

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**CHARLES E. SMITH, CPA, and
MARK SMITH, CPA,**

Defendants,

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**CIVIL ACTION
No. 3-14-cv-3874**

COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

SUMMARY OF THE ACTION

1. Since at least 2006, Charles Smith, along with his brother Mark Smith (together, the “Smiths” or “Defendants”) have run a “shell factory” scheme. The scheme has involved eight public shell companies (the “Public Shell Companies”).

2. The Smiths carried out the scheme by “renting” legitimate operating companies from small business owners in exchange for the promise of additional financing. This financing was to be raised in a public stock offering (a/k/a an “IPO”). But contrary to the promises made by the Smiths to the business owners and to the information disclosed to the public, most of the money raised was retained by the non-operating holding companies controlled by the Smiths— instead of being used to finance the small businesses.

3. The Smiths did not publicly disclose their true purpose—to sell the Public Shell Companies in future reverse merger transactions. Nor did they disclose that they had structured the

scheme to avoid Commission rules concerning the sale or merger of blank check companies.¹ In order to protect investors, these rules impose heightened requirements for mergers with public shell companies.

4. The business owners had little or no involvement in the reverse merger transactions. Nor did they typically receive the financing promised by the Smiths. The Smiths, on the other hand, received significant cash proceeds and stock from the transactions.

5. In the course of executing their scheme and in violation of the antifraud provisions of the federal securities laws, the Smiths have filed and caused the Public Shell Companies to file materially false and misleading registration statements and periodic reports. The Smiths have also violated a number of other provisions of the federal securities laws.

6. The Commission seeks orders enjoining the Smiths from future violations of the federal securities laws along with civil penalties, disgorgement with prejudgment interest, penny stock bars, and—for Charles Smith—a bar from serving as a public company officer or director.

JURISDICTION AND VENUE

7. The Commission brings this action pursuant to Section 20(b) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77t(b)] and Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78u(d)].

8. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

9. Venue is proper in this District pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa] because the Defendants live in, and a substantial portion of the conduct alleged in this complaint occurred within, the Northern District of Texas.

¹ A blank check company is a development-stage company that either does not have an established business plan or has a business plan based around a merger or acquisition with another company or companies.

DEFENDANTS

10. **Charles E. Smith, CPA**, age 57, resides in Rockwall, Texas. Charles Smith founded Yorkdale Capital, LLC in December 2005 and, since 2006 has served as a principal of Yorkdale. Yorkdale's offices are located in Rockwall. Charles Smith has also been a self-employed accountant, doing business as Charles E. Smith, CPA. Charles Smith's accounting activities are based out of Rockwall.

11. **Mark Smith, CPA**, age 50, resides in Allen, Texas. Mark Smith joined Charles Smith as Yorkdale's co-principal in 2006 and remained in that role until he resigned earlier this year. Mark Smith has also been a self-employed accountant, doing business under the name AM Group. Mark Smith's accounting activities are based out of Rockwall, TX and Allen, TX.

THE PUBLIC SHELL COMPANIES

12. **Hall Tees, Inc.** is a Nevada corporation located in Rowlett, Texas. The Smiths formed it as a holding company in 2007 to acquire 100% of the membership interests of Hall Tees & Promotions, LLC and took it public through a registration statement that became effective on December 23, 2009. The company remained under the control of the Smiths during the course of their scheme. It is currently quoted on OTC Link under the ticker HTEE.

13. **Phoenix Medical Software, Inc.** is a Cayman Islands company located in Ovilla, Texas. The Smiths formed it as a holding company in 2007 and took it public through a registration statement that became effective on July 6, 2007. The company remained under the control of the Smiths during the course of their scheme. It currently has no operations other than to complete regulatory filings. It is currently quoted on OTC Link under the ticker PHXMF.

14. **Surface Coatings, Inc.** is a Texas corporation located in Rockwall, Texas. The Smiths formed it as a holding company in 2007 and took it public through a registration

statement that became effective on October 14, 2008. The company remained under the control of the Smiths during the course of their scheme. It currently has no operations other than to complete regulatory filings. It is currently quoted on OTC Link under the ticker SCTZ.

15. **Flint Int'l Services, Inc.** is a British Virgin Islands company located in Vaughn, Ontario, Canada. The Smiths formed it as a holding company in 2010 to acquire 100% of the membership interests of Flint Management, LLC and took it public through a registration statement that became effective on January 27, 2012. The company remained under the control of the Smiths during the course of their scheme. It is currently quoted on OTC Link under the ticker FNTSF.

16. **Global Condiments, Inc.** was a Nevada corporation headquartered in State College, Pennsylvania. The Smiths formed it as a holding company in 2009 to acquire 100% of the membership interests of Herlocher Foods Online, LLC and took it public through a registration statement that became effective on July 8, 2010. The Smiths controlled the company until December 31, 2013, when the company completed a reverse merger transaction with Southport Lane, Inc. Within six months of closing the reverse merger, Southport Lane ceased operations and deregistered the securities of Global Condiments.

17. **Kingdom Koncrete, Inc.** was a Nevada corporation headquartered in Rockwall, Texas. The Smiths formed it as a holding company in 2006 to acquire 100% of the membership interests of Kingdom Concrete, Inc. and took it public through a registration statement that became effective on July 27, 2007. The Smiths controlled the company until May 30, 2014, when the company completed a reverse merger with Latitude 360, Inc. The company is currently quoted on OTC Link under the ticker LATX.

18. **Premier Oil Field Services, Inc.** was a Nevada corporation headquartered in Royce City, Texas. The Smiths formed it as a holding company in 2010 to acquire 100% of the membership interests of Coil Tubing Motors Corp. and took it public through a registration statement that became effective on January 7, 2011. The Smiths controlled the company until April 7, 2014, when the company completed a reverse merger with Perfect Metals Inc. The company is currently quoted on OTC Link under the ticker AMRR.

19. **Specialty Contractors, Inc.** was a Nevada corporation headquartered in Rockwall, Texas. The Smiths formed it as a holding company in 2010 to acquire 100% of the membership interests of Texas Deco Pierre, LLC and took it public through a registration statement filed by the Smiths that became effective on February 10, 2011. The Smiths controlled the company until April 21, 2014, when it completed a reverse merger transaction with Ciao Telecom, Inc. The company is currently quoted on OTC Link under the ticker CIAU.

FACTUAL ALLEGATIONS

I. Background

20. Since at least 2006, Charles Smith and his brother Mark Smith have run a shell factory scheme. During that time, they took the eight Public Shell Companies public. They also sold four of those companies in reverse merger transactions.

21. The shell factory scheme followed a consistent pattern. First, Charles Smith (and occasionally Mark Smith) approached a small business owner offering to provide the company additional financing by selling shares of stock in an IPO. The Smiths would accomplish this by first forming a parent shell company that would “acquire” the small business. They then solicited investors to buy shares in the now-public shell company. Even though the small

business owner would be named the sole officer and director of the Public Shell Company, the Public Shell Company was actually controlled by the Smiths.

22. Unbeknownst to the business owners and contrary to the respective IPO prospectuses, the vast majority of the money raised in the IPOs was not used to operate the small businesses. Instead, it was retained by the shell companies. Even those amounts that were provided to the small businesses were typically characterized on the shell company's books as loans that eventually had to be paid back to the parent, rather than as distributions of capital that could be retained by the small business.

23. After the IPO, the small businesses would continue to operate as they always had, even though they were nominally "owned" by the shell company. The business owners were typically identified in the public filings as chief executive officer, sole director and controlling shareholder of the holding companies. But in fact, these owners had little or no involvement with the Public Shell Companies. Nor did they have knowledge of the information—and misinformation—contained in the public filings. Instead, it was the Smiths who controlled and disseminated this information to the public.

24. In essence, the Smiths had "rented" the small businesses so they could report their operating activities in the public filings. This created the appearance that the Public Shell Companies were viable companies with long-term business plans—even though the Smiths had always intended to sell the Public Company Shells in reverse merger transactions. The Smiths structured their scheme this way in order to avoid the disclosures required by the Commission's blank check company rules.

25. The Smiths ultimately sought to profit from the scheme by selling the Public Shell Companies in reverse merger transactions. They arranged these transactions by introducing

parties seeking a reverse merger to one or more of the Public Shell Companies. The Smiths arranged reverse merger transactions for four of the eight Public Shell Companies.

26. Charles Smith structured these reverse merger transactions so that all of the small business owners' stock in the public shell was cancelled in exchange for the return of ownership of their original small business. This left the owners with little or no proceeds. Instead, they were left essentially where they started—with small, private businesses, having received little or nothing from their association with the Smiths and the Public Shell Companies. Meanwhile, the Smiths received significant proceeds from the reverse merger transactions. In addition, they, their friends, and family received stock in the new public companies.

II. False and Misleading Registration Statements

27. In the course of their scheme, the Smiths filed and caused the Public Shell Companies to file materially false and misleading registration statements. For example, these filings failed to disclose the Smiths' control of the Public Shell Companies. Instead, they identified the business owners as the sole officers and directors of these companies. They also falsely stated that the Public Shell Companies rely upon the small business owners to direct the affairs of the Public Shell Companies. In fact, the Smiths directed virtually all of the affairs of these companies.

28. The registration statements prepared by the Smiths also contained false and misleading statements about the anticipated use of proceeds from the IPOs and the true purpose of the Public Shell Companies. For example, the "Use of Proceeds" section of the registration statements consistently stated that approximately 90% of the funds raised would go to the operating subsidiary (i.e., the original small business). In reality, the Smiths typically sent the

operating subsidiary only a small portion of the IPO proceeds—and then recorded that payment as a “loan,” rather than an investment.

29. The registration statements also falsely stated that the sale of stock in the IPOs would be “made by personal contact by” the sole officer and director of the Public Shell Company (i.e., the small business owner). In reality, Charles Smith (and occasionally Mark Smith) was responsible for identifying and soliciting the shareholders. At least 89% to 99% of those shareholders were trusts or other business interests controlled by the Smiths, or were the Smiths’ friends, relatives or acquaintances.

III. False and Misleading Periodic Reports

30. The Smiths caused the Public Shell Companies’ periodic public reports—which were prepared and filed by the Smiths—to contain many of the same material misstatements or omissions as the registration statements—as well as other false statements.

31. For example, the publicly-filed financial statements failed to disclose that the Smiths expected to be paid significant sums from the Public Shell Companies as a result of services apparently being provided to them by Yorkdale. When Yorkdale provided these services, the Smiths neither invoiced the Public Shell Companies, nor caused them to accrue or otherwise record the amounts supposedly owed to the Smiths and/or Yorkdale. As a result of the Smiths’ failure to include those obligations on the financial statements, investors and other reviewers of the financial statements could not tell that the Public Shell Companies owed large sums to the Smiths.

32. In addition, the periodic filings for some of the Public Shell Companies falsely describe the reasons leading to the divestiture of each company’s wholly owned subsidiary. For example, in a Form 8-K filed with the Commission on August 1, 2012 and amended on August

3, 2012, the Smiths caused Surface Coatings to falsely announce that it had divested its wholly owned subsidiary Surface Armor, LLC “due to losses and continuing related expenses.” In reality, the company was divested after the owner of Surface Armor began to feel uncomfortable with the Smiths’ scheme, voiced his concerns to the Smiths, and refused to sign any more public filings. To keep the company current in its filings and cover up the owner’s concerns, Charles Smith fraudulently signed the owner’s name to two filings—a Form 12b-25 filed with the Commission on May 15, 2012 and a subsequent Form 10-Q filed with the Commission on May 21, 2012.

33. Similarly, in a Form 8-K filed on March 7, 2013 and amended on February 4, 2014, the Smiths caused Specialty Contractors to falsely announce that the public company had divested its wholly owned subsidiary Texas Deco Pierre, LLC “due to continuing losses.” However, as with Surface Armor, the divestiture of Specialty Contractors’ operating subsidiary was actually to resolve a dispute between the Smiths and the sole officer and director of the company.

IV. False Statements to Auditors

34. At the direction of the Smiths, the small business owners, who were the nominal officers and directors of the Public Shell Companies, signed management representation letters to the company auditors. The Smiths prepared these letters.

35. These letters failed to disclose that the Public Shell Companies’ public filings failed to disclose material information—including that the Smiths controlled the companies as well as the actual amounts that the companies owed to the Smiths and/or Yorkdale.

FIRST CLAIM FOR RELIEF

(against Charles Smith only)

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder

36. The Commission realleges and incorporates by reference Paragraphs 1 through 35.

37. Charles Smith 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], which prohibit any person from employing, in connection with the purchase or sale of any security registered on a national security exchange, any manipulative or deceptive device or contrivance. Unless restrained and enjoined, Charles Smith will continue to violate Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

SECOND CLAIM FOR RELIEF

(against both Defendants)

Violations of Section 17(a) of the Securities Act

38. The Commission realleges and incorporates by reference Paragraphs 1 through 35.

39. Sections 17(a) of the Securities Act [15 U.S.C. § 77q(a)] prohibit any person from, in the offer or sale of securities: (1) employing devices, schemes or artifices to defraud; (2) obtaining money or property by means of untrue statements or omissions; and (3) engaging in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

40. Charles Smith violated and, unless restrained and enjoined, will continue to violate Sections 17(a)(1)-(3) of the Securities Act [15 U.S.C. § 77q(a)].

41. Mark Smith violated and, unless restrained and enjoined, will continue to violate Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)].

THIRD CLAIM FOR RELIEF

(against Charles Smith only)

Violations of Section 15(a) of the Exchange Act

42. The Commission realleges and incorporates by reference Paragraphs 1 through 35.

43. Charles Smith violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)], which makes it unlawful for any broker or dealer to use jurisdictional means, such as the telephone or mails, to effect any transaction in, or to induce or attempt to induce, the purchase or sale of any security unless such broker: (1) is registered with the Commission; (2) in the case of a natural person, is an associated person of a registered broker-dealer; or (3) satisfies the conditions of an exemption or safe harbor.

44. Unless restrained and enjoined, Charles Smith will continue to violate Section 15(a) of the Exchange Act.

FOURTH CLAIM FOR RELIEF

(against both Defendants)

Aiding and Abetting Violations of Sections 13(a) and 15(d) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, 13a-13, 15d-1, and 15d-13 Thereunder

45. The Commission realleges and incorporates by reference Paragraphs 1 through 35.

46. The Public Shell Companies controlled by the Smiths violated Sections 13(a) and 15(d) of the Exchange Act [15 U.S.C. §§ 78m(a) and 78o(d)] and Rules 12b-20, 13a-1, 13a-11, 13a-13, 15d-1, and 15d-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13, 240.15d-1, and 240.15d-13], which require certain issuers to file with the Commission accurate quarterly, current and annual reports. The Smiths aided and abetted these violations.

47. Unless restrained and enjoined, the Smiths will continue to aid and abet violations of Sections 13(a) and 15(d) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, 13a-13, 15d-1, and 15d-13 thereunder.

FIFTH CLAIM FOR RELIEF

(against both Defendants)

*Aiding and Abetting Violations of Section 13(b)(2)(A) of the Exchange Act
and Violations of Rule 13b2-1 Thereunder*

48. The Commission realleges and incorporates by reference Paragraphs 1 through 35.

49. The Public Shell Companies controlled by the Smiths violated Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], which requires certain reporting companies to make and keep accurate books, records, and accounts. The Smiths aided and abetted these violations. The Smiths also violated Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1], which prohibits any person from directly or indirectly falsifying any book, record, or account subject to Section 13(b)(2)(A).

50. Unless restrained and enjoined, the Smiths will continue to aid and abet violations of Section 13(b)(2)(A) of the Exchange Act.

51. Unless restrained and enjoined, the Smiths will continue to violate Rule 13b2-1 thereunder.

SIXTH CLAIM FOR RELIEF

(against Charles only)

Violations of Section 13(b)(5) of the Exchange Act

52. The Commission realleges and incorporates by reference Paragraphs 1 through 35.

53. Charles Smith violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], which provides that no person shall knowingly falsify certain books, records, and accounts.

54. Unless restrained and enjoined, Charles Smith will continue to violate Section 13(b)(5) of the Exchange Act.

SEVENTH CLAIM FOR RELIEF

(against both Defendants)

Violations of Rule 13b2-2 under the Exchange Act

55. The Commission realleges and incorporates by reference Paragraphs 1 through 35.

56. The officers and directors of the Public Shell Companies controlled by the Smiths violated Rule 13b2-2 under Exchange Act [17 C.F.R. § 240.13b2-2], which prohibits a director or officer of an issuer of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] from, in connection with a financial statement audit: (1) making or causing to be made a materially false and misleading statement to an accountant; or (2) omitting to state any material fact necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading. The Smiths aided and abetted these violations.

57. Unless restrained and enjoined, the Smiths will continue to aid and abet violations of Rule 13b2-2 under the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment that:

A. permanently restrains and enjoins Charles Smith from violations of Section 17(a) of the Securities Act of 1933 [15 U.S.C. §§ 77q(a)] and Sections 10(b), 13(b)(5), and 15(a) of the

Exchange Act [15 U.S.C. §§ 78j(b), 78m(b)(5), and 78o(a)] and Rules 10b-5 and 13b2-1 thereunder [17 C.F.R. §§ 240.10b-1 and 240.13b2-1], and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 15(d) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78o(d)] and Rules 12b-20, 13a-1, 13a-11, 13a-13, 13b2-2, 15d-1, and 15d-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13, 240.13b2-2, 240.15d-1, and 240.15d-13];

B. permanently restrains and enjoins Mark Smith from violations of Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and (3)] and Rule 13b2-1 under the Exchange Act [17 C.F.R. § 240.13b2-1], and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 15(d) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78o(d)] and Rules 12b-20, 13a-1, 13a-11, 13a-13, 13b2-2, 15d-1, and 15d-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13, 240.13b2-2, 240.15d-1, and 240.15d-13];

C. orders the Smiths to disgorge all ill-gotten gains, with prejudgment interest;

D. orders the Smiths to each pay civil penalties pursuant to Sections 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 USC § 78u(d)(3)];

E. prohibits Charles Smith, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], from acting as an officer or director of any issuer that has a class of securities registered under Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports under Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] for a period of five years following entry of the final judgment;

F. prohibits Charles Smith, pursuant to Section 21(d)(6)(A) of the Exchange Act [15 U.S.C. § 78u(d)(6)(A)] and Section 20(g)(1) of the Securities Act [15 U.S.C. § 77t(g)(1)], from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock for a period of five years following entry of the final judgment;

G. prohibits Mark Smith, pursuant to Section 21(d)(6)(A) of the Exchange Act [15 U.S.C. § 78u(d)(6)(A)] and Section 20(g)(1) of the Securities Act [15 U.S.C. § 77t(g)(1)], from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock for a period of three years following entry of the final judgment;

H. grants such other relief as the Court may deem just and appropriate; and

I. retains jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

Dated: October 31, 2014

Respectfully submitted,

/s/ Chris Davis

Davis

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COUNSEL FOR PLAINTIFF SECURITIES AND
EXCHANGE COMMISSION

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS
United States Securities and Exchange Commission
(b) County of Residence of First Listed Plaintiff
(c) Attorneys (Firm Name, Address, and Telephone Number)

DEFENDANTS
Charles E. Smith, CPA, and Mark Smith, CPA
County of Residence of First Listed Defendant Rockwall
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.
Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)
X 1 U.S. Government Plaintiff
2 U.S. Government Defendant
3 Federal Question (U.S. Government Not a Party)
4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)
PTF DEF
Citizen of This State 1 1 Incorporated or Principal Place of Business In This State 4 4
Citizen of Another State 2 2 Incorporated and Principal Place of Business In Another State 5 5
Citizen or Subject of a Foreign Country 3 3 Foreign Nation 6 6

IV. NATURE OF SUIT (Place an "X" in One Box Only)
CONTRACT: 110 Insurance, 120 Marine, 130 Miller Act, 140 Negotiable Instrument, 150 Recovery of Overpayment & Enforcement of Judgment, 151 Medicare Act, 152 Recovery of Defaulted Student Loans (Excludes Veterans), 153 Recovery of Overpayment of Veteran's Benefits, 160 Stockholders' Suits, 190 Other Contract, 195 Contract Product Liability, 196 Franchise.
REAL PROPERTY: 210 Land Condemnation, 220 Foreclosure, 230 Rent Lease & Ejectment, 240 Torts to Land, 245 Tort Product Liability, 290 All Other Real Property.
TORTS: PERSONAL INJURY: 310 Airplane, 315 Airplane Product Liability, 320 Assault, Libel & Slander, 330 Federal Employers' Liability, 340 Marine, 345 Marine Product Liability, 350 Motor Vehicle, 355 Motor Vehicle Product Liability, 360 Other Personal Injury, 362 Personal Injury - Medical Malpractice.
PRISONER PETITIONS: Habeas Corpus: 463 Alien Detainee, 510 Motions to Vacate Sentence, 530 General, 535 Death Penalty. Other: 540 Mandamus & Other, 550 Civil Rights, 555 Prison Condition, 560 Civil Detainee - Conditions of Confinement.
FORFEITURE/PENALTY: 625 Drug Related Seizure of Property 21 USC 881, 690 Other.
LABOR: 710 Fair Labor Standards Act, 720 Labor/Management Relations, 740 Railway Labor Act, 751 Family and Medical Leave Act, 790 Other Labor Litigation, 791 Employee Retirement Income Security Act.
IMMIGRATION: 462 Naturalization Application, 465 Other Immigration Actions.
BANKRUPTCY: 422 Appeal 28 USC 158, 423 Withdrawal 28 USC 157.
PROPERTY RIGHTS: 820 Copyrights, 830 Patent, 840 Trademark.
SOCIAL SECURITY: 861 HIA (1395ff), 862 Black Lung (923), 863 DIWC/DIWW (405(g)), 864 SSID Title XVI, 865 RSI (405(g)).
FEDERAL TAX SUITS: 870 Taxes (U.S. Plaintiff or Defendant), 871 IRS—Third Party 26 USC 7609.
OTHER STATUTES: 375 False Claims Act, 400 State Reapportionment, 410 Antitrust, 430 Banks and Banking, 450 Commerce, 460 Deportation, 470 Racketeer Influenced and Corrupt Organizations, 480 Consumer Credit, 490 Cable/Sat TV, 850 Securities/Commodities/Exchange, 890 Other Statutory Actions, 891 Agricultural Acts, 893 Environmental Matters, 895 Freedom of Information Act, 896 Arbitration, 899 Administrative Procedure Act/Review or Appeal of Agency Decision, 950 Constitutionality of State Statutes.

V. ORIGIN (Place an "X" in One Box Only)
X 1 Original Proceeding
2 Removed from State Court
3 Remanded from Appellate Court
4 Reinstated or Reopened
5 Transferred from Another District (specify)
6 Multidistrict Litigation

VI. CAUSE OF ACTION
Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
15 U.S.C. §§77q(a), 78j(b), 78o(a) and (d), 78(a), 78l, and 78m(b).
Brief description of cause:
Violations of Federal Securities Laws.

VII. REQUESTED IN COMPLAINT:
CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED PENDING OR CLOSED CASE(S) IF ANY (See instructions): JUDGE DOCKET NUMBER

DATE: October 31, 2014 SIGNATURE OF ATTORNEY OF RECORD: /s/ Chris Davis

FOR OFFICE USE ONLY
RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
 - (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
 - (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.
- V. Origin.** Place an "X" in one of the six boxes.
 Original Proceedings. (1) Cases which originate in the United States district courts.
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If a related case exists, whether pending or closed, insert the docket numbers and the corresponding judge names for such cases. A case is related to this filing if the case: 1) involves some or all of the same parties and is based on the same or a similar claim; 2) involves the same property, transaction, or event; 3) involves substantially similar issues of law and fact; and/or 4) involves the same estate in a bankruptcy appeal.

Attorney Signature. Date and sign the civil cover sheet.