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8

9 UNITED STATES DISTRICT COURT  
DISTRICT OF NEVADA

10 \_\_\_\_\_  
11 SECURITIES AND EXCHANGE COMMISSION, :  
12 :  
Plaintiff, :  
13 :

14 v. :

15 GERALD HAROLD LEVINE, MARIE A. LEVINE, :  
16 MARY ANN METZ, DARIN SCOTT METZ, :  
ALAN BRUCE COPELAND, :  
17 ISAAC BARRETT MORLEY, :  
BRUCE CHET ROTHENBERG AND :  
18 NUSTAR HOLDINGS, INC., : 2:07-CV-

19 Defendants, :  
20 :

21 and :  
22 :

23 WIRE TO WIRE, INC., :  
PUBLIC HIGHWAY, INC., :  
24 THE 1975 TRUST AND :  
GLOBAL ENVIRONMENTAL SYSTEMS, INC., :  
25

26 Relief Defendants. :  
27 :  
28

**COMPLAINT**

1 Plaintiff U.S. Securities and Exchange Commission (the Commission) alleges as follows  
2 against the above-named Defendants and Relief Defendants:  
3

4 **JURISDICTION AND VENUE**  
5

6 1. The Commission brings this action pursuant to Sections 20(b) and 22(a) of the  
7 Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77t(b) and 77v(a)], and Sections  
8 21(d) and (e) and 27 of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§  
9 78u(d), (e) and 78aa]. The Commission alleges that Defendants, directly and indirectly, made  
10 use of the mails, the means and instruments of transportation and communication in interstate  
11 commerce, and the means and instrumentalities of interstate commerce in connection with the  
12 transactions, acts, practices and courses of business alleged in this Complaint.  
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14 2. Venue is proper in this district pursuant to Section 22(a) of the Securities Act [15  
15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain Defendants are  
16 found, are inhabitants, or transact business in this District, and certain acts and transactions  
17 constituting violations of the federal securities laws occurred in this District.  
18

19 **SUMMARY**  
20

21 3. Gerald Harold Levine, Marie A. Levine, and the other Defendants identified  
22 below engaged in a fraudulent scheme to sell shares of Nu Star Holdings, Inc. (hereafter "Nu  
23 Star") and other "Pink Sheet" companies to innocent investors. From late 2003 through 2005,  
24 Defendants established "boiler rooms" in Barcelona, Spain and Santa Ana, California to sell  
25 shares of these companies. Defendants also sold shares of Nu Star directly to several investors in  
26 Western New York. Defendants' fraudulent conduct resulted in sales totaling approximately \$4  
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1 million. Defendants' victims included retired persons, professionals, and businesses. In making  
2 these sales, Defendants violated the federal securities laws in various ways, including the  
3 following:

- 4 • Certain Defendants artificially inflated the share price of Nu Star by making small  
5 purchases of its stock.
- 6 • Having succeeded in artificially inflating Nu Star's share price, certain Defendants  
7 then offered that company's shares to the public at a price claimed to be a "discount"  
8 from the "market" price.
- 9 • Certain Defendants sold shares of Nu Star while they possessed material non-public  
10 information about it.
- 11 • Certain Defendants made false statements about Nu Star by issuing a phony  
12 "independent" research report recommending that investors buy Nu Star and  
13 preparing company reports that far overstated its prospects. They also failed to  
14 disclose that commissions for boiler room sales of Nu Star and other companies were  
15 as high as 70 percent of the purchase price of the stocks.
- 16 • Certain Defendants sold shares of Nu Star without complying with the registration  
17 provisions of the federal securities laws.
- 18 • Certain Defendants acted as unregistered brokers in selling shares of Nu Star.

19 4. Unless this Court enjoins Defendants, they will continue to engage in fraudulent  
20 conduct similar to that alleged in this Complaint. The Commission thus seeks the following  
21 relief against Defendants:

- 22 • An injunction permanently restraining Defendants from committing future violations  
23 of the federal securities laws;

- 1 • An order requiring disgorgement of all ill-gotten gains, plus prejudgment interest;
- 2 • An order imposing civil money penalties on each of the Defendants;
- 3 • An order permanently barring each of the individual Defendants (except Bruce Chet
- 4 Rothenberg) from serving as an officer or a director of any public company;
- 5 • An order permanently barring each of the individual Defendants from participating in
- 6 any future penny stock offerings; and
- 7 • Other relief consistent with the evidence adduced at the trial of this case and
- 8 applicable law.
- 9
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#### 11 **THE DEFENDANTS**

12 5. Gerald Levine (hereafter “Gerald Levine”) is a Las Vegas, Nevada resident and  
13 president of Wire to Wire, Inc. (hereafter “Wire to Wire”). During the relevant period, Gerald  
14 Levine controlled the affairs of Public Highway, Inc. (hereafter “Public Highway”), Aviation  
15 Innovations and Research, Inc. (hereafter “AVRI”), Nu Star, Judgement Recovery Service, Inc.  
16 (hereafter “JRS”), and Immune-Tree International, Inc. (hereafter “IMUT”). In October 2003,  
17 the Commission obtained a jury verdict against Gerald Levine for securities fraud in *SEC v. CEC*  
18 *Industries, Inc.*, CV 99-2568 (D.D.C.).  
19

20 6. Marie A. Levine (hereafter “Marie Levine”) is a Las Vegas, Nevada resident, and  
21 Gerald Levine’s wife. During the relevant period, Marie Levine was president, secretary and  
22 treasurer of Public Highway, secretary and treasurer of Wire to Wire, secretary of WWW  
23 Consulting, and was involved with AVRI, Nu Star, JRS, and IMUT. In October 2003, the  
24 Commission obtained a jury verdict against Marie Levine for securities fraud in *SEC v. CEC*  
25 *Industries, Inc.*, CV 99-2568 (D.D.C.).  
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1 7. Mary Ann Metz is a Las Vegas, Nevada resident, and Marie Levine's daughter.  
2 During the relevant period, Mary Ann Metz was secretary and treasurer of many Levine-  
3 controlled companies, including Nu Star and JRS, Inc. In addition, she was involved with other  
4 companies, as described below. Mary Ann Metz holds a Series 63 license.  
5

6 8. Darin Scott Metz (hereafter "Darin Metz") is a Las Vegas, Nevada resident, and  
7 Mary Ann Metz's husband. During the relevant period, Darin Metz was president of Global  
8 Environmental Systems, Inc. (hereafter "Global"), and he frequently bought stock of Nu Star for  
9 his personal account.

10 9. Alan Bruce Copeland (hereafter "Alan Copeland") is a Santa Ana, California  
11 resident. During the relevant period, Alan Copeland helped Gerald Levine establish boiler rooms  
12 for offerings in AVRI, JRS and Nu Star. In addition, he frequently bought stock of Nu Star for  
13 his personal account. In 1992, Alan Copeland pled guilty to federal mail fraud charges.  
14

15 10. Isaac Barrett Morley (hereafter "Isaac Morley") is a Provo, Utah resident. During  
16 the relevant period, Isaac Morley was president of JRS and Nu Star. In addition, he helped  
17 Gerald Levine establish the boiler room in Spain and assisted with the work of the boiler room in  
18 Santa Ana. Isaac Morley is a member of the Utah Bar, which in 2000 suspended him for three  
19 years from practicing law.  
20

21 11. Bruce Chet Rothenberg (hereafter "Bruce Rothenberg") is an East Amherst, New  
22 York resident. During the relevant period, Bruce Rothenberg assisted Gerald Levine and Marie  
23 Levine in locating investors and selling shares of Nu Star to them. In the early 1990's,  
24 Rothenberg held Series 7, 24 and 63 licenses, and worked as a securities broker.  
25

26 12. Nu Star is a Nevada corporation. Quotations for its stock appear in the "Pink  
27 Sheets." Nu Star became a publicly traded issuer on April 23, 2004, when Defendants changed  
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1 the name of Starbase-1 Coffee Company, Ltd. (Starbase) to Nu Star. Starbase was a shell  
2 corporation without any operations, which Gerald Levine and Marie Levine created in 1997.  
3 During the relevant period, Nu Star did not file a registration statement for its stock. In 2004, Nu  
4 Star was not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.  
5 Nu Star has three subsidiaries: JRS, Bridge Technologies (Bridge) and Alcor Software (Alcor).  
6

7  
8 **THE RELIEF DEFENDANTS**

9 13. Wire to Wire is a Nevada corporation, established in 1994. It is not subject to the  
10 reporting requirements of Section 13(a) or 15(d) of the Exchange Act. Gerald Levine controls  
11 Wire to Wire, which has owned in excess of 26 percent of Nu Star's stock. Wire to Wire is also  
12 the registered agent of IMUT, Global and Public Highway. Global and Public Highway are not  
13 publicly traded companies. Wire to Wire is the alter ego of Gerald and Marie Levine. Wire to  
14 Wire owned their former residence, and it received funds from investors, as specified below, and  
15 paid personal expenses for the Levines.  
16

17 14. Public Highway is a Nevada corporation. It has no active business operations, and  
18 it is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.  
19 Marie Levine is its president, secretary, and treasurer. Wire to Wire is its registered agent. As  
20 described below, Gerald Levine and Marie Levine also used Public Highway to receive investor  
21 funds and pay their personal expenses. During the relevant period, Public Highway owned  
22 approximately 13 percent of Nu Star's stock.  
23

24 15. The 1975 Trust is a trust that the Levines used to receive investor funds. Mary  
25 Ann Metz is the trustee of the 1975 Trust. The 1975 Trust has purchased The Delaware Escrow  
26 Company.  
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1 16. Global is a Nevada corporation. It is not subject to the reporting requirements of  
2 Section 13(a) or 15(d) of the Exchange Act. Darin Metz is the president and Wire to Wire is the  
3 registered agent of Global.  
4

5 **RELATED ENTITIES**

6 17. The Delaware Escrow Company (Delaware Escrow) was a business that  
7 maintained accounts for corporate customers. During the relevant period, a business  
8 acquaintance of Gerald Levine operated Delaware Escrow.  
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11 **FACTS**

12 **Gerald Levine and Others Set Up the Barcelona Boiler Room**  
13 **to Sell Stock in Pink Sheets Companies to Overseas Investors**

14 18. In late 2003, Defendants Gerald Levine, Alan Copeland and others opened a  
15 “boiler room” in Barcelona, Spain. They used this facility to sell restricted shares of U.S.-based,  
16 Pink Sheet companies to investors in the United Kingdom in violation of the federal securities  
17 laws. Because of U.K. media reports warning of fraudulent offerings from Spain, these  
18 Defendants acted to deceive investors into thinking their boiler room was a Swiss brokerage,  
19 which operated under various names including “Stanfield Moritz Associates” and “Elliot Price  
20 Associates.” Gerald Levine and Alan Copeland hired telephone sales personnel in Barcelona,  
21 who could speak English and sell stock for large commissions.  
22

23 19. Gerald Levine, Alan Copeland, Isaac Morley and others set up the Barcelona  
24 boiler room, instructed the sales force, and provided them with “leads.” Those leads were lists  
25 of prospective investors and their telephone numbers, which Gerald Levine had purchased.  
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**Gerald Levine Formed the Pink Sheet Companies**

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2           20.     Gerald Levine acquired control of various Pink Sheets companies so that the  
3 Barcelona boiler room could sell restricted shares in such companies. In early 2004, Gerald  
4 Levine formed JRS, one of those companies. He then installed Isaac Morley as its president.  
5 Between January and June 2004, the Barcelona boiler room sold JRS shares that were worth at  
6 least \$440,000.  
7

8           21.     Gerald Levine also used the Barcelona boiler room to sell shares of Nu Star, the  
9 successor to his defunct shell corporation, Starbase. Gerald Levine and Marie Levine controlled  
10 Starbase through Wire to Wire, their alter ego corporation. Wire to Wire owned many shares of  
11 Starbase, and it had a “management services” contract with that company. On April 23, 2004,  
12 the Levines changed Starbase’s name to Nu Star, arranged for Nu Star to acquire Alcor, and  
13 subsequently arranged for it to acquire Bridge and JRS. Between May and June of 2004, and  
14 from December 2004 through April 2005, Gerald Levine and Marie Levine used the Barcelona  
15 boiler room to sell Nu Star stock. During that period, the Barcelona boiler room sold  
16 approximately \$2 million worth of Nu Star stock.  
17

18           22.     During the summer of 2004, Gerald Levine and Alan Copeland established a  
19 separate boiler room in Santa Ana, California. They intended that it would permit them to  
20 eliminate the commissions paid to the Barcelona sales force in favor of commission payments to  
21 themselves. From August to December 2004, the Santa Ana operation sold approximately  
22 \$244,000 in Nu Star stock.  
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1  
2 **Unregistered Broker Sales and Materially False Statements**  
3 **to Investors in Western New York**

4 23. In the spring of 2004, Gerald Levine began selling shares of Nu Star to investors  
5 in Western New York. First, he called Bruce Rothenberg to seek his help in making such sales.  
6 He asked Bruce Rothenberg to identify potential investors for restricted shares in Nu Star. In  
7 consideration for this service, Gerald Levine offered Bruce Rothenberg shares in that company.

8 24. Based on his agreement with Gerald Levine, Bruce Rothenberg approached  
9 several contacts and told them of the “opportunity” to invest in Nu Star. Bruce Rothenberg gave  
10 potential investors Nu Star press releases and its business plan, which Gerald Levine had sent to  
11 him. The Nu Star business plan contains materially false statements. It falsely states that Nu Star  
12 subsidiary Alcor has “saved Novell approximately \$1,750,000,” and projects acquiring 600 new  
13 customers and first year revenue of nearly \$1.6 million. The document also makes many of the  
14 same false statements, described below, concerning the value of the business of Nu Star  
15 subsidiary JRS. In addition, it contains a balance sheet that falsely states that as of May 31,  
16 2004, JRS had total assets of \$6.83 million.

17 25. Gerald Levine also told Bruce Rothenberg the share price at which Wire to Wire  
18 would sell its Nu Star stock, which he claimed was at a “discount” to the market price. Based on  
19 what Gerald Levine had told him, Bruce Rothenberg offered at least one potential investor  
20 volume discounts for purchases of Nu Star stock. Gerald Levine hoped that this approach would  
21 serve to induce the potential investor to buy more stock because it provided a lower price per  
22 share for buying greater quantities. Bruce Rothenberg failed to inform potential investors that  
23 Gerald Levine and others had artificially inflated Nu Star’s share price, as described below in this  
24 Complaint.  
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1           26. Bruce Rothenberg gave the potential investors Gerald Levine's phone number.  
2 After speaking with Gerald Levine, several investors purchased shares of Nu Star from Wire to  
3 Wire. In completing these transactions, investors gave Bruce Rothenberg checks made payable  
4 to Wire to Wire. Bruce Rothenberg used Gerald Levine's Federal Express account to forward the  
5 checks to him. Marie Levine cashed the checks and sent the stock certificates to Bruce  
6 Rothenberg or directly to investors. Between August and December 2004, the investors bought  
7 approximately 55,000 shares of Nu Star from Wire to Wire for a total of at least \$149,000. After  
8 the sales closed, Gerald Levine sent Bruce Rothenberg 2,000 restricted shares of Nu Star as  
9 compensation.  
10

11           **The Barcelona Boiler Room Sales Force Made Materially False Statements and Omissions**  
12           **about JRS to Overseas Investors**

13           27. Gerald Levine and others also used the Barcelona boiler room to sell shares in  
14 other Pink Sheets companies. Between approximately December 2003 and September 2004, the  
15 boiler room sold shares of AVRI, a company that Gerald Levine controlled and into which he had  
16 merged a company that purportedly owned rights to manufacture and market a small airplane.  
17 Between February and May 2005, the Barcelona boiler room sales force sold shares of IMUT, a  
18 company that purportedly makes health care products. Gerald Levine had merged IMUT into  
19 AVRI and changed its name to IMUT. During those periods, sales of IMUT and AVRI shares  
20 totaled approximately \$1.5 million.  
21

22           28. The Barcelona boiler room sales force made numerous material misstatements and  
23 omissions to prospective investors about the companies whose stocks they were selling. Gerald  
24 Levine instructed the Barcelona boiler room sales force to pitch the JRS offering as a "pre-IPO."  
25 This term, which Gerald Levine did not define, misled investors for at least two reasons. First, it  
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1 suggests that an initial public offering for JRS would follow, even though Gerald Levine knew  
2 that the public offering of JRS would not occur because he planned to merge JRS into Nu Star.  
3 Second, it suggests that the “pre-IPO” price at which shares the Barcelona boiler room sales force  
4 was offering these shares to investors would rise significantly after the offering, to the profit of  
5 the purported “pre-IPO” purchasers.  
6

7 29. In addition, the sales force falsely told prospective investors that an independent  
8 firm that specialized in identifying undervalued stocks had identified JRS as one such stock. In  
9 fact, the boiler room’s supervisor, who received five percent of the money raised in these stock  
10 sales, wrote the bogus research report. The research report duplicates language in a Nu Star  
11 brochure and business plan written or reviewed by Gerald Levine, Marie Levine, Alan Copeland,  
12 Isaac Morley and Mary Ann Metz.  
13

14 30. The “Assets” section of the report falsely claims that JRS had “acquired and is  
15 processing an inventory of judgment contracts worth collectively over \$121,000,000.” In fact,  
16 JRS, which purportedly obtains assignments of small claims court judgments and then pays  
17 creditors a portion of what it collects, had only a few assignments, little cash flow and no profit.  
18 The report contained a “buy” recommendation for JRS, which “Analyst Jeffrey W. Griggs” at  
19 “Stanfield Moritz Associates, a Private Research Equity Organization” purportedly authored. In  
20 reality, no entity conducted any independent research about JRS, and “Jeffrey W. Griggs” and  
21 “Stanfield Moritz” are invented names.  
22

23 31. The report falsely states that JRS had 400,000 shares outstanding as of 12/31/03  
24 and a “52-week [trading] range” of \$2.50. In fact, JRS had only incorporated five days before the  
25 report’s date. In addition, the report falsely states that, upon completion of the private placement,  
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1 “JRS will consummate its merger, file with the Commission and obtain a listing on the  
2 NASDAQ: JRSI (pending).”

3 32. The boiler room sales force also made false statements to the potential investors.  
4 For example, they stated that their “research” showed that the share price of JRS would go to  
5 \$5.00 after the expected merger. In addition, the sales force did not disclose to potential  
6 investors that most of the funds raised would go to the excessive commissions for the boiler  
7 room sales force. The sales force also deceived potential investors about the investors’ ability to  
8 sell their shares before the end of the period during which sales of JRS’s stock were restricted.  
9

#### 10 **Gerald Levine Purposely Commingled and Misused Investor Funds**

11 33. Gerald Levine told the Barcelona boiler room sales force to instruct overseas  
12 investors to wire transfer payments for their stock purchases to a Bank of America bank account  
13 held in the name of Delaware Escrow. A business associate of Gerald Levine owned and  
14 operated Delaware Escrow. Gerald Levine funneled the investors’ payments through Delaware  
15 Escrow to give a false appearance of legitimacy to the fraudulent enterprise. Specifically, Gerald  
16 Levine and the Barcelona sales force misled investors to believe that an independent escrow  
17 agent with an account at a prominent bank would administer their funds and that the agent and  
18 the bank would not commingle or misuse their funds.  
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21 34. Only a small percentage of the investors’ payments ever went to the issuers of the  
22 securities sold. Gerald Levine and Marie Levine instructed Delaware Escrow to wire the  
23 majority of the investors’ funds it received either to unrelated entities that the Levines controlled  
24 or to the boiler room sales force. In many cases, nearly 70 percent of the investors’ funds went  
25 toward commissions.  
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1           35. Each week, Delaware Escrow sent the Levines the names of new investors and the  
2 amount that each had paid. The wire transfer information Delaware Escrow received from Bank  
3 of America did not include data specifying which issuer's stock each investor had purchased. At  
4 Marie Levine's direction and with Gerald Levine's approval, Delaware Escrow then wire  
5 transferred the commingled investor funds for Nu Star, JRS, and AVRI to Public Highway, The  
6 1975 Trust, and the operators of the Barcelona boiler room. Delaware Escrow also wire  
7 transferred the majority of the investor funds for IMUT to the operators of the Barcelona boiler  
8 room to pay commissions, with only a small percentage going to IMUT. Marie Levine then  
9 directed some of the remaining funds to the issuers, and identified the issuer for which each  
10 investor had bought shares to ensure that she sent each the correct stock certificates.  
11

12  
13           **Gerald Levine and Alan Copeland Artificially Inflated Nu Star's Share Price**

14           36. Gerald Levine acted to inflate the share price of Nu Star to allow the Barcelona  
15 boiler room sales force to offer Nu Star shares to overseas investors at a "discount" to the market  
16 price. Between January and September 2004, Gerald Levine and Alan Copeland used the  
17 brokerage accounts of Alan Copeland, Darin Metz (Marie Levine's son-in-law), Global, and  
18 Alan Copeland's wife and daughter, to make numerous, small volume purchases of Nu Star to  
19 increase the price from less than \$1.00 to \$7.50. With one exception, these purchases were under  
20 500 shares, occurred within days of a prior purchase, and often constituted a majority of the day's  
21 trading volume.  
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23           37. Between January and November 2004, the following parties executed the  
24 following transactions of Starbase and/or Nu Star shares:  
25

26           38. Alan Copeland bought approximately \$15,875 of stock in thirteen transactions;

27           39. Global bought approximately \$30,309 of stock in eighteen transactions;  
28

1 40. Alan Copeland's wife bought approximately \$7,820 in stock in seven  
2 transactions;

3 41. Alan Copeland's daughter bought approximately \$600 in stock in one transaction;  
4 and

5 42. Darin Metz bought approximately \$19,670 of stock in nineteen transactions.

6 43. Mary Ann Metz had authority to place trades in her husband Darin Metz's  
7 account, and she placed many orders to purchase Nu Star shares in that account. All of the Nu  
8 Star orders placed in that account were placed at the "offer price," that is at a specific price,  
9 rather than orders that allow the broker to try for a lower purchase price. Such orders  
10 substantially set Nu Star's stock price at ever-increasing levels.  
11

12 44. Darin Metz was the only person authorized to place trades in the Global account.  
13 Despite this limitation, Gerald Levine instructed the broker to place these purchase orders for Nu  
14 Star at the immediate "offer price" rather than asking the broker to attempt to get the best  
15 possible price for these orders. These purchases caused a systematic, artificial rise in Nu Star's  
16 share price.  
17

18  
19 **The Santa Ana Boiler Room Made Materially False Statements  
and Omissions about Nu Star**

20 45. In July 2004, Gerald Levine sought to reduce the exorbitant commissions of the  
21 Barcelona boiler room (as much as seventy percent of every dollar raised) and keep more of the  
22 Nu Star investors' payments. Thus, with Alan Copeland's assistance, Gerald Levine opened a  
23 second boiler room in Santa Ana, California. Alan Copeland located a manager for the boiler  
24 room, whom Gerald Levine called as many as ten times a day to confer about the sales efforts.  
25 When an investor orally agreed to purchase Nu Star stock in the course of a cold call from the  
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1 boiler room, the sales force directed the buyer to send the paperwork to Mary Ann Metz and  
2 Marie Levine. They processed the contracts and instructed the transfer agent to issue shares.  
3 Marie Levine also handled the disposition of investor funds: 10 percent to the sales person, 30  
4 percent to Nu Star, and, with the exception of occasional expenses, Alan Copeland, the Santa  
5 Ana boiler room manager and Wire to Wire (*i.e.*, Gerald Levine and Marie Levine) evenly split  
6 the remaining 60 percent.  
7

8 46. In calls to potential overseas investors, the boiler room manager used the fictional  
9 name "John Stanhope." Gerald Levine, Marie Levine, Isaac Morley and Mary Ann Metz knew  
10 that the manager gave this false identity to overseas investors. Mary Ann Metz and Marie Levine  
11 prepared marketing materials for Nu Star in that name.  
12

13 47. The Santa Ana boiler room called potential investors identified on lead lists that  
14 Gerald Levine had provided. Although not a part of the sales force, Nu Star president Isaac  
15 Morley also called potential investors from the boiler room for one week. During their calls, the  
16 boiler room sales force stated that they worked for Nu Star's "investor relations department" and  
17 that they were offering shares at a "discount" to the trading price. As Alan Copeland and Gerald  
18 Levine had dictated, the boiler room manager instructed the sales force to tell potential investors  
19 that Nu Star traded on the NASDAQ and not to inform them of the stock's one-year resale  
20 restriction.  
21

22 48. The Santa Ana boiler room sales force told potential investors to look at Nu Star's  
23 website for more information. The Nu Star website had a link to the websites of its subsidiary,  
24 Alcor, and to broadcasts about Alcor on MoneyTV, as discussed below. These websites  
25 contained false representations about Nu Star and Alcor. The boiler room sales force also e-  
26 mailed some potential investors an "e-pack" that contained Nu Star press releases and a bogus  
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1 “research report.” This report states that “Southport, a financial research oriented  
2 communications company” prepared it. This report repeats the falsehood contained in the JRS  
3 research report that JRS had “contracts” worth \$121 million and predicts “highly lucrative  
4 returns.” The report recommends buying Nu Star Regulation S stock, “available at a  
5 considerable discount to the market and will achieve far better than average returns.”  
6

7 49. The Santa Ana boiler room sales force quoted a price to the potential investors  
8 that was less than the “market” share price, but did not tell them that purchases directed by Alan  
9 Copeland and Gerald Levine had artificially inflated the market price. Nor were investors told  
10 that Nu Star’s board members (secretary-treasurer Mary Ann Metz and President Isaac Morley)  
11 had only authorized the sale of Nu Star’s stock at prices between \$.50 and \$1.50 per share while  
12 they were paying prices greater than \$1.50. Finally, the sales force did not tell investors that only  
13 30 percent of their investment would go to Nu Star and that the remainder would go to expenses  
14 and commissions.  
15

16 50. Because Gerald Levine’s lead lists were of poor quality, he instructed the Santa  
17 Ana boiler room manager to try to “reload” the investors who had previously purchased JRS  
18 stock, many of whom then bought shares of Nu Star.  
19

20 51. Gerald Levine ultimately closed the Santa Ana boiler room in December 2004  
21 because of its poor results, and resumed using the Barcelona boiler room to sell Nu Star and  
22 IMUT. The Levines had calls to the defunct Santa Ana boiler room forwarded to their offices in  
23 Las Vegas.  
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1 **Nu Star's Principals Made Materially False Statements and Omissions on MoneyTV and**  
2 **Nu Star's Website**

3 52. Gerald Levine understood the requirements of Regulation S, which provides a  
4 safe harbor from the registration requirements for an offering of securities to investors who reside  
5 overseas. Thus, he arranged for Nu Star to obtain an opinion of counsel, which acknowledged  
6 the "Proposed Reg. S. Offering." That opinion advised that, in this circumstance, "no direct  
7 'selling efforts' may be made in the U.S. in connection with the offer or sale" of stock, and  
8 confirmed that "[i]n our discussions, you have stated that you do not intend to support a market  
9 in the U.S."

10  
11 53. Contrary to the opinion letter, in August 2004, Gerald Levine paid for promotion  
12 of Nu Star's stock to investors who reside in the United States. Gerald Levine arranged for Isaac  
13 Morley (president of Nu Star and its subsidiary JRS) and the president of Nu Star subsidiary  
14 Alcor to appear on MoneyTV, a Los Angeles-based promotional vehicle with cable television  
15 and Internet broadcasts. MoneyTV is available to anyone with Internet service or certain cable  
16 TV programs, and it boasts that its cable program reaches millions of U.S. homes. It also places  
17 the issuer's stock symbol on the screen and provides viewers with a toll free telephone number to  
18 call for information about the issuer. After the appearances, MoneyTV e-mailed Gerald Levine a  
19 list of the several hundred people who had contacted MoneyTV for information about Nu Star.  
20 Nearly all of those inquiries came from people who reside in the U.S.

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23 54. In his August 2004 MoneyTV appearance, Alcor's president said that he was not  
24 "at liberty" to name the companies using Alcor's product but that Alcor had multiple, publicly-  
25 traded clients that are "household names."

26 55. Isaac Morley made a second appearance on MoneyTV in October 2004. He then  
27 claimed that Alcor's application has been "tasked by a Fortune 500 company that has literally, in  
28

1 a short period of time, saved millions of dollars.” When the MoneyTV host stated that he knew  
2 Alcor “has some pretty well known clients,” Isaac Morley agreed. Then Isaac Morley said that,  
3 while he was reluctant to identify any of Alcor’s customers, the viewers could “be assured that  
4 [Alcor’s customers] are well known.” At the time of these MoneyTV appearances, Alcor had  
5 only one client, Novell, Inc. (NASDAQ: NOVL), from which it received only a one-time,  
6 \$20,000 payment. Novell had not “saved millions” using Alcor’s product. Moreover, during  
7 both MoneyTV presentations, that program displayed Nu Star’s ticker symbol during the  
8 broadcast. In addition, Isaac Morley stated that he was “very excited to bring Nu Star to the  
9 investing public,” that Nu Star would minimize an investor’s risk and maximize the investor’s  
10 profit, that Nu Star’s stock price is a “bargain,” and that Nu Star is “absolutely” a great  
11 investment.  
12  
13

14 56. Nu Star’s website also misinformed investors. The link to Nu Star subsidiary  
15 Alcor’s section falsely claimed, “Alcor customers include Fortune 500 companies in the U.S. and  
16 around the globe.” The link to the website for Nu Star subsidiary, JRS, falsely continued to  
17 claim that Isaac Morley, who “has had wide experience in the debt collection industry,” is its  
18 president, despite his resignation in January 2005. This allowed Nu Star falsely to claim that,  
19 “unlike other companies offering similar services which are staffed by novices to the law, JRS is  
20 able to rely upon the legal knowledge and skills obtained by over 15 years of legal practice.” The  
21 website’s link to the MoneyTV broadcasts permitted any U.S. investor to view the MoneyTV Nu  
22 Star promotions.  
23

24 57. No issuer has filed a registration statement with the Commission for the offerings  
25 of the securities described above.  
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27  
28

**FIRST CLAIM**

**Fraud in the Purchase or Sale of Securities  
Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder  
(Defendants Nu Star, Gerald Levine, Marie Levine, Alan Copeland,  
Isaac Morley, Mary Ann Metz, Darin Metz)**

58. Plaintiff Commission repeats and realleges Paragraphs 1 through 57, above.

59. By engaging in the conduct described above, Defendants Nu Star, Gerald Levine, Marie Levine, Alan Copeland, Isaac Morley, Mary Ann Metz and Darin Metz directly or indirectly, acting knowingly or recklessly, in connection with the purchase or sale of securities, by the use of the means and instrumentalities of interstate commerce, or of the mails, or a facility of a national securities exchange: (a) have employed or are employing devices, schemes or artifices to defraud; (b) have made or are making untrue statements of material fact or have omitted or are omitting to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) have engaged or are engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

60. By engaging in the conduct described above, Defendants 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 [17 C.F.R. § 240.10b-5].

**SECOND CLAIM**

**Fraud in the Offer or Sale of Securities  
Violations of Section 17(a)(1), (2) and (3) of the Securities Act  
(Defendants Nu Star, Gerald Levine, Marie Levine, Alan Copeland,  
Isaac Morley, Mary Ann Metz)**

61. Plaintiff Commission repeats and realleges Paragraphs 1 through 60, above.



1 62. By engaging in the conduct described above, defendants Nu Star, Gerald Levine,  
2 Marie Levine, Alan Copeland, Isaac Morley and Mary Ann Metz directly or indirectly, in the  
3 offer or sale of securities by the use of the means and instruments of transportation or  
4 communication in interstate commerce or by the use of the mails, acting knowingly or recklessly:  
5 (a) have employed or are employing devices, schemes or artifices to defraud; (b) have obtained or  
6 are obtaining money or property by means of untrue statements of material fact or omissions to  
7 state a material fact necessary in order to make the statements made, in light of the circumstances  
8 under which they were made, not misleading; or (c) have engaged or are engaging in  
9 transactions, practices or courses of business which operate as a fraud or deceit upon certain  
10 purchasers of the securities.  
11

12  
13 63. By engaging in the conduct described above, Defendants violated and, unless  
14 enjoined, will continue to violate Section 17(a)(1), (2) and (3) of the Securities Act [15 U.S.C. §  
15 77q(a)(1), (2) and (3)].  
16

17  
18 **THIRD CLAIM**  
19 **Unregistered Offer and Sale of Securities**  
20 **Violations of Sections 5(a) and 5(c) of the Securities Act**  
**(Defendants Nu Star, Gerald Levine, Marie Levine, Isaac Morley, Mary Ann Metz)**

21 64. Plaintiff Commission repeats and realleges Paragraphs 1 through 63, above.

22 65. By engaging in the conduct described above, defendants Nu Star, Gerald Levine,  
23 Marie Levine, Isaac Morley and Mary Ann Metz, directly or indirectly, by the use of the means  
24 or instruments of transportation or communication in interstate commerce or by the use of the  
25 mails: (a) without a registration statement in effect as to the securities, sold such securities  
26 through the use or medium of a prospectus or otherwise, or carried or caused to be carried such  
27 securities for the purpose of sale or for delivery after sale; or (b) offered to sell or offered to buy  
28

1 through the use or medium of a prospectus or otherwise securities as to which a registration  
2 statement had not been filed.

3 66. By engaging in the conduct described above, Defendants Nu Star, Gerald Levine,  
4 Marie Levine, Isaac Morley and Mary Ann Metz violated and, unless enjoined, will continue to  
5 violate Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)].  
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8 **FOURTH CLAIM**  
9 **Failure to Register as a Broker-Dealer**  
10 **Violations of Section 15(a) of the Exchange Act**  
11 **(Defendants Gerald Levine, Marie Levine and Bruce Rothenberg)**

12 67. Plaintiff Commission repeats and realleges Paragraphs 1 through 66, above.

13 68. Defendants Gerald Levine, Marie Levine and Bruce Rothenberg, by engaging in  
14 the conduct described above, directly or indirectly, made use of the mails or means or  
15 instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to  
16 induce, the purchase or sale of securities, without being registered as a broker or dealer in  
17 accordance with Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

18 69. By engaging in the conduct described above, Defendants Gerald Levine, Marie  
19 Levine and Bruce Rothenberg violated and, unless enjoined, will continue to violate Section  
20 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

21  
22 **PRAYER FOR RELIEF**

23 WHEREFORE, plaintiff Commission respectfully requests that this Court:

24 1. Enter a permanent injunction enjoining Defendants Nu Star, Gerald Levine, Marie  
25 Levine, Alan Copeland, Isaac Morley, Mary Ann Metz and Darin Metz from violating, directly or  
26 indirectly, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;  
27  
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1           2.       Enter a permanent injunction enjoining defendants Nu Star, Gerald Levine, Marie  
2 Levine, Alan Copeland, Isaac Morley and Mary Ann Metz from violating Section 17(a) of the  
3 Securities Act;

4           3.       Enter a permanent injunction enjoining Defendants Nu Star, Gerald Levine, Marie  
5 Levine, Isaac Morley and Mary Ann Metz from violating Section 5 of the Securities Act;

6           4.       Enter a permanent injunction enjoining Defendants Gerald Levine, Marie Levine  
7 and Bruce Rothenberg from violating Section 15(a)(1) of the Exchange Act;

8           5.       Enter an order requiring that Defendants Nu Star, Gerald Levine, Marie Levine,  
9 Alan Copeland, Isaac Morley, Mary Ann Metz, Darin Metz and Bruce Rothenberg, as well as  
10 Relief Defendants Wire to Wire, Public Highway, Global and The 1975 Trust, disgorge all ill-  
11 gotten gains or unjust enrichment from the securities sales described above, plus prejudgment  
12 interest;

13           6.       Enter an order pursuant to Section 20(d) of the Securities Act [15 U.S.C. §  
14 77t(d)] and Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. § 78u(d)(3)(A)], imposing civil  
15 penalties against Defendants Nu Star, Gerald Levine, Marie Levine, Alan Copeland, Isaac  
16 Morley, Mary Ann Metz, Darin Metz and Bruce Rothenberg;

17           7.       Enter an order pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)]  
18 and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], barring Defendants Gerald  
19 Levine, Marie Levine, Alan Copeland, Isaac Morley, Mary Ann Metz and Darin Metz from  
20 serving as officers or directors of publicly traded companies;

21           8.       Enter an order pursuant to Section 20(g) of the Securities Act [15 U.S.C. §  
22 77t(g)] and Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)], barring Defendants  
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1 Gerald Levine, Marie Levine, Alan Copeland, Isaac Morley, Mary Ann Metz, Darin Metz and  
2 Bruce Rothenberg from participating in any future penny stock offerings;

3 9. Retain jurisdiction over this action to implement and carry out the terms of all  
4 orders and decrees that may be entered; and

5  
6 10. Award such other and further relief, as this Court may deem just, equitable,  
7 appropriate or necessary for the enforcement of the federal securities laws or for the benefit of  
8 investors, including such relief contemplated by Section 21(d)(5) of the Exchange Act [15U.S.C.  
9 § 78u(d)(5)].  
10

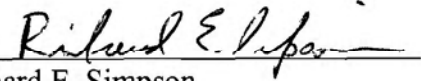
11  
12  
13 Dated: April 17, 2007

Respectfully submitted,

14 Securities and Exchange Commission

15  
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