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IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF OHIO

EASTERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

KENNETH G. EADE,

Defendant.

INDICTMENT

1 : 19 CR 108

CASE NO. \_\_\_\_\_  
Title 18, United States Code, Sections 1343,  
1348, 1349, and 2

**JUDGE PEARSON**

General Allegations

At all times relevant to this Indictment, except where otherwise noted:

A. Defendant, Relevant Entities and Bank Accounts

1. Defendant KENNETH G. EADE was a resident of California. EADE was a registered attorney in the State of California. EADE was admitted to the California Bar on December 16, 1980. EADE maintained a law office in Simi Valley, California. On or about, on October 28, 2014, an order from the Securities and Exchange Commission ("SEC") barred EADE from appearing or practicing before the SEC for five years.

2. Bridges Investments, Inc. ("Bridges") was a Nevada corporation with its principal place of business at 9 Via Del Garda, Henderson, Nevada 89011. Bridges was formed in or around April 2005. Angelique D. was the president, director, and secretary of record, but Zirk

De Maison (named but not charged herein) maintained *de facto* control of all aspects of the business and all stock trades and transactions.

3. Suprafin, Ltd. (“Suprafin”) was a Wyoming corporation with its principal place of business at 1621 Central Avenue, Suite 3380, Cheyenne, Wyoming 82001. Suprafin was formed in approximately 2009. Zirk De Maison was the president and vice president of Suprafin.

4. Sunatco, Ltd. (“Sunatco”) was a Wyoming corporation with its principal place of business at 1621 Central Avenue, Cheyenne, Wyoming 82001. Sunatco was formed in approximately 2013. Zirk De Maison was the chairman and chief executive officer of Sunatco.

5. Wealthmakers, Ltd. (“Wealthmakers”) was a Wyoming corporation with its principal place of business at 1005 S. Center Street, Redlands, California 92373. Wealthmakers was formed in approximately 2007. Thomas R. was the president, and Zirk De Maison was the vice president of Wealthmakers.

6. Walker River Investments Corp. (“Walker River”) was a Wyoming corporation with its principal place of business at 2510 Warren Avenue, Cheyenne, Wyoming 82001. Walker River was formed in approximately 2011. Margaret J. was the president of Walker River, but Zirk De Maison maintained *de facto* control of all aspects of the business.

7. Marquis Financial Services of Indiana, Inc. (“Marquis”) was a corporation organized under the laws of the State of Wisconsin with its principal place of business in Encino, California. Marquis was a member of, and regulated by, Financial Industry Regulatory Authority (“FINRA”) (as Central Registration Depository Number 20733), as well as other stock, option, and commodity exchanges and self-regulatory organizations.

8. Merrimen Investments, Inc., (“Merrimen”) was a Wyoming corporation with its principal place of business at 10409 Strathmore Drive, Santee, California 92071. Merrimen was

formed in approximately 2010. Zirk De Maison was the Director/President of Merrimen until in or around 2012.

9. Worldbridge Partners, Inc. (“Worldbridge”) was a Nevada corporation with its principal place of business at 29191 Weybridge Drive, Westlake, Ohio 44145. Worldbridge was formed in approximately 2009. Jason Cope (named but not charged herein) was the president, and Louis M. was the vice president, of Worldbridge.

10. Structured Management, Inc. (“SMI”) was a Nevada corporation with its principal place of business at 29191 Weybridge Drive, Westlake, Ohio 44145. SMI was formed in approximately 2003. Jason Cope was the president and director of SMI.

11. SB3, LLC (“SB3”) was a Wyoming corporation with its principal place of business at 10409 Strathmore Drive, Santee, California 92071. SB3 was formed in approximately 2007 with the initial mailing address and annual forms to be sent was 190 North Canon Drive, Suite 420, Beverly Hills, California 90210. The mailing address was changed in 2009 to 10409 Strathmore Drive, Santee, California 92071

12. Traverse International (“Traverse”) was a Nevada corporation with its principal place of business at 2360 Corporate Circle, Suite 400, Henderson, Nevada 89074. Traverse was formed in approximately 2012. Louis M. was the president of Traverse.

13. Gem Vest, Ltd. (“Gem Vest”) was a Nevada corporation with its principal place of business at 9025 Carlton Hills Boulevard, Suite B, Santee, California 92071. Gem Vest was formed in approximately 2013. Angelique D. was the president, and Trisha M. was the director of Gem Vest.

14. Kensington & Royce, Ltd (“Royce”) was a Nevada corporation with its principal place of business at 646 W. Highland Avenue, Redland, California 92373. Royce was formed in

approximately 2006. Angelique D. was the president of Royce, but Zirk De Maison maintained *de facto* control of all aspects of the business.

15. On or about October 29, 2004, Jason Cope opened, and caused to be opened, bank account number x3689 at U.S. Bank in the name SMI.

16. On or about July 23, 2008, bank account number x8413 at City National Bank was opened in the name of Wealthmakers. A superseding signature card for this account, dated May 13, 2011, listed Trisha M. as secretary and Charlotte H. as the non-signatory president of the company.

17. On or about March 1, 2010, Jason Cope opened, and caused to be opened bank account number x6988 at U.S. Bank in the name of Worldbridge.

18. On or about January 20, 2012, Louis M. opened, and caused to be opened, bank account number x5234 at Fifth Third Bank in the name of Traverse.

19. On or about October 18, 2013, Jason Cope opened, and caused to be opened, bank account number x2729 at Huntington Bank in the name of Worldbridge.

20. On or about January 9, 2014, Louis M. opened, and caused to be opened, bank account number x2855 at Huntington National Bank in the name of Traverse International.

21. On or about December 7, 2009, Zirk De Maison opened, and caused to be opened, bank account number x9320 at Wachovia Bank, later acquired by Wells Fargo Bank (“Wells Fargo”) in the name of Suprafin Ltd.

22. On or about August 30, 2013, Zirk De Maison opened, and caused to be opened, bank account number x5193 at US Bank, in the name of Suprafin Ltd.

23. On or about April 19, 2009, EADE opened, and caused to be opened, bank account number x6661 at Bank of America, in the name of Kenneth G. Eade.

24. On or about January 11, 2011, EADE opened, and caused to be opened, bank account number x1462 at Citibank, N.A. in the name of KENNETH G. EADE Attorney at Law. EADE identified the business of the account holder as a securities attorney. A signature card for this account listed EADE as the owner and sole proprietor of the account.

B. The Relevant Publicly Traded Companies

25. Kensington Leasing, Ltd. (“Kensington”) was incorporated in the State of Nevada on or about June 27, 2008, with offices in Redlands, California. Kensington purported to specialize in leasing equipment to legal, medical, and real estate professionals. Kensington's common stock traded under the symbol “KNSL.”

26. Casablanca Mining, Ltd. (“Casablanca”) was incorporated in the State of Nevada on or about June 27, 2008, under the original name of USD Energy Corporation (“USD”). On or about February 17, 2011, the company changed its name to Casablanca. Casablanca had offices in Santee, California. When Casablanca was named USD, the common stock traded under the symbol “UEGY,” and its purported business purpose was exploration stage oil and gas production. After changing to Casablanca, the purported business purpose switched to the acquisition, exploration, development, and operation of precious metal properties in Chile. Casablanca's stock traded under the symbol “CUAU.”

27. Lustros, Inc. (“Lustros”) was incorporated in the State of Utah on or about July 30, 1980, under the name MAG Enterprises, Inc. On or about April 12, 2012, after also using the company names Safari Associates, Inc. and Power-Save Energy Company, the business changed its name to Lustros. Lustros had offices in Redlands, California. Under the name Lustros, the purported business purpose was the production of food grade copper sulfate. Lustros' stock traded under the symbol “LSTS.”

28. Gepco, Ltd. (“Gepco,”) and together with Kensington, Casablanca, and Lustros, the (“Manipulated Public Companies”) was the latest corporate iteration of the company that started out as Kensington. After abandoning the equipment leasing business under Kensington, on October 27, 2011, the company changed its name to Wikifamilies, Inc. with the purported business purpose of designing, developing, and operating a social media website. After a failed merger with ClairNET, Ltd., the company was abandoned until reclaimed through court proceedings that appointed Trisha M. as the custodian of the company. On or about September 11, 2013, the company changed its name to Gepco. The purported business purpose of Gepco was to sell and broker high-end investment grade diamonds obtained from wholesale diamond cutters. Gepco's common stock traded under the symbol “GEPC.” On or about December 12, 2013, Trisha M. filed a Form 8-K with the SEC identifying Gepco as no longer in shell status defined by Rule 405 of the Securities Act and Rule 12b-2 of the Exchange Act.

29. Stock for all of the Manipulated Public Companies was quoted on OTC Markets, Inc. (“OTC Markets”), an inter-dealer quotation service that provided quotations, prices, and financial information for certain over-the-counter securities and issuers. Companies trading on OTC Markets tended to be extremely small, and the stock in those companies tended to be closely held (that was, owned by a small number of individuals) and thinly traded (that was, traded far less frequently than stocks in larger companies on larger exchanges).

C. Zirk De Maison's Role in the Manipulated Public Companies

30. For each of the Manipulated Public Companies, Zirk De Maison controlled a substantial number of outstanding shares through his personal companies, co-conspirators, and associates over which he had influence and control. At times, Zirk De Maison was also listed as an officer or director of the Manipulated Public Companies. Zirk De Maison used co-

conspirators to identify and solicit investors to purchase his shares of the Manipulated Public Companies in the open market and through private placement transactions. Once potential investors were identified for private placements, for instance, Zirk De Maison combined with the co-conspirators to induce the potential investors to purchase shares and close the purported deal.

D. Zirk De Maison's Co-Conspirators

(i) Consultants

31. Zirk De Maison used consultants such as Jason Cope to access wealthy potential investors that the consultants had developed as contacts and clients over time. Zirk De Maison paid undisclosed commissions of cash and stock to the consultants when they persuaded their clients to purchase Zirk De Maison's shares in the Manipulated Public Companies.

32. Jason Cope, was a resident of Gates Mills, Ohio, and was a former broker who later purportedly consulted almost exclusively for Zirk De Maison's publicly traded microcap companies. Effective on or about May 27, 2003, FINRA barred Jason Cope from association with any FINRA member in any capacity. Jason Cope solicited potential investors to purchase stock in the Manipulated Public Companies without disclosing that he received commissions from Zirk De Maison, that it was Zirk De Maison's and Jason Cope's shares his clients were purchasing, and that his clients' investments were used to enrich the co-conspirators. Zirk De Maison, Jason Cope, and others, agreed to use private placements, stock promoters, and non-arms-length trading with related parties to create the illusion of volume, to inflate the stock price, and to divest their own shares.

33. Louis M., a resident of Bay Village, Ohio, and was a registered broker with FINRA. Louis M. worked for companies controlled by Jason Cope. Louis M. provided false documentation to Jason Cope to assist with the deposit and sale of securities for the benefit of

Jason Cope and the other co-conspirators. Louis M. also created his own entities to assist Jason Cope in the deposit and sale of shares in the Manipulated Public Companies and to transfer money to overseas brokerage accounts.

(ii) Registered Brokers

34. Zirk De Maison used registered brokers to liquidate free trading shares of stock in the Manipulated Public Companies. Zirk De Maison paid the registered brokers commissions, in the form of kickbacks, for purchasing Zirk De Maison's shares of the Manipulated Public Companies without the brokers disclosing the commissions to their clients.

35. Gregory Goldstein (named but not charged herein) was a resident of Stevenson Ranch, California. Gregory Goldstein, and was registered as a broker with FINRA. From or around July 2001, to in or around February 2013, Gregory Goldstein was employed as a broker by Marquis, a broker-dealer registered with the SEC and FINRA, at its office in Tarzana, California. Gregory Goldstein was the controlling member of Marquis. Gregory Goldstein received undisclosed commissions from Zirk De Maison in exchange for using client funds to purchase Zirk De Maison's shares in the Manipulated Public Companies.

36. Stephen Wilshinsky (named but not charged herein) was a resident of Woodland Hills, California, and registered as a broker with FINRA. Wilshinsky worked as a registered broker with Oppenheimer & Co. ("Oppenheimer") from in or around November 2004, through in or around March 2009, and with Marquis at its office in Tarzana, California, from in or around April 2009, through in or around June 2011. Wilshinsky received undisclosed commissions from Zirk De Maison in exchange for using client funds to purchase Zirk De Maison's shares in the Manipulated Public Companies.

(iii) "Boiler Room" Promoters



37. Co-conspirators also used promoters in so-called “boiler rooms” to cold call and solicit potential investors to purchase their shares in the Manipulated Public Companies. Zirk De Maison dictated what stocks the promoters pushed. The cold calls to potential investors typically coincided with favorable press releases or other information that Zirk De Maison caused to be released. The boiler room promoters touted the Manipulated Public Companies using high pressure sales tactics and misrepresentations about the value of the Manipulated Public Companies and their stock. The boiler room promoters did not disclose that Zirk De Maison and Jason Cope paid them commissions on the sale of Zirk De Maison's and others' stock to the investors, either on the open market or through private placements.

(iv) Investor Relations

38. Zirk De Maison and others also used individuals within the investor relations (“IR”) business to promote the stock of the Manipulated Public Companies. The IR promoters touted the Manipulated Public Companies' press releases, e-mails, and other methods of communications. Such promotion was done to generate interest and awareness in the stock, thus providing buyers to whom EADE and other co-conspirators could sell their shares.

39. Jason Cope also coordinated matched trades in an effort to help each other monetize shares they held in the Manipulated Public Companies.

(iv) Attorneys

40. EADE, provided legal opinions under Title 17, Code of Federal Regulations, Section 230.144, among others, often referred to as Rule 144, for Zirk De Maison, Jason Cope, and their co-conspirators. The Rule 144 legal opinions included misrepresentations about the relationship between the customer and the issuer, the customer and an affiliate of the issuer, (and the consideration paid if any), among other things. Zirk De Maison, Jason Cope and EADE

provided the Rule 144 legal opinions to brokerage houses and transfer agents to satisfy legal requirements about depositing the stock and lifting restrictions. Zirk De Maison, and Jason Cope and others paid EADE for the drafting and submission of the opinion letters to brokerage houses and transfer agents. The payment for the opinion letters written by EADE were not tied to the engagement or complexity but based off of the amount of misrepresentations written in the opinion letter.

E. The SEC and Securities Regulations

41. The United States Securities and Exchange Commission (the “SEC”) was an independent agency of the United States Government charged by law with protecting investors by regulating and monitoring, among other things, the purchase and sale of publicly traded securities, including securities traded on the United States-based stock exchanges. Stock for the Manipulated Public Companies was registered with the SEC.

42. Federal securities laws and regulations prohibited fraud in connection with the purchase and sale of securities, including the use of false and misleading statements and the failure to disclose material information to: (a) the SEC in publicly available filings; (b) brokerage firms and transfer agents involved in the purchase and sale of stock in companies subject to SEC regulation; and (c) the public. Federal securities laws and regulations also prohibited the manipulation of stock through, among other things, sales made at the times and at prices set by those trading the stock rather than by market forces.

43. Title 15, United States Code, Section 78j(b), made it unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange, to use or employ, in connection with the purchase or sale of any security registered on a national securities exchange, any

manipulative or deceptive device or contrivance in contravention of such rules and regulations as the SEC may prescribe as necessary or appropriate in the public interest or for the protection of investors, including: (a) employing devices, scheme, and artifices to defraud; (b) making untrue statements of fact and omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaging in acts, practices, and courses of business which operated as a fraud upon investors, in connection with the purchase and sale of the securities.

44. Failure to disclose to investors the commission payments from third parties, including payments from issuers, was considered by as an omission of a material fact as part of a securities transaction under federal securities laws.

45. Sections 5(a) and 5(c) of the Securities Act make it unlawful for any person directly or indirectly, to use the mails or other means of interstate commerce to sell or to offer to sell a security for which a registration statement is not filed or not in effect, absent an available exemption.

46. Section 4(1) of the Securities Act provides an exemption from the registration requirements of Section 5 for those who are not underwriters, issuers, or dealers. Section 2(a)(11) of the Securities Act defines “underwriters” as any person who has purchased from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates, or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking. The term “issuer” includes any person directly or indirectly controlling or controlled by, or any person under direct or indirect common control with, the issuer.

47. Rule 144 of the Securities Act provides a “safe harbor” exemption permitting the public resale of restricted and control securities (control securities are securities held by an affiliate of the issuing company; an affiliate is a shareholder, such as a director or large shareholder, in a relationship of control with the issuer) when, among other things, the selling security holder has held the securities for a specified period of time. During the relevant period a selling security holder must have held the security for one year before qualifying for a Rule 144 safe harbor, absent any permissible “tacking.” Tacking generally allows a holder of restricted securities to combine the separate holding periods of previous owners (except for previous owners who are affiliates of or in a relationship of control with the issuer) to satisfy the holding period requirement.

F. Relevant Regulatory Principles and Definitions

48. “Microcap” or “penny” stocks referred to stocks of publicly traded U.S. companies that had a low market capitalization. Microcap stocks were subject to price manipulation because they were thinly traded and subject to less regulatory scrutiny than stocks that were traded on notable exchanges such as the National Association of Securities Dealers Automated Quotations (“NASDAQ”) and the New York Stock Exchange (“NYSE”). NASDAQ and NYSE had specific standards that were monitored and enforced for a company to have its stock traded on those exchanges. Additionally, large blocks of microcap stock were often controlled by small groups of individuals, which enabled those in the group to control and orchestrate manipulative trading in those stocks.

49. “Wash trades” were purchases and sales of securities that matched each other in price, volume, and time of execution, and involved no change in beneficial ownership. For example, a wash trade took place when Investor A bought 100 shares at \$5.00 per share of a

company through Broker A while simultaneously selling 100 shares at \$5.00 per share of the company through Broker B.

50. “Matched trades” were similar to wash trades, but involved a related third person or party who placed one side of the trade. For example, a matched trade took place when Investor A bought 100 shares at \$5.00 per share of a company through a broker, while Investor B, who coordinated with Investor A, simultaneously sold 100 shares at \$5.00 per share of the company through a broker.

51. “Marking the close trades” involved attempting to influence the closing price of a security by executing purchase or sale orders at or near the close of normal trading hours. Such activity could artificially inflate or depress the closing price for the security.

52. Wash trades, matched trades, and marking the close trades were used to create the appearance that the stock price and volume raised as a result of genuine market demand for the securities.

53. Market manipulation schemes known as “pump and dump” schemes involved creating a price for a security that was not reflective of true market value, allowing co-conspirators holding large blocks of the inflated stock to sell shares they obtained for little or no money at the inflated price. The purchasing party was left with a near-worthless security when the price dropped to accurately reflect the stock’s true value, or lack thereof, in the market.

There were generally three phases to a pump and dump scheme:

- a. First, obtaining and concealing control of a significant portion of a publicly traded company’s stock;
- b. Second, fraudulently inflating or keeping inflated the price and trading volume of the company’s stock through a variety of means; and

c. Third, once the price of the stock was fraudulently inflated, selling the stock using the fraudulently inflated price as a benchmark, thereby profiting at the expense of the investing public.

(i) First Phase: Obtaining, Concealing Control and Ownership of a Public Company's shares

54. During the first phase of a pump and dump scheme, the perpetrators obtained control over a substantial portion of the shares of a public company, both free trading and restricted. Generally, "free trading" shares were shares of stock that the shareholder could trade without regulatory restrictions. Perpetrators could profit from selling these shares in the market to buyers not knowledgeable about the true value of the company. Restricted shares could not be traded on the market, but could be transferred through private placement transactions. Typically, such shares must be held for a specific period of time before the restriction was removed and the shares became free trading. Perpetrators could profit from selling restricted shares directly to buyers at a discount from the quoted market price of the free trading shares.

55. The perpetrators of a pump and dump scheme usually took steps to conceal from the investing public their control over a substantial portion of the company's shares. Rule and regulations required the disclosure of the identities of all shareholders who owned or controlled more than a percentage (usually five percent) of a company's stock. To thwart such regulations, the perpetrators of pump and dump schemes often hid their control over the company's stock by purporting to transfer ownership of the shares to various nominee entities and individuals they, in fact, controlled. Accordingly, even if they did not hold the shares in their own names, the perpetrators maintained actual control over the disposition of shares.

(ii). Second Phase: Fraudulently Inflating the Price and Trading Volume of the Company's stock

56. During the second phase, the perpetrators fraudulently inflated or kept inflated the price and trading volume of the company's stock:

a. The perpetrators paid stock promoters and analysts to recommend the company's stock to the investing public. The promoters recommended the stock through a variety of methods, including mass mailings and e-mails, Internet chat rooms, Internet advertising, and boiler room operations. The analysts, who often purported to offer independent and unbiased analysis of the company's stock to the investing public, touted the stock as underpriced and set unrealistically high price targets for the stock.

b. Using an account that they controlled (either in their own names or in the name of nominees), the perpetrators bought and sold company's stock back and forth among themselves, often at increasingly higher prices, to create the false appearance that there was a high demand for the stock.

(iii) Third Phase: Coordinated Selling of the Company's Stock

57. During the third phase, the perpetrators sold their shares of the company's stock in coordination to maximize their fraudulent profits from the scheme. Eventually the dumping of such a significant number of shares, combined with the lack of any actual profitable business activity at the company to justify the inflated price, caused the price of the shares to drop significantly leaving investors who bought at the fraudulently inflated price holding shares of stock worth substantially less than what was paid for the shares.

## II. FACTUAL ALLEGATIONS

58. From on or about October 1, 2007, through on or about September 18, 2014, EADE, together with others known and unknown to the Grand Jury, agreed to defraud investors and potential investors in the Manipulated Public Companies by issuing millions of shares to themselves at little or no cost and then artificially controlling the price and volume of traded shares through, among other means: (a) receiving and paying undisclosed commissions to brokers, former brokers, and others for directing client funds to make both authorized and unauthorized investments; (b) fraudulently concealing the co-conspirators' ownership interests in the Manipulated Public Companies; and (c) engineering price movements and trading volume in the stocks.

59. In furtherance of the scheme, Zirk De Maison, EADE, and others created private legal entities to conceal ownership and control of stock in the manipulated companies.

a. SB3, LLC, also referred in Paragraph 11, as directed by Zirk De Maison to be a Limited Liability Company, was created using the street address of EADE at 190 North Canon Drive, Suite 420, Beverly Hills, California 90210. SB3, LLC and bank accounts created in the name of SB3, LLC were used to hide the transfer of stock and money to EADE and other co-conspirators.

b. EADE created Merrimen as directed by Zirk De Maison to be a for profit corporation and to hide the transfer of stock. On or about March 5, 2010, EADE signed the State of Wyoming, Secretary of State, Articles of Incorporation for Merrimen, and used the address 10409 Strathmore Drive, Santee, CA 92071.



c. On December 6, 2010, the Izak Engelbrecht Living Trust was created by Zirk De Maison to hide the transfer of stock. The Trustee of the Izak Zirk Engelbrecht Living Trust was Zirk De Maison.

G. The Kensington Manipulation Scheme

(i) Control of the Stock

60. Kensington originated as a public company in or around 2009 with a purported focus on leasing equipment to real estate professionals. According to an SEC filing on or about January 15, 2009, Angelique D. was the chief executive officer, though Zirk De Maison maintained *de facto* control of all aspects of the business, and Gregory Goldstein was the chief financial officer. In an amended filing on or about March 25, 2009, Gregory Goldstein was replaced as chief financial officer by Landre M., the husband of Zirk De Maison's personal assistant.

61. Initially, Zirk De Maison caused the issuance of only 20,000 shares of stock to Angelique D. Through a purchase agreement dated on or about April 9, 2010, Zirk De Maison caused Angelique D. to gain an additional 6,000,000 shares, purportedly in exchange for approximately \$480,000. Zirk De Maison also orchestrated purchase agreements whereby one of his companies, Merrimen, entered into a purchase agreement with Kensington with an option to buy up to 24,000,000 shares. On or about November 9, 2010, Zirk De Maison caused Merrimen to exercise a portion of the option to purchase 2,500,000 shares of Kensington. Zirk De Maison distributed the purchased shares as gifts to several entities. On or about November 9, 2010, Zirk De Maison gifted approximately 1,011,184 shares to nine separate entities. On or about December 7, 2010, Zirk De Maison gifted approximately 1,488,816 shares to Merrimen Investments, Inc.

62. The Kensington Leasing, Ltd, agreement and certified copy of resolution of board of Directions dated September 4<sup>th</sup>, 2009, identified EADE as the SEC counsel for Opinions.

63. On or about December 1, 2010, Zirk De Maison caused Merrimen to sell the right to purchase the remaining 21,500,000 shares to Angelique D.

64. On or about December 8, 2010, an opinion letter was written and signed by EADE that was issued to Continental Stock & Transfer Co for the transfer of 1,448,816 shares of Kensington Leasing, Ltd from Merrimen to Izak Zirk Engelbrecht Living Trust and others. The opinion letter stated EADE was counsel for Kensington Leasing, Ltd. The opinion letter further falsely stated that the receiving shareholders, which, including the Izak Zirk Engelbrecht Living Trust, were not affiliated with the issuer, Kensington Leasing, Ltd.

(ii) The Fraudulent Stock Manipulations

65. After gaining control of Kensington's unrestricted shares, EADE and Zirk De Maison, together with others, devised and intended to devise a scheme whereby they fraudulently inflated Kensington's share price and trading volume and then orchestrated the sale and purchase of the unrestricted Kensington stock at a profit when the share price reached desirable levels.

66. The co-conspirators sought to manipulate the Kensington stock through manipulative stock trading techniques to a price beneficial to the co-conspirators. Having created the shell company, the co-conspirators controlled a majority of the shares outstanding, enabling them to manipulate the share price. Those public shares were typically purchased by brokers using accounts belonging to clients. Wilshinsky and Goldstein used their positions as registered brokers to purchase Zirk De Maison's shares in Kensington through their client accounts.

67. The first Kensington pump started on or about March 29, 2010. That day, Trisha M., at the direction of Zirk De Maison, sold 40,000 shares. Those shares were purchased almost exclusively in client accounts controlled by Stephen Wilshinsky and Gregory G. at Marquis. During this first period, the co-conspirators manipulated Kensington's stock price by setting it at a price of approximately \$3.80 per share (with trading volume of approximately 10,500 shares that day).

68. The value of Kensington's stock had little or no relation to its then current and future earnings potential or business operations. On or about September 29, 2010, Kensington's market capitalization at its closing price of approximately \$4.50 per share was approximately \$35,550,000 based on approximately 7,900,000 shares outstanding. However, on or about November 22, 2010, Kensington filed a form with the SEC, signed by Trisha M., stating as of on or about September 30, 2010, Kensington had approximately \$935,249 in total assets (including for intangibles such as "goodwill"), \$374,441 in total liabilities, and \$4,071 in revenue since the inception of the business. The form indicated a net loss of \$83,122 since inception. On or about September 4, 2012, the stock had fallen to \$0.02 per share.

69. In furtherance of the Kensington's stock manipulation scheme, the co-conspirators made material omissions regarding the payment of commissions when soliciting investors.

H. The Casablanca Manipulation Scheme

(i) Control of the Stock

70. Casablanca originated as a public company in or around 2011 with a purported focus on mining precious metals in Chile. According to an SEC filing, on or about March 31,

2011, Zirk De Maison was the president of Casablanca, and Trisha M. was the former chief executive officer.

71. Upon formation as USD, Casablanca's predecessor company, Zirk De Maison caused the issuance of 600,000 shares of stock to Trisha M. in consideration of purported set up costs. Through a purchase agreement dated on or about December 7, 2010, Zirk De Maison, Angelique D., Thomas R., and companies controlled by Zirk De Maison, collectively purchased from USD approximately 21,500,000 shares of stock for the purported amount of \$1,100,000. On or about January 19, 2011, Zirk De Maison caused Casablanca to issue approximately 800,000 shares of stock to Wealthmakers, which he controlled through Angelique D. On or about March 20, 2011, Zirk De Maison caused Casablanca to enter into a purchase agreement with Angelique D. to sell her an additional 1,000,000 shares of stock in installment.

(ii) The Fraudulent Stock Manipulations

72. After gaining control of Casablanca's shares, Zirk De Maison together with others, devised and intended to devise a scheme whereby they fraudulently inflated Casablanca's share price and trading volume and then orchestrated the sale and purchase of both the unrestricted and restricted Casablanca stock at a profit when the share price reached desirable levels.

73. The co-conspirators sought to manipulate the Casablanca stock through manipulative stock trading techniques to a price beneficial to the co-conspirators. Having created the shell company, the co-conspirators controlled a majority of the shares outstanding, enabling them to manipulate the share price. Those public shares were typically purchased by brokers trading in accounts belonging to clients. Zirk De Maison used co-conspirators to solicit

potential investors to purchase restricted shares belonging to Zirk De Maison and other co-conspirators.

74. Extending the stock's artificially inflated price allowed the co-conspirators to also sell restricted shares to investors through private placements. For example, investors could see a stock quoted at \$5.00 per share and be willing to buy a restricted version for \$2.50 per share, thinking that the stock would still be valuable when the restriction was lifted.

75. The first Casablanca pump started on or about September 22, 2010. That day, as USD, the company issued a press release touting a letter of intent to acquire a Chilean gold and copper mining company. One month later, the stock had reached a share price of approximately \$10.01 per share.

76. The value of Casablanca's stock had little or no relation to its then current and future earnings potential or business operations. On or about May 13, 2011, Casablanca's market capitalization at its closing share price of approximately \$8.20 per share was approximately \$430,343,199 based on 52,480,878 shares outstanding. However, on or about May 16, 2011, Casablanca filed a form with the SEC, signed by Trisha M., stating as of on or about March 31, 2011, Casablanca listed approximately \$6,024,225 in total assets (including intangibles such as "goodwill"), \$2,586,327 in total liabilities, and a net loss of \$371,691 since inception of the business. The form indicated a net loss of \$291,741 for the first quarter of 2011. On or about October 9, 2013, the stock had fallen to approximately \$0.05 per share.

77. In furtherance of the Casablanca stock manipulation scheme, the co-conspirators made material omissions regarding the payment of commissions when soliciting investors.

I. The Lustros Manipulation Scheme

(i) Control of the Stock

78. Lustros first appeared as a publicly traded company in or around 2006, under the name Safari Associates, Inc., and later became Lustros in or around 2012. According to an SEC filing, on or about April 18, 2012, Zirk De Maison was the chief executive officer and a member of the board of directors for the company. Trisha M. was the chief financial officer and a member of the board of directors.

79. As of on or about September 30, 2012, the authorized capital stock of Lustros consisted of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock. On or about March 9, 2012, Zirk De Maison caused Lustros to issue 60,000,000 shares of common stock to obtain the rights to Bluestone, a company owned primarily by Angelique D. In or around April 2012, Zirk De Maison caused Lustros to issue 100,000 preferred shares to himself. In or around June 2012, Zirk De Maison caused Lustros to issue an additional 181,818 shares of common stock to Angelique D.

(ii) The Fraudulent Stock Manipulations

80. After gaining control of a majority of Lustros' shares, Zirk De Maison together with others, devised and intended to devise a scheme whereby they fraudulently inflated Lustros' share price and trading volume and then orchestrated the sale and purchase of the Lustros stock at a profit when the share price reached desirable levels.

81. The co-conspirators sought to manipulate the Lustros stock through manipulative stock trading techniques to a price beneficial to the co-conspirators. Having created the shell company, the co-conspirators controlled a majority of the shares outstanding, enabling them to manipulate the share price. Zirk De Maison primarily used co-conspirators to solicit potential investors to purchase restricted shares belonging to Zirk De Maison and other co-conspirators.

82. Zirk De Maison used promoters to cold call and induce potential investors to purchase shares of Lustros. The purchases were made on the open market and through private placements at the urging of the promoters. The promoters used stock manipulative techniques, such as match trading, to ensure their clients purchased Zirk De Maison's and Jason Cope's shares.

83. Zirk De Maison also used Jason Cope to solicit investors to purchase stock in Lustros via private placement vehicles. Such stock was owned either by Jason Cope or Zirk De Maison. The investors recruited by Jason Cope purchased millions of dollars in Jason Cope's and Zirk De Maison's shares, and Zirk De Maison paid Jason Cope undisclosed commissions on such investments.

84. One Lustros pump started on or about October 30, 2013, when the share price was \$0.16 per share after having been \$1.30 per share one year earlier. Through aggressive promotion by co-conspirators and matching trades to raise volume, the co-conspirators were able to artificially inflate the stock price. Within just over a month, the shares had almost tripled in value to a share price of approximately \$0.44 on or about December 5, 2013. By on or about February 7, 2014, the stock price had dropped back down to \$0.15 per share, eventually falling to \$0.01 per share as of January 5, 2015.

85. The value of Lustros' stock had little or no relation to its then current and future earnings potential or business operations. On or about November 9, 2012, Lustros' market capitalization at its closing share price of approximately \$1.10 per share was approximately \$77,830,303 based on 70,754,821 shares outstanding. However, on or about November 14, 2012, Lustros filed a form with the SEC, signed by Trisha M., stating as of on or about September 30, 2012, Lustros had approximately \$10,545,799 in total assets (including

intangibles such as “goodwill”), \$3,098,404 in total liabilities, and a net loss of \$3,311,969 since inception of the business. The form indicated a net loss of \$1,619,343 for the third quarter of 2012. On or about September 16, 2014, the stock price had fallen to approximately \$0.11 per share.

86. In furtherance of the Lustros’ stock manipulation scheme, the co-conspirators made material omissions regarding the payment of commissions when soliciting investors.

J. The Gepco Manipulation Scheme

(i) Control of the Stock

87. Gepco first appeared as a publicly traded company in 2008 under the Kensington name and eventually became Gepco in 2013. According to an SEC filing, on or about May 14, 2014, Angelique D. was the executive chairman of the company, and Trisha M. was the president, chief financial officer, secretary, and a member of the board of directors.

88. The authorized capital stock of Gepco consisted of approximately 250,000,000 shares of common stock and 15,000,000 shares of preferred stock. As of on or about March 31, 2014, no shares of preferred stock had been issued. Through convertible notes, Zirk De Maison caused Trisha M. to obtain approximately 8,000,000 shares of stock and Walker River to obtain approximately 8,835,480 shares. Zirk De Maison caused Gepco to grant an additional 2,000,000 shares of stock to Trisha M. in a subsequent transaction. In or around April 2013, Zirk De Maison, through Suprafin, obtained a note that was converted into approximately 27,670,000 shares of stock. In or around August 2013, Zirk De Maison, through Sunatco, obtained a note that was partially converted into an additional 2,000,000 shares stock.



89. Gepco's acquisition of Gem Vest was funded through the issuance of 150,000,000 shares to Peter V., a close friend to Zirk de Maison. Zirk De Maison dictated to Peter V. how and when he sold the shares, allowing Zirk De Maison to retain control of the Gepco stock.

90. In furtherance of the Gepco stock manipulation scheme, the co-conspirators made material omissions regarding the payment of commissions when soliciting investors.

(ii) The Fraudulent Stock Manipulations

91. After gaining control of Gepco's shares, Zirk De Maison, together with others known and unknown to the Grand Jury, devised and intended to devise a scheme whereby they fraudulently inflated Gepco's share price and trading volume and then orchestrated the sale and purchase of the unrestricted Gepco stock at a profit when the share price reached desirable levels.

92. The co-conspirators sought to manipulate the Gepco stock through manipulative stock trading techniques to a price beneficial to the co-conspirators. Having created the shell company, the co-conspirators controlled a majority of the shares outstanding, enabling them to manipulate the share price. Zirk De Maison primarily utilized co-conspirators to solicit potential investors to purchase restricted shares belonging to Zirk De Maison and Jason Cope and other co-conspirators.

93. Zirk De Maison conspired with Gregory Goldstein to find potential investors to purchase Zirk De Maison shares through private placements and offered Gregory Goldstein a thirty percent commission.

94. Seeking to monetize his holdings of Gepco stock, Jason Cope engaged in matched trading to create volume for shares of Gepco and, as a result, affect the price at which they could sell shares on the open market.

95. The value of Gepco's stock had little or no relation to its then current and future earnings potential or business operations. On or about March 31, 2014, Gepco's market capitalization at its closing price of approximately \$0.19 per share was approximately \$42,037,985 based on approximately 221,252,555 shares outstanding. However, on or about May 14, 2014, Gepco filed a form with the SEC, signed by Trisha M. and Peter V., stating that as of on or about March 31, 2014, Gepco had accrued a net loss of \$89,401 since inception and had accumulated a deficit during the development stage of approximately \$458,176. Gepco's stock was suspended from trading in September 2014 by the SEC.

K. Profits at Investors' Expenses

96. The co-conspirators, together with others known and unknown to the Grand Jury, obtained millions of shares at no or little cost in the Manipulated Public Companies and then profited by selling their own shares in Kensington, Casablanca, Lustris, and Gepco stock at artificially inflated prices to investors. Little or no portion of the investments went to fund the operations of the Manipulated Public Companies. Rather, Zirk De Maison, EADE, and their co-conspirators used most of the investments to enrich themselves.

97. Co-conspirators sold their shares in the Manipulated Public Companies to investors without disclosing the payment of commissions. Zirk De Maison typically paid, and caused the payment to, co-conspirators, in amounts of between thirty and fifty percent of the total sales price of Zirk De Maison's stock that was sold with Zirk De Maison and entities that he controlled receiving the remainder. Jason Cope also recruited investors for private placement investments in the Manipulated Public Companies, earning undisclosed commission payments from Zirk De Maison. In doing so, Jason Cope and others, enriched themselves and used, among

other stock manipulative techniques, matched trades to execute transactions and fraudulently inflate the price of the Manipulated Public Companies' stock.

98. Upon shares being sold between the co-conspirators, EADE wrote materially false opinion letters and submit the letters to transfer agents for the restrictive legends to be removed from the stock certificate. EADE was billed separately and provided false billing statements for writing opinion letters with materially false representations and misstatements.

99. Zirk De Maison also provided shares in the Manipulated Public Companies as commission payments to the co-conspirators, including EADE, for participation in the conspiracy. Co-conspirators could then sell the shares and keep the proceeds as additional profit for participation in the conspiracy.

100. Commissions and payments were not limited to cash payments and issuance of shares to co-conspirators. Specifically, Zirk De Maison purchased jewelry and luxury automobiles and paid office rent and other expenses for co-conspirators.

101. The co-conspirators caused approximately \$54,000,000 to be invested in the purchase of the stock in the Manipulated Public Companies. Most of the money was not used to fund the actual business operations of each company but instead was diverted to enrich the co-conspirators. In all, the co-conspirators gained between hundreds of thousands to tens of millions of dollars, depending on their role, as part of their participation in the conspiracy.

COUNT 1

(Conspiracy to Commit Securities Fraud and Wire Fraud, 18 U.S.C. § 1349)

The Grand Jury charges:

102. The allegations contained in paragraphs 1 through 101 are re-alleged and incorporated as though fully set forth herein.

103. From on or about January 2, 2009 through on or about September 18, 2014, both dates being approximate and inclusive, within the Northern District of Ohio, Eastern Division, and elsewhere, EADE, together with others known and unknown to the Grand Jury, did knowingly and intentionally combine, conspire, confederate, and agree with each other, and with others both known and unknown to the Grand Jury, to commit federal criminal offenses, to wit:

a. To defraud any person in connection with any security of an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934 and that is required to file reports under section 15(d) of the Securities Exchange Act of 1934; and to obtain, by means of false and fraudulent pretenses, representations, and promises, any money and property in connection with the purchase and sale of any security of an issuer described herein, in violation of Title 18, United States Code, Section 1348 (Securities Fraud); and

b. To devise and intend to devise a scheme and artifice to defraud the investors, and to obtain money by means of false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, to transmit and cause the transmission by means of wire communications in interstate commerce any writing, sign, signal, and picture, in violation of Title 18, United States Code, Section 1343 (Wire Fraud).

#### OBJECTS OF THE CONSPIRACY

104. The objects of the conspiracy were to: (1) defraud the investors; (2) obtain investor monies and pay or receive undisclosed commissions; (3) inflate the value of the the shares of Manipulated Public Companies; and (4) enrich the conspirators.

#### MANNER AND MEANS OF THE CONSPIRACY

105. To attain the objects of the conspiracy, EADE and his co-conspirators employed the following manner and means:

a. It was a part of the conspiracy that the co-conspirators created public “shell” companies, executed mergers of nascent businesses with the shells to create publicly traded companies, and then paid undisclosed commissions to consultants, brokers, and boiler room promoters, in exchange for using investor funds to purchase co-conspirators' shares of the resulting stock room promoters, in exchange for using investor funds to purchase co-conspirators' shares of the resulting stock.

b. It was a part of the conspiracy that the co-conspirators used manipulative stock trading techniques, such as wash trades, matched trades, and marking the close trades, to fraudulently inflate the price in the Manipulated Public Companies.

c. It was part of the conspiracy that Zirk De Maison and his co-conspirators used EADE to draft Rule 144 legal opinions containing material misrepresentations to satisfy legal requirements about depositing the stock and lifting restrictions.

d. It was a part of the conspiracy that the co-conspirators ensured that any time they wanted to sell free trading shares on the open market, there would be available buyers.

e. It was a part of the conspiracy that Zirk De Maison paid undisclosed commissions, typically thirty to fifty percent of the total sale price, in exchange for co-conspirators selling Zirk De Maison's shares via private placements, purchasing them using client accounts on the open market, and inducing investors to purchase them through cold calls.

f. It was a part of the conspiracy that the co-conspirators did not disclose to investors the commission payments from Zirk De Maison and companies that he controlled.

g. It was a part of the conspiracy that Zirk De Maison used registered brokers to liquidate free trading shares of stock in the Manipulated Public Companies and paid the registered brokers commission payments for purchasing Zirk De Maison's shares.

h. It was part of the conspiracy that Zirk De Maison used consultants, such as Jason Cope and Louis M., to access wealthy potential investors and paid undisclosed commissions of cash and stock to the consultants when they persuaded their clients to purchase Zirk De Maison's shares in the Manipulated Public Companies.

i. It was a part of the conspiracy that Jason Cope solicited potential investors to purchase stock in the Manipulated Public Companies without disclosing that he received commissions from Zirk De Maison, that it was Zirk De Maison's and Jason Cope's shares his clients were purchasing, and that his clients' investments were used to enrich the co-conspirators.

j. It was a part of the conspiracy that Zirk De Maison, and others, used private placements, stock promoters, and non-arms-length trading with related parties to create the illusion of volume, to inflate the stock price, and to divest their own shares.

k. It was a part of the conspiracy that false documentation was provided to Jason Cope to assist with the deposit and sale of securities for the benefit of Jason Cope and the other co-conspirators.

l. It was a part of the conspiracy that Louis M. created his own entities to assist Jason Cope in the deposit and sale of shares in the Manipulated Public Companies and to transfer money to overseas brokerage accounts.

m. It was a part of the conspiracy that Zirk De Maison and Jason Cope used boiler room promoters to cold call and solicit potential investors to purchase shares of the Manipulated Public Companies.

n. It was a part of the conspiracy that the cold calls to potential investors coincided with favorable press releases or other information that Zirk De Maison caused to be released.

o. It was a part of the conspiracy that the boiler room promoters touted the manipulated Public Companies using high pressure sales tactics and misrepresentations about the value of the Manipulated Public Companies and their stock.

p. It was a part of the conspiracy that the boiler room promoters failed to disclose that Zirk De Maison and Jason Cope paid commissions to them on the sale of Zirk De Maison's and Jason Cope's stock to the investors, either on the open market or through private placements.

q. It was a part of the conspiracy that to conceal the payment of undisclosed commissions, co-conspirators commonly directed Zirk De Maison to transfer such money to entities and third parties to avoid the appearance of a direct payment from Zirk De Maison to that co-conspirator.

r. It was a part of the conspiracy that to further hide the undisclosed commission payments, Zirk De Maison made, and caused to be made, payments to co-conspirators and others from a variety of companies he controlled, including Bridges, SB3, Suprafin, and Wealthmakers, instead of using the Manipulated Public Companies' and Zirk De Maison's personal bank accounts.

s. It was a part of the conspiracy that Zirk De Maison and EADE communicated with the co-conspirators and others via interstate wires, including through e-mail transmissions and internet chat platforms, to discuss manipulative stock trading techniques, and payments that were made and owed.

t. It was a part of the conspiracy that Zirk De Maison transmitted, and caused the transmission of, interstate wires in the form of payments to co-conspirators, including EADE, for participating in the conspiracy.

ACTS IN FURTHERANCE OF THE CONSPIRACY

106. In furtherance of the conspiracy and to effect its unlawful objects, EADE and the co-conspirators committed, and caused to be committed, the following acts in furtherance of the conspiracy in the Northern District of Ohio, Eastern Division and elsewhere:

a. On January 7, 2009, EADE signed a document which he sent and caused to be sent to the Securities and Exchange Commission covering the registration of the Company Kensington Leasing, Ltd. for common stock, par value of \$.001 per share.

b. On or about May 23, 2009, Zirk De Maison caused an e-mail to be sent to Gregory Goldstein and others with the subject line, "Steve W and the Mother F-----s from NY," stating, "The Scum from New York got 50% commission and I paid another 5% and then they sold back 25,000 shares back the next f-----g week... The scum from New York has now on 2 occasions bought stock, got commission and f----d us in less than 7 days."

c. On or about June 4, 2010, Zirk De Maison caused funds in the amount of approximately \$50,000 to be transferred from a Kensington corporate bank account ending in x4134 held in Santee, California, at Wachovia Bank, to a Worldbridge account controlled by Jason Cope and held in Westlake, Ohio, at US Bank.

d. On or about September 13, 2010, Zirk De Maison caused an email to be transmitted with the subject line, "[c]ommissions [p]aid," with an attached spreadsheet that detailed the undisclosed commission payments made to Stephen Wilshinsky, Gregory Goldstein, and other co-conspirators.

e. On or about November 5, 2010, Zirk De Maison caused funds in the amount of approximately \$6,405.00 to be transferred from a Suprafin Ltd account ending in



x9320 held in Santee, California, at Wachovia Bank, to an account in the name of EADE and Valentina Nesterova, for the benefit of EADE, in Beverly Hills, California at Bank of America.

f. On or about November 12, 2010, EADE caused an e-mail to be sent to Zirk De Maison with the subject line, "Re: list" stating, "OK, do I take Timary off completely? Here is a draft of the opinion." EADE was responding to an original e-mail from Zirk De Maison which stated, "Kenny and T. This is definitely a distribution and with the red light Goldstein has put on this we will have huge problems if we go forward with this" and "the 1 million shares will make Timary an insider."

g. On or about November 24, 2010, EADE caused an e-mail to be sent to Zirk De Maison with the subject line, "FINRA" that stated, "Z, I looked at the Suprafin stuff and went over my opinions file in USD. Here are my thoughts." EADE further wrote to Zirk De Maison in the e-mail and stated, "Ask what the inquiry is about first. If they are looking at Greg, they have no reason to go into the Suprafin transaction and you have no obligations to talk to them."

h. On or about November 25, 2010, Zirk De Maison caused an e-mail to be sent to T. Malone, EADE, and others with the subject line, "8k" that stated, "In the shareholder collom [sic] we need to change Fidelity Trust to Me on behalf of a trust to be formed and we to put Kensington and Royce as the owner of the 2.5 million shares. Tom, Red and I are in agreement that the 2.5 does not stay in Kensington and Royce but I do not want to put anything in Wealthmakers or KNSL after the unringing of that bell till everything is totally quiet."

i. On or about November 30, 2010, EADE caused an e-mail to be sent to Zirk De Maison with the subject line, "Re: Fwd:" that stated, "Thanks Z, I hope you don't have to eat the Fat Man's shares" and "BTW, Wilshinsky owes me about 40 grand and he says that he

has an agreement with Lenco to free up his shares and that's how he is going to pay me.” Zirk De Maison responded in the email stating “Thanks for this Kenny. Jason is total back in the fold and I really appreciate this.”

j. On or about December 1, 2010, EADE caused an e-mail to be sent to Zirk De Maison and Trisha M. with the subject line, “8K STM” stating, “Here is 8K for STM. I guessed on the dates. Beefed up the bios, except for Juan Carlos. It is what it is-we have to get this moving. Stock issued Nov 30<sup>th</sup>? Are we about done with contract signings? Ready to go? Need help on press release or board res? Standing by to check press release before it goes out.”

k. On or about December 8, 2010, EADE issued an opinion letter with the subject, “Re: Certificate No. KL 00228 of 1,448,816 shares of Kensington Leasing, Ltd.,” which, was provided to the Continental Stock & Transfer Co. located in New York, New York. The opinion letter provided a legal opinion with respect to the transfer of 1,448,816 shares from Merrimen Investments, Inc. (“Transferring Shareholder”) to Izak Zirk Engelbrecht Living Trust and Stephen Boyd. The opinion letter falsely stated, “the Receiving Shareholders receiving the shares (“Receiving Shareholders,”) are not affiliates of the issuer within the meaning of Section (a)(1) Rule 144.” EADE falsely opined “that the transfer does not require registration, pursuant to the exemption contained in Section 4(1) of the Securities Act of 1933.”

l. On or about December 10, 2010, Zirk De Maison caused funds in the amount of approximately \$5,110.00 to be wire transferred from a Suprafin Ltd account ending in x1932 held in Santee, California, at Wachovia Bank, to an account in the name of EADE and Valentina Nesterova, for the benefit of EADE, in Beverly Hills, California at Bank of America.

m. On or about December 17, 2010, EADE caused an e-mail to be sent to Zirk De Maison with the subject line, “Wilshinsky” which stated, “He told me you were

covering his fees-the problem is that they are enormous and he has not been servicing them and has broken almost every payment promise he has made, including what I budgeted for this week and I know he sold stock.”

n. On or about December 21, 2010, Stephen Wilshinsky caused an e-mail to be sent to EADE and Zirk De Maison with the subject line, “Re: Zirk” which stated, “It will be handled by selling out shares ken. You have all but thrown in the towel on me and left me to the wolves.” Stephen Wilshinsky initially responded to an e-mail that discussed a payment plan between Zirk De Maison, EADE, and Stephen Wilshinsky in reference to a lawsuit against Stephen Wilshinsky. EADE solely responded to Zirk De Maison and stated, “He’s just bitching. I get that from time to time from him. Its one of the reasons I left litigation years ago. I will answer him.” EADE further responded to Zirk De Maison and stated, “Yes I need to focus on gold mining right now and not fat ingrateful sloppy business people who can’t pay their legal bills.”

o. On or about December 31, 2010, EADE caused an e-mail to be sent to EADE and T. Malone with the subject line, “Re: Fw: Continental Pkg KNSL-Lenco 12-30-2010” which stated, “Can you get me standard rep letters from the transferors (especially Lenco) that they are not affiliates, and this is not part of a distribution, etc. I do not trust Levinsohn and I know he not think twice of burning me up. Thanks, I’m doing opinions now.”

p. On or about January 12, 2011, EADE caused an e-mail to be sent to Zirk De Maison with the subject line, “Re: Fw: Kensington Certificates” which stated, “Holy Moly, this is a distribution to 60 people. Its not a lot of shares, but the Eagle Eye has been on KSNL and it raises some eyebrows. First, from the Transferor’s name, ICapital Advisory Group, it looks like it may be a secondary underwriting or distribution without registration. Because of the

small numbers, it looks like they may have been sold by cold calling. Not saying that's what it is, just saying how it looks. Can we break out the big ones now and do the little ones later?"

Zirk De Maison responded to EADE and stated "Call me in 20. Urgent." EADE responded to Zirk De Maison and stated "ok."

q. On or about January 13, 2011, EADE caused an e-mail to be sent to T. Malone and Zirk De Maison with the subject line, "iCapital transfer" which stated, "Hi T, can you please get a standard 4(1) rep letter from icapital (containing points 1-3 on the opinion) before you let it go?" EADE also attached a legal opinion with the subject line "Re: Certificate No. KL 00227 of 253,334 shares of Kensington Leasing, Ltd." in which EADE falsely stated, "the Transferring Shareholder has advised that neither the Receiving Shareholders nor any related person is or will be an underwriter with respect to the shares, and the sale of the shares are not and will not be part of a distribution of securities of the Company" and "it is my opinion that the transfer does not require registration, pursuant to the exemption contained in Section 4(1) of the Securities Act of 1933."

r. On or about February 8, 2011, Zirk De Maison caused an e-mail to be sent to EADE with the subject line, "Re: Fat F--k" which stated, "He has done nothing for me Kenny. In fact he owes me 52k for the ring on his fancies finger." EADE originally stated to Zirk De Maison, "Is the Fat F--k working for you now? As I suspected, the last payment I will ever get was the one I got before I filed the brief. Can we think about deducting my fees from his commissions?"

s. On or about March 22, 2011, Zirk De Maison caused an e-mail to be sent to EADE with the subject line, "Re: Help with opinion" which asked EADE to help with freeing restricted shares of Kensington. In the e-mail EADE stated, "Its hard to write opinions

nowadays without getting suspended fro practice or going to jail, so wanna be very careful.”

EADE further responded to Zirk De Maison and stated “OK, but can’t be quick, this is dangerouso for us (attorneys) right now.”

t. On or about October 10, 2011, EADE caused an e-mail to be sent to Zirk De Maison with the subject line, “Re: FYI” and stated, “Dear Z, Hope all went well with your trip to Chile. I just wanted to let you know that I have continued to blog for you in my free time—I’m just not charging for it.”

u. On or about November 3, 2011, EADE issued an opinion letter with the subject: [Re: Certificate No. KL00600 of Kensington Leasing, Ltd. (the “Company”)], which was provided to Continental Stock & Transfer Co. with respect to the trade-ability of 1,300,000 shares of Kensington Leasing common stock. EADE was identified as the counsel for Structured Management, Inc. EADE falsely stated that the shareholder acquired the shares “by gift from the affiliate Gifting Shareholder” and “may be publicly sold, without registration, pursuant to Rule 144(b)(1), and restrictive legends on the certificate may be removed.”

v. On or about January 20, 2012, EADE issued a revised opinion letter with the subject: [Certificate No. KL00601 of Wikifamilies, Inc., f/k/a Kensington Leasing, Ltd. (“the Company”)], which was provided to Continental Stock & Transfer Co. located in New York, New York. The opinion letter was requested by Continental Stock & Transfer Co. with respect to the removal of restrictive legends on 2,000,000 shares owned by Walker River Investments Corp. EADE was identified as the undersigned counsel for Wikifamilies, Inc. EADE falsely stated that the Shareholder was “is not an affiliate of the issuer within the meaning of Section (a)(1) of Rule 144, i.e., a person that directly, indirectly, through one or more intermediaries,

controls, is controlled by, or is under common control with such issuer, and has not been an affiliate in the past 90 days.”

w. On or about January 25, 2012, Stephen Boyd, the President of Merrimen signed a representation letter written to EADE. The representation letter was written as a request to the transfer of 115,756 shares of common stock of Casablanca. The representation letter falsely represented that Stephen Boyd acquired 115,756 shares as a gift from the Izak Engelbrecht Living Trust, an affiliate of Casablanca.

x. On or about January 30, 2012, Zirk De Maison caused funds in the amount of approximately \$4,637.00 to be transferred from a Suprafin Ltd account ending in x9320 held in Santee, California, at Wells Fargo, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A.

y. On or about February 16, 2012, EADE issued an opinion letter with the subject [Re: Certificate No. KL000637 of Wikifamilies, Inc., f/k/a Kensington Leasing, Ltd. (the “Company”)], which, was provided to the Continental Stock & Transfer Co. located in New York, New York. The opinion letter was requested by Continental Stock & Transfer Co. with respect to the removal of restrictive legends on 2,000,000 shares owned by Walker River Investments Corp. EADE identified as a [non-affiliate (“Shareholder”)]. EADE falsely stated that the Shareholder “is not an affiliate of the issuer within the meaning of Section (a)(1) of Rule 144. i.e., a person that directly, indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such issuer.”

z. On or about February 17, 2012, Zirk De Maison caused an e-mail to be sent to EADE and Jason Cope with the subject line, “Kenny, do NOT bill Jason please.” Zirk De

Maison in this case paid for an opinion letter that involved the removal of the legend on restricted shares that should not have been removed.

aa. On or about February 17, 2012, Zirk De Maison caused funds in the amount of approximately \$2,065.00 to be wire transferred from a Walker River Investments account ending in x4069 held in Lakeside, California at Wells Fargo, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A.

bb. On or about March 23, 2012, Zirk De Maison caused funds in the amount of approximately \$4,235.00 to be wire transferred from a Suprafin Ltd account ending in x9320 held in Santee, California, at Wells Fargo, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A.

cc. On or about March 23, 2012, EADE issued an opinion letter with the subject [Re: Certificate No. WF 0014 of Wikifamilies, Inc., f/k/a Kensington Leasing, Ltd. (the “Company”)]. The opinion letter was requested by Continental Stock & Transfer Co. with respect to the removal of restrictive legends on 800,000 shares of Wikifamilies owned by Worldbridge Partners, Inc., [a non-affiliate (“Transferring Shareholder”) to Suprafin, Ltd. (“Receiving Shareholder”). EADE falsely stated “neither Transferring Shareholder nor Receiving Shareholder is an affiliate of the issuer within the meaning of Section (a)(1) of Rule 144.”

dd. On or about March 27, 2012, EADE caused to be sent an e-mail to Zirk De Maison with the subject line “Re: FW: Legal Opinion” that stated “Thanks for the explanation. Then I supposed I am being asked to opine that the note is convertible to common stock and it should be free trading stock? If so I just need all the usual stuff. Trish knows what

that is. Can't shoot a gun without bullets. Got the gun. Waiting for the bullets. Who is paying for me to shoot?"

ee. On or about May 17, 2012, EADE issued an opinion letter with the subject "Re: Certificate No. 1336 for 40,000 shares." The opinion letter was requested by Continental Stock & Transfer Co. with respect to the removal of restrictive legends on certificate 1336 for 40,000 shares of common stock in the name of Stacie L. Cope (Shareholder). EADE falsely stated "the original Shares were transferred to the Shareholder by a non-affiliate, who acquired the Shares in a private transaction on November 18, 2010."

ff. On or about May 18, 2012, Zirk De Maison caused funds in the amount of approximately \$4,125.00 to be wire transferred from Suprafin Ltd account ending in x9320 held in Santee, California, at Wells Fargo, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A.

gg. On or about May 23, 2012 EADE issued an opinion letter with the subject "Re: Transfer of Certificate CM02188 representing 2,173,926 shares of Casablanca Mining, Ltd." The opinion letter was requested by Continental Stock & Transfer Co. with respect to the transfer of 500,000 shares of common stock. EADE was identified as the undersigned counsel for Casablanca. In the opinion letter, EADE identified the transferring shareholder, Izak Zirk Engelbrecht Living Trust, as an affiliate of Casablanca. The opinion letter issued by EADE transferred 100,000 shares of Casablanca to Kieran Thomas Consulting Corp, and 400,000 shares of Casablanca to J. and T. Delorme.

ff. On or about May 29, 2012, Zirk De Maison caused funds in the amount of approximately \$4,585.00 to be wire transferred from Suprafin Ltd account ending in x9320 held



in Santee, California, at Wells Fargo, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A.

ii. On or about June 28, 2012, Zirk De Maison caused an email to be sent to EADE with the subject line "Re: bad news" stating "you know the Truth my very dear friend." EADE's original e-mail stated "The SEC has decided to file an action against me for aiding and abetting a client who filed allegedly inaccurate financial statements on its filings. Regretfully, I must resign from further securities related work or advice."

jj. On or about August 10, 2012, Zirk De Maison caused an email to be sent to Jason Cope, EADE, and others regarding a change in his cell phone number and that he was back in California on a full time basis.

kk. On or about February 28, 2014, Zirk De Maison caused funds in the amount of approximately \$1,000.00 to be wire transferred from Suprafin Ltd account ending in x5193 held in Santee, California, at US Bank, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A.

ll. On or about March 6, 2014, EADE issued an opinion letter with the subject: "Re: Certificate No.s 4487 and 4490 Lustrors, Inc". The opinion letter was requested by Wilson Davis & Company to render an opinion on common stock of Lustrors. EADE was identified as the undersigned counsel for Lustrors, Inc.

mm. On or about March 10, 2014, Zirk De Maison caused funds in the amount of approximately \$2,000.00 to be wire transferred from Suprafin Ltd account ending in x5193 held in Santee, California, at US Bank, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A.

mn. On or about March 31, 2014, Zirk De Maison caused an e-mail to be sent to a prospective investor, Aron A., providing him with the contact information of, “the people who have invested in most of my deals.” Zirk De Maison further noted that, “all of them have invested in the Gepco private placement.” Zirk De Maison listed six “investors” and their contact information for Aron A. The “investors” provided by Zirk De Maison as references included Jason Cope, Gregory Goldstein, and others.

oo. On or about April 3, 2014, EADE issued an opinion letter with the subject: [Certificate No. G01012 of Gepco, Ltd. (the “Company”)]. The opinion was requested by Wilson Davis & Co. with respect to the trade-ability of 3,000,000 shares of Gepco common stock owned by Traverse International. EADE was identified as the undersigned counsel for Traverse.

pp. On or about April 14, 2014, Jason Cope caused funds in the amount of approximately \$500.00 to be wire transferred from Traverse International account ending in x2855 held in Bay Village, Ohio, to an account in the name of EADE, for the benefit of EADE, in Los Angeles, California at Citibank, N.A. The wire transfer information originator to beneficiary information contained “legal opinion.”

qq. On or about April 17, 2014, EADE issued an opinion letter with the subject: [Re: Certificate No. G01031 of Gepco, Ltd. (the “Company”)]. The opinion was requested by Wilson Davis & Co. with respect of the trade-ability of 3,700,000 shares common stock of Gepco. EADE was identified as the undersigned counsel for Merrimen. In the opinion letter, EADE falsely opined that Merrimen was not an affiliate of Gepco. EADE falsely opined, “that the transfer does not require registration, pursuant to the exemption contained in Section 4(1) of the Securities Act of 1933.”

rr. On or about April 21, 2014, Zirk De Maison caused funds in the amount of approximately \$560.00 to be wire transferred from Suprafin Ltd, to an account in the name of EADE, for the benefit of EADE, In Los Angeles, California at Citibank, N.A.

All in violation of Title 18, United States Code, Section 1349.

COUNTS 2-4  
(Securities Fraud, 18 U.S.C. 1348)

The Grand Jury further charges:

107. The factual allegations contained in paragraphs 1 through 101, and 104 through 106, are re-alleged and incorporated as though fully set forth herein.

108. From on or around March 6, 2014 through on or about September 18, 2014, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant KENNETH G. EADE, did knowingly and intentionally execute and attempted to execute, a scheme and artifice to (a) defraud persons in connections with securities of Gepco, an issuer with a class of securities that was registered under Section 12 of the Securities Exchange Act of 1934, and (b) obtain, by means of materially false and fraudulent pretenses, representations and promises, and by statements containing material omissions, money and property in connection with the purchase and sale of securities of Gepco, an issuer with a class of securities that was registered under Section 12 of the Securities Act of 1934, and did aid and abet in the same.

Count	Date	Transaction	Sender	Receiver
2	March 6, 2014	Opinion Letter Issued	EADE	Wilson Davis & Co.
3	April 3, 2014	Opinion Letter Issued	EADE	Wilson Davis & Co.
4	April 17, 2014	Opinion Letter Issued	EADE	Wilson Davis & Co.

All in violation of Title 18, United States Code, Section 1348 and 2.

COUNT 5  
(Wire Fraud, 18 U.S.C. 1343)

The Grand Jury further charges:

109. The factual allegations contained in paragraphs 1 through 101, 104 through 106, are re-alleged and incorporated as though fully set forth herein.

110. From on or about March 6, 2014 through on or about September 18, 2014, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant KENNETH G. EADE, and others known and unknown to the Grand Jury, knowingly devised, and intended to devise, a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations, and promises.

111. On or about the date listed below, in the Northern District of Ohio, Eastern Division, and elsewhere, Defendant KENNETH G. EADE, for the purpose of executing and attempting to execute the foregoing scheme and artifice, transmitted and caused to be transmitted, writings, signs, signals, pictures, and sounds by means of wire and radio communication, in interstate commerce, to wit; electronic transfer of funds, that Defendant EADE sent or caused to be sent in the approximate amount described below, from an account described below in the Northern District of Ohio, to an account located in California:

COUNT	DATE	AMOUNT	ORIGINATING BANK	RECEIVING BANK
5	April 14, 2014	\$500.00	Huntington Bank, Ohio	Citibank, N.A., California

All in violation of the Title 18, United States Code, Section 1343.

A TRUE BILL.

Original document - Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.