IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	**Case No.: 3:13-cv-4861-K**
v.	§	
	§	
ARCTURUS CORPORATION, ASCHERE ENERGY, LLC, LEON ALI PARVIZIAN a/k/a ALEX PARVIZIAN, ALFREDO GONZALEZ, AMG ENERGY, LLC, ROBERT J. BALUNAS, and R. THOMAS & CO., LLC,	§	
	§	
Defendants.	§	

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission" or "SEC") files this Complaint against Arcturus Corporation ("Arcturus"), Aschere Energy, LLC ("Aschere"), Leon Ali Parvizian a/k/a Alex Parvizian ("Parvizian"), Alfredo Gonzalez ("Gonzalez"), AMG Energy, LLC ("AMG Energy"), Robert J. Balunas ("Balunas"), and R. Thomas & Co., LLC ("R. Thomas") (collectively, "Defendants"). The Commission alleges:

SUMMARY

1. Parvizian and his two companies, Arcturus and Aschere, violated the registration and anti-fraud provisions of the federal securities laws when, beginning in at least May 2007, they marketed to thousands of members of the general public nationwide through extensive boiler-room cold calling, investments in purported joint ventures that would conduct oil and gas exploration and drilling activities. Parvizian, through entities he controls and salespersons he

directs, convinced at least 380 investors in 32 states to invest over $22 million, luring them with the incentive of suggested returns on investment to be achieved through his claimed expertise in managing oil and gas well enterprises.

2. In an effort to evade federal securities regulations, Parvizian, Arcturus, and Aschere labeled their securities offerings as "joint ventures," and claimed they are not securities. Parvizian and Arcturus offered interests in two purported joint ventures relating to oil and gas drilling operations: Hillock and Piwonka (together, "the Arcturus Securities"). Parvizian and Aschere offered interests in four purported joint ventures: Conlee, Fraley-Nelson, Chips, and Wied Field (collectively "the Aschere Securities"). However, these purported "joint ventures" are securities offerings under federal law.

3. Gonzalez and Balunas marketed and sold the investments through unregistered sales entities Parvizian directed and/or controlled, including AMG Energy and R. Thomas. None of the offerings were registered with the SEC or exempt from registration. Parvizian and Balunas have not been registered as a broker-dealer with the SEC or associated with a broker-dealer registered with the SEC since mid-2010, despite their continued sales efforts, and Gonzalez was never registered with the SEC in any capacity.

4. Parvizian prepared and disseminated to prospective investors written offering materials that included material misrepresentations and omissions. Among other things, Parvizian, Arcturus and Aschere failed adequately to disclose material litigation involving the companies. To pay for the costs of defending and settling that litigation, Parvizian systematically and without disclosing to investors, used the offering proceeds, which adversely impacted their business activities. Indeed, Parvizian prematurely called for completion funds on at least two projects before he had finished drilling and testing the wells because he already had

spent the offering proceeds for non-JV related expenses, including legal fees.

5. Of the $22 million raised, Parvizian, Arcturus, and Aschere spent only $7.9 million, or 36%, for the purposes for which the money was raised—drilling oil and gas wells—while Parvizian diverted over $14 million to pay excessive administrative and legal expenses incurred by Arcturus, Aschere, and/or other entities Parvizian controlled that were unrelated to the purported joint ventures or oil and gas well development in general.

6. The SEC brings this civil enforcement action seeking permanent injunctions, disgorgement plus pre-judgment and post-judgment interest, and civil penalties for violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), 77q(a)] and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and 78o(a)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

JURISDICTION

7. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

8. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), (e) and 78aa].

9. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act [15 U.S.C. §§ 77v(a) and 78aa]. Certain of the transactions, acts, practices, and courses of business described herein occurred within the jurisdiction of the Northern District of Texas.

10. In connection with the transactions, acts, practices, and courses of business described in this Complaint, the Defendants, directly and indirectly, made use of the means or instrumentalities of interstate commerce, of the mails, or of the means and instruments of transportation or communication in interstate commerce.

DEFENDANTS

11. **Arcturus** is a Texas corporation with its principal place of business in Dallas, and is wholly owned by Parvizian. Parvizian exercises complete control over the operations of the company. Arcturus is the Managing Venturer for the purported joint ventures it sponsors and promotes, including Hillock and Piwonka. The company has never registered an offering of securities with the Commission under the Securities Act or a class of securities under the Exchange Act. Arcturus has never been registered with the Commission as a broker-dealer.

12. **Aschere** is a Texas limited liability company with its principal place of business in Dallas. Parvizian is Aschere's managing member and exercises complete control over the operations of the company. Between 2009 and 2011, through Aschere, who is the Managing Venturer for each purported joint ventures it sponsors and promotes, Parvizian formed or caused the formation of various "joint ventures" including: Conlee, Fraley-Nelson, Chips, and Wied Field. Aschere has never registered an offering of securities with the Commission under the Securities Act or a class of securities under the Exchange Act, and has never been registered with the Commission as a broker-dealer.

13. **Parvizian**, age 47, is a British citizen with permanent resident status last known to be residing in Los Colinas, Texas. He was a registered representative associated with various broker-dealers from January 1993 through June 2010. He owns and controls Arcturus and Aschere, and until it closed in June 2010 amid regulatory troubles, he owned and controlled

Amerest Securities, Inc., ("Amerest Securities"), a Commission-registered broker dealer. In mid-2010, Parvizian consented to a five-year bar from registering as a securities agent with the Texas State Securities Board ("TSSB") and to a permanent bar from association with any Financial Industry Regulatory Authority ("FINRA") member.

14. **AMG Energy** is a Texas limited liability company managed by Gonzalez, a former sales agent for Amerest. At one time, AMG Energy shared an office with Parvizian and his related entities and offers and sells purported joint venture interests sponsored by Aschere. Aschere pays AMG Energy a "finder's fee" equal to 12% of the funds invested in the Aschere offerings it places. AMG Energy is not registered with the Commission in any capacity.

15. **Gonzalez**, age 39, is a citizen of Chile and resides in Dallas, Texas. Gonzalez is the managing member of AMG Energy. From September through November 2009, Gonzalez was a sales assistant at Amerest Securities. He holds no securities licenses and is not registered with the Commission as a broker-dealer.

16. **R. Thomas** is a Florida limited liability company managed by Balunas. R. Thomas offers and sells Aschere-sponsored joint venture interests. Aschere pays R. Thomas a "finder's fee" equal to 12% of the investment funds it places for Aschere. R. Thomas is not registered with the Commission in any capacity.

17. **Balunas**, age 66, resides in Port St. Lucie, Florida, and is the managing member of R. Thomas. From May 2000 to July 2010, Balunas was a registered representative associated with Amerest Securities.

RELEVANT ENTITY

18. **Amerest Securities** was a Texas corporation and Commission-registered broker-dealer from May 1996 until July 2010. Wholly owned and controlled by Parvizian, Amerest

Securities was a captive broker-dealer for Arcturus and for Aschere, offering direct participation, private oil and gas investments on behalf of the two Parvizian entities.

FACTUAL ALLEGATIONS

I. The Purported Joint Venture Interests Offered By Arcturus and Aschere Are Securities.

19. The interests in the Arcturus and Aschere Securities offered and sold by the Defendants are investments contracts, and therefore are securities under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act. Investors in these offerings made an investment of money, in a common enterprise, with an expectation of profits to be derived solely from the efforts of Parvizian and his related entities,including Arcturus, and Aschere.

20. Individual investors send money to Arcturus or Aschere by mailing in checks. They expect that their investments will be pooled with the funds of other investors in the respective Arcturus and Aschere Securities. Investors are being pitched these investments by unregistered salespersons, using high-pressure cold-calls emphasizing the capabilities and unique qualifications of Arcturus and Aschere as an experienced oil and gas driller and operator. Investors anticipate returns based on the future production of "turnkey" oil and gas wells, and expect their profits to come solely from the efforts of Arcturus and Aschere, which represent that they will develop the oil and gas well sites, sell oil and gas produced, and distribute "monthly income" to investors.

A. Parvizian Formed Arcturus and Aschere to market oil and gas well investments to the general public.

21. Parvizian offers and sells the interests to the general public through a sales staff that operates like a boiler room, using purchased leads and cold-callers. In addition to pitching investors himself, Parvizian hired and supervised salespersons, who each made 200 to 300 calls

daily to solicit prospective investors, making no effort to limit the offerees to those with expertise or experience in oil and gas drilling.

22. In 1996, Parvizian formed Arcturus, and through it, he formed or caused the formation of purported "joint ventures" Hillock and Piwonka.

23. In August 2009, Parvizian created Aschere, and he continues to control the company and each of its purported joint ventures. Arcturus and Aschere serve as the respective "Managing Venturer" for each of the enterprises.

24. Until July 2010, Arcturus and Aschere sold the "joint venture" interests through Amerest Securities, a Commission-registered broker-dealer owned and controlled solely by Parvizian. Parvizian personally closed the sales with most investors.

25. In late 2009 and early 2010, the TSSB and FINRA initiated cause examinations of Amerest Securities. When Parvizian and Amerest Securities refused to produce bank statements and other documentation for accounts used to pay drilling expenses for the joint ventures, the TSSB and FINRA barred Parvizian as described above, and Amerest Securities withdrew its broker-dealer registration.

26. After his clashes with FINRA and the TSSB and after he was no longer registered with the Commission as a securities representative, Parvizian began offering and selling the interests through unregistered companies, primarily AMG Energy and R. Thomas, which are run by former Amerest Securities employees Gonzalez and Balunas, respectively.

27. Parvizian remains involved in closing of the sales and collects the investment funds, which are deposited into the joint venture's account. Parvizian's compensation, in part, is based on the amount of funds invested.

28. AMG Energy and R. Thomas are unregistered, captive sales agents for Aschere and Parvizian selling the exact same investments: the Aschere Securities. Parvizian, through Aschere, not only pays them commissions, but also subsidizes their operations. For example, Aschere paid AMG Energy's organizational costs, monthly stipends to cover rent (in Parvizian's office space), telephone costs, the $500 bi-weekly salary to AMG Energy's sales staff, and legal representation for Gonzalez and AMG Energy in the Commission's enforcement investigation.

29. In total, between July 2010 and December 2011, Aschere paid $950,974 to AMG Energy, which in turn paid Gonzalez. Aschere paid Balunas a 12% commission on all sales, a monthly "retainer" of $4,000 for office rent and other expenses, and legal fees for representation in the staff's investigation. From July 2010 through December 2011, R. Thomas received at least $156,508, which in turn paid Balunas.

30. As shown in the chart below, between 2007 and November 2011, Arcturus and Aschere raised nearly $22 million from approximately 380 investors by offering and selling interests in the six drilling projects. None of the offerings was ever registered with the Commission.

Offering (CIM Date)	Issuer	Offering Period	Investors	Amount
Hillock (March 31, 2007)	Arcturus	5/9/2007 to 10/29/2010	108	$6,733,193
Piwonka (July 15, 2008)	Arcturus	8/29/2008 to 11/30/2009	57	$3,418,369
Conlee (October 1, 2009)	Aschere	10/20/2009 to 8/16/2010	71	$3,511,587
Fraley-Nelson (December 15, 2009)	Aschere	6/29/2010 to 10/29/2010	4	$241,850
Chips (September 15, 2010)	Aschere	11/1/2010 to 2/11/2011	35	$1,940,100
Wied Field (January 1, 2011)	Aschere	2/2/2011 to 11/14/2011	105	$6,117,080
		Total:	**380**	**$21,962,179**

B. Despite the Drafting of Organizational Documents to Suggest Active Participation By Members, Parvizian, Arcturus, and Aschere Sought and Expected Passive Investors For Arcturus and Aschere Offerings.

31. Before sales began, Parvizian prepared, or directed the preparation of, the written materials for each offering that were provided to investors. Those documents included: (1) Confidential Information Memoranda ("CIMs") that purported to describe generally how the venture would operate; (2) Private Placement Memoranda ("PPMs") that were glossy brochures summarizing the offering and used to pitch prospective investors; (3) Joint Venture Agreements ("JVAs") that designated Arcturus and Aschere as the managing joint venturer, with sole authority to bind the venture; (4) subscription agreements; and (5) investor questionnaires. At all times, Parvizian had ultimate control and authority over the content of the offering documents and how the disclosures contained therein were communicated to investors.

32. The Arcturus and Aschere Securities CIMs and JVAs are nearly identical to one another, except for their respective descriptions of the oil and gas well sites, the number and price of joint venture units for sale, and the amount of funds sought from investors and corresponding estimated expenditures.

33. Each CIM discloses that upon initial funding, typically two units, the venture will enter into a turnkey contract with the venture manager to drill and test the well. If the well operator recommends completing the well and a majority of the partners agree, the venture and the venture manager enter into a second turnkey contract to complete the well. Those who elect to participate in the completion phase retain their interest in the project by forwarding their pro rata share of completion funds to the managing venture. Electing not to contribute completion funds, investors forfeit their entire interest in the venture.

34. The JVAs appoint Arcturus or Aschere as the managing venturer and explicitly delegate management of the day-to-day JV operations to the pertinent entity. As a result, Parvizian, through his ownership of Arcturus and Aschere, controls nearly every aspect of each venture's operations. Parvizian identifies the prospect, drafts the organizational documents and agreements, sets the offering and completion price (including the amount of its profit), controls who is admitted to the partnership, and extends the offering period at its sole discretion. The JVAs specifically authorize the managing venturer to retain or act as operator, drill, complete, equip, test, rework, operate, recomplete and, if necessary, plug the well and abandon the prospect. Arcturus and Aschere also have the authority to enter into operating and other agreements relating to the JV property. Thus, Parvizian, through Arcturus or Aschere, has the power to make all of the significant decisions regarding the oil and gas activities that are the purpose of the JV.

C. At the Time the Agreements Were Entered, Investors Had No Reasonable Expectation of Significant Control Over Their Investment.

35. Parvizian, Arcturus, and Aschere attempted to create the appearance of true joint ventures in which the venturers participate actively in managing the venture. But in reality, the victims were passive investors in "turnkey" investment contracts with Parvizian's entities for

the entire amount raisesd in the offering, which became corporate assets of the entity upon receipt.

36. Under the terms of the offerings, all decisions made by Arcturus or Aschere as the managing venture were binding on the joint venture, but investors could not bind the joint venture or act on its behalf. Parvizian, through Arcturus and Aschere, had exclusive control over who was accepted as an investor or co-venturer.

37. From the outset of the investment, investors had no control over the price, terms, and counterparty of the factor most important to the success of the investment—the turnkey drilling and completion contracts. Parvizian, not the investors, set both the contract terms and the prices for the turnkey drilling contract and the turnkey completion contract under which the oil and gas wells would be drilled. Parvizian—without any input from investors and before the first investor purchased an interest—selected Arcturus or Aschere as the counterparty to the turnkey contracts.

38. The JVA provides that votes of the partners may be taken by written consent in lieu of a meeting, and that, unless otherwise provided, a simple majority of the units is sufficient to approve a matter submitted to a vote. But other than removal of the managing venturer, which requires a vote of 60% of the interests, the JVA specifies few matters that require a vote of the partners. Acts such as assignment of the JV property for the benefit of a creditor, confession of judgment, dissolution of the partnership, and submission of claims to arbitration or litigation require unanimous approval. All access to information regarding the JV is controlled by the Managing Venturer, who can condition disclosure of the books, records, and reports upon a showing of a "proper purpose" by the partner.

39. Several barriers inhibited the partners' ability to exercise their power of removal. Arcturus or Aschere can (and did) restrict access to the JV's books and records, thus preventing partners from communicating with one another to marshal the required 60% votes. Further, the investors are numerous, geographically dispersed, and have no prior relationship to one another, which also impedes their ability to organize and exercise their removal power. Indeed, Parvizian refused investors' requests for contact information for the other investors. Thus, any voting power granted by the JVAs was illusory.

40. Investors had no access to information except through Parvizian, and no way of initiating a vote. It was, therefore, impossible for investors to confer with each other and organize to vote to replace Arcturus or Aschere. In fact, in at least the Chips, Conlee, and Wied Field offering documents labeled the identity of the investors a "trade secret" to which the Managing Venturer could restrict access.

41. Under the terms of the turnkey contract, Arcturus and Aschere took all of the funds they raised from the JV accounts into their own accounts as their corporate assets at the outset of the investment. Thus, had the JV partners attempted to remove the Managing Venturer, the venture would have been left penniless. Further, Arcturus and Aschere were entitled under the JVA to execute documents and hold interests in their own names. Thus, if the JV partners tried to remove Arcturus or Aschere, they would have not possessed the working interest. As a result, from the outset of the investment, the investors had no realistic alternative to Arcturus or Aschere as Managing Venturer.

42. As a condition to "acceptance" as an investor in these ventures, the JVA required the purchaser to agree to the JVA as written, including the appointment of either Arcturus or

Aschere as Managing Venturer. Prospective investors had no ability to negotiate the terms, which were presented on a "take it or leave it" basis.

43. As for the votes on monetary assessments, Parvizian holds no meetings or conference calls, but solicits approval for additional, selected expenditures through ballots that are more akin to affirmations rather than requests for managerial participation by the investors. For example, Parvizian solicited a vote for adding leases to a JV's portfolio that he had already purchased with investors' funds.

44. Parvizian did not, however, solicit investors' votes before he used their funds to pay legal fees and exorbitant overhead expenses not associated with their venture.

45. The Defendants did not seek out investors with managerial experience in oil and gas drilling operations and instead marketed the investments to the general public, ultimately raising over $22 million from over 380 investors in 32 states. Those who purchased the investments were scattered throughout the United States, had no prior relationships with or contact information for each other, and lacked experience in and knowledge about oil and gas exploration. Thus, investors were utterly dependent on Parvizian's efforts for profits, as they understood from the outset of the investment.

46. Thus, notwithstanding the language in the organizational documents suggesting otherwise, from the start of their investment, investors had no reasonable expectation of control over their investment.

II. Parvizian, Arcturus, and Aschere Made False, Fraudulent, and Material Misrepresentations and Omissions in Connection with their Offer and Sale of the Arcturus and Aschere Securities.

A. Misapplication of Proceeds and Undisclosed Profits

47. Each of the CIMs disclosed that the JV manager was responsible for all costs in excess of the turnkey contracts. Based on estimated well cost data, however, Parvizian, Arcturus, and later, Aschere, knew that the total offering price was significantly higher than the amount necessary to drill, test, and compete the wells. They also knew that the inflated offering price virtually eliminated Parvizian's risk and ensured a substantial profit for Arcturus or Aschere. As shown in the table below depicting the ventures with known estimated well costs, Parvizian marked up the estimated well costs by 33 to 78 percent to determine the total offering amount. This markup shifted the entire cost to drill and complete the wells, and all of the risk, to the investor and gave Parvizian a potential $8.7 million profit on just four projects, even if the wells were dry holes.

JV	Total Offering Amount	Estimated Well Cost	Estimated Profit	Estimated Profit %	Actual Profit	Actual Profit %
Piwonka	4,375,000	$ 946,410	$ 3,428,590	78	2,121,340	62
Conlee	4,769,600	1,834,864	2,934,736	62	2,475,361	71
Chips	2,182,000	613,830	1,568,170	72	1,166,988	60
Wied Field	$2,548,800	$1,710,120	838,680	33	3,828,330	63
			$8,770,176		$9,592,019	

48. These facts were material. A reasonable investor would want to know the actual costs of the project and the magnitude of Parvizian's potential profit, that he would bear little or no risk, and that Parvizian's interests in finding a successful well were plainly not aligned with the investors' interests.

49. The CIMs for the Conlee, Chips, and Wied Field ventures also misled investors about the expected use of offering proceeds. In the CIM for each offering, the "Source and Application of Proceeds" section includes a chart with a footnote stating:

> It is estimated that 85% of the offering proceeds shall be used for business purposes (including the costs of drilling, testing, and completing the Prospect Well pursuant to the Turnkey Contracts) and no more than 15 percent to be used for Offering Expenses, including: commissions or fees; marketing; legal and accounting, due diligence expenses or affiliated broker/dealers or market companies and the registration and qualification of the Venture Units under federal and/or state law, if applicable.

50. Parvizian knew from the estimated well costs, his experience, and the increasing costs to defend and settle substantial lawsuits filed against him and his companies, that he would not use anything close to 85% of the offering proceeds to pay the type of well-related costs that are identified in the footnote. Indeed, Aschere spent 37% or less of the offering proceeds on well-related costs for each of these three ventures. Aschere and Parvizian misled investors in the Conlee, Chips, and Wield JVs about the estimated use of proceeds by indicating that the JV would use 85% of the proceeds for business costs such as well-related costs, thus obscuring the substantial amounts that he used for non-JV expenses and personal expenditures.

B. Inadequately Disclosed Litigation

51. For each of the six purported joint ventures, the CIM discloses that offering proceeds may be paid to the venture manager pursuant to the turnkey drilling contracts and that upon transfer to the venture manager's bank account, the funds become corporate assets that may be subject to the venture manager's general creditors. The CIMs further warn that if the JV manager lacks sufficient financial resources to pay its obligations, the venture could be adversely affected. But as discussed below, these generic warnings were wholly insufficient to properly disclose the way in which Parvizian spent the offering proceeds.

52. Bank records show that the JVs were the primary source of cash for Arcturus and Aschere and that Parvizian immediately transferred the proceeds of each offering to Arcturus or Aschere accounts and pooled them to use for the companies' expenses without regard to which entity had incurred the expense.

53. During May 2007 through December 2011, Parvizian spent over $1.3 million in legal fees litigating various lawsuits that he failed to disclose, or inadequately disclosed, to investors.

54. As detailed below, Parvizian's systematic diversion of JV offering proceeds to pay undisclosed or inadequately disclosed litigation, settlement agreements and legal fees were not disclosed to investors and harmed the JVs. At times, Parvizian used turnkey proceeds that were needed to perform required work on JV projects to pay for litigation on unrelated projects. He also delayed work or raised additional money on JV projects in order to pay for the necessary drilling or other work.

55. For example, Parvizian used Hillock and Piwonka offering proceeds to pay unrelated litigation costs, which delayed the ventures' acquisitions of participation interests and commencement of drilling. Indeed, Parvizian had to call for completion funds from investors before drilling was finished because he lacked funds to pay the driller. Parvizian purposely concealed these material facts to induce partners to contribute completion funds. Had he been forthcoming about Arcturus's and Aschere's financial condition and truthful about his use of the offering proceeds, the prospective investors might not have participated in the completion phase of these wells.

1. Vallecito/ERP Litigation

56. The most costly litigation arose out of an Arcturus-sponsored offering of interests in a purported joint venture known as Fruitland Coal and subsequent litigation with Vallecito

Gas LLC and Energy Resource Partners LLC ("ERP"). Pursuant to a November 2007 settlement agreement between Arcturus and ERP, Arcturus agreed, among other things, to pay ERP $1,077,375 in installments. After Arcturus failed to meet its settlement obligations, the parties revised the ERP settlement in August 2011 to obligate "Arcturus and its affiliates" to make the remaining payments. Through December 2011, Arcturus and Aschere used commingled investor funds to pay a total of over $700,000 to ERP.

57. Investors were not informed of, nor did they approve, the use of their commingled funds to pay non-venture related litigation obligations.

58. The Vallecito/ERP litigation and ERP settlement put a significant strain on Arcturus's operations and ability to meet its obligations. Yet, Arcturus and later Aschere inadequately disclosed the lawsuit, the settlement, and the ongoing obligation to ERP in the CIMs. In the Hillock and Piwonka CIMs, Arcturus disclosed the fact of the lawsuit, but claimed the litigation would have no material effect or impact on the JVs. This statement was misleading and omitted material facts, including the fact that after November 27, 2007, the ERP settlement obligated Arcturus to pay nearly $1.1 million, which it did with commingled investor funds.

59. Arcturus's use of the proceeds from the Hillock and Piwonka JVs to pay the ERP settlement and the litigation costs caused it to delay drilling operations on these projects. Moreover, these costs drained Arcturus's resources, causing Parvizian to request completion funds from investors in both JVs before the drilling on their respective wells was finished.

60. In the Conlee, Chips, and Wied Field CIMs, Aschere falsely claimed that there was no current litigation which would materially affect either Aschere or the JVs. This statement was misleading. Although Aschere, the manager of the three ventures, was not a

party to the November 2007 settlement between Arcturus and ERP, Parvizian used Aschere's assets to satisfy some of Arcturus's settlement obligations. As early as August 2010, Aschere made payments pursuant to the ERP settlement agreement. In the August 2011 revised settlement agreement, Parvizian obligated Arcturus and "its affiliates" to make payments pursuant to the ERP settlement. In total, between August 2010 and December 2011, Aschere paid $217,700 toward the ERP settlement. Thus, the Vallecito/ERP litigation put Aschere's assets at risk, and the Conlee, Chips, and Wied Field disclosures mislead investors by stating that there was no current litigation that would materially affect either Aschere or the JVs.

2. Lease Dispute and Arcturus's Involuntary Bankruptcy

61. In August 2009, Arcturus's landlord sued the company to collect $370,000 plus expenses related to Arcturus's 2003 sublease of office space. Arcturus fell behind on the payments and abandoned the premises in May 2010. In late February 2011, the landlord filed a petition for involuntary bankruptcy naming Arcturus as the debtor. On August 31, 2011, the petition was dismissed when Arcturus agreed to pay the landlord from any funds distributed on Arcturus's allowable claim of approximately $2.2 million from Vallecito's pending bankruptcy. Subsequently, on September 12, 2011, for the benefit of its creditors, Arcturus assigned its $2.2 million claim to a trustee to distribute any proceeds from the claim to its creditors on a pro rata basis.

62. Arcturus continued raising funds on the Piwonka JV through November 2009 and on the Hillock JV through October 2010, but did not disclose the lease dispute to prospective investors after August 2009. Furthermore, less than two weeks after Arcturus's landlord filed suit against the company, Parvizian incorporated Aschere and began selling interests through it. In the Conlee, Chips, and Wied Field CIMs, Aschere stated that there was no litigation that

would materially affect or impact Aschere or the JV. The CIMs described Aschere as a "successful, newly formed private company" and touted Parvizian's experience, including his association with 45 or more energy ventures.

63. These statements were misleading since Parvizian and Aschere's sister company, Arcturus, were less than successful – Arcturus had significant financial problems, including the Vallecito/ERP litigation, the lease dispute and, ultimately, the involuntary bankruptcy. Given Parvizian's ownership and control of both Arcturus and Aschere, these were material facts that should have been disclosed to investors. Instead, the timing of Aschere's creation suggests it was formed as a transparent attempt to sidestep Arcturus's financial and legal difficulties.

3. The 2010 Investor Lawsuit

64. On May 11, 2010, Dale Chatfield, an investor in the Hillock and Piwonka ventures, filed a lawsuit charging Parvizian and Arcturus with misappropriating his investment funds. On June 14, 2010, Arcturus settled the suit by agreeing to refund Chatfield's investments and to pay his attorney's fees. Parvizian and Aschere guaranteed the settlement payments.

65. The lawsuit and Aschere's guarantee to make the settlement payments are material facts that should have been disclosed in the CIMs it used after May 11, 2010, *i.e.*, Chips and Wied Field. Instead, the litigation section in these CIMs contained the statement, "There currently is no litigation that will have any material effect or impact on the Managing Venturer or this Joint Venture."

66. The facts that Aschere guaranteed the payments which could have affected its ability to meet its financial obligations, and that an investor in an affiliated company's projects accused Parvizian and Aschere of misappropriating investment funds were material facts that should have been disclosed to prospective investors.

C. The Hillock Joint Venture

67. Between May 2007 and October 2010, Arcturus and Parvizian raised over $6.7 million from approximately 108 investors in the Hillock JV. Initially, Arcturus sought to raise a total of $5.346 million, *i.e.*, $3,207,600 for drilling and testing costs and $2,138,400 for completion costs. Arcturus later sold an additional percentage of the working interest because it needed more money to fulfill its obligations to the original investors to drill the well. Originally, the Hillock JV was supposed to acquire up to 87.38% working interest in a Logan County, Oklahoma lease and to drill three wells on that lease. During the early part of the offering period, Parvizian provided prospective Hillock investors a CIM which included a March 31, 2007 Arcturus balance sheet that showed that Arcturus owned an 87.38% working interest in prospects in Logan County, Oklahoma. In fact, although Arcturus had agreed to acquire these working interests, it had defaulted on the participation agreement later in 2007 and lost any claim to the prospects. Thus, from May 2007 until late 2007, prospective Hillock investors received a CIM with a false balance sheet.

68. As a result of Arcturus's loss of the Logan County properties, in April 2008 Parvizian substituted two new wells in Haslet County, Oklahoma, called the Stigler wells, for the original three wells and continued raising funds with a revised CIM. By the time Arcturus began drilling the first Stigler well in December 2009, it had raised over $3.5 million from investors for the Hillock JV, far more than it needed to drill and test the first Stigler well.

69. Despite the fact that Arcturus had drilled only one well, in early January 2010, Parvizian called for completion funds for *four* wells – the two Stigler wells plus two other wells, the Azure and the Wildfire. As discussed below, at the time Parvizian called for completion funds, the Hillock JV had not acquired either the Azure or the Wildfire. Arcturus and Parvizian

did not disclose to investors that they had paid only a nominal amount toward the purchase of the Azure and Wildfire wells and had not even begun to drill the second Stigler well. Nor did they tell investors that they needed to collect the completion funds for four wells because Parvizian and Arcturus already had spent most of the $3.5 million Hillock JV offering proceeds on non-Hillock expenses.

70. Between January 2007 and December 2009, excluding oil and gas revenue, Arcturus collected and commingled $10.3 million from all joint ventures. Arcturus used just $3 million for well drilling and completion expenses. The remaining funds were used to pay the following expenses during the same period: sales commissions ($2.1 million); office rent ($1.3 million); legal and accounting ($800,000); offering expenses ($1 million); selling and overhead expenses ($3.6 million, including $132,000 for lead lists).

71. Investors in Arcturus were not informed of, nor did they approve, the misdirection of funds, which was material to their investment.

72. Instead, the unwitting investors contributed $1.4 million for completion expenses as a result of Parvizian's January 2010 completion call.

73. Despite the additional funds raised from the January 2010 completion call, Arcturus and Parvizian needed still more money. In April 2010, Parvizian and Arcturus issued a ballot to Hillock investors seeking authority to acquire the Azure and Wildfire wells and asking for $25,000 per unit to pay for them. However, Parvizian failed to disclose that he had already committed the venture to acquiring these wells and that he had previously sought and collected completion funds for both of these wells. In response to the April 2010 ballot, Hillock's investors contributed over $600,000 in additional funds.

74. In addition, between January and October 2010, Parvizian offered and sold

Hillock interests to new investors, raising $1 million. At Parvizian's direction, Gonzalez convinced one investor to transfer his funds from the Fraley-Nelson to the Hillock by telling him that the Hillock had two operating wells, one of which was already producing. In fact, at that time, none of the Hillock wells was operating or producing, and one needed significant work.

D. The Piwonka Joint Venture

75. Between August 2008 and November 2009, at least 57 investors purchased over $3.4 million in Piwonka JV interests. Parvizian gave the sales staff a PPM supplemented with bullet points and buzz words, such as, "extremely rare" or "proven strategy," to incorporate into the sales pitch. Parvizian directed the sales staff, including Gonzalez and Balunas, to tell investors that it was an extremely rare three pay-zone well; that the risk was minimized because it was like having three wells in one; and that the investors could recover their investment in four to six months and could eventually receive 10 times their investment.

76. Parvizian's statements about the potential returns on the Piwonka offering were misleading. Parvizian knew investors were highly unlikely to recover their investment in four to six months because he planned to use the Piwonka offering proceeds to pay litigation costs, which delayed drilling the Piwonka for a year. Moreover, because Parvizian spent Piwonka's drilling funds on non-Piwonka expenses, he was forced to request completion funds prematurely. Also, because Parvizian determined the price of investors' participation interest by marking up the estimated well costs by 33 to 78 percent, he knew that it would be very difficult for the investors to ever recoup their investment and nearly impossible to earn 10 times that investment.

77. In September 2009, contrary to the CIM, Parvizian called for completion funds for the Piwonka well. The disclosures in the CIM provide that the JV may request completion funds when a completion attempt is warranted. Parvizian and Arcturus, however, failed to disclose to investors that the notice for completion was premature because, while the operator had commenced drilling, the well was not at a point where a completion assessment could be made. Parvizian made an early call for completion funds because he had spent the $2.2 million in offering proceeds on non-Piwonka related expenses.

78. In fact, in late July 2009, when Arcturus and Parvizian finalized the participation agreement and drilling contract for the Piwonka well, they lacked the $400,000 that the driller required to begin drilling. To commence drilling operations, Parvizian borrowed money from one of his investors. After the driller exhausted the initial $400,000, it refused to continue until Parvizian paid an additional $500,000. To raise these funds, in September 2009 Parvizian called for completion funds, telling investors, falsely, that the drilling had successfully commenced and that completion funds were due.

79. Between August 2008 through July 2009, Parvizian used the Piwonka investor funds to pay the following: sales commissions ($723,000); offering expenses and administrative overhead ($945,000); legal and accounting ($200,000); office rent ($76,000); loan repayments and settlements ($245,000); well expenses ($190,000); other ($43,000); Parvizian ($90,000); and travel, auto, meals ($70,000).

80. Investors in Arcturus Securities were not informed of, nor did they approve, the expenditures set forth above.

81. Based on Parvizian's false and misleading statements, Piwonka investors contributed an additional $1.5 million toward the completion phase.

E. The Fraley-Nelson Joint Venture

82. On September 1, 2009, Aschere agreed to acquire a working interest in the Fraley-Nelson prospect, and in December 2009, it paid over $47,000 to secure its interest, promising to pay another $750,000 for drilling costs by mid-January 2010 or forfeit its interest. Also in December 2009, Aschere began the Fraley-Nelson JV offering in which it sought to raise $3.3 million.

83. Even though Aschere's participation interest in the Fraley-Nelson was in jeopardy because Parvizian had not paid drilling costs when they were due in mid-January 2010, in February 2010 Parvizian directed Gonzalez, Balunas and others to begin soliciting investors for the Fraley-Nelson. Aschere never paid its share of the drilling costs, and on April 26, 2010, its interest in the Fraley-Nelson prospect was terminated. Parvizian, however, did not halt sales of the project, and between June and September 2010, Aschere received $241,850 from four investors in the Fraley-Nelson JV. None of these investors were told that Aschere's interest in the project had been terminated.

84. After Parvizian's August 2010 testimony before the Commission, Parvizian and Gonzalez contacted the four Fraley-Nelson investors and told them that Aschere's ownership interest in the Fraley-Nelson was "in dispute." Rather than refunding their money, Parvizian and Gonzalez convinced three of the investors to transfer their funds to Arcturus's Hillock JV and one to transfer to the Aschere's Chips JV. Gonzalez misrepresented the Hillock's success in order to convince the investors to transfer their funds.

F. Cumulative Misapplication of Investor Funds

85. Parvizian made no effort to segregate funds of the respective joint ventures and used funds from any source to pay Arcturus and Aschere's legal, administrative, and operational

expenses, regardless of whether they were related to the joint ventures.

86. Bank account records from approximately January 2007 through December 2011 indicate that of the $22 million raised from investors, only $7.9 million, or 36%, was used for lease acquisition and drilling expenses ("well costs"). However, the CIMs and PPMs disclose that between 85-90% of offering proceeds would be used for well costs, and only 10-15% would be used for offering expenses to include commissions, marketing, legal, and accounting expenses.

87. In reality, Parvizian and his affiliated entities spent the remaining investor money as follows:

(a) $4.1 million in sales commissions and promoter payments;

(b) over $2.7 million in office expenses, payroll, and taxes;

(c) over $1.8 million in office and apartment rents;

(d) $1.6 million in marketing and selling costs;

(e) nearly $1.4 million in legal and accounting expenses;

(f) over $947,000 in settlement payments;

(g) nearly $720,000 in disbursements to himself;

(h) nearly $608,000 in meals, entertainment, retail purchases and automobile expenses;

(i) nearly $506,000 in loan repayments to individuals and entities;

(j) nearly $118,000 in disbursements related to financing and debt collection services; and

(k) over $116,000 in payments to relatives and other individuals.

88. Investors were not informed of, nor did they approve, either the excessive offering or overhead expenses, or the non-JV related expenditures.

89. Parvizian's misapplication of funds is material to investors because, among other reasons, it has been so extensive that Arcturus and Aschere have not had sufficient funds to complete the various states of oil and gas drilling work contemplated in the offering materials.

III. The Offerings of Interests in Arcturus and Aschere Securities Were Not Registered With the SEC or Exempt From Registration.

90. Section 5 of the Securities Act prohibits any offers, directly or indirectly, to sell a security unless a registration statement for that security has been filed with the SEC. A registration statement is transaction specific. Each sale of a security must either be made pursuant to a registration statement or fall under a registration exemption.

91. The interests in the Arcturus and Aschere Securities are investment contracts, which are securities under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act.

92. At the time of the offers and sales of the interests in the Arcturus and Aschere Securities, there were no registration statements filed and in effect. No registration exemption applied to the offering of interests in Arcturus and Aschere Securities.

93. From approximately May 2007 through the present, Defendants together raised more than $22 million from more than 380 investors in at least 32 states in the Arcturus and Aschere Securities offerings.

94. Defendants offered and sold interests in the Arcturus and Aschere Securities using the means or instruments of interstate commerce, including but not limited to telephones, the Internet, commercial couriers, and/or the mails.

IV. Parvizian, Gonzalez, Balunas, AMG Energy, and R. Thomas Each Acted As An Unregistered Broker.

95. Section 15(a)(1) of the Exchange Act prohibits a broker or dealer from using jurisdictional means such as the telephone or mails to effect transactions in securities unless the broker or dealer is registered with the SEC. Section 3(a)(4) of the Exchange Act defines a "broker" as any person who is engaged in the business of effecting transactions in securities for the account of others.

96. Parvizian, Gonzalez (through AMG Energy), and Balunas (through R. Thomas) used the telephone and the mails to actively solicit investors to purchase interests in the Arcturus and/or Aschere Securities, and they thereby effected purchases and sales of securities for the accounts of the others.

97. During the relevant period, Parivizian, Gonzales, Balunas, AMG Energy, and R. Thomas offered and/or sold interests in the Arcturus and Aschere Securities while not registered as a broker-dealer with the SEC or affiliated with a broker-dealer registered with the SEC.

98. Further, Parvizian organized the securities sales operations of Amerest and AMG Energy. He also helped prepare the CIMs, JVAs and other written offering materials for the Arcturus and Aschere Securities, hired and supervised salespersons, and he directed the payment of transaction-based compensation of up to 12% commission to salespersons. Through these activities, Parvizian acted as an unregistered broker for the period following his bar in June 2010.

99. Parvizian, Gonzalez, Balunas, AMG Energy, and R. Thomas received transaction-based compensation in the form of sales commissions based upon a percentage of the amount of investor funds raised.

V. Aschere's Fraudulent and Unregistered Offerings Are Ongoing.

100. All of the Defendants except Arcturus continue to solicit investor funds for the sale of interests in ongoing drilling projects, including the Scarborough Fields project –a $5.54 million, 3-well project. However, during the Commission's underlying investigation, Parvizian refused to provide information about this and other recent offerings.

CLAIMS FOR RELIEF

First Claim

Fraud – 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

Against Defendants Arcturus, Aschere, and Parvizian

101. Plaintiff repeats and incorporates by reference paragraphs 1 through 100 of this Complaint as if set forth *verbatim* herein.

102. Defendants Arcturus, Aschere, and Parvizian, by engaging in the conduct described above, directly and indirectly, with *scienter*, in connection with the purchase or sale of securities, and by use of the means and instrumentalities of interstate commerce the mails, or any facility of a national securities exchange, have: (a) employed devices, schemes and artifices to defraud; or (b) made an untrue statement of a 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 that have operated or will operate as a fraud and deceit upon other persons.

103. By reason of the foregoing acts and practices, Defendants Arcturus, Aschere, and Parvizian violated and, unless enjoined, will continue to violate 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.

Second Claim

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

Against Defendants Arcturus, Aschere, and Parvizian

104. Plaintiff repeats and incorporates by reference paragraphs 1 through 100 of this Complaint as if set forth *verbatim* herein.

105. Defendants Arcturus, Aschere, and Parvizian, directly or indirectly, in the offer or sale of securities, and by use of the means and instrumentalities of interstate commerce the mails, or any facility of a national securities exchange, have: (a) employed devices, schemes, and artifices to defraud; (b) obtained money or property by means of untrue statements of a material fact and omitted 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) engaged in transactions, practices, and courses of business which operate or would operate as a fraud and deceit upon the purchasers.

106. With respect to violations of Sections 17(a)(2) and (3) of the Securities Act, Defendants Arcturus, Aschere, and Parvizian were negligent in their actions regarding the representations and omissions alleged herein. With respect to violations of Section 17(a)(1) of the Securities Act, Defendants Arcturus, Aschere, and Parvizian acted knowingly or with severe recklessness regarding the truth.

107. For these reasons, Defendants Arcturus, Aschere, and Parvizian have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

Third Claim

Offers and Sales of Unregistered Securities
Violations of Securities Act Sections 5(a) and 5(c)
[15 U.S.C. §§ 77e(a) and 77e(c)]

Against All Defendants

108. Plaintiff repeats and incorporates by reference paragraphs 1 through 100 of this Complaint as if set forth *verbatim* herein.

109. Defendants, directly or indirectly, have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, when no registration statement was in effect with the SEC as to such securities, and have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell such securities when no registration statement had been filed with the SEC as to such securities.

110. There were no applicable exemptions from registration, and Defendants therefore violated, and unless restrained and enjoined will in the future violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

Fourth Claim

Offers and Sales of Securities by an Unregistered Broker-Dealer
Violations of Exchange Act Section 15(a) [15 U.S.C. § 78o(a)]

Against Defendants Parvizian, Gonzalez, AMG Energy, Balunas, and R. Thomas

111. Plaintiff repeats and incorporates by reference paragraphs 1 through 100 of this Complaint as if set forth *verbatim* herein.

112. Defendants Parvizian, Gonzalez, AMG Energy, Balunas, and R. Thomas, while engaged in the business of effecting transactions in securities for the account of others, 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, a security without being registered in accordance with Section 15(a) of the Exchange Act.

113. Defendants Parvizian, Gonzalez, AMG Energy, Balunas, and R. Thomas violated, and unless restrained and enjoined will in the future violate, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court:

(1) Enter an Order finding that Defendants committed, and unless restrained will continue to commit, the violations alleged in the First through Fourth Claims for Relief in this Complaint;

(2) Permanently enjoin Defendants Arcturus, Aschere, and Parvizian from future violations of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5(a) and (c) thereunder [17 C.F.R. §240.10b-5] and Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

(3) Permanently enjoin all Defendants from future violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)];

(4) Permanently enjoin Defendants Parvizian, Gonzalez, AMG Energy, Balunas, and R. Thomas from future violations of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)];

(5) Order Defendants to disgorge all ill-gotten gains from the conduct alleged herein, with prejudgment interest;

(6) Order civil penalties against Defendants pursuant to Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78u-1] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] for violations of the federal securities laws as alleged herein; and

(7) Order such other and further relief as the Court may deem just and proper.

Dated: December 12, 2013

Respectfully submitted,

Jennifer D. Brandt
Texas Bar No. 00796242
United States Securities and Exchange Commission
Burnett Plaza, Suite 1900
801 Cherry Street, Unit 18
Fort Worth, Texas 76102
Direct phone: (817) 978-6442
Fax: (817) 978-4927
brandtj@sec.gov
ATTORNEY FOR PLAINTIFF

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. *(SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)*

I. (a) PLAINTIFFS

(b) County of Residence of First Listed Plaintiff _____
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys *(Firm Name, Address, and Telephone Number)*

DEFENDANTS

County of Residence of First Listed Defendant _____
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys *(If Known)*

II. BASIS OF JURISDICTION *(Place an "X" in One Box Only)*

- ❒ 1 U.S. Government Plaintiff
- ❒ 3 Federal Question *(U.S. Government Not a Party)*
- ❒ 2 U.S. Government Defendant
- ❒ 4 Diversity *(Indicate Citizenship of Parties in Item III)*

III. CITIZENSHIP OF PRINCIPAL PARTIES *(Place an "X" in One Box for Plaintiff and One Box for Defendant)*

(For Diversity Cases Only)

	PTF	DEF		PTF	DEF
Citizen of This State	❒ 1	❒ 1	Incorporated *or* Principal Place of Business In This State	❒ 4	❒ 4
Citizen of Another State	❒ 2	❒ 2	Incorporated *and* Principal Place of Business In Another State	❒ 5	❒ 5
Citizen or Subject of a Foreign Country	❒ 3	❒ 3	Foreign Nation	❒ 6	❒ 6

IV. NATURE OF SUIT *(Place an "X" in One Box Only)*

CONTRACT
- ❒ 110 Insurance
- ❒ 120 Marine
- ❒ 130 Miller Act
- ❒ 140 Negotiable Instrument
- ❒ 150 Recovery of Overpayment & Enforcement of Judgment
- ❒ 151 Medicare Act
- ❒ 152 Recovery of Defaulted Student Loans (Excludes Veterans)
- ❒ 153 Recovery of Overpayment of Veteran's Benefits
- ❒ 160 Stockholders' Suits
- ❒ 190 Other Contract
- ❒ 195 Contract Product Liability
- ❒ 196 Franchise

REAL PROPERTY
- ❒ 210 Land Condemnation
- ❒ 220 Foreclosure
- ❒ 230 Rent Lease & Ejectment
- ❒ 240 Torts to Land
- ❒ 245 Tort Product Liability
- ❒ 290 All Other Real Property

TORTS

PERSONAL INJURY
- ❒ 310 Airplane
- ❒ 315 Airplane Product Liability
- ❒ 320 Assault, Libel & Slander
- ❒ 330 Federal Employers' Liability
- ❒ 340 Marine
- ❒ 345 Marine Product Liability
- ❒ 350 Motor Vehicle
- ❒ 355 Motor Vehicle Product Liability
- ❒ 360 Other Personal Injury
- ❒ 362 Personal Injury - Medical Malpractice

PERSONAL INJURY
- ❒ 365 Personal Injury - Product Liability
- ❒ 367 Health Care/ Pharmaceutical Personal Injury Product Liability
- ❒ 368 Asbestos Personal Injury Product Liability

PERSONAL PROPERTY
- ❒ 370 Other Fraud
- ❒ 371 Truth in Lending
- ❒ 380 Other Personal Property Damage
- ❒ 385 Property Damage Product Liability

CIVIL RIGHTS
- ❒ 440 Other Civil Rights
- ❒ 441 Voting
- ❒ 442 Employment
- ❒ 443 Housing/ Accommodations
- ❒ 445 Amer. w/Disabilities - Employment
- ❒ 446 Amer. w/Disabilities - Other
- ❒ 448 Education

PRISONER PETITIONS

Habeas Corpus:
- ❒ 463 Alien Detainee
- ❒ 510 Motions to Vacate Sentence
- ❒ 530 General
- ❒ 535 Death Penalty

Other:
- ❒ 540 Mandamus & Other
- ❒ 550 Civil Rights
- ❒ 555 Prison Condition
- ❒ 560 Civil Detainee - Conditions of Confinement

FORFEITURE/PENALTY
- ❒ 625 Drug Related Seizure of Property 21 USC 881
- ❒ 690 Other

LABOR
- ❒ 710 Fair Labor Standards Act
- ❒ 720 Labor/Management Relations
- ❒ 740 Railway Labor Act
- ❒ 751 Family and Medical Leave Act
- ❒ 790 Other Labor Litigation
- ❒ 791 Employee Retirement Income Security Act

IMMIGRATION
- ❒ 462 Naturalization Application
- ❒ 465 Other Immigration Actions

BANKRUPTCY
- ❒ 422 Appeal 28 USC 158
- ❒ 423 Withdrawal 28 USC 157

PROPERTY RIGHTS
- ❒ 820 Copyrights
- ❒ 830 Patent
- ❒ 840 Trademark

SOCIAL SECURITY
- ❒ 861 HIA (1395ff)
- ❒ 862 Black Lung (923)
- ❒ 863 DIWC/DIWW (405(g))
- ❒ 864 SSID Title XVI
- ❒ 865 RSI (405(g))

FEDERAL TAX SUITS
- ❒ 870 Taxes (U.S. Plaintiff or Defendant)
- ❒ 871 IRS—Third Party 26 USC 7609

OTHER STATUTES
- ❒ 375 False Claims Act
- ❒ 400 State Reapportionment
- ❒ 410 Antitrust
- ❒ 430 Banks and Banking
- ❒ 450 Commerce
- ❒ 460 Deportation
- ❒ 470 Racketeer Influenced and Corrupt Organizations
- ❒ 480 Consumer Credit
- ❒ 490 Cable/Sat TV
- ❒ 850 Securities/Commodities/ Exchange
- ❒ 890 Other Statutory Actions
- ❒ 891 Agricultural Acts
- ❒ 893 Environmental Matters
- ❒ 895 Freedom of Information Act
- ❒ 896 Arbitration
- ❒ 899 Administrative Procedure Act/Review or Appeal of Agency Decision
- ❒ 950 Constitutionality of State Statutes

V. ORIGIN *(Place an "X" in One Box Only)*

- ❒ 1 Original Proceeding
- ❒ 2 Removed from State Court
- ❒ 3 Remanded from Appellate Court
- ❒ 4 Reinstated or Reopened
- ❒ 5 Transferred from Another District *(specify)*
- ❒ 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing ***(Do not cite jurisdictional statutes unless diversity)***:

Brief description of cause:

VII. REQUESTED IN COMPLAINT:

❒ CHECK IF THIS IS A **CLASS ACTION** UNDER RULE 23, F.R.Cv.P.

DEMAND $

CHECK YES only if demanded in complaint:

JURY DEMAND: ❒ Yes ❒ No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE _____ DOCKET NUMBER _____

DATE SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I.(a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked**.** (See Section III below**; NOTE: federal question actions take precedence over diversity cases.**)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerk(s) in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the six boxes.
Original Proceedings. (1) Cases which originate in the United States district courts.
Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.
Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.