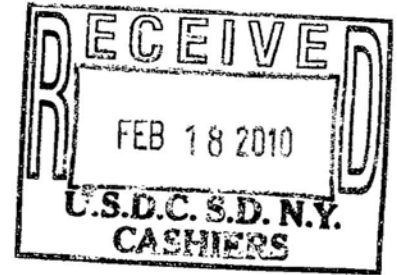


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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

GREENSTONE HOLDINGS, INC., HISAO SAL
MIWA, JOHN B. FROHLING, DANIEL D.
STARCZEWSKI, JOE V. OVERCASH, JR., FRANK J.
MORELLI III, THOMAS F. PIERSON, III, and JAMES
S. PAINTER, III,

Defendants,

ACTIVE STEALTH, LLC, BAF CONSULTING, INC.,
BLUEWATER EXECUTIVE CAPITAL, LLC,
EMERGING MARKETS CONSULTING, LLC, KCS
REFERAL SERVICES, LLC, MBA INVESTORS,
LTD., POWER NETWORK, INC., PROJECT
DEVELOPMENT, INC., SEVILLE CONSULTING,
INC., STARR CONSULTING, INC., TUSCANY
CONSULTING, INC., and YT2K, INC.,

Relief Defendants.
----- X

10 Civ. _____ ()

ECF CASE

COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission"), for its Complaint
against defendants Greenstone Holdings, Inc. ("Greenstone" or the "company"), Hisao Sal
Miwa, John B. Frohling, Daniel D. Starczewski, Joe V. Overcash, Jr., Frank J. Morelli, III,

Thomas F. Pierson, James S. Painter, III (collectively, “Defendants”), and against relief defendants Active Stealth, LLC, BAF Consulting, Inc., Bluewater Executive Capital, LLC, Emerging Markets Consulting, LLC, KCS Referral Services, LLC, MBA Investors, Ltd., Power Network, Inc., Project Development, Inc., Seville Consulting, Inc., Starr Consulting, Inc., and YT2K, Inc. (collectively, “Relief Defendants”) alleges as follows:

INTRODUCTION

1. In this civil enforcement action, the Commission charges Defendants with the illegal issuance and public sale of hundreds of millions of shares of stock of Greenstone, a fledgling and financially-strapped company that purported to produce environmentally-friendly construction products. From late 2005 through approximately June 2008, the individual Defendants, all of whom were closely associated with defendant Greenstone, engaged in a series of illegal and, in some cases, fraudulent activities to sell Greenstone stock to the general public while flouting basic federal registration and reporting requirements applicable to such public stock sales. At the same time, Greenstone and its CEO, defendant Miwa, fraudulently “pumped” the market for Greenstone stock by creating the false impression of a thriving company, thus enabling Defendants to capitalize on the ensuing market demand for the Greenstone stock that they were selling.

2. To carry out the illegal public offering, Greenstone’s CEO, Miwa, and its counsel, defendant Frohling, arranged with defendant stock promoters Pierson, Starczewski, Overcash, Morelli, and Painter (the “Promoter Defendants”) for Greenstone to issue stock to certain entities that the Promoter Defendants controlled, for further sale to the general public, all through unregistered securities transactions. At various times over the next two years, the Promoter Defendants widely marketed and sold the Greenstone shares to the public, illegally using the sale

proceeds to finance Greenstone's business activities and directly for Defendants' own personal benefit. Defendants' activities constituted unregistered public distributions of Greenstone's securities, in violation of the registration requirements of the federal securities laws.

3. At the same time, defendants Greenstone, Miwa, Frohling, Pierson, Starczewski, and Overcash (the "Fraud Defendants") engaged in a fraudulent scheme to cover up their illegal stock sales. Defendants could not sell Greenstone shares to the public without first obtaining from Greenstone's stock transfer agent, Corporate Stock Transfer, certificates that qualified the shares as unrestricted (freely-tradable) shares. The Fraud Defendants understood, however, that Corporate Stock Transfer would not issue those certificates if it understood Defendants' intended illegal public sale of Greenstone stock. The Fraud Defendants therefore created the false appearance that their requested Greenstone stock issuances complied with federal law, and in particular, with Rule 144(k) of the Securities Act of 1933 -- a registration exemption, which, under certain limited circumstances, permitted private investors unaffiliated with the issuer to sell their shares without registering the sale or meeting other legal requirements.

4. From approximately 2006-2008, the Fraud Defendants engaged in a number of fraudulent activities intended to dupe Corporate Stock Transfer, including the following:

- a. Defendants Miwa, Starczewski, Overcash, and Pierson intentionally created the false appearance that Greenstone's stock was to be issued in relatively small quantities, and in separate transactions, to a number of nominee entities, including the Relief Defendants and others (the "Nominees"), which appeared on the surface to be unaffiliated with each other and the Defendants, but which in fact were controlled by

Defendants, and which were mere conduits through which Defendants illegally sold millions of shares of Greenstone stock to the general public;

- b. Defendants Pierson and Frohling intentionally prepared and sent to Corporate Stock Transfer false and misleading legal opinions to the effect that the proposed stock transactions were in compliance generally with federal law and the Rule 144(k) exemption;
- c. To support Frohling's false opinion letters, defendants Starczewski and Overcash created false letters from the Nominees, disguising their affiliation with Greenstone and the Promoter Defendants, as well as Defendants' plan to engage in coordinated and massive selling of the Nominees' Greenstone shares to the public;
- d. To support Frohling's false opinion that certain Greenstone share issuances complied with Rule 144(k)'s two-year holding requirement, defendants Miwa, Starczewski, and Overcash prepared and gave to Frohling and Corporate Stock Transfer back-dated promissory notes, convertible to Greenstone stock; and
- e. Defendant Miwa sent Corporate Stock Transfer letters authorizing Corporate Stock Transfer to issue the unrestricted share certificates, based on the Pierson and Frohling legal opinions, knowing or recklessly disregarding that the opinion letters were predicated upon false facts.

5. On a number of occasions from 2006 to 2008, after receiving the Fraud Defendants' false and misleading representations, Corporate Stock Transfer issued unrestricted certificates for over 300 million shares of Greenstone stock. The Promoter Defendants both sold

those shares to the general public and distributed them to additional parties for other illegal purposes (such as paying for stock promotions and legal services), ultimately generating over \$1.3 million for themselves, Frohling, Greenstone, and the Relief Defendants.

6. In addition to the fraudulent scheme to mislead Corporate Stock Transfer, from approximately January 2006 through June 2008, defendants Greenstone and Miwa intentionally prepared and disseminated to the public a long series of materially false and misleading press releases announcing fictitious Greenstone business transactions and otherwise creating the false appearance of a thriving company. In fact, as Miwa knew, Greenstone was struggling to survive, and its illegal stock sales were the company's only significant source of capital.

7. Acting with Miwa's knowledge and consent, Starczewski, Overcash, and Painter hired a multitude of stock promoters to tout Greenstone (and its stock price) through widely-distributed internet campaigns. Often these materials repeated the false and misleading claims set out in the company's press releases, while failing to disclose that Greenstone had paid for the campaigns with its illegal stock issuances.

8. By virtue of the conduct alleged herein, (a) Defendants, directly or indirectly, have engaged in acts, practices, and courses of business that constitute violations of Sections 5(a) and 5(c) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77(e)(a) and 77(e)(c)]; and (b) the Fraud Defendants, directly or indirectly, have engaged in acts, practices, and courses of business that constitute violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

9. The Commission brings this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C §§ 78u(d), 78u(e), and 78aa]. The Defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce or the mails in connection with the acts, practices, and course of business alleged in this Complaint.

10. This Court has subject matter jurisdiction over this action pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 77a]. Certain of the transactions, acts, practices, and courses of business alleged in this Complaint occurred within the Southern District of New York, including, but not limited to, telephone calls, e-mails, drafting of letters, press releases and other documents, and wire transfers.

DEFENDANTS

11. Greenstone Holdings, Inc., a Florida corporation, was originally incorporated in November 2000 as Tel-One, Inc. In 2002, Tel-One, Inc. changed its name to Teleon Corporation, in 2004 changed its name to Auto Centrix, Inc., and in January 2006, became Greenstone Holdings, Inc. (“Greenstone”). From January 2006 through at least June 2008, Greenstone’s headquarters were in New York, New York and are currently in Jersey City, New Jersey. Beginning in approximately August 2006, Greenstone was quoted under the symbol “GSHG” on Pink OTC Markets Inc. (“Pink Sheets”), an electronic stock quotation system for certain over-the-counter securities. On or about September 19, 2007, Greenstone changed its ticker symbol to “GSHN.”

12. Hisao Sal Miwa, age 52, is a resident of Short Hills, New Jersey. Miwa is the Chief Executive Officer and Chairman of the Board of Greenstone.

13. John B. Frohling, age 78, is a resident of Summit, New Jersey. Frohling is an attorney licensed to practice in New Jersey. At all relevant times, Frohling was Greenstone's outside counsel and, beginning in at least September 2007, was the company's "Assistant Secretary."

14. Frank J. Morelli, III, age 52, is a resident of Florence, Colorado.

15. Joe V. Overcash, Jr., age 43, is a resident of Lewisville, North Carolina.

16. Thomas F. Pierson, age 61, is a resident of Coral Springs, Florida. Pierson is an attorney licensed to practice law in Colorado.

17. Daniel D. Starczewski, age 62, is a resident of Winston Salem, North Carolina.

18. James S. Painter, III, age 31, is a resident of Howey in the Hills, Florida.

RELIEF DEFENDANTS

19. At all relevant times, the following Relief Defendants were either associated with or controlled by defendant Pierson. According to their corporate documents:

- a. Active Stealth, LLC is a Pennsylvania company with its principal place of business in Ft. Lauderdale, Florida. Active Stealth is managed by Richard Muller, a business associate of Pierson.
- b. MBA Investors, Ltd. is a Colorado corporation with its principal place of business in Tamarac, Florida. Pierson is president of MBA Investors.
- c. YT2K, Inc. is a Florida corporation with its principal place of business in Tamarac, Florida. Muller is YT2K's manager.

20. At all relevant times, Starczewski, Overcash, and Morelli, either individually or together, controlled the following Relief Defendants. According to their corporate documents:

- a. BAF Consulting, Inc. is a Colorado corporation with its principal places of business in Florence, Colorado and Winston Salem, North Carolina.
Barbara Morelli, Morelli's wife, is BAF's President.
- b. New Age Sports, Inc. is a Colorado corporation with its principal places of business in Winston Salem, North Carolina and Florence, Colorado.
Ashley Martinez, Morelli's daughter, is New Age Sport's President.
- c. Power Network, Inc. is a Colorado corporation, with its principal places of business in Winston-Salem, North Carolina and Florence, Colorado.
Overcash is Power Network's President.
- d. Seville Consulting, Inc. is a Colorado corporation with its principal place of business in Winston Salem. During the relevant time period, Seville Consulting listed both Starczewski and Kelli Myers (Starczewski's secretary) as President.
- e. Starr Consulting, Inc. is a North Carolina corporation with its principal place of business in Winston Salem. Starczewski is Starr Consulting's President.
- f. Tuscany Consulting, Inc. is a Texas corporation with its principal place of business in Winston Salem. Overcash is Tuscany Consulting's President.
- g. Project Development, Inc. is a North Carolina corporation with its principal place of business in Winston Salem. Project Development lists Daniel Motsinger as President.

21. At all relevant times, Painter controlled the following Relief Defendants.

According to their corporate documents:

- a. Bluewater Executive Capital, LLC is a Wyoming company with its principal place of business in Sarasota, Florida. Braxton Jones is Bluewater Executive Capital's sole member.
- b. Emerging Markets Consulting, LLC is a Florida corporation with its principal place of business in Orlando, Florida. Painter is Emerging Markets Consulting's sole member.
- c. KCS Referral Services, LLC is a Florida company with its principal place of business in Sarasota, Florida. Braxton Jones is KCS Referral Services's sole member.

22. At all relevant times Jones managed Bluewater Executive Capital and KCS Referral Services exclusively for Painter's benefit.

FACTS

I. Greenstone's Origins as a Publicly-Traded Company

23. Defendant Miwa formed Greenstone, Inc. in 2004 as a private Delaware corporation, purporting to develop Greenshield, an environmentally-safe wood sealer for use in building construction. In the fall of 2005, facing a severe liquidity crisis that threatened to bankrupt his company, Miwa arranged with defendants Pierson and Morelli to convert Greenstone to a publicly-traded company and sell millions of Greenstone shares to the public through the Promoter Defendants' Nominees. Under this initial arrangement, the Promoter Defendants paid Greenstone approximately \$350,000, received approximately 40% of Greenstone's outstanding stock, and agreed to use at least 3 million shares to hire promoters to tout Greenstone on the internet and via email. Defendant Frohling acted as Greenstone's counsel for this transaction.

24. Morelli and Pierson converted Greenstone to a publicly-traded company by acquiring a defunct public company, Auto Centrix, Inc. (“Auto Centrix”), and merging it with Greenstone. On or about December 20, 2005, Morelli and Pierson changed Auto Centrix’s name to Greenstone, and Morelli’s daughter, Ashley Martinez, became Greenstone’s President, Secretary, and sole Director. In January 2006, Martinez resigned, and Miwa became Greenstone’s Chief Executive Officer and Chairman of the Board of Directors.

25. From January to September 2006, defendants Painter, Miwa, Frohling, and Pierson worked with Buckman, Buckman, & Reid (“Buckman”) -- a registered broker-dealer -- to quote Greenstone’s stock price publicly on Pink Sheets, and in August 2006 Greenstone’s stock began trading under the symbol “GSHG.”

26. Despite their handoff of Greenstone’s CEO position to Miwa, Pierson, Morelli, and the other Promoter Defendants, both as a group and in certain instances individually, continued to enjoy a great degree of control over the company. The Promoter Defendants controlled virtually all of Greenstone’s unrestricted (tradable) stock. Thus, the Promoter Defendants controlled Greenstone by controlling its access to desperately needed capital and at times exercised their control to influence certain of Greenstone’s operations.

II. Illegal Stock Issuances

A. July 2006 Illegal Stock Issuance

27. In July 2006, Pierson and Frohling illegally caused Corporate Stock Transfer to issue unrestricted share certificates for over 150,000 shares of Greenstone stock to certain Nominees of the Promoter Defendants, for their further illegal sale to the public.

28. On or about February 14, 2006, the former owners of Auto Centrix transferred five certificates totaling 151,995 restricted shares of Greenstone stock to Nominees Tuscany

Consulting, Starr Consulting, YT2K, and to defendant Pierson's wife, Beatriz Pierson, and his associate, Richard Muller.

29. By letter dated July 5, 2006, Pierson sent Corporate Stock Transfer a legal opinion requesting exchange of the five restricted certificates for unrestricted certificates. Pierson falsely and misleadingly stated that the "Shares represented by the enclosed certificates are ... saleable pursuant to Rule 144(k) since they have been held for a period in excess of 2 years." Pierson further falsely and misleadingly stated that, "according to the records supplied to this office, [the shares] were originally purchased from the company on or before May 1, 2004" and that "[t]his opinion is based upon the fact and representation that [neither the shareholders], nor any of [their] officers or directors is an affiliate of [Greenstone] nor has it been ... for more than 90 days preceding the date of this letter."

30. Defendant Frohling likewise sent Corporate Stock Transfer a letter, dated July 17, 2006, stating that his firm "as securities counsel to [Greenstone]" agrees with the "substance of" Pierson's letters, and "it is our opinion that the restrictive legend may be removed from the certificates."

31. At the time they wrote Corporate Stock Transfer, Pierson and Frohling knew or recklessly disregarded that their statements were false or misleading. By July 2006, at least Pierson knew of Defendants' plan to engage in an illegal public distribution of the Greenstone stock at issue. Furthermore, contrary to the specific facts stated or adopted in their opinion letters, both Pierson and Frohling also knew or recklessly disregarded that (a) the former Auto Centrix owners who had transferred the Greenstone stock to the Nominees had been affiliates of Greenstone at the time of, or immediately prior to, the transfer of their shares to the Nominees; and (b) at all relevant times, each of the proposed Nominee recipients of the unrestricted stock

certificates was an affiliate of Greenstone, due to their close relationships with Starczewski, Overcash, Morelli, and Pierson and those defendants' control over Greenstone.

32. The Nominees subsequently sold to the public at least a portion of the Greenstone shares issued in July 2006.

B. September 2006 Illegal Stock Issuance

33. In September 2006, the Fraud Defendants likewise illegally caused Greenstone to issue 12.3 million unrestricted shares of stock to certain Nominees of the Promoter Defendants, for their further illegal sale to the public. To obtain from Corporate Stock Transfer unrestricted certificates for the 12.3 millions shares, the Fraud Defendants created the false appearance that such issuance would comply with Rule 144(k).

34. For the purpose of issuing the 12.3 million unrestricted Greenstone shares, Pierson and Starczewski obtained two legal opinion letters, dated August 16, 2006, from the law firm of Martin & Pritchett stating that the shares could be issued "without restrictive legend, in a transaction which will be exempt from the registration and prospectus delivery requirements of the [Securities] Act, pursuant to the exemption set forth in Rule 144(k)." The Martin & Pritchett opinion was predicated on the false facts that, after the requested issuance of shares, (a) none of the proposed persons holding unrestricted shares would be an "affiliate" of Greenstone (as defined in Rule 144); and (b) those proposed shareholders would be "in actual compliance with the two-year holding period" of Rule 144(k).

35. On or about August 29, Frohling prepared and sent Corporate Stock Transfer a legal opinion letter on behalf of Greenstone stating that:

[W]e have approved two ... opinions of Martin & Pritchett, both dated August 16, 2006 ... and hereby authorize you to issue the shares.... Mr. Pritchett's opinions are based upon the representation that none of the recipients of the shares is an officer or director of [Greenstone] and that

they are not acting in concert with each other or with a control person in respect of future sales.

At or about the same time, Corporate Stock Transfer also received copies of the Martin & Pritchett opinions referenced in Frohling's August 29, 2006 opinion letter.

36. On August 31, 2006, Frohling sent a supplemental opinion letter to Corporate Stock Transfer on Greenstone's behalf stating that "the Transfer Agent also will not be required to affix a legend to the shares or to make any notation on the transfer records regarding the sale of any of these shares."

37. At the time Frohling sent Corporate Stock Transfer his opinion letters, Frohling, Miwa, and Pierson knew or recklessly disregarded that his letters and the Martin & Pritchett letters were false or misleading. As of August 2006, Frohling, Miwa and Pierson knew or recklessly disregarded that, contrary to those legal opinion letters:

- a. Greenstone, Miwa, and the Promoter Defendants were planning a public and otherwise illegal distribution of Greenstone stock, including using three million of the requested unrestricted shares to hire online stock promoters to tout Greenstone's business and stock price; approximately 143,000 shares to pay Frohling, and 200,000 shares to pay Buckman for services rendered to Greenstone; and selling additional shares for the Promoter Defendants' own personal profit (and in exchange for their investment in Greenstone);
- b. The requested shares did not satisfy Rule 144(k)'s two-year holding requirement because, in transactions previously orchestrated by Pierson and approved by Miwa, the shares had been acquired from Auto Centrix's owners (affiliates of Greenstone) in the form of convertible promissory notes less than two years prior to the September 2006 requested issuance of unrestricted certificates; and

- c. certain of the proposed recipients of the unrestricted shares, including defendants Starczewski, Painter, MBA Investors, Power Network, and Starr Consulting, were Greenstone affiliates.

38. On or about August 29, 2006, Miwa drafted, and obtained Greenstone Board approval for, two corporate resolutions authorizing the 12,343,000 Greenstone shares to “be issued without a restrictive legend pursuant to Rule 144(k) and the opinions of counsel of Bruce M. Pritchett ... and of Frohling & Hudak, LLC dated August 29, 2006.” Miwa did so despite the fact that he knew or recklessly disregarded that Pierson’s and Frohling’s legal opinions were predicated upon the false factual premises described above.

39. In addition, Miwa wrote to Corporate Stock Transfer on or about August 29, 2006, authorizing the transfer agent “subject to receipt of an approving legal opinion of our Securities Counsel, Frohling & Hudak, LLC, to issue 12,343,000 shares of common stock,” and in another letter, dated August 30, 2006, notified Corporate Stock Transfer that “[t]hese are free trading shares.”

40. On or about August 31, 2006, Corporate Stock Transfer issued the 12,343,000 unrestricted Greenstone shares to 13 people and entities, including Nominees Power Network, MBA Investors, Ltd., YT2K, Inc., Starr Consulting, Inc., and Painter. At least defendants Miwa, Frohling, Pierson, and Starczewski caused Corporate Stock Transfer to issue the shares in this manner and did so to create the false appearance of relatively small individual transactions rather than a single large public offering (in exchange for the Promoter Defendants’ initial investment in Greenstone). As a result, the Promoter Defendants were free to trade those shares from their brokerage accounts and through Pink Sheets. In addition, Richard Muller, an associate of Pierson, received 341,200 of those shares, with the understanding that he would transfer them to

Buckman and Frohling. On or about September 22, 2006, Muller transferred 200,000 to Buckman and 141,200 to Frohling. In a letter dated September 21, 2006, Frohling wrote to Corporate Stock Transfer that “there is no restriction on the sale of these securities.” For the reasons set forth above, Frohling likewise knew or recklessly disregarded that this statement was false.

41. The Nominees sold a portion of their Greenstone shares to the general public and used the proceeds for the Promoter Defendants’ own benefit. In addition, and per agreement with Greenstone, Starczewski, Overcash, and Painter agreed to use approximately three million of the shares to hire online stock promoters as further discussed below.

42. In approximately October 2006, certain Greenstone shareholders, including defendants Morelli, Pierson, and Starczewski, caused Miwa to resign as Chief Executive Officer of Greenstone in favor of Michael Ferrone. Miwa continued to act as the Chairman of the Board of Directors and assumed a new position as “Chief Operating Officer.” In this latter role, Miwa retained responsibility for the day-to-day operations of Greenstone, drafting and approving press releases and other promotional materials, and the company’s financing operations. In approximately September 2007, Greenstone’s Board of Directors removed Ferrone, and Miwa resumed his position as the company’s CEO.

C. January 2007 Illegal Stock Issuance

43. In January 2007, Defendants arranged for Greenstone to illegally issue an additional 11,056,498 unrestricted shares to nine entities. At least seven of the entities were Nominees controlled by the Promoter Defendants -- ARB Consulting, Power Network, Starr Consulting, MBA Investors, YT2K, Active Stealth, and Bluewater Executive Capital. To avoid registering this issuance, Defendants relied upon convertible promissory notes that had been

assigned to the Nominees by Auto Centrix's owners less than two years earlier, and the Fraud Defendants again prepared false and misleading documents to obtain unrestricted stock certificates from Corporate Stock Transfer.

44. Pierson drafted two legal opinion letters, both dated January 30, 2007, concluding that 4,906,500 unrestricted shares of Greenstone could be issued to Affinity Advisors, LLC, Corporate Awareness Professionals, Bluewater Executive, Active Stealth LLC, and ARB Consulting, "pursuant to Rule 144(k)." Pierson further wrote that "This opinion is based upon the fact that [none of the shareholders] nor any officers or directors is an affiliate of [Greenstone] nor has it or they been an affiliate for more than 90 days preceding the date of this letter."

45. Once again, these statements were false and misleading because, as Pierson knew or recklessly disregarded, (a) Defendants intended a public distribution of the shares; (b) Auto Centrix's former owners had been Greenstone affiliates at (or very shortly before) the time they assigned their convertible promissory notes to the nine entities described above; (c) at least seven of the note assignees were Greenstone affiliates; and (d) the Promoter Defendants had agreed in early 2006 to use a portion of the unrestricted shares to pay for online stock promotion services, thus plainly rendering the Rule 144(k) exemption inapplicable.

46. Attorney Virginia K. Sourlis issued an opinion concluding that 6,150,000 unrestricted Greenstone shares could be issued to Nominees Power Networks, MBA Investors, Starr Consulting, and YT2K in conversion of one of the Auto Centrix promissory notes. Sourlis based her opinion upon the false premises that Auto Centrix' noteholders (a) had held the notes "for at least two (2) years" prior to the assignment to the Nominees; and (b) were not affiliates of Greenstone at the time of the assignment or "during the three months preceding the date of such Assignment."

47. Frohling prepared and sent two letters to Corporate Stock Transfer, both dated February 1, 2007, in which he “concur[red]” with Pierson’s and Sourlis’ letters and asked the transfer agent to “issue the shares as per the opinion[s].”

48. Frohling’s and Pierson’s opinion letters contained knowing or reckless false and misleading statements for the same reasons that their August 2006 opinion letters did. Frohling and Pierson knew or recklessly disregarded that none of the requested January 2007 Greenstone unrestricted stock transfers complied with Rule 144(k) or otherwise complied with applicable securities registration law; and that, in fact, the entire transaction was intended to avoid federal registration requirements.

49. On or about January 31, Miwa prepared and obtained approval for three resolutions of the Board approving the issuance of the 11,056,498 unrestricted shares, based on Rule 144(k) and the opinion letters authored by Frohling, Pierson, and attorney Virginia K. Sourlis.

50. On or about February 1, based on the legal opinions, Miwa sent Corporate Stock Transfer an authorization letter to issue the requested unrestricted stock. The next day, Miwa sent a letter to Corporate Stock Transfer requesting that it issue “9 free trading certs” in names of the same shareholders, but instructing the transfer agent to send all of these certificates to Starczewski. At that time, Miwa knew or recklessly disregarded that the factual predicates for the legal opinions upon which he was relying were false or misleading, for the same reasons that he knew or recklessly disregarded that the August 2006 Pierson and Frohling legal opinions were predicated upon false or misleading statements of fact.

51. Upon their receipt of the unrestricted Greenstone shares, at least certain, if not all, of the Promoter Defendants -- acting through ARB Consulting, Power Network, Starr

Consulting, MBA Investors, YT2K, Active Stealth, and Bluewater Executive Capital -- either sold the shares directly to the public or transferred them to other Nominees, which in turn sold them to the public.

D. The October 2007 through February 2008 Illegal Stock Issuances

52. In August 2007, defendants Miwa, Frohling, Starczewski, Overcash, and Morelli agreed to have Greenstone issue hundreds of millions of additional unrestricted shares of Greenstone stock to the public through entities controlled by Starczewski, Morelli, and Overcash. Miwa, Frohling, Starczewski, and Overcash planned to generate these shares through Greenstone's assignment of convertible promissory notes to Starr Consulting, a Nominee entity controlled by Starczewski and other Promoter Defendants. To create the false appearance that these issuances were not part of a single coordinated selling effort, Starr Consulting then assigned portions of those notes to other Nominee entities controlled by Starczewski, Overcash, and Morelli, which would in turn convert the notes into unrestricted Greenstone stock for sale to the public. Starczewski, Overcash, and Morelli further agreed (a) to pay Greenstone and Miwa between 50 and 55% of the proceeds of certain of those stock sales; and (b) to hire additional promoters to tout Greenstone stock on the internet.

53. Defendants Miwa, Frohling, Starczewski, and Overcash understood that, to consummate their plan, they needed to create the false appearance for Corporate Stock Transfer that, generally, all transfers complied with Rule 144(k) and, specifically, that the recipients of Greenstone's convertible promissory notes had held them for more than two years. To accomplish this ruse, Miwa, Overcash, and Starczewski together created at least four back-dated promissory notes, purportedly issued by Greenstone to Starr Consulting and convertible to Greenstone stock: (a) a \$25,000 and a \$5,000 promissory note, prepared in approximately

September 2007 but back-dated to June 30, 2005 (the “June 2005 Notes”); (b) a \$46,304.78 promissory note, prepared in approximately February 2008 but back-dated to December 31, 2005 (the “December 31, 2005 Note”); and (c) a \$100,000 promissory note originally prepared in approximately January 2007 (and amended in approximately September 2007) but back-dated to October 26, 2005 (the “October 26, 2005 Note”). The four notes did not represent any genuine intention by Starr Consulting to hold debt of Greenstone. Rather, defendants Miwa, Starczewski, and Overcash created the notes merely to deceive Corporate Stock Transfer and to provide cover for Frohling’s anticipated false legal opinions. Miwa also assigned a \$15,000 convertible promissory note purportedly issued by Greenstone to Miwa on September 12, 2005 to Starr Consulting on or about February 1, 2008 (the “September 15, 2005 Note”).

54. In addition, to create the false appearance for Corporate Stock Transfer that no single shareholder held over 10% of Greenstone’s shares, Starczewski and Overcash caused Starr Consulting to assign portions of the back-dated notes to various Nominee entities controlled by Starczewski, Overcash, and Morelli.

55. In addition, to further increase the number of unrestricted Greenstone shares, without raising suspicions from Corporate Stock Transfer, Miwa, Starczewski, and Overcash issued the shares in approximately nine separate tranches, from October 2007 through February 2008. By staggering the stock issuances, the defendants created the false impression that a variety of unrelated shareholders were receiving the stock in independent transactions over time when, in fact, all of the tranches were part of a single illegal course of public financing.

56. To further hide Greenstone’s true intent from Corporate Stock Transfer, with Overcash’s knowledge and assent, Miwa and Frohling caused Greenstone periodically to issue large tranches of restricted Greenstone stock to Frohling, Miwa, and Miwa-controlled

companies, his family and friends. By thus increasing Greenstone's total outstanding shares, Greenstone was able to issue progressively larger amounts of unrestricted shares to the Nominees while maintaining the false appearance that they held less than 10% of Greenstone's total outstanding shares. The below table lists the dates and amounts of these issuances of both restricted and unrestricted Greenstone shares from October 2007 through February 2008:

Date	Shares	Purported Status	Recipients	Note
10/01/2007	1,000,000	Unrestricted	Starr Consulting	06/30/2005
10/03/2007	1,500,000	Restricted	Miwa	
11/06/2007	1,000,000	Unrestricted	Starr Consulting	06/30/2005
12/07/2007	3,524,949	Restricted	Miwa	
12/07/2007	3,650,000	Unrestricted	New Age Sports Project Development BAF Consulting	10/26/2005
12/18/2007	30,000,000	Restricted	Miwa Frohling	
12/21/2007	5,400,000	Unrestricted	Power Network	10/26/2005
12/26/2007	6,400,000	Unrestricted	New Age Sports	10/26/2005
12/28/2007	7,200,000	Unrestricted	Project Development	10/26/2005
12/28/2007	6,600,000	Unrestricted	BAF Consulting	10/26/2005
01/29/2008	133,000,000	Restricted	Miwa Cosmo Ventures Ltd. Michael Tull Siew-Chung Tong James M. Tye Sal A. Cortorillo James R. Woolsey Frohling	
01/29/2008	89,572,210	Unrestricted	Starr Consulting New Age Sports JDT Consulting Inc. BAF Consulting Power Network Seville Consulting	10/26/2005
02/13/2008	242,000,000	Restricted	Frohling J.J. and Alice Shelton James R. Woolsey Henry Lee C&D America Affinity Advisors, LLC Miwa	

2/15/2008	182,493,440	Unrestricted	New Age Sports Project Development BAF Consulting Seville Consulting Starr Consulting	12/31/2005 9/12/2005
Total Unrestricted			303,315,650	
Total Restricted			410,024,949	

57. Frohling prepared and submitted to Corporate Stock Transfer a total of at least six legal opinions concerning the “unrestricted” tranches listed above. As Frohling knew or recklessly disregarded, his letters contained multiple materially false and misleading statements and omissions.

58. In letters dated September 28, 2007 and November 6, 2007, Frohling stated that two million shares were “to be issued in exchange for the cancellation of a portion of [the June 2005 Notes], which obligations arose in June 2005 and was created to convert current obligations to long term debt.” Frohling further stated:

Starr Consulting, Inc. has owned the right of conversion of [the June 2005 Notes] for over two years [and] . . . is not an affiliate of [Greenstone]. Accordingly, by virtue of Rule 144(d)(ii) of the Securities Act of 1933 as amended, the date of the issuance of these shares is deemed to be the date of the Notes i.e. June 2005 and thus, pursuant to Rule 144(d)(ii), such shares may be issued free of restriction to Starr Consulting Inc. pursuant to Rule 144(k).

At that time, Frohling knew or recklessly disregarded that: (a) the June 2005 Notes were back-dated notes to create the appearance of compliance with Rule 144(k)’s two-year holding period; and (b) Greenstone, Miwa, Starczewski, and Overcash previously had agreed to issue shares to Starr Consulting, transfer these shares to other Nominees, split the proceeds of any public sales, and use the shares as compensation to hire stock promoters. Thus, contrary to his opinion letters, Frohling knew or recklessly disregarded that the issuance of these shares did not comply with

Rule 144(k) and otherwise violated the registration and reporting requirements of the federal securities laws.

59. On or about December 7, 2007 and December 19, 2007, Frohling sent Corporate Stock Transfer two opinion letters containing substantially the same statements, but this time concerning the October 26, 2005 Note. For the same reasons, Frohling knew or recklessly disregarded that the statements he made in those letters were materially false and misleading.

60. On January 29, 2008 and February 14, 2008, Frohling authored two opinion letters stating that 89,572,210 shares could be issued to Nominees Starr Consulting, New Age Sports, JDT Consulting Inc., BAF Consulting, Power Network, and Seville Consulting; and that 182,493,440 shares could be issued to Nominees New Age Sports, Project Development, BAF Consulting, Seville Consulting, and Starr Consulting, respectively. Frohling wrote:

These shares are being issued pursuant to Rule 504 of the Securities Act of 1933 and as such do not require a restrictive legend or a stop transfer notation on your records and as such are free trading shares.

At that time, however, Frohling knew or recklessly disregarded that the issuance of these shares did not comply with any of the requirements of Rule 504.

61. On or about June 20, 2008, Frohling sent an opinion letter, dated June 12, 2008, to broker-dealer Wilson Davis & Company to allow Power Network to deposit its unrestricted Greenstone shares in its brokerage account there. In that letter, Frohling apparently changed the basis for his prior opinion, but nonetheless falsely stated that the issuances complied with Rule 144(k): “the cancellation of portions of two Notes owned by Starr Consulting, which obligations arose on September 12, 2005 and December 31, 2005 . . . and were created to convert current obligations to long term debt.” As with the other Rule 144(k) opinions, Frohling concluded that the “shares were issued free of restriction . . . pursuant to Rule 144 Thus, pursuant to Rule 144(k), said shares may be transferred and sold free of restriction.” By this time, however,

Frohling knew or recklessly disregarded that this opinion was false because he knew or recklessly disregarded: (a) that the December 31, 2005 Note was back-dated (and did not represent the company's genuine debt); (b) that less than two years had passed since Miwa, a Greenstone affiliate, had assigned the September 12, 2005 Note to Starr Consulting; and (c) the additional myriad facts discussed above that rendered his previous opinions false.

62. As additional cover for his false and misleading legal opinions, Frohling requested and received false representation letters from the Nominees. These letters -- prepared by Starczewski and Overcash from templates provided by Frohling -- falsely and misleadingly stated, among other things, that each nominee (a) owned less than 10% of Greenstone's outstanding stock; and (b) was not "acting in concert with any other person in connection with the conversion of its interest in a portion of the Note." At the time he issued his legal opinions, Frohling knew or recklessly disregarded that these representations were false and misleading and were provided merely as cover for his false and misleading representations to Corporate Stock Transfer. In addition, to create further cover for Frohling, Starczewski and Overcash prepared and sent to Miwa and Frohling written notices of the Nominees' intent to convert their Greenstone promissory notes into unrestricted stock.

63. Prior to each issuance of unrestricted stock listed in paragraph 56 above, Miwa sent Corporate Stock transfer a letter authorizing it to issue "free trading" stock certificates "subject to your receipt of an opinion letter from our counsel, Mr. John Frohling." In each instance, however, Miwa knew or recklessly disregarded that Frohling's legal opinions would be (and were) false and misleading, and that his authorizations were improper because he knew that (a) the legal opinions were based upon the back-dated promissory notes; (b) the requested recipients of the unrestricted shares were controlled by Morelli, Starczewski, and Overcash, all

affiliates of Greenstone; and (c) the requested issuances were part of an illegal scheme to engage in a public distribution of Greenstone's securities.

64. Miwa also provided at least one of the back-dated notes directly to Corporate Stock Transfer -- on or about December 21, 2007, Miwa sent the October 26, 2005 Note to Corporate Stock Transfer.

65. From October 2007 to February 2008, various of the Nominees received the over 300 million unrestricted Greenstone shares issued by Corporate Stock Transfer, and Starczewski, Overcash, and Morelli caused these shares to be sold to the public. Miwa controlled this sales process by directing Starczewski and Overcash as to the timing, size, and desired price for the sales, and Miwa monitored the sales through an online Starr Consulting brokerage account to which Starczewski had granted Miwa and Frohling access.

66. Starczewski and Overcash, in turn, transferred 50-55% of the proceeds of certain of these stock sales to a Greenstone account controlled by Miwa. Starczewski, Overcash, and Miwa attempted to disguise the fact that Greenstone was receiving proceeds of an illegal public stock sale by creating the false appearance that each payment was a loan to Greenstone, evidenced by additional promissory notes convertible into Greenstone stock. These additional notes likewise were not bona fide debt obligations of Greenstone. Rather, they served merely to further disguise defendants' illegal conduct and to perpetuate it through additional conversions of these new notes into Greenstone stock.

67. From at least July 2006 through spring 2008, Starczewski, Overcash, and Painter also used a portion of the Greenstone stock issued to their Nominees to hire multiple stock promoters to tout Greenstone's business and share price on the internet and by unsolicited

emails. Miwa and Frohling were aware of these arrangements and, in many cases, Miwa reviewed and approved the promotional materials prior to distribution. For example:

- a. Of the 12.3 million shares Greenstone issued in September 2006, Starczewski, Overcash, and Painter used three million to pay for such marketing campaigns. For example, between September 2006 and March 2007, Starr Consulting transferred approximately 1.75 million Greenstone shares to defendant Painter's nominees, KCS Referral Services and Emerging Markets Consulting, to coordinate online promotions "for the benefit of Greenstone." Painter, in turn, sold these shares to the public.
- b. On or about December 3, 2007, Starr Consulting entered into a "Communications Service Agreement" with Wall Street News Alert "for the benefit of Greenstone" in exchange for 1.5 million unrestricted Greenstone shares; and
- c. Between October 2007 and April 2008, Starczewski, Overcash, and Morelli transferred -- through their Nominees -- over 50 million purportedly unrestricted shares to at least eight stock promoters on at least 14 separate occasions.

68. Frohling sent additional false and misleading opinion letters to Corporate Stock Transfer to obtain unrestricted Greenstone shares for himself. On or about October 3, 2007 and April 18, 2008, Frohling sent Corporate Stock Transfer opinion letters stating that Corporate Stock Transfer could issue to him 1,500,000 and 10,000,000 unrestricted Greenstone shares, respectively, pursuant to "cancellation of a portion of a . . . Note" from Greenstone to Frohling. Frohling further wrote that he had "owned the right of conversion of this Note for over one year" and "is presently not an affiliate of" Greenstone. On the basis of these representations Frohling falsely concluded that "such shares may be issued free of restriction" pursuant to Rule 144(k).

At the time he sent these opinions, Frohling knew or recklessly disregarded that it was false because (a) Frohling exercised control over Greenstone, having acted as the company's general counsel and held himself out as "assistant secretary," and having advised on each of the company's transactions and public utterances over the preceding two years; (b) Frohling intended to, and did, sell his shares into the public market; and (c) by his own admission, Frohling had held the referenced alleged "note" for less than two years. Frohling received over \$30,000 in proceeds from the sale of these Greenstone shares.

III. False And Misleading Press Releases

69. From January 2006 through June 2008, during the Fraud Defendants' ongoing efforts to mislead Corporate Stock Transfer, Miwa drafted and/or caused Greenstone to issue a long series of press releases designed to create the false impression that Greenstone was a vital and growing company. In reality, Greenstone was continuously on the verge of collapse and often lacked sufficient funds even to manufacture its products, including GreenShield. Nonetheless, to artificially increase Greenstone's stock price (and, thus, ensure a ready market for its unregistered public stock sales), Greenstone published a number of materially false and misleading press releases. At the time of their issuances, Miwa knew or recklessly disregarded that the following Greenstone press release announcements were either false or misleading, or contained material omissions of fact, as further described below.

70. On February 12, 2007, Greenstone issued a press release misleadingly announcing that a supposed market analyst called "Market Advisors" had initiated "Coverage on Greenstone . . . With Target Price of 45 Cents." At that time, Greenstone's stock was trading at \$0.12. The release quoted Market Advisors as stating that, "The strength of [Greenstone] is its management team, whose track record is increasing sales." In fact, at that time Greenstone had

essentially no actual sales, let alone “increasing sales.” Furthermore, while the press release disclosed that Starr Consulting had paid Market Consulting \$3,150 to produce the report, it did not disclose that those funds had been raised by Starr Consulting as part of Defendants’ planned illegal public distribution of shares.

71. On February 20 and 21, 2007, Greenstone announced a long-term chemical supply agreement with Bay Tree Technologies USA LLC (“Bay Tree”) and lauded Bay Tree’s “ready-to-go national branding.” On March 6, Greenstone falsely announced that it had “received an initial order of 1000 gallons of GreenShield” from Bay Tree. At the time of that announcement, Miwa neither intended to deliver any GreenShield to Bay Tree nor expected Bay Tree to pay for the purported “order.” To the contrary, Miwa knew at the time that neither Greenstone nor Bay Tree possessed sufficient capital to produce 1,000 gallons of GreenShield, and Greenstone never delivered any product to Bay Tree.

72. On February 26, 2007, Greenstone falsely and misleadingly announced that “it has received an initial order of 500 gallons of the Company’s railroad tie treatment chemical from ECORail Products Inc.” and that “ECORail is in the process of constructing a railroad tie treatment facility in Kentucky and is very excited about introducing railroad crossties treated with the Greenstone chemical.” In fact, neither Greenstone nor ECORail had sufficient capital to produce the reported 500 gallons, and Greenstone could not, therefore, have delivered the 500-gallon order. Furthermore, ECORail never instructed Greenstone to actually deliver the product.

73. A year later, on February 20, 2008, Greenstone announced that it “Delivers First Order to ECORail” and that it had “received an instruction to deliver GreenShield . . . to ECORail.” The February 2008 release further purported to clarify, for the first time, that the supposed 500-gallon order reported in 2007 “had been on hold due to ECORail’s continuing

product testing and market development.” The February 2008 press release (a) created the false impression that ECORail was making good on its 500 gallon order when, in fact, Greenstone ultimately delivered, at most, 55 gallons; and (b) falsely stated that the 2007 “initial” order had been delayed due to “continuing product testing and market development” when, in fact, the alleged 2007 order was, at best, a financial impossibility for either party and, at worst, pure fiction.

74. On May 17, 2007, in a press release titled “Greenstone/ECORail Appoints New Sales Director,” Greenstone falsely stated that ECORail “produces environmentally friendly composite wood railroad track materials using Greenstone’s proprietary process GreenX.” This release was false because ECORail had never produced or sold anything using a Greenstone process or product.

75. On March 2, 2007, Greenstone issued a press release announcing that “Beacon Equity Research initiated coverage on the Company with target price of 25 cents per share” (the stock was trading at \$0.06 per share at the time). The press release quoted the “analyst” report as stating that Greenstone will “generate revenues of approximately \$7 million in 2007” and estimated “sales will more than double in 2008 to \$15 million and expand 30% annually over the next five years.” The press release further quoted the Beacon Equity Research report as relying for these projections upon (a) ECORail’s supposed 500 gallon order of GreenShield; (c) “the large number of inquiries from potential customers;” (d) “existing orders” (the report relied upon Bay Tree’s supposed order as well); and (e) “the product’s demonstrated benefits.” As explained above, and as Miwa knew at the time, these orders were fiction. Moreover, given his position at the company, Miwa knew or recklessly disregarded that there was no legitimate basis for the projections. Furthermore, the March 2 press release failed to disclose that Miwa and Greenstone

were involved in preparing the so-called Beacon Equity Research “report,” that they had authorized its release, and that Greenstone indirectly paid for the report through the issuance of shares to Emerging Markets Consulting and/or Painter (who, in turn, hired Beacon Equity Research to produce the report). Thus, Greenstone and Miwa knowingly issued false and misleading press releases, hired an “analyst” who relied on certain of those false press releases, and then used the analyst’s report as the basis for an additional press release announcing the analyst’s phony predictions about Greenstone.

76. On March 14, 2007, Greenstone falsely announced that Lucedale Forest Products Inc. “has committed to construct a treatment facility to produce composite wood fence posts using . . . GreenShield.” The March 2007 press release also falsely quoted Steve Eubanks, Lucedale’s president, as being “very excited to be the first manufacturer to introduce GreenShield . . . into the market.” In fact, Lucedale never entered into any agreements with Greenstone or committed to any such business relationship, and Eubanks did not make or authorize publication of the statement attributed to him in the release (or any equivalent statement).

77. On December 20, 2007, Greenstone announced:

[T]hat the two year field test of its unique green product GreenShield has been completed. According to the site owners and Management the test was a complete success. Based in part on the results of this long test, the Company is gearing up to meet the demands of the two million dollar new home construction market. . . . The test was performed as part of the construction of a beautiful 14,000 square foot house . . . The home owner wanted the best protection for his home and family and was willing to try a new technology to protect against moisture and fire. The test encompassed spraying the entire house with . . . GreenShield. In the two year period, there has not been a single defect or flaw detected in GreenShield’s properties. The owner added, “GreenShield did not leave any toxic residue or smell and it was very easy to work with. We even performed a fire test right at our house and were very impressed by

GreenShield's resistance to flames. I would recommend GreenShield to any future home owners large or small."

This announcement falsely and misleadingly suggested that Greenstone had successfully tested its product in a controlled scientific setting. In fact, at most, Greenstone merely sprayed GreenShield onto a partially-built house (in February 2006) and subsequently asked the owner if he had noticed any problems. Moreover, Greenstone failed to disclose that the quoted home owner was defendant Morelli, by then one of Greenstone's largest shareholders.

78. On March 19, 2008, Greenstone issued a press release falsely announcing that a litigation settlement with D&L LLC required "no significant cash payments . . . other than future royalties." In fact, the settlement obligated Greenstone to pay D&L approximately \$15,000, a material sum for Greenstone at that time. The company had virtually no cash on hand, and its total 2007 revenue was less than \$6,000. The press release further falsely stated that Greenstone was "joining forces with D&L on a project designed to develop new markets for D&L's patented technology and Greenstone's family of 'Green' products." In fact, no collaboration ever existed between Greenstone and D&L "to develop new markets."

79. From October 2007 through April 2008, Greenstone issued a series of at least eight press releases (a) claiming to be the "exclusive US agent" to distribute Permeate HS-100, "a corrosion protection sealer . . . manufactured . . . in Japan" and further describing the product's supposed uses; and (b) likewise claiming an "exclusive importer agreement with Magne Corporation" of Japan to distribute in the United States "MagneLine," a product "to reinforce cement and metal structures," and further describing that product's supposed uses. On April 30, 2008, Greenstone falsely and misleadingly announced that it had received an order from Train Travel Inc. for "Permeate HS200 anti-corrosion paint and also MagneLine polymer cement mortar to restore three historic 1917 rail cars to protect them from weathering and

maintaining the original look for years afterwards.” In fact, Train Travel had not placed a bona fide order, and Miwa did not actually expect to ship either product. Furthermore, due to a lack of financing, neither Train Travel nor Greenstone could have purchased sufficient amounts of either product to “restore three rail cars.” Also, Greenstone and Miwa did not have a sufficient basis to claim that Permeate and Magneline would “protect [the cars] from weathering and maintaining the original look for years afterwards.”

80. In addition to the above false and misleading announcements, from January 2007 through June 2008, Miwa caused Greenstone to issue well over 25 additional press releases that, together, created the false impression of a start-up company successfully engaging in nationwide business with both national and international partners. For example, Greenstone announced:

- a memorandum of understanding with ECORail to “supply its proprietary chemical and technical expertise on an exclusive basis” (February 5, 2007);
- an “initial evaluation order for . . . GreenShield. . . from Affordable Housing Solutions of Northwest Florida, L.L.C.” (February 22, 2007);
- agreements to distribute in the United States a number of products lines produced in Japan, including Permeate (October 17 and 22 and December 11, 2007, February 12, March 18, and April 10, 2008), MagneLine (November 15, 2007, January 10 and 17, April 7, 23, and 28, 2008), Green-Dri, a process for drying wood (December 18, 2007 and January 9, 2008), Crystal-Guard, an asbestos disposal product (February 5, 2008), Anz Ceramic Coating, “a revolutionary way to reduce energy costs” (April 14, 2008 and May 6, 2008), and Fire-Pruf, “a special chemical to treat wood and make it completely fire-proof” (April 16, 2008);

- introduction of a product called “Sillpro,” which supposedly protects windows and door sills from moisture (March 25, 2008);
- an agreement to produce Permeate in the United States (October 17, 2007);
- two agreements with En-Viroguard Inc. to distribute GreenShield “through their applicator network covering the area from Florida to Michigan” (January 15, 2008); and with ECO Solutions, Inc. with “territory cover[ing] Illinois, Indiana, Iowa, Kentucky, Michigan, Missouri, New York, Ohio, Pennsylvania, Virginia and Wisconsin” (April 21, 2008);
- coverage of Greenstone’s product lines in “Global” media (October 25, 2007); and
- that Greenstone’s “products are receiving support in the marketplace resulting in and [*sic*] increase in the Company’s revenues” (January 22, 2008).

In fact, as Miwa knew, the reality was quite different -- Greenstone had no business to speak of and was virtually bankrupt during this entire period, surviving almost exclusively through its illegal sales of stock to the public.

81. Miwa also took steps to ensure that Greenstone’s false and misleading press releases were broadly disseminated to the largest possible investor audience. As Miwa intended and understood was occurring, Painter, Starczewski, and Overcash’s Nominees hired Internet promoters to tout Greenstone’s stock. Those stock promoters -- including for example Small Cap Voice, Stockprofiler.US, Wall Street Capital Funding, and Wall Street Enews -- posted on their websites and circulated through the Internet and emails massive volumes of Greenstone promotional materials touting its business and stock price. Certain of those campaigns distributed millions of promotional emails. As Miwa knew at the time, many of the promotional

circulars merely repeated portions of Greenstone's own false press releases, underneath wildly positive title banners. For example, the circulars stated:

- "OTC GSHG Has Tripled In Past 2 Weeks!" (February 2007);
- Greenstone is "RED HOT" and its stock is "ON A ROLL!" (March 2007);
- Greenstone "got about a 300 percent jolt to its average trading volume;" (March 2007);
- "redhotpennystock.com: Greenstone Holdings, Inc. (GSHN) is set to make its first delivery!" (February 2008);
- "RealPennies.com: Turning Pennies into dollars . . . Pinksheets: GSHN" (April 2008); and
- Greenstone, "Stocks That Standout" (April 2008).

Miwa, Starczewski, Overcash, and Painter were aware that Greenstone was funding these promotional campaigns and that its indirect payment structure disguised this fact. As Miwa and the Promoter Defendants also knew, in many cases, the Internet stock promoters disclosed only that they were paid by the nominees. Thus, Miwa and Greenstone knowingly or recklessly failed to disclose to recipients of the promotional materials that Greenstone was paying for these campaigns and that it was actively promoting itself.

82. Furthermore, Greenstone and Miwa attempted to hide Greenstone's unrestricted stock issuances from the investing public. For example, on November 11, 2007, Miwa drafted and Greenstone published on Pink Sheets unaudited financial statements as of September 30, 2007, stating that Greenstone had 13,351,182 shares of common stock outstanding. However, Greenstone failed to disclose Miwa's illegal arrangement with Starczewski, Overcash, Morelli, and Frohling to issue hundreds of millions of "unrestricted" shares, despite the parties' having initially agreed to do so by at least August 2007.

IV. Frohling's False and Misleading Pink Sheets Opinion

83. On or about March 10, 2008, Frohling authored and sent an opinion letter to Pink Sheets LLC, authorizing Pink Sheets “to publish this opinion letter in the Pink Sheets News Service for viewing by the public and regulators.” On March 11, 2008, Pink Sheets posted Frohling’s opinion letter on its website. Greenstone was required to submit the opinion letter to be included in Pink Sheets’ “Current Information” Market Tier. Frohling’s letter contained a number of materially false and misleading statements and omissions, including:

The company has not participated in any promotional activities relating to its common stock and neither the Company, nor any of its officers, directors, 10% stockholders or control persons have any knowledge of any promotional activities relating to its common stock, nor are there any agreements between any of the above persons and any third parties relating to any stock activities. Also none of these persons have made any sales of common stock within the past twelve months.

Contrary to his opinion letter, by March 2008 Frohling was deeply involved in Greenstone’s issuance fraud and knew or recklessly disregarded that (a) the Company was participating in hiring stock promoters to issue promotional materials; (b) Miwa and the Promoter Defendants arranged these activities; and (c) at least Starczewski, Overcash, and Morelli were “control persons” by dint of their large stockholdings, control over Greenstone’s access to the capital markets (the company’s lifeline), and the day-to-day influence over the company. In addition, Frohling knew or recklessly disregarded that Greenstone, Miwa, Frohling, and the Promoter Defendants sold Greenstone stock to the public through the Nominees and also used that stock to pay company expenses (such as certain of Frohling’s legal bills).

V. Defendants' Illegal Profits

84. Defendants’ illegal activities caused a dramatic increase in the volume and price of Greenstone’s stock price, thus enabling them to profit from those activities. For example, on

February 12, 2007, the day after the Market Pathways report was published, Greenstone's stock price and volume increased 54% from \$0.12 to \$0.185 and 397% from 209,020 to 1,038,227 shares, respectively.

85. Defendants sold the illegally issued Greenstone shares into the market, reaping total proceeds in excess of \$1.3 million between September 2006 and June 2008. Moreover, a portion of these sales were directed back to Greenstone, in accordance with Miwa's arrangements with the Promoter Defendants. In addition, and as part of Defendants' illegal scheme, Greenstone received over \$450,000 from the Promoter Defendants.

FIRST CLAIM FOR RELIEF
**(Against Greenstone, Miwa, Frohling,
Starczewski, Overcash, and Pierson)**

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

86. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 85 of this Complaint.

87. By engaging in the acts and conduct alleged in paragraphs 1-85 above, Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of securities issued by Greenstone, have:

- a. Employed devices, schemes, and artifices to defraud;
- b. Made untrue statements of material fact, or have 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 transactions, acts, practices, and courses of business which operated as a fraud or deceit upon purchasers of securities issued by Greenstone.

88. Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson engaged in the above conduct knowingly or recklessly.

89. By reason of the foregoing, Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, directly or indirectly, singly or in concert, have 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 thereunder [C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF
**(Against Greenstone, Miwa, Frohling,
Starczewski, Overcash, and Pierson)**

Violations of Section 17(a)(1)-(3) of the Securities Act

90. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 85 of this Complaint.

91. By engaging in the acts and conduct alleged in paragraphs 1-85 above, Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange, in the offer or sale of securities issued by Greenstone, have:

- a. Employed devices, schemes, and artifices to defraud;
- b. Obtained money or property by means of untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

- c. Engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities of Greenstone.

92. Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson engaged in the above conduct knowingly or recklessly.

93. By reason of the foregoing, Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, directly or indirectly, singly or in concert, have violated and unless enjoined will continue to violate Section 17(a)(1)-(3) of the Securities Act [15 U.S.C § 77q(a)(1)-(3)].

THIRD CLAIM FOR RELIEF
**(Against Miwa, Frohling, Starczewski,
Overcash, and Pierson)**

**Aiding and Abetting Violations of
Section 10(b) of the Exchange Act and Rule 10b-5**

94. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 85 of this Complaint.

95. By engaging in the acts and conduct alleged in paragraphs 1-85 above, Miwa, Frohling, Starczewski, Overcash, and Pierson provided substantial assistance to Greenstone's violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5], and thereby are liable under those provisions as aiders and abettors, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

96. By reason of the foregoing, Miwa, Frohling, Starczewski, Overcash, and Pierson have 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. § 240.10b-5].

FOURTH CLAIM FOR RELIEF
(Against all Defendants)

**Violation of Section 5(a) and 5(c)
of the Securities Act**

97. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 85 of this Complaint.

98. The Greenstone shares that Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, and Morelli have offered and sold to the investing public as alleged herein constitute “securities” as defined by Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(1) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

99. Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, and Morelli, directly or indirectly, singly or in concert, have made use of the means or instruments of transportation or communications in interstate commerce, or the mails, to offer and sell securities through the medium of a prospectus or otherwise when no registration statement has been filed or was in effect as to such securities and when no exemption from registration was available.

100. By reason thereof, Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, and Morelli have violated and unless enjoined will continue to violate Section 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

FIFTH CLAIM FOR RELIEF
(Against Relief Defendants)

101. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 85 of this Complaint.

102. The Relief Defendants received ill-gotten funds, at the least, in the form of proceeds from the sale of Greenstone shares that were transferred to them illegally.

103. The Relief Defendants do not have a legitimate claim to the funds they received from the sale of Greenstone shares.

104. By reason of the foregoing, the Relief Defendants should be required to disgorge the proceeds of the sales of any Greenstone shares.

PRAYER FOR RELIEF

WHEREFORE the Commission respectfully requests that the Court grant the following relief:

I.

A final judgment permanently restraining and enjoining Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the final judgment by personal services or otherwise, and each of them, from future violations of 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]; and Sections 17(a)(1), (2), and (3) of the Securities Act [15 U.S.C. § 77q(a)(1), (2), and (3)].

II.

A final judgment permanently restraining and enjoining Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, and Morelli, their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the final judgment by personal services or otherwise, and each of them, from future violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

III.

A final judgment ordering Greenstone, Frohling, Starczewski, Overcash, Morelli, Pierson, Painter, and Relief Defendants to disgorge their ill-gotten gains, plus prejudgment interest, and such other and further amount as the Court may find appropriate.

IV.

A final judgment ordering Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, and Morelli to pay civil money penalties 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)].

V.

A final judgment enjoining and restraining Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, and Morelli from participating in the offering of any penny stock pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)].

VI.


A final judgment barring Miwa from serving as an officer or director of any public company pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)].

VII.

Such other and further relief as the Court deems appropriate.

Dated: New York, New York
February 18, 2010

SECURITIES AND EXCHANGE
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