

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

07-81164-CIV-MARRA/JOHNSON

SECURITIES AND EXCHANGE COMMISSION,)

Plaintiff,)

v.)

SEAN P. SHEEHAN,)

Defendant.)

FILED by <u>JC</u> D.C. ELECTRONIC
DEC. 7, 2007
CLARENCE MADDOX CLERK U.S. DIST. CT. S.D. OF FLA. - MIAMI

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

I. INTRODUCTION

1. This matter concerns a fraudulent scheme orchestrated by Defendant Sean P. Sheehan to manipulate the market for Compliance Resource Group, Inc. stock in violation of the federal securities laws.

2. In April 2007, Sheehan participated in a scheme in which he agreed to pay an illegal kickback to a purported West Palm Beach, Florida-based hedge fund advisor to induce the hedge fund to purchase shares of Compliance Resource stock. Unbeknownst to Sheehan, the person posing as the corrupt hedge fund investment advisor was actually an undercover FBI agent.

3. Sheehan contacted the agent to solicit interest in purchasing Compliance Resource stock. Sheehan orchestrated a plan by which he agreed to pay the agent posing as the investment adviser 30% of the proceeds from the hedge fund's purchase of Compliance Resource shares as a kickback.

4. By virtue of his conduct, Sheehan violated Section 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a); and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b) and 17 C.F.R. §240.10b-5.

5. The Commission requests the Court to enter (1) a permanent injunction restraining and enjoining Sheehan from violating the federal securities laws, (2) an order directing Sheehan to pay civil money penalties, and (3) an order barring Sheehan from participating in any offering of penny stock.

II. DEFENDANT AND RELEVANT ENTITY

A. Defendant

6. Sheehan, 37, resides in Juno Beach, Florida. Sheehan was a registered representative at several broker-dealers in New York and South Florida between 1992 and 1997. In 1996, Sheehan was charged by the NASD with effecting transactions in customer accounts without their prior knowledge or authorization. He agreed to a settlement in which he was censured and fined \$7,500. For the last ten years, Sheehan has been in the business of buying shell companies to clean up and sell to others.

B. Relevant Entity

7. At all times relevant to this Complaint, Compliance Resource was a publicly traded company quoted on the Pink Sheets (symbol “CPL”). In March 2007, Compliance Resource merged with EnerBrite. The company, now known as EnerBrite, is quoted on the Pink Sheets (symbol “ETGU”). The company markets energy management tools including occupancy sensing digital thermostats and lighting controls. In May 2007, Compliance Resource filed a Form 15 Certification and Notice of Termination of Registration with the Commission under Section 12(g) of the Exchange Act.

8. Compliance Resource's stock is penny stock. Section 3(a)(51) and Rule 3a51-1 of the Exchange Act define a penny stock as any equity security, other than those securities that are specifically excluded in Rules 3a51-1(a)-(g). The Compliance Resource stock does not qualify for any of the exclusions, and at all times relevant to this Complaint was priced at less than \$5. In addition, it did not have net tangible assets or average revenues in excess of \$2,000,000 to qualify for the exclusion in Rule 3a51-1(g).

III. JURISDICTION AND VENUE

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

10. This Court has personal jurisdiction over Sheehan, and venue is proper in the Southern District of Florida, because many of Sheehan's acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Southern District of Florida. For example, the agent was located in West Palm Beach, Florida, and Sheehan resides in Juno Beach, Florida.

11. In connection with the conduct alleged in this Complaint, Sheehan, directly or indirectly, singly or in concert with others, has made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE FRAUDULENT SCHEME

12. On April 24, 2007, Sheehan called the agent and asked whether he was interested in purchasing Compliance Resource stock. The shares were owned by an independent company

("Stock Owner"). Sheehan agreed to pay the agent 30% of the price the agent's hedge fund paid as a kickback to induce the purchase of these shares.

13. The agent informed Sheehan he owed a fiduciary duty to the hedge fund and therefore could not accept the kickback directly. Sheehan then agreed to create a phony consulting fee agreement to conceal the kickback.

14. Sheehan prepared the bogus consulting agreement between the Stock Owner and a fictitious consulting company created by the agent. Sheehan's company, Situation Management Group, Inc., was also listed as a consultant to be paid by the Stock Owner, presumably for having introduced the agent to the Stock Owner.

15. On April 20, 2007, the agent used an E-Trade account to purchase a total of 15,000 shares of Compliance Resource stock, which was reported to the market. During the purchase, Sheehan instructed the agent what price to bid and the number of shares. It appears Sheehan was working with a broker in arranging the matched trades.

16. These trades were publicly reported. Compliance Resource traded only 500 shares in the prior ten days, and the hedge fund's purchase constituted 49% of the volume on April 20, 2007.

17. On May 1, 2007, the agent received a letter from attorneys for the Stock Owner stating the consulting agreement was fraudulent and being rescinded. Therefore, despite having purchased Compliance Resource stock pursuant to a kickback arrangement, the agent was never paid the kickback and did not participate in any further transactions with Sheehan.

COUNT I

Fraud In Violation of Section 17(a)(1) of the Securities Act

18. The Commission repeats and realleges paragraphs 1 through 17 of its Complaint.

19. In April 2007, Sheehan directly and indirectly, by use of the, means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

20. By reason of the foregoing, Sheehan, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. §77q(a).

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5 of the Exchange Act

21. The Commission repeats and realleges paragraphs 1 through 17 of its Complaint.

22. In April 2007, Sheehan, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and 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 and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

23. By reason of the foregoing, Sheehan has directly or indirectly violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

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

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining Sheehan, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with him, from violating Section 17(a) of the Securities Act and Section 10(b) and Rule 10b-5 of the Exchange Act, as indicated above.

III.

Penalty

Issue an Order directing Sheehan 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. § 78(d)(3).

IV.

Penny Stock Bar

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

V.

Further Relief

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

VI.


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,

December 7, 2007

By:



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JS 44 (Rev. 11/05)

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 THE REVERSE OF THE FORM.) **NOTICE: Attorneys MUST Indicate All Re-filed Cases Below.**

<p>I. (a) PLAINTIFFS SECURITIES AND EXCHANGE COMMISSION</p> <p>(b) County of Residence of First Listed Plaintiff _____ (EXCEPT IN U.S. PLAINTIFF CASES)</p> <p>(c) Attorney's (Firm Name, Address, and Telephone Number) Amie Riggle Berlin, Esq. (305) 982-6322 Securities and Exchange Commission 801 Brickell Avenue, Suite 1800, Miami, FL 33131</p>	<p>DEFENDANTS SEAN P. SHEEHAN</p> <p>County of Residence of First Listed Defendant <u>PALM BEACH</u> (IN U.S. PLAINTIFF CASES ONLY)</p> <p>NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT LAND INVOLVED.</p> <p>Attorneys (If Known)</p>
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(d) Check County Where Action Arose: MIAMI-DADE MONROE BROWARD PALM BEACH MARTIN ST. LUCIE INDIAN RIVER OKEECHOBEE HIGHLANDS

<p>II. BASIS OF JURISDICTION (Place an "X" in One Box Only)</p> <p><input checked="" type="checkbox"/> 1 U.S. Government Plaintiff</p> <p><input type="checkbox"/> 2 U.S. Government Defendant</p> <p><input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party)</p> <p><input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)</p>	<p>III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)</p> <table style="width:100%;"> <tr> <td style="text-align: center;">PTF</td> <td style="text-align: center;">DEF</td> <td style="text-align: center;">PTF</td> <td style="text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td><input type="checkbox"/> 1 <input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business In This State</td> <td><input type="checkbox"/> 4 <input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td><input type="checkbox"/> 2 <input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td><input type="checkbox"/> 5 <input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen of Subject Foreign Country</td> <td><input type="checkbox"/> 3</td> <td>Principal Place of Business in Foreign Country</td> <td><input type="checkbox"/> 6</td> </tr> </table>	PTF	DEF	PTF	DEF	Citizen of This State	<input type="checkbox"/> 1 <input type="checkbox"/> 1	Incorporated or Principal Place of Business In This State	<input type="checkbox"/> 4 <input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2 <input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5 <input type="checkbox"/> 5	Citizen of Subject Foreign Country	<input type="checkbox"/> 3	Principal Place of Business in Foreign Country	<input type="checkbox"/> 6
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Citizen of Subject Foreign Country	<input type="checkbox"/> 3	Principal Place of Business in Foreign Country	<input type="checkbox"/> 6														

West Palm Beach / 07-81164-C10-Maria Johnson

IV. NATURE OF SUIT (Place an "X" in One Box Only)	
<p>CONTRACT</p> <p><input type="checkbox"/> 110 Insurance</p> <p><input type="checkbox"/> 120 Marine</p> <p><input type="checkbox"/> 130 Miller Act</p> <p><input type="checkbox"/> 140 Negotiable Instrument</p> <p><input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment</p> <p><input type="checkbox"/> 151 Medicare Act</p> <p><input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans)</p> <p><input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits</p> <p><input type="checkbox"/> 160 Stockholders' Suits</p> <p><input type="checkbox"/> 190 Other Contract</p> <p><input type="checkbox"/> 195 Contract Product Liability</p> <p><input type="checkbox"/> 196 Franchise</p> <p>REAL PROPERTY</p> <p><input type="checkbox"/> 210 Land Condemnation</p> <p><input type="checkbox"/> 220 Foreclosure</p> <p><input type="checkbox"/> 230 Rent Lease & Ejectment</p> <p><input type="checkbox"/> 240 Torts to Land</p> <p><input type="checkbox"/> 245 Tort Product Liability</p> <p><input type="checkbox"/> 290 All Other Real Property</p>	<p>TORTS</p> <p>PERSONAL INJURY</p> <p><input type="checkbox"/> 310 Airplane</p> <p><input type="checkbox"/> 315 Airplane Product Liability</p> <p><input type="checkbox"/> 320 Assault, Libel & Slander</p> <p><input type="checkbox"/> 330 Federal Employers' Liability</p> <p><input type="checkbox"/> 340 Marine</p> <p><input type="checkbox"/> 345 Marine Product Liability</p> <p><input type="checkbox"/> 350 Motor Vehicle</p> <p><input type="checkbox"/> 355 Motor Vehicle Product Liability</p> <p><input type="checkbox"/> 360 Other Personal Injury</p> <p>PERSONAL INJURY</p> <p><input type="checkbox"/> 362 Personal Injury - Med. Malpractice</p> <p><input type="checkbox"/> 365 Personal Injury - Product Liability</p> <p><input type="checkbox"/> 368 Asbestos Personal Injury Product Liability</p> <p>PERSONAL PROPERTY</p> <p><input type="checkbox"/> 370 Other Fraud</p> <p><input type="checkbox"/> 371 Truth in Lending</p> <p><input type="checkbox"/> 380 Other Personal Property Damage</p> <p><input type="checkbox"/> 385 Property Damage Product Liability</p> <p>PRISONER PETITIONS</p> <p><input type="checkbox"/> 510 Motions to Vacate Sentence</p> <p>Habeas Corpus:</p> <p><input type="checkbox"/> 530 General</p> <p><input type="checkbox"/> 535 Death Penalty</p> <p><input type="checkbox"/> 540 Mandamus & Other</p> <p><input type="checkbox"/> 550 Civil Rights</p> <p><input type="checkbox"/> 555 Prison Condition</p>
<p>FORFEITURE/PENALTY</p> <p><input type="checkbox"/> 610 Agriculture</p> <p><input type="checkbox"/> 620 Other Food & Drug</p> <p><input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881</p> <p><input type="checkbox"/> 630 Liquor Laws</p> <p><input type="checkbox"/> 640 R.R. & Truck</p> <p><input type="checkbox"/> 650 Airline Regs.</p> <p><input type="checkbox"/> 660 Occupational Safety/Health</p> <p><input type="checkbox"/> 690 Other</p> <p>LABOR</p> <p><input type="checkbox"/> 710 Fair Labor Standards Act</p> <p><input type="checkbox"/> 720 Labor/Mgmt. Relations</p> <p><input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act</p> <p><input type="checkbox"/> 740 Railway Labor Act</p> <p><input type="checkbox"/> 790 Other Labor Litigation</p> <p><input type="checkbox"/> 791 Empl. Ret. Inc. Security Act</p>	<p>BANKRUPTCY</p> <p><input type="checkbox"/> 422 Appeal 28 USC 158</p> <p><input type="checkbox"/> 423 Withdrawal 28 USC 157</p> <p>PROPERTY RIGHTS</p> <p><input type="checkbox"/> 820 Copyrights</p> <p><input type="checkbox"/> 830 Patent</p> <p><input type="checkbox"/> 840 Trademark</p> <p>SOCIAL SECURITY</p> <p><input type="checkbox"/> 861 HIA (1395f)</p> <p><input type="checkbox"/> 862 Black Lung (923)</p> <p><input type="checkbox"/> 863 DIWC/DIWW (405(g))</p> <p><input type="checkbox"/> 864 SSID Title XVI</p> <p><input type="checkbox"/> 865 RSI (405(g))</p> <p>FEDERAL TAX SUITS</p> <p><input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)</p> <p><input type="checkbox"/> 871 IRS—Third Party 26 USC 7609</p>
<p>OTHER STATUTES</p> <p><input type="checkbox"/> 400 State Reapportionment</p> <p><input type="checkbox"/> 410 Antitrust</p> <p><input type="checkbox"/> 430 Banks and Banking</p> <p><input type="checkbox"/> 450 Commerce</p> <p><input type="checkbox"/> 460 Deportation</p> <p><input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations</p> <p><input type="checkbox"/> 480 Consumer Credit</p> <p><input type="checkbox"/> 490 Cable/Sat TV</p> <p><input type="checkbox"/> 810 Selective Service</p> <p><input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange</p> <p><input type="checkbox"/> 875 Customer Challenge 12 USC 3410</p> <p><input type="checkbox"/> 890 Other Statutory Actions</p> <p><input type="checkbox"/> 891 Agricultural Acts</p> <p><input type="checkbox"/> 892 Economic Stabilization Act</p> <p><input type="checkbox"/> 893 Environmental Matters</p> <p><input type="checkbox"/> 894 Energy Allocation Act</p> <p><input type="checkbox"/> 895 Freedom of Information Act</p> <p><input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice</p> <p><input type="checkbox"/> 950 Constitutionality of State Statutes</p>	

V. ORIGIN (Place an "X" in One Box Only)

1 Original Proceeding 2 Removed from State Court 3 Re-filed- (see VI below) 4 Reinstated or Reopened 5 Transferred from another district (specify) 6 Multidistrict Litigation 7 Appeal to District Judge from Magistrate Judgment

VI. RELATED/RE-FILED CASE(S). (See instructions second page):

a) Re-filed Case YES NO b) Related Cases YES NO

JUDGE _____ DOCKET NUMBER _____

VII. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing and Write a Brief Statement of Cause (Do not cite jurisdictional statutes unless diversity):

15 U.S.C. § 77q(a); 15 U.S.C. 78j(b) and 17 C.F.R. § 240. 10b-5. Violations of the federal securities laws.

LENGTH OF TRIAL via 5 days estimated (for both sides to try entire case)

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

ABOVE INFORMATION IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE

Civil Penalty & Penny Stock Act
SIGNATURE OF ATTORNEY OF RECORD: _____ DATE: 12/7/07

FOR OFFICE USE ONLY

AMOUNT _____ RECEIPT # _____ IFP _____