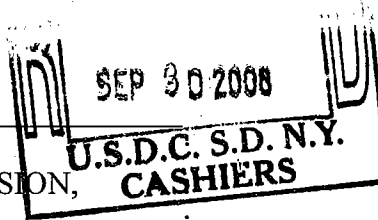


JUDGE DANIELS

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08 CV 8384

UNITED STATES DISTRICT COURT
 SOUTHERN DISTRICT OF NEW YORK



SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

08 CV ____ ()

v.

LUIS E. PALLAIS and
 RODEDAWG INTERNATIONAL INDUSTRIES, INC.,

COMPLAINT

Defendants.

Plaintiff Securities and Exchange Commission (the "Commission") alleges the following against defendants Luis E. Pallais ("Pallais") and Rodedawg International Industries, Inc. ("Rodedawg Int'l") (collectively, the "Defendants"):

SUMMARY

1. Rodedawg Int'l issued numerous materially false and misleading press releases about the company's business and its future prospects.
2. Rodedawg Int'l purports to be in the business of importing and selling various types of vehicles from China, including the Rodedawg, an amphibious vehicle that is being marketed as a hybrid between a sports utility vehicle and a boat.

3. From approximately September 2005 to February 2007, Rodedawg Int'l and Pallais, its Chairman and Chief Executive Officer, issued approximately thirty press releases touting the success of its ongoing business, when, in fact, Rodedawg Int'l had no revenue or earnings. A number of these releases contained materially false information or omitted to disclose material information concerning Rodedawg Int'l's agreements with foreign distributors and the status of the company's efforts to obtain the necessary regulatory certifications.

4. By this conduct, Rodedawg Int'l and Pallais violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

JURISDICTION AND VENUE

5. The Commission brings this action pursuant to authority conferred by Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]. The Commission seeks to permanently enjoin Pallais and Rodedawg Int'l from violating 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. The Commission seeks disgorgement and prejudgment interest thereon from Pallais. The Commission also seeks civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] against Pallais. Moreover, the Commission seeks an officer and director bar against Pallais pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and a penny stock bar against Pallais pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)]. Finally, the Commission seeks all other just and appropriate relief.

6. This Court has subject matter jurisdiction over this action pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

7. Venue lies in this court pursuant to Section 27 of the Exchange Act [15 U.S.C. §

78aa]. Certain of the transactions, acts, practices and courses of business occurred within the Southern District of New York. For example, certain purchasers of Rodedawg Int'l stock reside in New York, NY, and Pallais held shares of Rodedawg Int'l stock at an investment firm located in New York, NY.

8. Pallais and Rodedawg, directly and indirectly, singly and in concert, made use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein.

THE DEFENDANTS

9. **Pallais**, age 48, is a resident of Hayward, California. Pallais has been Rodedawg Int'l's Chairman and CEO since its formation, and is responsible for operating and managing Rodedawg Int'l's business. Among other things, Pallais drafts and issues Rodedawg Int'l's press releases. Pallais is a majority shareholder of Rodedawg Int'l, and owns approximately 105 million shares of the company's stock.

10. **Rodedawg Int'l** is a Nevada company with an office in Hayward, California. Pallais formed Rodedawg Int'l in or around June 2004 through the merger of China Global Distribution Corp. ("China Global"), another company Pallais owned, with a publicly traded shell company called E Jet Holdings, Inc. In or around July 2005, China Global changed its name to Rodedawg Int'l. Rodedawg Int'l's shares of common stock previously traded on the pink sheets under the ticker symbol "RWGI." On March 8, 2007, the Commission temporarily suspended trading in Rodedawg Int'l securities.

FACTS

Background

11. Rodedawg Int'l claims to be in the business of importing and selling various types of vehicles from China, including the Rodedawg, an amphibious vehicle that is supposedly a hybrid between a sports utility vehicle and a boat.

12. Rodedawg Int'l's initial business plan purportedly was to import the Rodedawg from China and to sell it in the United States, Latin America, and other regions.

13. To date, Rodedawg Int'l purportedly has concentrated its efforts to sell the Rodedawg in Latin America, while trying to obtain United States regulatory certifications from the United States Department of Transportation ("DOT") and the Environmental Protection Agency ("EPA") to import and sell the vehicle in the United States.

Rodedawg Int'l and Pallais Issued Press Releases Containing False and Misleading Statements and Omissions

14. During its corporate existence, Rodedawg Int'l has had no actual sales or orders for sales for its vehicles.

15. Yet, from approximately September 2005 to February 2007, the company continuously issued press releases, sometimes multiple times a week, touting its business and its future potential.

16. During this time period, Rodedawg Int'l's stock traded between \$0.04/share and \$3.15/share, with an average daily trade volume of 66,900 shares, ranging from a minimum of 100 shares per day to over 2 million shares per day.

17. At all relevant times, Rodedawg Int'l stock was a "penny stock." Among other things, Rodedawg Int'l was neither a reported security nor a Regulation NMS stock, as defined

in 17 CFR 242.600(b)(47), and did not trade above five dollars per share during the relevant period.

18. In addition, Rodedawg Int'l had net tangible assets of less than \$2 million per year and average revenue of less than \$6 million per year during its entire operating history.

19. During this time period, Pallais caused Rodedawg Int'l to issue millions of shares of company stock to him, and Pallais sold at least 267,000 shares of Rodedawg Int'l stock for approximately \$7,057.

20. Many of the press releases contained false and misleading statements or omitted to state material information regarding Rodedawg Int'l's business and future prospects. Some examples of such press releases are set forth below.

Rodedawg Int'l and Pallais Made Material Misrepresentations Regarding Agreements With Foreign Distributors

21. Rodedawg Int'l purportedly entered into agreements with several foreign automobile distributors to sell the Rodedawg.

22. Pallais then issued at least five press releases on behalf of Rodedawg Int'l touting these agreements to give the impression that Rodedawg Int'l was on the cusp of being successful.

23. More specifically, Rodedawg Int'l's five releases regarding distribution agreements were dated January 6, 2006 with Nicattler, S.A. in Nicaragua; January 9, 2006 with Trade Master Dominicana, S.A. in the Dominican Republic; March 27, 2006 with Best Price Car Rental in Panama; October 27, 2006 with Squaco Investment Ltd. in Nigeria; and November 3, 2006 with American Car, S.A. in Nicaragua.

24. In each of these releases, Rodedawg Int'l claimed that, under the agreements, the distributors were required to order a minimum number of Rodedawg units within the first year.

25. The statements regarding the required minimum orders were false. In fact, under the terms of these agreements, the distributors were not required to order a single vehicle or even a demonstration unit for their showrooms.

26. For example, on or about November 3, 2006, Rodedawg Int'l issued a press release announcing that it had entered into a distribution agreement with "Company A" to distribute Rodedawgs in Nicaragua.

27. The release stated that the agreement was "subject to the requirement of placing orders for a minimum of 25 vehicles the first year with the first order to be executed within the next 90 days." This statement was false. The contract between Rodedawg Int'l and Company A did not obligate Company A to place any orders within any specified time period.

28. The press releases touting the distribution agreements also contained other false or misleading statements. For example, the November 3, 2006 release stated that "[t]his agreement stipulates that [Company A] is required to establish, in favor of Rodedawg, a 50% deposit and irrevocable letter of credit for the balance of each purchase order. Achievement of the minimum sales [of 25 vehicles] for the first year per the distribution agreement, could add over US\$1 million to Rodedawg's overall sales for 2007."

29. This assertion was false. The agreement did not require Company A to establish a 50% deposit and irrevocable letter of credit for the balance of each purchase order.

30. Moreover, Company A did not have the requisite funds to put down a 50% deposit on an order of 25 units from Rodedawg Int'l.

31. Pallais, who was a part-owner and adviser to Company A, was aware of this fact.

Rodedawg Int'l and Pallais Made Material Misrepresentations and Omissions of Material Information Regarding Obtaining United States Regulatory Certifications

32. In 2005, Rodedawg Int'l began seeking DOT and EPA regulatory certifications for the Rodedawg.

33. In early 2005, Pallais imported the vehicle to the United States, and by approximately May 2005 he had brought three models to a certification center in New Jersey ("Certification Center"), that, among other things, seeks to certify vehicles that are to be imported to, and sold in, the United States.

34. In or around January 2006, however, the DOT rejected the Certification Center's application to have the Rodedawg classified as an off-road vehicle, which would have subjected it to reduced testing standards and perhaps allowed Rodedawg Int'l to more easily import the vehicle into the United States.

35. Moreover, prior to January 2006, the president of the Certification Center had informed Pallais that it had halted certification work on the Rodedawg near the end of 2005 because it had not been paid approximately \$100,000 that Rodedawg Int'l owed it.

36. Pallais, however, drafted several press releases that contained material misstatements and omitted material information regarding the company's ability to have the Rodedawg certified for sale as an off-road vehicle in the United States.

37. For example, on or about June 30, 2006, Rodedawg Int'l announced that:

All three models have been delivered to the USA Certification Center with the soft top model being targeted as the first to undergo the compliances for the US market. Luis Pallais, Chairman and CEO of Rodedawg, stated, "the certification of the Rodedawg is currently underway and this process will allow us as a company to market and sell this incredible vehicle throughout the United States. This will be a very important market for our vehicles In anticipation of receiving certification we have

begun the process of scouting for a location to establish our initial US showroom.”

38. These statements were false. For example, the vehicle certification process had been halted since at least January 2006 because the Certification Center had not been paid the approximately \$100,000 that Rodedawg Int'l owed it.

39. Further, on or about August 22, 2006, Pallais issued a press release that stated, “We continue to work towards the certification of the off-road Rodedawg model for the US market.”

40. This statement was false and misleading as well. The DOT had already rejected the Certification Center's application to classify the Rodedawg as an off-road vehicle, and the Certification Center was not going to make another application to the DOT for reconsideration until the Certification Center got paid its outstanding bill in full, which Rodedawg Int'l was not financially capable of doing.

41. Finally, on or about February 27, 2007, at Pallais' direction, Rodedawg Int'l announced that: “[It] agrees with [the Certification Center's] suggestion to implement an environment friendly and cost effective fuel to get the vehicle approved by EPA approximately within 60 days with the right events and resources in place and offer the first units for sale in the USA market.”

42. This release omitted material information. Specifically, “the right events and resources” involved Rodedawg Int'l paying the Certification Center the \$100,000 it was owed, and, above that, paying an additional \$60,000 to \$80,000 lump-sum amount and \$5,000 to \$7,500 per vehicle to implement the stated changes. Rodedawg Int'l did not have the financial wherewithal to make these payments.

CLAIM FOR RELIEF

**Rodedawg Int'l and Pallais Violated Section 10(b) of the Exchange Act
And Rule 10b-5 Promulgated Thereunder**

43. The Commission repeats and realleges each and every allegation contained in paragraphs 1 through 42, as if fully set forth herein.

44. As alleged more fully above, from approximately September 2005 to February 2007, Defendants, directly and indirectly, singly and in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, in connection with the purchase or sale of Rodedawg Int'l common stock, knowingly or recklessly: (a) employed devices, schemes or artifices to defraud investors in Rodedawg Int'l; (b) made untrue statements of material fact, or omitted to state material facts 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, transactions and courses of business which operated as a fraud or deceit upon the purchasers of shares of Rodedawg Int'l, and upon other persons.

45. As part of, and in furtherance of the violative conduct described above, Rodedawg Int'l and Pallais made material misrepresentations, and failed to disclose material information, to investors in Rodedawg Int'l.

46. Rodedawg Int'l and Pallais acted knowingly and/or recklessly.

47. By reason of the conduct described above, Rodedawg Int'l and Pallais 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.

PRAYER FOR RELIEF

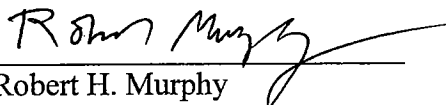
WHEREFORE, the Commission respectfully requests that this Court enter a Final Judgment:

- A. Permanently restraining and enjoining Rodedawg Int'l and Pallais from, directly or indirectly, singly or in concert, violating 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;
- B. Ordering Pallais to disgorge all ill-gotten gains, derived directly or indirectly, from his violative conduct, plus prejudgment interest on that amount;
- C. Ordering Pallais to pay civil monetary penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];
- D. Permanently barring Pallais from serving 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)], pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. §78u(d)(2)];
- E. Permanently barring Pallais from participating in an offering of a penny stock pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)]; and

F. Granting such other and further relief as the Court may deem just and proper.

Dated: September 30, 2008
New York, New York

Respectfully submitted,



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