

1 Kristin Escalante, California Bar No. 169635
escalantek@sec.gov
2 U.S. Securities and Exchange Commission
3 Plaintiff's Local Counsel
4 444 S. Flower Street, Suite 900
5 Los Angeles, California 90071
Telephone: (323) 965-3998
Facsimile: (213) 443-1904

6 Chris Davis, Texas Bar No. 24050483
7 davisca@sec.gov
8 Clay Basser-Wall, Texas Bar No. 24054189
9 Basser-WallC@sec.gov
10 U.S. Securities and Exchange Commission
11 801 Cherry Street, Suite 1900, Unit #18
12 Fort Worth, Texas 76102
Telephone: (817) 900-2638
Facsimile: (817) 978-4927
Applications for Admission Pro Hac Vice Pending

13 **UNITED STATES DISTRICT COURT**
14 **CENTRAL DISTRICT OF CALIFORNIA**
15 **EASTERN DIVISION**

16
17 **SECURITIES AND EXCHANGE**
18 **COMMISSION,**

19 **Plaintiff,**

20 **vs.**

21 **FORUM NATIONAL INVESTMENTS LTD.,**
22 **DANIEL CLOZZA,**
23 **ROBERT LOGAN DUNN,**
WILLIAM BRAD ANGUKA, and
AHMAD FARID GHAZNAWI,

24 **Defendants.**

COMPLAINT

25
26 **Plaintiff Securities and Exchange Commission (the "Commission") alleges:**
27
28

1 **JURISDICTION AND VENUE**

2 1. The Commission brings this action pursuant to Section 20(b) of the
3 Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77t(b)] and Section 21(d) of the
4 Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78u(d)].

5
6 2. This Court has jurisdiction over this action pursuant to Sections 21(d),
7 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa].

8
9 3. Venue is proper in this district pursuant to Section 27 of the Exchange Act
10 [15 U.S.C. § 78aa] because Anguka lives in, and a substantial portion of the conduct
11 alleged in this complaint occurred within, the Central District of California.

12 **SUMMARY OF THE ACTION**

13
14 4. During 2012, Forum and its president and CEO, Daniel Clozza—along
15 with the other defendants—engaged in a fraudulent scheme to artificially increase the
16 price of Forum’s stock. The scheme had two components: a public relations
17 campaign and an internet stock promotion.

18
19 5. The public relations campaign involved Forum—at Clozza’s direction—
20 issuing a slew of press releases containing materially false and misleading
21 information. The press releases included materially false and misleading information
22 about both the launch and success of a large bond offering, as well as a significant
23 investment in Forum.
24

25
26 6. To more widely disseminate the misinformation about Forum’s stock,
27 Clozza and one of his associates, Robert Dunn, hired William Anguka to carry out an
28

1 internet stock promotion. Anguka hired Alex Ghaznawi to work with him. The
2 internet stock promotion involved Anguka and Ghaznawi creating and disseminating
3 web pages and internet newsletters containing materially false and misleading
4 information about Forum's business prospects.
5

6 7. Combined, the two components of this fraudulent scheme caused
7 significant increases in Forum's stock price and trading volume. Dunn, along with
8 Clozza's relatives and associates, profited from the scheme by selling more than one
9 million shares of Forum stock at these artificially inflated prices.
10

11 8. In the course of executing the fraudulent scheme, each defendant
12 violated a number of provisions of the federal securities laws, including the antifraud
13 provisions. Consequently, the Commission seeks orders enjoining the defendants from
14 future violations of the federal securities laws—along with civil penalties, disgorgement
15 with prejudgment interest, penny stock bars, and for Clozza a bar from serving as a
16 public company officer or director.
17
18
19

20 DEFENDANTS

21 9. **Forum National Investments Ltd.** was incorporated in British
22 Columbia, Canada on September 22, 1995. Forum's principal place of business is in
23 Toronto, Ontario. The Company is registered with the Commission pursuant to
24 Section 12(g) of Exchange Act. Forum's common stock trades on the over the
25 counter "Pink Sheets."
26
27
28

1 10. **Daniel Clozza**, age 54, is a resident of Vancouver, British Columbia,
2 Canada. He is the President, Chief Executive Officer, and a Director of Forum. He is
3 also one of the Company's largest shareholders.
4

5 11. **Robert Logan Dunn**, age 35, is a resident of Abbotsford, British
6 Columbia, Canada. He is the CEO of Mosaic Holdings, Ltd., a company located in
7 British Columbia.
8

9 12. **William Brian Anguka**, age 28, is a resident of Upland, California. He
10 owns Steadman Equity Financial Group, LLC, a Wyoming limited liability company.
11 Anguka promotes stocks through various internet-based media (such as Twitter and
12 Facebook) and on various internet domains he owns.
13

14 13. **Ahmad Farid Ghaznawi**, age 28, lives in Omaha, Nebraska and
15 promotes stocks on various internet domains. He does business as Skylab Global
16 Investments, an unincorporated entity.
17

18 **FACTUAL ALLEGATIONS**

19 I. Background

20 14. Forum began as a tourism business that sold memberships in a “travel
21 club” and chartered a yacht it owned. In 2008, Forum entered the life settlement
22 industry by purchasing six life insurance policies on the secondary market for
23 approximately \$1.8 million. These policies had a total face value of roughly \$31
24 million.
25
26
27
28

1 15. In 2011, Forum offered a convertible debenture secured by two of the
2 life insurance policies it had purchased in 2008. These two policies had a combined
3 face value of \$9 million. Each of the 20 units of the debenture entitled the purchaser
4 to \$450,000 of the benefits Forum would receive when the policies matured. Forum
5 was able to sell only seven out of the 20 units during 2011.
6

7
8 16. By the end of its fiscal year ended September 30, 2011, Forum was
9 experiencing significant financial difficulties. It had sold its travel business but
10 continued to charter its yacht, which was encumbered by a \$5 million loan. Forum's
11 other assets consisted almost entirely of four of the six life insurance policies it had
12 purchased in 2008—two of which provided the security for the \$9 million debenture
13 offering. The Company had an accumulated deficit of more than \$25 million and less
14 than \$60,000 in cash. It reported annual revenue of only \$262,582, and its stock was
15 trading at \$0.13 per share on volume of less than 500 shares per day.
16
17

18 II. The Scheme to Manipulate Forum's Stock

19 a. The Internet Stock Promotion

20 17. Faced with this dire financial situation, Clozza turned to fraudulent
21 means to spark interest in Forum's stock. In November 2011, Clozza asked a
22 colleague to introduce him to someone experienced with using the internet to promote
23 companies. Clozza's colleague introduced him to Anguka.
24
25

26 18. On December 10, 2011, Anguka met with Clozza and three of his
27 associates at the Vancouver International Airport. One of those associates was Dunn.
28

1 Anguka proposed to use social media sites like Twitter and Facebook to promote
2 Forum's stock. He explained that he charged \$70,000 or \$80,000 per month for his
3 services.
4

5 19. On May 15, 2012, Dunn—on behalf of Forum and at Clozza's
6 direction—wired approximately \$15,000 to Anguka in order to begin promoting
7 Forum's stock. In total, Anguka received approximately \$72,000 for his work on the
8 promotion. All of this money came directly from Dunn and/or companies controlled
9 by him. And the majority of that money came either directly or indirectly from
10 Clozza and/or Forum.
11
12

13 20. At or around the time of the initial payment, Anguka told Dunn that the
14 materials for the internet stock promotion would need to identify the person or entity
15 that was paying for it. Dunn told Anguka to just make something up. In response,
16 Anguka suggested the name "Welsson Financial Media"—an entirely fictitious
17 entity—which Dunn approved.
18
19

20 21. On or about May 21, 2012, Anguka posted a report about Forum on an
21 internet domain he owns, www.americaninvestingreport.com. The report predicted a
22 significant increase in the price of Forum stock: "**FMNL could turn a \$5000**
23 **investment into a staggering \$41,300!**" (emphasis in original). It urged investors to
24 act quickly: "Investors that act now on this life changing ground floor opportunity
25 could stand to reap massive profits this year as shares of **Forum National**
26 **Investments Ltd. (FMNL)** are currently trading at unbelievable bargain prices."
27
28

1 (emphasis in original). It was signed “From The Desk of John Wells” and stated that
2 “American Investing Report.Com” had been compensated \$650,265 by Welsson
3 Financial Media to “build industry and investor awareness.”
4

5 22. The May 21, 2012 report contained several materially false and
6 misleading statements. First, Anguka had no basis for predicting any increase in the
7 price of Forum stock, much less a dramatic one. Second, no one named “John Wells”
8 was involved in creating or posting the report. Third, neither Anguka nor his
9 companies were paid anywhere close to \$650,000 for his work on the promotion.
10 Finally, Anguka’s compensation came directly or indirectly from Dunn and Forum,
11 not Welsson Financial Media.
12
13

14 23. Anguka hired Ghaznawi to assist him in preparing and posting materials
15 on the internet as part of the fraudulent stock promotion. He paid Ghaznawi
16 approximately \$27,000 for these services.
17

18 24. On or about May 24 and June 5, 2012, Ghaznawi created and posted two
19 reports about Forum on internet domains he owns: www.thewallstreetbulls.com and
20 www.marketbullreport.com. Both of these reports contained materially false and
21 misleading statements. For example, the reports falsely claimed that an “**URGENT**
22 **BUY ALERT**” (emphasis in original) had been issued for Forum, with a target price
23 of \$10 per share. In fact, no such alert or target price had been issued, and Ghaznawi
24 had no basis for projecting a target price of \$10 per share. The reports also falsely
25 stated that Welsson Financial Media had paid the Wall Street Bulls and Market Bull
26
27
28

1 Report \$100,000 each to provide promotional services for Forum. Ghaznawi did not
2 receive anything close to this amount for his work, and what he did receive came
3 from Dunn and/or Forum, through Anguka.
4

5 25. On or about June 13, 2012, Ghaznawi and/or Anguka created two
6 investor newsletters that they then posted on several internet message boards—
7 including “Investors Hub” and “Stock Hideout.” The newsletters were designed to
8 look like scanned copies of hard copy letters that had actually been mailed to
9 investors, making them materially misleading in their entirety. They also made
10 incredible and unfounded statements about Forum stock, including: **“YOU COULD**
11 **MAKE A FORTUNE WITH JUST ONE TRADE”** and **“ANALYSTS SAY**
12 **THAT SHARES OF FMNL COULD SURGE TO \$10.00 OR MORE THIS**
13 **SUMMER!”** (emphasis in originals). Neither Ghaznawi nor Anguka had any basis
14 for the prediction that investors could make a fortune on Forum stock, and analysts
15 were not predicting a surge in Forum’s stock price.
16
17
18
19

20 26. In addition, one of the newsletters contained a picture of a “Lead Small
21 Cap Analyst” it identified as “Alan Carter,” and quoted Carter as saying: **“This is the**
22 **sort of company you really want to consider having in your portfolio as soon as**
23 **possible because shares could easily skyrocket more than 1000% that’s why I’m**
24 **giving FMNL an AGGRESSIVE BUY RATING.”** (emphasis in original). The
25 newsletters also claimed that the Wall Street Bulls and Market Bull Report had each
26 received more than \$650,000 to advertise and promote Forum. As both Ghaznawi
27
28

1 and Anguka knew, these statements were materially false. No stock analyst named
2 Alan Carter, nor any other lead small cap analyst, was involved in preparing the
3 newsletters. Therefore, the picture and quote were materially false in their entirety.
4
5 And as noted above, neither Ghaznawi nor Anguka received anywhere close to
6 \$650,000 for their work on the promotion.
7

8 b. The Public Relations Campaign

9 27. Forum did not issue a single press release in the twenty-four months that
10 preceded the internet stock promotion. Once the promotion started, however, Forum—
11 at Clozza’s direction—issued a barrage of press releases to stir up additional interest in
12 the Company’s stock. In just over one month, between May 15 and June 25, 2012,
13 Forum issued seven press releases concerning a variety of topics. Clozza timed these
14 press releases to coincide with the internet promotion being run by Anguka and
15 Ghaznawi. Clozza caused Forum to issue its first press release on May 15, 2012—the
16 same day Dunn made the initial payment to Anguka for the internet promotion.
17
18

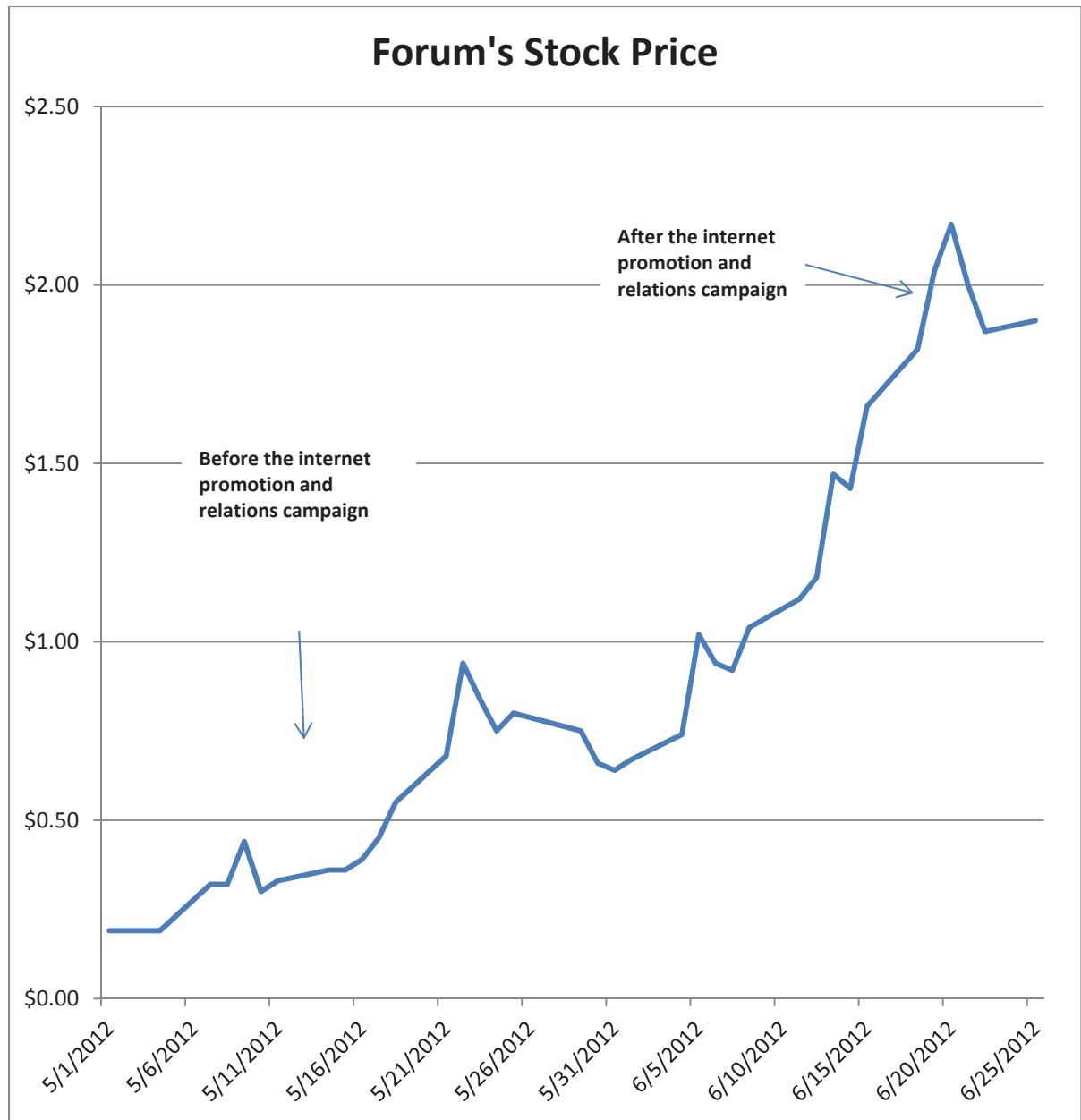
19 28. The May 15 press release included a quote purporting to be from Aliya
20 LifeSpan’s COO, Robert Benson. Because the quote was fabricated and issued without
21 Benson’s involvement or permission, it was materially false and misleading.
22

23 29. Forum issued additional materially false and misleading press releases on
24 June 12 and 25, 2012. These two press releases inaccurately stated that Forum had
25 “launch[ed]”, then subsequently “SOLD OUT” (emphasis in original) a \$9 million bond
26 offering. In fact, the only offering Forum conducted in 2012 was the continued offering
27
28

1 of the \$9 million debenture, which Forum had launched in 2011. And Forum had not
2 sold out that offering by June 25, 2012. Rather, \$4 million of that offering remained
3 unsold as of November 2012.
4

5 30. Forum also issued a materially false and misleading press release on June
6 30, 2012, in response to an inquiry from the British Columbia Securities Commission—
7 which had raised questions about the internet promotion. For example, the June 30
8 press release falsely stated that Forum “has no knowledge of the source of funding for
9 the creation and dissemination of the internet materials.” In fact, Clozza—who had
10 personally approved and directed the promotional campaign—knew that Forum was the
11 source of the funding for the creation and dissemination of these materials.
12
13

14 31. The fraudulent scheme prompted huge moves in Forum’s stock price and
15 trading volume. On May 14, 2012, one day before Forum began its press release
16 campaign, the stock closed at \$0.36 per share on a volume of 15,000 shares. On June
17 25, 2012, the day Forum issued its press release announcing that its \$9 million bond
18 offering had “SOLD OUT,” the price closed at \$1.90 per share on a volume of
19 254,000 shares. The following chart demonstrates the effect of the campaign on
20 Forum’s stock:
21
22
23
24
25
26
27
28



21 32. This was highly profitable for Clozza's relatives and associates—who
22 collectively sold more than one million shares of Forum stock during this period,
23 including Dunn who sold 159,575 shares for proceeds of \$148,036.38.

24 33. In response to this unusual trading activity, the British Columbia
25 Securities Commission issued a halt trade order on Forum stock on June 28, 2012.
26
27 However, trading resumed on August 9, 2012.
28

1 34. After trading resumed, Clozza caused Forum to spread more materially
2 false and misleading information. On October 8, 2012, Forum issued a press release
3 stating that “Forum [...] and Aliya Companies International (“ALIYA”) jointly
4 announce that they have executed an Investment Agreement for eighty (80) million
5 dollars of investment into FORUM over the next twenty-four (24) months.” In reality,
6 the agreement did not require Aliya Companies International to invest any money at all
7 into Forum—much less \$80 million. Rather, it merely gave Aliya Companies
8 International the option of bringing up to \$80 million of “investment or shareholder
9 equity” into Forum in exchange for the right to earn Forum shares at a rate of \$0.50 per
10 share. In fact, Aliya Companies International never invested any money into Forum
11 pursuant to the investment agreement. Nor did it bring any shareholder equity to Forum
12 pursuant to the agreement.
13
14
15
16

17 35. The trading price of Forum stock increased in response to the October 8,
18 2012 press release, from an opening price of \$1.10 per share to a high of \$1.50 per
19 share on that date.
20

21 III. Failure to File Required Reports with the Commission

22 36. As an issuer registered with the Commission pursuant to Section 12 of
23 the Exchange Act, Forum is required to make certain periodic filings with the
24 Commission. However, Forum has not made its required filings. Forum’s last filing,
25 periodic or otherwise, was its annual report for the year ended September 30, 2012 on
26 Form 20-F, which was filed on February 21, 2013.
27
28

1 **FIRST CLAIM FOR RELIEF**

2 **(against all Defendants)**

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

4 37. The Commission realleges and incorporates by reference Paragraphs 1
5 through 36.

6
7 38. Each defendant, by engaging in the conduct described above, directly or
8 indirectly, in connection with the purchase or sale of a security, by the use of means
9 or instrumentalities of interstate commerce, of the mails, or of the facilities of a
10 national securities exchange, with scienter:

- 11
12 a. employed devices, schemes, or artifices to defraud;
- 13 b. made untrue statements of a material fact or omitted to state a
14 material fact necessary in order to make the statements made, in the
15 light of the circumstances under which they were made, not
16 misleading; and/or
- 17 c. engaged in acts, practices, or courses of business which operated or
18 would operate as a fraud or deceit upon other persons.

19 39. By engaging in the conduct described above, Defendants, violated, and
20 unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange
21 Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].
22
23
24
25
26
27
28

SECOND CLAIM FOR RELIEF

(against Anguka, Ghaznawi, and Dunn)

Violations of Section 17(b) of the Securities Act

40. The Commission realleges and incorporates by reference Paragraphs 1 through 36.

41. Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)] prohibits any person from publishing or circulating any advertisement or communication describing a security without fully disclosing the compensation received in exchange for the advertisement or communication.

42. Anguka and Ghaznawi violated and, unless restrained and enjoined, will continue to violate Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)].

43. Dunn aided and abetted Anguka's and Ghaznawi's violations and, unless restrained and enjoined, will continue to aid and abet violations of Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)].

THIRD CLAIM FOR RELIEF

(against Forum only)

Violations of Section 13(a) of the Exchange Act and Rule 13a-1 Thereunder

44. The Commission realleges and incorporates by reference Paragraphs 1 through 36.

1 45. Forum violated Section 13(a) of the Exchange Act [15 U.S.C. §§ 78m(a)]
2 and Rule 13a-1 thereunder [17 C.F.R. § 13a-1], which require issuers to file with the
3 Commission accurate annual reports.
4

5 46. Unless restrained and enjoined, Forum will continue to violation of
6 Section 13(a) of the Exchange Act and Rule 13a-1 thereunder.
7

8 **PRAYER FOR RELIEF**

9 WHEREFORE, the Commission respectfully requests that this Court enter a
10 final judgment that:
11

12 A. permanently restrains and enjoins each defendant from violating Section
13 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17
14 C.F.R. §240.10b-5];
15

16 B. permanently restrains and enjoins Anguka and Ghaznawi from violating
17 and Dunn from aiding and abetting violations of Section 17(b) of the Securities Act
18 [15 U.S.C. § 77q(b)];
19

20 C. permanently restrains and enjoins Forum from violating Section 13(a) of
21 the Exchange Act [15 U.S.C. §§ 78m(a)] and Rule 13a-1 thereunder [17 C.F.R. §
22 13a-1];
23

24 D. orders Clozza, Dunn, Anguka, and Ghaznawi to disgorge all ill-gotten
25 gains, with prejudgment interest;
26
27
28

1 E. orders each defendant to pay civil penalties pursuant to Sections 20(d) of
2 the Securities Act [15 U.S.C. § 77t(d)] and/or Section 21(d)(3) of the Exchange Act
3 [15 USC § 78u(d)(3)];
4

5 F. prohibits Clozza, pursuant to Section 21(d)(2) of the Exchange Act [15
6 U.S.C. § 78u(d)(2)], from acting as an officer or director of any issuer that has a class
7 of securities registered under Section 12 of the Exchange Act [15 U.S.C. § 78l] or
8 that is required to file reports under Section 15(d) of the Exchange Act [15 U.S.C. §
9 78o(d)];
10

11 G. prohibits Clozza, pursuant to Section 21(d)(6)(A) of the Exchange Act
12 [15 U.S.C. § 78u(d)(6)(A)], and Dunn, Anguka, and Ghaznawi pursuant to Section
13 21(d)(6)(A) of the Exchange Act [15 U.S.C. § 78u(d)(6)(A)] and Section 20(g)(1) of
14 the Securities Act [15 U.S.C. § 77t(g)(1)], from participating in an offering of penny
15 stock, including engaging in activities with a broker, dealer, or issuer for purposes of
16 issuing, trading, or inducing or attempting to induce the purchase or sale of any penny
17 stock;
18
19
20
21
22
23
24
25
26
27
28

1 H. grants such other relief as the Court may deem just and appropriate; and

2 I. retains jurisdiction of this action in accordance with the principles of
3 equity and the Federal Rules of Civil Procedure in order to implement and carry out
4 the terms of all orders and decrees that may be entered, or to entertain any suitable
5 application or motion for additional relief within the jurisdiction of this Court.
6
7
8

9 Dated: November 18, 2014

Respectfully submitted,

10 /s/ Kristin Escalante

11 Kristin Escalante, California Bar No. 169635
12 escalantek@sec.gov
13 U.S. Securities and Exchange Commission
14 Plaintiff's Local Counsel
15 444 S. Flower Street, Suite 900
16 Los Angeles, California 90071
17 Telephone: (323) 965-3998
18 Facsimile: (213) 443-1904

19 Chris Davis, Texas Bar No. 24050483
20 davisca@sec.gov
21 U.S. Securities and Exchange Commission
22 Plaintiff's Lead Counsel
23 801 Cherry Street, Suite 1900, Unit #18
24 Fort Worth, Texas 76102
25 Telephone: (817) 900-2638
26 Facsimile: (817) 978-4927
27 *Application for Admission Pro Hac Vice*
28 *Pending*

Clay Basser-Wall, Texas Bar No. 24054189
Basser-WallC@sec.gov
U.S. Securities and Exchange Commission
801 Cherry Street, Suite 1900
Fort Worth, TX 76102
Telephone: 817-978-1419
Facsimile: 817-978-3049
Application for Admission Pro Hac Vice
Pending

Complaints and Other Initiating Documents

[5:14-cv-02376 Securities and Exchange Commission v. Forum National Investments Ltd. et al](#)

UNITED STATES DISTRICT COURT for the CENTRAL DISTRICT OF CALIFORNIA

Notice of Electronic Filing

The following transaction was entered by Escalante, Kristin on 11/18/2014 at 2:38 PM PST and filed on 11/18/2014

Case Name: Securities and Exchange Commission v. Forum National Investments Ltd. et al

Case Number: [5:14-cv-02376](#)

Filer: Securities and Exchange Commission

Document Number: [1](#)

Docket Text:

COMPLAINT No Fee Required - US Government, filed by Plaintiff Securities and Exchange Commission. (Attorney Kristin Escalante added to party Securities and Exchange Commission(pty:pla))(Escalante, Kristin)

5:14-cv-02376 Notice has been electronically mailed to:

Kristin Escalante EscalanteK@sec.gov, irwinma@sec.gov

5:14-cv-02376 Notice has been delivered by First Class U. S. Mail or by other means BY THE FILER to :

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:F:\marcelom\Forum National\Complaint.pdf

Electronic document Stamp:

[STAMP cacdStamp_ID=1020290914 [Date=11/18/2014] [FileNumber=18507818-0] [979ebb09dc838394a083178fcc50bd58d454a28ce53b30315e0b0201a4b910d91e31cf4b5b6c8f6a4277c3f599d7b08a24731789c9cb18ed3024f21ba9ca70bc]]