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11
12 **UNITED STATES DISTRICT COURT**
13 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

14 UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

15 Plaintiff,

16 vs.

17 FRANCIS E. WILDE, STEVEN E.
18 WOODS, MARK A. GELAZELA,
19 BRUCE H. HAGLUND, MATRIX
HOLDINGS LLC, BMW MAJESTIC
20 LLC, IDLYC HOLDINGS TRUST
LLC, and IDLYC HOLDINGS TRUST

21 Defendants,

22 and

23 IBALANCE LLC, MAUREEN
WILDE, and SHILLELAGH
24 CAPITAL CORPORATION,

25 Relief Defendants.

BY: _____

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Case No. **SACV11-00315** (DOCLAJUNX)
**COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS**

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1 Plaintiff United States Securities and Exchange Commission (“Commission”
2 or “SEC”) alleges as follows:

3 **SUMMARY**

4 1. Since at least April 2008, Defendant Francis E. Wilde (“Wilde”),
5 through Defendant Matrix Holdings LLC (“Matrix”), orchestrated two fraudulent
6 investment schemes. Wilde started the schemes when the public company for
7 which he serves as CEO, Riptide Worldwide, Inc. (“Riptide”), experienced severe
8 financial difficulties. By falsely promising outsized returns, Wilde and Matrix
9 raised more than \$11 million from investors for phantom “prime bank” or “high-
10 yield” investment programs. Wilde, who absconded with large portions of the
11 amounts raised, did not act alone. Three other individuals, Defendants Steven E.
12 Woods, Mark Gelazela, and Bruce H. Haglund, an attorney, along with entities
13 they control, participated in the larger of the two schemes, helping themselves to a
14 combined \$2.1 million in undisclosed “fees” along the way. Defendants lied to
15 investors and potential investors throughout the course of the schemes and their
16 subsequent unraveling. Most investors lost their entire investment in the schemes.
17 The Defendants transferred some of the illicit proceeds to the Relief Defendants.

18 2. By engaging in the conduct described in this Complaint, the
19 Defendants violated, or aided and abetted violations of, the general antifraud,
20 securities registration, and broker-dealer registration provisions of the federal
21 securities laws. The Commission requests that the Court enter orders: (i)
22 permanently enjoining each of the Defendants from further violations of these
23 laws; (ii) requiring them to disgorge with prejudgment interest all proceeds from
24 their fraudulent conduct; and (iii) imposing a substantial civil penalty on each of
25 them. The Commission further requests that the Court order the Relief Defendants
26 to disgorge with prejudgment interest all monies received improperly from the
27 Defendants.

1 **JURISDICTION AND VENUE**

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

7 7. Venue is proper in this district pursuant to Section 22(a) of the
8 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
9 § 78aa, because certain of the transactions, acts, practices, and courses of conduct
10 constituting the violations alleged herein occurred within the Central District of
11 California. Among other connections, two of the four individual defendants, as
12 well as several defrauded victims, reside in and conducted the transactions within
13 this District. Moreover, the trust account used to perpetrate one of the schemes
14 was maintained at a bank located in this District.

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

19 **THE DEFENDANTS**

20 9. **Francis E. Wilde**, 53, is a resident of Ridgehaven, Texas and the
21 owner and principal of Matrix Holdings LLC. Wilde is also the CEO of Riptide
22 Worldwide, Inc., a public company whose stock is currently quoted on OTC
23 Markets Group Inc.’s OTC Pink quotation system.

24 10. **Steven E. Woods**, 49, is a resident of Branson, Missouri and the
25 owner and principal of BMW Majestic LLC. Woods is not registered as, or
26 associated with, a broker-dealer.

27 11. **Mark A. Gelazela**, 38, is a resident of Marina del Rey, California and
28 a principal of IDLYC Holdings Trust LLC and the trustee of IDLYC Holdings

1 Trust. Gelazela is not registered as, or associated with, a broker-dealer.

2 12. **Bruce H. Haglund**, age 59, is a resident of Irvine, California. He is
3 an attorney licensed to practice law by the State Bar of California. Haglund has
4 served as an officer and/or director of ten public companies in the past 28 years.

5 13. **Matrix Holdings LLC**, a Minnesota limited liability company with
6 its principal place of business in New York, New York, is owned and controlled by
7 Wilde. It is not registered with the Commission in any capacity and it has not
8 registered any offering of securities under the Securities Act nor any class of
9 securities under the Exchange Act. Wilde conducted the fraudulent investment
10 schemes through Matrix.

11 14. **BMW Majestic LLC**, a Missouri limited liability company with its
12 principal place of business in Branson, Missouri, is owned and controlled by
13 Woods. It is not registered with the Commission in any capacity and it has not
14 registered any offering of securities under the Securities Act nor any class of
15 securities under the Exchange Act. Woods signed up investors for the bank
16 guarantee scheme through BMW.

17 15. **IDLYC Holdings Trust** is a New Zealand foreign trust for which
18 Gelazela is the settlor and a trustee. It is not registered with the Commission in
19 any capacity and it has not registered any offering of securities under the Securities
20 Act nor any class of securities under the Exchange Act. Gelazela signed up
21 investors for the bank guarantee scheme under the IDLYC Holdings Trust name
22 using the mailing address of the New Zealand law firm that created the trust for
23 him.

24 16. **IDLYC Holdings Trust LLC**, a Florida limited liability company
25 with its principal place of business in Palm Beach Gardens, Florida, is partially
26 owned and controlled by Gelazela. It is not registered with the Commission in any
27 capacity and it has not registered any offering of securities under the Securities Act
28 nor any class of securities under the Exchange Act. Gelazela created this entity in

1 the U.S. so that he could open a bank account in the U.S. under the IDLYC name.

2 THE RELIEF DEFENDANTS

3 17. **IBalance LLC**, a Florida limited liability company with its principal
4 place of business in Palm Beach Gardens, Florida, is partially owned and
5 controlled by Gelazela. Gelazela received his fees for the bank guarantee scheme
6 in a bank account held in the name of IBalance.

7 18. **Maureen Wilde**, age unknown, is a resident of Ridgehaven, Texas
8 and the wife of Francis Wilde. A bank account held in her name received
9 approximately \$800,000 in investor funds from the bank guarantee scheme.

10 19. **Shillelagh Capital Corporation**, a Nevada corporation, is owned and
11 controlled by Frank Wilde. Shillelagh has never had a class of securities registered
12 with the Commission. Wilde instructed Haglund to send approximately \$323,500
13 in investor funds from the bank guarantee scheme to Shillelagh.

14 FACTUAL BACKGROUND

15 **A. The First Scheme: Wilde Sells a Security for a Fraudulent Private** 16 **Placement Program.**

17 20. Beginning in April 2008, Wilde obtained a U.S. Treasury bond with a
18 market value of nearly \$5 million from an investor in exchange for false and
19 misleading promises of large returns from what he claimed was a private
20 placement program (the "Private Placement Scheme"). Wilde then used the bond
21 to secure a line of credit at a major financial services firm.

22 21. Instead of legitimately investing the proceeds and repaying the
23 investor, Wilde used the line of credit to pay personal expenses, to pay back his
24 public company's (Riptide's) investors, creditors and debt holders, and to pay
25 purported expenses associated with his failed attempts to acquire fictitious prime
26 bank instruments or to invest in high yield investment programs.

27 22. Wilde never made any of the promised payments to the investor and
28 failed to return the bond.

1 1. Wilde Obtains Funds with Material Misstatements and
2 Omissions.

3 21. On or about December 2007, Newport Titan Limited (“Newport
4 Titan”) paid approximately \$4.8 million for a zero-coupon 30-year U.S. Treasury
5 strip (the “Bond”) with a face value of \$18.8 million.

6 22. In March 2008, Wilde told a principal of Newport Titan that he and
7 Matrix could take the Bond, collateralize it, use the cash provided by a credit line
8 to purchase a larger financial instrument, and then add that larger instrument to
9 another transaction on which he claimed Matrix was working.

10 23. The principal of Newport Titan understood this other transaction to
11 involve some sort of trading program.

12 24. At Wilde’s request, Newport Titan opened an account with a major
13 financial services firm (the “Firm”) in March 2008 and deposited the Bond into
14 that account.

15 25. Shortly thereafter, on April 2, 2008, Newport Titan and Matrix signed
16 a “Joint Venture Agreement for Private Placement Program” to memorialize the
17 terms of their transaction.

18 26. The Joint Venture Agreement, which Wilde drafted, contains the
19 following materially false or misleading statements:

- 20 ○ Matrix “will pay NEWPORT TITAN \$12 million dollars by close of
21 business on April 7, 2008”;
- 22 ○ Matrix “will provide you a prorated share of your \$18.8M face
23 amount as a percentage of our total private placement investment from
24 the proceeds we receive in the private placement program”;
- 25 ○ Matrix “hereby guarantees the transfer of the bond back to
26 NEWPORT TITAN within one business day if the \$12 million
27 payment in paragraph (d) above is not made in full and on time”;
- 28 ○ Matrix will use a loan based on Newport’s Bond “to obtain a \$100M

1 financial instrument that will provide us the investment capital
2 necessary to enter into our private placement program.”

3 27. Wilde was an experienced businessman who had served as an officer
4 of several public companies. Wilde also had been involved in fundraising
5 activities for public companies. Based in part on this experience, Wilde knew that
6 his statements in the Joint Venture Agreement were false and that the promised
7 returns were unattainable.

8 28. In addition, Wilde planned to use the credit line for purposes having
9 nothing to do with any “private placement program.” As described more fully
10 below, this included paying personal expenses and making payments to investors,
11 debt holders, and creditors of Wilde’s unrelated company, Riptide. Wilde
12 disclosed none of these material facts to Newport Titan.

13 29. Wilde also failed to disclose his prior unsuccessful efforts to obtain
14 the types of financial instruments that he claimed would serve as the basis for the
15 investment.

16 30. Months earlier, after submitting a fraudulent \$600 million financial
17 instrument to a broker-dealer, Wilde was reported to and interviewed by criminal
18 authorities about his activities, facts he hid from Newport Titan (and from the
19 investors in the second scheme described below).

20 2. Wilde Pilfers and Dissipates Investor Funds.

21 31. After signing the investment contract with Wilde, Newport Titan
22 transferred the Bond to Matrix’s account at the Firm. Upon receiving the Bond in
23 the Matrix account, Wilde, through Matrix, applied for and obtained a portfolio
24 loan, or line of credit, using the Bond as collateral. Matrix was approved for a
25 credit facility in the amount of \$4,700,000 on April 10, 2008.

26 32. Wilde immediately began to transfer money from the \$4.7 million
27 credit line to another Matrix account at a retail bank in New York (the “Matrix
28 Bank Account”), and to make wire transfers to Riptide’s debt holders, investors

1 and creditors, as well as to other purported “brokers” and “business consultants”
2 allegedly assisting Matrix.

3 33. For example, on the date the credit line was approved, Wilde
4 transferred over \$100,000 from the credit line to the Matrix Bank Account for his
5 personal use. On the following day, he wired \$82,500 from the credit line to one
6 of Riptide’s preferred shareholders. Over the next five months, Wilde continued to
7 transfer money from the credit line to the Matrix Bank Account for his personal
8 use. He also transferred money from the credit line to another preferred
9 shareholder of Riptide, to a law firm that represented Riptide, and to Riptide itself.
10 None of these transfers was disclosed to Newport Titan.

11 34. Wilde also dissipated over \$2.5 million of the credit line in failed
12 attempts to obtain a \$100 million “bank guarantee” and to become part of “joint
13 venture” groups using distressed Collateralized Mortgage Obligations (CMOs) that
14 he asserts were to be used in “high yield” investment programs offering unrealistic
15 and unattainable returns.

16 35. Wilde never acquired the purported bank guarantee; he claims the
17 CMOs in which he purportedly obtained an interest were lost.

18 36. Wilde never disclosed to Newport Titan the amount he had spent on
19 failed attempts to acquire financial instruments. Nor did he inform Newport Titan
20 more generally that he had squandered its investment.

21 37. As of September 3, 2008, Matrix had drawn down a total of over \$3.7
22 million from the \$4.7 million line of credit.

23 38. In early September 2008, Wilde attempted to deposit a fraudulent
24 “Negotiable Master Certificate” of \$1 billion into the Matrix account at the Firm.

25 39. The Firm rejected this attempt and soon after called in the portfolio
26 loan, requiring Wilde to repay the millions he had spent from the line of credit.

27 40. Unable to pay the balance due, Wilde requested that the Firm sell the
28 Bond that was the collateral for the credit line. The Bond was sold for

1 approximately \$5.9 million on October 29, 2008.

2 41. On that same date, Wilde transferred nearly \$2.1 million (the
3 approximate difference between the proceeds from the sale of the bond and the
4 balance due on the credit line) from the Matrix account at the Firm to the Matrix
5 Bank Account.

6 42. Using these funds, Wilde again began transferring money to Riptide
7 creditors and debt holders, to brokers and partners that were working with Matrix,
8 and to his relatives.

9 43. Wilde also used the money from the sale of the Bond for the payment
10 of his personal bills. For instance, Wilde paid for his parents' living expenses at an
11 assisted living facility and paid almost \$90,000 to Land Rover of Dallas to
12 purchase a car. None of these expenditures was disclosed to Newport Titan.

13 44. By February 28, 2009, only \$449.61 remained of the nearly \$2.1
14 million that had been transferred into the Matrix Bank Account just four months
15 earlier.

16 3. Wilde Covers Up His Fraud With Continued
17 Misrepresentations.

18 45. Wilde continued to deceive Newport Titan about the status of the
19 Bond and the fictitious "private placement program," despite Newport Titan's
20 requests for an accounting of Matrix's encumbrance on the Bond and the details of
21 disbursements from the credit line.

22 46. For example, at a meeting on March 13, 2009 with Newport Titan,
23 Wilde falsely stated that the Bond had an encumbrance of \$3.78 million and was in
24 an account at a different financial services firm than the one at the Firm to which
25 Newport Titan had transferred the Bond.

26 47. In fact, as detailed above, the Firm had sold the Bond (at Wilde's
27 request) nearly five months earlier, and the proceeds had been almost completely
28 depleted.

1 48. Wilde did not reveal the Bond sale until April 2010, when he testified
2 in a deposition.

3 **B. The Second Scheme: Defendants Engage in an Unregistered**
4 **Offering of Securities for a Fraudulent Bank Guarantee**
5 **Investment Program**

6 49. Between April 2008 (the time of Wilde's Private Placement Scheme
7 using Newport Titan's investment) and October 2009, Wilde claims he attempted
8 to fund around 100 financial instruments such as bank guarantees. He concedes
9 that all of those attempts failed.

10 50. Yet, beginning in October 2009, Wilde concocted another fraudulent
11 scheme, working together with Woods (through BMW Majestic) and Gelazela
12 (through IDLYC), in the form of a bank guarantee "funding program" (the "Bank
13 Guarantee Scheme").

14 51. This time, Wilde used the services of Haglund as escrow attorney for
15 a trust account. Wilde offered Woods and Gelazela the opportunity to bring clients
16 into the program and arranged for Haglund's involvement.

17 1. The Defendants Raise Millions with Material
18 Misstatements and Omissions.

19 52. Between October 2009 and mid-March 2010, at least 24 investors sent
20 over \$6.3 million to a trust account set up by Haglund for this scheme.

21 53. Gelazela and IDLYC signed contracts titled "Memorandum of
22 Agreement of Bank Guarantee Funding" with 18 investors who delivered over
23 \$5,265,000 to the trust account.

24 54. Woods and BMW Majestic signed similar contracts with six investors
25 who delivered \$1,100,000 to the trust account.

26 55. The contracts contained false promises typically associated with prime
27 bank schemes.

28 56. The contracts stated that a "bank guarantee" with a denomination of at

1 least \$100 million would be leased “for the purpose of Private Placement Program
2 enhancements” and fifteen percent of “the credit line value” would be paid weekly
3 to the investor for a term of 40 weeks.

4 57. BMW (Woods) and IDLYC (Gelazela) each warranted that it had “the
5 necessary knowledge, capability and banking relationships to fund BG [bank
6 guarantees] from top first class International Financial Institutions/Prime Banks.”
7 Each also promised to “cause the issue of a Fresh Cut BG from an acceptable
8 prime bank” and to provide the investor “a copy of the SWIFT MT760 BG
9 US\$100,000,000.00 from the issuing bank.”

10 58. Woods and Gelazela made material misrepresentations to investors by
11 promising these unattainable returns on fictitious financial instruments. They also
12 failed to disclose to most investors that Wilde and Matrix were behind the
13 program, that Wilde would be in control of their money, and that the success of the
14 investment was contingent upon the ability of Wilde to acquire the purported prime
15 bank guarantees. Likewise, investors were not provided with any information
16 about Wilde’s past failures with similar investments.

17 59. In addition, investors were not informed that hefty “fees” would be
18 taken from investor funds by Woods, Gelazela, Wilde and/or Haglund.

19 60. Using intermediaries Gelazela and Woods to counter-sign contracts
20 with investors, Wilde designed and orchestrated the Bank Guarantee Scheme,
21 engaged in conduct in furtherance of the scheme, and kept close tabs on its
22 progress.

23 61. For example, Wilde signed a series of one-page letter agreements with
24 Woods and (separately) with Gelazela concerning “escrow services” and the use of
25 each investor’s funds (the “Letter Agreements”). The Letter Agreements, which
26 were not provided to investors, stated that Matrix would arrange for attorney
27 escrow services to accept payment from the investors, and would arrange for
28 contracting and delivery of an MTN (medium term note) or “bank guarantee” with

1 a denomination in the hundreds of millions to be placed into the “BMW Majestic
2 Project funding program” or the “BMW Maje Trask Project funding program.”

3 62. Many of the Letter Agreements also specified certain payments to be
4 made, including payments or “fees” to Woods and Gelazela (through IBalance
5 LLC, a corporate entity for which Gelazela serves as a managing member) and
6 payments for “legal and leasing services.”

7 63. In addition, Wilde received copies of every investor contract from
8 Woods and Gelazela and, after signing the Letter Agreements, forwarded copies of
9 every contract and letter agreement to Haglund.

10 64. Wilde decided to involve attorney Haglund and a “trust account” to
11 give the Bank Guarantee Scheme an air of legitimacy and provide investors with a
12 false sense of security.

13 65. As a result of the presence of Haglund and a trust account, some
14 investors believed their money would remain in escrow until a bank guarantee was
15 issued or obtained.

16 66. Many of the contracts also stated that if BMW or IDLYC failed to
17 provide the “BG [bank guarantee] or any part of this joint venture,” then BMW or
18 IDLYC “will within 60 days upon written demand refund all fees collected less
19 hard cost [sic] paid to third parties.”

20 67. Instead, each investor’s money was wired out of the trust account
21 soon after it arrived, often to pay the undisclosed fees to the Defendants and for
22 other purposes unrelated to the investment.

23 68. Wilde controlled and made the decisions concerning the money in the
24 trust account and instructed Haglund about when and where to wire money from
25 the account.

26 2. The Defendants Mislead Investors about the Status of the
27 Supposed Investment.

28 69. After money was raised, the lies continued.

1 70. No trading or buy/sell program involving prime bank guarantees ever
2 existed, and Wilde never successfully acquired or “leased” a bank guarantee.

3 71. Gelazela, Woods, and Wilde nevertheless made numerous material
4 misrepresentations to investors about the progress of the program, either directly or
5 through communications forwarded by intermediaries.

6 72. A letter dated November 8, 2009 on BMW Majestic letterhead
7 (forwarded to investors and signed by Woods) stated “[p]lease find attached a copy
8 of the fax or SWIFT MT199 that was sent on behalf of the MOA joint venture for
9 our mutual benefit confirming the contracted Bank Guarantee has been reserved as
10 agreed by the issuing bank.”

11 73. A letter dated December 12, 2009 on BMW Majestic letterhead
12 (forwarded to an investor and signed by Woods) stated “[w]e are however in a
13 good position as our instruments have all been obtained and/or delivered and
14 confirmed. We also have been confirmed to credit line.”

15 74. In an e-mail dated March 25, 2010 and forwarded to investors,
16 Gelazela attributed delays in the program to the Chinese New Year and banks
17 trying to “keep their balance sheet as high as possible.” He added that “the
18 contract states that IDLYC Holdings Trust will return initial funds upon written
19 demand.”

20 75. On an April 18, 2010 conference call with an investor, his attorney,
21 and Gelazela, Wilde stated that they were close to a transaction paying an
22 “advance payment” with the first full payment close behind it.

23 76. In numerous e-mail messages and phone calls during April 2010,
24 including communications on April 6, 7 and 23, Woods represented to an investor
25 that the investor’s initial deposit would be returned and payments under the
26 program would begin shortly.

27 77. In early May 2010, after receiving a subpoena from the SEC, Gelazela
28 called his clients and told them they would receive their initial funds back, plus a

1 minimum of ten percent interest for the inconvenience, despite knowing that a
2 large portion of investors' funds had already been wired from the trust account.

3 78. Defendants knew or were reckless in not knowing that these post-
4 investment statements, like the statements made to procure the investments, were
5 false.

6 3. The Defendants Misappropriate Investor Funds for
7 Unauthorized and Undisclosed Purposes.

8 79. Wilde exhausted all \$6.3 million of the investors' funds through
9 attempts to acquire "bank guarantees," brokers' fees paid to Gelazela and Woods,
10 fees to Haglund for "legal services," some Ponzi-like payments to prior investors,
11 and personal expenses.

12 80. Each investor's money was wired out of the trust account soon after it
13 arrived. In some instances, fees to Wilde, Gelazela, Woods and/or Haglund
14 equaled a majority of the associated investment, and each of the individual
15 Defendants personally profited from the scheme.

16 81. The majority of investors' funds in the trust account were transferred
17 as follows:

- 18 • Approximately \$2,170,000 was paid to over 30 different
19 intermediaries, advisors, and business consultants for the purpose of
20 acquiring purported bank instruments. None of the monies were used
21 to purchase any legitimate bank instruments;
- 22 • Over \$1,500,000 went to pay for Wilde's personal expenses,
23 including:
 - 24 ○ Approximately \$800,000 to the bank account of Wilde's wife,
25 Maureen Wilde;
 - 26 ○ \$323,500 to Shillelagh Capital Corporation, another corporate
27 entity under Wilde's control;
 - 28 ○ \$200,000 to Wilde's bank account in Europe;

- 1 ○ \$152,500 to law firms that represented Wilde and/or other
- 2 Defendants;
- 3 ○ \$55,000 to the assisted living facility of Wilde's parents;
- 4 ● \$1,150,000 in fees to Gelazela (to a bank account in the name of
- 5 IBalance LLC, a corporate entity for which Gelazela serves as a
- 6 managing member);
- 7 ● \$565,000 in fees to Woods, which equaled roughly half of the total
- 8 investor money Woods brought in to the scheme; and
- 9 ● \$472,500 in fees to Haglund.

10 82. Relief Defendants Maureen Wilde, Shillelagh Capital Corporation,
11 and IBalance LLC had and have no right or legitimate claim to any investor funds
12 that they received.

13 83. In early May 2010, less than \$200 (two hundred dollars) of the \$6.3
14 million raised for the Bank Guarantee Scheme remained in the trust account.

15 4. The Defendants Acted With Scier.

16 84. By the start of the Bank Guarantee Scheme, if not well before, Wilde
17 knew, or was reckless in not knowing, that prime bank investments did not exist.

18 85. By his own admission, Wilde had failed again and again in his
19 attempts to acquire and fund prime bank instruments such as "bank guarantees,"
20 had several brokerage accounts closed, and was subsequently contacted by
21 criminal authorities because of his attempts to use fraudulent instruments as
22 collateral for loans.

23 86. In addition, Wilde instructed Haglund to wire the majority of investor
24 funds for uses that Wilde knew were undisclosed and unauthorized.

25 87. Woods knew, or was reckless in not knowing, that prime bank
26 investments did not exist.

27 88. Despite the fact that Wilde previously had failed to perform in
28 connection with a similar investment program that he and Woods had promoted

1 together, Woods did “limited, if any” due diligence on Wilde or the “bank
2 guarantee” investment opportunity.

3 89. Woods also knew that his receipt of hefty fees from investor funds
4 was not disclosed to investors and that the investment contract clause concerning
5 the refund of investor funds was false.

6 90. Woods also knowingly attempted to fund payments to old investors
7 with new investor money. In a December 5, 2009 e-mail, for example, Woods
8 expressly acknowledged he was (unsuccessfully) seeking new investor deposits to
9 “pay back long standing clients initial deposit balance [sic]” rather than waiting for
10 the profits from any purported investment strategy.

11 91. Gelazela knew, or was reckless in not knowing, that prime bank
12 investments did not exist.

13 92. Gelazela had reviewed the Commission’s warnings about prime bank
14 schemes on the Commission’s website.

15 93. Gelazela also knew that his receipt of hefty fees from investor funds
16 was not disclosed to investors and that the investment contract clause concerning
17 the refund of investor funds was false.

18 94. Gelazela’s later false statements about the security of the investments,
19 which were made to pacify investors who began to suspect a problem, were also
20 made knowingly and/or recklessly.

21 95. In January 2010, before those interactions with investors, Gelazela e-
22 mailed Wilde requesting an “honest assessment” of where things stood given the
23 performance delays and the fact that Gelazela had not been “provided with a copy
24 of a BG [bank guarantee] or a copy of anything for that matter.”

25 96. In response, Wilde claimed he himself had been defrauded by an
26 individual connected to HSBC in Hong Kong who had stopped communicating
27 with Wilde. Wilde also told Gelazela that he had another banking relationship in
28 Zurich and would be able “to do some instruments there.”

1 97. Despite receiving no verification of these fanciful stories, or
2 confirmation that Wilde had ever acquired a single bank guarantee, Gelazela
3 subsequently signed contracts with four more investors who sent an additional \$2.5
4 million to the trust account.

5 98. Gelazela also knew that money was being collected from new
6 investors to pay back earlier investors in the scheme. For example, in late March
7 2010, after a discussion with Wilde about a “difficult” client, the first investor with
8 whom Gelazela had signed a contract, Gelazela transferred approximately
9 \$150,000 of the fees that he had received to pay back the investor.

10 99. Haglund also knew that prime bank investments did not exist.

11 100. In 2007, Haglund served as an escrow attorney for another prime bank
12 investment scheme that failed and resulted in nearly all investors losing their
13 money.

14 101. As a result of his involvement in that investment program, an investor
15 filed a complaint against Haglund with the State Bar of California.

16 102. Between the time of his work on this 2007 project and his
17 involvement in the Wilde-directed fraud, Haglund also became aware of the
18 Commission’s warnings about prime bank investment schemes.

19 103. Instead of disassociating himself with such activities, Haglund
20 collaborated with Wilde and used much of the \$472,500 he took from the trust
21 account in 2009 and 2010 to repay investors from the failed 2007 scheme that had
22 led to the lodging of the State Bar complaint against him.

23 104. Further, Haglund knew that amounts representing a substantial portion
24 of the investments flowing into the trust account were being paid out in fees, not
25 for purchases of financial instruments.

26 105. Haglund was aware that his own \$472,500 take, purportedly for “legal
27 fees,” bore no rational relationship to the value of services he was rendering
28 (setting up an account and wiring funds from it).

1 IDLYC Holdings Trust, and each of them, violated, and unless restrained and
2 enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act, 15
3 U.S.C. §§ 77e(a) and 77e(c).

4 **SECOND CLAIM FOR RELIEF**

5 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

6 **Violations of Section 17(a) Of the Securities Act**

7 **(Against Wilde, Woods, Gelazela, Matrix, BMW Majestic, IDLYC Holdings**
8 **Trust LLC, and IDLYC Holdings Trust)**

9 113. The Commission realleges and incorporates by reference paragraphs 1
10 through 108 above.

11 114. By engaging in the conduct described above, Defendants Wilde,
12 Woods, Gelazela, Matrix, BMW Majestic, IDLYC Holdings Trust LLC and
13 IDLYC Holdings Trust, and each of them, directly or indirectly, in the offer or sale
14 of securities by the use of means or instruments of transportation or
15 communication in interstate commerce or by use of the mails:

- 16 a. with scienter, employed devices, schemes, or artifices to
17 defraud;
- 18 b. obtained money or property by means of untrue statements of a
19 material fact or by omitting to state a material fact necessary in
20 order to make the statements made, in light of the
21 circumstances under which they were made, not misleading; or
- 22 c. engaged in transactions, practices, or courses of business which
23 operated or would operate as a fraud or deceit upon the
24 purchaser.

25 115. By engaging in the conduct described above, Defendants Wilde,
26 Woods, Gelazela, Matrix, BMW Majestic, IDLYC Holdings Trust LLC and
27 IDLYC Holdings Trust, and each of them, violated, and unless restrained and
28 enjoined will continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. §

1 77q(a).

2 **THIRD CLAIM FOR RELIEF**

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

4 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**
5 **(Against Wilde, Woods, Gelazela, Matrix, BMW Majestic, IDLYC Holdings**
6 **Trust LLC, and IDLYC Holdings Trust)**

7 116. The Commission realleges and incorporates by reference paragraphs 1
8 through 108 above.

9 117. By engaging in the conduct described above, Defendants Wilde,
10 Woods, Gelazela, Matrix, BMW Majestic, IDLYC Holdings Trust LLC and
11 IDLYC Holdings Trust, and each of them, directly or indirectly, in connection with
12 the purchase or sale of a security, by the use of means or instrumentalities of
13 interstate commerce, of the mails, or of the facilities of a national securities
14 exchange, with scienter:

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

23 118. By engaging in the conduct described above, Defendants Wilde,
24 Woods, Gelazela, Matrix, BMW Majestic, IDLYC Holdings Trust LLC and
25 IDLYC Holdings Trust, and each of them, violated, and unless restrained and
26 enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. §
27 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

1 U.S.C. §78u(d)(3).

2 **V.**

3 Order the Defendants to provide a sworn accounting of the proceeds
4 obtained from the scheme.

5 **VI.**

6 Order that Defendants Wilde and Haglund each be permanently barred from
7 serving as an officer or director of any public company.

8 **VII.**

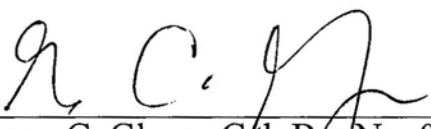
9 Retain jurisdiction of this action in accordance with the principles of equity
10 and the Federal Rules of Civil Procedure in order to implement and carry out the
11 terms of all orders and decrees that may be entered, or to entertain any suitable
12 application or motion for additional relief within the jurisdiction of this Court.

13 **VIII.**

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

16
17 DATED: February 24, 2011

18 
19 _____
20 John J. Amberg
(*pro-hac vice* admission pending)
Lead Counsel for Plaintiff
U.S. Securities and Exchange Commission

21 
22 _____
23 Gregory C. Glynn, Cal. Bar No. 039999
Local Counsel for Plaintiff
U.S. Securities and Exchange Commission