

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

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**UNITED STATES SECURITIES  
AND EXCHANGE COMMISSION,**

**Plaintiff,**

v.

**STEFAN H. BENGER, SHB CAPITAL, INC.,  
JASON B. MEYERS, INTERNATIONAL  
CAPITAL FINANCIAL RESOURCES, LLC,  
PHILIP T. POWERS, FRANK I.  
REINSCHREIBER , GLOBAL FINANCIAL  
MANAGEMENT, LLC, STEPHAN VON HASE,  
and CTA WORLDWIDE SERVICES, SA.**

**Defendants.**

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: **CASE NO. 09-CV-676**  
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: **MAGISTRATE JUDGE COLE**  
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: **JURY TRIAL DEMANDED**  
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**SECOND AMENDED COMPLAINT**

Plaintiff United States Securities and Exchange Commission alleges as follows:

**NATURE OF THE ACTION**

1. The defendants' international boiler room scheme was as lucrative as it was stealthy. It raised approximately \$44.2 million from more than 1,400 foreign investors, primarily through the sales of U.S. penny stocks. It was lucrative for defendants because they diverted more than 60% of that sum to themselves and the foreign boiler room operators who did their bidding. The issuer companies received less than 40% of the proceeds.

2. Of course, these were the very companies the investors were told their proceeds would be funding. Defendants' scheme was stealthy in this regard because they concealed from investors the fact that their investment money was being funneled to defendants and defendants' boiler room operatives as commissions. Investors never saw

the distribution or escrow agreements that detailed the true allocation of investment funds. And in the stock purchase agreements – generally the only document an investor saw before deciding to invest – the defendants outright lied by telling investors that they paid no sales commissions, with all of their investment going to the stock issuer except for nominal “transaction fees” amounting to 1% or less of the amount invested.

3. Defendants, who deliberately tried to conceal from investors the extent of their involvement in the scheme, used teams of overseas boiler room agents to solicit investors. These sales agents often used high pressure sales tactics, false identities, and fraudulent misrepresentations to extract money from the victims, many of whom were elderly and unsophisticated investors. When investors complained, defendants looked the other way or claimed ignorance of the sales process.

4. In short, defendants conceived, structured and carried out a scheme to enrich themselves and their boiler room operatives while concealing and insulating themselves from the fallout when, as one defendant put it, the “heat” got too “high.” In this litigation, the Securities and Exchange Commission seeks to hold them accountable for their fraudulent scheme.

### **JURISDICTION AND VENUE**

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

6. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].

7. Venue is proper in this Court pursuant to Section 22 of the Securities Act [15 U.S.C. § 77u(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Defendants, directly or indirectly, have made and are making, use of the means and instrumentalities of interstate commerce and of the mails in connection with the acts, practices and courses of business alleged herein in the Northern District of Illinois.

### **THE DEFENDANTS**

8. **Stefan H. Bengler** (“Bengler”) is a resident of Chicago. On September 25, 2008, Bengler became a United States citizen. He is now a dual citizen of Germany and the United States. Bengler has been associated with various broker-dealer firms. According to the Central Records Depository, a database compiled and maintained by the Financial Regulatory Authority that provides information concerning broker-dealers registered with the Commission and their registered representatives, Bengler is not currently associated with a registered broker-dealer. During the relevant period, Bengler was the president of Defendant SHB Capital, Inc., through which he acted as a distribution agent for several of the boiler room stock offerings.

9. **SHB Capital, Inc.** (“SHB Capital”), during the relevant period, was a Delaware corporation based in Chicago. On its website, SHB Capital claimed to be “one of the premier buyout companies,” specializing in “the acquisition and management of small businesses.” It purported to have an investment banking division that helps U.S. and international companies become “listed on the NASDAQ, OTCBB or Pink Sheets.” SHB Capital also purported to sell public shell companies and to assist in placing issuer shares with domestic and international investors. It has never been registered with the Commission as a broker-dealer. SHB Capital actively recruited Regulation S sales agents

through its website. Through Defendant Bengier, the company acted as a distribution agent for several of the boiler room stock offerings.

10. **Jason B. Meyers** (“Meyers”) is a resident of Chicago. From 1988 through November 2000, Meyers was associated with various securities and commodities firms. According to CRD records, Meyers is not currently associated with a registered broker-dealer. Meyers previously was a vice president of A-Street Capital, a Chicago-based firm that touted its ability to “arrange the sale of Reg S exempt common stock to retail investors in Europe and Asia through our affiliated regulated broker-dealers.” Meyers was the president of Defendant International Capital Financial Resources, LLC, through which he acted as a distribution agent for several of the boiler room stock offerings.

11. **International Capital Financial Resources, LLC** (“International Capital”), during the relevant period, was an Illinois corporation with its principal place of business listed as Meyers’ personal residence in Chicago. On its website, International Capital claimed to be a “leading provider of specialized and traditional investment banking services to micro, small, and mid-cap companies.” International Capital’s website also claimed to have “the international contacts to place Regulation S offerings.” Through Defendant Meyers, International Capital acted as a distribution agent for several of the boiler room stock offerings. International Capital is not registered with the Commission as a broker-dealer.

12. **Stephan Gottfried von Hase** (“von Hase”) is a German citizen who maintains residences in Chicago, Illinois and Nassau, Bahamas. During the relevant period he was the sole owner and officer of CTA Worldwide, a distribution agent for several of the penny stocks sold through the boiler room operation. During the relevant

period, von Hase was also the president of Chicago-based Marblehead Financial Group, Inc. (“Marblehead”), an investment adviser registered with the State of Illinois. Prior to his association with Marblehead and CTA Worldwide, von Hase was associated with various securities and commodities firms. From 1990 through 1998 he served as a registered representative, and as the resident manager, of Merrill Lynch International Bank in Berlin, Germany. According to CRD records, von Hase is not currently associated with a registered broker-dealer.

13. **CTA Worldwide Services, SA** (“CTA Worldwide”), during the relevant period, was a Bahamian-based company controlled by von Hase. CTA Worldwide, which sometimes operated under the name CTA Group, S.A., acted as the distribution agent for the Regulation S offerings of five issuers whose stock was sold through the boiler room scheme. CTA Worldwide has never registered with the Commission as a broker-dealer.

14. **Philip T. Powers** (“Powers”) is a resident of Chicago and a licensed attorney in the State of Illinois. During the relevant period, Powers held the position of “senior counsel” at Handler, Thayer & Duggan, LLC. According to the firm’s website, he focused his practice on “business, corporate and securities law with an emphasis on domestic and international private equity formation and related transactions,” with experience as a “general counsel to broker-dealers and other financial services firms, focusing on domestic regulatory compliance.” In addition to his position with Handler Thayer, Powers was a principal of Defendant Global Financial Management, LLC. In these capacities, Powers served as an escrow agent for several of the issuers of the stock sold as part of the boiler room scheme. Prior to joining Handler Thayer, Powers was chief

administrative officer and general counsel of A-Street Capital. According to CRD records, Powers is not associated with a registered broker-dealer.

15. **Frank I. Reinschreiber** (“Reinschreiber”) is a resident of Chicago. Reinschreiber was a principal of Defendant Global Financial Management, LLC, through which he acted as an escrow agent for several of the issuers of stock sold through the boiler room scheme. Global Financial Management, LLC’s website stated that Reinschreiber had thirty years of experience in accounting, tax and financial planning, and was formerly the CFO of A-Street Capital. According to CRD records, Reinschreiber is not associated with a registered broker-dealer.

16. **Global Financial Management, LLC** (“Global Financial”), during the relevant time period, was an Illinois corporation based in Chicago. On its website, Global Financial portrayed itself as a “finance management company” offering “a complete line of escrow services including the ability to receive and send funds in any foreign currency.” Defendants Reinschreiber and Powers controlled Global Financial, which acted as an escrow agent for several of the issuers of stock sold through the boiler room scheme. Global Financial is not registered with the Commission as a broker-dealer.

#### **RELATED PARTY**

17. **Handler, Thayer & Duggan, LLC** (“Handler Thayer”), during the relevant period, was an Illinois corporation based in Chicago. Handler Thayer was a law firm of approximately 20 attorneys specializing in business and corporate law services. Handler Thayer, through Powers, acted as an escrow agent for several of the issuers of stock sold through the boiler room scheme. During the relevant period, Handler Thayer was not registered with the Commission as a broker-dealer.

## FACTS

### The Structure of the Scheme

18. Defendants' scheme involved the offer and sale of Regulation S stock in at least eight penny stock issuers: China Voice Holding Corp., Integrated Biodiesel Industries Ltd., Biomoda, Inc., Pharma Holdings Inc., World Energy Solutions, Inc., Revolutions Medical Corp., Earthsearch Communications, Inc., and Essential Innovations Technology Corp. (together the "Issuers" or "Issuer Companies"). All but one of these companies were based in the United States and, with the exception of Integrated Biodiesel and Pharma, the stock for each of the Issuers was quoted through the OTC Bulletin Board or "Pink Sheets" in the United States. During the relevant period, the stock of most if not all of the Issuers traded at prices under \$5 per share and otherwise met the definition of a "penny stock" under the federal securities laws.

19. Regulation S provides an exemption from registration with the Commission for securities offerings in which (among other things) all investors are located outside the United States. Stock sold under this exemption is sometimes referred to as "Regulation S stock."

20. As part of the scheme, defendants Stefan H. Bengler, Jason B. Meyers, Stephan von Hase, Philip T. Powers, SHB Capital, Inc., International Capital Financial Resources, LLC, and CTA Worldwide Services, SA drafted template contract documents including escrow, distribution and share purchase agreements. All defendants approved, adopted, and collectively implemented these agreements.

21. Defendants Bengler, Meyers, von Hase, SHB Capital, Inc., International Capital Financial Resources, LLC, and CTA Worldwide Services, SA (collectively, the

“Distribution Agent Defendants”) then sought out companies willing to agree to issue shares of Regulation S stock.

22. Defendants Philip T. Powers, Esq., Frank I. Reinschreiber, Global Financial Management, LLC (collectively, the “Escrow Agent Defendants”), and Handler Thayer acted as escrow agents for the Regulation S stock scheme. Defendants’ use of U.S.-based escrow agents, including Powers and his law firm, gave investors an added measure of security and comfort about their overseas investment.

23. After identifying willing companies, defendants provided them with distribution agreements. In these agreements, the Distribution Agent Defendants offered to deploy their overseas boiler room sales force to sell the company’s shares to foreign investors in exchange for sales commissions exceeding 60%. Defendants’ distribution agreements spelled out the identity and responsibilities of the Distribution Agent Defendants, and detailed their exorbitant commissions. By contrast, defendants carefully hid this information from the defrauded investors.

24. The Distribution Agent Defendants activated their network of sales agents located outside the United States to solicit investments in the Issuers’ stock from overseas investors. These boiler room operators preyed largely upon less sophisticated foreign investors, including elderly Europeans, employing high pressure sales tactics and myriad misrepresentations to induce the purchase of these restricted stocks.

25. Some of the boiler rooms retained by the Distribution Agent Defendants were featured on a warning list, compiled and published by the United Kingdom’s Financial Services Authority, of firms that were both suspected of boiler room activity and were not authorized to do business in the United Kingdom. Perhaps in an effort to



keep the investors from learning of this information, during their cold call sales pitches some of the agents falsely claimed to work for legitimate U.K.-based brokerage firms.

26. After an individual agreed to invest in the Regulation S stock, defendants provided the investors with a share purchase agreement (sometimes called an “SPA”) documenting their purchase. In most cases, the SPA directed the investor to send their investment funds and portions of the signed SPA to the Escrow Agent Defendants. The SPAs were generally the only documents provided to investors in connection with their purchases.

27. From beginning to end, the Distribution Agent Defendants took great pains to maintain their anonymity and that of their offshore boiler room agents. The boiler room sales agents used aliases in their dealings with investors. Sales agents routinely told prospective investors that they worked for companies that either did not exist or that existed but with whom the agents had no affiliation. The agents maintained offshore bank accounts located in countries known for their strong bank secrecy laws.

28. The Escrow Agent Defendants received and processed investors’ signed SPAs; received investor funds into escrow accounts; disbursed investor funds to the Issuers and others receiving sales commissions; and sent share certificates to investors to finalize their purchases of Issuer stock. In exchange, the escrow agents received commission payments.

29. The purchase and sale of each Regulation S stock transaction occurred in the United States, where all of the Escrow Agent Defendants were located. Pursuant to the SPAs: “The offer to purchase contained in this Agreement once submitted to the

Escrow Agent [became] irrevocable and binding subject only to acceptance by the [Issuer] Company.”

30. Pursuant to the language in the distribution and escrow agreements, the Escrow Agent Defendants disbursed more than 60% of the investor proceeds to themselves, the boiler room operators, and the Distribution Agent Defendants, while remitting less than 40% of the proceeds to the issuers of the stocks. Of the approximately \$44.2 million raised from investors, the Escrow Agent Defendants disbursed nearly \$29 million in the form of commission payments to overseas accounts.

31. After divvying-up the investor proceeds in this manner, the Escrow Agent Defendants mailed investors share certificates. According the language of the SPAs, the issuance of the share certificates indicated that the total investment proceeds had been transferred to the Issuer. To the contrary, and unbeknownst to the investors, most of their money was paid out as commissions to third parties.

32. Since the Escrow Agent Defendants existed to lend legitimacy to the scheme, they didn't have the luxury of maintaining their anonymity. This was especially true as to Powers, whose web-based marketing materials touted his experience in securities law, with a particular focus on “regulatory compliance.” Still, at every opportunity, the Escrow Agent Defendants steadfastly concealed the existence and identities of the Distribution Agent Defendants; disclaimed knowledge of the sales agents; and otherwise attempted to create the illusion that they were uninvolved in the operations of the scheme other than simply collecting the investors' money and signed SPAs.

33. When investors reached out to the Escrow Agent Defendants seeking verification of specious claims made by the boiler room operators, the Escrow Agent Defendants professed ignorance and directed the investors to the Issuers, knowing full well the Issuers knew little about the sales agents or the workings of the scheme.

34. But the defendants (including the escrow agents) were not ignorant; they were well aware of the huge commissions being charged and of the deceitful and heavy-handed sales practices being employed by their boiler room agents. For example, in March 2008, Powers expressed concern to Bengier that Handler Thayer's role as an escrow agent in paying the brokers "puts us in a position to 'know' who the brokers [are] and could make us liable for their sales practice abuses." Such concerns notwithstanding, Powers continued serving as an escrow agent. Again, in November 2008, when an investor complained after discovering the exorbitant commissions charged, Powers summed up his strategy for responding to investors in an e-mail to defendants Reinschreiber and von-Hase: "I tend to play dumb[.]"

#### **China Voice: An Illustration of the Scheme**

35. The offer and sale of stock in China Voice illustrates how defendants' scheme worked. In early 2007, China Voice entered into distribution agreements with SHB Capital and International Capital. The distribution agreements designated Bengier and Meyers as the authorized signatories on behalf of distribution agents SHB Capital and International Capital, respectively.

36. Each distribution agreement called for the distribution agent to solicit foreign investors for China Voice's Regulation S offering of common stock in exchange for commissions. The distribution agreements included an attachment allocating investor

proceeds from the offering among and between the distribution agent, the Issuer and the escrow agent. In China Voice's distribution agreements with SHB Capital and International Capital, China Voice received a mere 34% of the investor proceeds, and the distribution agent and escrow agent collectively received 66% of the proceeds. Investors were never made aware of this information.

37. An exemplar of the China Voice SPA was attached to both the SHB Capital and the International Capital distribution agreements with China Voice. These exemplars were substantially similar to the SPAs provided to investors in all of the Issuer Companies.

38. The first page of the China Voice SPA provided to investors contained a grid entitled "Transaction Information – Price and Shares":

**Transaction Information - Price and Shares**

Purchase Price per share	USD\$	\$0.56
Number of Shares being purchased		122,000
Transaction fee to cover certificate and mailing costs	USD\$	50.00
Total Consideration for shares	USD\$	68,370

39. The first page of the SPA further stated that "[a] certificate representing the Shares will be issued by [China Voice] within 21 days of acceptance of this agreement and will be deposited with the Escrow Agent for transmittal to the [investor] **upon transfer of the Total Consideration to [China Voice].**" (emphasis added). "Total Consideration" is defined in the SPA as the cost of the Issuer's shares, plus the cost of a nominal transaction fee.

40. Nowhere in the SPA do defendants disclose that middlemen such as themselves took more than 60% of the investors' proceeds as commissions. Rather, the

SPA represented that transaction fees would be limited to a nominal fee of \$50 or “1% of cost of shares to cover certificate and mailing costs.”

41. The China Voice distribution agreements also included an escrow agreement outlining the role of the escrow agent in the Regulation S offering. SHB Capital’s initial distribution agreement provided for Handler Thayer to act as escrow agent. Because of Powers’ long experience with these types of offerings and because he brought the Regulation S business to the firm, Handler Thayer’s escrow agreement named Powers as the law firm’s authorized agent for purposes of the distribution agreement. The distribution and escrow agreements provided that Handler Thayer would obtain custody of investor funds and SPAs; distribute investor proceeds according to the terms of the distribution agreement; maintain China Voice share certificates; and distribute share certificates to investors upon completion of the transactions. Defendants never provided the escrow agreements to the investors.

42. International Capital’s original distribution agreement with China Voice designated Equinox Administration, Inc. (“Equinox”) as its escrow agent. At that time Equinox was a Florida-based company controlled by Paul Gunter. In March 2008, Gunter was arrested by federal law enforcement agents and subsequently indicted on mail and wire fraud charges. The charges, which are still pending, relate to Gunter’s role in various Regulation S and “pre-IPO” offerings of penny stocks. At a minimum, Defendants Meyers, Powers, Reinschreiber, International Capital and Global Financial were aware of Gunter’s indictment. Following Gunter’s arrest, however, Global Financial – through Powers and Reinschreiber – simply stepped in to replace Equinox as escrow agent and continued the scheme.

43. To sell Regulation S shares of China Voice, the Distribution Agent Defendants retained foreign-based boiler room sales agents. The sales agents pitching China Voice sometimes used aliases, claimed to work for fictitious brokerage firms, or falsely told investors they worked for established U.K.-based brokerage houses. Typical of boiler room operations, the sales agents employed high pressure sales pitches, including threatening to sue several investors who second guessed their initial investment decisions.

44. Additionally, the sales agents made material misrepresentations and omissions to convince individuals to invest in China Voice. One sales agent procured an investment by claiming China Voice's stock price was about to rise sharply because it had been selected as the chief network communication provider for the 2008 Olympic Games. This was a lie.

45. Like defendants, the sales agents hid the commissions from China Voice investors. In fact, when prospective investors asked about commissions, sales agents often stated the investor would only pay a commission if and when the investor sold his shares for a profit.

46. Investors were never told about the Distribution Agent Defendants. This was by design. Defendants wanted to make it appear as though the only parties to the transaction were the sales agent, the Issuer, and the escrow agent. In at least one email, von Hase (who later entered into distribution agreements with China Voice) reminded one Issuer that the investor "does not know any think [sic] about CTA or myself, please keep it so."

47. Once an individual agreed to invest in China Voice, defendants provided a SPA for review and signature. Aside from the share certificate received by the investor post-purchase, the SPA was generally the only document an investor received relating to their investment in China Voice.

48. The SPAs instructed investors to wire their investment funds to particular U.S. accounts held by the designated escrow agent, and to fax the first page and the executed signature page of the agreement to a U.S. phone number. Neither the sales agents nor the SPAs disclosed the name of the party receiving the fax. Once an investor faxed his signed SPA to the designated fax number, the e-fax service e-mailed the document to one or more of the defendants.

49. After investors transferred their funds to defendants' accounts, the Escrow Agent Defendants disbursed them in accordance with the allocation set forth in the distribution and escrow agreements. Powers and Reinschreiber wired commission payments to accounts located in countries known for their strong bank secrecy laws, such as Switzerland and Cyprus.

50. The Escrow Agent Defendants then finalized the transactions by causing a share certificate to be issued to each Investor. Some China Voice investors received their share certificates with an accompanying cover letter on stationery signed by the escrow agent. The letter confirmed the number of shares purchased by the investor, without mentioning the sales commissions. Defendants led other investors to believe their China Voice share certificates came directly from the Issuer by sending the certificates in envelopes bearing the return address of the Issuer, with cover letters signed by agents from the Issuer. These letters, like those sent by the escrow agents, never disclosed the

massive sales commissions. Pursuant to the language in the SPA, receipt of the share certificate indicated to the investor that “Total Consideration” had been received by the Issuer.

51. The escrow agents received at least \$6.9 million in investor funds from China Voice investors.

**Stephan Gottfried von Hase and CTA Worldwide Services, SA**

52. In early 2008, Bengier and SHB Capital superficially terminated their relationship with the Issuers and assigned all rights procured in their distribution agreements to Anderson and Associates, AG (“Anderson”), a Panamanian company. During the relevant period, Bengier was the president of both Anderson and SHB Capital.

53. Bengier, in his capacity as president of Anderson, then entered into new distribution agreements with each of the Issuers. These agreements were, in effect, identical to those previously in place. Bengier assured the Issuers that, notwithstanding the change in distribution managers, the procedures of the operation would not change.

54. Soon thereafter, Bengier and Anderson sold the distribution agent business to CTA Worldwide and von Hase, his longtime friend and colleague. During the relevant time period, von Hase was the president and sole shareholder of CTA Worldwide. CTA Worldwide agreed to pay Anderson \$2.5 million for the purchase of the business, which included access to Bengier’s international sales agents. The contract called for the money to be paid through an “earn out” schedule based on the amount of money collected by CTA Worldwide through the distribution agent business.

55. CTA Worldwide and von Hase thereafter entered into agreements to distribute the Regulation S stock of at least five of the different penny stock Issuers.



These distribution agreements were with many of the same Issuers, including China Voice, and were substantially identical to previous such agreements, including the commissions exceeding 60%.

56. The Issuers, CTA Worldwide and von Hase then entered into agreements with several Chicago-based escrow agents, including Defendant Global Financial Management. Again, these escrow agreements were substantially identical to previous such agreements.

57. Once the contracts were in place, CTA Worldwide and von Hase continued the scheme unabated, assuming the role previously provided by SHB Capital and Anderson. CTA Worldwide and von Hase used not only the same escrow and sales agents to sell stock for the same Issuers; they retained the same Chicago-based staff previously used by SHB Capital to oversee the administrative operations.

58. In addition to having a pre-existing network of international sales agents, many of whom were the same as those previously used by Bengner, von Hase tried to recruit agents through internet postings. He assured at least one potential agent that he would help them both establish leads and set up the technology needed to obscure the location from which their calls were originating.

59. Defendant von Hase had regular contact with the overseas sales agents. He updated them with information about the Issuers, and provided SPAs substantially identical to those used by SHB Capital and Anderson.

60. The sales agents placed “cold calls” to investors, employing myriad misrepresentations to elicit investments in the Regulation S shares. After agreeing to provide funds, the investor was provided an SPA with instructions to wire funds to U.S.

accounts in the name of the designated escrow agent. The SPA directed investors to fax the first page and the executed signature page of the agreement to a U.S. phone number, which was then forwarded to some or each of the defendants.

61. The escrow agents then disbursed investor proceeds to the Issuers and paid commissions by wiring funds to numerous overseas accounts located in countries known for their strong bank secrecy laws, such as Switzerland and Cyprus. The escrow agent then caused a share certificate to be issued to the investor.

62. Von Hase and CTA Worldwide raised at least \$16.7 million from investors.

#### **Other Boiler Room Offerings**

63. The offer and sale of stock in the other Issuers followed the pattern illustrated by the China Voice offering. Investors received high pressure phone calls from overseas boiler room sales agents soliciting the purchase of the Issuer's stock. Although the solicitations varied from investor to investor and from agent to agent, they uniformly involved typical boiler room sales tactics targeting elderly British and European citizens.

64. The boiler room operators often created a false sense of urgency about the investment. They frequently characterized the Issuer's stock as an opportunity to obtain high returns in a short period of time – but only if the prospective investor acted immediately. Some investors were urged to liquidate savings and legitimate investments, or even to take out loans to purchase the Issuer's stock.

65. After an individual agreed to invest in the stock of an Issuer, defendants provided them a SPA similar to the SPAs provided to China Voice investors. The SPAs falsely stated that investors paid no commissions; falsely asserted that the investor's

“Total Consideration” was provided to the Issuer or was maintained on the Issuer’s behalf; and falsely represented that “transaction fees” were limited to no more than 1% of the investment. Although the SPA was almost always sent by either the defendants or the sales agent, defendants left investors with the impression that it came from the Issuer, sometimes sending the documents in packages bearing the return address of the Issuer.

66. As with China Voice, investors in the other Issuers were instructed to fax the first page and executed signature page of their SPA to certain phone numbers within the United States, which were then forwarded to some or each of the defendants.

67. Investors wire-transferred their investment funds to the bank and brokerage accounts of the designated escrow agents, including Global Financial. The escrow agents, through Powers and Reinschreiber, then disbursed the investors’ funds to the Issuers and various parties receiving commissions.

68. The escrow agents then caused share certificates for Issuer stock to be sent to the investors; often times accompanied by a letter from the escrow agent. Powers regularly sent share certificates to investors with a cover letter on Handler Thayer stationery and signed by Powers as “Escrow Agent.” Defendants led other investors to believe their share certificates came directly from the Issuer, using envelopes with the return address of the Issuer, and with cover letters signed by agents of the Issuer. Defendants never disclosed in the letters the commissions unknowingly paid by the investors.

69. The disbursement of proceeds was substantially similar to the breakdown reflected in the China Voice distribution agreements: more than 60% of the investor funds paid sales commissions, generally deposited in bank accounts maintained in

countries with strong bank secrecy laws. Issuers received less than 40% of investor proceeds.

## COUNT I

### **VIOLATIONS OF SECTION 17(A)(1) OF THE SECURITIES ACT [15 U.S.C. § 77q(a)(1)]**

#### **(Against Defendants Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide)**

70. Paragraphs 1 through 69 are realleged and incorporated by reference.

71. Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide in the offer or sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by use of the mails, singularly or in concert, directly or indirectly employed devices, schemes or artifices to defraud.

72. The shares of the Issuers are “securities” as that term is defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78(b)(10)].

73. Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide knowingly or recklessly engaged in the fraudulent conduct described above.

74. By reason of the foregoing, Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**COUNT II**

**VIOLATIONS OF SECTIONS 17(A)(2)  
AND 17(A)(3) OF THE SECURITIES ACT  
[15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]**

**(Against Defendants Bengel, Meyers, von Hase, SHB Capital,  
International Capital and CTA Worldwide)**

75. Paragraphs 1 through 69 are realleged and incorporated by reference.

76. Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, singularly or in concert, have obtained money or property by means of untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or engaged in a transaction, practice, or course of business that operated or would operate as a fraud or deceit upon purchaser of securities.

77. The shares of the Issuers are “securities” as that term is defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78(b)(10)].

78. Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide knowingly or recklessly engaged in the fraudulent conduct described above.

79. By reason of the foregoing, Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

**COUNT III**

**VIOLATIONS OF SECTION 10(B) OF THE  
EXCHANGE ACT AND RULE 10B-5 THEREUNDER  
[15 U.S.C. § 78j(b) & 17 C.F.R. § 240.10b-5]**

**(Against Defendants Bengel, Meyers, von Hase, SHB Capital,  
International Capital and CTA Worldwide)**

80. Paragraphs 1 through 69 are realleged and incorporated by reference.

81. Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide, in connection with the purchase or sale of securities, directly or indirectly, singularly or in concert, by the use of the means or instrumentalities of interstate commerce or of the mails: (a) used or employed a device, scheme, or artifice to defraud; (b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices, or courses of business that operated or would operate as a fraud and deceit upon the purchasers and prospective sellers of such securities.

82. Defendants' boiler room scheme discussed above constituted a device, scheme or artifice to defraud the defrauded investors; and constituted an act, practice, or course of business that operated as a fraud or deceit upon the defrauded investors.

83. Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide knowingly or recklessly engaged in the fraudulent conduct described above.

84. The shares of the Issuers are "securities" as that term is defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78(b)(10)].

85. By reason of the foregoing, Bengel, Meyers, von Hase, SHB Capital, International Capital and CTA Worldwide violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

#### **COUNT IV**

#### **AIDING AND ABETTING VIOLATIONS OF SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 THEREUNDER [15 U.S.C. § 78j(b) & 17 C.F.R. § 240.10b-5]**

##### **(Against Defendants Powers, Reinschreiber and Global Financial)**

86. Paragraphs 1 through 69 are realleged and incorporated by reference.

87. Bengel, Meyers, SHB Capital and International Capital, have violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

88. Defendants' boiler room scheme discussed above constituted a device, scheme or artifice to defraud the defrauded investors; and constituted an act, practice, or course of business that operated as a fraud or deceit upon the defrauded investors.

89. By their conduct described herein, Powers, Reinschreiber and Global Financial each provided knowing and substantial assistance to Bengel, Meyers, SHB Capital and International Capital in their unlawful conduct alleged herein.

90. Powers, Reinschreiber and Global Financial aided and abetted Bengel, Meyers, SHB Capital and International Capital's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

**COUNT V**

**VIOLATIONS OF SECTION 15(A) OF THE EXCHANGE ACT  
[15 U.S.C. § 77o(a)]**

**(Against Defendants Benger, Meyers, von Hase, Powers,  
Reinschreiber, SHB Capital, International Capital,  
CTA Worldwide, and Global Financial)**

91. Paragraphs 1 through 69 are realleged and incorporated by reference.

92. Defendants Benger, Meyers, von Hase, Powers, Reinschreiber, SHB Capital, International Capital, CTA Worldwide, and Global Financial, by the conduct described above, directly or indirectly, singularly or in concert, made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce, the purchase or sale of securities, without registering with the Commission as a broker or dealer.

93. The shares of the Issuers are “securities” as that term is defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78(b)(10)].

94. By engaging in the conduct described in above, Benger, Meyers, von Hase, Powers, Reinschreiber, SHB Capital, International Capital, CTA Worldwide, and Global Financial, violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

**REQUESTS FOR RELIEF**

WHEREFORE, the Commission requests that this Court:

- A. Find that each defendant committed the violations alleged herein;
- B. Enter Orders of Permanent Injunction as to each defendant, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining:



1. Benger, Meyers, von Hase, SHB Capital, International Capital, and CTA Worldwide from violating Section 17(a)(1), (2) and (3) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 promulgated thereunder; and
2. Powers, Reinschreiber and Global Financial from aiding and abetting violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and from violating Section 15(a) of the Exchange Act.

C. Enter an Order requiring defendants to disgorge all ill-gotten gains resulting from their participation in the conduct described above, including pre-judgment interest.

D. Enter an Order requiring defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 77t(d) and 78u(d)(3)].

E. Enter an Order barring defendants from participating in any offering of penny stock pursuant to 20(g) of the Securities Act and Section 21(d)(6) of the Exchange Act [15 U.S.C. §§ 77t(g) and 78u(d)(6)].

F. Grant such other and further equitable relief as this Court deems appropriate and necessary.

### **JURY TRIAL DEMAND**

The Commission requests a trial by jury.

Dated: December 20, 2011

**UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION**

By: s/Daniel J. Hayes  
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## **CERTIFICATE OF SERVICE**

I hereby certify that on December 20, 2011, I electronically filed the foregoing document with the clerk of court for the U.S. District Court, Northern District of Illinois, using the electronic case filing system of the court. The electronic case filing system sent a "Notice of Electronic Filing" to all attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

s/ Daniel J. Hayes