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8 UNITED STATES DISTRICT COURT

9 FOR THE CENTRAL DISTRICT OF CALIFORNIA

10 SECURITIES AND EXCHANGE
11 COMMISSION,

12 Plaintiff,

13 vs.

14 CURTIS PETERSON, ERIC MAHER,
15 RONALD WHITE, and EXPRESS
INTERNATIONAL, LLC,

16 Defendants,

17 and

18 CURTIS INTERNATIONAL
19 EXPRESS, INC. and ANN SCOTT,

20 Relief Defendants.

Case No.

0V11 01143 ODW (JEMx)

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

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1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. The Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§
6 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
7 Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
8 78u(d)(3)(A), 78u(e) & 78aa.

9 2. Venue is proper in this district pursuant to Section 22(a) of the
10 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
11 § 78aa, because certain of the transactions, acts, practices, and courses of conduct
12 constituting the violations alleged herein occurred within the Central District of
13 California.

14 3. The Defendants, directly and indirectly, have made, and are making,
15 use of the means and instrumentalities of interstate commerce and of the mails or
16 of the facilities of a national exchange in connection with the acts, practices, and
17 courses of business alleged herein in the Central District of California and
18 elsewhere.

19 **SUMMARY**

20 4. This matter concerns a fraudulent offering scheme operated by Curtis
21 Peterson (“Peterson”), Eric Maher (“Maher”), and Express International, LLC
22 (“Express International”), and aided and abetted by attorney Ronald White
23 (“White”) (collectively, the “Defendants”). From September through December
24 2009, the Defendants raised almost \$3.3 million from at least 10 investors through
25 an unregistered offering of securities in the form of investment contracts. Peterson
26 and Maher told investors that they would pool their monies to purchase
27 international bank instruments, then “lease” those instruments to “top 25”
28 international banks willing to pay substantial fees for the right to place the

1 instruments on their balance sheet for a brief period of time. By using the same
2 instrument in multiple transactions per day, they claimed that they would generate
3 profits sufficient to pay investors returns of as much as 1,000% per month for 12
4 months. Moreover, they promised investors that their monies would remain in a
5 trust account at all times and never be placed at risk.

6 5. In reality, none of what Peterson and Maher told investors was true.
7 Specifically, the program does not exist and the promised rates of return cannot be
8 obtained. White, the attorney who controlled the trust account to which Express
9 International investors were instructed to wire their monies, aided and abetted the
10 fraudulent scheme by, among other things, converting investor principal into
11 cashier's checks payable to Peterson, thus allowing Peterson to dissipate investor
12 funds. Indeed, Peterson used only about 20% of investor monies for their avowed
13 purpose and used the remainder to pay his personal expenses and to funnel monies
14 to third parties with no legitimate claim to them, including Curtis International
15 Express, Inc. and Peterson's wife, Ann Scott (collectively, the "Relief
16 Defendants").

17 6. The Defendants, by engaging in the conduct described in this
18 Complaint, violated and/or aided and abetted violations of the antifraud, securities
19 registration, and/or broker-dealer registration provisions of the federal securities
20 laws. The Commission requests that the Court permanently enjoin each of the
21 Defendants from further violations of these laws, require them to disgorge with
22 prejudgment interest all proceeds from their fraudulent conduct, and impose a
23 substantial civil penalty on each of them. The Commission further requests that
24 the Court order the Relief Defendants to disgorge with prejudgment interest all
25 monies received improperly from the Defendants since September 2009.

THE DEFENDANTS

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27 7. **Curtis Peterson**, age 48, is a resident of Glendora, California.
28 Peterson is not registered with the Commission. He is the co-managing member

1 of defendant Express International and the sole owner and officer of relief
2 defendant Curtis International Express.

3 8. **Eric Maher**, age 42, is a resident of Novato, California. Maher is a
4 former registered representative, having worked at A. G. Edwards & Sons,
5 Prudential Securities, and Washington Mutual Financial Services from 1996
6 through 2000.

7 9. **Ronald White**, age 55, is a resident of Gardena, California. He is an
8 attorney licensed to practice law by the State Bar of California, California Bar No.
9 85723.

10 10. **Express International, LLC** is a California limited liability company
11 formed by Peterson and Scott in 2007 and located in Pasadena, California.
12 Peterson and Scott are its managing members. It is not registered with the
13 Commission in any capacity and it has not registered any offering of its securities
14 under the Securities Act or a class of securities under the Exchange Act.

15 **THE RELIEF DEFENDANTS**

16 11. **Curtis International Express, Inc.** is a California corporation
17 formed by Peterson in 2007 and located in Pasadena, California.

18 12. **Ann Scott**, age unknown, resides in Glendora, California with
19 Peterson, her husband. She is the co-managing member of Express International.

20 **FACTUAL BACKGROUND**

21 **A. Peterson and Maher Conduct an Unregistered and Fraudulent** 22 **Offering of Securities**

23 13. Between September and December 2009, Express International
24 entered into written investment agreements with 10 individuals located in several
25 different states who invested almost \$3.3 million in Defendants' fraudulent
26 scheme.

27 14. Maher and/or Peterson personally solicited all of the individuals
28 contracting with Express International.

1 15. Maher held himself out as Express International and was authorized
2 by Peterson to do so.

3 16. Maher told prospective investors that their monies would be pooled
4 with the monies of others to purchase international bank instruments that would be
5 leased to European banks. Maher refused to identify the borrowing banks other
6 than to describe them as being among the 25 largest financial institutions in
7 Europe. According to Maher, these banks would use the leased instruments as
8 collateral for loans that the banks would use to fund their trading of securities.
9 Maher told investors that the same instrument might be leased 10 or 20 times per
10 day, and that each time it was leased the borrowing bank would pay a fee. These
11 fees purportedly funded the pool of profits from which Express International
12 investors would be paid their returns.

13 17. Maher told investors that, notwithstanding the fact that their monies
14 would be used to purchase bank instruments, somehow their monies would remain
15 at all times in the trust account and never be placed at risk.

16 18. Peterson provided Maher with a form investment agreement, and
17 Maher emailed the investment agreement and wiring instructions to prospective
18 investors.

19 19. The written agreements contain representations consistent with
20 fraudulent "prime bank" or "high-yield investment program" schemes: that
21 investor monies "will be used to purchase an instrument" in a sum many times
22 greater than the amount invested, that said instrument "will be placed into trade,"
23 and that said trade activities will generate "payout returns" to the investor which,
24 though they vary from contract to contract, range from the ludicrous (300% in 45
25 days) to the surreal (1,000% per month for 12 months).

26 20. Some of the agreements identify a particular instrument or
27 instruments purportedly "available for investment"; others do not. The agreements
28 also contain a section entitled "History of Why Our Program Works," which

1 purports to describe the rise in “off-balance sheet transactions” between “top 25
2 European banks” and the profits to be realized from related “fee-based trading.”

3 21. The written agreements direct the investor to wire his or her funds to
4 an attorney-client trust account in the name of White (the “Trust Account”) and
5 assure investors that their funds are not at risk because “[the instrument purchased]
6 will be cash backed and can be liquidated to secure initial investment.”

7 22. All of the written agreements bear Peterson’s signature. Most of the
8 written agreements also bear White’s signature.

9 23. Maher was authorized by Peterson to negotiate, and did negotiate and
10 insert into the investment agreement, the rate of return due each investor.

11 24. Maher’s name and contact information appear, along with Peterson’s,
12 on the letterhead of several of the investment agreements, as well as on Express
13 International correspondence.

14 25. Peterson agreed to pay Maher a share of the profits to be realized from
15 the leasing of the bank instruments.

16 26. Maher received at least \$25,000 from Express International. The
17 monies provided to Maher were derived from investor principal. Maher knew that
18 the monies he received were not derived from the leasing of bank instruments.

19 27. A website at www.expressinternationalllc.com promoted Express
20 International as “the principal Private Placement and Holdings Company for a
21 collaborative of multi-industrial international companies with assets under
22 management valued over 10 Billion Dollars” and provided Peterson’s mailing
23 address, email address and phone number.

24 **B. White Aids and Abets the Fraudulent Scheme**

25 28. Investors wired almost \$3.3 million to the Trust Account, per the
26 written and oral instruction of Maher and Peterson.

27 29. The involvement of White and his control of the Trust Account
28 provided investors with unwarranted assurance as to the legitimacy of the

1 investment program and the safety of their principal, and was a significant factor in
2 their decision to invest with Express International.

3 30. The Defendants failed to disclose that almost as soon as investors
4 wired their monies to the Trust Account, White transferred those monies directly to
5 Peterson.

6 31. White did so primarily by purchasing, with investor funds, cashier's
7 checks made payable to Peterson, Express International, or Curtis International
8 Express, each of which maintained bank accounts controlled by Peterson (the
9 "Peterson Accounts").

10 32. Relief Defendant Curtis International Express had and has no right to
11 any investor funds that it has received from White or any other Defendant herein.

12 33. In all, White transferred more than \$2.2 million of investor monies
13 from the Trust Account to the Peterson Accounts.

14 34. White also used investor monies to purchase cashier's checks payable
15 to third parties having nothing to do with the purported investment program.

16 35. In addition, White withdrew or cashed checks payable to himself
17 totaling more than \$500,000.

18 36. White did not use any investor monies for their purported investment
19 purpose.

20 **C. Peterson Misappropriates Investor Monies**

21 37. In addition to the more than \$2.2 million which White transferred
22 from the Trust Account to the Peterson Accounts, an additional amount of investor
23 money was wired directly to one of the Peterson Accounts.

24 38. In all, Peterson gained direct control of about \$2.3 million of the
25 almost \$3.3 million of investor monies committed to Express International.

26 39. Peterson wired \$460,620 from the Peterson Accounts to accounts in
27 the name of Altofin Bancorp Ltd. (the "Altofin Accounts") at Magyarorszagi
28 Volksbank in Hungary.

1 40. Peterson wired an additional \$225,000 from the Peterson Accounts to
2 an account in the name of Buykontrol Mortgage, Inc. dba Liberty One Lending
3 (“Liberty One”) at Regions Bank in Florida.

4 41. The monies wired to Liberty One were subsequently wired to the
5 Altofin Accounts as well.

6 42. None of the monies wired to the Altofin Accounts were used to
7 purchase any international bank instruments.

8 43. None of the monies remaining in the Peterson Accounts were used to
9 purchase any international bank instruments either.

10 44. Peterson did not have a reasonable basis to believe that any of the
11 monies wired to the Altofin Accounts would be used to purchase international
12 bank instruments.

13 45. Rather than purchasing, or even attempting to purchase, bank
14 instruments with investor funds, as he promised to do, Peterson used the lion’s
15 share of investor monies for undisclosed personal use, including:

- 16 ○ More than \$300,000 to repay personal loans;
- 17 ○ More than \$270,000 to make mortgage payments on a house owned
18 by a third party;
- 19 ○ More than \$195,000 toward purchases made with a check card tied
20 to the Peterson Accounts;
- 21 ○ Almost \$125,000 to purchase three new automobiles used by
22 himself or family members;
- 23 ○ More than \$70,000 in mortgage payments on the house he and his
24 wife own;
- 25 ○ More than \$60,000 in donations and tithes made to his church
26 and/or pastor; and
- 26 ○ \$45,000 to his wife, Ann Scott.

27 46. Relief Defendant Ann Scott had and has no right to any investor funds
28 that she has received from Peterson or any other Defendant herein.

1 47. In addition, Peterson used almost \$450,000 of investor monies in the
2 Peterson Accounts in ways that are untraceable, but which did not include the
3 purchase of any international bank instruments. These transactions include:

- 4 ○ \$154,000 in checks made payable to cash;
- 5 ○ \$140,000 in transactions for which the banks are unable to produce
6 the underlying documentation;
- 7 ○ \$107,800 in cash withdrawals; and
- 8 ○ \$43,975 extracted in cash from checks deposited to the Peterson
9 Accounts at the time of deposit.

10 **D. The Defendants Engage in Lulling Behavior**

11 48. Through mid-2010, long after the time for Express International to
12 perform under its agreements with investors had elapsed, Peterson and Maher
13 continued to knowingly and falsely assure investors that progress was steady,
14 setbacks were temporary, and they would soon receive payouts that would make
15 them wealthy beyond their wildest dreams. The cumulative effect was to deter
16 investors from seeking redress for the Defendants' fraudulent conduct.

17 49. In December 2009, White knowingly and falsely told an investor that
18 Express International's failure to make its planned profit payment was caused by a
19 change in protocol by one of the banks involved in the alleged transaction, urged
20 him to be patient, and assured the investor that his principal was still in the Trust
21 Account. Based on White's assurances, the investor took no further action.

22 **E. The Defendants Acted With Scienter**

23 50. Peterson and Maher knew that the oral and written representations
24 they made to investors about the nature of the investment program, the safety of
25 investor principal, and the profits to be realized from participation, were false.

26 51. Neither Peterson nor Maher conducted any due diligence into the
27 veracity of the investments purportedly underlying their investment program.
28 Thus, they had no reason for believing that the oral and written representations

1 they made to investors about the nature of the investment program, the safety of
2 investor principal, and the profits to be realized from participation, were true.

3 52. Neither Peterson nor Maher invested any of their own money in the
4 investment program that they promoted to others, notwithstanding the fact that had
5 it performed as they represented, a single dollar invested at 1000% per month
6 would be worth 120 times that amount by the end of the year without
7 compounding, and would be worth \$10 billion by the end of the year with
8 compounding.

9 53. Peterson controlled all transactions in the Peterson Accounts and
10 instructed White as to the Trust Account. Accordingly, Peterson knew that he had
11 misappropriated the vast majority of investor funds for his undisclosed personal
12 use.

13 54. White knew that Peterson and Maher were engaged in fraudulent
14 activity. White received copies of the investment agreements, which bear his
15 signature, and evidenced his familiarity with them by discussing their contents
16 with others on several occasions. Those contents are so inherently ludicrous as to
17 put White on notice that he was furthering a fraudulent scheme.

18 55. White knew that he was being compensated almost solely for lending
19 an attorney's imprimatur of legitimacy to the Defendants' fraudulent scheme
20 because there was no rational relation between the compensation he received and
21 the value of the services he rendered. White was paid more than \$100,000 – and
22 withdrew from the Trust Account more than \$400,000 – for (1) maintaining the
23 Trust Account to which investors were instructed to wire their money and (2)
24 converting those monies into cashier's checks payable to Peterson.

25 **FIRST CLAIM FOR RELIEF**

26 **UNREGISTERED OFFER AND SALE OF SECURITIES**

27 **Violations of Sections 5(a) and 5(c) of the Securities Act**

28 **(Against Peterson, Maher and Express International)**

1 order to make the statements made, in light of the
2 circumstances under which they were made, not misleading; or
3 c. engaged in transactions, practices, or courses of business which
4 operated or would operate as a fraud or deceit upon the
5 purchaser.

6 62. By engaging in the conduct described above, Defendants Peterson,
7 Maher, and Express International, and each of them, violated, and unless restrained
8 and enjoined will continue to violate, Section 17(a) of the Securities Act, 15 U.S.C.
9 § 77q(a).

10 **THIRD CLAIM FOR RELIEF**

11 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES**

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

13 **(Against All Defendants)**

14 63. The Commission realleges and incorporates by reference paragraphs 1
15 through 55 above.

16 64. By engaging in the conduct described above, Defendants Peterson,
17 Maher, Express International, and each of them, directly or indirectly, in
18 connection with the purchase or sale of a security, by the use of means or
19 instrumentalities of interstate commerce, of the mails, or of the facilities of a
20 national securities exchange, with scienter:

- 21 a. employed devices, schemes, or artifices to defraud;
- 22 b. made untrue statements of a material fact or omitted to state a
23 material fact necessary in order to make the statements made,
24 in light of the circumstances under which they were made, not
25 misleading; or
- 26 c. engaged in acts, practices, or courses of business which
27 operated or would operate as a fraud or deceit upon other
28 persons.

1 **II.**

2 Issue judgments, in a form consistent with Rule 65(d) of the Federal Rules
3 of Civil Procedure, permanently enjoining Defendants Peterson, Maher, and
4 Express International, and their officers, agents, servants, employees and attorneys,
5 and those in active concert or participation with any of them, who receive actual
6 notice of the order by personal service or otherwise, and each of them, from
7 violating Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and
8 77e(c), Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), and Section 10(b)
9 of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §
10 240.10b-5; and further enjoining Defendant White, and his officers, agents,
11 servants, employees and attorneys, and those in active concert or participation with
12 any of them, who receive actual notice of the order by personal service or
13 otherwise, and each of them, from aiding and abetting Peterson, Maher, and/or
14 Express International in violating Section 10(b) of the Exchange Act, 15 U.S.C. §
15 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5; and further enjoining
16 Defendant Maher from violating Section 15(a) of the Exchange Act, 15 U.S.C. §
17 78o(a).

18 **III.**

19 Order the Defendants and the Relief Defendants to disgorge all ill-gotten
20 gains from the illegal conduct alleged herein, together with prejudgment interest
21 thereon.

22 **IV.**

23 Order Defendants to pay civil penalties pursuant to Section 20(d) of the
24 Securities Act, 15 U.S.C. §77t(d), and Section 21(d)(3) of the Exchange Act, 15
25 U.S.C. §78u(d)(3).

26 **V.**


27 Retain jurisdiction of this action in accordance with the principles of equity
28 and the Federal Rules of Civil Procedure in order to implement and carry out the

1 terms of all orders and decrees that may be entered, or to entertain any suitable
2 application or motion for additional relief within the jurisdiction of this Court.

3 **VI.**

4 Grant such other and further relief as this Court may determine to be just and
5 necessary.

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7 DATED: February 7, 2011

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10 Peter F. Del Greco
11 Attorneys for Plaintiff
12 Securities and Exchange Commission
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