

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

<hr/> SECURITIES AND EXCHANGE COMMISSION,	§	
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	§	
Plaintiff,	§	Civil Action No.: 07-4479
	§	
vs.	§	
	§	
RHEA LAWS, and 4D SEISMIC, INC.	§	
	§	
	§	
Defendants.	§	
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COMPLAINT

The United States Securities and Exchange Commission (“Commission”) files this Complaint against Defendants Rhea Laws and 4D Seismic, Inc. (collectively “Defendants”) and would respectfully show the Court as follows:

Summary

1. This matter involves a market manipulation scheme in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder, and Section 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a) and 77e(c)]. In April 2006, Rhea Laws (“Laws”) caused two (2) million shares of 4D Seismic, Inc. common stock to be issued to a private corporation he controlled so that he could then re-sell those shares in the open market. These transactions were not registered as required by Section 5 of the Securities Act and were not exempt from those registration requirements.

2. Moreover, in order to increase his profits, Laws also caused 4D Seismic to issue several press releases that were materially misleading by, for example, touting positive business

developments that in fact lacked economic substance and were merely “paper transactions” and by not disclosing that the “transactions” involved only entities Laws controlled. As a result of this illegal scheme, Laws and 4D Seismic reaped proceeds of over \$550,000.

3. The Commission, in the interest of protecting the public from any further violations of the federal securities laws, brings this action against Defendants seeking permanent injunctive relief, disgorgement of illicit profits, plus accrued prejudgment interest; and, in the case of Defendant Laws, a civil monetary penalty as allowed by law, an officer and director bar, and a penny-stock bar.

Jurisdiction

4. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] to enjoin the Defendants from future violations of the federal securities laws. The Commission also seeks disgorgement of ill-gotten gains from the Defendant, plus prejudgment interest, and civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

5. This Court has jurisdiction over this action pursuant to § 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and § 27 of the Exchange Act [15 U.S.C. § 78aa] and Title 28 U.S.C. § 1331. Defendants, directly and indirectly, made use of the mails and of the means and instrumentalities of interstate commerce in connection with the acts, practices and courses of business described in this Complaint.

6. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. §78aa] because certain of the acts and transactions described herein took place in the Southern District of Texas.

Defendants

7. Rhea Laws, age 52, a resident of Sugar Land, Texas, has been the president of 4D Seismic since April 2006. He also works as a real estate broker in the Houston area.

8. 4D Seismic, Inc. is a Nevada corporation with its principal place of business in Sugar Land, Texas. Incorporated originally in 1996, it has been controlled since April 2006 by Laws, who serves as the company's sole officer and director. It has never registered an offering of securities under the Securities Act or a class of securities under the Exchange Act, and its securities are quoted on the Pink Sheets.

Statement of Facts

9. Since April 2006, Laws has served as the sole director, sole officer and sole employee of 4D Seismic. Although it appears to have never generated revenues or engaged in any substantive business activities, the company purportedly uses a seismic technology that adds a "fourth dimension" to the graphing of seismic oil and gas well surveys.

10. Shortly after creating 4D Seismic, Laws enlisted an associate from his real estate activities (the "real estate associate") to incorporate a private Texas corporation ("the Texas Corporation"). The Texas Corporation was created solely as a favor to Laws and has conducted no business activities.

11. Having established the Texas Corporation, on April 12, 2006, Laws executed a "Director's Action by Unanimous Written Consent in Lieu of a Special Meeting" that authorized

4D Seismic to issue two million shares of its common stock to the Texas Corporation. There was no registration statement covering this transaction. Instead, in the “Director’s Action,” Laws described the shares as “free trading pursuant to Rule 504D.” Laws sent a copy of the directors’ written consent with his instructions to 4D Seismic’s transfer agent, and directed that the shares be issued and sent to him.

12. After receiving the 2 million shares of 4D Seismic common stock, Laws, on April 28, 2006, enlisted another associate, who Laws met through a banking relationship (“the bank associate”) to serve as the nominal president of the Texas Corporation and to open a Scottrade brokerage under the Texas Corporation’s name. Acting on Laws instructions, the bank associate opened the trading account, including providing as contact information in the account opening documentation Laws’s personal e-mail address. Laws was present at the Scottrade office when the account was opened and provided to Scottrade for deposit the certificates representing the 2 million 4D Seismic shares. Those shares were in fact deposited into the Texas Corporation’s account by May 2. In the absence of a registration statement, these shares were restricted.

13. On May 30, 2006 Laws caused 4D Seismic to issue a press release touting that Shenzhen-Hong Kong Energy, Inc., a private corporation, had purchased 4.5% of 4D Seismic’s issued and outstanding shares. This press release misleadingly implies that an independent party has made a sizable investment in 4D Seismic. The release failed to inform investors that Shenzehn-Hong Kong Energy is controlled by Laws; it shares an address with 4D-Seismic; Laws serves as its registered agent; and two apparent relatives of Laws serve as the company’s president and secretary. Likewise, the press release misleadingly implies the involvement of disinterested investment banker by noting that “investment banker” McKorkle, Lippodt & Evans

“procured the shares,” but fails to state that, again, the investment banker is a Laws-controlled entity: Laws is the president of McKorkle, Lippodt & Evans and that McKorkle Lippodt shares the same Sugar Land address as 4D Seismic and Shenzhen-Hong Kong Energy. On May 31, the day after the release, the closing price of 4D Seismic’s stock was \$.27 per share, up roughly 12.5% from \$.24 per share the previous day.

14. Laws issued a second press release on June 12 announcing that 4D Seismic had been awarded a contract to develop seismic data for Clayton Ivy, Inc. in Houston’s Historic Humble Oil Field and that 4D Seismic will be “compensated by a fee for service and a participation in any discoveries.” The press release further reported that, “[w]ith fee income from this project, 4D Seismic will exceed its revenue and net income projections for fiscal 2006 by 40%.” The “contract” called for 4D Seismic to receive from Clayton Ivy a \$70,000 fee for services and 5% of any royalties resulting from the imaging.

15. Again, the release failed to disclose that Laws is the president of Clayton Ivy, Inc., a company that shares an address with 4D Seismic. Moreover, in reality, this contract was mere form, and 4D Seismic never intended nor had the resources available to generate meaningful revenue by performing the contract as described in the press release. On June 13, the closing price of 4D Seismic’s stock was \$.37 per share, an increase of 85% from \$.20 per share on June 8, the last day prior to the second press release for which trading data is available. On June 12, after the announcement was released at 1:07 pm (EST), the stock’s closing price was \$.33, up 65% from the June 8 closing price.

16. Laws issued several additional press releases between June and October 2006. These press releases were intended to mislead the market into believing that 4D Seismic was an

active and viable enterprise, when in fact, the company engaged in no substantive activity at all. In other words, Laws issued these releases to maintain the artificially inflated market for 4D Seismic's securities to enable him to continue to sell the shares that had been issued to the Texas Corporation.

17. Beginning in May – roughly when he began re-selling the shares – and continuing through November 2006, Laws, trading through the Texas Corporation's Scottrade account, sold in the open market 1,213,929 4D Seismic shares, resulting in proceeds exceeding \$550,000. Neither the issuance of the 2 million shares to the Texas corporation nor Laws's prompt re-sale of those restricted shares into the public market was covered by an exemption to the registration requirements of the Securities Act.

18. Periodically, Laws enlisted his bank associate to wire transfer those proceeds to a Wells Fargo bank account that he, aided by his real estate associate, had earlier opened in the Texas Corporation's name.

19. Later, Laws directed that the remaining 859,675 of the original 2,000,000 shares be converted back from street name to the name of the Texas Corporation. He later, acting in the Texas Corporation's name, directed Scottrade to deliver those certificates representing those shares be returned to him, and Scottrade did so.

20. Laws then caused the proceeds from selling into the open market the 4D Seismic shares to be transferred out of the Wells Fargo account into accounts of other entities Laws controlled. Laws ultimately spent the money for his own purposes.

CLAIMS

FIRST CLAIM

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 by each Defendant

21. Plaintiff Commission repeats and incorporates paragraphs 1 through 20 of this Complaint by reference as if set forth *verbatim*.
22. Defendants, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails: (a) have employed devices, schemes and artifices to defraud; (b) have made untrue statements of material facts and have omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) have engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.
23. As a part of and in furtherance of their scheme to defraud, Defendants, directly and indirectly, prepared, filed, executed, signed, disseminated, used and issued public statements which contained untrue statements of material facts and misrepresentations of material facts and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth above.
24. Defendants made these misrepresentations and omissions knowingly or with severe recklessness.

25. By reason of the foregoing, Defendants have 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
Violations of Sections 5(a) and 5(c) of the Securities Act

26. Plaintiff Commission repeats and incorporates paragraphs 1 through 25 of this Complaint by reference as if set forth *verbatim*.

27. Defendants, directly or indirectly, singly and in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and have been, directly and indirectly: (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise; (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

28. As described in paragraphs 9 through 20, Defendants' securities were offered to a private corporation controlled by Laws. Promptly following this transaction, Laws sold a portion of these shares into the open market. No registration statements were ever filed with the Commission or otherwise in effect with respect to these transactions.

29. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a) and 77e(c)].

PRAYER FOR RELIEF

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

(a) permanently enjoining Laws and 4D Seismic from violating, directly or indirectly, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 5(a) and 5(c) of the Securities Act;

(b) ordering Defendants Laws and 4D Seismic to, on the basis of joint and several liability, disgorge all ill-gotten gains, with prejudgment interest;

(c) ordering, as additional equitable relief, Defendant Laws to surrender 859,675 shares of 4D Seismic stock he controls or owns by directing the transfer agent of 4D Seismic to cancel those shares;

(d) ordering Defendant Laws to pay a civil penalty, plus post-judgment interest, under Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78uA];

(e) prohibiting Defendant Laws, under 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 under Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports under Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)];

(f) prohibiting Defendant Laws pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section 21(d)(6) of the Exchange Act [15 U.S.C. §78u(d)(6)] from participating in the future in any offering of penny stock;

(g) granting such other relief as this Court may deem just or appropriate.

DATED: December 20, 2007

Respectfully submitted,

/s/Jennifer D. Brandt

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Securities and Exchange Commission

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ATTORNEY FOR PLAINTIFF

CERTIFICATE OF SERVICE

I affirm that on December 20, 2007, I electronically filed the foregoing “*Complaint, and Civil Cover Sheet.*” with the Clerk of the Court for the Southern District of Texas, Houston Division, on the following parties by causing a true and correct copy thereof to be delivered to Federal Express for delivery by priority mail and with air freight charges prepaid and addressed to:

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