

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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U.S. DISTRICT COURT

Securities and Exchange Commission,)
U.S. Securities and Exchange Commission)
100 F Street, N.E.)
Washington, DC 20549)

Applicant,)

-v.-)

Gary W. Zinn)
9638 Elmwood Drive)
Rancho Cucamonga, CA 91730)

-and-)

Tanika Consulting Group, Inc.)
3155 E Patrick Lane, Suite 1)
Las Vegas, NV 89120-3481)

-and-)

Dynamic Marketing Services EOOD)
c/o)
James A. Reskin, Esq.)
Suite 400, The Marmaduke Building)
520 South Fourth Avenue)
Louisville, KY 40202-2577)

Respondents.)

Misc. No. _____

**APPLICATION OF THE SECURITIES AND EXCHANGE COMMISSION
FOR ORDER TO SHOW CAUSE AND
FOR ORDER REQUIRING OBEDIENCE TO SUBPOENAS**

1. The Securities and Exchange Commission ("Commission") hereby applies to this Court for an Order requiring Respondents Gary W. Zinn ("Zinn"), Tanika Consulting Group, Inc. ("Tanika"), and Dynamic Marketing Services EOOD ("Dynamic") (collectively referred to as

“Respondents”) to show cause why they should not be ordered to produce documents and appear for testimony pursuant to subpoenas properly issued by the Commission and served upon them in connection with an ongoing Commission law enforcement investigation. The Commission further requests that, after considering any response to this Application, the Court enter an Order requiring the Respondents to comply with the subpoenas.

2. Jurisdiction is conferred upon this Court by Section 22(b) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77v(b), and by Section 21(c) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78u(c). Venue properly lies within the District of Columbia pursuant to Section 21(c) of the Exchange Act, 15 U.S.C. § 78u(c).

3. In support of this Application, the Commission submits the accompanying declaration of staff attorney Kevin Muhlendorf, sworn to on December 14, 2005, the Exhibits thereto, and a Memorandum of Points and Authorities. The Commission also attaches a proposed Order requiring the Respondents to comply with the subpoenas.

4. On December 14, 2004, pursuant to Section 20(a) of the Securities Act, 15 U.S.C. § 77t(a), and Section 21(a) of the Exchange Act, 15 U.S.C. § 78u(a), the Commission issued an Order Directing Private Investigation and Designating Officers to Take Testimony in an investigation captioned, In the Matter of Artec, Inc. (the “Formal Order”). Declaration of Kevin Muhlendorf, (“Muhlendorf Decl.”) at ¶ 3 (filed simultaneously herewith); see Exhibit 1 thereto.

5. On June 1, 2005 the Commission issued an Amended Formal Order in the case, changing the name to In the Matter of ArTec Inc. and Certain Entities Organized by a Shell Creation Group (the “Amended Formal Order”). The Amended Formal Order further authorizes members of the SEC Staff to investigate whether certain attorneys, law firms, accountants, accounting firms, broker-dealers, transfer agents, consultants, and other associated individuals

and entities manipulated or attempted to manipulate the share price of shell companies and companies that merged into or with them by making false or misleading statements to the public concerning the company and/or by employing manipulative trading devices (hereinafter referred to as the “Shell Creation Group”). Id. at ¶¶ 5-10, Exhibit 2.

6. In the course of its investigation, the Staff learned that certain members of the Shell Creation Group assisted in the financing and promotion of several companies, including National Storm Management (“NLST”) and Deep Rock Oil & Gas (“DPRK”). Id. at ¶¶ 11-12. These companies, which trade on the over-the-counter market, have been the recent subjects of widespread fax blasts and spam emails touting the value of their securities in the wake of Hurricane Katrina. Id. at 21-24, 28. The investigation revealed that Respondent Zinn was involved in setting up the brokerage account for Putnam International Consulting (“Putnam”), which is the entity that paid to have the faxes disseminated. Other evidence indicates that Zinn set up a website for Putnam and that Putnam profited from the sale of its NLST and DPRK holdings. Id. at 16. In addition, evidence suggests that Tanika, an entity controlled by Zinn, traded in NLST as well as other stocks involved in this investigation. Id. at 14. In addition, evidence that Zinn controlled Dynamic and that Dynamic had received payments from an entity associated with the Shell Creation Group. Id. at 15.

7. The Staff wishes to question Zinn and representatives of Tanika and Dynamic about these transactions, about certain of the statements about NLST’s and DPRK’s stock contained in the faxes disseminated to members of the investing public, as well as about the securities of other issuers related to the Shell Creation Group. To that end, the Staff has issued subpoenas to the Respondents requiring their testimony and the production of documents.

8. The Commission's Subpoenas were properly issued and validly served on September 12, 2005. Id. at ¶ 32. The subpoenas required Zinn, Dynamic, and Tanika to produce documents by September 23, 2005, and to testify, personally or through a representative, on October 20, 2005. Id. at ¶ 33. In the approximately three months since the service of these Subpoenas, however, the Respondents have failed to comply with the subpoena in any respect. Id. at ¶¶ 33-46. In fact, the Commissions repeated attempts to resolve these issues with counsel for Respondents have been wholly unsuccessful. Id. at ¶¶ 34-47.

9. Respondents' documents and testimony are relevant to matters under investigation in which the Respondents were participants, and may provide evidence, or lead to relevant evidence, as to whether the Respondents or others violated the federal securities laws. The documents and testimony sought by the Commission's staff therefore are relevant and important to the Commission's investigation and within the scope of the Formal Order.

WHEREFORE, the Commission respectfully requests:

I.

That the Court enter an Order to Show Cause directing the Respondents to show cause why this Court should not enter the proposed Order requiring their production of documents and appearance for testimony;

II.

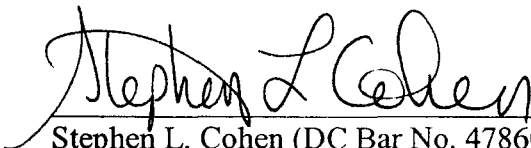
That the Court enter an Order requiring the Respondents to comply fully with the outstanding Subpoenas; and

III.

That the Court order such other and further relief as may be necessary and appropriate to achieve compliance with the Subpoenas.

Dated: December 15, 2005

Respectfully submitted,



Stephen L. Cohen (DC Bar No. 478601)

Assistant Chief Litigation Counsel

Attorney for Applicant

SECURITIES AND EXCHANGE COMMISSION

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**DECLARATION OF KEVIN MUHLENDORF
IN SUPPORT OF APPLICATION OF THE SECURITIES AND EXCHANGE
COMMISSION FOR AN ORDER TO SHOW CAUSE AND FOR AN
ORDER REQUIRING OBEDIENCE WITH SUBPOENAS ISSUED TO RESPONDENTS**

I, Kevin Muhlendorf, pursuant to 28 U.S.C. § 1746, do hereby declare as follows:

1. I am an attorney admitted to the Bar of the District of Columbia and admitted to practice before this Court. I am employed as Senior Counsel by the United States Securities and Exchange Commission (“Commission”) in the Division of Enforcement, at the Commission’s headquarters office in Washington, D.C.

2. This Declaration is submitted in support of the Commission’s Application for an Order to Show Cause and for an Order Requiring Obedience to Subpoenas issued to Gary W. Zinn, Tanika Consulting Group, Inc., and Dynamic Marketing Solutions EOOD (collectively referred to as “the Respondents”), and is based on my direct participation in the investigation captioned In the Matter of ArTec, Inc. and Certain Entities Organized by a Shell Creation Group. I have personal knowledge of the facts set forth herein.

3. The statements of others set forth herein are described in substance and in part, and not verbatim. To the extent that there are assertions herein concerning dates and numbers, they are approximate, based upon information and evidence gathered to date. Because the Commission submits this Declaration for the limited purpose of supporting its Application, I have not set forth each and every fact that I know about the investigation.

THE COMMISSION’S INVESTIGATION

4. On December 14, 2004, pursuant to Section 20(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77t(a), and Section 21(a) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78u(a), the Commission issued an Order Directing Private Investigation and Designating Officers to Take Testimony in an investigation captioned: In the Matter of ArTec, Inc. (the “Formal Order”). A true and

complete copy of the Commission's Formal Order is attached hereto as Exhibit 1. The Formal Order designates certain members of the Commission Staff, including myself and Samuel J. Draddy, Branch Chief for the Division of Enforcement, as officers of the Commission. As an officer of the Commission, I am authorized, among other things, to subpoena witnesses, compel their attendance, take evidence, and require the production of records deemed by the Commission or its designated officers to be material to its inquiry.

5. On June 1, 2005 the Commission issued an Amended Formal Order in the case, changing the name to In the Matter of ArTec Inc. and Certain Entities Organized by a Shell Creation Group (the "Amended Formal Order"). A true and complete copy of the Commission's Amended Formal Order is attached hereto as Exhibit 2.

6. The investigation authorized by the Amended Formal Order is being conducted by members of the Commission's Enforcement Staff (the "Staff") based in Washington, D.C. from its Washington, D.C. headquarters.

7. By the Amended Formal Order, the Commission directed that a private investigation be conducted to determine, among other things, whether any persons have engaged, are engaging, or are about to engage in violations of Sections 5(a), 5(c), 17(a) and 17(b) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), 77q(a) and 77q(b); Section 10(b) of the Exchange Act, 15 U.S.C. 78j(b); and Rule 10b-5 promulgated thereunder, 17 C.F.R. 240.10b-5, by various acts and practices reported in the Formal Order, or by any act or practice of similar object.

8. As described in the Amended Formal Order, certain individuals and entities, including, but not limited to, certain attorneys, law firms, accountants, accounting firms,

broker-dealers, transfer agents, consultants, and other associated individuals and entities comprise a shell creation group based in or around Dallas, Texas (the “Shell Creation Group”). The Shell Creation Group also provides consulting services, stock transfer services, escrow and other services for ArTec and other entities.

9. The Shell Creation Group and others may have violated the anti-fraud provisions of the federal securities laws in that they may have manipulated or attempted to manipulate the share price of certain companies by making false or misleading statements to the public concerning the company and/or by employing manipulative trading devices.

10. In addition, the Shell Creation Group and others may have violated the anti-touting provisions of the federal securities laws in that they may have published, given publicity to, or circulated a notice, circular, advertisement, newspaper, article, letter, investment service, or communication that, though not purporting to offer a security for sale, describes 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.

**THE SHELL CREATION GROUP AND ZINN
ASSIST NATIONAL STORM AND DEEP ROCK**

11. National Storm Management, Inc. (“NLST”), a company that trades on the over-the-counter market, is a Nevada corporation. A review of corporate and other records indicates that certain members of the Shell Creation Group assisted in the financing and promotion of NLST. For example, NLST utilized the same corporate lawyer, transfer agent, and broker dealer as other entities created by the Shell Creation Group.

12. Deep Rock Oil & Gas, Inc. (“DPRK”), a company that trades on the over-the-counter market, is a Nevada corporation. A review of corporate and other records indicates that certain members of the Shell Creation Group assisted in the financing and promotion of DPRK. For example, DPRK used the same corporate lawyer and transfer agent as other entities created by the Shell Creation Group. In addition, suspicious trading in DPRK securities took place through the same broker dealer that NLST used.

13. Gary W. Zinn (“Zinn”), is a United States citizen who maintains an address in Rancho Cucamonga, California.

14. Tanika Consulting Group Inc. (“Tanika”) is a Nevada corporation. Nevada records reflect that Zinn is its President, Secretary, and Treasurer. Brokerage records indicate that Zinn had trading authority over Tanika’s brokerage account and that Tanika traded in the securities of certain issuers that are the subject of this investigation, including NLST.

15. Dynamic Marketing Solutions EOOD (“Dynamic”) is a Bulgarian single person limited liability company owned by another Bulgarian entity called MediaOne EOOD. MediaOne EOOD is managed by Zinn. Dynamic also received payments from an entity associated with the Shell Creation Group.

16. On the same day in November 2004, an attorney from the United Kingdom, acting on behalf of an offshore entity, opened two securities brokerage accounts at a Dallas, Texas broker dealer used by the Shell Creation Group. The accounts were opened in the name of Putnam International Consulting (“Putnam”) and High Charm Limited (“High Charm”). Email records suggest that Zinn instructed that attorney to open the Putnam

account. Other evidence suggests that Zinn was involved in setting up an Internet website for Putnam.

17. The Putnam website (www.putnaminternationalconsulting.com) claimed that Putnam was a “premier investment bank” whose professionals “have extensive investment banking experience from such leading firms as [] Morgan Stanley, JP Morgan and Salomon Smith Barney.” However, shortly after the Staff began investigating the facsimiles, the web site was taken down and has not reappeared.

18. On August 25, 2005, High Charm purchased 50,000 shares of NLST at a price of \$0.537.

19. On August 29, 2005, Putnam received 400,000 shares of DPRK common stock into its brokerage account.

HURRICANE KATRINA

20. On August 29, 2005 Hurricane Katrina made landfall near New Orleans as a Category 4 storm, causing massive devastation. On August 30, 2005, the levees surrounding New Orleans failed, causing further damage and flooding the city of New Orleans.

21. Beginning in late August and continuing into September 2005, individuals or entities began producing and distributing “fax blasts” touting the securities of NLST. Copies of these facsimiles are attached as Exhibit 3. The facsimiles are entitled “Hot Stocks on the Street” and proclaim “KATRINA MEANS NATIONAL STORM (NLST) IS POISED FOR A MASSIVE RUN UP AS DEMAND TO REPAIR HOMES SKYROCKETS.”

22. These faxes, apparently designed to profit from the devastation in the Gulf

region, and later facsimiles touting the securities of other issuers, indicated they were disseminated by "Panther Marketing, Inc.," which had been paid to do so by Putnam.

23. On September 2, 2005, High Charm sold its 50,000 shares of NLST common stock for \$1.741 earning trading proceeds of approximately \$55,000.

24. Beginning in September 2005, individuals or entities began producing and distributing "fax blasts" touting the securities of DPRK. A copy of the September 12, 2005 facsimile is attached as Exhibit 4. Also entitled "Hot Stock on the Street," its header reads "WE WERE RIGHT LAST WEEK TO THE TUNE OF A FOUR-DAY 435% PROFIT. . . *NOW AS WASHINGTON MAKES ALL THE WRONG MOVES IN THE WAKE OF KATRINA*, DEEP ROCK OIL AND GAS COULD LEAD YOU TO PROFITS OF UP TO 1,008%." The text of the facsimile then discusses the increase in price of the NLST stock.

25. On September 8, 2005, Putnam sold its 400,000 shares of DPRK for total proceeds of approximately \$52,000.

26. These faxes also indicated they were disseminated by "Panther Marketing, Inc." and that Panther Marketing had been paid to do so by Putnam.

27. The disclaimers in the facsimiles indicate that the faxes were distributed by "Panther Marketing, Inc.," which had been paid to disseminate the faxes by Putnam. During the course of my investigation, I have determined that there is an entity based in Scottsdale, Arizona, with the name Panther Marketing, Inc., which I do not believe to be involved in the distribution of facsimiles touting securities. However, the facsimiles that I believe others are distributing have been so heavily distributed that Panther Marketing, Inc. and its proprietors have received thousands of complaints and numerous threats from individuals who have

received these facsimiles.

28. In the subsequent weeks, individuals or entities began producing and distributing spam email messages that also touted NLST and DPRK. The NLST emails again referred to Hurricane Katrina as a reason to invest in that stock and one was entitled “Get Filthy Rich as the Recovery Begins.” Copies of two of these emails, one for NLST and for DPRK, are attached as Exhibits 5 and 6.

THE SUBPOENAS TO GARY W. ZINN, DYNAMIC MARKETING AND TANIKA COUNSULTING, INC.

29. The Staff decided to issue a subpoena to Zinn because evidence indicated that he and his entities had traded in securities involved with the Shell Creation Group. Shortly thereafter, the Staff learned that Putnam, which is named as the source of payment for both the NLST and DPRK facsimiles, had a website which Zinn had helped set up. In addition, evidence indicated that Zinn’s English attorney helped to set up the brokerage accounts for High Charm, an entity that also traded successfully in NLST during the time of the NLST fax blasts, and for Putnam, an entity that sold significant amounts of DPRK.

30. The Staff decided to issue a subpoena to Dynamic because evidence suggested that Zinn controlled it and it had received payments from an entity associated with the Shell Creation Group.

31. The Staff decided to issue a subpoena to Tanika because evidence suggested that Tanika, an entity controlled by Zinn, traded in NLST as well as other stocks involved in this investigation.

32. To that end, I spoke with James A. Reskin, Esq., (“Reskin”), who indicated

that he would be representing the Respondents for the purposes of this investigation and that he would accept service for the Respondents. As a result of this representation, I sent to Reskin subpoenas requiring Respondents' testimony and their production of documents. Copies of the subpoenas are attached as Exhibits 7 - 9.

33. I issued the subpoenas to Respondents on September 12, 2005. The subpoenas required Zinn, Dynamic, and Tanika to produce documents by September 23, 2005, and to testify, personally or through a representative, on October 20, 2005.

DESPITE REPEATED REQUESTS, ZINN AND HIS ENTITIES FAILED TO PRODUCE DOCUMENTS AND HAVE FAILED TO TESTIFY

34. The Respondents' production of documents was due on September 23, 2005. To date, they have not complied or indicated when they would comply.

35. When no response was forthcoming, on October 3, 2005 at 6:45 p.m., I left a message with Reskin inquiring about Respondents' document production. Reskin did not respond.

36. On October 6, 2005, Sam Draddy and I contacted Reskin again to inquire about the documents from Zinn. Reskin indicated that he was still working to get Respondents' documents to the Staff.

37. Reskin also represents certain other witnesses in our investigation. In connection with these other witnesses, on October 6, 2005, I asked Reskin about certain wire-transfers from his law practice's trust account as part of an effort to trace payments for the NLST and DPRK spam emails. On October 7, 2005, I sent Reskin a subpoena for certain documents and testimony concerning the wire transfers. Reskin thereafter retained

counsel in this investigation.

38. October 20, 2005, the date for Respondents to testify passed. None of the respondents appeared, and Reskin gave no indication that he would reschedule their testimony.

39. Since Reskin was now a represented party in this investigation, the Staff took some time to ensure that he was still counsel for the Respondents and to confirm with his counsel whether the Staff should contact Reskin directly regarding their testimony and document production obligations.

40. On November 10, 2005, Reskin's counsel confirmed by email that we should continue to deal with Reskin directly regarding Zinn.

41. Also on November 10, 2005, Reskin's counsel confirmed by letter that Reskin continues to represent Respondents. Reskin was copied on this letter. A copy of this letter is attached as Exhibit 10.

42. By this point in time, the Respondents' document production was six weeks overdue, and the date for their testimony was three weeks passed, without any word from Reskin about the status of either. The Staff resumed its efforts to contact Reskin regarding the Respondents' outstanding testimony and document production obligations.

43. Between November 11 and November 15, 2005, I made numerous attempts to contact Reskin regarding the testimony and document production of his clients, Zinn, Dynamic and Tanika. In each case, his voice-mail box was full.

44. On November 15, 2005 at 11:35 a.m., after I was again unable to leave a message because his voice-mail box was full, Reskin called me. I asked him what the status

of Respondents' production and testimony was, and he indicated that he would find out and call me back that day. Reskin did not do so.

45. On November 17, 2005 at 5:45 p.m., I attempted to leave a message with Reskin, but his mailbox was full.

46. On November 18, 2005 at 5:22 p.m., I attempted to leave a message with Reskin, but his mailbox was full.

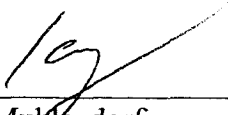
47. On November 21, 2005, I contacted Reskin. He told me that he had met that weekend with Zinn. He indicated that he had not received any materials from Zinn. I indicated to Reskin that too much time had passed without any response from Zinn and that the Staff would seek to take further action if we did not get an adequate response immediately. Reskin indicated that he would write me a letter that day setting out Respondents' position with regard to the subpoenas. Reskin never sent such a letter.

48. On November 29, 2005 at 10:45 a.m., I left a message for Reskin asking him to call me regarding the status of the Respondents' document production and testimony. To date he has not returned my phone call.

49. The issue of the Zinn's involvement with the DRPK and NLST fax blasts highlights the importance to the overall investigation of the Respondents' compliance with the subpoenas. His failure to comply with the subpoena has hampered this investigation, particularly as it relates to the investigation into attempts to illegally profit from Hurricane Katrina. Similarly, both Dynamic's and Tanika's failure to comply with the subpoenas issued to them have hindered the Staff's investigation into their roles in the activities set out in the Formal Order.

50. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed on this 14th day of December, 2005, at Washington, D.C.



Kevin Muldendorf