

Securities Regulation Daily Wrap Up, ENFORCEMENT— E.D.N.Y.: SEC and DOJ spotlight 10 in LED maker's kickback schemes, (May 3, 2016)

By [Rodney F. Tonkovic, J.D.](#)

Fraud and criminal charges have been announced against ten individuals involved in schemes to lure investors into buying worthless shares in a company. The SEC and U.S. Attorney's Office for the Eastern District of New York allege that corrupt promoters received kickbacks for luring unwitting investors into investing in the company. The scheme ultimately cost investors \$131 million in losses ([SEC v. Julien](#), May 3, 2016).

ForceField Energy, Inc. designs, distributes, and licenses alternative energy products, such as LED lights. According to the Commission's complaint, three schemes to defraud investors in ForceField were orchestrated by the company's chairman, Richard St. Julien. The Commission claims that between 2009 and 2015, St. Julien paid kickbacks to the other nine defendants, including stock promoters and five registered representatives, in return for their solicitation of investors to buy ForceField.

None of the customers were aware that the representatives and promoters were receiving kickbacks, which were paid through an offshore entity owned by St. Julien. Some of the registered representative defendants further sought to conceal their conduct by using "burner" phones or by using encrypted messaging apps on their phones.

Fraud. The Commission alleged that all of the defendants violated the antifraud provisions of the Securities laws. St. Julien and certain of the promoters are also alleged to have violated the broker-dealer registration provisions. The Commission seeks injunctions, disgorgement, and civil penalties from all of the defendants and to bar St. Julien from participating in penny stock offerings and from serving as an officer or director of a public company.

Andrew M. Calamari, Director of the SEC's New York Regional Office, [said](#): "We allege that these men sold investors on the merits of buying ForceField Energy stock while leaving out the most important detail of all: they were being bribed with money and other benefits behind the scenes to tell them that." He added that "The SEC and its law enforcement partners have pieced together the schemes despite the best efforts of the alleged perpetrators to communicate and distribute cash in clandestine ways."

Criminal charges. The U.S. Attorney's Office, which brought criminal charges against St. Julien last year, unsealed a [five-count indictment](#) against the remaining nine individuals. The charges include securities fraud, conspiracy to commit securities fraud, wire fraud, money laundering and making a false statement to law enforcement officials in connection with the fraudulent market manipulation of ForceField. For these charges, the defendants face imprisonment and fines.

United States Attorney Capers said that the defendants "took a company with essentially no business operations and little revenue and deceived the market and their clients into believing it was worth hundreds of millions of dollars through a dizzying round of unauthorized trades and deceptive promotions. In the end, the deceived investors were left holding the empty bag."

The case is [No. 1:16-cv-2193](#).

Companies: ForceField Energy, Inc.

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