

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	
)	
BILLY V. RAY, JR.,)	
WADE CLARK, and)	
URBAN AG CORP.,)	
)	
Defendants.)	

COMPLAINT

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. From approximately April 2013 through August 2013, Defendants Billy V. Ray, Jr., Wade Clark, and Urban AG Corp. (“Urban”) engaged in three fraudulent schemes involving Urban’s stock. Two of the schemes involved illicit kickbacks to encourage the purchase of the stock and phony agreements to mask those kickbacks. The third scheme involved insider trading of Urban’s stock.

2. Ray, the CEO and president of Urban, paid an illegal kickback to a purported fiduciary of a hedge fund in exchange for the fiduciary causing the hedge fund to purchase \$1.5 million worth of restricted shares of Urban’s stock.

3. Ray also made an inducement payment to a stock promoter who would purchase shares of Urban on the open market ahead of planned press releases.

4. Clark provided the hedge fund fiduciary with an advance copy of a press release containing material non-public information about Urban so the hedge fund fiduciary would purchase Urban stock prior to the news being issued.

5. Unbeknownst to Defendants, the corrupt hedge fund fiduciary was an undercover FBI agent. The fiduciary's purported friend who helped arrange the deal, the stock promoter, was a witness residing in the Southern District of Florida who was cooperating with the FBI.

6. Defendants attempted to conceal the kickback and inducement payments by entering into sham agreements.

7. By engaging in this conduct, Ray and Urban violated Section 17(a)(1) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a)(1); and Ray, Urban, and Clark violated Section 10(b) and Rules 10b-5(a) and 10b-5(c) of the Securities Exchange Act of 1934 ("Exchange Act"). Unless restrained and enjoined, Defendants are reasonably likely to continue to violate the federal securities laws.

8. The Commission respectfully requests that the Court enter: (a) a permanent injunction restraining and enjoining Defendants from violating the federal securities laws; (b) an order directing Defendants to pay disgorgement with prejudgment interest; (c) an order directing Defendants to pay civil money penalties; (d) an order barring Ray and Clark from participating in any offering of a penny stock; and (e) an order barring Ray from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

II. DEFENDANTS

9. Ray, 56, resides in Cumming, Georgia. Ray was Urban's CEO and president.

10. Clark, 38, resides in Melissa, Texas. Clark was a stock promoter for Urban.

11. Urban is a Delaware corporation with its principal offices in North Andover, Massachusetts. Urban purports to be in the business of providing hazardous material abatement and environmental remediation services. At all times relevant to this action, Urban's common stock was quoted on OTC Link operated by OTC Markets Group, Inc. under the symbol "AQUM." Urban's common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act, and is subject to Section 13(a) reporting obligations.

12. Urban is a "penny stock" as defined by the Exchange Act. At all times relevant to this action, Urban's shares traded at less than a penny per share. During the same time period, Urban's stock met none of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, Urban's stock: (a) did not trade on a national securities exchange; (b) was not an "NMS stock," as defined in 17 C.F.R. § 242.600(b)(47); (c) did not have net tangible assets (*i.e.*, total assets less intangible assets and liabilities) in excess of \$5,000,000; and (d) did not have average revenue of approximately \$6,000,000 for the last three years. *See* Exchange Act, Rule 3a51-1(g).

III. JURISDICTION AND VENUE

13. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a); and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

14. This Court has personal jurisdiction over Defendants, and venue is proper in the Southern District of Florida, because a substantial part of Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in this District, including a meeting in Broward County, numerous documents sent to and from this District, and

numerous telephonic and electronic communications involving participants located in this District.

15. In connection with the conduct alleged in this Complaint, Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails.

IV. THE FRAUDULENT SCHEME

A. The Restricted Stock Transaction and Kickback

16. In April 2013, Ray and the CW (located at all relevant times in the Southern District of Florida) had a telephone conversation and an exchange of emails, which led to a May 16, 2013 meeting in Broward County, Florida between Ray, Clark, the CW, and the FBI agent, who posed as a corrupt fiduciary of a hedge fund, to discuss a fraudulent scheme involving Urban stock.

17. During the meeting, the parties discussed the fiduciary duties of the hedge fund manager, the risks involved, and their desire not to draw attention to their actions.

18. As part of the scheme, Ray and the undercover FBI agent, posing as the corrupt fiduciary, agreed the hedge fund would purchase Urban's restricted stock in exchange for an undisclosed 30% kickback by Ray and Urban to the hedge fund fiduciary.

19. To conceal the kickback, Ray and Urban agreed to pay the funds to a company (in fact fictitious) owned by the corrupt fiduciary's purported brother-in-law, and to make the payment appear as if it represented payment for "contract services." Ray understood the company would not be performing any actual contract services.

20. On May 17, 2013, Ray emailed to the FBI agent in the Southern District of Florida a copy of the subscription agreement to execute.

21. On May 28, 2013, the FBI agent signed the subscription agreement and sent it from the Southern District of Florida to Ray via UPS delivery.

22. Pursuant to the subscription agreement, the hedge fund agreed to purchase up to \$1.5 million worth of restricted shares of Urban stock. According to the agreement, the hedge fund would initially purchase 16,666,666 shares of Urban for \$100,000, payable in two installments of \$50,000.

23. On June 3, 2013, the FBI agent sent from the Southern District of Florida to Urban's escrow agent a check for \$50,000 from the purported hedge fund representing the initial installment under the subscription agreement.

24. On June 4, 2013, Ray caused FedEx to deliver to the Southern District of Florida a package addressed to the "company" affiliated with the FBI agent's brother-in-law, which contained a \$15,000 invoice from the company to Urban for "contract services," as well as a \$15,000 check in payment of the invoice. In fact, Urban received no such services, and the payment represented the agreed-upon kickback.

B. The Market Transaction

25. After the May 16 meeting, the CW and Ray agreed to engage in a scheme whereby the CW would purchase Urban stock in the open market.

26. Ray intended for the CW's purchases to artificially raise the trading volume and price of Urban stock. Ray told the CW he wanted to raise Urban's share price to between three and five cents. At the time, Urban's stock was thinly traded at a share price of about one cent.

27. Ray and the CW agreed that in exchange for the CW's fraudulent buying, Ray would make an inducement payment to the CW of one share for every three or four shares

purchased. Specifically, based on the fraudulent buying Ray wanted done, Ray promised the CW an inducement payment of 500,000 restricted Urban shares.

28. As part of the manipulation, Ray said he planned to issue a press release with positive news about Urban once the CW completed the buying.

29. On May 30, 2013, Ray sent to the CW in the Southern District of Florida an advance copy of the news from the upcoming press release, which the CW did not receive until June 20 due to a mistake in the address. Ray included in the package a purported “Marketing Services Agreement,” which provided for payment to the CW of the 500,000 Urban shares in exchange for the CW launching a “marketing campaign” for the company. Ray knew that the agreement was a sham designed to conceal the true purpose of the payment to the CW.

30. On or about June 5, 2013, Ray emailed the CW in the Southern District of Florida another copy of the bogus “Marketing Services Agreement.”

31. The next day, during a telephone call between Ray and the CW in the Southern District of Florida, the CW confirmed the fraudulent nature of their activities, saying, “I do want to be clear that I am just front running this thing and doing some buying, some paid buying and creating some volume? I’m not really doing any kind of a marketing campaign, you know?” Ray replied, “Yeah.”

32. During a June 10 telephone call, Ray told the CW in the Southern District of Florida the content of the news that would be coming out. The CW told Ray he would begin the buying that day.

33. Accordingly, using a brokerage account under its control, the FBI made the following purchases of Urban stock on the open market:

DATE	AMOUNT	NUMBER OF SHARES	PERCENTAGE OF DAILY TRADING VOLUME
June 10, 2013	\$620	40,000	20%
June 11, 2013	\$640	40,000	100%
June 14, 2013	\$520	40,000	21%

34. On June 17, 2013, Urban issued a press release to the public, which was identical in content to the one Ray told the CW about.

35. On June 26, 2013, Urban's transfer agent sent via FedEx to the CW in the Southern District of Florida a stock certificate for 500,000 shares of Urban common stock.

C. Insider Trading of Urban Stock

36. At the May 16, 2013 meeting in Broward County, Clark and the FBI agent agreed to participate in an insider trading scheme involving the stock of another company ("Company B"). During the meeting, Clark agreed to sell inside information regarding Company B in exchange for a twenty percent kickback from the FBI agent.

37. As it turned out, Clark did not have access to non-public information regarding Company B. All the information Clark eventually provided to the FBI agent regarding Company B was either publicly available or fabricated and inaccurate.

38. On June 17, 2013, the FBI agent wire transferred \$10,000 from the Southern District of Florida to an entity controlled by Clark, representing an advance payment on the kickback.

39. On July 9, 2013, prior to Clark providing any of the promised information regarding Company B, Clark and the FBI agent in the Southern District of Florida discussed an additional insider trading scheme involving Urban. Prior to Clark's discussion with the FBI

agent, Ray had provided Clark with an advance copy of an Urban press release announcing a joint venture, and instructed Clark to forward it to the FBI agent. Ray hoped the FBI agent would make advance purchases of Urban stock as part of the planned stock manipulation scheme.

40. During the July 9 conversation, Clark advised the FBI agent that Urban would be releasing positive news regarding a joint venture and suggested that the FBI agent “should probably start buying.” Consistent with Ray’s instructions, Clark agreed to provide the FBI agent with an advance copy of Urban’s press release, which Clark said would “hopefully” increase the price of Urban stock by as much as three cents per share.

41. To conceal communication of the non-public information, that same day, Clark created an email account using a fictitious username and saved a copy of the press release in a “draft folder.”

42. The following day, on July 10, Clark called the FBI agent in the Southern District of Florida and provided the agent with the username and password for the email account. With Clark on the phone, the FBI agent logged into the account and reviewed the draft press release, which discussed an upcoming joint venture between Urban’s subsidiary and another company called CX Inc., pursuant to which the subsidiary would provide certain telecommunications-related construction services.

43. After the FBI agent praised Clark for his creativity for the way in which he communicated the information, Clark remarked, “it pays to be in telecom” and further reassured the FBI agent no one would be able to trace the press release to them.

44. On July 9, the FBI purchased 40,000 shares of Urban stock and an additional 40,000 shares on July 10, for a total of \$472.

45. On July 18, prior to the opening of the market, Urban publicly issued the press release that Clark had provided to the FBI agent. The announcement caused Urban's stock to rise to .013 cents a share or 30% over the previous day's close.

COUNT 1

Section 17(a)(1) of the Securities Act

46. The Commission adopts by reference paragraphs 1 through 45 of this Complaint.

47. Defendants Ray and Urban, in the offer or sale of securities by use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly employed devices, schemes or artifices to defraud.

48. By reason of the foregoing, Defendants Ray and Urban directly or indirectly 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 2

Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act

49. The Commission adopts by reference paragraphs 1 through 45 of this Complaint.

50. Defendants Ray, Clark, and Urban, directly or indirectly, in connection with the purchase or sale of securities, by the use of any means or instrumentality of interstate commerce, or of the mails, knowingly, willfully or recklessly:

(a) employed devices, schemes, or artifices to defraud; or

(b) engaged in acts, practices, or courses of business which operated or would have operated as a fraud or deceit upon any person.

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

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine, and find that Defendants have committed the violations of the federal securities laws alleged in this Complaint.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining Defendants Ray and Urban, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1), and Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act, 15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5(a) and (c), as indicated above.

Issue a Permanent Injunction restraining and enjoining Defendant Clark, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, from violating Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act, as indicated above.

III.

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.

IV.

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).

V.

Penny Stock Bar

Issue an Order barring Ray and Clark from participating in any offering of a penny stock, pursuant to Section 20(g)(1) of the Securities Act, 15 U.S.C. § 77t(g)(1), and Section 21(d)(6)(A) of the Exchange Act, 15 U.S.C. § 78u(d)(6)(A), for the violations alleged in this Complaint.

VI.

Officer and Director Bar

Issue an Order pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), barring Ray from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

VII.

Further Relief

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

VIII.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

May 22, 2014

By:

Andrew O. Schiff
Senior Trial Counsel
S.D. Fla. No. A5501900
Direct Dial: (305) 982-6390
E-mail: SchiffA@sec.gov
Lead Attorney

Michelle I. Bougdanos
Senior Counsel
Florida Bar No. 20731
Telephone: (305) 982-6307
E-mail : BougdanosM@sec.gov

**ATTORNEYS FOR PLAINTIFF
SECURITIES AND EXCHANGE COMMISSION**
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154