IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS
WICHITA DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. **DELTA ONSHORE MANAGEMENT, LLC, JERRY P. JACKSON, PETER J. BROOKS, DANIEL COHEN, and JASON HERTZ,** Defendants, And **ONSHORE LEASING, LLC AND PJB ENTERPRISES, INC.** Relief Defendants.	Civil Action No. 08-1278-MLB-DWB **COMPLAINT**

Plaintiff Securities and Exchange Commission alleges:

SUMMARY

1. This case is an off-shoot of *SEC v. Michael J. McNaul, II, et al.*, pending in the United States District Court for the District of Kansas, Wichita Division, Civil Action No. 08-1159-JTM-DWB. Both cases involve nationwide securities offering frauds that raised millions of dollars through the use of purported oil-and-gas equipment-leasing joint ventures structured to evade the securities laws. In truth, however, the investments are not joint ventures, but investment contracts, which meet the statutory definition of securities and fall within the scope of the federal securities laws.

2. The defendants, acting primarily through the defendant sales agents, offered and sold securities in the same fraudulent manner as the defendants in the *McNaul* case, including using offering materials that are virtually identical to the materially false and misleading materials used by the *McNaul* defendants. Among other things, defendants, primarily through the defendant sales agents, lured investors into investing in its $6.8 million "Delta Onshore Leasing Joint Venture" offering by misrepresenting that the venture had acquired two drilling rigs that were "ready to go to work" earning annual returns of 25% to 36%. Between January and August 2008, when they were contacted by the SEC, the defendants raised approximately $2.8 million in the current scheme.

3. In fact, at the time of the offering, the Delta Onshore venture had not acquired any drilling rigs, and the offering was halted before Delta Onshore acquired any rigs. Further, its investors have received no returns over the seven-month period of the scheme. Moreover, approximately half of the funds raised from investors has been used to pay exorbitant commissions to unlicensed securities salesmen who "cold called" unsuspecting investors, over half of whom are 60 years old or older.

4. The Commission, in the interest of protecting the public from such fraudulent activities, brings this civil securities law enforcement action seeking orders freezing the defendants' assets, enjoining them from further violations of the antifraud and/or registration provisions of the federal securities laws and requiring disgorgement of ill-gotten gains, plus prejudgment interest and civil monetary penalties as allowed by law. The Commission also seeks the appointment of a receiver to preserve and protect assets for the benefit of investors.

JURISDICTION AND VENUE

5. The investments offered and sold by defendants are "securities" under Section 2(1) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77b] and Section 3(a)(10) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78c].

6. The Commission brings this action under the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] to preliminarily and/or permanently enjoin defendants from future violations of the federal securities laws.

7. This Court has jurisdiction over this action under Section 22(a) of the Securities Act [15 U.S.C. §77u(a)] and Section 27 of the Exchange Act [15 U.S.C. §§78u(e) and 78aa].

8. Defendants have, directly and indirectly, made use of the means or instrumentalities of interstate commerce and/or the mails in connection with the transactions described in this Complaint.

9. Venue is proper in this Court under Section 22(a) of the Securities Act [15 U.S.C. §77u(a)] and Section 27 of the Exchange Act [15 U.S.C. §§78u(e) and 78aa] because certain of the acts and transactions described herein took place in Wichita, Kansas and elsewhere in this district and division, and because defendant Jerry P. Jackson, the principal of the Delta venture, resides in this district and division.

DEFENDANTS

10. **Delta Onshore Management, LLC ("Delta Management")** is an Oklahoma limited liability corporation ("LLC") with its principal place of business in Ponca City, Oklahoma. Delta is the managing venturer of the unregistered purported joint venture offering.

11. **Jerry P. Jackson,** 62, resides in Wichita, Kansas, and is the president of Delta. Before forming Delta Management, Jackson worked briefly for the defendants in *SEC v. McNaul* as an investor relations representative for two of the 22 oil-and-gas equipment joint venture offerings.

12. **Peter J. Brooks**, 64, is a resident of Woodland Hills, California. Brooks, along with defendants Daniel Cohen and Jason Hertz, managed two sales offices that promoted and sold the Delta offering. Brooks has never been associated with a registered broker, dealer or investment adviser. Brooks invoked the Fifth Amendment privilege against self-incrimination in the SEC investigation and refused to answer any questions about his involvement with the facts and circumstances in this case.

13. **Daniel Cohen**, 33, is a resident of Calabasas, California. Cohen, along with Brooks and Hertz, managed two sales offices that promoted and sold the Delta offering. In 2006, Cohen was the subject of a Desist and Refrain Order issued by the California Department of Corporations for selling unregistered securities in an unrelated matter. In 2007, Cohen was the subject of Temporary Restraining Order, Asset Freeze and Appointment of a Receiver in the case styled *California Corporations Commissioner v. Eurobrand, Inc. et al.,* (Cal. Sup. Ct, May 11, 2007). Cohen has never been associated

with a registered broker, dealer or investment adviser. Cohen invoked the Fifth Amendment privilege against self-incrimination in the SEC investigation and refused to answer any questions about his involvement with the facts and circumstances in this case.

14. **Jason Hertz,** 35, is a resident of Tarzana, California. Hertz formed relief defendant Onshore Leasing, LLC. Hertz, along with Brooks and Cohen, managed two sales offices that promoted and sold the Delta offering. The SEC repeatedly tried to contact Hertz, but Hertz failed to return phone calls and declined to cooperate with the SEC investigation of this matter.

RELIEF DEFENDANTS

15. **Onshore Leasing, LLC ("Onshore")** is a Nevada corporation formed by Jason Hertz. It maintains offices in Encino California. Between May 5 and July 28, 2008, Onshore received at least approximately $796,000 in commissions from the sale of interests in the Delta venture.

16. **PJB Enterprises, Inc. ("PJB")** is a California corporation formed by Peter J. Brooks. Between May 19, and July 7, 2008, PJB received at least approximately $136,000 in commissions from the sale of interests in the Delta venture.

FACTS

Background

17. On May 28, 2008, the Commission filed a civil injunctive action in this Court against 10 defendants, including Michael J. McNaul ("McNaul) and Russell W. Kilgariff ("Kilgariff"), alleging that between March 2004 and December 2007, they fraudulently raised approximately $156 million from over 1,300 investors in the United

States and Canada, through the use of 22 purported oil-and-gas related equipment "joint ventures."

18. In that scheme, approximately $78 million, or 50%, of the funds raised from investors was paid to unlicensed securities salesmen to tout the investment. All but one of the 22 ventures involved the purported acquisition and refurbishment of approximately 59 used oil-and-gas drilling rigs, which were to be leased to McNaul and Kilgariff's affiliated drilling companies, earning investors promised annual returns between 20% and 40%.

19. Each of the 22 ventures was a complete failure. Only a few of the ventures received any returns, and in several instances these returns were funded with investor funds obtained in subsequent ventures (*i.e.*, Ponzi Payments). Further, as of the time of the SEC's lawsuit, only eight of the 59 drilling rigs purportedly owned by the ventures were operating, and the defendants had failed to deliver promised rigs in at least six ventures.

20. The Commission's complaint charged the defendants with making numerous misrepresentations, omissions, and half-truths concerning, among other things, the background and experience of management, the purported success and profitability of the ventures, and the safety and risks of the investment. The Commission charged McNaul and Kilgariff, specifically, with concealing from investors their January 2007 permanent injunction by a Colorado State court for fraudulently selling unregistered securities in connection with offering several oil-and-gas drilling ventures. Shortly after the Commission filed its lawsuit in *SEC v. McNaul*, each defendant consented to full injunctive relief.

21. Between October and December 2007, defendant Jackson worked for Kilgariff handling investor relations for the 21st and 22nd ventures. In connection with the 21st venture, McNaul and Kilgariff had raised approximately $11 million from investors between February and December 2007, to acquire, refurbish and lease a single drilling rig. But McNaul and Kilgariff never delivered the promised rig to the venture, and investors in this venture have received no returns on their investment.

22. In December 2007, Jackson learned that Kilgariff and McNaul were under investigation by the SEC in connection with their oil-and-gas equipment offerings. McNaul and Kilgariff, however, advised him the investigation was minor and nothing to concern himself with.

Formation of the Delta Onshore Venture

23. McNaul and Kilgariff were undaunted by the failure of their previous 22 ventures. In January 2008, Kilgariff and McNaul approached Jackson, who by then knew they were under investigation by the SEC, with a proposal to do another joint venture involving the acquisition and leasing of two oil-and-gas drilling rigs. Unlike the drilling rigs that were purportedly acquired in their earlier ventures, Kilgariff and McNaul represented to Jackson that the two rigs to be acquired by the new venture were already refurbished and ready to drill.

24. Further, McNaul and Kilgariff told Jackson that they would handle all of the critical details of the venture, including providing the two drilling rigs to be sold to the venture, arranging for a drilling company to lease the rigs from the venture, hiring "licensed, bonded" salesmen to raise funds for the venture, and preparing all of the investor offering materials.

25. McNaul and Kilgariff also told Jackson that they had formed a new Oklahoma drilling company, Crown Drilling and Lease Services, LLC ("Crown"), that would lease the two rigs from the venture. Crown was to be operated by Kilgariff's two sons and the sons' older step-brother. While the sons and step-brother had experience working in the oil field, none had ever worked as a drilling contractor.

26. McNaul and Kilgariff advised Jackson to establish a new Oklahoma company through which to operate the venture, defendant Delta Management. Kilgariff further provided Jackson with approximately $20,000 in start-up funds.

27. As compensation for his role in the venture offering, McNaul and Kilgariff told Jackson he would receive between $150,000 and $200,000 from a proposed $750,000 one-time management fee to be paid from investor funds (assuming 100% capitalization of the venture). In turn, Jackson agreed to pay McNaul and Kilgariff the remaining $500,000 to $550,000 for their roles in setting up the venture.

The Delta Onshore Offering

28. In early 2008, McNaul and Kilgariff provided Jackson with the following offering materials for the "Delta Onshore Leasing Joint Venture" ("Delta Venture"): (a) a Confidential Offering Memorandum ("CIM"), dated January 2, 2008; (b) a glossy promotional brochure; and (c) a promotional DVD. The CIM and promotional brochures were printed by a Wichita, Kansas company, Copies and More, managed by McNaul's daughter and son.

29. Except for the name of the venture, the Delta Venture CIM, brochure and DVD are virtually identical in language and format to the CIM's, brochures and DVD's used by McNaul and Kilgariff in their prior oil-and-gas drilling rig venture offerings. In

summary, the Delta offering materials proposed to raise $6.8 million from the sale of 50 units in the Delta Venture to acquire and lease two drilling rigs.

30. Defendant Jackson reviewed the Delta Venture CIM, brochure, DVD and approved their distribution to potential Delta investors. Further, Jackson continued to distribute the offering materials to investors after being advised by the principal of Crown (Kilgariff's sons' step-brother) that the promotional brochure was a "crock" and a "joke."

31. Kilgariff and McNaul also hired salesmen they had used to sell their previous 22 ventures to solicit investors in the Delta Venture offering. Kilgariff and McNaul initially hired Ray Leonard (another defendant in the *SEC v. McNaul* action) and his company, Consumer Information Network ("CIN"), to sell the Delta offering at a commission rate of 45%.

32. Leonard is a convicted felon who has been on supervised release from federal prison since 2005, following his January 2004 mail fraud conviction. Conditions of Leonard's supervised release prohibit him from engaging in any telemarketing activities or selling any investments. Jackson performed no due diligence into Leonard's background.

33. After Leonard and CIN sold a few units in the Delta Offshore venture, Jackson became uncomfortable using Leonard and refused to do business with him. Kilgariff then introduced Jackson to another unlicensed salesman who had sold interests in Kilgariff's earlier ventures, defendant. Brooks. Brooks, in turn, introduced Jackson to defendants Cohen and Hertz.

34. Brooks, Cohen and Hertz, and/or salespersons working for them, "cold called" potential investors for the Delta offering from names they obtained from

purchased lead lists. Before agreeing to hire Brooks, Cohen and Hertz, Jackson performed no due diligence into their backgrounds. Nor did he require that they complete a background questionnaire or sign an agreement. It was not until April 2008 that Jackson finally met these salesmen face-to-face during a due diligence trip to California.

35. In late 2007, McNaul and Kilgariff arranged for the delivery of three drilling rigs and related equipment to Crown. All three of the rigs were inoperable and required substantial repairs and improvements before they could be used to drill an oil and gas well.

36. Moreover, Crown lacked sufficient funds to perform the repairs and improvements needed to make the rigs operational. Of the approximately $2.8 million raised from Delta investors, Jackson paid only $120,000 to Crown. Crown used these funds to refurbish the two rigs, but the funds were insufficient to complete the refurbishment.

37. Two of the rigs delivered to Crown, rig #1103 and rig #1107, were supposed to be purchased by the Delta Venture. According to the Delta CIM, the venture was going to "purchase this equipment for $6,800,000, which represents costs (sic) for the Equipment, as well as reimbursement for the Venture's Organizational Costs." Delta never purchased the three rigs. Defendants never disclosed the true status of these rigs.

38. Thus, after deducting the 45% commissions paid to Delta's salesmen, the CIM implied that the rigs and related equipment would cost the venture approximately $3.7 million. In truth, the value of the two rigs and related equipment was nowhere near $3.7 million.

39. Between February 4, 2008 and July 31, 2008, defendants raised approximately $2.8 million from 50 investors residing in 23 states and the District of Columbia. More than half of the investors are over 60 years old. At least 13 investors list their occupation as "retired" and several invested retirement funds in the venture. This was no accident; the promotional brochure encouraged investments through IRA's.

40. Many of the investors have no oil-and-gas experience and are completely dependent upon defendants to manage their investments. Their fortunes are tied to defendants' actions.

41. Of the $2.8 million raised, approximately $932,000 has been paid in sales commissions to the relief defendants controlled by Brooks, Cohen and/or Hertz. Jackson has received approximately $80,000. Crown has received approximately $120,000. Kilgariff has received approximately $50,000. Copies and More, the company purportedly run by McNaul's daughter, received approximately $60,000, for excessive printing and copying charges. Approximately $1.1 million remains frozen by Jackson at the direction of his attorney.

False and Misleading Statements

42. The Delta promotional brochure, which the defendants provided to prospective investors as late as August 2008, contains the following statements:

- "Based on our experience we feel the projections [between "24.78%" and 36.28% annual net profits for a one unit interest in the venture] to be true and reasonable."
- "[the drilling rigs] will be leased and operated by a seasoned team of industry professionals."
- "[the drilling rigs] are updated and ready to go to work for our lessee."
- "[Crown Drilling] is planning its first well within 30 days."

43. The Delta DVD, which the defendants provided to prospective investors as late as August 2008, contains the following statements:

- "This vital equipment will be leased and managed by a very experienced team so as to provide the investor with an excellent return."
- "Over the last few years there have been, and continues to be waiting lists for the services provided by [Delta's] equipment."
- "Delta Onshore Leasing has obtained commitments from qualified lessees to provide the needed production services equipment."
- "Because these assets are in constant use, investors are provided an immediate income stream, paid quarterly and equity returns on investment as high as 6-10 times multiples in 3 to 5 years."
- "Delta Onshore Leasing maintains profitability by maintaining those assets in like new condition. All repairs and preventative maintenance is (sic) done by our own Department of Transportation certified mechanics."
- "Delta Onshore Leasing is your best opportunity for private equity investments."

44. The Delta CIM, which was provided to prospective investors as late as August 2008, contains the following statements:

- "[Delta Management] has entered into agreements with independent third parties to provide certain marketing, sales and placement services, which are included as a portion of the Organizational Costs of the Venture. These Organizational Costs could be as much as 45% of the Venture's Initial Venture Capital." (emphasis supplied)
- "[Delta Management] will contribute an aggregate of one percent (1%) of Initial Capital [$68,000] in cash as its initial capital contribution to the Venture."
- "This will be the first joint venture formed and business operation engaged in by [Delta Management] as well as the second joint venture formed by [Delta Management] or its Affiliates to engage in the business of purchasing and leasing equipment." (emphasis supplied)"

- "[Delta Management], as Managing Venturer, will receive a one-time management fee of $750,000 or 11% to be paid by the Venture from the initial proceeds of the Venture offering."

45. The statements in the brochure, CIM and DVD, were materially false and/or misleading because the defendants failed to disclose to investors:

- the identity of, and the significant roles played by McNaul and Kilgariff in the formation and operation of the Delta venture, including the preparation of offering materials, hiring salesmen, providing the rigs to the venture, and their formation of the proposed lessee of the rigs, Crown Drilling.

- the existence and operating history of McNaul's and Kilgariff's prior 22 oil and gas related equipment leasing ventures, including the fact that none of the ventures had returned the projected returns to investors and that McNaul and Kilgariff had failed to deliver drilling rigs to at least six of the ventures;

- the prior disciplinary history of McNaul and Kilgariff, including that as of June 5, 2008, each had been permanently enjoined by this Court for fraudulently offering and selling securities in connection with ventures identical to the Delta venture;

- That McNaul and Kilgariff were to receive over 2/3 of the proposed $750,000 management fee;

- Jackson's prior association with two of McNaul and Kilgariff's ventures;

- That the two proposed rigs to be acquired by the Delta venture were inoperable and needed substantial repairs and equipment.

- That the principals of Crown Drilling: had no experience as drilling contractors; were not certified Department of Transportation mechanics; and had only a verbal commitment from a third party oil and gas operator to drill three to ten shallow wells.

- That neither Delta Management, nor Jackson, had sufficient funds to pay the required 1% Management contribution to the venture, and that Jackson intended to make the contribution from his share of the management fee, thereby reducing the stated total capitalization for the venture.

- That Jackson had already agreed to pay commissions to unlicensed salesmen equal to 45% of the funds raised in the Delta offering.

46. Jackson sent a letter to investors on June 27, 2008, in which he stated:

- "[c]urrently both Delta rigs are in the Crown Drilling yard."
- "[w]e has taken advantage of the weather related down time to do regular maintenance and some upgrades to the rigs.
- "[w]e have three sizable producers whom have committed to Crown Drilling their numerous exploration initiatives that will keep the Delta Rigs schedules full into 2009.
- "[w]e anticipate a distribution to the partners in the fourth quarter."

47. Three days later, on June 30, 2008, Jackson sent another letter to investors in which he stated "[w]e are confident that this drilling rig will deliver substantial returns for the partnership."

48. These statements misled investors to believe that the venture had acquired the two rigs, the rigs were operable, that Crown was the lessee, and that Crown had contracts to use the rigs through 2009, even though: (a) the venture never purchased the rigs from Crown; (b) the Crown rigs were not operable; (c) Crown had no agreements to use the rigs; and (d) no vote had been taken among investors to purchase the rigs or to select Crown as the lessee, contrary to the representations in the CIM that investors would play a significant management role in the venture.

Lulling Correspondence

49. When they initially invested, several Delta investors were told by their salesmen that they could expect to receive their first lease revenue check by the third quarter of 2008. When the checks failed to appear, several investors complained to either their salesmen or Jackson. One investor requested a list of his fellow partners, but the request fell on deaf ears, and the list was never provided.

50. Jackson mailed a letter to all Delta investors in late June 2008, claiming that:

- currently both Delta rigs are in the Crown Drilling yard.
- we have taken advantage of the weather related down time to do regular maintenance and some upgrades to the rigs.
- we have three sizable producers whom have committed to Crown Drilling their numerous exploration initiatives that will keep the Delta Rigs schedules full into 2009.
- we anticipate a distribution to the partners in the fourth quarter.

51. In late July 2008, Brooks, Cohen and Hertz apparently sent another misleading letter to at least one investor on "Delta Onshore" letterhead with the same address as the California offices of Brooks, Cohen and Hertz. The letter is purportedly signed by "Jason Kline" as "Managing Partner" of the venture. A call to the office from which the letter was purportedly sent revealed that no one named Jason Kline has ever been employed there.

52. The letter falsely claims that "both rig 1 and 2 are out in the field and have started their drilling contracts. You should see revenue from this contract no later than October 1, 2008."

53. On July 31, 2008, a salesman working for relief defendant Onshore sent a fax to an investor on the "Delta Leasing" letterhead with the same address. The fax listed various "Benefits of the Investment," including "income every 90 days;" "safety of your investment capital" because the investment is "backed by 2 multi-million dollar land based drilling rigs worth millions of dollars that can be sold off at any time in the future for a profit;" projected 24.77% return "in the first year alone;" and an exit strategy that featured taking the company public and making investors 6-8 times their money. None of these statements had any basis in fact.

54. Perhaps the most egregious misstatements in the July 31 fax concerned "established clients with contracts already in place." The fax falsely asserted that "[t]he first rig is already out in the field with a very established and experienced leasee (sic)." "So we've already started generating our clients revenue on this venture." These statements were highly false and misleading.

55. Finally, in late July 2008, Jackson ceased making any more payments to Crown and began negotiations to purchase a drilling rig from a Texas company. Delta investors were never notified of this decision. The transaction did not close as a result of Jackson freezing the Delta funds upon advice of counsel.

FIRST CLAIM
AS TO DEFENDANTS JACKSON AND DELTA MANAGEMENT

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

56. Plaintiff Commission repeats and realleges paragraphs 1 through 55 of this Complaint and incorporated herein by reference as if set forth verbatim.

57. Defendants Jackson and Delta Management, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (a) employed devices, schemes and 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 light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

58. As a part of and in furtherance of their scheme, defendants Jackson and Delta Management, directly and indirectly, prepared, disseminated or used contracts,

written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth in Paragraphs 1 through 55, above.

59. Defendants Jackson and Delta Management made the referenced misrepresentations and omissions knowingly or with severe recklessness disregarding the truth.

60. For these reasons, defendants Jackson and Delta Management have violated and, unless enjoined, will continue to violate the provisions of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

SECOND CLAIM
AS TO DEFENDANTS JACKSON AND DELTA MANAGEMENT

Violations of Section 17(a) of the Securities Act

61. Plaintiff Commission repeats and realleges paragraphs 1 through 55 of this Complaint and incorporated herein by reference as if set forth verbatim.

62. Defendants Jackson and Delta Management, directly or indirectly, singly, in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the

circumstances under which they were made, not misleading; and (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

63. As part of and in furtherance of this scheme, defendants Jackson and Delta Management, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of material fact and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those statements and omissions set forth in paragraph 1 through 55 above.

64. Defendants Jackson and Delta Management made the referenced misrepresentations and omissions knowingly or with severe recklessness disregarding the truth.

65. For these reasons, defendants Jackson and Delta Management have violated, and unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. 77q(a)].

THIRD CLAIM
AS TO ALL DEFENDANTS

Violations of Section 5(a) and 5(c) of the Securities Act

66. Plaintiff Commission repeats and realleges paragraphs 1 through 55 of this Complaint and incorporated herein by reference as if set forth verbatim.

67. Defendants, directly or indirectly, singly and in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and have been, directly and indirectly: (a) making use of the means and instruments of transportation and

communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise; (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

68. As described in this Complaint, defendants offered and sold the purported Delta Onshore joint venture investment program to the public through a general solicitation of investors. No registration statement has been filed with the Commission or is otherwise in effect with respect to these securities.

69. For these reasons, defendants have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. 77e(a) and 77e(c)].

FOURTH CLAIM
AS TO DEFENDANTS BROOKS, COHEN AND HERTZ

Violations of Section 15(a)(1) Of The Exchange Act

70. Plaintiff Commission repeats and realleges paragraphs 1 through 55 of this Complaint and incorporated herein by reference as if set forth verbatim.

71. At the times alleged in this Complaint, defendants Brooks, Cohen and Hertz have been in the business of effecting transactions in securities for the accounts of others.

72. Defendants Brooks, Cohen and Hertz made use of the mails and of the means and instrumentalities of interstate commerce to effect transactions in and to induce or attempt to induce the purchase of securities.

73. At the times alleged in this Complaint, defendants Brooks, Cohen and Hertz were not registered with the Commission as a broker or dealer, as required by Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

74. By reason of the foregoing, defendants Brooks, Cohen and Hertz have violated and, unless enjoined, will continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. §78o(a)(1)].

FIFTH CLAIM
AS TO RELIEF DEFENDANTS

Claim Against the Relief Defendants
As Custodians of Investor Funds

75. Plaintiff Commission repeats and realleges paragraphs 1 through 55 of this Complaint and incorporated herein by reference as if set forth verbatim.

76. As set forth in this Complaint, relief defendants have received funds and property from one or more defendants that constitute the proceeds, or are traceable to the proceeds, of the unlawful activities of defendants.

77. Relief defendants have obtained the funds and property alleged above under circumstances in which it is not just, equitable or conscionable for them to retain the funds and property. As a consequence, relief defendants have been unjustly enriched.

RELIEF REQUEST

Plaintiff respectfully requests that this Court:

I.

Permanently enjoin defendants Jackson and Delta Management from violating Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

II.

Preliminarily and permanently enjoin defendants Brooks, Cohen and Hertz from violating Sections 5(a) and 5(c) of the Securities Act and Section 15(a)(1) of the Exchange Act.

III.

Enter an Order immediately freezing the assets of defendants (except Jackson) and relief defendants and directing that all financial or depository institutions comply with the Court's Order.

IV.

Order the appointment of a receiver to recover, preserve and distribute funds and assets for the benefit of investors.

V.

Enter an Order against the defendants and relief defendants prohibiting the destruction of documents and permitting the parties to take expedited discovery.

VI.

Order the defendants and relief defendants to disgorge an amount equal to the funds and benefits they obtained illegally as a result of the violations alleged herein, order relief defendants to prepare a sworn accounting of the receipt and disposition of all such funds and benefits, and order the defendants to pay prejudgment interest on the funds and benefits they received.

VII.

Order civil penalties against the defendants 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)], for their securities law violations.

VIII.

Order any additional relief that this Court may deem just and proper.

Respectfully submitted,

DATED: September 18, 2008

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