

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

<p><b>UNITED STATES SECURITIES AND EXCHANGE COMMISSION,</b></p> <p><b>Plaintiff,</b></p> <p><b>v.</b></p> <p><b>LIME ENERGY CO., JAMES G. SMITH, JULIANNE M. CHANDLER, JOAQUIN ALBERTO DOS SANTOS ALMEIDA, AND KARAN RAINA,</b></p> <p><b>Defendants.</b></p>	<p><b>COMPLAINT [Securities Fraud]</b></p> <p><b>1:16-CV-8088</b></p> <p><b>ECF CASE</b></p>
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Plaintiff, the United States Securities and Exchange Commission (“SEC” or “Commission”), alleges as follows:

**SUMMARY**

1. In 2010 and 2011, Defendant Lime Energy Co. (“Lime”) improperly recognized millions of dollars of revenue earlier than appropriate under generally accepted accounting principles (“GAAP”) and millions of dollars of non-existent revenue, and in publicly filed quarterly and annual reports that misstated a total of more than \$33 million of such revenue. In May 2012, Lime’s false financial statements were used in the offer and sale of \$2.55 million of common stock to one of Lime’s directors.

2. Defendant Joaquin Alberto Dos Santos Almeida (“Almeida”), known at Lime as Jack Almeida, and Defendant Karan Raina (“Raina”), worked in Lime’s Utilities Division and, under substantial pressure from a senior manager to help meet company-wide revenue goals, began to knowingly and intentionally recognize millions of dollars of revenue earlier than appropriate starting no later than 2010.

3. Starting in January 2012, Almeida and Raina, together with Lime Energy Executive Vice President of Operations James G. Smith (“Smith”), knowingly and intentionally recognized

millions of dollars of improper revenue from the Utilities Division to help Lime meet its 2011 revenue targets. Separately, in late 2011 and early 2012, Smith knowingly and intentionally directed the booking of more than \$500,000 of improper revenue from the company's Public Sector Division earlier than appropriate in order to help Lime meet its 2011 revenue targets.

4. Lime's Corporate Controller Julianne M. Chandler ("Chandler"), who helped establish Lime's internal accounting controls to ensure revenue was properly recorded, failed to follow those controls during the relevant time period and recklessly participated in the improper recognition of revenue by both the Utilities Division and Public Sector.

5. Through the actions and misconduct of its employees, Lime violated Section 10(b) of the Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Exchange Act Rules 10b-5 [17 C.F.R. § 240.10b-5], Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B)], and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13].

6. The misconduct of Smith, Chandler, and Almeida related to Lime's improper revenue recognition violated Section 17(a)(1) and (3) of the Securities Act, Sections 10(b) and 13(b)(5) of the Exchange Act, and Exchange Act Rules 10b-5(a) and (c) and 13b2-1. Raina's misconduct related to Lime's improper revenue recognition also violated Section 17(a)(3) of the Securities Act, Section 13(b)(5) of the Exchange Act, and Exchange Act Rule 13b2-1. The misconduct of Smith, Chandler, Almeida, and Raina also aided and abetted Lime's violations of Section 17(a) of the Securities Act, Sections 10(b), 13(a), and 13(b)(2)(A) of the Exchange Act, and Exchange Act Rules 10b-5, 13a-1, and 13a-13.

**JURISDICTION AND VENUE**

7. This Court has jurisdiction over this matter pursuant to Securities Act Sections 20 and 22(a) [15 U.S.C. §§ 77t and 77v(a)] and Exchange Act Sections 21 and 27 [15 U.S.C. §§ 78u and 78aa].

8. Defendants, directly or indirectly, made use of the means or instrumentalities of interstate commerce or the mails, or a facility of a national securities exchange, in connection with the conduct alleged herein.

9. Venue is proper because, among other reasons, Lime stock was publicly traded on the NASDAQ Capital Market, which is headquartered in this judicial district, and Lime's Utilities Division and Public Sector Division both transacted business within this judicial district.

**DEFENDANTS**

10. Lime is a Delaware corporation that was formed in December 1997 as Electric City LLC but ultimately became Lime Energy Co. in 2006 to reflect its new Energy Efficiency Services focus ("Lime" is an acronym for "Less is More Efficient"). Its headquarters are in Newark, New Jersey. During the relevant time period, Lime had its headquarters, first, in Elk Grove Village, Illinois, and then, beginning in August 2011, in Huntersville, North Carolina. During the relevant time period, Lime had a Public Sector Division that was located in North Carolina and a Utilities Division that maintained offices in New Jersey and New York. Both of these divisions serviced customers in those regions and this judicial district. During the relevant time period, Lime's common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on the NASDAQ Capital Market under the trading symbol "LIME." Its stock is now quoted on the OTC Link (previously "Pink Sheets") operated by OTC Markets Group, Inc.

11. James G. Smith, age 49, is a resident of North Carolina. Smith was Vice President and Group Vice President at Lime, principally responsible for Lime's Public Sector Division, before becoming Executive Vice President of Operations in January 2012, where he acquired additional responsibility for Lime's Utilities Division, the position he held until his termination in November 2012.

12. Julianne M. Chandler, age 40, is a resident of North Carolina. Chandler joined Lime Energy in May 2009, where she held positions as Senior Accounting Manager and Business Unit Controller before becoming Corporate Controller in 2011, the position she held until her termination in November 2012.

13. Joaquin Alberto Dos Santos Almeida, age 58, is a citizen of Portugal who resides in Asbury, New Jersey. He graduated high school in New Jersey, earned an Associates Degree from Devry Technical School in 1978, and earned a Bachelor of Science Degree in Electrical Engineering from Farleigh Dickinson University in 1981. Almeida worked as a Program Manager for the New York Power Authority for twenty-two years before joining AECOM, an energy efficiency company, in New York City in 2002, as Project Manager and then Director of Business Development for the Mid-Atlantic Region. Almeida was hired in 2008 by Lime where he worked as Vice President of Operations for Lime's newly formed Utilities Division in New Jersey until his termination in August 2012.

14. Karan Raina, age 32, is a Canadian citizen who was born in New Delhi, India and was raised in New Jersey. Raina earned a Degree in Marketing from the University of Hartford in 2004, and began working as a Marketing Coordinator for AECOM in New York City in 2005. Raina worked as a Marketing Coordinator for AECOM until he joined Lime in late 2008, after which he worked as a Program Manager for Lime's New Jersey Direct Install program before becoming

Director of Operations for Lime's Utilities Division in New Jersey, a position he held until his termination in August 2012.

## **FACTS**

### **I. LIME'S CLEAN ENERGY SOLUTIONS BUSINESS**

15. During the relevant time period, Lime was in the business of planning and delivering clean energy solutions to assist clients in achieving their energy efficiency and renewable energy goals. Lime operated in three specific markets – the utility market, the public sector and institutional market, and the commercial and industrial market – and its clients included utilities, energy service companies, government entities, educational institutions, commercial and industrial businesses, and property owners and managers. Lime's Public Sector Division was located in North Carolina, and its Utilities Division had offices in New Jersey and New York. Both divisions serviced customers in those regions.

16. Lime focused on deploying solutions to improve building energy efficiency, reduce energy-related expenditures and the impact of energy use on the environment, thereby helping its clients save money, improve their facilities, and meet their energy efficiency goals and mandates. Lime provided energy solutions across a range of facilities, from high-rise office buildings, distribution facilities, manufacturing plants, retail sites, multi-tenant residential buildings, mixed use complexes, hospitals, colleges and universities, and large government sites to small, single-tenant facilities. Lime's solutions include energy efficient lighting upgrades, energy efficient mechanical and electrical retrofit and upgrade services, water conservation, building weatherization, on-site generation, and renewable energy project development and implementation.

**II. SMITH, CHANDLER, ALMEIDA, AND RAINA IMPROPERLY RECOGNIZED MILLIONS OF DOLLARS OF REVENUE**

17. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 605-10-25-1 set forth, among other things, the requirements for the recognition of revenue by an entity in its internal accounting records and publicly filed financial statements. “Revenue and gains generally are not recognized until realized or realizable,” which occurs “when products (goods or services), merchandise, or other assets are exchanged for cash or claims to cash” and when “related assets received or held are readily convertible to known amounts of cash or claims to cash.” FASB ASC 605-10-25-1(a). “[R]evenue is not recognized until earned. . . . [A]n entity’s revenue-earning activities involve delivering or producing goods, rendering services, or other activities that constitute its ongoing major or central operations, and revenues are considered to have been earned when the entity has substantially accomplished what it must do to be entitled to the benefits represented by the revenues.” FASB ASC 605-10-25-1(b).

18. In 2010, the fastest growing division at Lime Energy was its Utilities Division, which performed a large number of relatively small jobs pursuant to energy efficiency programs run by large utilities. It recognized revenue from its jobs using the percentage of completion method, recognizing revenue on a job in the same percentage as the percentage of costs incurred for that job. For example, the incurrence of 50% of a job’s anticipated expense would allow recognition of 50% of a job’s anticipated revenue. Thus, generally speaking, as the expenses incurred on a job increased, so did the revenues.

19. Lime’s internal accounting controls did not require documentary support for the Utilities Division’s journal entries to be given to the company’s financial reporting personnel, and as a consequence the financial reporting personnel entered cost information from the Utilities Division into the accounting system relying only on assurances operations personnel

that documentary support for the entries existed. Lime's Utilities Division book-keeping personnel who prepared the journal entries that recorded expenses for the Division did not have any reporting responsibility to the company's accounting or financial reporting personnel, and instead reported solely to the Utilities Division's operations management.

20. Beginning in at least 2010, Almeida, the Vice President of Operations for the Utilities Division, worked with his direct report, Raina, the Division's Director of Operations, to have revenue recognized on some jobs for which Lime Energy did not yet have the requisite documentation of its corresponding costs. In some cases, the expenses had been incurred, but the company had not yet received the documentation; in other instances, the documentation had not been received because the relevant expenses had not in fact yet been incurred. Raina, in turn, directed the employees who recorded the Division's expenses to record expenses prematurely.

21. As the year end approached in December 2010, Almeida was added to an e-mail discussion of the short-fall in anticipated Utilities Division revenue, especially for one of the Division's principal utility demand-side management programs, its New Jersey Direct Install ("NJ Direct") program. Almeida forwarded the NJ Direct discussion to Raina, who responded that, prior to actually selling jobs to direct install customers, the Division was already creating purchase orders and sending the purchase orders to vendors that supplied Lime Energy with materials, so that the Division could quickly get invoices from the vendors to acknowledge that materials for the jobs had been ordered, in order to allow the Division to recognize revenue on jobs shortly after the jobs were sold, up to the full percentage of job expenses allocated to materials.

22. In fact, Lime Energy did not receive documentation before the 2010 fiscal year end showing that it had incurred costs on several Utilities Division jobs that customers purportedly had agreed to near the end of the fiscal year, the Utilities Division, at the direction of Almeida

and Raina, nevertheless recorded those costs and thus improperly recognized revenue. Utilities Division employees kept both Raina and Almeida informed regarding jobs for which revenue had been recognized but which had not been completed, had not been started, or had not been submitted to the contractor overseeing the NJ Direct program for approval.

23. On November 8, 2011, Lime filed a current Report on Form 8-K with the Commission along with a press release indicating the company's reported revenue for the first three quarters of 2011 was \$75.4 million and that projected revenue for the fourth quarter of 2011 would be \$47-53 million, for a 2011 year-end total revenue projection of \$122.4-128.4 million.

24. Shortly before the company's November 2011 public announcement of its year-to-date revenue and year-end revenue projection, Smith emailed Chandler, Almeida, Raina, and other employees in both the Public Sector and Utilities Divisions about the company's year-end revenue projection: "pulling the \$123mm off will be nothing short of exceptional. That should be the focus, the main thought, anything less is (YOU FILL IN THE BLANK)."

25. In early January 2012, Raina asked a Utilities Division bookkeeper to send an email to Chandler asking whether it was "possible to add more Revenue . . . in Nov so Dec doesn't look so heavy – apparently we are going to have to be a little bit more aggressive than originally thought." Chandler immediately responded, "Nope. We have already done our entries that are based off of revenue. We cannot drag our closing any longer. Next month this will not be an option at all."

26. Chandler forwarded Raina's request to add more revenue to November to Smith, and informed Smith that November 2011 revenue from the Utilities Division was only \$3.5 million. Chandler and Smith ultimately did agree to Raina's request to re-open the company's

books and records for November 2011, because, as Smith stated, there was “[n]o way we can go out with \$3.5mm in November.”

27. Chandler emailed Raina and the Utilities Division bookkeeper stating that she had spoken to Smith “and agreed to open Nov back up IF these entries are done today. They need to be done by the end of the day today. Anything not there will go in December.” Chandler added that “[t]his cannot happen in Dec. Your drop dead deadline i[s] Jan 20 for Dec entry. You will need to plan your time accordingly.” Smith said he would “most definitely” support upholding the deadlines set by Chandler.

28. Chandler separately emailed Lime’s Chief Financial Officer to inform him that the company’s November 2011 books would be re-opened, stating that “utilities missed some projects for Nov close and [Smith] would like to reopen it. I told them it needed to be completed today.”

29. After Chandler and Smith agreed to re-open Lime’s November 2011 books and records, Utilities Division employees emailed the necessary journal entries to Chandler and her staff for uploading into the company’s financial reporting system, and changed the revenue recognition percentages in the company’s financial systems so that revenue related to already existing projects would be recognized earlier than appropriate. This resulted in millions of dollars in revenue being improperly recorded and recognized in Lime’s November 2011 books and records.

30. Also in early January 2012, Smith met with Almeida and Raina to discuss a “year-end push” regarding 2011 revenue. Almeida and Raina presented Smith with a spreadsheet that showed the Utilities Division actual and projected revenue for 2011, and later emailed the spreadsheet to Smith at his request. While the spreadsheet identified a 2011 year-end goal for the Utilities Division of \$50 million, it indicated that no more than \$45 million would be

achieved and only by including in December 2011 revenue millions of dollars from new contracts that would not be signed by Lime customers until January 2012.

31. After discussions with Smith, Almeida and Raina instructed Utilities Division personnel to provide journal entries to Chandler and her staff, so that millions of dollars of revenue would be recognized by the company in December 2011 on contracts that were not signed by Lime customers until January 2012.

32. Almeida and Raina also instructed Utilities Division bookkeepers to increase the revenue recognition percentages in the company's financial systems so that revenue related to already existing projects would be recognized in December 2011, before it was actually earned by the company in 2012. Utilities Division bookkeepers followed these instructions, which resulted in Lime recognizing millions of dollars of revenue in 2011 that would not be earned until 2012.

33. Utilities Division bookkeepers followed these instructions and emailed the necessary journal entries to Chandler and her staff for uploading into the company's financial reporting system. Chandler and her staff immediately loaded the journal entries into the company's financial reporting system without asking any questions about the propriety of the revenue being booked. This resulted in Lime recognizing millions of dollars of revenue in 2011 that would not be earned until later in 2012.

34. Later in January 2012, Almeida, Raina, and another Utilities Division employee discussed recognizing revenue on so-called "pipeline" projects – that is, projects where contract proposals had been presented to customers but had not yet been agreed to or signed by those customers. Subsequent to these discussions, Raina provided revenue information for these "pipeline" projects to Utilities Division bookkeepers so that it could be recognized in December

2011. Almeida and Raina had never before booked revenue related to “pipeline” projects and knew that it was not properly recognizable as revenue.

35. In late January 2012 and early February 2012, Raina emailed lists reflecting millions of dollars of “pipeline” revenue to Utilities Division bookkeepers, who then followed Raina’s instructions to make and email the necessary journal entries to Chandler and her staff for uploading into the company’s financial reporting system. Chandler and her staff immediately loaded the journal entries into the company’s financial reporting system without asking any questions about the legitimacy of the projects or the propriety of the revenue being booked. This resulted in millions of dollars of non-existent revenue related to these “pipeline” projects – including, in some instances, entirely fabricated revenue amounts – being recognized by the company in its December 2011 revenue.

36. On Saturday, February 4, 2012, Smith and Chandler received an email from Lime’s Chief Financial Officer stating that that the company was roughly \$500,000 below a \$120 million revenue target that Lime’s Chief Executive Officer had recently informed Lime senior management was the “current and absolute drop dead goal.” The next morning, a Sunday, Smith emailed Chandler about additional revenue items from Lime’s Public Sector Division: “was waiting on the final number, have to get to \$120 so will have something coming your way.”

37. Smith shortly thereafter emailed Chandler with three new items of revenue relating to existing projects that totaled more than \$500,000 in Public Sector revenue, which Smith indicated he was providing because they needed to save the company’s \$120 million goal. Smith stated that the new revenue items related to one invoice that had been missed previously and two other invoices had not yet been received by the company but should have been, and suggested that Chandler make the accounting entries herself.

38. Within minutes, and without asking any questions about the untimeliness or propriety of these newly-discovered revenue items, Chandler emailed back that the journal entries had been made and “revenue is updated...[b]arring any adjustments...the revenue for 2011 is now at \$120,220,719.60.” Smith responded, “Ok, we will keep our fingers crossed there are no adjustment[s]. Get your tap dancing shoes on.....” Smith then emailed Public Sector employees about the new revenue that had been recognized and instructed them to make the necessary adjustments to Public Sector forecasts.

39. Contrary to what Smith emailed to Chandler, these new items of revenue could not be properly recognized by Lime in its 2011 revenue because they would not be earned by the company until the work related to these items was completed later in 2012.

40. On March 16, 2012, Lime filed its 2011 annual Report on Form 10-K with the Commission, reporting company-wide revenue for the year of \$120,083,000; an amount just over the company’s internal revenue target for that year.

**III. SMITH AND CHANDLER FAILED TO FOLLOW INTERNAL ACCOUNTING CONTROLS AND ALLOWED IMPROPER REVENUE TO BE RECOGNIZED**

41. Lime’s internal accounting controls, which Chandler provided to Lime’s outside auditors, established guideline dates by which journal entries and other activities related to revenue recognition were to be completed following the close of monthly, quarterly, and annual reporting periods.

42. As the Corporate Controller for Lime, Chandler had responsibility and control for opening and closing the company’s financial books and records every month. Chandler failed to enforce the company’s reporting guidelines and knowingly or recklessly permitted millions of dollars of revenue to be improperly recognized after those deadlines.

43. Lime's internal accounting controls also required that Chandler and Smith review and discuss every job completed by the company every month.

44. Chandler and Smith typically discussed Public Sector projects but not all Utilities projects, and they did not discuss the revenue items that resulted in the company improperly recognizing millions of dollars of revenue in 2011 from incomplete jobs.

**IV. LIME'S FALSE FINANCIAL STATEMENTS WERE USED IN THE OFFER AND SALE OF \$2.55 MILLION OF COMMON STOCK TO ONE OF LIME'S DIRECTORS**

45. On May 15, 2012, Lime entered into a subscription agreement to sell one million shares of its common stock to one of its board members at the most recent consolidated closing bid price of \$2.55 on the NASDAQ Capital Market.

46. Lime offered and sold these securities pursuant to a registration statement dated September 1, 2011, and a prospectus supplement dated May 15, 2012.

47. Lime's May 15, 2012 prospectus supplement incorporated by reference the company's 2011 annual report that had been filed with the Commission on March 16, 2012.

48. Lime received \$2,550,000 from its board member in exchange for the one million shares of common stock.

**V. LIME IDENTIFIES MATERIAL AMOUNTS OF IMPROPER OR FRAUDULENT REVENUE AND RESTATES FINANCIAL REPORTS**

49. On July 17, 2012, following a partial internal investigation by Lime's CFO, Lime announced that its consolidated annual financial statements in its annual Reports on Form 10-K for 2010 and 2011 could no longer be relied on because revenue had been recorded improperly, including some instances where non-existent revenue may have recorded and where revenue may have been recorded earlier than it should have been.

50. Subsequent to further investigation, Lime terminated the employment of Almeida, Raina, Smith, Chandler, and the Utilities Division bookkeeper involved in the improper revenue

recognition.

51. On December 27, 2012, as a result of its expanded internal investigation, Lime announced that its consolidated annual financial statements in its annual Reports on Form 10-K for the 2008 and 2009 also could no longer be relied on because “some portion of the Company’s revenue for 2009 and 2008 was recognized earlier than permitted under generally accepted accounting principles.”

52. In July 2013, Lime filed restated financial results for the annual reporting periods of 2008-2011, as well as for the first quarter of 2012.

53. Lime’s July 31, 2013 restatement disclosed that an investigation conducted by outside counsel and forensic accountants revealed “that certain individuals, including members of its accounting and operations staff, working together, circumvented its internal controls by obtaining or modifying documents in a fraudulent manner in order to recognize revenue earlier than appropriate and in some instances to support revenue that was not associated with valid customer contracts.”

54. Lime’s July 31, 2013 restatement further disclosed that “approximately \$14.2 million of revenue was recognized where no valid customer contract existed or the amount recognized exceeded the contract value and \$17.4 million of cumulative revenue . . . was recognized earlier than appropriate under generally accepted accounting principles.”

55. In making the restatement, Lime determined that the Utilities Division recognized over \$5 million of improper revenue throughout 2010, including more than \$4.5 million of revenue that was recognized earlier than appropriate. Lime also determined that the Utilities Division recognized over \$16 million of improper revenue throughout 2011, including more than \$10.5 million of unsupported or non-existent revenue of which \$7.5 million was recognized in the fourth quarter of 2011. Lime’s restatement of non-existent revenue from its 2011 financial

results included the millions of dollars of “pipeline” revenue that Almeida and Raina had instructed Utilities Division bookkeepers to record in Lime’s December 2011 revenue.

56. In making the restatement, Lime also determined that the Public Sector Division recognized over \$9.5 million of improper revenue in 2010, including more than \$9 million of revenue that was recognized earlier than appropriate. Lime further determined that the Public Sector Division recognized over \$10 million of improper revenue in 2011, including more than \$8 million of revenue that was recognized earlier than appropriate in the fourth quarter of 2011. Lime’s restatement efforts moved the more than \$500,000 of Public Sector revenue that Smith directed Chandler to include in Lime’s 2011 revenue to its 2012 revenue.

## **CLAIMS FOR RELIEF**

### **First Claim (LIME)**

#### **Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]**

57. Paragraphs 1 through 56 are realleged and incorporated herein by reference.

58. At all relevant times, Section 17(a) of the Securities Act provided that “[i]t shall be unlawful for any person in the offer or sale of any securities . . . by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly” to engage in certain fraudulent acts. 15 U.S.C. § 77q(a). Section 17(a)(1) makes it unlawful to, directly or indirectly, “employ any device, scheme, or artifice to defraud.” 15 U.S.C. § 77q(a)(1). Section 17(a)(2) makes it unlawful to, directly or indirectly, “obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.” 15 U.S.C. § 77q(a)(2). Section 17(a)(3) prohibits, directly or indirectly, “engag[ing] in any transaction, practice, or course of business which

operates or would operate as a fraud or deceit upon the purchaser” in the offer or sale of securities. 15 U.S.C. § 77q(a)(3).

59. As described above, certain Lime employees used the means and instrumentalities of communication in interstate commerce to recognize improperly revenue so that the company could meet public revenue projections or report higher than accurate results to the public, and Lime filed financial statements with the Commission reflecting these false financial results. The improperly recognized revenue was quantitatively and qualitatively material. These false financial statements were used by Lime when it offered and sold \$2.55 million of common stock to one of its directors. Through the conduct of its employees, in the offer or sale of securities, Lime employed a device, scheme, or artifice to defraud, obtained money or property by means of untrue statements of material fact, and engaged in acts, practices, or courses of business that operated or would operate as a fraud or deceit upon any person, thereby violating Section 17(a)(1), (2), and (3) of the Securities Act.

**Second Claim (LIME)**

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]  
and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]**

60. Paragraphs 1 through 56 are realleged and incorporated herein by reference.

61. At all relevant times, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5] 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, (a) to employ any device, scheme, or artifice to defraud, (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or (c) to engage in any act, practice, or course of business which

operates or would operate as a fraud or deceit upon any persons, in connection with the purchase or sale of any security.

62. As described above, certain Lime employees used the means and instrumentalities of interstate commerce to recognize false revenue so that the company could meet public revenue projections or report higher than accurate results to the public, and the improperly recognized revenue was quantitatively and qualitatively material. Lime filed financial statements with the Commission reflecting these false financial results. Through the conduct of its employees, Lime employed a device, scheme, or artifice to defraud, made untrue statements of material fact, and engaged in acts, practices or courses of business that operated or would operate as a fraud or deceit upon any person, thereby violating Section 10(b) of the Exchange Act and Exchange Act Rules 10b-5(a), (b), and (c).

**Third Claim (SMITH, CHANDLER, ALMEIDA & RAINA)**

**Violations of the Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)] and  
Exchange Act Rule 13b2-1 [17 C.F.R. §§ 240.13b2-1]**

63. Paragraphs 1 through 56 are realleged and incorporated herein by reference.

64. At all relevant times:

a. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)] required issuers, including Lime, to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of the assets of the issuer;

b. Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] made it unlawful for any person to knowingly circumvent or knowingly fail to implement a system of internal accounting controls or knowingly falsify books, records, or accounts that are described in Exchange Act Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)]; and

c. Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1] made it unlawful for any person to directly or indirectly falsify or cause to be falsified any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)].

65. As described above, Smith, Chandler, Almeida, and Raina falsified or caused to be falsified books, records, or accounts that are subject to Section 13(b)(2) of the Exchange Act, and therefore violated Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1].

66. As described above, Smith, Chandler, Almeida and Raina knowingly falsified books, records, or accounts that are described in Section 13(b)(2) of the Exchange Act, and therefore violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)].

67. As described above, Smith and Chandler knowingly circumvented Lime's system of internal accounting controls, and therefore violated Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)]

#### **Fourth Claim (LIME)**

##### **Violations of Exchange Act Sections 13(a) and 13(b)(2)(A) and (B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B)] and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13]**

68. Paragraphs 1 through 56 are realleged and incorporated herein by reference.

69. At all relevant times:

a. Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13], required issuers, including Lime, to file with the Commission Forms 10-K (reporting annual results), and Forms 10-Q (reporting quarterly results), that truthfully and accurately report on the issuer's revenues, earnings, other financial results, information about accounting practices, and other related information.

b. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] required issuers, including Lime, to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of the assets of the issuer.

c. Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] required issuers, including Lime, to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: transactions are executed in accordance with management's general or specific authorization; transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets; access to assets is permitted only in accordance with management's general or specific authorization; and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

70. As described above, Lime failed to file truthful and correct annual and quarterly reports (on Forms 10-K and 10-Q) with the Commission, and failed to include material information in its required statements and reports as was necessary to make the required statements, in the light of the circumstances under which they were made, not misleading.

71. By reason of the foregoing, Lime violated Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B)], and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13].

**Fifth Claim (SMITH, ALMEIDA & CHANDLER)**

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)]  
and Rule 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)]**

72. Paragraphs 1 through 56 are realleged and incorporated herein by reference.

73. At all relevant times, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5] 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, (a) to employ any device, scheme, or artifice to defraud, (b) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or (c) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any persons, in connection with the purchase or sale of any security.

74. As described above, Smith and Almeida knowingly or recklessly recognized millions of dollars of improper revenue so that the company could meet public revenue projections or report higher than accurate results to the public. During the relevant time period, Chandler failed to follow Lime's internal accounting controls to ensure revenue was properly recorded and recklessly participated in the improper recognition of revenue by both the Utilities and Public Sector divisions.

75. As described above, Smith, Almeida, and Chandler used and directed the means and instrumentalities of interstate commerce be used to recognize false or improper revenue that was both quantitatively and qualitatively material.

76. Through their conduct, Smith, Almeida, and Chandler knowingly or recklessly employed a device, scheme, or artifice to defraud and engaged in acts, practices, or courses of

business that operated or would operate as a fraud or deceit upon any person, thereby violating Section 10(b) of the Exchange Act and Exchange Act Rules 10b-5(a) and (c).

**Sixth Claim (SMITH, ALMEIDA & CHANDLER)**

**Sections 17(a)(1) and 17(a)(3) of the Securities Act of 1933  
[15 U.S.C. §§ 77q(a)(1), and 77q(a)(3)]**

77. Paragraphs 1 through 56 are realleged and incorporated herein by reference.

78. At all relevant times, Section 17(a) of the Securities Act provided that “it shall be unlawful for any person in the offer or sale of any securities . . . by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly “to engage in certain fraudulent acts. 15 U.S.C. § 77q(a). Section 17(a)(1) makes it unlawful to, directly or indirectly, “employ any device, scheme, or artifice to defraud.” 15 U.S.C. § 77q(a)(1). Section 17(a)(3) prohibits, directly or indirectly, “engag[ing] in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser” in the offer or sale of securities. 15 U.S.C. § 77q(a)(3).

79. As described above, Smith and Almeida knowingly or recklessly recognized millions of dollars of improper revenue so that Lime could meet public revenue projections or report higher than accurate results to the public. During the relevant time period, Chandler failed to follow Lime’s internal accounting controls to ensure revenue was properly recorded and recklessly participated in the improper recognition of revenue by both the Utilities and Public Sector divisions.

80. As described above, Smith, Almeida, and Chandler used and directed the means and instrumentalities of interstate commerce be used to recognize false or improper revenue, and the improperly recognized revenue was both quantitatively and qualitatively material.

81. Through their conduct, Smith, Almeida, and Chandler knowingly or recklessly employed a device, scheme, or artifice to defraud and engaged in acts, practices, or courses of

business that operated or would operate as a fraud or deceit upon a person, thereby violating Section 17(a)(1) and (a)(3) of the Securities Act.

**Seventh Claim (RAINA)**

**Section 17(a)(3) of the Securities Act of 1933  
[15 U.S.C. § 77q(a)(3)]**

82. Paragraphs 1 through 56 are realleged and incorporated herein by reference.

83. At all relevant times, Section 17(a)(3) of the Securities Act provided that “it shall be unlawful for any person in the offer or sale of any securities . . . directly or indirectly . . . to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.” 15 U.S.C. § 77q(a)(3).

84. As described above, Raina, often in coordination with Almeida and Smith, directed the improper recognition of millions of dollars of revenue that he knew, or should have known, had not been earned by Lime and, in some instances, directed that revenue be recorded even though he knew or should have known that it did not and would never exist, so that Lime could meet public revenue projections or report higher than accurate results to the public. Raina directed that the means and instrumentalities of interstate commerce be used to improperly recognize revenue. The improperly recognized revenue was quantitatively and qualitatively material. Through his conduct, Raina engaged in transactions, practices or courses of business that operated or would operate as a fraud or deceit upon a person, thereby violating Section 17(a)(3) of the Securities Act.

**Eighth Claim (SMITH, ALMEIDA & CHANDLER)**

**Aiding and Abetting Lime’s Violation of Section 10(b) of the Exchange Act [15 U.S.C. § 78(j)] and Exchange Act Rule 10b-5(b) [17 C.F.R.240.10b-5(b)]**

85. Paragraphs 1 through 56 are realleged and incorporated by reference.

86. At all relevant times, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and

Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5(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 make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

87. As described above, Lime made untrue statements of material fact when it filed its reports on Forms 10-Q and Forms 10-K with the Commission that included financial statements that contained both early and non-existent revenue.

88. By reason of the foregoing, Lime violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)] thereunder.

89. By reason of the conduct described above, Smith, Chandler, and Almeida knowingly or recklessly provided substantial assistance to, and thereby aided and abetted, Lime's violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)].

90. Accordingly, Smith, Chandler and Almeida are liable under Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)] for aiding and abetting Lime's violations.

**Ninth Claim (SMITH, ALMEIDA & CHANDLER)**

**Aiding and Abetting Lime's Violations of Section 17(a)(2)  
of the Securities Act [15 U.S.C. § 77q(a)(2)]**

91. Paragraphs 1 through 56 are realleged and incorporated by reference.

92. At all relevant time, Securities Act Section 17(a)(2) [15 U.S.C. 77q(a)(2)] made it unlawful for any person in the offer or sale of any securities, by any means or instruments of transportation or communication in interstate commerce, or by use of the mails, directly or indirectly, to obtain money or property by means of any untrue statement of material fact or any

omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

93. As described above, certain Lime employees used the means and instrumentalities of interstate commerce to recognize false or improper revenue so that the company could meet public revenue projections or report higher than accurate results to the public, and Lime filed financial statements with the Commission reflecting these false financial results. The improperly recognized revenue was quantitatively and qualitatively material. These false financial statements were used by Lime when it offered and sold \$2.55 million of common stock to one of its directors. Through the conduct of its employees, in the offer or sale of securities, Lime obtained money or property by means of untrue statements of material fact, thereby violating Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

94. By reason of the conduct described above, Smith, Chandler, and Almeida knowingly or recklessly provided substantial assistance to, and thereby aided and abetted, Lime's violations of Section 17(a)(2) of the Exchange Act [15 U.S.C. § 77(q)(a)(2)].

95. Accordingly, Smith, Chandler, and Almeida are liable under Section 15(b) of the Securities Act [15 U.S.C. § 77(b)] for aiding and abetting Lime's violations.

**Tenth Claim (SMITH, CHANDLER, ALMEIDA, & RAINA)**

**Aiding and Abetting Lime's Violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act [15 U.S.C. §§ 78m(a) and 78m(b)(2)] and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13]**

96. Paragraphs 1 through 56 are realleged and incorporated by reference.

97. At all relevant times,

d. Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13], required issuers, including Lime, to file with the Commission Forms 10-K (reporting annual

results) and Forms 10-Q (reporting quarterly results), that truthfully and accurately reported on Lime's revenues, earnings, other financial results, information about accounting practices, and other related information;

e. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)] required issuers, including Lime, to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of the assets of the issuer.

98. As described above, Lime failed to file truthful and correct annual and quarterly reports (on Forms 10-K and 10-Q) with the Commission, and failed to include material information in its required statements and reports as was necessary to make the required statements, in the light of the circumstances under which they were made, not misleading.

99. By reason of the foregoing, Lime violated Sections 13(a) and 13(b)(2)(A) of the Exchange Act [15 U.S.C. §§ 78m(a) and 78m(b)(2)(A)] and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13].

100. By reason of the conduct described above, Smith, Chandler, Almeida, and Raina, acting knowingly or recklessly, provided substantial assistance to and thereby aided and abetted Lime in its violations of Exchange Act Sections 13(a) and 13(b)(2)(A) [15 U.S.C. §§ 78m(a) and 78m(b)(2)(A)] and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. §§ 240.13a-1 and 240.13a-13].

101. Accordingly, Smith, Chandler, Almeida, and Raina are liable, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)], for aiding and abetting Lime's violations.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

A. Permanently enjoining Lime from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A), 78m(b)(2)(B)]; and Exchange Act Rules 10b-5, 13a-1, and 13a-13 [17 C.F.R. §§ 240.10b-5, 240.13a-1, and 240.13a-13];

B. Permanently enjoining Smith, Chandler, and Almeida from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)]; and Exchange Act Rules 10b-5 and 13b2-1 [17 C.F.R. § 240.10b-5 and § 240.13b2-1], and from aiding and abetting violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act [15 U.S.C. §§ 78m(a) and 78m(b)(2)(A)], and Exchange Act Rules 13a-1, and 13a-13 [17 C.F.R. §§ 240.13a-1, and 240.13a-13];

C. Permanently enjoining Raina from violating, directly or indirectly, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)]; Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)]; and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1]; and from aiding and abetting violations of Sections 13(a) and 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(a) and § 78m(b)(2)(A)] and Exchange Act Rules 13a-1 and 13a-13 [17 C.F.R. § 240.13a-1 and § 240.13a-13];

D. Prohibiting Smith, Chandler, and Almeida, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)];

E. Imposing civil monetary penalties against each defendant pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and

F. Granting such other relief as this Court may deem just and appropriate.

Dated: October 18, 2016

Respectfully submitted,

/s/ Scott W. Friestad

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