



**ENFORCEMENT**

[Accounting and Auditing  
Enforcement Releases](#)

[Administrative  
Proceedings](#)

[ALJ Initial Decisions](#)

[ALJ Orders](#)

[Amicus / Friend of the  
Court Briefs](#)

[Fair Funds](#)

[Information for Harmed  
Investors](#)

[Litigation Releases](#)

[Opinions and  
Adjudicatory Orders](#)

[Receiverships](#)

[Stop Orders](#)

[Trading Suspensions](#)

## SEC Charges Beverage Company and Former CEO with Fraud

Litigation Release No. 24329 / October 31, 2018

### *Securities and Exchange Commission v. Brian Weber and Bebida Beverage Co., No. 18 Civ. 05019 (DLI) (E.D.N.Y. filed September 5, 2018)*

On September 5, 2018, the Securities and Exchange Commission charged Bebida Beverage Co. and its former CEO and President, Brian Weber, with employing a fraudulent scheme to generate cash for his own benefit and to support Bebida's failing business operations.

[► SEC Complaint](#)

According to the SEC's complaint, filed in the federal district court for the Eastern District of New York, Weber devised and operated a multi-pronged scheme. He created a fictitious convertible note and then, by deceiving Bebida's transfer agent, had the note converted into common shares that were sold to the public with the proceeds transferred back to Bebida. Weber also used sham transactions to fraudulently inflate the number of outstanding Bebida shares, which he subsequently retired. Weber then issued false press releases touting the retirement of the shares as a buyback, artificially inflating the company's share price. Finally, Weber sold other sham convertible debt and altered the checks that he had received as payment so that he could deposit them into bank accounts that he controlled.

The SEC's complaint charges Bebida and Weber with violating registration and antifraud provisions of the federal securities laws, including Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and seeks permanent injunctions, disgorgement plus prejudgment interest, and civil monetary penalties against the defendants, and, additionally, officer-and-director and penny stock bars against Weber.

Without admitting or denying the SEC's allegations, Weber consented to the entry of a judgment, and on October 30, 2018, the Honorable Dora Lizette Irizarry, United States District Court Judge for the Eastern District of New York, entered a final judgment permanently enjoining Weber from similar violations in the future, ordering him to pay \$208,000 in disgorgement, \$23,436 in prejudgment interest, and \$160,000 in civil penalty, and imposing a permanent officer-and-director bar and penny stock bar.

The SEC's continuing investigation is being conducted by Megan Genet, Hane L. Kim, and Steven G. Rawlings in the SEC's New York office, and the litigation as to Bebida will be handled by Todd Brody, Ms. Genet, and Ms. Kim. The case is being supervised by Sanjay Wadhwa. The SEC examination that led to the investigation was conducted by Steven Vitulano, Kenneth Liebl, Stephen DeBella, and Joseph H. Connolly.

Modified: October 31, 2018