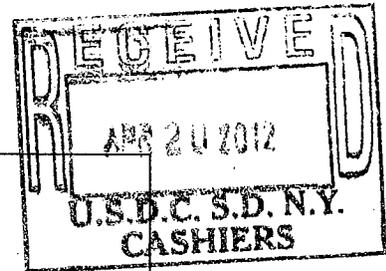


JUDGE FURMAN

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



<p>U.S. SECURITIES AND EXCHANGE COMMISSION,</p> <p>Plaintiff,</p> <p>v.</p> <p>THOMAS EDWARD HUNTER and ALEXANDER JOHN HUNTER,</p> <p>Defendants,</p> <p>and</p> <p>REGENCY INVESTMENT GROUP, CORP.,</p> <p>Relief Defendant.</p>	<p>Civil Action No.</p> <p>Jury Trial Demanded</p> <p>COMPLAINT</p>
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Plaintiff United States Securities and Exchange Commission ("Commission")
alleges as follows:

I. SUMMARY OF ALLEGATIONS

1. Starting at the age of sixteen, the defendants, twin brothers Alexander John Hunter and Thomas Edward Hunter, developed an elaborate scheme to manipulate the prices of penny stocks at the expense of unwitting investors. The Hunters concocted and hyped the tale of a "stock picking robot" that they claimed could identify penny stocks that were poised to appreciate sharply in value. In their email newsletters and websites (*doublingstocks.com* and *daytradingrobot.com*), the defendants represented that

the “robot” was a highly sophisticated computer trading program and the product of extensive research and development.

2. The defendants’ story was persuasive. Approximately 75,000 investors, the vast majority of whom lived in the United States, paid at least \$1,200,000 for annual subscriptions to the *Doubling Stocks* newsletter and copies of the robot software.

3. In reality, the “stock picking robot” was a work of fiction. The stock recommendations the defendants sent to their subscribers were not generated by any technical analysis. The stocks were instead those that the defendants had been paid by other promoters to tout. Unknown to their subscriber victims, the defendants maintained a separate web-based business under the name *equitypromoter.com* in which they offered their services as stock touters. On the *equitypromoter.com* website, the defendants claimed that their investor newsletters could cause a stock’s price and volume to “rocket.” The defendants received at least \$1,865,000 in fees from stock promoters for their stock touting services. The defendants never disclosed to their investor victims the relationship between their two lines of business.

4. By virtue of their conduct, the defendants engaged in and, unless enjoined, will continue to engage in, violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)], and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

5. The Commission seeks permanent injunctions against the defendants to prevent them from continuing to engage in securities fraud. The Commission also seeks

an order requiring the defendants to disgorge their ill-gotten gains, together with prejudgment interest thereon, and to pay civil penalties.

II. JURISDICTION AND VENUE

6. The Commission brings this action, and this Court has jurisdiction over this action, pursuant to authority conferred by Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(a) and 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 77u(e) and 78aa].

7. This Court has personal jurisdiction over the Defendants and venue is proper in this District because (i) offers or sales of securities that resulted from the defendants' violations took place in this District; (ii) a substantial part of the acts or transactions constituting the defendants' violations occurred in this District; and (iii) conduct by the defendants occurring outside the United States had a foreseeable substantial effect within the United States.

III. DEFENDANTS AND RELEVANT ENTITIES

8. Defendant Thomas Edward Hunter, age twenty, is a citizen and resident of the United Kingdom. He was co-owner and operator of relief defendant Global Marketing Corporation Ltd.

9. Defendant Alexander John Hunter, age twenty, is a citizen and resident of the United Kingdom. He was co-owner and operator of relief defendant Global Marketing Corporation Ltd.

10. Relief defendant Regency Investment Group, Corporation is a Panamanian company owned by defendant Alexander John Hunter and over which defendants Alexander John and Thomas Edward Hunter jointly have power of attorney.

11. Global Marketing Corporation Ltd. (“GMC”) was a United Kingdom company formed in 2007 that, under the exclusive control of defendants Alexander John and Thomas Edward Hunter, owned and operated several securities-related websites, including *doublingstocks.com*, *daytradingrobot.com*, and *equitypromoter.com*. The defendants founded GMC when they were sixteen years old. Five shares of stock were issued, one held by each defendant, their older brother, and each of their parents. Day-to-day operations of GMC remained under the defendants’ control. The defendants dissolved GMC on May 25, 2010.

IV. DEFENDANTS’ FRAUD SCHEME

12. In early 2007, the defendants began using the website *doublingstocks.com* to advertise *Doubling Stocks*, an electronic newsletter that purportedly contained investment analyses performed by a “stock picking robot.” They later marketed a “home version” of the purported “robot” software.

13. The *doublingstocks.com* website claimed that trading stocks based on the robot’s stock analysis earned returns of 34% per week.

14. At the same time, the defendants used another website, *equitypromoter.com*, to trumpet to stock promoters their ability to “rocket” the price and volume of thinly traded penny stock issuers.

15. On the “About Us” section of *equitypromoter.com*, defendant Thomas Hunter introduced himself to stock promoters as follows:

My name is Tom Hunter. I'm a 23 [sic] year old stock trader. I have been trading for 7 years and operate multiple penny stock websites. These websites are extremely popular attracting many thousands of visitors each day. Hundreds of these visitors provide me with their email address, with the desire to receive my weekly stock recommendations.

16. On the main page of *equitypromoter.com*, the defendants boasted, "One email to this list of people rockets a stock price."

17. The defendants never disclosed to *Doubling Stocks* customers that the newsletters and software were mechanisms to generate trading volume for thinly traded stocks.

A. The Defendants Market the "Stock Picking Robot" to Investors.

18. On their *doublingstocks.com* website, the defendants referred to the stock-picking robot as "Marl", combining the first names of its purported inventors, Michael Cohen ("Cohen") and Carl Williamson.

19. On *doublingstocks.com*, the defendants claimed that Cohen "developed the famous 'Global Alpha' computer stock trading model" as a contractor for the Goldman Sachs Group, Inc. ("Goldman Sachs"). The Global Alpha program, the defendants claimed, in "most years is responsible for \$4,000,000,000+ Annual Trading Profit."

20. The defendants' representations about "Michael Cohen" were false. No such employee or contractor worked in that capacity at Goldman Sachs.

21. On *doublingstocks.com*, the defendants described how Marl arrived at its stock picks. Defendants made the following claims:

- Marl works by analyzing each stock using "technical analysis;"
- Marl analyzes each OTCBB and Pink Sheet stock, predicting future price direction based on past performance;

- Marl looks for companies that are forming bullish trading patterns;
- Marl identifies “in split second timing” distinct trading patterns “from a vast range of 6578, held in Marl’s internal database”;
- Marl can process 1,986,832 mathematical calculations per second;
- When Marl identifies a “clean, uncongested chart pattern that is proven to yield a good risk/reward,” Marl adds the stock to its “watch list”;
- Marl is programmed on an “evolutionary framework,” meaning that as Marl is watching hundreds of stock patterns it actually learns the most likely direction of stock prices under thousands of situations – “The longer Marl is allowed to run on a computer ... The More Advanced He Becomes!”; and
- “While monitoring hundreds of stocks in the watch list ... Marl may notice that a stock has been hitting resistance [at a particular price]. ... [I]f the stock breaks that level (meaning there is a good chance it will ‘breakout’ and run much higher) the bot will start analyzing the stock in more detail ... looking at its longer term weekly trading pattern and applying its vast range of criteria. Any stocks that reach this stage have been under close scrutiny and passed a variety of complex tests. Marl will then analyze the best entry point (at which to buy the stock) with the lowest risk to potential reward.”

22. The defendants’ characterization of the software led investors to believe that they were receiving stock recommendations based on a complex, statistically-driven analysis.

23. To lend further credence to Marl’s claimed analytical abilities, the defendants on *doublingstocks.com* provided a list of Marl’s supposed past stock picks, claiming that the prices increased in value by 200-400% after Marl selected them.

24. The defendants’ claims about the Marl newsletter and software were untrue. In truth, the newsletters and software sold by the defendants neither contained nor performed any real analysis of securities or their trading patterns. The stocks “recommended” by the newsletters and software were simply those that promoters had paid the defendants to tout.

B. Payments Made by Stock Promoters

25. The defendants' activities followed a predictable pattern. They received payments from stock promoters. The defendants issued newsletters touting the stocks owned by those promoters. The promoters then took advantage of the increased prices and liquidity by selling their own shares.

26. The defendants received at least \$1,865,000 in payments from stock promoters who, in most cases, sold large numbers of shares into the defendants' stock promotions.

27. The stock promoters wired payments to the defendants' bank account in the United Kingdom.

C. The Doubling Stocks Newsletters

28. After subscribing via *doublingstocks.com*, investors received newsletters by email, sent at irregular intervals, that purported to contain Marl's stock selections.

29. To heighten their subscribers' anticipation, the defendants often sent out teaser emails the night before a newsletter was due to be sent, advising subscribers to monitor their email in boxes the following morning for Marl's latest selection.

30. The newsletters containing the selections typically were sent around 9:30 a.m. (Eastern), as the U.S. markets were opening.

31. Because the defendants' newsletters were widely circulated and the promoted stocks were generally thinly traded, the prices and volumes of the promoted stocks often spiked dramatically as the markets opened.

32. In most cases, the stock corrected downward quickly, leaving investors

with shares worth less than when they were purchased earlier in the day.

D. The Doubling Stocks Software

33. Some *Doubling Stocks* subscribers opted to pay the defendants an additional \$97 to receive a “home version” of the Marl software.

34. The defendants claimed that the home software performed the same sophisticated analyses that purportedly underlay the defendants’ newsletter selections, but with the added benefit that investors would not have to wait for the emailed newsletters to capitalize on Marl’s analytic capabilities.

35. This pitch was false. The “home version” of the software performed no analysis.

36. Instead, the home software was designed to retrieve predetermined stock ticker symbols from a database that the defendants populated to deliver those tickers to investors on dates set by the defendants.

37. Defendant Alexander John Hunter, in seeking bids to create the software in 2007, described the requirements for the software to freelance software coders as follows:

Need a small software program which will appear to the user that once running it is analyzing thousands of penny stocks.

Every so often, the software will find a stock, and a message will appear from the system tray, and on the program showing the ticker symbol.

IMPORTANT: This software does not actually find stocks at all. It should connect to my database and simply request any new stocks I have put in.

* * *

Basically this is almost a “fake” piece of software and needs to simply appear advanced to the user. . . .

38. As with their newsletters selections, the defendants represented to investors that they would receive the fruits of an analytical, stock-picking “robot,” when in fact they were really just receiving stock picks that the defendants had been paid by third parties to tout.

E. The Defendants’ Scheme Resulted in “Rocketing” Stock Prices and Volumes to the Detriment of Subscribers.

39. The following is a sample of Marl’s picks highlighted in the *Doubling Stocks* newsletters, and the effects of the dissemination of those picks on the stocks’ prices and volumes:

Issuer	Date of Newsletter	Increase in Stock Price	Increase in Volume
HENC	Nov. 6, 2007	10% (\$0.94 to \$1.04)	From 31,200 to 716,900 shares
TRGD	Nov. 14, 2007	10% (\$0.58 to \$0.63)	From 155,900 to 643,000 shares
SGUS	Nov. 26, 2007	50% (\$0.55 to \$0.84)	From 1,200 to 1,796,900 shares
SKVI	Dec. 6, 2007	50% (\$0.18 to \$0.26)	From 23,700 to 5,381,900 shares
EXER	Jan. 16, 2008	300% (\$0.32 to \$0.82)	From 2,600 to 847,400 shares
MTTG	Jan. 22, 2008	50% (\$0.57 to \$0.86)	From 717,700 to 4,016,300 shares
CHRI	Feb. 12, 2008	40% (\$0.10 to \$0.14)	From 768,200 to 4,492,400 shares
VNGM	Apr. 3, 2008	30% (\$0.47 to \$0.60)	From approx. 150,000 to 750,000 shares
UOMO	May 20, 2008 – June 2, 2008 (Multiple Newsletters)	100% (\$0.35 to \$0.69)	From 16,600 to over 1,000,000 shares
MYEC	June 9, 2008	16% (\$3.11 to \$3.60)	From 5,700 to 707,400 shares
ELRA	Oct. 13, 2008	67% (\$0.76 to \$1.24)	From 64,500 to 2,421,800 shares
TLLE	Dec. 16, 2008	250% (\$0.13 to \$0.45)	From 2,300 to 593,900 shares
UOMO	May 18 – 19, 2009	200% (0.35 to \$1.06)	From 86,000 to 20,398,900 shares

40. As part of their sales pitch, the defendants included on the *doublingstocks.com* website a list of past stock picks purportedly made by Marl, all but a few of which were represented to have been huge and relatively immediate winners. The defendants added: “Just think, had you put \$5000 on each of Marl’s recommended trades over the last 4 months – You would now have \$387,684 clear profit sitting in your bank account.”

41. The defendants had tens of thousands of newsletter subscribers. Subscription fees alone netted the defendants over \$1.2 million from April 27, 2007 to July 9, 2009. In July 2009, the company that processed the defendants’ subscription sales terminated its relationship with the defendants as a result of the high number of complaints and refund requests by *Doubling Stocks* subscribers.

F. On at Least One Occasion, Defendant Alexander John Hunter Scalped Shares of an Issuer that he and His Brother Were Promoting.

42. On at least one occasion, defendant Alexander John Hunter purchased shares of an issuer “picked” by Marl prior to sending out a newsletter in order to capitalize on the rise in price caused by the newsletter at the next day’s opening.

43. Defendant Alexander John Hunter, on the morning of December 16, 2008, purchased approximately 22,000 shares of Teletouch Communications, Inc. (OTCQB: TLLE) at a cost of \$0.16 per share.

44. At 1:21 p.m. (Eastern) that afternoon, the defendants transmitted a newsletter to their subscribers touting TLLE.

45. Fourteen minutes later, defendant Alexander John Hunter began selling the shares of TLLE he had purchased that morning at prices between \$0.30 and \$0.40 per

share.

46. Over the next twenty-four hours, he continued selling his TLLE shares, at prices up to \$0.51; for a total profit of \$5,757, or 161%.

47. The defendants did not disclose to their subscribers that defendant Alexander John Hunter intended to sell shares of TLLE during their promotion of the issuer. The defendants did, however, videotape Alexander John Hunter's trading activity and used the video to promote the *Doubling Stocks* newsletter.

G. The Defendants Masked Their Activity Through the Use of an Alternate Corporate Name and Offshore Bank Account.

48. From early 2007 until January 2009, the defendants deposited the proceeds from their scheme – stock promoter payments, newsletter subscription fees, and software download fees – into a bank account in the United Kingdom.

49. In January 2009, that account was frozen by British authorities.

50. The defendants then directed their newsletter subscription processing service provider to begin wiring their subscription and download fees to a Panamanian bank account in the name of relief defendant Regency Investment Group, Corp. (“Regency”).

51. Regency was incorporated in Panama and controlled, through powers of attorney, by both defendants.

H. Defendant Thomas Edward Hunter's Role in the Scheme

52. Although both defendants acted with equivalent scope and culpability in carrying out their scheme, certain conduct is attributable to each.

53. Defendant Thomas Edward Hunter held himself out as having created the

doublingstocks.com website and as having been the content editor for certain pages.

54. The *doublingstocks.com* website listed its author to be “Tom Hunter.”

55. The *equitypromoter.com* site, which advertised to other stock promoters the defendants’ ability to “rocket” the price and volume of a stock, also named “Tom Hunter” as the site’s owner and author.

56. Thomas Edward Hunter also held himself out to third parties as being responsible for sending out at least some of the newsletters to subscribers. Thomas Edward Hunter was primarily or solely responsible for negotiating the Defendants’ stock touting arrangements with their stock promoter customers.

I. Defendant Alexander John Hunter’s Role in the Scheme

57. Defendant Alexander John Hunter played a crucial role in the fraudulent scheme.

58. According to internet “Who-is” records, Alexander John Hunter registered the *doublingstocks.com* website, and held himself out to others as “the owner of DoublingStocks.com.”

59. Defendant Alexander John Hunter also incorporated Regency in Panama, which allowed the defendants to continue receiving the proceeds of their fraud even after their bank account in the United Kingdom was frozen.

60. Defendant Alexander John Hunter also recorded a video of himself scalping shares of TLLE. That video was prominently displayed on *daytradingrobot.com* as proof that the defendants’ stock picking robot worked as advertised.

61. Defendant Alexander John Hunter also solicited bids for the creation of the “home version” of the stock picking robot.

62. Defendant Alexander John Hunter also held himself out to others as being responsible for resolving technical problems with the home version of the Marl software when customers complained about the software's functionality.

63. In communications with the defendants' newsletter subscription processing service provider, defendant Alexander John Hunter took credit for creating the *daytradingrobot.com* website.

FIRST CLAIM

Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]

64. The Commission re-alleges and incorporates by reference paragraphs 1 through 63 above.

65. The Defendants, by engaging in the conduct described above, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- a) knowingly or recklessly employed devices, schemes or artifices to defraud;
- b) knowingly, recklessly or negligently obtained money or property by means of untrue statements of material fact or by omitting 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; or
- c) knowingly, recklessly or negligently engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

66. By reason of the foregoing, the Defendants violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM

**Violations of Section 10(b) of the Exchange Act
[15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]**

67. The Commission re-alleges and incorporates by reference paragraphs 1 through 66 above.

68. The Defendants, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, knowingly or recklessly:

- a) employed devices, schemes or artifices to defraud;
- b) made untrue statements of material facts or 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; or
- c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons.

69. By reason of the foregoing, the Defendants violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court:

I

Enjoin the Defendants, and each of the Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder;

II

Order the Defendants to disgorge an amount equal to the funds and benefits they obtained illegally as a result of the violations alleged herein, plus prejudgment interest on that amount.

III

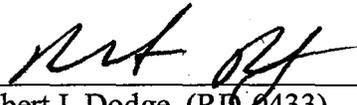
Order the Defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)].

IV

Grant such other and further relief as this Court deems just and proper.

Respectfully submitted,

Dated: April 20, 2012



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