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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	:
	:
	Plaintiff,
v.	:
	Case No. 17-cv-2541
	:
CSIR GROUP, LLC,	:
CHRISTINE PETRAGLIA,	:
HERINA AYOT,	:
THOMAS MEYER and	:
JOHN MYLANT,	:
	:
	Defendants.
	:

COMPLAINT

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. For approximately a year, stock promotion firm Defendant CSIR Group, LLC (“CSIR”) was involved in paying writers to generate bullish articles about its public company clients while concealing from investors that these were paid promotions. Not one of the articles disclosed, as required by law, that the writer was being paid indirectly by the company they were writing about, and in fact, several falsely claimed that the writer had not been compensated. CSIR owner Defendant Christine Petraglia (“Petraglia”) and her associate Defendant Herina

Ayot (“Ayot”) hired experienced writers such as Defendants Thomas Meyer (“Meyer”) and John Mylant (“Mylant”) to participate in this scheme to deceive investors into believing that the articles were impartial. Investors who read the articles published by CSIR and its writers simply had no way of knowing that they were reading advertisements disguised as independent analyses.

2. The Commission brings this action to enjoin Defendants CSIR, Petraglia, Ayot, Meyer and Mylant from violating the antifraud and antitouting provisions of the federal securities laws. From no later than March 2013 through March 2014, Defendants engaged in a scheme to promote the stock of public companies without disclosing compensation they received for the promotion directly or indirectly from the issuers, and in many instances, by falsely stating they had not received any compensation.

3. CSIR was the stock promotion firm at the center of this scheme. The company, acting through its sole principal, Petraglia; a consultant, Ayot; and writers, including Meyer and Mylant engaged in a concerted effort to generate articles on investment websites about its publicly-traded issuer clients that appeared to be objective and independent, when in fact, they were simply paid promotions. The articles were bullish and painted the clients in a positive light. Despite being paid for their work, the writers failed to disclose their compensation in the articles and therefore misrepresented the nature of their relationship with the clients to the investing public. CSIR, Petraglia and Ayot knew or were reckless in not knowing that no disclosures of compensation were made by the writers. Indeed, they even assured prospective clients the public would not know the articles were paid promotions. Accordingly, investors reading the articles remained unaware the articles were opinion pieces ultimately funded by the issuers.

4. As a result of the conduct alleged in this Complaint:

(a) Defendants violated Sections 17(a)(1), 17(a)(3) and 17(b) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77q(a)(1), 77q(a)(3) and 77q(b); and Section 10(b) and Rules 10b-5(a) and 10b-5(c) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5(a) and 240.10b-5(c);

(b) Meyer and Mylant violated Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2); and Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b);

(c) CSIR, Petraglia, Ayot and Meyer aided and abetted violations of Sections 17(a) and 17(b) of the Securities Act, 15 U.S.C. §§ 77q(a) and 77q(b); and Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5;

(d) Petraglia is liable as a control person under Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a), for violations of Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5; and

(e) In the alternative, CSIR and Petraglia violated Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5, through or by means of others, as prohibited by Section 20(b) of the Exchange Act, 15 U.S.C. § 78t(b).

5. Unless restrained and enjoined, Defendants are reasonably likely to continue to violate the federal securities laws.

6. The Commission therefore respectfully requests the Court enter an order: (i) permanently restraining and enjoining Defendants from violating the federal securities laws; (ii) directing Defendants to pay disgorgement with prejudgment interest; (iii) directing Defendants to pay civil money penalties; and (iv) imposing penny stock bars against CSIR, Petraglia and Ayot.

II. DEFENDANTS AND RELATED PARTIES

A. Defendants

7. CSIR is a New York limited liability company with its principal place of business located in New York, New York. At all relevant times, CSIR was owned and operated by Petraglia, who was its sole principal and the only signatory to its bank accounts. CSIR was engaged in the business of providing promotion services to publicly-traded issuers, and directed the publication on investment websites of at least 16 articles and blogs about its issuer clients. The securities of some of the issuers for whom CSIR provided promotion services were penny stocks under Section 3(a)(51)(A) and Rule 3a51-1 of the Exchange Act, 15 U.S.C. § 78c(a)(51)(A) and 17 C.F.R. § 240.3a51-1.

8. Petraglia, age 49, resides in New York, New York. At all relevant times, she owned and operated CSIR and was its sole principal. From no later than April 2013 through at least March 2014, she directed CSIR's stock promotion services on behalf of its publicly-traded issuer clients. Petraglia previously was a registered representative at two broker-dealers, and held Series 7 and 63 licenses.

9. Ayot, age 32, resides in Jersey City, New Jersey. From no later than March 2013 through at least March 2014, she was a consultant for CSIR as well as Dunedin, Inc. ("Dunedin"), and assisted Petraglia with CSIR's stock promotion work, including interacting with issuer clients and providing direction to writers drafting articles on behalf of those clients.

10. Meyer, age 34, resides in Batavia, Illinois. From no later than May 2013 through at least March 2014, he was a paid writer for CSIR and Dunedin, publishing at least seven articles about issuer clients on investment websites under his own name and various pseudonyms including Christine Andrews, Equity Options Guru, Kingmaker, Matt Levy and Wonderful

Wizard. During the same time period, he was a paid writer for two other promotional firms, Lidingo Holdings, LLC (“Lidingo”) and DreamTeam Group, LLC (“DreamTeam”), publishing at least 15 articles about Lidingo’s issuer clients and at least 20 articles about DreamTeam’s issuer clients, on investment websites under his own name, under the same pseudonyms referenced above, as well as additional pseudonyms including Ted Mayer, James Ratz, John Rivers, and Jim Taylor. Meyer declined to testify in the Commission’s investigation based on his Fifth Amendment privilege against self-incrimination.

11. Mylant, age 58, resides in Colorado Springs, Colorado. From no later than May 2013 through at least March 2014, he was a paid writer for CSIR and Dunedin, publishing at least six articles about issuer clients on investment websites under his own name and under the pseudonym Justin Gallagher. During the same time period, Mylant also published at least seven additional articles for DreamTeam.

B. Related Parties

12. Dunedin, Inc. (“Dunedin”) is a Florida corporation with its principal place of business located in New York, New York. From no later than December 2012 through at least September 2013, Dunedin was controlled and operated by Edward Borrelli (“Borrelli”). During the same time period, Dunedin provided stock promotion services to publicly-traded issuers. Dunedin has settled related charges the Commission brought against it arising, *inter alia*, out of the facts alleged in this Complaint.

13. Borrelli, age 54, resides in New York, New York. From no later than December 2012 through at least September 2013, Borrelli controlled and operated Dunedin. He has settled related charges the Commission brought against him arising, *inter alia*, out of the facts alleged in this Complaint.

14. Anavex Life Sciences Corporation (“AVXL”) is a Nevada corporation formed in 2005. At all relevant times, the company operated under the ticker symbol “AVXL.” AVXL was a publicly-traded issuer that paid CSIR to perform stock promotion services.

15. GreeneStone Healthcare Corporation (“GRST”) is a Colorado corporation formed in 1993. At all relevant times, the company operated under the ticker symbol “GRST.” GRST was a publicly-traded issuer that paid CSIR to perform stock promotion services.

16. InterCloud Systems, Inc. (“ICLD”) is a Delaware corporation formed in 1999. At all relevant times, the company operated under the ticker symbol “ICLD.” ICLD was a publicly-traded issuer that paid CSIR to perform stock promotion services.

17. Labstyle Innovations Corp. (“DARIO”), now known as DarioHealth Corp., is a Delaware corporation formed in 2011. At all relevant times, the company operated under the ticker symbol “DARIO.” DARIO was a publicly traded issuer that paid Dunedin to perform stock promotion services.

18. MobiQuity Technologies, Inc. (“MOBQ”), formerly known as Ace Marketing & Promotions, is a New York corporation formed in 1998. At all relevant times, the company operated under the ticker symbol “MOBQ.” MOBQ was a publicly-traded issuer that paid CSIR to perform stock promotion services.

19. Pressure BioSciences, Inc. (“PBIO”) is a Nevada corporation formed in 2004. At all relevant times, the company operated under the ticker symbol “PBIO.” PBIO was a publicly-traded issuer that paid CSIR to perform stock promotion services.

20. Sparta Commercial Services, Inc. (“SRCO”) is a Nevada corporation formed in 2004. At all relevant times, the company operated under the ticker symbol “SRCO.” SRCO was a publicly-traded issuer that paid CSIR to perform stock promotion services.

21. Soligenix, Inc. (“SNGX”) is a Delaware corporation formed in 1987. At all relevant times, the company operated under the ticker symbol “SNGX.” SNGX was a publicly-traded issuer that paid CSIR to perform stock promotion services.

22. Zinco do Brasil, Inc. (“ZNBR”) is a Delaware corporation formed in 2004. At all relevant times, the company operated under the ticker symbol “ZNBR.” ZNBR was a publicly-traded issuer that paid CSIR to perform stock promotion services.

23. Seeking Alpha Inc. is a Delaware corporation doing business in New York, New York, and Seeking Alpha Ltd. is an Israeli corporation (together, “Seeking Alpha”). Seeking Alpha operates a website at the URL “www.seekingalpha.com” that features, among other things, articles about stocks, assets classes and investments in publicly-traded issuers. Meyer, Mylant and others, while writing for CSIR and other promoters, submitted articles to Seeking Alpha for posting on Seeking Alpha’s website. At all relevant times, those who used Seeking Alpha’s website agreed to submit to the exclusive jurisdiction of the state and federal courts located in New York County, New York. In addition, at all relevant times, Seeking Alpha had a substantial number of paid subscribers located in New York, New York. At one time, Seeking Alpha permitted the publication of articles for which a writer had been compensated, as long as that compensation was disclosed. However, in or around June 2012, Seeking Alpha announced it would no longer permit publication of articles for which compensation had been paid. Writers subsequently were required to select one of the two following radio boxes during the article submission process:

***Disclosure - Business Relationships ✓**

The author wrote this article themselves, and it expresses their own opinions. The author is not receiving compensation for it. The author has no business relationship with any company whose stock is mentioned in this article.

This article was written by a third party, and/or the author is receiving compensation to write this article, or has a business relationship with a company whose stock is mentioned in this article.

Please specify:

Note: If your article is accepted, the statement included here may be included in your disclosure.

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If you experiencing any technical difficulties submitting an article, please send a copy of the article with brief explanation and full disclosure to submissions@seekingalpha.com

Selecting the top radio box automatically caused articles published on Seeking Alpha's website to include an author disclosure immediately before or after the article saying in some form "I am not receiving compensation" for the article. This is an example of the disclosure:

Disclosure: I have no positions in any stocks mentioned, and no plans to initiate any positions within the next 72 hours. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

24. In addition, from no later than November 25, 2012 through at least March 2014, Seeking Alpha's Terms of Use provided that account holders "may only maintain a single account." As set forth below, Meyer and Mylant, among others, violated this policy by maintaining more than one account, and using their accounts to publish articles on Seeking Alpha's website under more than one pseudonym.

III. JURISDICTION AND VENUE

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

26. The Court has personal jurisdiction over Defendants and venue is proper in this District pursuant to Section 27(a) of the Exchange Act, 15 U.S.C. § 78aa(a), because, among

other things, some of the Defendants reside in this District, and the acts and transactions in which Defendants engaged and that constitute violations of the federal securities laws occurred in this District. In addition, venue is proper in this District under 28 U.S.C. § 1391 because a substantial part of the events giving rise to the Commission's claims occurred here.

27. In connection with the conduct alleged in this Complaint, Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, the mails, and/or the facilities of a national securities exchange.

IV. FACTUAL BACKGROUND

A. Creation of the Stock Promotion Scheme by Dunedin

28. In or around late 2012 to early 2013, Borrelli launched what would become the Dunedin stock promotion scheme when he began soliciting microcap companies, whose securities were quoted on the Over-The-Counter Bulletin Board, to hire Dunedin to get articles published about the issuers' securities on SeekingAlpha.com and other investment websites. A few months later, Borrelli brought on Ayot as a consultant to Dunedin to assist with Dunedin's promotional projects for the issuers. Over the next several months, from March 2013 until about October 2013, Dunedin, through Borrelli and Ayot, worked to provide promotional services to at least six different issuers, resulting in the publication of at least 15 articles and blogs on SeekingAlpha.com and other financial websites, by at least six different writers, including Meyer and Mylant.

29. A one-page flyer circulated to prospective Dunedin clients promised that a minimum of three articles about the issuer would appear in a 30-day period on financial websites like SeekingAlpha.com, The Motley Fool, and Forbes.com. The flyer stated these articles would

be written by independent writers with loyal followings of retail investors and would “raise investor visibility” for the issuers and “[g]et thousands of investors to hear [their] story.”

30. Dunedin would invoice the issuers for a specific number of articles and then, after the issuers paid the invoice, Dunedin, through Borrelli and Ayot, directed and paid writers, including Meyer and Mylant, to publish articles about the issuers’ securities on financial websites, including Seeking Alpha, Benzinga, and Wall Street Cheat Sheet. The articles, however, did not disclose the writers’ receipt of compensation for writing the articles or the amount of compensation received. In addition, at least ten articles commissioned by Dunedin affirmatively misstated the writers were not receiving any compensation (other than from SeekingAlpha.com).

31. As a consultant for Dunedin, Ayot sent the issuers an engagement letter and an invoice, which specified the number of articles Dunedin would publish for the issuer and the fee per article. Ayot found and commissioned the writers to write the articles and set up conference calls between the writers and the management of the issuers, or sent along writers’ questions to management, for purposes of getting articles published. Ayot also circulated drafts of the articles from the writers to the management of the issuers for review and approval before publication. After publication, Ayot forwarded links to the published versions of the articles to the issuers.

B. CSIR Becomes Involved in Dunedin’s Stock Promotion Scheme

32. In early February 2013, shortly after Dunedin had been engaged to publish two articles for SNGX, Borrelli and Petraglia worked together to make a joint proposal on behalf of Dunedin and CSIR to SNGX executives in an apparent attempt to get SNGX to hire both Dunedin and CSIR for a long-term engagement. The proposal laid out numerous investor relations and stock promotions services that CSIR could provide and included the publication of

articles by Dunedin, which was referred to as CSIR’s “digital media partner.” In an email Borrelli sent to SNGX executives on February 6, 2013, he introduced Petraglia as his “collaborative Investor Relations Partner” and someone with whom he had worked “over the past three years” in the investor relations business. SNGX decided against hiring CSIR and Dunedin at that time for investor relations services, but paid Dunedin to publish at least four articles between February 2013 and August 2013. On February 26, 2013, in the course of publishing an article for SNGX, Borrelli copied Petraglia on an email that attached both the published article and the invoice from the writer who published it.

33. Eventually, CSIR started its own client engagements. During the spring of 2013, as a result of the preexisting relationship between Borrelli and Petraglia, CSIR hired and paid Dunedin on at least two occasions to publish articles about two of CSIR’s clients, GRST and ZNBR. CSIR received compensation from these two clients for its services.

34. First, in or around April 2013, CSIR paid Dunedin for three publications about GRST. Shortly thereafter, a draft was circulated to GRST’s CEO for review and editing and then returned to Petraglia and Ayot. On April 17, 2013, an instablog entitled “A Small Canadian Health Care Provider With Potential,” was published on Seeking Alpha’s website by one of Dunedin’s writers using the pseudonym Dutch Trader. Despite being paid to write the instablog, the writer did not disclose he had indirectly received compensation from an issuer through Dunedin and CSIR, or the amount he received. On May 1, 2013, an article entitled “Healthcare Providers With High Insider Ownerships,” which discussed GRST among other companies (a “multi-ticker” article format that helped secure publication despite Seeking Alpha’s editorial bias against microcap securities), was published on Seeking Alpha’s website by another Dunedin writer. Despite being paid to write the article, the writer did not disclose he had indirectly

received compensation from an issuer through Dunedin and CSIR, or the amount he received. Indeed, the writer falsely stated he had not been compensated for the article. And three weeks later, on May 23, 2013, Meyer published an instablog entitled, “GreeneStone Healthcare Ready to Soar,” on Seeking Alpha’s website. Despite being paid to write the instablog, Meyer did not disclose he had indirectly received compensation from an issuer through Dunedin and CSIR, or the amount he received.

35. A few days after publication, Ayot emailed GRST’s CEO a link to Meyer’s article, copying Petraglia, stating, “I wanted to make sure you saw the most recent piece we had published for Greenestone . . . It was a challenge to get Greenestone articles placed on Seeking Alpha considering new rules SA has rolled out regarding microcaps. . . We were able to work around this hurdle with our previous article, ‘Healthcare Providers With High Insider Ownerships.’”

36. Next, in or around late April 2013, Petraglia solicited ZNBR’s CEO to hire CSIR, stating in her proposal that “in collaboration with our newsletter and digital media partner, CSIR works closely with and helps manage this program which gives you monthly access to a media placement from top authors of the most highly trafficked financial websites such as Seeking Alpha, Motley Fool, and Forbes.com.” On May 3, 2013, ZNBR entered into an agreement with CSIR and a few days later, CSIR paid Dunedin to get an article published about ZNBR. Mylant was tasked with the assignment. On May 28, 2013, Ayot emailed ZNBR’s CEO a draft of the article for review. On May 31, 2013, Mylant published the article entitled, “Under The Microscope: Zinco do Brasil Has Good Long Term Potential,” on Seeking Alpha’s website. Despite being paid to write the article, Mylant did not disclose he had indirectly received

compensation from an issuer through Dunedin and CSIR, or the amount he received. Indeed, Mylant falsely stated he had not been compensated for the article.

C. Ayot and Borrelli Are Reprimanded By Seeking Alpha For Soliciting Writers

37. On August 9, 2013, Ayot and Borrelli were admonished by Seeking Alpha for using the website's direct message system to solicit authors to write articles for payment. Seeking Alpha's management informed Ayot and Borrelli by email they had lost the privilege of using the direct message system, reminding them the website did not allow writing articles for payment and that Seeking Alpha required a disclaimer in the article that the writer had not received compensation. Ayot received the email from Seeking Alpha and discussed it with Borrelli, who told her he had received it as well.

38. Despite the admonishment, Ayot and Borrelli continued to hire writers to publish articles about Dunedin's clients and did not ensure the writers disclosed receipt of compensation. For example, Dunedin commissioned two articles for DRIO after Ayot and Borrelli received the email from Seeking Alpha. On August 22, 2013, an article by Mylant entitled, "LabStyle Innovations Introduces The Dario For Diabetic Management," was published on Seeking Alpha. Despite being paid to write the article, Mylant did not disclose he had indirectly received compensation from DRIO through Dunedin, or the amount he received. Moreover, Mylant falsely stated he had not been compensated for the article.

39. On October 8, 2013, Mylant published another article about DRIO on Seeking Alpha's website, "LabStyle Update: Preparing For The European Launch Of Dario." As with the prior paid article, Mylant did not disclose he had indirectly received compensation from DRIO through Dunedin, or the amount he received. Moreover, Mylant falsely stated he had not been compensated for the article.

40. Dunedin published at least two additional articles – one for MOBQ and one for SNGX – after August 9, 2013. Neither of them contained disclosures about compensation and one also included the false statement the author had not received compensation for the article.

D. CSIR Takes Over Dunedin's Stock Promotion Business

41. In or around September 2013, Dunedin transferred its stock promotion business – including Ayot's consulting services – to CSIR and Petraglia. Borrelli emailed at least three past Dunedin clients to introduce them to CSIR and inform them CSIR would “continue to assist us in getting our articles published on preferred platforms.” CSIR, through Petraglia, began soliciting issuer clients using Dunedin's marketing materials, which promised to help “raise investor visibility” for issuers, and “[g]et thousands of investors to hear [their] story.” As part of its pitch to prospective issuers, CSIR, through Petraglia, used an example of a Dunedin client whose stock price and volume increased as a result of Dunedin's stock promotion services.

42. From no later than October 2013 through at least March 2014, CSIR entered into agreements to provide promotional services for at least six issuers, including AVXL, ICLD, MOBQ, PBIO, SRCO, and SNGX. In total, CSIR received at least \$26,000 from these issuers to publish at least 12 articles and blogs. This is in addition to the over \$20,000 that CSIR received from GRST and ZNBR earlier in 2013 for the articles published through Dunedin. (*See Appendix A for a list of the subject articles.*)

43. CSIR, through Ayot, sent invoices to the issuers for the articles, and Ayot forwarded invoices received from the writers to Petraglia. Petraglia then paid the expenses related to the promotion campaigns, including payments to writers for drafting and publishing articles, and payments to Ayot for her assistance in executing the scheme, which consisted of a portion of the funds received from CSIR's clients. In total, CSIR paid Ayot at least \$9,375 for

her work. Ayot also received at least \$9,275 in additional compensation from Dunedin, including for the promotional work she did for Dunedin on behalf of CSIR.

44. CSIR, through Petraglia and Ayot, paid for at least 16 articles and blogs published by at least four different writers, including Meyer and Mylant, on Seeking Alpha and other financial websites, including Benzinga.com and WallStCheatSheet.com. None of the articles or blog entries disclosed the writers had indirectly received compensation from issuers through CSIR, or the amount of compensation the writers received. In addition, in at least seven of the articles, the writers also falsely stated they had not been compensated for the articles.

45. Petraglia and Ayot set up conference calls between writers and the management of the issuer clients, or sent along writers' questions to management for purposes of getting articles published. They also circulated drafts of the articles from the writers to the management of the issuers for review and approval before publication. They then forwarded links to the published versions of the articles about the issuers' securities – which contained the false disclaimers about compensation – to the issuers' management.

46. Three of the articles commissioned by CSIR were published by Meyer and Mylant under pseudonyms with false profiles and fake credentials. For example, on February 24, 2014, Mylant published an article about AVXL on Seeking Alpha's website under the pseudonym Justin Gallagher entitled, "Following the Latest in Alzheimer's Research as an Investor." Despite being paid to write the article, Mylant did not disclose he had indirectly received compensation from AVXL through CSIR, or the amount he received. Moreover, Mylant falsely stated he had not been compensated for the article. Prior to publishing under this pseudonym, Mylant created a false profile on Seeking Alpha with a photo he found on the internet and described himself as "an accountant and investor [who enjoys] long term investing

in large companies as well as taking a little risk with a small part of my portfolio for companies I think may have good future potential.”

47. On February 18, 2014, Meyer published an article on Wall Street Cheat Sheet about IC LD entitled “InterCloud Continues To Grow Through Smart Acquisitions,” under the name Christine Andrews. Despite being paid to write the article, Meyer did not disclose he had indirectly received compensation from IC LD through CSIR, or the amount he received. The article also included false biographical information, which claimed Christine Andrews was “an analyst and fund manager with almost 20 years of investment experience. She covers a variety of industries, with a special focus on technology, and likes to write about value stocks, poorly understood or under-followed situations, and contrarian perspectives.” Meyer also published for CSIR under the pseudonyms Equity Options Guru, Kingmaker, and Matt Levy.

48. Petraglia and Ayot knew these were not the real identities of Meyer and Mylant because Petraglia and Ayot specifically commissioned the writers to publish the articles, Petraglia paid them for the articles, and Petraglia and Ayot were aware the writers were using pseudonyms. For example, on February 11, 2014, prior to Mylant’s publication of the AVXL article described above, Ayot arranged a conference call between Mylant and an executive of AVXL. The following day, Ayot emailed the AVXL executive to thank him for “taking the time to speak to my writer.” Her email attached an invoice for \$5,500 and a letter agreement that CSIR would provide three articles over a two-month period. On February 20, 2014, AVXL paid the invoice by check, which Petraglia deposited into CSIR’s bank account. On February 21, 2014, Ayot emailed the AVXL executive a draft of the Mylant article for review, stating “It’s about 2200 words and we focus on Anavex in the second half. Important not to be too obvious about our focus on Anavex because [Seeking Alpha] will reject it because the stock is small.”

The article was published on February 24, 2014 and CSIR made a payment by wire to Mylant on February 28, 2014.

49. On February 10, 2014, a week prior to Meyer's publication of the article about ICLD under the pseudonym Christine Andrews, he received an email from Ayot, copying Petraglia, asking if he could write an article about ICLD and publish it on Wall Street Cheat Sheet. A few days later, on February 14, 2014, an ICLD executive sent Ayot and Petraglia a marked up draft of Meyer's article, reflecting the company's edits. Ayot forwarded the draft to Meyer and asked if he could get it published on the following Tuesday, February 18, 2014. Meyer replied in an email sent to Ayot and Petraglia and agreed to the publication date. Meyer also wrote:

FYI, going forward I need complete anonymity. Nobody is to know my name, no emails from me are to be forwarded to any companies. You can send the attached word docs, but that's it. Also, I will no longer be sending invoices. We know what the agreed upon fee is and I believe you have my payment instructions on file.

50. Both Petraglia and Ayot replied to Meyer's email and agreed to his terms. Meyer sent CSIR an invoice on February 19, 2014 and it was paid the following day.

E. Petraglia's and Ayot's Roles in the Scheme

51. Petraglia and Ayot knew the articles CSIR commissioned for its issuer clients through writers Meyer, Mylant and others did not disclose the writers' compensation. Even after Ayot was admonished by Seeking Alpha in August 2013, she continued to solicit writers to publish articles for payment on behalf of Dunedin and then CSIR. Petraglia also knew Seeking Alpha did not want writers being paid to publish articles.

52. For example, on November 8, 2013, Ayot emailed both Petraglia and Borrelli about how to handle an executive of an issuer that had paid Dunedin \$10,000 earlier in 2013 to publish at least five articles, but who later was reluctant to hire CSIR. According to Ayot:

[Executive A] wants to do more articles but his concern is that he doesn't want to ever be accused of paying directly for promotion even though I made it clear that the public doesn't know these articles are paid for. He and [Executive B] are pretty much in cahoots so my efforts to get [Executive A] to do something apart from [Executive B] kind of failed, although [Executive A] is always responsive to me, he takes everything back to [Executive B] for his opinion. . . . So [Executive B] said to him what he's been saying to us, "Where is the ROI?" [Executive A] thinks the articles were beneficial however but he hesitates to have the company pay for promotion. Ed. he did ask if you could be of assistance in getting more bang for the buck. I'm not sure what that means but he seems to hold you in high esteem so maybe you can have a conversation with him and push him to do more articles to reassure him that it won't come back negatively on the company...

53. Petraglia responded to Ayot and Borrelli:

ROI? [Executive B] is being difficult. Doesn't he see the comps with other companies in the space? He should understand that you need to market and put yourself out there in order to see results! Ed, maybe you can help change his mind?

54. In late November 2013, Ayot emailed an executive of a small pharmaceutical issuer to solicit him to hire CSIR. Ayot wrote:

Christine [Petraglia] and I reached out to you a couple of weeks ago to talk about doing some media for [your company.] As a reminder, you had requested some example articles and I did send those over to you. One of our writers recently put together a multi ticker piece and he included [your company] as one of the companies discussed. I wanted you to take a look at it and let me know your thoughts on the piece. I think it's a good article that puts [your company] in a larger context and gives Investors a birds eye view. We can move to publish this on Seeking Alpha if you would like and because it's part of a multi ticker and not a single focus article, we can do it for \$1500. We can publish as soon as tomorrow or Monday after the Holiday once I get your go ahead.

55. The executive responded:

Thanks for the thought but we're not really interested in being represented alongside wellness products nor are we interested in articles going up on [Seeking Alpha] in which the declaration would be made that [the company] paid for it, which is what would be required if we pay you money.

56. Ayot responded to the executive's email, copying Petraglia:

We don't disclose that any articles are paid for. In fact, the articles come from a third party independent writer. They are not associated with our group. I leverage my relationships with these writers to get [the] article written. If you prefer a focus article on [your company], where it is not mentioned along side any other company, we can arrange that as well...

57. Petraglia received these emails and was aware of what Ayot represented to the prospective client concerning nondisclosure of compensation. Nevertheless, Petraglia said nothing about disclosure in response, despite knowing that Seeking Alpha did not permit publication of articles for undisclosed compensation. In addition, as a registered representative at two broker-dealers, Petraglia should have been familiar with the securities laws and should have known that publication of articles describing a security for compensation from an issuer without disclosure is illegal.

58. On January 14, 2014, Ayot copied Petraglia on an email to the CEO of PBIO about an article CSIR was publishing. In the email, Ayot stated, in part:

[W]e are running into a problem that we anticipated. The article is focused heavily on PBIO and [Seeking Alpha] says you have been part of a paid promotion. We corresponded directly with one of the head editors. Take a look at the secondary plan and let me know how you feel about this. . . . 1. Put the main article on John's [Mylant's] Seeking Alpha instablog. That will go to 2000+ people. . . .

59. Concerned, Petraglia responded directly to Ayot:

Herina, why or how does [Seeking Alpha] know its paid??? I did see it in email earlier but why would [Mylant] tell them? PBIO may get pissed at that alone.

60. Ayot explained to Petraglia:

John [Mylant] didn't tell them. I don't believe [Seeking Alpha] is saying that this particular article is paid. Rather they are saying that the company has paid for promotion in the past whether on Seeking Alpha or elsewhere so they don't look at the company favorably...

61. Petraglia, relieved, responded: "Ahhh. Interesting. I wonder how. They found. That out? [sic] Ok. Thanks."

62. In accordance with the plan laid about in Ayot's first email, the article entitled "Investors, Keep Your Eyes On Pressure Cycling Technology," was published on Mylant's Seeking Alpha Instablog the following day, January 15, 2014. The blog did not disclose the fact that Mylant was being compensated for publishing it. Two days after publication, Mylant sent CSIR an invoice for \$725, which CSIR paid by wire transfer on February 6, 2014.

63. Petraglia also controlled CSIR as its sole principal and was actively involved in soliciting the management of issuers to hire CSIR as part of the stock promotion scheme. For example, on November 20, 2013, Petraglia solicited an executive of SRCO to do articles through CSIR and provided CSIR's marketing materials, which included a "case study" that showed how three articles published for a Dunedin client changed the liquidity of that issuer's stock. Petraglia pointed out that "the volume and share price peaks when articles are published."

64. Petraglia handled all of the payments from CSIR's issuer clients and from CSIR to the writers and Ayot using CSIR bank accounts, for which Petraglia was the sole signatory. As an example, on November 19, 2013, Petraglia emailed an invoice for "1 Investor Media Articles" to ICLD's CEO and told him that she "would love to have the Seeking Alpha article

out by Wednesday so if you can wire (rather than snail mail) the check for financial media services that would be best because my media person cannot start on anything until payment is made.” The following week, after a negative article about ICLD appeared on Seeking Alpha, Petraglia encouraged an ICLD executive to hire CSIR to put out an article “to hedge any more negativity” and ICLD decided to do so. CSIR received a wire payment from ICLD for \$1,500 and Meyer published an article about ICLD on Seeking Alpha’s website on December 3, 2013, after which Petraglia paid Meyer’s invoice electronically through CSIR’s bank account. Despite being paid to write the article, Meyer did not disclose he had indirectly received compensation from ICLD through CSIR, or the amount he received. Indeed, he falsely stated he had not been compensated for the article.

65. Petraglia also communicated with CSIR’s issuer clients on behalf of the writers hired by CSIR. For example, on December 8, 2013, Petraglia emailed to ICLD a list of questions posed by a writer for purposes of drafting an article about the company. Petraglia also emailed drafts of articles for review and editing by executives of CSIR’s issuer clients. For instance, on January 10, 2014 Petraglia forwarded a draft of a Meyer article to an issuer’s management noting that “In every article they want to be cautiously positive.” The management had several edits, including specific requests as to what language they wanted in the first line of the article, which Petraglia had Meyer include.

66. Petraglia also re-publicized some of the articles commissioned by CSIR through CSIR’s Twitter account. For example, after Meyer published the December 3, 2013 article about ICLD on Seeking Alpha’s website, Petraglia sent a Tweet through CSIR’s @csirgroup account that stated “Nice article on ICLD” and provided a link to Meyer’s article. Neither the Tweet nor the article disclosed the fact that CSIR paid Meyer for publishing the article.

67. In addition to knowing that Meyer and Mylant used pseudonyms when publishing articles, Petraglia also requested they do so. On January 8, 2014, for example, Petraglia instructed Ayot to make sure that Meyer “doesn’t mention he has done a write up for [ICLD] before. I just want ICLD to think we have more writers [than] we actually do, hence him using his other ‘pen name.’” A few days later, Meyer published an article about ICLD on Seeking Alpha under the pseudonym Kingmaker.

68. Moreover, in February 2014, after Meyer and Mylant were publicly accused by other Seeking Alpha writers of being paid promoters, Ayot became suspicious that a person who emailed claiming to be interested in writing for CSIR might actually work for Seeking Alpha “or someplace that is trying to crack down on the number of paid articles.” Ayot forwarded the suspicious emails, which asked questions about what writers had written for CSIR and which articles CSIR had paid for, to Petraglia saying he “seems a little fishy.” Petraglia responded and gave Ayot the following instructions: “Yes, don’t do anything anymore. Ignore him and only talk by Phone. Sounds like he’s fishing. Why would he care about other writers? Did you ask him his info? Strange. I will be in in 30 min. Did u give him names, etc.? He’s someone interested in writing. He shouldn’t care. If anyone asks always say we get paid for pitching writers and that they don’t write on anything.” Despite instructing Ayot to say CSIR only was paid for “pitching writers,” Petraglia knew CSIR was actually paying writers to publish articles.

F. Meyer’s Failure to Disclose Compensation for Promotion

69. From no later than May 2013 through at least March 2014, Meyer worked as a writer for Dunedin and CSIR, as well as for at least two other promotional firms, including Lidingo and DreamTeam, publishing articles about the firms’ issuer clients from whom he indirectly received compensation through the firms. During this time period, the firms typically

paid Meyer upon receipt of invoices for his articles. In all, Meyer received at least \$26,000 in total compensation, including bonuses, from the firms for his services in the stock promotion scheme.

70. Meyer wrote at least 40 articles that were published under his own name and various pseudonyms, including Christine Andrews, Equity Options Guru, Kingmaker, Matt Levy, Ted Mayer, James Ratz, John Rivers, Jim Taylor, and Wonderful Wizard, on Seeking Alpha's website, as well as other financial websites including Minyanville.com, Wall Street Cheat Sheet, TheStreet.com, Fool.com and Forbes.com. Meyer's articles positively described the securities of the firms' publicly-traded issuer clients. Meyer did not disclose that he had received compensation indirectly from the issuers for these publications or the amount of the compensation he received. In addition, in at least 10 articles published on Seeking Alpha's website, Meyer falsely stated he was "not receiving compensation" for the article.

71. Meyer also created false credentials for several of the pseudonyms under which he published. He described the non-existent James Ratz as a "portfolio manager with Zebra Capital, based out of Los Angeles," said the non-existent Christine Andrews was "an analyst and fund manager with almost 20 years of investment experience," and said that the non-existent Matt Levy was "a research analyst with Onyx Research Associates based out of Charlotte, North Carolina." On information and belief, Meyer never worked for Zebra Capital or Onyx Research Associates.

72. Meyer also recruited and managed Mylant on behalf of DreamTeam. From no later than October 2013 through at least February 2014, Mylant published at least seven articles describing the securities of DreamTeam's issuer clients without disclosing the existence or the amount of the compensation that he received directly from Dream Team and indirectly from

Dream Team's clients. Meyer recruited Mylant to write for Dream Team, sent Mylant's W-9 tax form to Dream Team, suggested ideas for his articles, and provided edits on drafts of Mylant's articles. Dream Team paid Meyer referral fees for the paid articles that Mylant wrote about Dream Team clients. For example, two days after Mylant published an article about a Dream Team client on October 8, 2013, Meyer emailed Dream Team requesting a \$200 referral fee for Mylant's article. Dream Team sent Meyer a \$200 payment five days later.

73. Meyer and Mylant understood they needed to conceal that Mylant was being paid to write articles. On October 4, 2013, a few days before publishing his first paid article for Dream Team, Mylant wrote Meyer about an email Meyer had sent him through Seeking Alpha's internal email system. Using his yahoo.com email account, Mylant wrote: "Here's a quick FYI: I am going to answer your email from Seeking Alpha this morning. Just so you knew [sic], I am going to say that I cannot be approached to write articles for money on Seeking Alpha. . . [T]hey do track our emails and they read them believe it or not. In order to cover up tracks, I'm going to send you an email stating that I can write for you as long as you're not paying me for an article on Seeking Alpha." Meyer responded "[S]mart move replying to my message."

74. As an experienced Seeking Alpha writer, Meyer knew the website would ask Mylant to disclose if he had received compensation for any article he attempted to submit. Mylant's email about "cover[ing] up tracks" on Seeking Alpha's email system about writing articles for compensation put Meyer on notice that Mylant would continue to conceal that he had been compensated for articles when he was submitting them to the website.

75. In part because he sought referral fees from DreamTeam in connection with Mylant's articles, Meyer kept track of Mylant's progress on draft articles and his eventual publication of articles on Seeking Alpha.

G. Mylant's Failure to Disclose Compensation for Promotion

76. From no later than May 2013 through at least February 2014, Mylant worked as a writer for Dunedin and CSIR, as well as DreamTeam, publishing articles about the firms' issuer clients from whom he indirectly received compensation through the firms. In all, Mylant received at least \$6,000 in total compensation from the firms for his services in the stock promotion scheme.

77. Mylant wrote at least 15 articles and blogs that were published under his own name and the pseudonym Justin Gallagher on Seeking Alpha's website. Mylant's articles and blogs positively described the securities of the firms' publicly-traded issuer clients. Mylant did not disclose that he had received compensation indirectly from the issuers for these publications or the amount of the compensation he received. In addition, in at least 10 of the articles, Mylant falsely stated he was "not receiving compensation" for the article.

78. In 2014, a Seeking Alpha employee emailed Mylant to ask if he had been paid to write articles that he submitted. Mylant lied and said that he had not been paid. In February 2014, Seeking Alpha blocked Mylant from submitting articles to the site. Afterward, Mylant created the pseudonym Justin Gallagher in order to be able to submit articles. To create the pseudonym, Mylant created a false address and phone number and submitted a photograph he pulled off the internet. All of the information Mylant submitted to Seeking Alpha in support of the Gallagher profile was false.

COUNT I

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

(Against All Defendants)

79. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

80. Defendants, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, or recklessly employed any device, scheme or artifice to defraud.

81. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT II

Fraud in Violation of Section 17(a)(2) of the Securities Act

(Against Meyer and Mylant)

82. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

83. Meyer and Mylant, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

84. By reason of the foregoing, Meyer and Mylant violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

COUNT III

Fraud in Violation of Section 17(a)(3) of the Securities Act

(Against All Defendants)

85. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

86. Defendants, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities.

87. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

COUNT IV

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

(Against All Defendants)

88. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

89. Defendants directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security.

90. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a).

COUNT V

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

(Against Meyer and Mylant)

91. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

92. Meyer and Mylant directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in connection with the purchase or sale of any security.

93. By reason of the foregoing, Meyer and Mylant violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b).

COUNT VI

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

(Against All Defendants)

94. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

95. Defendants directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would have operated as a fraud or deceit upon any person in connection with the purchase or sale of any security.

96. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c).

COUNT VII

Failure to Disclose Compensation in Violation of Section 17(b) of the Securities Act

(Against All Defendants)

97. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

98. Defendants, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, published, gave publicity to, or circulated any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, described such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

99. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b).

COUNT VIII

Aiding and Abetting Fraud in Violation of Section 17(a)(1) of the Securities Act

(Against CSIR, Petraglia, Ayot and Meyer)

100. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

101. CSIR, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly employed any device, scheme or artifice to defraud, and by reason of the foregoing, violated Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

102. Petraglia knowingly or recklessly provided substantial assistance to CSIR's violations of Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1), and is deemed to be in violation of this provision to the same extent as CSIR.

103. CSIR writers, including Meyer and Mylant, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly employed any

device, scheme or artifice to defraud, and by reason of the foregoing, violated Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

104. CSIR, Petraglia and Ayot knowingly or recklessly provided substantial assistance to violations by CSIR writers, including Meyer and Mylant, of Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1), and are deemed to be in violation of this provision to the same extent as the writers.

105. Mylant, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly or recklessly employed any device, scheme or artifice to defraud, and by reason of the foregoing, violated Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

106. Meyer knowingly or recklessly provided substantial assistance to Mylant's violations of Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1), and is deemed to be in violation of this provision to the same extent as Mylant.

107. By reason of the foregoing, CSIR, Petraglia, Ayot and Meyer aided and abetted and, unless enjoined, are reasonably likely to continue to aid and abet, violations of Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT IX

Aiding and Abetting Fraud in Violation of Section 17(a)(2) of the Securities Act

(Against CSIR, Petraglia, Ayot and Meyer)

108. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

109. CSIR writers, including Meyer and Mylant, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate

commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, and by reason of the foregoing, violated Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

110. CSIR, Petraglia and Ayot knowingly or recklessly provided substantial assistance to violations by CSIR writers, including Meyer and Mylant, of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2), and are deemed to be in violation of this provision to the same extent as the writers.

111. Mylant, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, and by reason of the foregoing, violated Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

112. Meyer knowingly or recklessly provided substantial assistance to Mylant's violations of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2), and is deemed to be in violation of this provision to the same extent as Mylant.

113. By reason of the foregoing, CSIR, Petraglia, Ayot and Meyer aided and abetted and, unless enjoined, are reasonably likely to continue to aid and abet, violations of Section 17(a)(2) of the Securities Act, 15 U.S.C. § 77q(a)(2).

COUNT X

Aiding and Abetting Fraud in Violation of Section 17(a)(3) of the Securities Act

(Against CSIR, Petraglia, Ayot and Meyer)

114. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

115. CSIR, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities, and by reason of the foregoing, violated Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

116. Petraglia knowingly or recklessly provided substantial assistance to CSIR's violations of Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3), and is deemed to be in violation of this provision to the same extent as CSIR.

117. CSIR writers, including Meyer and Mylant, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities, and by reason of the foregoing, violated Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

118. CSIR, Petraglia and Ayot knowingly or recklessly provided substantial assistance to violations by CSIR writers, including Meyer and Mylant, of Section 17(a)(3) of the Securities

Act, 15 U.S.C. § 77q(a)(3), and are deemed to be in violation of this provision to the same extent as the writers.

119. Mylant, in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly knowingly, recklessly or negligently engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities, and by reason of the foregoing, violated Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

120. Meyer knowingly or recklessly provided substantial assistance to Mylant's violations of Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3), and is deemed to be in violation of this provision to the same extent as Mylant.

121. By reason of the foregoing, CSIR, Petraglia, Ayot and Meyer aided and abetted and, unless enjoined, are reasonably likely to continue to aid and abet, violations of Section 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(3).

COUNT XI

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

(Against CSIR, Petraglia, Ayot and Meyer)

122. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

123. CSIR directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a).

124. Petraglia knowingly or recklessly provided substantial assistance to CSIR's violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a), and is deemed to be in violation of this provision to the same extent as CSIR.

125. CSIR writers, including Meyer and Mylant, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a).

126. CSIR, Petraglia and Ayot knowingly or recklessly provided substantial assistance to violations by CSIR writers, including Meyer and Mylant, of Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a), and are deemed to be in violation of this provision to the same extent as the writers.

127. Mylant directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed any device, scheme or artifice to defraud in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a).

128. Meyer knowingly or recklessly provided substantial assistance to Mylant's violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a), and is deemed to be in violation of this provision to the same extent as Mylant.

129. By reason of the foregoing, CSIR, Petraglia, Ayot and Meyer aided and abetted and, unless enjoined, are reasonably likely to continue to aid and abet, violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a).

COUNT XII

**Aiding and Abetting Fraud in Violation of
Section 10(b) and Rule 10b-5(b) of the Exchange Act**

(Against CSIR, Petraglia, Ayot and Meyer)

130. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

131. CSIR writers, including Meyer and Mylant, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b).

132. CSIR, Petraglia and Ayot knowingly or recklessly provided substantial assistance to violations by CSIR writers, including Meyer and Mylant, of Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b), and are deemed to be in violation of this provision to the same extent as the writers.

133. Mylant directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in connection with the

purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b).

134. Meyer knowingly or recklessly provided substantial assistance to Mylant's violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b), and is deemed to be in violation of this provision to the same extent as Mylant.

135. By reason of the foregoing, CSIR, Petraglia, and Ayot aided and abetted and, unless enjoined, are reasonably likely to continue to aid and abet, violations of Section 10(b) and Rule 10b-5(b) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b).

COUNT XIII

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

(Against CSIR, Petraglia, Ayot and Meyer)

136. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

137. CSIR directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would have operated as a fraud or deceit upon any person in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c).

138. Petraglia knowingly or recklessly provided substantial assistance to CSIR's violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c), and is deemed to be in violation of this provision to the same extent as CSIR.

139. CSIR writers, including Meyer and Mylant, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would have operated as a fraud or deceit upon any person in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c).

140. CSIR, Petraglia, and Ayot knowingly or recklessly provided substantial assistance to violations by CSIR writers, including Meyer and Mylant, of Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c), and are deemed to be in violation of this provision to the same extent as the writers.

141. Mylant directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business which operated or would have operated as a fraud or deceit upon any person in connection with the purchase or sale of any security, and by reason of the foregoing, violated Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c).

142. Meyer knowingly or recklessly provided substantial assistance to Mylant's violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c), and is deemed to be in violation of this provision to the same extent as Mylant.

143. By reason of the foregoing, CSIR, Petraglia, Ayot and Meyer aided and abetted and, unless enjoined, are reasonably likely to continue to aid and abet, violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(c).

COUNT XIV

**Aiding and Abetting Failure to Disclose Compensation in Violation of
Section 17(b) of the Securities Act**

(Against CSIR, Petraglia, Ayot and Meyer)

144. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

145. CSIR, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, published, gave publicity to, or circulated any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, described such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

146. Petraglia knowingly or recklessly provided substantial assistance to CSIR's violations of Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b), and are deemed to be in violation of this provision to the same extent as CSIR.

147. CSIR writers, including Meyer and Mylant, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, published, gave publicity to, or circulated any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, described such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

148. CSIR, Petraglia and Ayot knowingly or recklessly provided substantial assistance to violations by CSIR writers, including Meyer and Mylant, of Section 17(b) of the Securities

Act, 15 U.S.C. § 77q(b), and are deemed to be in violation of this provision to the same extent as the writers.

149. Mylant, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, published, gave publicity to, or circulated any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, described such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

150. Meyer knowingly or recklessly provided substantial assistance to Mylant's violations of Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b), and is deemed to be in violation of this provision to the same extent as Mylant.

151. By reason of the foregoing, CSIR, Petraglia, Ayot and Meyer aided and abetted and, unless enjoined, are reasonably likely to continue to aid and abet, violations of Section 17(b) of the Securities Act, 15 U.S.C. § 77q(b).

COUNT XV

**Control Person Violations of Section 10(b) and Rule 10b-5 of the Exchange Act
Pursuant to Section 20(a) of the Exchange Act**

(Against Petraglia)

152. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

153. CSIR directly or indirectly violated, or aided and abetted violations of, Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

154. As the person who, directly or indirectly, controlled CSIR, Petraglia is liable jointly and severally with and to the same extent as CSIR for its violations of Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

155. As the person who, directly or indirectly, controlled CSIR, Petraglia did not act in good faith, and directly or indirectly induced the act or acts that constituted CSIR's violations of Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

156. By reason of the foregoing, Petraglia violated, and, unless enjoined, is reasonably likely to continue to violate, Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

COUNT XVI

Violations of Section 20(b) of the Exchange Act

(In the Alternative)

(Against CSIR and Petraglia)

157. The Commission repeats and realleges Paragraphs 1 through 78 of its Complaint.

158. CSIR writers, including Meyer and Mylant, directly or indirectly violated, or aided and abetted violations of, Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

159. CSIR and Petraglia, directly or indirectly, through or by means of CSIR writers, including Meyer and Mylant, did acts or things which it would have been unlawful for CSIR and Petraglia to do under Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5.

160. By reason of the foregoing, CSIR and Petraglia violated, and, unless enjoined, are reasonably likely to continue to violate, Section 20(b) of the Exchange Act, 15 U.S.C. § 78t(b).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court find Defendants committed the violations alleged, and:

I.

Permanent Injunction

Issue a Permanent Injunction restraining and enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating the federal securities laws alleged in this Complaint.

II.

Disgorgement

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

III.

Penalties

Issue an Order directing 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) of the Exchange Act, 15 U.S.C. § 78u(d).

IV.

Penny Stock Bar

Issue an Order, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6), barring CSIR, Petraglia and Ayot from participating in any future offering of a penny stock.

V.

Further Relief

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

Respectfully submitted,

DATED: April 10, 2017

SECURITIES AND EXCHANGE
COMMISSION

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