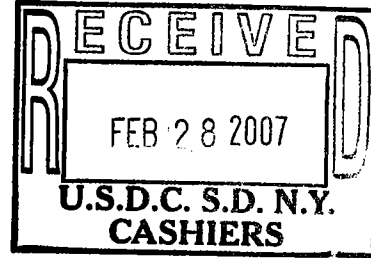


JUDGE PRESKA

07 CV 1439

MARK K. SCHONFELD (MS-2798)  
REGIONAL DIRECTOR  
Attorney for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
Northeast Regional Office  
3 World Financial Center  
Room 4300  
New York, New York 10281  
(212) 336-1020



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

LOUIS W. ZEHIL,  
STRONG BRANCH VENTURES IV LP, and  
CHESTNUT CAPITAL PARTNERS II, LLC,

Defendants.  
-----X

07 Civ. ( )

COMPLAINT

Plaintiff Securities and Exchange Commission, for its Complaint against defendants Louis W. Zehil ("Zehil"), Strong Branch Ventures IV LP ("Strong") and Chestnut Capital Partners II, LLC ("Chestnut") (collectively the "Defendants") alleges:

SUMMARY

1. Zehil, a corporate attorney, and two entities he controlled, Strong and Chestnut, engaged in a fraudulent scheme to obtain and sell to the investing public millions of shares of securities in violation of the antifraud and registration provisions of the federal securities laws.

2. Between January 2006 and February 2007, Zehil represented seven public companies in issuing their stock in PIPE transactions (private investments in public equity). The seven public companies were Gran Tierra Energy, Inc. ("Gran Tierra"), Foothills Resources, Inc. ("Foothills"), MMC Energy, Inc. ("MMC"), Alternative Energy Sources, Inc. ("Alternative Energy"), Ethanex Energy, Inc. ("Ethanex"), GoFish Corp. ("GoFish"), and Kreido BioFuels, Inc. ("Kreido"). At all relevant times, their common stock was registered with the Commission and quoted on the OTC-BB. In these PIPE transactions (as in PIPEs generally), the investors purchase restricted stock at a discount to market price.

3. Zehil personally invested in the issuers' PIPE transactions through Strong and Chestnut. In the subscription agreements for each PIPE transaction, the Defendants agreed (as all the PIPE subscribers did) that the shares they received would be issued with restrictive legends until such time as the issuers filed registration statements with the Commission and the Commission declared them effective. As counsel for the issuers, Zehil then sent letters to the issuers' transfer agents directing the issuance of shares to the PIPE subscribers. Zehil's letters instructed that all the shares should bear restrictive legends except the shares issued to his entities, Strong and Chestnut. Zehil's letters stated, falsely, that the shares issued to Strong and Chestnut satisfied legal criteria to be issued without restrictive legend.

4. As a result of their fraudulent conduct, the Defendants were able to receive shares without restrictive legends, which they quickly sold into the public market, and generated illicit profits of at least \$17 million.

## VIOLATIONS

5. By virtue of the conduct alleged in this Complaint, Defendants, directly or indirectly, singly or in concert, have engaged and are engaging in acts, practices and course of business that constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

6. Unless Defendants are preliminarily and permanently enjoined, they will continue to engage in the acts, practices, and course of business alleged herein, and in acts, practices, and courses of business of a similar type and object.

## NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

7. The Commission brings this action pursuant to the authority conferred by Section 20(b) of the Securities Act [15 U.S.C. § 77t(a)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] seeking to restrain and enjoin permanently the Defendants from engaging in the acts, practices and courses of business alleged herein.

8. The Commission also seeks, as immediate relief, a preliminary injunction against the Defendants, the appointment of a temporary receiver over Strong and Chestnut, asset freezes against the Defendants, verified accountings from the Defendants, expedited discovery, and an order prohibiting the Defendants from destroying or altering documents.

9. Finally, the Commission seeks a final judgment ordering the Defendants to disgorge any ill-gotten gains with prejudgment interest thereon, and ordering the

