

**UNITED STATES DISTRICT COURT FOR THE
NORTHERN DISTRICT OF ILLINOIS**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

DUANE N. MARTIN and GARY TRUMP,

Defendants.

No.

Hon.

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "Commission") alleges as follows:

NATURE OF THE COMPLAINT

1. This case involves a multi-faceted fraud spearheaded by Duane Martin, then-CEO of Universal Food & Beverage Company ("Universal"), aided, in some aspects, by a penny stock promoter named Gary Trump. Universal, which developed and manufactured flavored waters and other beverages, went public in March 2005 through a reverse merger into a publicly traded shell. During his brief tenure as CEO, Martin engaged in an uninterrupted string of securities law violations that ended when he was forced to resign in June 2006. He violated the registration provisions by improperly issuing stock registered on Form S-8 (the "S-8 offering") to various ineligible "consultants" to promote Universal's stock and pay off Martin's personal debts. Trump played a critical role in that illegal S-8 offering; he not only took S-8 shares in exchange for promotion services, he also (a) hand-picked a team of penny stock promoters who

participated in the offering and (b) illegally distributed his S-8 shares to the public without registration.

2. Martin also violated the antifraud provisions in at least three instances.

(a) First, Martin reviewed, approved, and signed Universal's Form S-8 which misrepresented the true purpose of the S-8 offering. The Form S-8 stated that the offering was made to compensate outside consultants for future "*bona fide* services rendered to the Company," when, in reality, at least 44% of the shares went to stock promoters and Martin's personal creditors.

(b) Second, Martin reviewed, signed, and certified Universal's 2005 Form 10-KSB which (i) recorded bogus "Consulting Agreements" with the S-8 recipients as prepaid assets, thereby overstating Universal's assets by 13.3% and understating losses by 32.4%, (ii) falsely stated that Universal's officers were deferring 50% of their salary pending certain sales benchmarks and safeguards when, in reality, Martin had already ignored those safeguards and improperly paid himself \$240,000 of deferred salary, and (iii) failed to disclose \$858,871.66 in payments that Martin directed to himself and his creditors in 2005 and 2006, including the deferred salary payment, \$157,500 in S-8 stock and \$226,941 in cash paid to Martin's creditors, and \$234,430.66 in short-term loans that Martin took from Universal in violation of Section 13(k) of the Securities Exchange Act of 1934. To hide his prolific self-dealing, Martin lied to Universal's outside auditor and forged invoices to make it appear that payments to his creditors were for services to Universal.

(c) Third, Martin defrauded investors in a February 2006 preferred stock offering, lying about the use of proceeds from the offering and falsely stating that recipients in Universal's illegal S-8 offering composed Universal's "sales team."

JURISDICTION

3. This Court has jurisdiction over this action pursuant to Section 22 of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77v] and Section 27 of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78aa].

DEFENDANTS

4. **Duane N. Martin**, age 42, a St. Charles, Illinois resident, was Universal's CEO and Chairman of its Board of Directors from September 2004 until he was forced to resign on June 1, 2006. While at Universal, Martin separately owned two grocery stores through two now-defunct entities.

5. **Gary Trump**, age 52, a Vero Beach, Florida resident, is a penny stock promoter who touted stocks through two wholly-owned "investor relations" firms and several penny stock websites. In October 2005, Trump received 300,000 shares of Universal stock in its purported S-8 offering.

RELATED ENTITY

6. **Universal Food & Beverage, Co.**, a Nevada corporation headquartered in St. Charles, Illinois, developed and bottled sports drinks and other beverages. Universal's common stock was registered with the Commission pursuant to Exchange Act Section 12(g) and was traded on NASDAQ Stock Market, Inc.'s OTC Bulletin Board until it was delisted on June 25, 2006 for Universal's failure to file its First Quarter 2006 Form 10-QSB. Universal ceased operations in July 2007 and, on August 31, 2007, filed a

petition for relief under Chapter 11 of the U.S. Bankruptcy Code. The Court dismissed the bankruptcy on December 16, 2008, finding that no assets of value remained to distribute.

FACTS

Background of Universal Food & Beverage Co.

7. Universal was originally incorporated on July 19, 2004.
8. On September 1, 2004, Duane Martin executed an employment contract with Universal, taking the position of Chief Executive Officer.
9. At all times relevant to this Complaint, Universal's corporate office was quite small. The company never had more than nine employees at its St. Charles, Illinois headquarters.
10. Until May 2006, Universal's Board of Directors was composed of Martin and Universal's Chief Operating Officer. During his employment with Universal, Martin was the Board's Chairman.
11. To conserve Universal's operating cash, Martin and his fellow officers agreed to defer 50% of their salary until Universal reached certain revenue benchmarks.
12. Specifically, the officers' employment agreements each stated that the officers would not be paid deferred salary until Universal "achieves...\$4,000,000 in annualized revenue...as determined by [its] Chief Financial Officer, subject to Board approval."
13. Universal started operations by simultaneously purchasing a Virginia bottling plant and completing a reverse merger into a publicly traded shell company.

14. On March 2, 2005, both the reverse merger and the plant purchase closed and Universal became a public company with Martin at the helm.

Martin's Separate Grocery Store Business

15. Throughout his tenure at Universal, Martin owned and operated a separate personal grocery store business on the side.

16. Martin owned and operated his grocery stores through two wholly-owned entities – DNM Group, LLC and DNM-Morris, LLC.

17. By mid-2005, his stores were under financial stress and the stores' unpaid debts mounted.

18. For example, by August 2005, Martin faced massive unpaid construction costs incurred by one of his stores, including:

- (a) \$11,941 for design work;
- (b) over \$100,000 for refrigeration work; and
- (c) over \$675,000 to the general contractor.

Universal's S-8 Offering

19. In October 2005, Martin – with the help of penny stock promoter Gary Trump – engineered an offering of Universal S-8 stock.

20. On October 18, 2005, Universal filed a Form S-8 with the Commission, purportedly registering 3,250,000 shares of Universal stock at a maximum price of \$1.05 per share.

21. Martin reviewed, approved, and signed Universal's Form S-8.

22. Prior to reviewing and signing Universal's Form S-8, Martin had been advised by Universal's outside counsel, and by Universal's Chief Financial Officer, regarding the proper uses of S-8 stock.

23. Specifically, before Martin reviewed and signed Universal's Form S-8, Martin knew that:

- (a) S-8 stock could be issued only to employees or consultants who provide *bona fide* services to the issuer; and
- (b) S-8 stock could not be used to compensate individuals for capital raising activities, including stock promotion, solicitation of investors, and the engineering of reverse mergers.

24. Universal's Form S-8 included a "2005 Compensation Plan for Outside Consultants" which was reviewed and approved by Martin both in his capacity as Universal's CEO and as Chairman of its Board of Directors.

25. The 2005 Compensation Plan represented that the S-8 shares were issued to "provid[e] outside consultants with compensation for *bone fide* [sic] consulting services rendered to the Company."

26. The representation identified in ¶ 25 was false when made. In reality, at the time the S-8 was filed, (a) 150,000 shares were earmarked to Martin's personal creditors who did not provide any services to Universal and (b) 910,000 shares were earmarked to pay ineligible individuals (including Trump) for stock promotion and other capital raising activities and who did not provide any eligible services to Universal.

27. At the time he approved and signed Universal's Form S-8, Martin knew, or recklessly disregarded, the facts described in ¶ 26.

28. The misrepresentation described in ¶ 25 was material in that reasonable investors, in making their investment decisions, would find it important that, rather than giving stock to eligible consultants providing *bona fide* services to Universal, Martin had directed a significant portion of the S-8 offering to those who either performed no services to the company or who were otherwise ineligible to receive shares.

29. On October 19, 2005, Universal issued 2,412,500 S-8 shares at \$1.05 per share (\$2,533,125 total) to 22 recipients.

30. Each S-8 recipient entered into a “Consultant Stock Agreement” (“Consulting Agreement”) with Universal.

31. The form of the Consulting Agreement was reviewed and approved by Martin, and each Consulting Agreement was executed by Martin on Universal’s behalf.

32. Each Consulting Agreement contained a generic, one-sentence description of the services to be provided by the “consultant,” such as “retail client development.”

33. Martin oversaw the entire S-8 offering process. He had final say on who would receive shares and the number of shares each recipient would receive, and drafted – for inclusion in the Consulting Agreement – the cursory description of services that each recipient would purportedly provide to Universal.

34. For many of the S-8 recipients, the Consulting Agreements were a charade designed to make it appear that the “consultants” were eligible to receive S-8 stock.

35. Instead of issuing shares to *bona fide* consultants to Universal – as stated in the Form S-8 and as required by the Securities Act – Martin inappropriately directed at least 1,060,000 purported S-8 shares worth \$1.11 million (nearly 44% of the S-8 shares issued) to ineligible individuals.

36. Of those 1,060,000 shares, Martin used 150,000 to pay his personal creditors and 910,000 to pay Trump and a team of stock promoters that Trump had hand-picked to raise capital for Universal by promoting Universal's stock, recruiting investors, and/or engineering Universal's reverse merger.

S-8 Shares to Martin's Creditors:

37. With his grocery stores' debts mounting, Martin sought to ease his personal cash-flow crisis by surreptitiously directing purported S-8 shares to two of his personal creditors.

38. Martin directed 100,000 purported S-8 shares to a contractor who held over \$100,000 of unpaid invoices for refrigeration work performed in Martin's grocery stores. Martin drafted a sham Consulting Agreement which stated that the refrigeration contractor would perform "process piping" services for Universal.

39. Martin also directed 50,000 purported S-8 shares to a personal injury lawyer who worked on various legal matters for Martin personally, for Martin's then-wife, and for Martin's grocery business. Martin drafted a bogus Consulting Agreement that made it appear that the personal injury lawyer would "give legal advice on non-SEC matters and assist with workers' compensation and other potential litigation issues."

40. Contrary to the description of services in their Consulting Agreements, the refrigeration contractor and the personal injury lawyer performed no services for Universal and were ineligible to receive S-8 stock.

S-8 Shares to Stock Promoters, Including Gary Trump:

41. Leading up to the S-8 offering, Martin candidly told his fellow officers that he planned to issue S-8 shares to pay stock promoters to hype Universal. In fact,

during his search for a suitable “public relations” firm, Martin indicated that he intended to issue S-8 shares “for promotional purposes to ‘stir’ Universal’s stock.”

42. Martin’s search for “public relations” help led him to Gary Trump.

43. At all times relevant to this Complaint, Trump owned several stock promotion websites offering various services, including e-mail spam, web posting of “corporate profiles,” direct mail advertising, and fax blasting.

44. At all times relevant to this Complaint, Trump also owned and operated two purported public relations firms – The Financial Globe, Inc. and Kaiden Daniel.

45. At the time of Universal’s S-8 offering, Trump knew that S-8 stock could not be used to pay for stock promotion or investor relations services.

46. Likewise, Universal’s outside counsel informed Martin that S-8 stock could not be used for capital raising activities, including stock promotion or investor relations services.

47. Starting in May 2005, Trump attempted to raise capital for Universal by (a) drafting press releases to create “market awareness” of Universal’s stock, (b) serving as Universal’s “investor relations” contact, (c) organizing meetings with investors and brokers, and (d) distributing newsletters and “fact sheets” to potential investors.

48. On October 19, 2005, Martin directed 300,000 purported S-8 shares (worth \$315,000) to Trump.

49. Having been advised by Universal’s outside counsel that S-8 shares could not be used for capital raising activities, Martin structured Universal’s Consulting Agreement with Trump to create the appearance of compliance; Martin and Trump

executed a sham contract that made it appear that Trump was paid 300,000 S-8 shares for developing Universal's website rather than for finding new capital.

50. In reality, at all times relevant to this Complaint, Universal did not have a fully functional website and Trump performed almost no work on the rudimentary site that existed. The overwhelming majority of services Trump provided involved the capital raising activities identified in ¶ 47.

51. In addition to providing his own promotion services, Trump hand-picked a team of stock promoters willing to hype Universal in exchange for S-8 shares.

52. Trump played a vital role in this aspect of the S-8 offering. Among other things, Trump selected the promoter "consultants," and determined the number of shares each promoter would receive.

53. In total, with Trump's assistance, Martin directed 610,000 shares – worth \$640,500 – to five stock promoters to pay for (a) stock promotion, (b) recruitment of individual investors, and (c) the negotiation of Universal's March 2005 reverse merger.

54. None of the five promoters who received S-8 shares provided the services described in their Consulting Agreements with Universal or otherwise provided services to Universal that qualified for compensation with S-8 stock.

55. Trump and other members of his promoter "team" resold a portion of their S-8 shares to the public within weeks of receiving them.

56. In Trump's case, between November 4, 2005 and May 8, 2006, Trump improperly sold 100,000 of his purported S-8 shares to the public in 22 transactions for a total profit of \$69,976.27.

57. No registration statement was ever filed relating to Trump's resale of S-8 shares to the public.

Martin Used Universal Funds to Pay His Personal Debts

58. In December 2005, Universal secured a \$3.1 million bridge loan from an Illinois-based hedge fund.

59. Shortly thereafter, Martin began raiding Universal's operating account to pay off his mounting personal debts.

60. After the close of 2005 – but before Universal filed its 2005 Form 10-KSB with the Commission – Martin paid his creditors at least \$226,941 out of Universal's operating account in at least four installments.

(a) First, on January 3, 2006, Martin directed payment of \$75,000 from Universal to a major grocery store chain. Martin told his fellow officers that the payment was a "slotting" fee that allowed Universal to stock products at the grocery chain's stores. In reality, the \$75,000 payment was for past due grocery bills owed by Martin's personal grocery store business. Martin forged an invoice from the grocery store chain to make it appear that the "slotting" agreement was real. The payment was booked as a company expense.

(b) Second, on January 4, 2006, Martin directed a \$40,000 payment from Universal to a refrigeration contractor. Martin claimed that the payment was for costs the contractor incurred in preparing to perform "process piping" services for Universal. In reality, no such costs were incurred. The \$40,000 payment was for refrigeration work performed for Martin's grocery stores. Based on Martin's lie, the payment was booked by Universal as a company expense.

(c) Third, on January 5, 2006, Martin directed a \$100,000 payment to a business that ran a local go-cart track. Martin claimed that this payment was for sponsorship rights to promote one of Universal's products at the track. In reality, there was no sponsorship agreement in place and the track never provided any advertising services for Universal. The owner of the go-cart track also owned an aircraft charter company that had chartered private aircraft for Martin. The \$100,000 payment was for past-due charter fees. At Martin's insistence, the owner of the aircraft charter company created a fake invoice to disguise the amounts due as an obligation of Universal and to hide the fact that the payment was for charter flights.

(d) Fourth, on February 28, 2006, Martin directed an \$11,941 payment from Universal to a contracting firm for work performed on one of Martin's grocery stores. Martin forged – or had someone forge – an invoice from the contracting firm to make it appear that the payment was for work performed for Universal.

61. In sum, between January 3, 2006 and February 28, 2006, Martin directed payments totaling \$226,941 from Universal to his personal creditors.

Martin Improperly Paid Himself \$240,000 of Deferred Salary

62. On March 1, 2006, Martin paid himself \$240,000 of deferred salary out of Universal's operating account to which he was not entitled.

63. Under his September 1, 2004 employment agreement, Martin agreed to defer 50% of his salary until Universal met a \$4 million annual revenue threshold, as certified by Universal's CFO and approved by its Board of Directors.

64. None of those contractual conditions was met prior to March 1, 2006.

65. Prior to March 1, 2006, Universal had never generated or reported \$4 million of revenue for any 12-month period.

66. For that matter, prior to March 1, 2006, Universal had never generated or reported \$1 million in revenue for any fiscal quarter.

67. At the time Martin directed payment of his deferred salary, Universal's CFO did not know about, much less approve, the \$240,000 deferred salary payment to Martin.

68. Prior to paying himself deferred salary, Martin did not obtain the CFO approval required by his employment contract.

69. While Martin informed his co-director of the payment of deferred salary, Universal's Board of Directors never formally approved the payment.

70. Other than his co-director, Martin failed to notify (or direct payments to) any of the other Universal officers who had deferred salary according to the same terms as Martin.

71. Martin did not process the \$240,000 payment through Universal's normal payroll system. Rather, Martin took the \$240,000 payment directly from Universal's operating account without withholding taxes or social security.

Martin Took Short-Term Loans From Universal

72. Martin directed a series of short-term loans to himself from Universal.

73. From August 12, 2005 through March 30, 2006, Martin took \$234,430.66 from Universal in 10 installments:

- (a) an August 12, 2005 payment of \$1,059.00;
- (b) an August 18, 2005 payment of \$10,413.26;

- (c) a September 1, 2005 payment of \$7,364.90;
- (d) a September 8, 2005 payment of \$2,154.17;
- (e) a January 11, 2006 payment of \$18,695.13;
- (f) a January 17, 2006 payment of \$10,856.99;
- (g) a January 23, 2006 payment of \$43,777.47;
- (h) a February 27, 2006 payment of \$46,471.69;
- (i) a March 21, 2006 payment of \$44,076.55; and
- (j) a March 30, 2006 payment of \$49,561.50.

74. Martin treated these 10 withdrawals as loans; in each instance, he repaid Universal, most often within days of taking the funds out of Universal's operating account.

75. Martin did not report those ten withdrawals to Universal's CFO or Universal's bookkeeper, effectively keeping the loans off of Universal's general ledger.

76. When Universal's CFO confronted Martin with evidence of one of the short-term loans, Martin lied, claiming that the payment was a "bank error."

77. In reality, however, Martin directed the transfers from Universal to help meet the immediate cash needs of his grocery stores.

Martin Made Material Misrepresentations to Investors in Universal's February 2006 Preferred Stock Offering

78. On February 17, 2006, Universal closed on a \$20 million preferred stock offering to an investor group led by the same Illinois-based hedge fund (the "Lead Investor") that provided the bridge loan described in ¶ 58.

79. The \$20 million sum included the December 2005 \$3.1 million bridge loan which was rolled into the preferred offering.

80. As part of the preferred stock offering, Universal provided the Lead Investor with a written prospectus.

81. In addition, during the Lead Investor's due diligence – between December 2005 and February 17, 2006 – Martin met with, and had several phone conversations with, representatives of the Lead Investor to answer the Lead Investor's questions about Universal.

82. According to Universal's prospectus, the offering was designed to (1) fund the purchase of a beverage packaging plant, (2) pay for the expansion of Universal's original plant, (3) retire \$1.4 million of debt, and (4) provide Universal with over \$4 million in working capital.

83. While offering preferred stock to Magnetar, Martin made two critical misrepresentations and omissions.

84. First, during the Lead Investor's due diligence, in describing the use of funds to representatives of the Lead Investor, Martin stated that the \$3.1 million bridge loan was used for a down payment on the packaging plant and for "operating capital."

85. The representation in ¶ 84 was false when made. In reality, Martin had already diverted over \$215,000 from the bridge loan to his personal creditors.

86. Martin made the misrepresentation in ¶ 84 knowingly or with reckless disregard for the truth.

87. The misrepresentation in ¶ 84 was material. A reasonable investor in the Lead Investor's position would find it important that – rather than using the bridge loan proceeds as represented – Martin had diverted \$215,000 (7% of the loan proceeds) to pay his personal debts.

88. Second, Martin lied to the Lead Investor about the nature of the S-8 offering. During the Lead Investor's due diligence in early 2006, Martin told the Lead Investor's representative that the S-8 "consultants" composed Universal's "sales team."

89. The representation in ¶ 88 was false when made. In reality, contrary to Martin's oral representations to the Lead Investor, at least 44% of the S-8 shares issued to the S-8 consultants went to ineligible stock promoters and Martin's creditors.

90. Martin knew, or recklessly disregarded, the facts described in ¶ 89.

91. The misrepresentation in ¶ 88 was material. A reasonable investor in the Lead Investor's position – in making its investment decision – would find it important that 44% of the S-8 shares issued went to ineligible stock promoters as well as individuals who had performed no services for the company whatsoever.

**Martin's Misrepresentations to Universal's Auditor and
in Universal's 2005 Form 10-KSB**

92. On March 30, 2006, Universal filed its 2005 Form 10-KSB with the Commission which Martin reviewed, signed, and certified.

93. The filing misrepresented and omitted material facts arising from Martin's misconduct described in ¶¶ 19-77.

94. First, Universal's 2005 Form 10-KSB misrepresented the true nature of the S-8 offering.

95. Universal's 2005 Form 10-KSB falsely stated that (a) Universal granted S-8 shares "[i]n exchange for consulting services that benefit us," (b) the S-8 recipients "agree[d] to provide their expertise and advise us for the purposes set forth in their consulting agreements....," and (c) the recipients "have agreed to provide a variety of future consulting services" in return for S-8 stock.

96. The statements identified in ¶ 95 were false and/or materially misleading when made. Contrary to the representations in ¶ 95, as described in detail in ¶¶ 34-57, a significant portion of the S-8 offering was used to compensate Martin's creditors and pay stock promoters to hype Universal's stock, recruit investors, and engineer Universal's reverse merger. Those recipients performed no services for Universal that were eligible for compensation with S-8 stock.

97. Martin made the misrepresentation identified in ¶ 95 knowingly or with reckless disregard for the truth.

98. In addition, Martin's disguise of his stock grants as a *bona fide* S-8 offering distorted Universal's 2005 financial statements which were included in Universal's 2005 Form 10-KSB. Rather than recording the bogus Consulting Agreements as immediate expenses, Universal booked them as prepaid assets to be amortized over the two-year term of the Consulting Agreements. As a result, Universal overstated its assets by 13.3% and understated its losses by 32.4%.

99. The misrepresentations in ¶¶ 95, 98 were material. In making their investment decisions, reasonable investors would have considered it important that, rather than a means of issuing shares to *bona fide* consultants, a significant portion of Universal's S-8 offering was a sham designed to funnel shares to individuals who either performed no services for Universal whatsoever or who were paid solely for ineligible capital raising activities. They also would have considered it important that, as a result, Universal's assets were materially overstated and its losses materially understated.

100. Second, Universal's 2005 Form 10-KSB misrepresented key details about the deferral of salary by Universal's officers.

101. Universal's 2005 Form 10-KSB incorporated Martin's employment contract and reiterated that Martin and his fellow officers were "defer[ring] 50% of their compensation" until Universal "reaches an annual revenue rate of \$4 million." The Form 10-KSB disclosed that Universal's officers were deferring \$776,500.

102. The representations in ¶ 101 were false and/or materially misleading when made. On March 1, 2006, almost a full month before Universal's 2005 Form 10-KSB was filed, Martin had already (1) unilaterally determined that the threshold for payment of deferred salary was met, and (2) as described in ¶¶ 62-71 helped himself to \$240,000 of back pay without employing any of the safeguards disclosed in the 2005 Form 10-KSB.

103. Martin made the misrepresentations in ¶ 101 knowingly or with reckless disregard for the truth.

104. The misrepresentations in ¶ 101 were material. In making their investment decisions, reasonable investors would have considered it important that, contrary to the statements in Universal's Form 10-KSB, Martin decided that the preconditions for payment of deferred salary had been met and had taken \$240,000 in back pay without employing any of the safeguards disclosed to investors.

105. Third, Universal's 2005 Form 10-KSB did not properly disclose any of the payments to Martin and his creditors described in ¶¶ 37-40, 58-77 which occurred in 2005 and the first three months of 2006 (before Universal's Form 10-KSB was filed with the Commission). Specifically, Universal's Form 10-KSB did not properly disclose \$858,871.66 in payments as follows:

(a) 150,000 purported S-8 shares (worth \$157,500) issued to Martin's creditors in October 2005 (¶¶ 37-40);

(b) \$226,941 in cash payments to Martin's creditors in the first three months of 2006 (¶¶ 58-61);

(c) \$240,000 in purported deferred salary which Martin improperly took from Universal's operating account on March 1, 2006 (¶¶ 62-71); and

(d) \$234,430.66 in short-term loans that Martin took from Universal in 2005 and early 2006 (¶¶ 72-77).

106. Universal's Form 10-KSB did not, as required under Regulation S-B, disclose the payments as either (a) compensation to Martin and/or (b) a series of related party transactions.

107. Martin's failure to disclose the payments identified in ¶ 105 constitutes a material omission. In making their investment decisions, reasonable investors would consider it important that the company's CEO had helped himself to \$858,871.66 of the company's assets and had taken affirmative steps to make sure that the payments were not accurately reflected on Universal's books and records.

108. Martin knew, or recklessly disregarded, that Universal's 2005 Form 10-KSB did not properly disclose the payments identified in ¶ 105. In fact, Martin took affirmative steps to make sure that the payments were not accurately recorded on Universal's books and records.

109. To cover up his prolific self-dealing, Martin lied to Universal's outside auditor in connection with its audit of Universal's financial statements.

110. On March 30, 2006, Universal sent its outside auditor a letter making several representations about Universal's financial books and records (the "Management Representation Letter").

111. Martin reviewed, approved, and signed Universal's March 30, 2006 Management Representation Letter.

112. Universal's Management Representation Letter represented that Universal had "properly recorded or disclosed":

- (a) all "[r]elated party transactions...including...loans, transfers...and amounts receivable from or payable to related parties"; and
- (b) "all deferred compensation."

113. The letter also represented that no "subsequent events" had occurred which would require further disclosure.

114. The representations in the Management Representation Letter identified in ¶ 112-113 were false when made. At the time the Management Representation Letter was sent to Universal's outside auditor, Universal's financial statements and its books and records did not properly reflect \$858,871.66 in payments to Martin and his creditors as identified in ¶ 105.

115. At the time he reviewed and signed Universal's Management Representation Letter, Martin knew, or recklessly disregarded, the facts identified in ¶ 114.

COUNT I

**Violations of Section 17(a)(1) of the Securities Act
(Against Martin)**

116. Paragraphs 1 through 115 are realleged and incorporated by reference as though fully set forth herein.

117. By engaging in the conduct described in ¶¶ 78-91 above, Martin, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, has employed devices, schemes and artifices to defraud.

118. Martin intentionally or recklessly made the untrue statements and omissions and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

119. By reason of the foregoing, Martin violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II

**Violations of Sections 17(a)(2) and (3) of the Securities Act
(Against Martin)**

120. Paragraphs 1-115 are realleged and incorporated by reference as though fully set forth herein.

121. By engaging in the conduct described in ¶¶ 78-91 above, Martin, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- a. obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the

statements made, in light of the circumstances under which they were made, not misleading; and

- b. engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchasers of such securities.

122. Martin made the untrue statements and omissions of material fact and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

123. By reason of the foregoing, Martin violated Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2)-(3)].

COUNT III

Violations of Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5 (Against Martin)

124. Paragraphs 1-115 are realleged and incorporated by reference.

125. As identified in ¶¶ 24-28, 83-91, and 93-115 above, Martin, in connection with the purchase and sale of securities, by the use of the means and instrumentalities of interstate commerce and by the use of the mails, directly and indirectly: used and employed devices, schemes and artifices to defraud; made untrue statements of material fact 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 engaged in acts, practices and courses of business which operated or would have operated as a fraud and deceit upon purchasers and sellers and prospective purchasers and sellers of securities.

126. Martin intentionally or recklessly made the untrue statements and omissions and engaged in the devices, schemes, artifices, transactions, acts, practices and courses of business described above.

127. By reason of the foregoing, Martin 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].

COUNT IV

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

128. Paragraphs 1-115 are realleged and incorporated by reference as though fully set forth herein.

129. The shares of Universal stock that Martin and Trump offered and sold as described in ¶¶ 29, 35, and 56 are “securities” as that term is defined in Section 2(a)(1) of the Securities Act and Section 2(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78(b)(10)].

130. Martin and Trump made use of the instrumentalities of interstate commerce to effect the unregistered sale of Universal stock. These defendants executed Consulting Agreements and facilitated Universal’s S-8 offering using interstate faxes, e-mails, telephone conversations, and letters.

131. Trump completed the unregistered resale of his S-8 shares to the public through a broker using e-mail and telephone.

132. By reselling his shares to the public, Trump acted as a statutory underwriter as defined in Section 2(a)(11) of the Securities Act. For those shares that Trump resold to the public, Universal’s S-8 offering amounted to an unregistered public offering.

133. No registration statement was filed or in effect for the issue of purported S-8 shares to Martin's creditors or the team of stock promoters as described in ¶¶ 37-57. Moreover, no registration statement was filed or in effect for Trump's resale of purported S-8 stock to the public.

134. By reason of the foregoing conduct, Martin and Trump violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

COUNT V

Violations of Section 13(b)(5) of the Exchange Act [and Exchange Act Rule 13b2-1 (Against Martin)]

135. Paragraphs 1 through 115 are realleged and incorporated by reference.

136. As set forth more fully above in paragraphs 60, 62-71, 73-77, 98, and 100-105, Martin knowingly circumvented a system of internal accounting controls at Universal and knowingly falsified Universal's books and records.

137. By reason of the activities described in paragraphs 60, 62-71, 73-77, 98, and 100-105, Martin violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)].

138. By engaging in the conduct in paragraphs 60, 62-71, 73-77, 98, and 100-105, Martin violated Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1] by falsifying and causing to be falsified Universal's books, records, and accounts subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

COUNT VI

Violations of Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2] (Against Martin)

139. Paragraphs 1 through 115 are realleged and incorporated by reference.

140. By engaging in the conduct described above in paragraphs 109-115, Martin directly and indirectly made or caused to be made materially false and misleading statements or omitted or caused others to omit material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading to Universal's independent auditor in connection with an audit of Universal's required financial statements and in the preparation and filing of documents or reports required to be filed with the Commission.

141. By engaging in the conduct described in paragraphs 109-115, Martin violated Rule 13b2-2 [17 C.F.R. § 240.13b2-2] promulgated under Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

COUNT VII

Aiding and Abetting Universal's Violations of Section 13(a) of the Exchange Act and Exchange Act Rules 12b-20 and 13a-1 (Against Martin)

142. Paragraphs 1 through 115 are realleged and incorporated by reference.

143. As set forth more fully above in paragraphs 92-108, Universal violated Section 13(a) of the Exchange Act and Exchange Act Rules 12b-20 and 13a-1 by filing a materially false and misleading annual report on Form 10-KSB with the Commission.

144. By engaging in the conduct described in paragraphs 60, 62-77, 92, and 98, Martin knowingly and substantially aided and abetted Universal's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78t(a)] and Rule 13a-1 thereunder [17 C.F.R. § 240.13a-1].

145. By engaging in the conduct described in paragraphs 60, 62-77, 92, and 98, Martin knowingly and substantially aided and abetted Universal's violation of Exchange Act Rule 12b-20 [17 C.F.R. § 240.12b-20].

COUNT VIII

**Aiding and Abetting Universal's Violation of Section 13(b)(2)(A)
of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A)]
(Against Martin)**

146. Paragraphs 1 through 115 are realleged and incorporated by reference.

147. As set forth more fully above in paragraphs 60, 62-71, 73-75, 98, and 105-106, Universal violated Section 13(b)(2)(A) by failing to make and keep books, records, and accounts that accurately and fairly reflected Universal's transactions and the disposition of its assets.

148. By engaging in the conduct described in paragraphs 26, 31-57, 60, 62, 68-69, 73-76, 92, and 98, Martin knowingly and substantially aided and abetted Universal's violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

COUNT IX

**Aiding and Abetting Universal's Violation of Section 13(k) of
the Exchange Act [15 U.S.C. § 78m(k)]
(Against Martin)**

149. Paragraphs 1 through 115 are realleged and incorporated by reference.

150. As set forth more fully above in paragraphs 72-77, Universal violated Section 13 (k) of the Exchange Act by extending credit to Martin in the form of a personal loan.

151. At the time of the short-term loans described in ¶¶ 72-77, Martin was an executive officer and a director of Universal.

152. By engaging in the conduct described in ¶¶ 72-77, Martin knowingly and substantially aided and abetted Universal's violations of Section 13(k) of the Exchange Act [15 U.S.C. § 78m(k)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

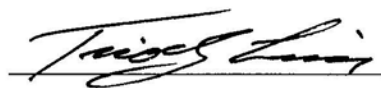
- A. Find that Martin and Trump committed the violations alleged above;
- B. Enter an Order permanently restraining and enjoining Martin from violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, and Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 and Rules 10b-5, 13b2-1, and 13b2-2 thereunder, and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(k) of the Exchange Act and Rules 12b-20 and 13a-1 thereunder;
- C. Enter an Order permanently restraining and enjoining Trump from violating Sections 5(a) and 5(c) of the Securities Act of 1933;
- D. Enter an Order, pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], requiring Martin and Trump to pay civil penalties;
- E. Enter an order requiring Martin and Trump to disgorge all ill-gotten gains resulting from their participation in the conduct described above, including pre-judgment interest;
- F. Enter an Order pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] prohibiting Martin 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 [15 U.S.C.

§ 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)];

G. Enter an Order pursuant to Section 20(g) of the Securities Act and Section 21 of the Exchange Act [15 U.S.C. §§ 77t and 78u(d)(6)] barring Martin and Trump from participating in any offering of penny stock; and

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

Respectfully submitted,



Dated: August 26, 2009

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