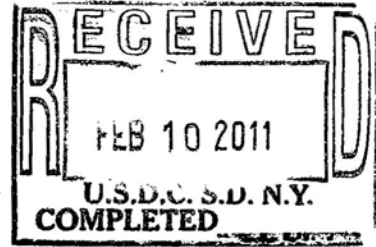


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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

- against - :

GREENSTONE HOLDINGS, INC., HISAO SAL
MIWA, JOHN B. FROHLING, DANIEL D.
STARCZEWSKI, JOE V. OVERCASH, JR., FRANK J.
MORELLI III, THOMAS F. PIERSON, JAMES S.
PAINTER, III, and VIRGINIA K. SOURLIS, :

Defendants, :

ACTIVE STEALTH, LLC, BAF CONSULTING, INC.,
BLUEWATER EXECUTIVE CAPITAL, LLC,
EMERGING MARKETS CONSULTING, LLC, KCS
REFERAL SERVICES, LLC, MBA INVESTORS,
LTD., NEW AGE SPORTS, INC., POWER
NETWORK, INC., PROJECT DEVELOPMENT, INC.,
SEVILLE CONSULTING, INC., STARR
CONSULTING, INC., TUSCANY CONSULTING,
INC., and YT2K, INC., :

Relief Defendants. :

10 Civ. 1302 (MGC)

ECF CASE

----- X
SECOND AMENDED COMPLAINT

Plaintiff Securities and Exchange Commission (the "Commission"), for its Complaint
against defendants Greenstone Holdings, Inc. ("Greenstone" or the "company"), Hisao Sal

Miwa, John B. Frohling, Daniel D. Starczewski, Joe V. Overcash, Jr., Frank J. Morelli, III, Thomas F. Pierson, James S. Painter, III, and Virginia K. Sourlis (collectively, "Defendants"), and against relief defendants Active Stealth, LLC, BAF Consulting, Inc., Bluewater Executive Capital, LLC, Emerging Markets Consulting, LLC, KCS Referral Services, LLC, MBA Investors, Ltd., New Age Sports, Inc., Power Network, Inc., Project Development, Inc., Seville Consulting, Inc., Starr Consulting, Inc., Tuscany Consulting, Inc., and YT2K, Inc. (collectively, "Relief Defendants") alleges as follows:

INTRODUCTION

1. This civil enforcement action concerns the illegal issuance and public sale of hundreds of millions of shares of stock of Greenstone, a fledgling and financially-strapped company that purported to produce environmentally-friendly construction products. From late 2005 through approximately June 2008, the individual Defendants engaged in a series of illegal, and in some cases fraudulent, activities to sell, or cause the sale of, Greenstone stock to the general public, while flouting basic federal registration and reporting requirements applicable to such public stock sales. For example, defendant attorneys Frohling, Pierson, and Sourlis intentionally furnished false legal opinions that caused Greenstone's transfer agent to issue millions of shares of unregistered and unrestricted Greenstone stock, and defendants Miwa, Starczewski, and Overcash knowingly obtained and furnished additional false documents (including back-dated and otherwise false promissory notes) and otherwise fraudulently schemed, to support those false opinion letters. Defendants Miwa, Frohling, Pierson, Starczewski, Overcash, Morelli and Painter arranged for Greenstone to issue stock illegally through unregistered securities transactions to certain defendants and/or entities they controlled, for further sale to the general public, to enrich themselves, to compensate Greenstone's financial

and legal advisers and market maker for services provided, and to hire stock promoters to promote Greenstone on the internet. All of Defendants' activities constituted, or caused, unregistered public distributions of Greenstone's securities, in violation of the registration requirements of the federal securities laws. At the same time, Greenstone and its CEO, defendant Miwa, fraudulently "pumped" the market for Greenstone stock by creating the false impression of a thriving company, thus enabling Defendants (other than Sourlis) to capitalize on the ensuing market demand for the Greenstone stock that they were illegally selling.

2. By virtue of the conduct alleged herein, (a) Defendants, directly or indirectly, have engaged in acts, practices, and courses of business that constitute violations of Sections 5(a) and 5(c) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77(e)(a) and 77(e)(c)]; (b) defendants Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, directly or indirectly, have engaged in acts, practices, and courses of business that constitute violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; and (c) defendants Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, and Sourlis, directly or indirectly, have engaged in acts, practices, and courses of business that constitute violations of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

3. The Commission brings this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C §§ 78u(d), 78u(e), and 78aa]. The Defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce or the mails in connection with the acts, practices, and course of business alleged in this Complaint.

4. This Court has subject matter jurisdiction over this action pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of business alleged in this Complaint occurred within the Southern District of New York, including, but not limited to, telephone calls, e-mails, drafting of letters, press releases and other documents, and wire transfers.

DEFENDANTS

5. Greenstone Holdings, Inc., a Florida corporation, was originally incorporated in November 2000 as Tel-One, Inc. In 2002, Tel-One, Inc. changed its name to Teleon Corporation, in 2004 changed its name to Auto Centrix, Inc., and in January 2006, became Greenstone Holdings, Inc. From January 2006 through at least June 2008, Greenstone's headquarters were in New York, New York and are currently in Jersey City, New Jersey. Beginning in approximately August 2006, Greenstone's stock was quoted under the symbol "GSHG" on Pink OTC Markets Inc. ("Pink Sheets"), an electronic stock quotation system for certain over-the-counter securities. On or about September 19, 2007, Greenstone changed its stock ticker symbol to "GSHN."

6. Hisao Sal Miwa, age 54, is a resident of Short Hills, New Jersey. Miwa is the Chief Executive Officer and Chairman of the Board of Greenstone.

7. John B. Frohling, age 79, is a resident of Summit, New Jersey. Frohling is an attorney licensed to practice in New Jersey. At all relevant times, Frohling was Greenstone's outside counsel and, beginning in at least September 2007, was the company's "Assistant Secretary."

8. Frank J. Morelli, III, age 54, is a resident of Florence, Colorado.

9. Joe V. Overcash, Jr., age 45, is a resident of Lewisville, North Carolina.

10. Thomas F. Pierson, age 62, is a resident of Coral Springs, Florida. Pierson is an attorney licensed to practice law in Colorado.

11. Daniel D. Starczewski, age 64, is a resident of Winston Salem, North Carolina.

12. James S. Painter, III, age 33, is a resident of Howey in the Hills, Florida.

13. Virginia K. Sourlis, age 46, is an attorney licensed to practice law in New Jersey.

RELIEF DEFENDANTS

14. At all relevant times, the following Relief Defendants were either associated with or controlled by defendant Pierson. According to their corporate documents:

a. Active Stealth, LLC is a Pennsylvania company with its principal place of business in Ft. Lauderdale, Florida. Active Stealth is managed by Richard Muller, a business associate of Pierson, and Beatriz Pierson, Pierson's wife.

b. MBA Investors, Ltd. is a Colorado corporation with its principal place of business in Tamarac, Florida. Pierson is president of MBA Investors.

c. YT2K, Inc. is a Florida corporation with its principal place of business in Tamarac, Florida. Muller is YT2K's manager.

15. At all relevant times, Starczewski, Overcash, and Morelli, either individually or together, controlled the following Relief Defendants. According to their corporate documents:

a. BAF Consulting, Inc. is a Colorado corporation with its principal places of business in Florence, Colorado and Winston-Salem, North Carolina. Barbara Morelli, Morelli's wife, is BAF's President.

- b. New Age Sports, Inc. is a Colorado corporation with its principal places of business in Winston-Salem, North Carolina and Florence, Colorado. Ashley Martinez, Morelli's daughter, is New Age Sport's President.
- c. Power Network, Inc. is a Colorado corporation, with its principal places of business in Winston-Salem, North Carolina and Florence, Colorado. Overcash is Power Network's President.
- d. Seville Consulting, Inc. is a Colorado corporation with its principal place of business in Winston-Salem, North Carolina. During the relevant time period, Seville Consulting listed both Starczewski and Kelli Myers (Starczewski's secretary) as President.
- e. Starr Consulting, Inc. is a North Carolina corporation with its principal place of business in Winston-Salem, North Carolina. Starczewski is Starr Consulting's President.
- f. Tuscany Consulting, Inc. is a Texas corporation with its principal place of business in Winston-Salem, North Carolina. Overcash is Tuscany Consulting's President.
- g. Project Development, Inc. is a North Carolina corporation with its principal place of business in Winston-Salem, North Carolina. Project Development lists Daniel Motsinger as President.

16. At all relevant times, Painter controlled the following Relief Defendants.

According to their corporate documents:

- a. Bluewater Executive Capital, LLC is a Wyoming company with its principal place of business in Sarasota, Florida. Braxton Jones is Bluewater Executive Capital's sole member.
- b. Emerging Markets Consulting, LLC is a Florida corporation with its principal place of business in Orlando, Florida. Painter is Emerging Markets Consulting's sole member.
- c. KCS Referral Services, LLC is a Florida company with its principal place of business in Sarasota, Florida. Braxton Jones is KCS Referral Services's sole member.

17. At all relevant times Braxton Jones managed Bluewater Executive Capital and KCS Referral Services exclusively for Painter's benefit and at Painter's direction.

FACTS

I. Greenstone's Origins as a Publicly-Traded Company

18. Defendant Miwa formed Greenstone, Inc. in 2004 as a private Delaware corporation, purporting to develop Greenshield, an environmentally-safe wood sealer for use in building construction.

19. Beginning in summer or fall of 2005, to raise cash for Greenstone, Inc., Miwa agreed to merge it with an inactive "public shell" company and to sell unrestricted shares of the merged company to a small, coordinated group of investors (the "Investor Group") that included defendants Pierson, Morelli, Starczewski, Overcash, and Painter (the "Investor Defendants"). Miwa and the Investor Defendants further agreed that, following the merger, the former owners of Greenstone, Inc. would control approximately 51% of Greenstone's outstanding shares, and the Investor Group (either as individuals or acting through their nominee entities) would control approximately 49%.

20. In approximately November 2005, as part of the merger agreement, the Investor Defendants arranged to pay a total of \$355,000 to Greenstone, in exchange for 12.3 million shares of Greenstone stock issued without restrictive legend (and thus freely-tradeable), to be issued to the Investor Group (or their nominees) after Greenstone's stock became publicly-traded. In addition to paying the cash described above, the Investor Defendants agreed to use (a) at least 3 million of their unrestricted shares (or their cash equivalent) to hire promoters to tout Greenstone on the internet and via email; and (b) another approximately 1.5 million of their unrestricted shares to pay certain Greenstone financial consultants, Frohling, and Buckman Buckman and Reid ("Buckman") (a registered broker-dealer hired to initiate and facilitate public trading of Greenstone stock).

21. In approximately December 2005, Defendants Morelli and Pierson obtained control over Auto Centrix, Inc. ("Auto Centrix"), an inactive "public shell" company, and consummated its merger with Greenstone, Inc. by early 2006. The merged company was renamed Greenstone Holdings, Inc.

22. To create a market for Greenstone's unrestricted shares, from approximately January to September 2006, defendants Painter, Miwa, Frohling, and Pierson worked with Buckman to quote Greenstone's stock price publicly on Pink Sheets, and in August 2006, Greenstone's stock began trading under the symbol "GSHG." Buckman's principals also received unrestricted Greenstone stock as at least part of their compensation for these services.

23. From 2006 through 2008, defendants Morelli, Starczewski, Overcash, Painter, and Pierson (at least through February 2007) collectively controlled virtually all of Greenstone's unrestricted (tradable) stock. Thus, those defendants controlled Greenstone by controlling its

access to desperately needed capital and at times exercised their control to influence Greenstone's operations.

24. From approximately mid-2005 through 2008, defendant Frohling acted as counsel for Greenstone, including regarding the Auto Centrix merger, the arrangements for public trading of Greenstone stock, and the subsequent Greenstone stock sales and issuances. Frohling received unrestricted Greenstone stock as at least part of his compensation for these services.

II. Illegal Stock Issuances

A. September 2006 Illegal Stock Issuance

25. In September 2006, as part of the plan agreed to in 2005, Defendants (other than Sourlis) arranged for Greenstone to illegally issue 12.3 million of shares of unregistered and ostensibly unrestricted stock to defendants Starczewski, Overcash, Painter, Pierson, Morelli, and Frohling (and/or the Relief Defendants that they controlled) for their further illegal sale to the public. To obtain unrestricted certificates for their Greenstone shares from Greenstone's transfer agent, Corporate Stock Transfer, Inc. ("Corporate Stock Transfer") -- a necessary prerequisite to reselling those shares -- defendants Frohling, Pierson, and Starczewski intentionally created the false appearance that such issuance complied with Rules 144(k) and 144(d)(3)(ii) of the Securities Act of 1933, then-existing exemptions from the stock sale registration requirements of the Act.

26. To obtain the unrestricted share certificates from Corporate Stock Transfer, Pierson and Starczewski obtained and caused to be sent to the Transfer Agent two legal opinion letters, dated August 16, 2006, from the law firm of Martin & Pritchett (the "Martin & Pritchett Opinions"). These opinion letters falsely stated that the shares could be issued "without restrictive legend, in a transaction which will be exempt from the registration and prospectus

delivery requirements of the [Securities] Act, pursuant to the exemption set forth in Rule 144(k).” As a purported basis for their legal conclusions, the Martin & Pritchett Opinions further falsely stated that (a) the 12.3 million shares were being issued by Greenstone solely in exchange for certain alleged “convertible promissory notes”; (b) the proposed recipients of the unrestricted shares were not “affiliates” of Greenstone (as defined in Rule 144); and (c) the proposed shareholders would be “in actual compliance with the two-year holding period” of Rule 144(k).

27. On or about August 29, Frohling prepared and sent Corporate Stock Transfer his own legal opinion letter on behalf of Greenstone stating:

[W]e have approved two (2) opinions of Martin & Pritchett, both dated August 16, 2006 ... and hereby authorize you to issue the shares.... Mr. Pritchett’s opinions are based upon the representation that none of the recipients of the shares is an officer or director of [Greenstone] and that they are not acting in concert with each other or with a control person in respect of future sales.

28. On August 31, 2006, Frohling sent a supplemental opinion letter to Corporate Stock Transfer on Greenstone’s behalf stating that the “shares referred to in our opinion letter dated August 29, 2006 may be issued without restriction and the Transfer Agent also will not be required to affix a legend to the shares or to make any notation on the transfer records regarding the sale of any of these shares.”

29. As of August 2006, Frohling, Pierson, Miwa, and Starczewski knew or recklessly disregarded that Frohling’s letters and the Martin & Pritchett Opinions were materially false or misleading because they knew or recklessly disregarded that, contrary to those legal opinion letters, Greenstone’s issuance of 12.3 million unrestricted shares was in exchange for consideration other than conversion of the purported promissory notes discussed in those letters, including: (a) \$355,000 in cash paid to Greenstone by recipients of those shares; (b) the use of 3 million shares (or their cash equivalent) to pay for marketing Greenstone stock to the public; (c)

the use of approximately 1.5 million shares to pay Greenstone's financial consultants and Buckman for services rendered to Greenstone; and (d) the use of approximately 140,000 shares to pay Frohling for his legal services in connection with the reverse merger and share issuance.

30. Frohling and Pierson further knew or recklessly disregarded that Frohling's letters and the Martin & Pritchett Opinions were false or misleading because they knew or recklessly disregarded that:

- a. The requested shares did not satisfy Rule 144(k)'s two-year holding requirement because they were issued by Greenstone in exchange for consideration other than the purported promissory notes referenced in the Martin & Pritchett Opinions;
- b. The requested shares did not satisfy Rule 144(k)'s two-year holding requirement because -- in transactions previously orchestrated by Pierson -- the shares allegedly had been acquired from Auto Centrix's owners (affiliates of Greenstone) in the form of purported convertible promissory notes less than two years prior to the September 2006 requested issuance of unrestricted certificates;
- c. Greenstone, Miwa, and the Investor Defendants were planning a public and otherwise illegal distribution of Greenstone stock; and
- d. At least certain of the proposed recipients of the unrestricted shares, including defendants Starczewski, Painter, MBA Investors, Power Network, and Starr Consulting, were Greenstone affiliates.

31. In addition, Pierson knew or recklessly disregarded that the purported promissory notes upon which the Martin & Pritchett Opinions were based were back-dated to create the false

appearance of having been issued more than two years prior to August 2006. In fact, the notes were issued, at the earliest, in late 2005.

32. On or about August 29, 2006, Miwa drafted, and obtained Greenstone Board approval for, two corporate resolutions authorizing the 12,343,000 Greenstone shares to “be issued without a restrictive legend pursuant to Rule 144(k) and the opinions of counsel of Bruce M. Pritchett ... and of Frohling & Hudak, LLC dated August 29, 2006.” Miwa did so despite the fact that he knew or recklessly disregarded that Frohling’s letters and the Martin & Pritchett Opinions were predicated upon the false factual premises described in paragraph 29 above.

33. As with the Martin & Pritchett Opinions, the corporate resolutions also falsely described the issuance as being in exchange for the conversion of outstanding debt and not, as was actually the case, in exchange for cash and services.

34. In addition, Miwa wrote to Corporate Stock Transfer on or about August 29, 2006, authorizing the transfer agent, “subject to receipt of an approving legal opinion of our Securities Counsel, Frohling & Hudak, LLC, to issue 12,343,000 shares of common stock,” and in another letter, dated August 30, 2006, notified Corporate Stock Transfer that “[t]hese are free trading shares.”

35. At least defendants Miwa, Frohling, Pierson, and Starczewski caused Corporate Stock Transfer to issue the 12,343,000 Greenstone shares to the Investor Group’s nominee entities (instead of transferring them directly to the individual investors) to create the false appearance of relatively small individual transactions rather than a single large public offering.

36. In or about early September 2006, Greenstone’s transfer agent issued and sent to Frohling stock certificates representing the 12,343,000 million unregistered and purportedly unrestricted shares of Greenstone stock for the Investor Group.

37. Beginning in September 2006, Frohling and/or his law firm acted as escrow agent for these Greenstone stock certificates and further distributed them to the Investor Defendants.

38. On or about September 19, 2006, Frohling sent Pierson a copy of Muller's stock certificate for 341,200 Greenstone shares. By letter dated September 21, 2006, Frohling instructed Corporate Stock Transfer to "reissue" those shares to the principals of Buckman (200,000 shares) and the remaining (141,200) shares to himself. Frohling further stated in that letter that "there is no restriction on the sale of these securities." For the reasons set forth in paragraphs 29-30 above, Frohling knew or recklessly disregarded that this statement was false.

39. As a result of receiving share certificates without restrictive legends, the Investor Defendants and Frohling were able to deposit freely the shares they received into brokerage accounts they controlled and, ultimately, sold at least a portion of these shares to the general public, using the proceeds for their own benefit. In addition, per their arrangement with Greenstone and Miwa, the Investor Defendants used a portion of these shares (or their cash equivalents) to hire stock promoters, including Painter, to advertize Greenstone's operations and stock via the internet and email.

40. In approximately October 2006, certain Greenstone shareholders, including defendants Morelli, Pierson, and Starczewski, caused Miwa to resign as Chief Executive Officer of Greenstone in favor of Michael Ferrone. Miwa continued to act as the Chairman of the Board of Directors and assumed a new position as "Chief Operating Officer." In this latter role, Miwa retained responsibility for the day-to-day operations of Greenstone, drafting and approving press releases and other promotional materials, and the company's financing operations. In approximately September 2007, Greenstone's Board of Directors removed Ferrone, and Miwa resumed his position as the company's CEO.

B. Virginia Sourlis January 11, 2006 Opinion Letter

41. In or about January 2006 -- originally as part of the plan to illegally issue the 12.3 million Greenstone shares discussed above -- defendants Pierson and Starczewski retained defendant Virginia K. Sourlis to write an opinion letter concerning Greenstone's ability (and Greenstone's transfer agent's ability) to issue certain unrestricted shares of Greenstone stock to Power Network, MBA Investors, Starr Consulting, and YT2K, Inc. (the "Entities"), based on the conversion of certain alleged promissory "notes" in the total principal amount of \$71,339.65.

42. On or about January 11, 2006, Sourlis provided Pierson and Starczewski with the requested opinion letter, authored and signed by Sourlis (the "Sourlis Opinion"). The Sourlis Opinion falsely concluded and opined that "the Shares underlying the Note may be issued to [the Entities] and/or its designees without a legend pursuant to the Securities Act of 1933, as amended" (emphasis in original). This conclusion was predicated upon the following materially false and misleading statements.

43. In an attempt to establish that the securities at issue had been held for two years, the Sourlis Opinion falsely stated that the alleged convertible notes originally "were issued by [Auto Centrix] to various vendors on or before January 10, 2004," in exchange for \$71,339.65 in outstanding "payables" to those vendors for corporate expenses incurred originally by Auto Centrix, including, for example, outstanding payables to "American Express" and "Verizon." In fact, Auto Centrix never issued any such notes to "vendors."

44. The Sourlis Opinion further falsely stated that the purported "vendor" notes "were assigned and endorsed to [the Entities] and/or its designees on January 10, 2006." In fact, no such assignments were made or existed.

45. The Sourlis Opinion further falsely stated that, “With respect to the factual representations regarding the Original Note Holders, I have relied exclusively and solely on the information and representations furnished by [Auto Centrix] and the Original Note Holders to me and have not independently verified such information.” In fact, no such “Original Note Holders” existed, Sourlis received no information from the alleged “Original Note Holders,” and certain documents that Pierson and/or Starczewski furnished Sourlis contradicted the Sourlis Opinion.

46. The Sourlis Opinion further falsely stated that, “I have been informed by the Original Note Holders that, among other things, (i) the Original Convertible Notes have been beneficially held by the Original Note Holders for at least two (2) years prior to the date of Assignment and (ii) none of the Original Note Holders are an ‘affiliate’ of [Auto Centrix] within the meaning of Rule 144 at the time of the Assignment, nor have been an ‘affiliate’ during the three months preceding the date of such Assignment.” In fact, Sourlis never communicated with the (non-existent) “Original Note Holders” concerning the subject matter of the Sourlis Opinion.

47. The Sourlis Opinion further falsely stated that, “I have been advised that no consideration was received by [Auto Centrix], the Original Note Holders or its [*sic*] designees in connection with the Assignment and no commission or remuneration was paid or given directly or indirectly for soliciting the Assignment.” In fact, no such “Original Note Holders” existed, and certain documents that Pierson and/or Starczewskis sent to Sourlis at the time indicated that Auto Centrix in fact received consideration in connection with the transaction.

48. At the time, Sourlis knew or recklessly disregarded that neither the “vendor” notes, nor their assignment to the Entities, existed because:

- a. The notion that Auto Centrix had paid its vendor invoices (to various large service companies, such as American Express and Verizon) by issuing them convertible promissory notes in lieu of cash was, at the least, highly suspect (and that Auto Centrix's vendors would have assigned these notes, for no consideration, to the Entities was likewise implausible);
- b. Sourlis never requested or received any documents purporting to be such "vendor" notes or assignments (as no such notes or assignments, in fact, ever existed);
- c. The documents that Pierson and Starczewski supplied to Sourlis for the purpose of rendering her legal opinion were unsigned and, in any event, contradicted the notion that Auto Centrix, in fact, issued notes to its vendors, that those vendors ever assigned their interests in the notes, or that Greenstone would not receive any consideration for issuing shares to the Entities. For example, Sourlis received an unsigned agreement purporting to show that the Entities assumed the vendor debt directly from Auto Centrix in December 2005 in exchange for Auto Centrix "common stock in lieu of any cash compensation or reimbursement for the assumption of the obligations;" and
- d. despite her statements to the contrary, Sourlis never communicated with the purported Original Note Holders or received any information from them.

49. When Sourlis provided Pierson and Starczewski with the Sourlis Opinion, Sourlis knew or recklessly disregarded that it was intended to be used to obtain unrestricted and

unregistered Auto Centrix or Greenstone stock for the Entities. The Sourlis Opinion itself states that it “is given only with respect to a specific transaction in the Shares to which this opinion relates as set forth above and may not be relied upon by any other person holding securities . . . other than the Transfer Agent for [Auto Centrix].” Sourlis further knew or recklessly disregarded that the Sourlis Opinion was crafted in a manner intended to create the false impression that the Auto Centrix shares it discusses could be issued as unrestricted shares “without a legend pursuant to the Securities Act of 1933, as amended.”

50. Pierson and/or Starczewski paid Sourlis at least \$5,000 for the Sourlis Opinion.

C. January 2007 Illegal Stock Issuance

51. In late January and early February 2007, defendants Pierson, Starczewski, Frohling, Miwa, Painter, Morelli and Overcash arranged for Greenstone to illegally issue an additional 11,056,498 unregistered, unrestricted shares to nine entities.

52. As of at least January 29, 2007, Defendants Painter, Starczewski, Pierson, Overcash, and Morelli again agreed with Miwa to purchase these additional shares, in exchange for a \$100,000 cash payment to Greenstone and further promotion of Greenstone stock to the public.

53. In accordance with their agreement, on or about February 1, 2007, Miwa asked Corporate Stock Transfer to issue, and it proceeded to issue, unrestricted Greenstone stock certificates for 11,056,498 shares of Greenstone stock to Relief Defendants Power Network, Inc., Starr Consulting, Inc., MBA Investors, Ltd., YT2K, Inc., Active Stealth, LLC, and Blue Water Capital LLC, as well as to others entities located by the Investor Defendants.

54. In support of Miwa’s request, Pierson drafted and sent to Corporate Stock Transfer two legal opinion letters, both dated January 30, 2007, which falsely concluded that a

total of 4,906,500 (of the 11 million) unrestricted shares of Greenstone could be issued to certain entities, including Bluewater Executive and Active Stealth, LLC “pursuant to Rule 144(k).” In his opinion letters, Pierson falsely claimed that the shares were “saleable pursuant to Rule 144(k)” because they were issuable “upon conversion” of certain “convertible promissory notes” assigned to those entities. Pierson further falsely wrote that “This opinion is based upon the fact that [none of the shareholders] nor any officers or directors is an affiliate of [Greenstone] nor has it or they been an affiliate for more than 90 days preceding the date of this letter.”

55. On or about February 1, 2007, Frohling sent Corporate Stock Transfer his own legal opinion letter attaching the two Pierson opinion letters and stating that Frohling “concur[s]” with them, and asking Corporate Stock Transfer to “issue the shares as per the opinion.”

56. Pierson’s opinion letters, and Frohling’s letter concurring with them, contained knowing or reckless false and misleading statements for the same reasons that their August 2006 opinion letters did. Frohling and Pierson knew or recklessly disregarded that none of the requested January 2007 Greenstone unrestricted stock transfers complied with Rule 144(k) or otherwise complied with applicable securities registration law; and that, in fact, the entire transaction was intended to avoid federal registration requirements. As counsel providing opinion letters for these transactions, and (in Pierson’s case) as recipient of certain of the unrestricted Greenstone shares at issue, Frohling and Pierson knew or recklessly disregarded that:

- a. The shares referenced in the Pierson opinion letters were being issued in exchange for \$100,000 cash payment to Greenstone and promotional services, not in exchange for the convertible promissory notes as described

in those letters, and, in fact, represented a public, but unregistered offering of Greenstone shares;

- b. At least some of the proposed recipients of the shares referenced in the Pierson opinion letters were affiliated with each other and with Greenstone;
- c. At least the purported convertible promissory notes allegedly purchased from David Highmore on December 13, 2005, which were the basis for one of the Pierson opinion letters, either did not exist or, at best, were backdated to create the appearance that they were more than two years old as of February 2007; and
- d. David Highmore and Wendy Northrup were affiliates of Greenstone in December 2005, when they purportedly assigned notes to the proposed recipients of the shares referenced in the two Pierson opinion letters.

57. Frohling, Pierson, and Starczewski used the Sourlis Opinion discussed above as the basis for obtaining the remainder of the 11 million shares requested by Miwa from Corporate Stock Transfer.

58. To that end, on or about February 1, 2006, Frohling sent Corporate Stock Transfer a second legal opinion letter, this one attaching the Sourlis Opinion, plus a one page document titled "Schedule A," and stating, "Attached is a copy of the opinion dated January 11, 2006, from Ms. Sourlis, with which I concur. Please issue 6,150,000 shares as per Schedule A of the opinion."

59. Pierson, Frohling, and Starczewski knew or recklessly disregarded that the Sourlis Opinion was false when they used it to obtain unrestricted Greenstone stock from Corporate

Stock Transfer in February 2007. As the persons who procured the Sourlis opinion and supplied Sourlis with information related to the Sourlis Opinion, and otherwise based on their knowledge of the transactions and purported transactions related to that opinion, Pierson and Starczewski knew of or recklessly disregarded all of the false statements contained in the Sourlis Opinion described in paragraphs 42–47 above.

60. As counsel for Greenstone providing his own legal opinion to Corporate Stock Transfer, Frohling likewise either knew of or recklessly disregarded the false statements contained in the Sourlis letter described in paragraphs 42–47 above. In addition, Frohling knew or recklessly disregarded that the “Schedule A” he sent to Corporate Stock Transfer was not the actual attachment to the January 11, 2006 letter that Sourlis signed and that it created the false impression that the Sourlis Opinion concerned the issuance of a particular number of shares of stock to the recipients identified therein.

61. On or about January 31, Miwa prepared and obtained approval for three resolutions of the Board approving the issuance of the 11,056,498 unrestricted shares, based on Rule 144(k) and the opinion letters authored by Frohling, Pierson, and Sourlis. Then, on or about February 1, based on the legal opinions, Miwa sent Corporate Stock Transfer an authorization letter to issue the requested unrestricted stock. The next day, Miwa sent a letter to Corporate Stock Transfer requesting that it issue “9 free trading certs” in names of the same shareholders, but instructing the transfer agent to send all of these certificates to Starczewski. However, Miwa knew or recklessly disregarded that the resolutions falsely and misleadingly described the transaction because, as described above, the shares were issued in exchange for cash and services to Greenstone (and not in exchange for the convertible promissory notes). For

the same reason, Miwa knew or recklessly disregarded that the factual predicates for the legal opinions upon which he was relying were false or misleading.

62. Upon their receipt of the unrestricted Greenstone shares, at least certain, if not all, of the Investor Defendants -- acting through ARB Consulting, Power Network, Starr Consulting, MBA Investors, YT2K, Active Stealth, and Bluewater Executive Capital -- either sold the shares directly to the public or transferred them to other entities controlled by the Investor Defendants, who in turn sold them to the public.

D. The October 2007 through February 2008 Illegal Stock Issuances

63. In August 2007, defendants Miwa, Frohling, Starczewski, Overcash, and Morelli agreed to have Greenstone issue hundreds of millions of additional unrestricted shares of Greenstone stock to the public through entities controlled by Starczewski, Morelli, and Overcash. To obtain stock certificates without restrictive legends, Miwa, Frohling, Morelli, Starczewski, and Overcash planned to create the appearance that these shares were being generated through the conversion of convertible promissory notes purportedly issued by Greenstone two years earlier to Starr Consulting, an entity controlled by Starczewski, Overcash, and Morelli. In fact, as with the September 2006 and February 2007 share issuances, these additional share issuances were not in exchange for promissory notes but, rather, were in exchange for cash payments and other consideration to Greenstone. In this regard, in exchange for receiving the unrestricted Greenstone stock, Starczewski, Overcash, and Morelli agreed to (a) pay Greenstone and Miwa between 50 and 55% of the proceeds of sales of the Greenstone stock that they received; and (b) hire additional promoters to tout Greenstone stock on the internet. To further create the false appearance that these issuances were not part of a single coordinated selling effort, Starr Consulting assigned portions of the purported promissory notes to other

nominee entities controlled by Starczewski, Overcash, and Morelli, which would in turn convert the notes into unrestricted Greenstone stock for sale to the public.

64. Defendants Miwa, Frohling, Starczewski, and Overcash understood that, to consummate their plan, they needed to create the false appearance for Corporate Stock Transfer that, generally, the transfers complied with Rule 144(k) and, specifically, that the recipients of Greenstone's convertible promissory notes had held them for more than two years. To accomplish this ruse, Miwa, Overcash, and Starczewski together created at least four back-dated promissory notes, purportedly issued by Greenstone to Starr Consulting and convertible to Greenstone stock: (a) a \$25,000 and a \$5,000 promissory note, prepared in approximately September 2007 but back-dated to June 30, 2005 (the "June 2005 Notes"); (b) a \$46,304.78 promissory note, prepared in approximately February 2008 but back-dated to December 31, 2005 (the "December 31, 2005 Note"); and (c) a \$100,000 promissory note originally prepared in approximately January 2007 (and amended in approximately September 2007) but back-dated to October 26, 2005 (the "October 26, 2005 Note"). At least two of the four notes -- the December 31, 2005 Note and the \$25,000 June 2005 Note -- did not represent any genuine intention by Starr Consulting to hold debt of Greenstone. Furthermore, defendants Miwa, Starczewski, and Overcash created all of the notes merely to deceive Corporate Stock Transfer and to provide cover for Frohling's anticipated false legal opinions.

65. Miwa also assigned a \$15,000 convertible promissory note purportedly issued by Greenstone to Miwa on September 12, 2005 to Starr Consulting on or about February 1, 2008 (the "September 15, 2005 Note"). That note was prepared in approximately February 2008 but was likewise back-dated to create the appearance that it was more than two years old.

66. To create the false appearance for Corporate Stock Transfer that no single shareholder held over 10% of Greenstone's shares -- and were thus not "affiliates" under Rule 144 -- Starczewski and Overcash caused Starr Consulting to assign portions of the back-dated notes to various nominee entities controlled by Starczewski, Overcash, and Morelli.

67. In addition, to increase the number of unrestricted Greenstone shares, without raising suspicions from Corporate Stock Transfer, Miwa, Starczewski, and Overcash issued the shares in approximately nine separate tranches, from October 2007 through February 2008. By staggering the stock issuances, the defendants created the false impression that a variety of unrelated shareholders were receiving the stock in independent transactions over time when, in fact, all of the tranches were part of a single illegal course of public financing.

68. To further hide Greenstone's true intent from Corporate Stock Transfer, with Overcash's knowledge and assent, Miwa and Frohling caused Greenstone periodically to issue large tranches of restricted Greenstone stock to Frohling, Miwa, and Miwa-controlled companies, his family and friends. By thus increasing Greenstone's total outstanding shares, Greenstone was able to issue progressively larger amounts of unrestricted shares to the nominee entities while maintaining the false appearance that they held less than 10% of Greenstone's total outstanding shares. The below table lists the dates and amounts of these issuances of both restricted and unrestricted Greenstone shares from October 2007 through February 2008:

| Date | Shares | Purported Status | Recipients | Note |
|-------------|---------------|-------------------------|---|-------------|
| 10/01/2007 | 1,000,000 | Unrestricted | Starr Consulting | 06/30/2005 |
| 10/03/2007 | 1,500,000 | Restricted | Miwa | |
| 11/06/2007 | 1,000,000 | Unrestricted | Starr Consulting | 06/30/2005 |
| 12/07/2007 | 3,524,949 | Restricted | Miwa | |
| 12/07/2007 | 3,650,000 | Unrestricted | New Age Sports Project Development BAF Consulting | 10/26/2005 |
| 12/18/2007 | 30,000,000 | Restricted | Miwa | |

| | | | | |
|---------------------------|-------------|--------------|---|-------------------------|
| | | | Frohling | |
| 12/21/2007 | 5,400,000 | Unrestricted | Power Network | 10/26/2005 |
| 12/26/2007 | 6,400,000 | Unrestricted | New Age Sports | 10/26/2005 |
| 12/28/2007 | 7,200,000 | Unrestricted | Project Development | 10/26/2005 |
| 12/28/2007 | 6,600,000 | Unrestricted | BAF Consulting | 10/26/2005 |
| 01/29/2008 | 133,000,000 | Restricted | Miwa Cosmo Ventures Ltd. Michael Tull Siew-Chung Tong James M. Tye Sal A. Cortorillo James R. Woolsey Frohling | |
| 01/29/2008 | 89,572,210 | Unrestricted | Starr Consulting New Age Sports JDT Consulting Inc. BAF Consulting Power Network Seville Consulting | 10/26/2005 |
| 02/13/2008 | 242,000,000 | Restricted | Frohling J.J. and Alice Shelton James R. Woolsey Henry Lee C&D America Affinity Advisors, LLC Miwa | |
| 2/15/2008 | 182,493,440 | Unrestricted | New Age Sports Project Development BAF Consulting Seville Consulting Starr Consulting | 12/31/2005 9/12/2005 |
| Total Unrestricted | | | 303,315,650 | |
| Total Restricted | | | 410,024,949 | |

69. Frohling prepared and submitted to Corporate Stock Transfer a total of at least six legal opinions concerning the “unrestricted” tranches listed above (as well as opinion letters concerning each of the above “restricted” issuances). As Frohling knew or recklessly disregarded, his letters contained multiple materially false and misleading statements and omissions.

70. In letters dated September 28, 2007 and November 6, 2007, Frohling stated that two million shares were “to be issued in exchange for the cancellation of a portion of [the June 2005 Notes], which obligations arose in June 2005 and was created to convert current obligations to long term debt.” Frohling further stated:

Starr Consulting, Inc. has owned the right of conversion of [the June 2005 Notes] for over two years [and] . . . is not an affiliate of [Greenstone]. Accordingly, by virtue of Rule 144(d)(ii) of the Securities Act of 1933 as amended, the date of the issuance of these shares is deemed to be the date of the Notes i.e. June 2005 and thus, pursuant to Rule 144(d)(ii), such shares may be issued free of restriction to Starr Consulting Inc. pursuant to Rule 144(k).

At that time, Frohling knew or recklessly disregarded that (a) the June 2005 Notes were back-dated notes to create the appearance of compliance with Rule 144(k)'s two-year holding period; and (b) Greenstone, Miwa, Morelli, Starczewski, and Overcash previously had agreed to issue shares to Starr Consulting, transfer these shares to other nominees, split the proceeds of any public sales, and use the shares as compensation to hire stock promoters. Thus, contrary to his opinion letters, Frohling knew or recklessly disregarded that the issuance of these shares did not comply with Rule 144(k) and otherwise violated the registration and reporting requirements of the federal securities laws.

71. On or about December 7, 2007 and December 19, 2007, Frohling sent Corporate Stock Transfer two opinion letters containing substantially the same statements, but this time concerning the October 26, 2005 Note. For the same reasons, Frohling knew or recklessly disregarded that the statements he made in those letters were materially false and misleading.

72. On January 29, 2008 and February 14, 2008, Frohling authored two opinion letters stating that 89,572,210 shares could be issued to nominees Starr Consulting, New Age Sports, JDT Consulting Inc., BAF Consulting, Power Network, and Seville Consulting; and that

182,493,440 shares could be issued to nominees New Age Sports, Project Development, BAF Consulting, Seville Consulting, and Starr Consulting, respectively. Frohling wrote:

These shares are being issued pursuant to Rule 504 of the Securities Act of 1933 and as such do not require a restrictive legend or a stop transfer notation on your records and as such are free trading shares.

At that time, however, Frohling knew or recklessly disregarded that the issuance of these shares did not comply with any of the requirements of Rule 504.

73. On or about June 20, 2008, Frohling sent an opinion letter, dated June 12, 2008, to broker-dealer Wilson Davis & Company to allow Power Network to deposit its unrestricted Greenstone shares in its brokerage account there. In that letter, Frohling apparently changed the basis for his prior opinion, but nonetheless falsely stated that the issuances complied with Rule 144(k): “the cancellation of portions of two Notes owned by Starr Consulting, which obligations arose on September 12, 2005 and December 31, 2005 . . . and were created to convert current obligations to long term debt.” As with the other Rule 144(k) opinions, Frohling concluded that the “shares were issued free of restriction . . . pursuant to Rule 144 Thus, pursuant to Rule 144(k), said shares may be transferred and sold free of restriction.” By this time, however, Frohling knew or recklessly disregarded that this opinion was false because he knew or recklessly disregarded: (a) that the December 31, 2005 Note was back-dated (and was not a genuine promissory note); (b) that less than two years had passed since Miwa, a Greenstone affiliate, had assigned the September 12, 2005 Note to Starr Consulting; and (c) the additional myriad facts discussed above that rendered his previous opinions false.

74. As additional cover for his false and misleading legal opinions, Frohling requested and received false representation letters from the nominee entities. These letters -- prepared by Starczewski and Overcash from templates provided by Frohling -- falsely and misleadingly stated, among other things, that each nominee (a) owned less than 10% of

Greenstone's outstanding stock; and (b) was not "acting in concert with any other person in connection with the conversion of its interest in a portion of the Note." At the time he issued his legal opinions, Frohling knew or recklessly disregarded that these representations were false and misleading and were provided merely as cover for his false and misleading representations to Corporate Stock Transfer. In addition, to create further cover for Frohling, Starczewski and Overcash prepared and sent to Miwa and Frohling written notices of the nominees entities' intent to convert their Greenstone promissory notes into unrestricted stock.

75. Prior to each issuance of unrestricted stock listed in paragraph 68 above, Miwa sent Corporate Stock Transfer a letter authorizing it to issue "free trading" stock certificates "subject to your receipt of an opinion letter from our counsel, Mr. John Frohling." In each instance, however, Miwa knew or recklessly disregarded that Frohling's legal opinions would be (and were) false and misleading, and that his authorizations were improper because he knew that (a) the stock was being issued in exchange for cash, not notes; (b) the legal opinions were based upon back-dated promissory notes; (c) the requested recipients of the unrestricted shares were controlled by Morelli, Starczewski, and Overcash, all affiliates of Greenstone, and had been chosen as stockholders to create the false impression for Corporate Stock Transfer that the share issuances were not part of a single course of financing; and (d) the requested issuances were part of an illegal scheme to engage in a public distribution of Greenstone's securities.

76. Miwa also provided at least one of the back-dated notes directly to Corporate Stock Transfer; on or about December 21, 2007, Miwa sent the October 26, 2005 Note to Corporate Stock Transfer.

77. From October 2007 to February 2008, various of the nominees received the over 300 million unrestricted Greenstone shares issued by Corporate Stock Transfer, and Starczewski,

Overcash, and Morelli caused these shares to be sold to the public. Miwa controlled this sales process by directing Starczewski and Overcash as to the timing, size, and desired price for the sales, and Miwa monitored the sales through an online Starr Consulting brokerage account to which Starczewski had granted Miwa and Frohling access.

78. Starczewski and Overcash, in turn, transferred 50-55% of the proceeds of certain of these stock sales to a Greenstone account controlled by Miwa. Starczewski, Overcash, and Miwa attempted to disguise the fact that Greenstone was receiving proceeds of an illegal public stock sale by creating the false appearance that each payment was a loan to Greenstone, evidenced by additional promissory notes convertible into Greenstone stock.

79. Frohling also sent additional false and misleading opinion letters to Corporate Stock Transfer to obtain unrestricted Greenstone shares for himself. On or about October 3, 2007 and April 18, 2008, Frohling sent Corporate Stock Transfer opinion letters stating that Corporate Stock Transfer could issue to him 1,500,000 and 10,000,000 unrestricted Greenstone shares, respectively, pursuant to "cancellation of a portion of a . . . Note" from Greenstone to Frohling. Frohling further wrote that he had "owned the right of conversion of this Note for over one year" and "is presently not an affiliate of" Greenstone. On the basis of these representations Frohling falsely concluded that "such shares may be issued free of restriction" pursuant to Rule 144(k). At the time he sent these opinions, Frohling knew or recklessly disregarded that they were false because (a) Frohling exercised control over Greenstone, having acted as the company's general counsel and held himself out as "assistant secretary," and having advised on each of the company's transactions and public utterances over the preceding two years; (b) Frohling intended to, and did, sell his shares into the public market; and (c) by his own

admission, Frohling had held the referenced alleged “note” for less than two years. Frohling received over \$30,000 in proceeds from the sale of these Greenstone shares.

80. From at least July 2006 through spring 2008, Starczewski, Overcash, and Painter also used a portion of the Greenstone stock issued to their nominees to hire multiple stock promoters to tout Greenstone’s business and share price on the internet and by unsolicited emails. These arrangements had been agreed to with Miwa, Frohling, Morelli, and Pierson in advance as part of Greenstone’s illegal share issuances described above. And, in many cases, Miwa reviewed and approved the promotional materials prior to distribution. For example:

- a. Of the 12.3 million shares Greenstone issued in September 2006, Starczewski, Overcash, and Painter used three million shares to pay for such marketing campaigns. For example, between September 2006 and March 2007, Starr Consulting transferred approximately 1.75 million Greenstone shares to defendant Painter’s nominees, KCS Referral Services and Emerging Markets Consulting, to coordinate online promotions “for the benefit of Greenstone.” Painter, in turn, sold these shares to the public.
- b. On or about December 3, 2007, Starr Consulting entered into a “Communications Service Agreement” with Wall Street News Alert “for the benefit of Greenstone” in exchange for 1.5 million unrestricted Greenstone shares; and
- c. Between October 2007 and April 2008, Starczewski, Overcash, and Morelli transferred -- through their nominees -- over 50 million

purportedly unrestricted shares to at least eight stock promoters on at least 14 separate occasions.

III. False And Misleading Press Releases

81. From January 2006 through June 2008, Miwa drafted and/or caused Greenstone to issue a long series of press releases designed to create the false impression that Greenstone was a vital and growing company. In reality, Greenstone was continuously on the verge of collapse and often lacked sufficient funds even to manufacture its products, including GreenShield. Nonetheless, to artificially increase Greenstone's stock price (and, thus, ensure a ready market for its unregistered public stock sales), Greenstone published a number of materially false and misleading press releases. At the time of their issuances, Miwa knew or recklessly disregarded that the following Greenstone press release announcements were either false or misleading, or contained material omissions of fact, as further described below.

82. On February 12, 2007, Greenstone issued a press release misleadingly announcing that a supposed market analyst called "Market Advisors" had initiated "Coverage on Greenstone . . . With Target Price of 45 Cents." At that time, Greenstone's stock was trading at \$0.12. The release quoted Market Advisors as stating that, "The strength of [Greenstone] is its management team, whose track record is increasing sales." In fact, at that time Greenstone had essentially no actual sales, let alone "increasing sales." Furthermore, while the press release disclosed that Starr Consulting had paid Market Advisors \$3,150 to produce the report, it did not disclose that those funds had been raised by Starr Consulting as part of Greenstone's planned illegal public distribution of shares.

83. On February 20 and 21, 2007, Greenstone announced a long-term chemical supply agreement with Bay Tree Technologies USA LLC ("Bay Tree") and lauded Bay Tree's

“ready-to-go national branding.” On March 6, Greenstone falsely announced that it had “received an initial order of 1000 gallons of GreenShield” from Bay Tree. At the time of that announcement, Miwa neither intended to deliver any GreenShield to Bay Tree nor expected Bay Tree to pay for the purported “order.” To the contrary, Miwa knew at the time that neither Greenstone nor Bay Tree possessed sufficient capital to produce 1,000 gallons of GreenShield, and Greenstone never delivered any product to Bay Tree. In fact, Miwa obtained this fictitious order from Bay Tree solely to announce it in the press release and, thereby, make Greenstone’s stock more attractive to the investing public.

84. On February 26, 2007, Greenstone falsely and misleadingly announced that “it has received an initial order of 500 gallons of the Company’s railroad tie treatment chemical from ECORail Products Inc.” and that “ECORail is in the process of constructing a railroad tie treatment facility in Kentucky and is very excited about introducing railroad crossties treated with the Greenstone chemical.” In fact, neither Greenstone nor ECORail had sufficient capital to produce the reported 500 gallons, and Greenstone could not, therefore, have delivered the 500-gallon order. Furthermore, ECORail never instructed Greenstone to actually deliver the product.

85. A year later, on February 20, 2008, Greenstone announced that it “Delivers First Order to ECORail” and that it had “received an instruction to deliver GreenShield . . . to ECORail.” The February 2008 release further purported to clarify, for the first time, that the supposed 500-gallon order reported in 2007 “had been on hold due to ECORail’s continuing product testing and market development.” The February 2008 press release (a) created the false impression that ECORail was making good on its 500 gallon order when, in fact, Greenstone ultimately delivered, at most, 55 gallons; and (b) falsely stated that the 2007 “initial” order had been delayed due to “continuing product testing and market development” when, in fact, the

alleged 2007 order was, at best, a financial impossibility for either party and, at worst, pure fiction.

86. On May 17, 2007, in a press release titled "Greenstone/ECORail Appoints New Sales Director," Greenstone falsely stated that ECORail "produces environmentally friendly composite wood railroad track materials using Greenstone's proprietary process GreenX." This release was false because ECORail had never produced or sold anything using a Greenstone process or product.

87. On March 2, 2007, Greenstone issued a press release announcing that "Beacon Equity Research initiated coverage on the Company with target price of 25 cents per share" (the stock was trading at \$0.06 per share at the time). The press release quoted the "analyst" report as stating that Greenstone will "generate revenues of approximately \$7 million in 2007" and estimated "sales will more than double in 2008 to \$15 million and expand 30% annually over the next five years." The press release further quoted the Beacon Equity Research report as relying for these projections upon (a) ECORail's supposed 500 gallon order of GreenShield; (c) "the large number of inquiries from potential customers;" (d) "existing orders" (the report relied upon Bay Tree's supposed order as well); and (e) "the product's demonstrated benefits." As explained above, and as Miwa knew at the time, these orders were fiction. Moreover, given his position at the company, Miwa knew or recklessly disregarded that there was no legitimate basis for the projections. Furthermore, the March 2 press release failed to disclose that Miwa and Greenstone were involved in preparing the so-called Beacon Equity Research "report," that they had authorized its release, and that Greenstone indirectly paid for the report through the issuance of shares to Emerging Markets Consulting and/or Painter (who, in turn, hired Beacon Equity Research to produce the report). Thus, Greenstone and Miwa knowingly issued false and

misleading press releases, hired an “analyst” who relied on certain of those false press releases, and then used the analyst’s report as the basis for an additional press release announcing the analyst’s phony predictions about Greenstone.

88. On March 14, 2007, Greenstone falsely announced that Lucedale Forest Products Inc. “has committed to construct a treatment facility to produce composite wood fence posts using . . . GreenShield.” The March 2007 press release also falsely quoted Steve Eubanks, Lucedale’s president, as being “very excited to be the first manufacturer to introduce GreenShield . . . into the market.” In fact, Lucedale never entered into any agreements with Greenstone or committed to any such business relationship, and Eubanks did not make or authorize publication of the statement attributed to him in the release (or any equivalent statement).

89. On December 20, 2007, Greenstone announced:

[T]hat the two year field test of its unique green product GreenShield has been completed. According to the site owners and Management the test was a complete success. Based in part on the results of this long test, the Company is gearing up to meet the demands of the two million dollar new home construction market. . . . The test was performed as part of the construction of a beautiful 14,000 square foot house . . . The home owner wanted the best protection for his home and family and was willing to try a new technology to protect against moisture and fire. The test encompassed spraying the entire house with . . . GreenShield. In the two year period, there has not been a single defect or flaw detected in GreenShield’s properties. The owner added, “GreenShield did not leave any toxic residue or smell and it was very easy to work with. We even performed a fire test right at our house and were very impressed by GreenShield’s resistance to flames. I would recommend GreenShield to any future home owners large or small.”

90. This announcement falsely and misleadingly suggested that Greenstone had successfully tested its product in a controlled scientific setting. In fact, at most, Greenstone merely sprayed GreenShield onto a partially-built house (in February 2006) and subsequently

asked the owner if he had noticed any problems. Moreover, Greenstone failed to disclose that the quoted home owner was defendant Morelli, by then one of Greenstone's largest shareholders.

91. On March 19, 2008, Greenstone issued a press release falsely announcing that a litigation settlement with D&L LLC required "no significant cash payments . . . other than future royalties." In fact, the settlement obligated Greenstone to pay D&L approximately \$15,000, a material sum for Greenstone at that time. The company had virtually no cash on hand, and its total 2007 revenue was less than \$6,000. The press release further falsely stated that Greenstone was "joining forces with D&L on a project designed to develop new markets for D&L's patented technology and Greenstone's family of 'Green' products." In fact, no collaboration ever existed between Greenstone and D&L "to develop new markets."

92. From October 2007 through April 2008, Greenstone issued a series of at least eight press releases (a) claiming to be the "exclusive US agent" to distribute Permeate HS-100, "a corrosion protection sealer . . . manufactured . . . in Japan" and further describing the product's supposed uses; and (b) likewise claiming an "exclusive importer agreement with Magne Corporation" of Japan to distribute in the United States "MagneLine," a product "to reinforce cement and metal structures," and further describing that product's supposed uses. On April 30, 2008, Greenstone falsely and misleadingly announced that it had received an order from Train Travel Inc. for "Permeate HS200 anti-corrosion paint and also MagneLine polymer cement mortar to restore three historic 1917 rail cars to protect them from weathering and maintaining the original look for years afterwards." In fact, Train Travel had not placed a bona fide order, and Miwa did not actually expect to ship either product. Furthermore, due to a lack of financing, neither Train Travel nor Greenstone could have purchased sufficient amounts of either product to "restore three rail cars." Also, Greenstone and Miwa did not have a sufficient basis to

claim that Permeate and Magneline would “protect [the cars] from weathering and maintaining the original look for years afterwards.”

93. In addition to the above false and misleading announcements, from January 2007 through June 2008, Miwa caused Greenstone to issue well over 25 additional press releases that, together, created the false impression of a start-up company successfully engaging in nationwide business with both national and international partners. For example, Greenstone announced:

- a memorandum of understanding with ECORail to “supply its proprietary chemical and technical expertise on an exclusive basis” (February 5, 2007);
- an “initial evaluation order for . . . GreenShield. . . from Affordable Housing Solutions of Northwest Florida, L.L.C.” (February 22, 2007);
- agreements to distribute in the United States a number of products lines produced in Japan, including Permeate (October 17 and 22 and December 11, 2007, February 12, March 18, and April 10, 2008), MagneLine (November 15, 2007, January 10 and 17, April 7, 23, and 28, 2008), Green-Dri, a process for drying wood (December 18, 2007 and January 9, 2008), Crystal-Guard, an asbestos disposal product (February 5, 2008), Anz Ceramic Coating, “a revolutionary way to reduce energy costs” (April 14, 2008 and May 6, 2008), and Fire-Pruf, “a special chemical to treat wood and make it completely fire-proof” (April 16, 2008);
- introduction of a product called “Sillpro,” which supposedly protects windows and door sills from moisture (March 25, 2008);
- an agreement to produce Permeate in the United States (October 17, 2007);

- two agreements with En-Viroguard Inc. to distribute GreenShield “through their applicator network covering the area from Florida to Michigan” (January 15, 2008); and with ECO Solutions, Inc. with “territory cover[ing] Illinois, Indiana, Iowa, Kentucky, Michigan, Missouri, New York, Ohio, Pennsylvania, Virginia and Wisconsin” (April 21, 2008);
- coverage of Greenstone’s product lines in “Global” media (October 25, 2007); and
- that Greenstone’s “products are receiving support in the marketplace resulting in and [*sic*] increase in the Company’s revenues” (January 22, 2008).

In fact, as Miwa knew, the reality was quite different -- Greenstone had no business to speak of and was virtually bankrupt during this entire period, surviving almost exclusively through its illegal sales of stock to the public.

94. Miwa also took steps to ensure that Greenstone’s false and misleading press releases were broadly disseminated to the largest possible investor audience. As Miwa intended and understood was occurring, Painter, Starczewski, and Overcash’s nominees hired internet promoters to tout Greenstone’s stock. Those stock promoters -- including for example Small Cap Voice, Stockprofiler.US, Wall Street Capital Funding, and Wall Street Enews -- posted on their websites and circulated through the internet and emails massive volumes of Greenstone promotional materials touting its business and stock price. As part of certain of those campaigns, stock promoters agreed to distribute millions of promotional emails. As Miwa knew at the time, many of the promotional circulars merely repeated portions of Greenstone’s own false press releases, underneath wildly positive title banners. For example, the circulars stated:

- “OTC GSHG Has Tripled In Past 2 Weeks!” (February 2007);

- Greenstone “got about a 300 percent jolt to its average trading volume;” (March 2007);
- “redhotpennystock.com: Greenstone Holdings, Inc. (GSHN) is set to make its first delivery!” (February 2008);
- “RealPennies.com: Turning Pennies into dollars . . . Pinksheets: GSHN” (April 2008); and
- Greenstone, “Stocks That Standout” (April 2008).

Miwa, Starczewski, Overcash, and Painter were aware that Greenstone was funding these promotional campaigns and that its indirect payment structure disguised this fact. As Miwa, Starczewski, Overcash, and Painter also knew, in many cases, the internet stock promoters disclosed only that they were paid by the nominees. Thus, Miwa and Greenstone knowingly or recklessly failed to disclose to recipients of the promotional materials that Greenstone was paying for these campaigns and that it was actively promoting itself.

95. Furthermore, Greenstone and Miwa attempted to hide Greenstone’s unrestricted stock issuances from the investing public. For example, on November 11, 2007, Miwa drafted and Greenstone published on Pink Sheets unaudited financial statements as of September 30, 2007, stating that Greenstone had 13,351,182 shares of common stock outstanding. However, Greenstone failed to disclose Miwa’s illegal arrangement with Starczewski, Overcash, Morelli, and Frohling to issue hundreds of millions of “unrestricted” shares, despite the parties’ having initially agreed to do so by at least August 2007.

IV. Frohling’s False and Misleading Pink Sheets Opinion

96. On or about March 10, 2008, Frohling authored and sent an opinion letter to Pink Sheets LLC, authorizing Pink Sheets “to publish this opinion letter in the Pink Sheets News Service for viewing by the public and regulators.” On March 11, 2008, Pink Sheets posted Frohling’s opinion letter on its website. Greenstone was required to submit the opinion letter to

be included in Pink Sheets' "Current Information" Market Tier. Frohling's letter contained a number of materially false and misleading statements and omissions, including:

The company has not participated in any promotional activities relating to its common stock and neither the Company, nor any of its officers, directors, 10% stockholders or control persons have any knowledge of any promotional activities relating to its common stock, nor are there any agreements between any of the above persons and any third parties relating to any stock activities. Also none of these persons have made any sales of common stock within the past twelve months.

Contrary to his opinion letter, by March 2008 Frohling was deeply involved in Greenstone's issuance fraud and knew or recklessly disregarded that (a) the Company was participating in hiring stock promoters to issue promotional materials; (b) Miwa and other defendants arranged these activities; and (c) at least Starczewski, Overcash, and Morelli were "control persons" by dint of their large stockholdings, control over Greenstone's access to the capital markets (the company's lifeline), and their day-to-day influence over the company. In addition, Frohling knew or recklessly disregarded that Greenstone, Miwa, Frohling, and the other defendants (except Sourlis) sold Greenstone stock to the public through the nominee entities and also used that stock to pay company expenses (such as certain of Frohling's legal bills).

V. Defendants' Illegal Profits

97. Defendants' illegal activities caused a dramatic increase in the volume and price of Greenstone's stock price, thus enabling them to profit from those activities. For example, on February 12, 2007, the day after the Market Pathways report was published, Greenstone's stock price and volume increased 54% from \$0.12 to \$0.185 and 397% from 209,020 to 1,038,227 shares, respectively.

98. Defendants (except Sourlis) sold the illegally issued Greenstone shares into the market, reaping total proceeds in excess of \$1.3 million between September 2006 and June 2008.

Moreover, a portion of these sales were directed back to Greenstone, in accordance with Miwa's arrangements with Pierson, Starczewski, Overcash, and Morelli. In addition, and as part of Defendants' illegal scheme, Greenstone received over \$450,000 from the Investor Defendants.

FIRST CLAIM FOR RELIEF
**(Against Greenstone, Miwa, Frohling,
Starczewski, Overcash, Pierson, and Sourlis)**
**Violations of Section 10(b) of the Exchange Act
and Rule 10b-5 thereunder**

99. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 98 of this Complaint.

100. By engaging in the acts and conduct alleged in paragraphs 1-98 above, Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, and Sourlis directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the purchase or sale of securities issued by Greenstone, have:

- a. Employed devices, schemes, and artifices to defraud;
- b. Made untrue statements of material fact, or 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. Engaged in transactions, acts, practices, and courses of business which operated as a fraud or deceit upon purchasers of securities issued by Greenstone.

101. Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, and Sourlis engaged in the above conduct knowingly or recklessly.

102. By reason of the foregoing, Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, and Sourlis directly or indirectly, singly or in concert, 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 thereunder [C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF
**(Against Miwa, Frohling, Starczewski,
Overcash, Pierson, and Sourlis)**
**Aiding and Abetting Violations of
Section 10(b) of the Exchange Act and Rule 10b-5**

103. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 98 of this Complaint.

104. By engaging in the acts and conduct alleged in paragraphs 1-98 above, Miwa, Frohling, Starczewski, Overcash, Pierson, and Sourlis, provided substantial assistance to Greenstone's 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], and thereby are liable under those provisions as aiders and abettors, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

105. By reason of the foregoing, Miwa, Frohling, Starczewski, Overcash, Pierson, and Sourlis 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].

THIRD CLAIM FOR RELIEF
**(Against Greenstone, Miwa, Frohling,
Starczewski, Overcash, and Pierson)**
Violations of Section 17(a)(1)-(3) of the Securities Act

106. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 98 of this Complaint.

107. By engaging in the acts and conduct alleged in paragraphs 1-98 above, Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, directly or indirectly, singly or

in concert, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange, in the offer or sale of securities issued by Greenstone, have:

- a. Employed devices, schemes, and artifices to defraud;
- b. Obtained money or property by means of untrue statements 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; and
- c. Engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities of Greenstone.

108. Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson engaged in the above conduct knowingly or recklessly.

109. By reason of the foregoing, Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, directly or indirectly, singly or in concert, have violated and unless enjoined will continue to violate Section 17(a)(1)-(3) of the Securities Act [15 U.S.C § 77q(a)(1)-(3)].

FOURTH CLAIM FOR RELIEF
(Against all Defendants)
Violation of Section 5(a) and 5(c)
of the Securities Act

110. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 98 of this Complaint.

111. The Greenstone shares that Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, Morelli, and Sourlis have offered and sold to the investing public as alleged

herein constitute “securities” as defined by Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(1) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

112. Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, Morelli, and Sourlis directly or indirectly, singly or in concert, have made use of the means or instruments of transportation or communications in interstate commerce, or the mails, to offer and sell securities through the medium of a prospectus or otherwise when no registration statement has been filed or was in effect as to such securities and when no exemption from registration was available.

113. By-reason thereof, Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, Morelli, and Sourlis have violated and unless enjoined will continue to violate Section 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

FIFTH CLAIM FOR RELIEF
(Against Relief Defendants)

114. The Commission re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 98 of this Complaint.

115. The Relief Defendants received ill-gotten funds, at the least, in the form of proceeds from the sale of Greenstone shares that were transferred to them illegally.

116. The Relief Defendants do not have a legitimate claim to the funds they received from the sale of Greenstone shares.

117. By reason of the foregoing, the Relief Defendants should be required to disgorge the proceeds of the sales of any Greenstone shares.

PRAYER FOR RELIEF

WHEREFORE the Commission respectfully requests that the Court grant the following relief:

I.

A final judgment permanently restraining and enjoining Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, and Sourlis, their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the final judgment by personal service or otherwise, and each of them, from future violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

II.

A final judgment permanently restraining and enjoining Greenstone, Miwa, Frohling, Starczewski, Overcash, and Pierson, their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the final judgment by personal service or otherwise, and each of them, from future violations of Sections 17(a)(1), (2), and (3) of the Securities Act [15 U.S.C. § 77q(a)(1), (2), and (3)].

III.

A final judgment permanently restraining and enjoining Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, Morelli, and Sourlis, their agents, servants, employees, and attorneys, and all persons in active concert or participation with them who receive actual notice of the final judgment by personal service or otherwise, and each of them, from future violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

IV.

A final judgment ordering Greenstone, Frohling, Starczewski, Overcash, Morelli, Pierson, Painter, Sourlis and Relief Defendants to disgorge their ill-gotten gains, plus prejudgment interest, and such other and further amount as the Court may find appropriate.

V.

A final judgment ordering Greenstone, Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, Morelli, and Sourlis to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

VI.

A final judgment enjoining and restraining Miwa, Frohling, Starczewski, Overcash, Pierson, Painter, Morelli, and Sourlis from participating in the offering of any penny stock 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)].

VII.

A final judgment barring Miwa from serving as an officer or director of any public company pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)].

VIII.

Such other and further relief as the Court deems appropriate.

Dated: New York, New York
February 10, 2011

SECURITIES AND EXCHANGE
COMMISSION

By: _____

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