

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF OKLAHOMA

FILED

FEB 10 2009

Phil Lombardi, Clerk  
U.S. DISTRICT COURT

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

GEORGE DAVID GORDON,  
JOSHUA WAYNE LANKFORD, and  
DEAN JOSEPH SHEPTYCKI,

Defendants.

09 CV - 061 CVE

TLW

Case No.

JURY TRIAL DEMANDED

COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

SUMMARY

1. This action is brought against Defendants G. David Gordon, Joshua Lankford, and Dean Sheptycki (collectively referred to as "Defendants") for their roles in a scheme to defraud the public by manipulating the share prices of three penny stocks (National Storm Management Group, Inc. ("NLST"), Deep Rock Oil and Gas, Inc. ("DPRK"), and Global Beverages Solutions, Inc. ("GBVS") collectively referred to as "Target Stocks"). A penny stock is typically considered a stock with a per share market price of less than \$5.00 that is traded on the over-the-counter market, not on a national stock exchange (e.g., the New York Stock Exchange). To execute their scheme to defraud, Defendants, acting in concert with other persons, obtained market domination in the Target Stocks; engaged in coordinated trading activity, including the use of illegal matched orders; and created and distributed to the public deceptive promotional materials, all of which generated the false of

appearance of investor interest in the Target Stocks thereby artificially inflating the prices of the shares. Defendants, acting in concert with other persons, sold shares of the same three Target Stocks they were recommending that the public buy. This scheme is commonly referred to as a “pump and dump” because the perpetrators artificially inflate or “pump” the price of a stock and then sell their own shares (the “dump”), at the artificially inflated “pumped” price. Defendants’ scheme to defraud was perpetrated from the spring of 2005 through December 2006 and derived illegal trading profits totaling in excess of \$20 million.

2. Defendants and other persons conspiring in the scheme often utilized nominee brokerage and bank accounts in the names of corporate entities, trusts, relatives, and acquaintances to conceal their fraudulent activity.

3. Stock represents an ownership interest in a company’s assets and its future earnings. In general, in an efficient market stock prices are guided by the unfettered forces of supply and demand. Reducing the supply of stock available to be purchased tends to increase the market price, as does generating more demand to purchase the stock by the use of promotional materials predicting large profits and recommending the stock as a “buy”; conversely, increasing the supply of stock available to be purchased tends to decrease the market price, as does driving down demand to purchase the stock. Factors such as the trading volume (*i.e.*, the number of shares traded in a day), financial estimates and reports, and news of events that might impact a company’s business will affect investors’ desire to own a company’s stock. “Pump and dump” schemes, such as the one alleged in this complaint, use various devices to artificially increase the demand for a stock (*e.g.*, engaging in matched trades, distributing promotional materials recommending that investors purchase the stock), as well as restrict the supply of stock available to be traded (*e.g.*, dominating the

market). Taken together, this increase in demand and a restriction of supply results in the artificial increase in the market price for the stock.

4. Not all stock can be publicly traded. It is illegal to publicly offer to sell stock absent registering the transaction with the Commission or meeting the legal requirements for a valid exemption from registration. Stock that cannot be publicly traded bears a restrictive legend that can only be removed by a transfer agent. Prior to removing the restrictive legend, transfer agents normally require a legal opinion letter stating that the restrictive legend can be removed and the factual basis for that opinion. Once the restrictive legend has been removed and the stock is able to be publicly traded, it is known as “unrestricted stock.”

#### **JURISDICTION AND VENUE**

5. This action is filed under Section 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. Venue is proper in this district because certain of the acts complained of took place in this district.

#### **DEFENDANTS**

6. George David Gordon, of Tulsa, Oklahoma, was, at all relevant times, an attorney. Gordon formerly held a certified public accountant license.

7. Joshua W. Lankford, of Dallas, Texas, was the Vice-President of broker-dealer Barron Moore, until his resignation in the fall of 2005. Lankford possessed NASD series 7, 24, and 63 licenses until October 2007 when FINRA (formerly NASD) barred him from associating with any FINRA member for failing to testify and provide documents. After leaving Barron Moore, Lankford operated an entity known as the Lankford Media Group.

8. Dean J. Sheptycki is a Canadian citizen. At all relevant times, Sheptycki was employed by Stockwire, Inc., a web-based penny stock forum.

#### **RELEVANT COMPANIES**

9. National Storm Management Group, Inc. ("NLST") is a Nevada corporation with its principal place of business in Glen Ellyn, Illinois. From 2005 to the present, its stock has been quoted on the Pink Sheets and, until August 2006, traded under the symbol NLST. Its stock now trades under the symbol NSMG. NLST was formed through a reverse merger with another company, The 18<sup>th</sup> Letter, Inc. NLST purports to be a "storm restoration firm specializing in residential home repair from the effects of wind and hail damage."

10. Deep Rock Oil and Gas, Inc. ("DPRK") is a Nevada corporation with its principal place of business in Tulsa, Oklahoma. From 2005 to the present, its stock has been quoted on the Pink Sheets and traded under the symbol DPRK. DPRK was formed through a reverse merger with another company, Cherokee Energy Services of Tulsa, Inc. DPRK purports to be "an oil and gas exploration and production company."

11. Global Beverage Solutions, Inc. ("GBVS") is a Nevada corporation with its principal place of business in Tulsa, Oklahoma. Prior to a name change in October 2005, GBVS was known as Pacific Peak Investments ("PPKI"). On June 19, 2003, the company now known as GBVS elected business development company status under the Investment Company Act of 1940. During the relevant period of time, the company's securities were registered with the Commission under Section 12(g) of the Exchange Act. Its shares trade on the over-the-counter bulletin board under the symbol GBVS. GBVS voluntarily withdrew from its business development company status on January 2, 2008.

## FACTUAL ALLEGATIONS

### A. The Scheme to Manipulate the Markets for the Stock of NLST, DPRK, and GBVS

12. Defendants, acting in concert with other persons, knowingly engaged in deceptive and fraudulent acts, practices, and courses of business intended to manipulate the markets for the stock of NLST, DPRK, and GBVS.

13. Gordon and Lankford, acting in concert with other persons, merged operating companies into shell companies (*i.e.*, a company with few or no assets or operations) that they controlled, creating NLST and DPRK.

14. Gordon and Lankford, acting in concert with other persons, utilized fraudulent legal opinion letters to cause the removal of the restrictive legends from millions of shares of NLST and DPRK stock. The legal opinion letters misrepresented the identity of the owners of the shares of stock and the length of time they had owned the stock, requirements for removal of the restrictive legend.

15. Gordon and Lankford, acting in concert with other persons, controlled virtually all of the unrestricted stock of GBVS.

16. To generate a trading volume history and raise the share price for the DPRK manipulation, Gordon and Lankford, acting in concert with other persons, engaged in matched orders. A matched order is a coordinated transaction, in which an order for the purchase/sale of stock is entered with the knowledge that a contra order (sale/purchase) for substantially the same quantity of shares of the same stock, at substantially the same time and price, has been or will be entered by another person, with the intent that the orders will execute against each other. There is no market risk to the parties engaging in matched orders and the trades are not done for a

legitimate economic purpose. Matched orders artificially raised the market price of DPRK's stock.

17. Gordon and Lankford, acting in concert with other persons, hired Sheptycki to manage the promotion of the Target Stocks through the mass distribution of faxes touting the Target Stocks to the public. The faxes projected huge price increases for the Target Stocks and recommended that the recipients of the faxes purchase the stock. As compensation, Sheptycki was promised approximately 10% of the scheme's net trading proceeds.

18. Prior to distributing the NLST and DPRK faxes, Sheptycki purchased NSLT and DPRK stock. Sheptycki sold this NLST and DPRK stock into the manipulated market generated in part by the faxes he caused to be distributed to the unwary public.

19. Gordon and Lankford, acting in concert with other persons, orchestrated the promotion of the Target Stocks through the mass distribution of spam emails touting the Target Stocks to the public. The spam emails projected huge price increases for the Target Stocks and recommended that the recipients of the spam emails purchase the stock.

20. Gordon and Lankford, acting in concert with other persons, orchestrated the promotion of DPRK and GBVS's stock through the mass distribution of Magalogs (*i.e.*, a glossy, magazine-like promotional mailing) touting DPRK and GBVS's stock to the public. The Magalogs projected huge price increases for DPRK and GBVS and recommended that the recipients of the Magalogs purchase the stock.

21. The promotional materials touting NLST and DPRK exploited the devastating effects of Hurricanes Katrina and Rita.

22. The promotional faxes, spam emails, and Magalogs generated buying interest for the Target Stocks, resulting in an increase in trading volume and market price for the stocks.

Throughout these promotional campaigns, Defendants, acting in concert with other persons, were selling NLST, DPRK, and GBVS stock, even though the promotional materials that they caused to be distributed to an unwary public were recommending the purchase of the Target Stocks.

23. Defendants, acting in concert with other persons, controlled the vast majority of NLST, DPRK, and GBVS stock, allowing them to dominate the market. To ensure that the market price remained artificially elevated, Gordon and Lankford coordinated their trading so as to not dump too much stock into the market during the promotions and provided buy-side support when there were too many other retail investors selling stock.

24. Defendants' promotional efforts and coordinated trading manipulated the prices of the Target Stocks to an artificially high level. Following the conclusion of the promotional campaigns, the market prices for the Target Stocks dropped.

25. Defendants, acting in concert with other persons, sold NLST stock from August 2005 through October 2005.

26. Defendants, acting in concert with other persons, sold DPRK stock from August 2005 through March 2006.

27. Defendants, acting in concert with other persons, sold GBVS stock from December 2005 through December 2006.

28. Through the sale of NLST, DPRK, and GBVS stock, Defendants' scheme derived illegal trading profits totaling in excess of \$20 million.

**FIRST CLAIM FOR RELIEF**  
**Securities Fraud**  
**Violations of Exchange Act Section 10(b) and Rule 10b-5**

29. Paragraphs 1 through 28 are realleged and incorporated by reference.

30. As described above, Gordon and Lankford acting knowingly or recklessly, directly or indirectly, in connection with the purchase or sale of a security, by use of means or instrumentalities of interstate commerce, of the mails, or the facilities of a national securities exchange:

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

31. By engaging in the foregoing conduct Gordon and Lankford violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**SECOND CLAIM FOR RELIEF**  
**Securities Fraud**  
**Violations of Securities Act Section 17(a)**

32. Paragraphs 1 through 28 are realleged and incorporated by reference.

33. As described above, Gordon and Lankford acting knowingly, recklessly, or negligently in the offer or sale of securities, by use of means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- a. employed devices, schemes, or artifices to defraud;



- b. obtained money or property by means of untrue statements of a material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchaser.

34. By engaging in the foregoing conduct Gordon and Lankford violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

**THIRD CLAIM FOR RELIEF**  
**Aiding and Abetting Violations of**  
**Exchange Act Section 10(b) and Rule 10b-5 and Securities Act Section 17(a)**

35. Paragraphs 1 through 28 are realleged and incorporated by reference.
36. As described above, Sheptycki knowingly provided substantial assistance to Gordon and Lankford's violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder, and Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and thereby aided and abetted these violations of the federal securities laws.

**FOURTH CLAIM FOR RELIEF**  
**Offer or Sale of Unregistered Securities**  
**Violations of Securities Act Sections 5(a) and 5(c)**

37. Paragraphs 1 through 28 are realleged and incorporated by reference.
38. As described above, notwithstanding that there was no applicable exemption from the registration requirements of the federal securities laws, Gordon and Lankford:
- a. made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell, though the use or medium of a prospectus or otherwise, securities as to which no registration statement was in effect;

b. for the purpose of sale or delivery after sale, carried and/or caused to be carried through the mails or in interstate commerce, by means or instruments of transportation, securities as to which no registration statement was in effect; or

c. made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

39. No valid registration statement was filed or in effect with the Commission pursuant to the Securities Act and no exemption from registration existed with respect to the securities and transactions described in this complaint.

40. By engaging in the foregoing conduct Gordon and Lankford violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

#### **RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that this Court issue an order:

A. permanently enjoining Gordon, Lankford, and Sheptycki, pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder;

B. permanently enjoining Gordon and Lankford, pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], from violating, directly or indirectly, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)];

C. permanently barring Gordon, Lankford, and Sheptycki from participating in an offering of penny stock, as defined by Rule 3a51-1 under the Exchange Act [17 C.F.R. § 240.3a51-1], pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. §78u(d)(6)];

D. ordering each Defendant to account for and disgorge their ill-gotten gains from the violative conduct alleged in this complaint, and to pay prejudgment interest thereon;

E. ordering each Defendants to pay the maximum civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

F. granting such other relief as the Court deems just or appropriate; and

G. retaining jurisdiction of this action in order to implement and carry out the terms of this order.

Dated: February 4, 2009

Washington, D. C.

Respectfully submitted,



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