in 2011 stated “we have an offering that helps to  
22 mitigates [sic] risk, provides steady monthly cash flow...this is a ‘Turn Key’  
23 operation that allows your money to be invested in energy producing hard assets,  
24 providing you stable Income of 12% annually paid monthly, Short & Long-term  
25 Growth and the Stability of a utility.”

26 103. In the October 17, 2014 press release and emails announcing and  
27 promoting the offer and sale of 808 Renewable’s series D stock, Carter represented  
28 that the series D stock offered “an annual return of twelve percent (12%) that is paid

1 quarterly.”

2 104. At the direction of Carter, sales representatives circulated marketing  
3 material to prospective investors that stated one of the benefits of investing in 808  
4 Renewable was the “monthly cash flow.”

5 105. Investors did not know that 808 Renewable was cash-strapped and that  
6 Carter was depleting the company’s funds.

7 106. Because 808 Renewable was facing financial challenges, new investor  
8 capital was used to pay dividends and distributions to existing investors. The use of  
9 new investor capital to pay dividends and distributions to existing investors was never  
10 disclosed to investors.

11 107. From 2011 through 2012, at least \$250,000 of new investor funds was  
12 used to pay purported dividends or distributions to existing investors.

13 108. Carter and Kirkbride authorized the use of new investor funds to make  
14 the Ponzi-like dividend payments to existing investors.

15 109. By late 2011 and early 2012, the Ponzi-like dividend structure began to  
16 collapse when the company was unable to pay outstanding vendor invoices for the  
17 legitimate part of its business, and new investor funds were insufficient to continue to  
18 support the Ponzi-like payments.

19 110. Rather than disclose its poor financial condition to investors, on June 15,  
20 2012, Carter informed investors about a “brand new dividend reinvestment program”  
21 that would provide dividends in the form of additional stock instead of cash. Carter  
22 further explained that this program would allow the company to “use the cash not  
23 distributed to grow business” and would be a “benefit to you the investor” because  
24 “you get additional stock at a reduced amount.” This representation, which was false  
25 because the company did not have cash to distribute or to grow the business, was  
26 used to lull investors.

27 111. Carter’s, 808 Renewable’s, and 808 Investments’ misrepresentations and  
28 omissions regarding 808 Renewable’s purported cash flow and dividend payments,

1 which Kirkbride aided and abetted, were material because reasonable investors would  
2 have considered it important to know that the company was not generating sufficient  
3 cash flow to pay dividends to investors, but rather the defendants were using new  
4 investor capital to pay dividends to existing investors.

5 **4. Misrepresentations Regarding 808 Renewable's Pre-Approval by the**  
6 **NYSE for Listing On AMEX**

7 112. 808 Renewable, Carter, and his company, 808 Investments, made  
8 materially false statements regarding 808 Renewable's purported pre-approval by the  
9 NYSE for listing on AMEX.

10 113. Throughout 2009 to 2012, Carter told prospective investors that 808  
11 Renewable was well-positioned to be listed on NASDAQ or on the NYSE.

12 114. On November 13, 2013, Kinchloe and Flowers emailed investors  
13 regarding a "Pre-Approval" by the "NYSE (AMEX)." The email linked to a  
14 prerecorded conference call during which Carter announced that the company had  
15 been "given preliminary approval" by representatives from the NYSE for listing on  
16 AMEX. In this recording, Carter also encouraged investors to refer the "investment  
17 opportunity" to friends and family and to purchase his founders shares before the  
18 company's IPO.

19 115. In the recorded conference call that was linked in emails that Kinchloe  
20 and Flowers disseminated to investors, Carter also represented that "the minimum to  
21 list on the AMEX is \$4 per share."

22 116. Contrary to Carter's representations to investors, 808 Renewable was  
23 never approved or preliminarily approved for listing on AMEX.

24 117. Carter made over \$3 million from the sale of founder shares from  
25 November 14, 2013 (after his false announcement regarding AMEX pre-approval)  
26 through April 2014 (before it was disclosed to investors that 808 Renewable would  
27 be an OTCQX-listed company (*i.e.*, that its securities would trade over-the-counter  
28 and not on AMEX)).

1 118. Carter's misrepresentations and omissions regarding the purported  
2 AMEX pre-approval were material because a reasonable investor would have  
3 considered it important to know that 808 Renewable was never pre-approved by the  
4 NYSE for listing on the AMEX in making an investment decision, particularly in  
5 light of Carter's representation that an AMEX listing required a minimum stock price  
6 of \$4 per share.

7 119. 808 Renewable's stock is currently quoted over-the-counter at \$0.002  
8 per share, with its total trading volume averaging less than \$8 per day.

9 **E. Kirkbride, Kinchloe, Flowers, and Their Companies Aided and Abetted**  
10 **The Misrepresentations and Omissions**

11 120. Kirkbride, Flowers, Kinchloe, and their companies (Flower's TAF and  
12 Kinchloe's WCC) substantially assisted the making of the materially false statements  
13 and omissions by Carter, 808 Renewable, and 808 Investments regarding the payment  
14 of commissions to sales representatives.

15 121. Kirkbride reviewed the PPMs that contained these false statements, and  
16 distributed those PPMs to prospective investors. Kirkbride also approved the cash  
17 flow reports that provided detailed information regarding the commission payments,  
18 and he, along with Carter, authorized those large commission payments to Carter's  
19 company, 808 Investments.

20 122. Kinchloe and Flowers, and their companies, also distributed the PPMs to  
21 prospective investors and received commissions of as high as 25% on amounts raised  
22 from investors.

23 123. Kirkbride also provided substantial assistance to the making of the  
24 materially false statements regarding the use of offering proceeds and the alleged  
25 generation of cash flow to pay dividends to investors.

26 124. Kirkbride authorized the transfer of funds from 808 Renewable to 808  
27 Investments to pay purported consulting fees. The cash flow reports that Kirkbride  
28 authorized also detailed the payment of the Ponzi-like payments to investors and

1 provided detailed information about the transfers of funds to 808 Investments.  
2 Kirkbride also revised a sales pitch used by a sales representative to solicit investors  
3 that stated that 808 Renewable offered the opportunity to receive a “stable income of  
4 12% paid monthly.”

5 **F. The Defendants Obtained Money By Means of the Fraud**

6 125. Each of the defendants received money by means of the materially  
7 untrue statements and omissions alleged above in the offer or sale of the 808  
8 Renewable securities.

9 126. 808 Renewable received money from investors through the sales of its  
10 securities.

11 127. Carter and 808 Investments obtained money through the receipt of  
12 commissions and the payments of salary and bonuses to Carter, payment for Carter’s  
13 purported loans and consulting fees, and other substantial sums transferred from 808  
14 Renewable to Carter. Carter also obtained money from his sale of founder shares.

15 128. Kirkbride obtained money in the form of salary and bonuses that 808  
16 Renewable paid him from the funds raised from investors.

17 129. Kinchloe, WCC, Flowers, and TAF obtained money in the form of the  
18 substantial commissions paid to them from the funds raised from investors.

19 **G. The Defendants Engaged in a Fraudulent Scheme**

20 130. Each of the defendants engaged in a fraudulent scheme to convince  
21 investors to continue to invest in 808 Renewable securities so that each of them could  
22 profit financially.

23 131. In conference calls and marketing materials to investors and prospective  
24 investors, Carter encouraged investors to “take advantage of the opportunity” to  
25 receive cash flow while they waited for a “significant increase” in their investments.  
26 While encouraging investors to invest, Carter caused substantial funds to be diverted  
27 to him and to 808 Investments for Carter’s personal use and to make commission  
28 payments to Carter and to the sales representatives.

1           132. Carter and Kirkbride caused 808 Renewable to make the Ponzi-like  
2 dividend payments to investors. From 2011 through 2012, at least \$250,000 of new  
3 investor funds was used to pay purported dividends or distributions to existing  
4 investors.

5           133. When 808 Renewable was no longer raising sufficient investor funds to  
6 allow it to continue making the Ponzi-like dividend payments, Carter further  
7 extended the scheme by telling investors that their dividends would be reinvested into  
8 the company to grow the business.

9           134. Carter also began offering his founder shares at a purported discount,  
10 representing that only a limited amount of founder shares would be available for a  
11 brief time. While selling his founder shares, Carter made nearly \$14 million through  
12 the sales of his founder shares while 808 Renewable was losing money.

13           135. The cash flow reports that Carter and Kirkbride reviewed and approved  
14 identified the Ponzi-like payments, and Kirkbride also reviewed bookkeeping reports  
15 that showed that 808 Renewable's revenues were insufficient to support its  
16 operations. Kirkbride also reviewed and revised at least one sales script used to  
17 solicit investors, which represented that an investment in 808 Renewable would  
18 "provide a steady monthly cash flow."

19           136. Kinchloe, Flowers, and their LLCs furthered the scheme by distributing  
20 PPMs to investors that provided false information about the amounts of commissions  
21 being paid, even while they were receiving commission rates higher than represented  
22 in the PPMs.

## 23 **H. The Defendants' Roles in the Fraud**

### 24 **1. Carter, 808 Renewable and Carter's Company (808 Investments)**

25           137. From 2009 through 2014, Carter, 808 Renewable, and 808 Investments  
26 raised over \$30 million from investors as part of their fraudulent offerings. Because  
27 808 Renewable and 808 Investments are entities controlled by Carter, and the latter is  
28 his alter-ego, Carter's actions and mental state are imputed to both 808 Renewable



1 and 808 Investments.

2 138. Carter was responsible for the misrepresentations in the PPMs regarding  
3 the payment of commissions and the use of investor proceeds because Carter  
4 personally reviewed and approved the PPMs, provided the very first draft PPM to  
5 counsel as the template for the offering document, and had ultimate authority over the  
6 substance of the offering material circulated to investors and prospective investors.

7 139. Carter also orally made misleading statements to investors that investor  
8 funds would be used for 808 Renewable's business purposes.

9 140. Carter served as a signatory to bank accounts into which investor money  
10 was deposited. Carter directed 808 Renewable to transfer funds to 808 Investments  
11 to pay Carter and his sales representatives commissions as high as 25% of the funds  
12 raised. Carter also directed that investor funds be used to repay Carter for loans he  
13 purportedly made to the company and to make the Ponzi-like dividend payments to  
14 investors.

15 141. Carter sold his founder shares without disclosing that investor funds that  
16 had been raised pursuant to one of the PPMs had largely been depleted by him or  
17 used for other improper purposes.

18 142. Carter knew or was reckless in not knowing that, contrary to the  
19 representations he and his sales representatives made to investors, Carter was  
20 personally misappropriating substantial amounts of investor funds for his personal  
21 use, to pay undisclosed commissions, and for other improper and undisclosed  
22 purposes.

23 143. Carter knew, or was reckless or negligent in not knowing, that the  
24 dividend payments made to existing investors were being paid from new investor  
25 funds.

26 144. Carter knew or was reckless or negligent in not knowing that 808  
27 Renewable had not been pre-approved for listing on AMEX. Carter sold a significant  
28 amount of his founder shares after making this false announcement.

1           145. At all relevant times, Carter, 808 Renewable, and 808 Investments  
2 knowingly or recklessly, or by acting negligently, perpetrated their fraudulent  
3 scheme, and knew or acted recklessly or negligently in not knowing that their  
4 misrepresentations and omissions were false and misleading when made.

5           **2. Kirkbride**

6           146. Kirkbride engaged in a scheme to continue to convince individuals to  
7 invest in 808 Renewable's failing business so that that he could financially profit.  
8 For his role in the scheme, from 2010 through 2015, Kirkbride earned a total salary of  
9 approximately \$670,000 and an additional \$190,000 in bonuses. Further, on August  
10 2014, Carter paid Kirkbride an additional \$125,000.

11           147. In furtherance of the fraudulent scheme, Kirkbride reviewed and  
12 approved financial reports that specified that investor funds would be used to make  
13 Ponzi-like dividend payments to existing investors, to pay interest on purported loans  
14 Carter had obtained for 808 Renewable, to repay Carter for loans purportedly made to  
15 the company, to pay a 25% commission to 808 Investments for capital raised from  
16 investors, and for other undisclosed and improper purposes.

17           148. Kirkbride served as a signatory to the bank accounts into which investor  
18 money was deposited. Kirkbride authorized the use of investor funds for undisclosed  
19 and improper purposes, including to pay money to 808 Investments that was used to  
20 pay commissions to Carter and to the sales representatives, and to pay dividends to  
21 existing investors with new investors' funds. Kirkbride also authorized the transfer  
22 of company funds to Carter and to 808 Investments.

23           149. Kirkbride revised at least one PPM, and reviewed and distributed PPMs  
24 to potential investors, knowing that the PPMs contained representations about the  
25 commissions paid and use of proceeds that were inconsistent with the financial  
26 reports he reviewed and approved.

27           150. Kirkbride provided marketing materials for sales representatives to use  
28 with prospective investors, reviewed and revised at least one sales script, and

1 provided guidance to sales representatives regarding how to respond when investors  
2 asked about the returns on their investments.

3 151. Kirkbride provided substantial assistance to Carter, 808 Renewable, and  
4 808 Investments in connection with misrepresentations they made.

5 152. At all relevant times, Kirkbride knowingly, recklessly, or negligently  
6 perpetrated the fraudulent scheme, and knew or acted recklessly or negligently in not  
7 knowing that his misrepresentations and omissions were false and misleading when  
8 made to investors.

9 **3. Kinchloe, Flowers, and Their Companies (WCC and TAF)**

10 153. In furtherance of the scheme to continue to convince individuals to  
11 invest in 808 Renewable's failing business, Kinchloe, Flowers, WCC, and TAF  
12 generally solicited and encouraged investors to invest in 808 Renewable. Kinchloe,  
13 Flowers, and their entities solicited investors and distributed offering materials,  
14 including the PPMs.

15 154. Kinchloe, Flowers, WCC, and TAF distributed PPMs that falsely stated  
16 that sales commissions would be limited to 10% and only paid to registered brokers,  
17 while they knew or were reckless in not knowing that they were generating  
18 commissions as high as 25% and were receiving these commissions despite not being  
19 registered brokers.

20 155. Kinchloe, Flowers, WCC, and TAF offered commissions or referral fees  
21 to some investors in order to convince them to reload or to refer their friends and  
22 family.

23 156. Kinchloe also knowingly misrepresented to at least one investor that he  
24 was paid commissions in only shares of 808 Renewable stock, and not in cash.

25 157. From 2009 through 2014, Kinchloe and WCC earned approximately  
26 \$1.8 million in commissions.

27 158. From 2009 through 2014, Flowers and TAF earned approximately \$1.3  
28 million in commissions.

1 159. At all relevant times, Kinchloe, WCC, Flowers, and TAF knew, or acted  
2 recklessly or negligently, in perpetrating the fraudulent scheme, and knew or acted  
3 recklessly or negligently in not knowing that their misrepresentations and omissions  
4 were false and misleading when made.

5 **I. Registration Violations**

6 160. The offer and sale of 808 Renewable common stock, and the offer and  
7 sale of the units in 808 Energy 3, LLC that were converted to that stock, have never  
8 been registered with the SEC.

9 161. The offer and sale of 808 Renewable series B and series D stock have  
10 never been registered with the SEC.

11 162. The offer and sale of Carter's founder shares of 808 Renewable has  
12 never been registered with the SEC.

13 163. 808 Investments, WCC, and TAF have never been registered with the  
14 SEC as brokers or dealers.

15 164. During the period of the offer and sale of 808 Renewable securities,  
16 Carter was not associated with a registered broker or dealer and was not registered as  
17 a broker-dealer with the SEC.

18 165. Kinchloe and Flowers have never been associated with registered  
19 brokers or dealers, and have never registered as brokers or dealers.

20 166. Carter, 808 Investments, Kinchloe, WCC, Flowers, and TAF each  
21 effected or induced the sale of securities while not registered with the SEC as a  
22 broker or dealer or affiliated with a broker-dealer registered with the SEC.

23 167. Carter oversaw the sales efforts of Kinchloe, Flowers, and other sales  
24 representatives. Through his company, 808 Investments, Carter collected transaction-  
25 based compensation based on a percentage of the investor funds raised through the  
26 sales efforts. Carter also used 808 Investments to pay commissions to himself and to  
27 his sales representatives.

28 168. Kinchloe and Flowers were actively engaged in promoting and selling

1 808 Renewable securities to investors by calling and emailing potential investors.  
2 Kinchloe and Flowers advised investors to purchase the 808 Renewable securities.

3 169. Kinchloe and Flowers were paid transaction-based compensation in the  
4 form of commissions for selling 808 Renewable securities.

5 **FIRST CLAIM FOR RELIEF**

6 **Fraud in the Connection with the Purchase and Sale of Securities**

7 **Violations of Section 10(b) of the Exchange Act**

8 **and Rules 10b-5(a) and 10b-5(c) Thereunder**

9 **(Against All Defendants)**

10 170. The SEC realleges and incorporates by reference paragraphs 1 through  
11 169 above.

12 171. As alleged above in paragraphs 130 through 159, among other  
13 allegations, each of the defendants participated in activities with the principal purpose  
14 and effect of creating a false appearance regarding 808 Renewable's financial  
15 condition, including the making of Ponzi-like payments to investors, in order to,  
16 among other things, convince investors to continue to invest in 808 Renewable so that  
17 the defendants could misappropriate investor funds.

18 172. By engaging in the conduct described above, each of the defendants,  
19 directly or indirectly, in connection with the purchase or sale of a security, by the use  
20 of means or instrumentalities of interstate commerce, of the mails, or of the facilities  
21 of a national securities exchange, with scienter: (a) employed devices, schemes, or  
22 artifices to defraud; and (b) engaged in acts, practices, or courses of business which  
23 operated or would operate as a fraud or deceit upon other persons.

24 173. By engaging in the conduct described above, each of the defendants  
25 violated, and unless enjoined will continue to violate, Section 10(b) of the Exchange  
26 Act, 15 U.S.C. § 78j(b), and Rules 10b-5(a) and 10b-5(c) thereunder, 17 C.F.R. §§  
27 240.10b-5(a) & 240.10b-5(c).  
28

1 **SECOND CLAIM FOR RELIEF**

2 **Fraud in Connection with the Purchase or Sale of Securities**

3 **Violations of and Aiding and Abetting Violations of**

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

5 **(Against All Defendants)**

6 174. The SEC realleges and incorporates by reference paragraphs 1 through  
7 169 above.

8 175. As alleged above in paragraphs 63 through 84 and 137 through 159,  
9 among other allegations, Defendants Carter, 808 Renewable, 808 Investments,  
10 Kinchloe, and WCC made material misrepresentations and omissions to investors and  
11 prospective investors regarding, among other things, the payment of commissions to  
12 the sales representatives who offered and sold 808 Renewable's securities.

13 176. As alleged above in paragraphs 85 through 119 and 137 through 145,  
14 among other allegations, Defendants Carter, 808 Renewable, and 808 Investments  
15 also made material misrepresentations and omissions to investors and prospective  
16 investors regarding the use of the proceeds from 808 Renewable's securities  
17 offerings, the existence of cash flow from 808 Renewable's business activities  
18 sufficient to enable it to pay dividends to investors, and the purported pre-approval of  
19 808 Renewable for listing on the AMEX stock exchange.

20 177. By engaging in the conduct described above, Defendants Carter, 808  
21 Renewable, 808 Investments, Kinchloe, and WCC, and each of them, directly or  
22 indirectly, in connection with the purchase or sale of a security, and by the use of  
23 means or instrumentalities of interstate commerce, of the mails, or of the facilities of  
24 a national securities exchange, with scienter, made untrue statements of a material  
25 fact or omitted to state a fact necessary in order to make the statements made, in the  
26 light of the circumstances under which they were made, not misleading.

27 178. By engaging in the conduct described above, Defendants Carter, 808  
28 Renewable, 808 Investments, Kinchloe, and WCC violated, and unless enjoined will

1 continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule  
2 10b-5(b) thereunder, 17 C.F.R. § 240.10b-5(b).

3 179. In the alternative, as alleged above in paragraphs 120 through 122 and  
4 153 through 159, among other allegations, Defendants Kinchloe and WCC knowingly  
5 provided substantial assistance to Carter, 808 Renewable, and 808 Investments in  
6 their violations of Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder in  
7 connection with 808 Renewable's securities offerings.

8 180. By engaging in the conduct described above, Defendants Kinchloe and  
9 WCC aided and abetted, and unless enjoined will continue to aid and abet violations  
10 of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(b)  
11 thereunder, 17 C.F.R. § 240.10b-5(b).

12 181. As alleged above in paragraphs 120 through 124 and 146 through 159,  
13 among other allegations, Defendants Kirkbride, Flowers, and TAF knowingly  
14 provided substantial assistance to 808 Renewable in its violation of Section 10(b) of  
15 the Exchange Act and Rule 10b-5(b) thereunder in connection with 808 Renewable's  
16 securities offerings.

17 182. By engaging in the conduct described above, and pursuant to Section  
18 20(e) of the Exchange Act, 15 U.S.C. § 78t(e), Defendants Kirkbride, Flowers, and  
19 TAF aided and abetted, and unless enjoined will continue to aid and abet violations of  
20 Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(b) thereunder,  
21 17 C.F.R. § 240.10b-5(b).

22 **THIRD CLAIM FOR RELIEF**

23 **Fraud in the Offer or Sale of Securities**

24 **Violations of Section 17(a)(1) and 17(a)(3) of the Securities Act**

25 **(Against All Defendants)**

26 183. The SEC realleges and incorporates by reference paragraphs 1 through  
27 169 above.

28 184. As alleged above in paragraphs 130 through 159, among other

1 allegations, each of the defendants participated in a scheme to defraud purchasers of  
2 808 Renewable's securities, and their scheme included the making of Ponzi-like  
3 payments to investors to, among other things, convince investors to continue to invest  
4 in 808 Renewable so that the defendants could misappropriate investor funds.

5 185. By engaging in the conduct described above, each of the defendants,  
6 directly or indirectly, in the offer or sale of securities, and by the use of means or  
7 instruments of transportation or communication in interstate commerce or by use of  
8 the mails directly or indirectly: (a) with scienter, employed devices, schemes, or  
9 artifices to defraud; and (c) with scienter or negligently, engaged in transactions,  
10 practices, or courses of business which operated or would operate as a fraud or deceit  
11 upon the purchaser.

12 186. By engaging in the conduct described above, each of the defendants  
13 violated, and unless enjoined will continue to violate, Sections 17(a)(1) and 17(a)(3)  
14 of the Securities Act, 15 U.S.C. §§ 77q(a)(1) & 77q(a)(3).

15 **FOURTH CLAIM FOR RELIEF**

16 **Fraud in the Offer or Sale of Securities**

17 **Violations of Section 17(a)(2) of the Securities Act**

18 **(Against All Defendants)**

19 187. The SEC realleges and incorporates by reference paragraphs 1 through  
20 169 above.

21 188. As alleged above in paragraphs 63 through 119, 125 through 129, and  
22 137 through 159, among other allegations, each of the defendants received money by  
23 means of untrue statements and omissions regarding the payment of commissions to  
24 the sales representatives who offered and sold 808 Renewable's securities.

25 Defendants Carter, 808 Renewable, 808 Investments, and Kirkbride also received  
26 money by means of untrue statements and omissions regarding the use of proceeds  
27 from 808 Renewable's securities offerings and the existence of cash flow from 808  
28 Renewable's business activities sufficient to enable it to pay dividends to investors.



1 Defendants Carter, 808 Renewable, and 808 Investments also received money by  
2 means of untrue statements and omissions regarding the purported pre-approval of  
3 808 Renewable for listing on the AMEX stock exchange.

4 189. By engaging in the conduct described above, each of the defendants,  
5 directly or indirectly, in the offer or sale of securities, and by the use of means or  
6 instruments of transportation or communication in interstate commerce or by use of  
7 the mails directly or indirectly, with scienter or negligently, obtained money or  
8 property by means of untrue statements of a material fact or by omitting to state a  
9 material fact necessary in order to make the statements made, in light of the  
10 circumstances under which they were made, not misleading.

11 190. By engaging in the conduct described above, each of the defendants  
12 violated, and unless enjoined will continue to violate, Section 17(a)(2) of the  
13 Securities Act, 15 U.S.C. § 77q(a)(2).

14 **FIFTH CLAIM FOR RELIEF**

15 **Unregistered Offer and Sale of Securities**

16 **Violations of Sections 5(a) and 5(c) of the Securities Act**

17 **(Against Defendants Carter, 808 Renewable, 808 Investments,**  
18 **Kinchloe, WCC, Flowers, and TAF)**

19 191. The SEC realleges and incorporates by reference paragraphs 1 through  
20 169 above.

21 192. As alleged above in paragraphs 21 through 62 and 160 through 162,  
22 among other allegations, Defendants Carter, 808 Renewable, 808 Investments,  
23 Kinchloe, WCC, Flowers, and TAF directly or indirectly offered and sold securities  
24 of 808 Renewable in an offering or offerings that were not registered with the SEC.

25 193. By engaging in the conduct described above, Defendants Carter, 808  
26 Renewable, 808 Investments, Kinchloe, WCC, Flowers, and TAF, and each of them,  
27 directly or indirectly, singly and in concert with others, have made use of the means  
28 or instruments of transportation or communication in interstate commerce, or of the

1 mails, to offer to sell or to sell securities, or carried or caused to be carried through  
2 the mails or in interstate commerce, by means or instruments of transportation,  
3 securities for the purpose of sale or for delivery after sale, when no registration  
4 statement had been filed or was in effect as to such securities, and when no  
5 exemption from registration was applicable.

6 194. By engaging in the conduct described above, Defendants Carter, 808  
7 Renewable, 808 Investments, Kinchloe, WCC, Flowers, and TAF have violated, and  
8 unless enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act,  
9 15 U.S.C. §§ 77e(a) & 77e(c).

10 **SIXTH CLAIM FOR RELIEF**

11 **Unregistered Broker-Dealer**

12 **Violation of Section 15(a) of the Exchange Act**

13 **(Against Defendants Carter, 808 Investments,**

14 **Kinchloe, WCC, Flowers, and TAF)**

15 195. The SEC realleges and incorporates by reference paragraphs 1 through  
16 169 above.

17 196. As alleged above in paragraphs 21 through 62 and 163 through 169,  
18 among other allegations, Defendants Carter, 808 Investments, Kinchloe, WCC,  
19 Flowers, and TAF acted as unregistered broker-dealers by, among other things,  
20 soliciting investors and effectuating transactions in 808 Renewable securities for  
21 transaction-based compensation.

22 197. By engaging in the conduct described above, Defendants Carter, 808  
23 Investments, Kinchloe, WCC, Flowers, and TAF, and each of them, made use of the  
24 mails and means or instrumentalities of interstate commerce to effect transactions in,  
25 and induced and attempted to induce the purchase or sale of, securities (other than  
26 exempted securities or commercial paper, bankers' acceptances, or commercial bills)  
27 without being registered with the SEC in accordance with Section 15(b) of the  
28 Exchange Act, 15 U.S.C. § 78o(b), and without complying with any exemptions

1 promulgated pursuant to Section 15(a)(2) of the Exchange Act, 15 U.S.C. §  
2 78o(a)(2).

3 198. By engaging in the conduct described above, Defendants Carter, 808  
4 Investments, Kinchloe, WCC, Flowers, and TAF have violated, and unless restrained  
5 and enjoined, are reasonably likely to continue to violate, Section 15(a) of the  
6 Exchange Act, 15 U.S.C. § 78o(a).

7 **PRAYER FOR RELIEF**

8 WHEREFORE, the SEC respectfully requests that the Court:

9 **I.**

10 Issue findings of fact and conclusions of law that the defendants committed the  
11 alleged violations.

12 **II.**

13 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
14 Civil Procedure, permanently enjoining Defendants Carter, 808 Renewable, 808  
15 Investments, Kirkbride, Kinchloe, WCC, Flowers, and TAF, and their officers,  
16 agents, servants, employees and attorneys, and those persons in active concert or  
17 participation with any of them, who receive actual notice of the judgment by personal  
18 service or otherwise, and each of them, from violating Section 17(a) of the Securities  
19 Act [15 U.S.C. §77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §§  
20 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

21 **III.**

22 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
23 Civil Procedure, permanently enjoining defendants Carter, 808 Renewable, 808  
24 Investments, Kinchloe, WCC, Flowers, and TAF, and their officers, agents, servants,  
25 employees and attorneys, and those persons in active concert or participation with  
26 any of them, who receive actual notice of the judgment by personal service or  
27 otherwise, and each of them, from violating Sections 5(a) and 5(c) of the Securities  
28 Act [15 U.S.C. §§ 77e(a), 77e(c)].

1 **IV.**

2 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
3 Civil Procedure, permanently enjoining defendants Carter, 808 Investments,  
4 Kinchloe, WCC, Flowers, TAF, and their officers, agents, servants, employees and  
5 attorneys, and those persons in active concert or participation with any of them, who  
6 receive actual notice of the judgment by personal service or otherwise, and each of  
7 them, from violating Section 15(a) of the Exchange Act [15 U.S.C. §§ 78o(a)].

8 **V.**

9 Issue judgments, in forms consistent with Rule 65(d) of the Federal Rules of  
10 Civil Procedure, permanently enjoining defendants Carter, 808 Renewable, 808  
11 Investments, Kirkbride, Kinchloe, WCC, Flowers, TAF, and their officers, agents,  
12 servants, employees and attorneys, and those persons in active concert or  
13 participation with any of them, who receive actual notice of the judgment by personal  
14 service or otherwise, and each of them, from soliciting, accepting, or depositing any  
15 monies from actual or prospective investors in connection with any offering of  
16 securities, provided, however, that such injunction shall not prevent the defendants  
17 from purchasing or selling securities listed on a national securities exchange for their  
18 own personal account.

19 **VI.**

20 Order Defendants to disgorge all funds received from their illegal conduct,  
21 together with prejudgment interest thereon.

22 **VII.**

23 Order Defendants to pay civil penalties under Section 20(d) of the Securities  
24 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §  
25 78u(d)(3)].

26 **VIII.**

27 Pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section  
28 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)], bar Defendants Carter, 808

1 Renewable, 808 Investments, Kirkbride, Kinchloe, WCC, Flowers, and TAF from  
2 participating in an offering of penny stock, including engaging in activities with a  
3 broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to  
4 induce the purchase or sale of any penny stock.

5 **IX.**

6 Pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], and  
7 Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], bar Defendants Carter and  
8 Kirkbride from acting as an officer or director of any issuer that has a class of  
9 securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l], or  
10 that is required to file reports pursuant to Section 15(d) of the Exchange Act [15  
11 U.S.C. § 78o(d)].

12 **X.**

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

17 **XI.**

18 Grant such other and further relief as this Court may determine to be just and  
19 necessary.

20 Dated: November 17, 2016

21 */s/ David Van Havermaat*

22 David Van Havermaat  
23 Yolanda Ochoa  
24 Attorney for Plaintiff  
25 Securities and Exchange Commission  
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