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14 **UNITED STATES DISTRICT COURT**  
15 **CENTRAL DISTRICT OF CALIFORNIA**

16 **SECURITIES AND EXCHANGE  
COMMISSION,**

17 Plaintiff,

18 vs.

19 **BRUCE A. COLE,**

20 Defendant,

21 and

22 **NANETTE H. COLE,**

23 Relief Defendant.  
24

Case No. **CV 12-08024 ABC (SH)**

**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**

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26  
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1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as  
2 follows:

3 **SUMMARY**

4 1. This matter involves a scheme to defraud and misrepresentations and  
5 omissions by Bruce Cole, the former chairman and CEO of Mamtek International  
6 (“MI”), a Hong Kong corporation, and its U.S. subsidiary, Mamtek U.S.  
7 (“Mamtek”), in connection with a \$39 million municipal bond offering backed by  
8 the City of Moberly, Missouri (“Moberly”) in July 2010. The bond offering was  
9 intended to finance a sucralose processing plant in Moberly that Mamtek would  
10 construct and operate. Cole executed his fraud by directing unsuspecting Mamtek  
11 employees to take actions that diverted over \$900,000 in bond proceeds for his  
12 personal use and by misleading city officials and bondholders about the use of  
13 those proceeds.

14 2. Prior to the close of the bond offering, Cole directed unsuspecting  
15 Mamtek employees and consultants to create false documentation for a nonexistent  
16 company to falsely justify fictitious expenses for the sucralose project. He then  
17 instructed Mamtek employees to wire his wife \$900,000 in bond proceeds, which  
18 were used to pay for his and his wife’s personal expenses, in part, under the false  
19 pretense that she was an agent of the sham company.

20 3. In addition, as a precondition to the issuance of the bonds, Cole signed  
21 a certificate representing that certain portions of the Official Statement delivered to  
22 bondholders for the \$39 million offering were not false or misleading. However, at  
23 the time that Cole signed the document, he had already directed the creation of the  
24 false documentation and had made preliminary plans to divert and misuse the bond  
25 proceeds, rendering his representation in the closing certificate false. In doing so,  
26 he misrepresented the use of bond proceeds and the accuracy of the Official  
27 Statement.

28 4. By engaging in this conduct, Cole has violated Section 17(a) of the

1 Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder,  
2 for making material misrepresentations and omissions and engaging in a scheme to  
3 defraud the city and bondholders. Through this Complaint, the Commission seeks  
4 a permanent injunction, disgorgement with prejudgment interest, and a civil  
5 penalty.

6 5. Furthermore, Relief Defendant Nanette H. Cole is Bruce Cole's wife.  
7 Because she obtained certain of the bond proceeds, the Commission has named her  
8 as a relief defendant.

### 9 JURISDICTION AND VENUE

10 6. This Court has jurisdiction over this action pursuant to Sections 20(b),  
11 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§  
12 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the  
13 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(1),  
14 78u(d)(3)(A), 78u(e) & 78aa. Defendants have, directly or indirectly, made use of  
15 the means or instrumentalities of interstate commerce, of the mails, or of the  
16 facilities of a national securities exchange, in connection with the transactions,  
17 acts, practices, and courses of business alleged in this Complaint.

18 7. Venue is proper in this district pursuant to Section 22(a) of the  
19 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.  
20 § 78aa, because certain of the transactions, acts, practices, and courses of conduct  
21 constituting violations of the federal securities laws occurred within this district.  
22 At the time of the misconduct, Defendant Bruce Cole and Relief Defendant  
23 Nanette Cole resided in this district and many of the financial transactions at issue  
24 occurred in this district.

### 25 THE DEFENDANT AND RELIEF DEFENDANT

26 8. **Bruce A. Cole**, age 65, was, at all relevant times, a resident of  
27 Beverly Hills, California. Cole served as CEO of Mamtek during the time it  
28 sought to build a sucralose facility in Moberly, Missouri. Cole helped to form MI

1 in 2006 for the purpose of constructing a sucralose manufacturing facility in China,  
2 and served as MI's chief executive officer and chairman until his separation from  
3 the company in July 2011.

4 9. **Nanette H. Cole**, age 61, was, at all relevant times, a resident of  
5 Beverly Hills, California. She is the wife of Defendant Bruce Cole.

6 **STATEMENT OF FACTS**

7 **A. Cole Unsuccessfully Attempted to Operate a Commercial**  
8 **Sucralose Facility in China**

9 10. Bruce Cole and others formed MI in 2006 to manufacture sucralose  
10 based on a proprietary process developed and refined by the company. Sucralose is  
11 a popular zero-calorie sweetener used worldwide, marketed by a competitor under  
12 the registered trademark "Splenda." In addition to home use, sucralose has  
13 applications as an additive for the food, beverage, and pharmaceutical industries.

14 11. MI developed its proprietary process from 2007 through 2009 with the  
15 intention of constructing and operating a commercial factory. Cole raised at least \$3  
16 million from private equity investors to fund the initial construction. Sometime in  
17 2008 or 2009, MI purportedly entered into an agreement with the City of Wuyishan  
18 in the Fujian province of the People's Republic of China to construct a sucralose  
19 processing plant in that city. That agreement contemplated the operation of five 60-  
20 ton production lines, which would produce 300 metric tons annually. However, in  
21 or around October 2009, after construction of the first production line had  
22 commenced, the city and provincial government purportedly told MI that Wuyishan  
23 would not allow any new manufacturing in the city due to environmental concerns  
24 unrelated to Mamtek's operations.

25 12. As a result, the city would not issue a permit to MI to produce sucralose  
26 commercially, limiting operation of the line for testing purposes only. Because MI  
27 never obtained the license, the company could only operate the production line for  
28 no more than a few days at a time. Under these circumstances, it was not possible

1 for Cole to verify the purported 60-ton production capacity.

2 13. At the time the purported 60-ton facility was being constructed, Cole  
3 contemplated forming another entity in Hong Kong, Ramwell Industrial Ltd.  
4 (“Ramwell”), which would be responsible for all of the engineering and construction  
5 required to construct future sucralose production lines. Cole claimed that Ramwell  
6 would help limit the dissemination of MI’s intellectual property, minimizing the  
7 possibility that others would misappropriate Mamtek’s proprietary technology.

8 14. Later, when Cole sought to build a facility in the United States, he told  
9 others, including Mamtek employees and representatives of the City of Moberly,  
10 that Ramwell would be responsible for the engineering and construction of the  
11 United States plant. Despite these purported plans, Cole never took any steps to  
12 form Ramwell – a fact that Cole did not disclose to the city.

13 **B. Cole Then Sought to Build a Sucralose Plant in the United States**

14 15. At the end of 2009, having unsuccessfully attempted to commercialize  
15 MI’s sucralose technology in China, Cole turned his attention to the United States.  
16 In or about December 2009, Cole hired a financial consultant to help Mamtek  
17 explore opportunities to finance and construct a sucralose facility in the United  
18 States.

19 16. Cole told Mamtek’s employees, investors, and third parties, that MI’s  
20 patent attorney had visited the Chinese production line and documented the  
21 technology, the intellectual property, and the manufacturing steps. The attorney,  
22 who was not an engineer, visited the Chinese production line in or about  
23 November 2009 for three days to watch the line in operation. During that time, he  
24 took over 200 pictures of the constructed line and the equipment, took notes about  
25 the processing steps that were purportedly occurring on the line, reviewed  
26 blueprints, interviewed the Chinese engineers about the operation of the line, and  
27 watched what he believed to be the production of sucralose. His goal was to create  
28 an operations manual for the production line and compile an equipment list that

1 could be retained by his firm for safekeeping. These materials were referred to as  
2 the "Cookbook."

3 17. In or about March 2010, Mamtek reached out to several state agencies  
4 to identify municipalities willing to partner with Mamtek on the sucralose project.  
5 Several Missouri municipalities, including the City of Moberly, expressed an  
6 interest in providing a site for Mamtek's proposed sucralose plant. In April 2010,  
7 Cole and other Mamtek representatives visited three municipalities in Missouri,  
8 including Moberly, to meet with local officials and to investigate proposed sites.

9 **C. Cole Obtains Financing from the City of Moberly, Which Agreed**  
10 **to Back a Municipal Bond Offering**

11 18. Shortly after leaving Moberly, counsel for the City of Moberly and the  
12 city's mayor called Cole to guarantee a bond offering that Mamtek could use to  
13 finance the construction of Mamtek's proposed factory. Cole was given a short  
14 deadline to accept the offer because of the procedural hurdles associated with the  
15 proposed bond offering. In or about May 2010, Cole and Mamtek accepted the  
16 offer because of Moberly's expressed willingness to support the proposed bond  
17 offering.

18 19. The city ultimately offered to use its credit to provide annual  
19 appropriation backing for the bonds, a structure known as an appropriations credit  
20 bond. The Industrial Development Authority for the City of Moberly (the "IDA"),  
21 and not the city, actually issued the bonds. Through a financing agreement with  
22 the IDA (the "Financing Agreement"), however, the city made available, subject to  
23 annual appropriation, the unencumbered general revenues of the city for all  
24 payments of principal and interest due under the bond offering. Under this  
25 structure, as disclosed to investors, the city anticipated paying the principal and  
26 interest due on the bonds from general revenues, and agreed to include the  
27 payment amount in its annual budget proposals, but was not legally required to  
28 appropriate any money to pay back bondholders. This also meant that if the city

1 ever were to default on its obligations to bondholders, its credit rating likely would  
2 be downgraded.

3 20. As part of the bond offering, Mamtek agreed to make periodic  
4 payments to the City of Moberly from the revenue generated from the plant,  
5 ensuring a stream of income to fund the city's repayment obligations. However, if  
6 Mamtek were ever to default on its payment obligations, the city, not Mamtek, was  
7 obligated to repay bondholders and would have to adjust its finances accordingly.

8 21. Mamtek also agreed to assign to the bond trustee all of its right and  
9 title to the intellectual property required to operate the plant. As a precondition to  
10 the issuance of the bonds, Mamtek was required to deliver the Cookbook prepared  
11 by the intellectual property attorney to the bond trustee who would hold the  
12 materials in escrow. If Mamtek were ever to default on its payment obligations,  
13 the city believed that it could then find a third party to take over operation of the  
14 plant or sell the intellectual property documented in the Cookbook.

15 22. Prior to the issuance of the bonds, the city retained an independent  
16 expert to place a value on Mamtek's intellectual property. Among other things, the  
17 expert reviewed four patent applications filed to protect Mamtek's technology,  
18 researched the sucralose market, and spoke with Mamtek's intellectual property  
19 attorney to discuss his Chinese site visit and efforts to document the manufacturing  
20 process. Evaluating this data, among other things, the expert concluded that  
21 Mamtek's intellectual property was worth at least \$52 million, a value that  
22 exceeded the \$39 million bond offering. This valuation seemingly confirmed the  
23 city's view that, in the event of Mamtek's default, the city could meet its  
24 repayment obligations by simply selling the intellectual property documented in  
25 the Cookbook.

26 23. Further, as another precondition to the issuance of the bonds, the city  
27 required Mamtek's patent attorney to provide a letter, which was included in the  
28 bond transcript, that summarized his actions to compile the Cookbook. The bond

1 transcript includes all legal and financial documents associated with the issuance of  
2 municipal securities.

3 **D. The Bond Offering**

4 24. Three distinct series of bonds closed on July 28, 2010, raising a total  
5 of \$39 million. Series 2010-A were taxable annual appropriation capital projects  
6 bonds that raised \$8,440,000. Series 2010-B were tax-exempt annual  
7 appropriation capital projects bonds that raised \$3,025,000. Series 2010-C were  
8 tax-exempt annual appropriation recovery zone facility bonds that raised  
9 \$27,535,000.

10 25. The Official Statement, which is the document that provides  
11 information regarding the terms of the bond offering to the public, was issued by  
12 the IDA on July 28, 2010. All three series shared the same Official Statement and  
13 were concurrently offered.

14 26. In addition to the \$39 million to be raised through the bond offering,  
15 Mamtek agreed to provide \$7 to \$8 million of company equity. Despite repeated  
16 assurances to other Mamtek employees about the imminent receipt of new  
17 investment funds, Cole did not successfully raise the promised equity.

18 **E. Cole's Scheme to Defraud**

19 27. Cole withheld key facts related to Mamtek and Ramwell from  
20 Mamtek employees and consultants and city officials in a scheme that allowed him  
21 to divert and misuse bond proceeds.

22 28. Cole knew that Ramwell had not been formed. He knowingly used  
23 the Ramwell fiction to obtain bond proceeds from the city and the bond trustee  
24 under false pretenses. He then diverted and used these proceeds for his personal  
25 benefit, a purpose not disclosed in the Official Statement, despite his knowledge  
26 that bond proceeds were to be used solely for project-related costs. He designated  
27 a Mamtek consultant, unaware of Cole's scheme, as responsible for submitting  
28 periodic draw requests to the city for the purpose of improperly obtaining funds.



1           29. Pursuant to the process instituted by the city and bond trustee,  
2 Mamtek submitted draw requests consisting of invoices and receipts documenting  
3 the expenditure of funds for construction-related expenses. Typically, a draw  
4 request would include, among other things, invoices from contractors and sub-  
5 contractors employed by Mamtek and receipts or purchase orders for equipment.

6           30. The city finance manager reviewed the invoices and receipts in the  
7 request. If he concluded that an expenditure was not permitted under the  
8 Financing Agreement, e.g., travel expenses, he rejected that particular item and  
9 reduced Mamtek's request accordingly. The finance manager with guidance from  
10 bond counsel allocated the amounts requested to one of the three series of bonds to  
11 ensure that money was drawn from the appropriate taxable or tax-exempt bond  
12 series. The finance manager then prepared a requisition form, attaching the draw  
13 request, asking the bond trustee to disburse funds to the appropriate recipients,  
14 typically directly to the contractor or supplier. In the case of Ramwell invoices,  
15 those disbursements were wired to Mamtek directly.

16           31. For the initial draw request submitted on the date the bonds were  
17 issued, Cole used Ramwell as a means to obtain funds for his and his wife's  
18 personal use. About two weeks before the bond offering closed and before he  
19 signed the closing certificate, Cole asked a consultant to create an invoice for  
20 Ramwell to bill Mamtek for construction work, which would be submitted to the  
21 city and the bond trustee. Cole represented that Ramwell had performed  
22 engineering work on the Moberly project and the consultant believed these false  
23 representations.

24           32. At Cole's direction, the consultant created a Ramwell invoice dated  
25 July 21, 2010 in the amount of \$4,062,500, purportedly billing Mamtek for  
26 production line engineering, design and project supervision. Cole reviewed and  
27 approved the invoice. Cole knew that Ramwell did not exist at the time, or ever,  
28 and had not performed the services itemized in the invoice.

1           33. Cole sought to further document the nonexistent relationship between  
2 Mamtek and Ramwell for the city. On or about July 19, 2010 in San Mateo,  
3 California, Cole asked a Mamtek engineer to sign a document, known as an  
4 application for payment, between Mamtek and Ramwell. Although Ramwell did  
5 not exist, this document purportedly established that Mamtek would pay Ramwell  
6 a total of \$22,850,000 for engineering work on the Moberly project. The  
7 document was notarized and ultimately included in the initial draw request as a  
8 basis for compensating Ramwell for its purported work.

9           34. On July 29, 2010, the trustee wired \$4,278,648 to Mamtek's bank  
10 account. This amount included full reimbursement for the July 19, 2010 Ramwell  
11 invoice, as well as payment of additional invoices. Cole did not tell the city that  
12 Ramwell did not exist. The city, had it known the truth, would have refused to pay  
13 the Ramwell invoice.

14           35. Cole directed how these funds were used. He prepared a list of  
15 payments to be made from the wired funds and gave it to a Mamtek employee a  
16 few days before the bond closed. None of the wired funds were remitted to  
17 Ramwell because Ramwell did not exist. Rather, at least \$904,167 of the funds  
18 were sent directly to Bruce Cole's wife, Nanette Cole.

19           36. First, Cole directed \$700,000 be wired to his wife. When a Mamtek  
20 employee questioned this payment, Cole stated that his wife was an agent for  
21 Ramwell, the nonexistent company. Cole later claimed that this money was a  
22 termination fee to compensate Ramwell for Mamtek's cancellation of a written  
23 agreement in which Ramwell purportedly agreed to construct the Moberly factory.  
24 But the written agreement that Cole relied on purportedly documenting the  
25 relationship between Ramwell and Mamtek contains no provision for payment of a  
26 termination fee. Cole also falsely claimed that he discussed this payment with  
27 members of the MI board in advance.

28           37. The \$700,000 was wired into an account held in Relief Defendant

1 Nanette Cole's name. The money was then used for the Coles' personal expenses,  
2 including, among other things, payments for credit card debt, a mortgage,  
3 homeowners and auto insurance, and household employees, as well as the issuance  
4 of a \$271,046.30 cashier's check.

5 38. Second, Cole directed a second wire of \$204,167 to his wife's bank  
6 account purportedly for deferred compensation that he was owed from earlier in  
7 the year. However, Cole has not offered any documentation supporting his claim  
8 that he was allegedly owed deferred compensation of any amount. That money  
9 was also used to pay the Coles' personal expenses.

10 **F. Cole Makes Material Misrepresentations and Omissions at the**  
11 **Bond Closing**

12 39. The Official Statement contained disclosures about the intended use  
13 of the bond proceeds. In the section captioned "INTRODUCTION – The Project,"  
14 the Official Statement disclosed that the "proceeds of the Bonds will be used to  
15 provide funds to pay a portion of the costs of a project including the acquisition of  
16 and making of improvements to real property and the construction and equipping  
17 of a sucralose manufacturing and processing facility within the City of Moberly,  
18 Missouri."

19 40. The section captioned "THE PROJECT" similarly disclosed: "The  
20 City is issuing the Bonds for the purpose of financing a project which includes the  
21 acquisition of land and making of improvements to an approximately 33 acre  
22 parcel of land, and the construction and equipping of a sucralose manufacturing  
23 and processing facility."

24 41. On July 22, 2010, Cole signed a closing certificate on behalf of  
25 Mamtek. The city required this closing certificate as a precondition to the issuance  
26 of the bonds. Among other things, this closing certificate stated:

27 The description and information contained in the Official  
28 Statement with respect to the Company and related

1 matters including with particularity, the information  
2 contained in Official Statement contained under the  
3 captions "INTRODUCTION – The Project," . . . "THE  
4 PROJECT," . . . are, as of the date hereof, and will be, at  
5 the Closing, true and correct and do not, as of the date  
6 hereof, and will not, at the Closing, contain any untrue  
7 statement of any material fact and do not, as of the date  
8 hereof, and will not, at the Closing, omit to state any  
9 material fact necessary to make any statement made  
10 therein, in the light of the circumstances under which it  
11 was made, not misleading.

12 42. At the time he signed the closing certificate, Cole's representations in  
13 the certificate, set forth above, were false and omitted material facts about the  
14 fraudulent scheme he had set into motion. The statements in the sections entitled  
15 "INTRODUCTION – The Project" and "THE PROJECT" were false because  
16 some of the bond proceeds were not used to finance or pay the costs of the  
17 sucralose plant project, but instead were misappropriated to the bank account of  
18 Cole's wife. When he signed this certificate, he had already directed the creation  
19 of a false Ramwell invoice and the false Ramwell application for payment, all in  
20 preparation for diverting and misusing over \$900,000 of bond proceeds from the  
21 first draw request.

22 43. Cole omitted to disclose any of this information in connection with his  
23 execution of the closing certificate. When he signed the certificate, Cole knew, or  
24 was reckless in not knowing, that the closing certificate was false and misleading.

25 44. As the signatory, Cole possessed ultimate authority over the  
26 statements in the closing certificate. The misrepresentations and omissions in the  
27 Official Statement are attributable to Cole as the maker of those statements  
28 because he certified to their accuracy. Without the certification, the statements

1 would not have been made, and the Official Statement would not have been issued.

2 45. Cole was also responsible for omitting to disclose the diversion and  
3 misuse of bond proceeds because he knew that the invoice documentation was  
4 false and that he intended to use bond proceeds for improper purposes.

5 46. Cole's misrepresentations and omissions were material. The closing  
6 certificate was required as a precondition to the issuance the bonds. Cole's  
7 misrepresentations and omissions in the closing certificate deceived the city and  
8 the underwriter of the \$39 million bond offering about the accuracy of the Official  
9 Statement. Had the city or the underwriter known the truth about Cole's  
10 misrepresentations and omissions, the bond offering would not have closed.

11 47. Moreover, the false closing certificate rendered the Official Statement  
12 misleading to investors. The city and the underwriter relied on this closing  
13 certificate in making and issuing the statements in the Official Statement, including  
14 the statements regarding the use of bond proceeds. As a result of Cole's  
15 misrepresentations and omissions, investors were unaware that (1) Cole had  
16 directed the preparation of false documentation to divert bond proceeds to him and  
17 his wife; and (2) Cole intended to divert and misuse bond proceeds for personal  
18 expenses.

19 48. Relief Defendant Nanette Cole received bond proceeds as a result of  
20 Bruce Cole's fraudulent conduct. She has no legitimate claim to these proceeds  
21 because, as described above, she obtained them under circumstances in which it is  
22 not just, equitable, or conscionable for her to retain the funds. As a result, Relief  
23 Defendant Nanette Cole has been unjustly enriched and must disgorge the amount  
24 of her ill-gotten gains.

1 **FIRST CLAIM FOR RELIEF**

2 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

3 **Violations of Section 17(a) of the Securities Act**

4 **(Against Bruce Cole)**

5 49. The Commission realleges and incorporates by reference paragraphs 1  
6 through 48 above.

7 50. Cole made material misrepresentations and omissions regarding the  
8 use of bond proceeds raised in the offer and sale of the municipal bond offering  
9 backed by the City of Moberly and orchestrated a scheme to defraud the city and  
10 bondholders.

11 51. Cole, by engaging in the conduct described above, directly or  
12 indirectly, in the offer or sale of securities by the use of means or instruments of  
13 transportation or communication in interstate commerce or by use of the mails:

- 14 a. with scienter, employed devices, schemes, or artifices to  
15 defraud;
- 16 b. obtained money or property by means of untrue statements of a  
17 material fact or by omitting to state a material fact necessary in  
18 order to make the statements made, in light of the  
19 circumstances under which they were made, not misleading; or
- 20 c. engaged in transactions, practices, or courses of business which  
21 operated or would operate as a fraud or deceit upon the  
22 purchaser.

23 52. By engaging in the conduct described above, Cole violated, and  
24 unless restrained and enjoined will continue to violate, Section 17(a) of the  
25 Securities Act, 15 U.S.C. § 77q(a).

1 **SECOND CLAIM FOR RELIEF**

2 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF**  
3 **SECURITIES**

4 **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**  
5 **(Against Bruce Cole)**

6 53. The Commission realleges and incorporates by reference paragraphs 1  
7 through 48 above.

8 54. Cole made material misrepresentations and omissions regarding the  
9 use of bond proceeds raised in the purchase or sale of the municipal bond offering  
10 backed by the City of Moberly and orchestrated a scheme to defraud the city and  
11 bondholders.

12 55. Cole, by engaging in the conduct described above, directly or  
13 indirectly, in connection with the purchase or sale of a security, by the use of  
14 means or instrumentalities of interstate commerce, of the mails, or of the facilities  
15 of a national securities exchange, with scienter:

- 16 a. employed devices, schemes, or artifices to defraud;
- 17 b. made untrue statements of a material fact or omitted to state a  
18 material fact necessary in order to make the statements made,  
19 in the light of the circumstances under which they were made,  
20 not misleading; or
- 21 c. engaged in acts, practices, or courses of business which  
22 operated or would operate as a fraud or deceit upon other  
23 persons.

24 By engaging in the conduct described above, Cole violated, and unless restrained  
25 and enjoined will continue to violate, Section 10(b) of the Exchange Act, 15  
26 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

27 **PRAYER FOR RELIEF**

28 WHEREFORE, the Commission respectfully requests that the Court:

1 **I.**

2 Issue findings of fact and conclusions of law that Cole committed the  
3 alleged violations.

4 **II.**

5 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), permanently  
6 enjoining Cole and his officers, agents, servants, employees, and attorneys, and  
7 those persons in active concert or participation with him, who receive actual notice  
8 of the judgment by personal service or otherwise, and each of them, from violating  
9 Section 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a), and  
10 Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder,  
11 17 C.F.R. § 240.10b-5.

12 **III.**

13 Order Defendant Bruce Cole to disgorge all ill-gotten gains that he received  
14 as a result of the conduct alleged in the Complaint, together with prejudgment  
15 interest thereon.

16 **IV.**

17 Order Cole to pay civil penalties under Section 20(d) of the Securities Act,  
18 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. §  
19 78u(d)(3).

20 **VI.**

21 Order Relief Defendant Nanette Cole to disgorge all ill-gotten gains to  
22 which she has no legitimate claim that she received as a result of the conduct  
23 alleged in the Complaint, together with prejudgment interest thereon.

24 **VII.**

25 Retain jurisdiction of this action in accordance with the principles of equity  
26 and the Federal Rules of Civil Procedure in order to implement and carry out the  
27 terms of all orders and decrees that may be entered, or to entertain any suitable  
28 application or motion for additional relief within the jurisdiction of this Court.



VIII.

Grant such other and further relief as this Court may determine to be just and necessary.

DATED: September 18, 2012



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Sam S. Puathasnanon  
Attorneys for Plaintiff  
Securities and Exchange Commission

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