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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

SECURITIES AND EXCHANGE COMMISSION,

PLAINTIFF,

v.

IMPERIA INVEST IBC,

DEFENDANT.

COMPLAINT

Case: 2:10cv00986

Assigned To : Benson, Dee

Assign. Date : 10/6/2010

Description: SEC v. Imperia Invest
IBC

Plaintiff, Securities and Exchange Commission (the "Commission"), for its Complaint against Defendant Imperia Invest IBC alleges as follows:

INTRODUCTION

1. This matter involves an ongoing offer and sale of unregistered securities by Imperia Invest IBC ("Imperia" or "Defendant"), a web-based entity which, at various times, claims either to be based in the Bahamas or in Vanuatu.

2. Imperia fraudulently claims to use investor money to purchase Traded Endowment Policies ("TEP"), the British term for viatical settlements, and claims that it will pay guaranteed returns of 1.2% per day on the investment.

3. Funds are transferred to Imperia via Pay Pal-like accounts in Costa Rica, Panama and the British Virgin Islands, among other countries. Funds are then transferred from these

accounts to additional foreign bank accounts, including accounts located in Cyprus and New Zealand. Imperia appears to have raised in excess of \$7 million from 14,000 investors worldwide, \$4 million of which was collected primarily from approximately 6,000 deaf investors in the United States.

4. Notwithstanding the representations by Imperia, or the amounts purportedly owed to investors (often tens of millions of dollars based on \$50, \$100, or \$150 investments), no evidence has been found that any of the investors have received a single payment.

5. Unless Imperia's actions are enjoined, additional investors will be duped into investing in Imperia with no hope whatsoever of receiving the promised returns. In addition, Imperia should be compelled to disgorge amounts it has improperly obtained from investors, and should be subject to a civil penalty based on its fraudulent activities.

JURISDICTION AND VENUE

6. This Court has subject matter jurisdiction by authority of Sections 20 and 22 of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §§ 77t and 77v] and Sections 21 and Section 27 of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §§ 78u and 78aa].

7. Defendant, directly and indirectly, has made use of the means and instrumentalities of interstate commerce and the mails in connection with the transactions, acts and courses of business alleged herein, certain of which have occurred within the District of Utah.

8. Venue for this action is proper in the District of Utah under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and under Section 27 of the Exchange Act [15 U.S.C. § 78aa] because certain of the transactions, acts, practices, and courses of business alleged in this

Complaint took place in this district and because defendant resides in and transacts business in this district.

9. Defendant, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and course of business alleged herein and in transactions, acts, practices, and courses of business of similar purport and object.

10. Defendant's conduct took place in connection with the offer, purchase and/or sale of securities in the form of investment contracts. As investment contracts, the investments therefore are securities, and no registration statement has been filed with respect to the offering of these interests.

DEFENDANT

11. **Imperia Invest IBC** is a web-based entity that claimed, until late 2009, to be located in the Bahamas. The Bahamian address listed by Imperia is fictitious. Imperia now claims to be located in Vanuatu. However, Imperia is not registered to do business in Vanuatu and the address listed on its website appears also to be fictitious. Neither Imperia nor its securities are registered with the Securities and Exchange Commission. Imperia is not licensed or registered with the Commission, with any state, or with any Self Regulatory Organization.

FACTUAL STATEMENT

12. According to its website, Imperia purports to invest in TEPs, the British term for viatical settlements, and claims to pay guaranteed returns of 1.2% per day.

13. A TEP or viatical settlement involves the sale of an insurance policy by the policy owner before the policy matures. The policies are sold at a discount from face value in an amount in excess of the current cash surrender value.

14. At the time the policies are sold, all beneficial rights and obligations on the policy transfer to the new owner. Imperia contends that its experience with financial derivatives and bank securities allows it to offer trading in TEPs to the mass market.

15. According to Imperia's website, investors are required to invest their money for at least six months before withdrawing earnings. Investors are to receive 40% of the profit from their investment, Imperia is to receive 30%, and the remaining 30% is to be allocated for bank fees, trustee fees, investment costs and commissions.

16. The Imperia website shows an example of such earnings in which a \$50 investment will return \$134,000 to the investor in six months.

17. The majority of investor monies paid to Imperia appear to have been sent to three PayPal-type entities: Liberty Reserve, located in Costa Rica; Perfect Money, located in Panama; and Procurrex, located in the British Virgin Islands. Once Imperia received funds from Investors, it appears that Imperia then transferred amounts from these accounts to foreign bank accounts, including but not limited to accounts located in Cyprus and New Zealand.

18. Imperia also requires that investors purchase a Visa debit card to access their investment proceeds. Imperia charges customers a fee to purchase the Visa debit card ranging from \$145 to \$450.

19. Visa has not authorized Imperia to use its name or trademarks and has sent Imperia a cease-and-desist letter to halt its unauthorized use of the Visa name and logo. There is no evidence that any investor who has ordered a Visa debit card from Imperia has actually received such a card.

20. Investors have access to their purported account statements via Imperia's website. After an investor makes his or her \$50 initial investment into Imperia, Imperia allows the

customer to create and user name and password. Investors can log into the Imperia website to view their account statements. Those investor account statements show outrageous and unrealistic returns.

21. Although not appearing to directly target it, Imperia's activities in the United States appear to taken their greatest toll among the deaf community. There are at least 14,000 investors worldwide with a total investment exceeding \$7 million. In the United States, there appear to be approximately 6,000 investors, most of whom belong the hearing impaired community, who have invested in excess of \$4 million with Imperia.

22. As is the case with investors outside the United States, there is no evidence that any of these U.S.-based investors have received any returns.

23. To date, Imperia, either via its website or through email, has made numerous excuses about why returns have not been paid. As early as 2007, Imperia claimed it could start paying investors only when it had at least 10,000 investors – a number that already has been significantly exceeded.

24. In late 2009, when Imperia claimed to relocate from the Bahamas to Vanuatu, it maintained that it experienced computer server problems as a consequence of the relocation which, according to Imperia, delayed payments of investment proceeds.

25. Other excuses Imperia provided via its website regarding the necessity to delay payments include but are not limited to (1) its computer server being overloaded and unable to process the payments; (2) a delay in obtaining a trustee agreement for its partners; (3) the need for additional time to verify the identities of investors; and, (4) its computer system had been compromised by hackers.

IMPERIA OFFERED AND SOLD SECURITIES

26. Imperia sold investment contracts. Imperia requires investors to invest at least \$50. Investors transfer their funds into a pooled account in Costa Rica, Panama, or the British Virgin Islands. The initial \$50 investment purportedly allows the customer to obtain an \$80,000 loan from an unnamed foreign bank which is used to purchase TEPs.

27. Imperia then claims to trade the TEPs in order to generate guaranteed returns sufficient to pay investors returns of 1.2% per day. Investors expected their returns to derive from Imperia's efforts, had no role in any investment decisions, and provided nothing besides their money.

MATERIAL MISREPRESENTATIONS AND OMISSIONS

28. Imperia told investors their investments would generate guaranteed returns of 1.2% per day. It is highly improbable that any legitimate investment can guarantee a 1.2% per day return.

29. In support of this misrepresentation, Imperia's website, which was available to the general public, showed a \$50 dollar investment yielding a \$134,000 return in a six month period.

30. More specifically, Imperia represented to one investor who invested \$150.00 with Imperia that Imperia owed him \$36,610,755.20 within a two year time frame. Another individual's account statement who invested \$500 in July 2007 showed he is owed \$43,907,652.20 as of May 2010.

31. Imperia also misrepresented its business location and registration. Although Imperia claimed, at different times, to be licensed and located in the Bahamas and in Vanuatu, it is not licensed to do business or located in either of those jurisdictions.

32. Finally, Imperia's website states that investors are required to purchase a Visa debit card in order to access their investment proceeds. Imperia charges customers a fee to purchase the Visa debit card ranging from \$145 to \$450.

33. Notwithstanding these representations, Visa has not authorized Imperia to use its name or trademarks and on June 7, 2010, Visa issued a cease-and-desist letter to Imperia requesting that it halt the unauthorized use of the Visa name and logo. Imperia's use of the Visa name and logo is misleading, because it creates the false impression that the investment is legitimate and even endorsed by Visa.

DEFENDANT ACTED WITH SCIENTER

34. Imperia's solicitation of investments through the promise of highly improbable returns demonstrates a high degree of scienter. Based on its web of misrepresentations, Imperia is seeking to convince individuals to invest with Imperia while at the same time having no intention of fulfilling any of the promises in return for the investment.

35. In addition, and in an effort to facilitate its fraud, Imperia took proactive steps to conceal the identity of its control persons by using an anonymous browser to host its website, by communicating with all investors exclusively via email without disclosing the identity of any control persons, and by establishing off-shore PayPal style bank accounts to conceal the identity of the recipient of the investment proceeds.

FIRST CAUSE OF ACTION EMPLOYMENT OF A DEVICE, SCHEME OR ARTIFICE TO DEFRAUD Violation of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)]

36. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 35, above.

37. Imperia, by engaging in conduct described in Paragraphs 1 through 35, above, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of

transportation or communication in interstate commerce or by use of the mails, with scienter, employed devices, schemes, or artifices to defraud.

38. By reason of the foregoing, Defendant, directly or indirectly, violated, and unless restrained and enjoined by this Court, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

SECOND CAUSE OF ACTION
FRAUD IN THE OFFER AND SALE OF SECURITIES
Violations of Section 17(a)(2) and (3) of the Securities Act
[15 U.S.C. § 77q(a)(2) and (3)]

39. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 35, above.

40. Imperia, by engaging in the conduct described in Paragraphs 1 through 35, above, directly and indirectly, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, obtained money or property by means of untrue statements of material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in transactions, practices, or courses of business which operate or would operate as a fraud or deceit upon the purchaser.

41. By reason of the foregoing, Defendant, directly or indirectly, violated, and unless restrained and enjoined will continue to violate, Section 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

THIRD CAUSE OF ACTION
FRAUD IN CONNECTION WITH THE PURCHASE AND
SALE OF SECURITIES
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]

42. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 35, above.

43. Imperia, by engaging in the conduct described in Paragraphs 1 through 35, above, directly or indirectly, by the use of means or instrumentalities of interstate commerce or use of the mails, in connection with the purchase or sale of securities, with scienter, (1) employed devices, schemes, or artifices to defraud; (2) made untrue statements of material fact or omitted to state a material fact necessary in order to make statements made, in light of the circumstances under which they were made not misleading; or (3) engaged in acts, practices, or courses of business that operated or would operate as a fraud and deceit upon other persons.

44. By reason of the foregoing, Defendant violated, and unless restrained and 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].

FOURTH CAUSE OF ACTION
OFFER AND SALE OF UNREGISTERED SECURITIES
Violation of Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)]

45. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 35, above.

46. Imperia, by engaging in the conduct described in paragraphs 1 through 35, above, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce or the mails, offered to sell or sold securities or, directly or indirectly, carried

such securities through the mails or in interstate commerce, for the purpose of sale or delivery after sale.

47. No registration statement has been filed with the Commission or has been in effect with respect to these securities.

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

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court:

I

Issue findings of fact and conclusions of law that the Defendant committed the violations charged herein.

II

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure an order that permanently restrains and enjoins Defendant, and its officers, agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from engaging in transactions, acts, practices, and courses of business described herein, and from engaging in conduct of similar purport and object in violation of Sections 5(a), 5(c) and 17(a) of the Securities Act, and Sections 10(b) of the Exchange Act and Rule 10b-5 thereunder.

III

Issue, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, an order that permanently restrains and enjoins Defendant and its officers, agents, servants,

employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from: (A) transferring, changing, wasting, dissipating, converting, concealing, or otherwise disposing of, in any manner, any funds, assets, claims, or other property or assets owned or controlled by, or in the possession or custody of Defendant; and (B) transferring, assigning, selling, hypothecating, or otherwise disposing of any assets of Defendant.

IV

Issue in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure an order that permanently restrains and enjoins Defendant and its officers agents, servants, employees, attorneys, and accountants, and those persons in active concert or participation with any of them, who receive actual notice of the order by personal service or otherwise, and each of them, from destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, books, records, computer programs, computer files, computer printouts, correspondence, including e-mail, whether stored electronically or in hard-copy, memoranda, brochures, or any other documents of any kind that pertain in any manner to the business of the Defendant.

V

Enter an order directing Defendant to pay civil money penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

VI

Enter an order directing Defendant to disgorge all ill-gotten gains received during the period of violative conduct and pay prejudgment interest on such ill-gotten gains.

VII

Enter an order requiring that Defendant, and each of its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, including facsimile transmissions, electronic mail or overnight delivery service, and each of them, within five (5) days of receiving actual notice of this order, to take such steps as are necessary to repatriate and deposit into the registry of the Court in an interest bearing account, any and all funds or assets that presently may be located outside of the United States that were obtained directly or indirectly from investors.

VIII

Enter an order requiring that Defendant submit in writing and serve upon the Commission, within three (3) business days following service of the order, a written accounting identifying:

- a. The name, address, amount, and date of payment and present location of proceeds for each and every individuals who made payments in connection with solicitations on the website “Imperiainvest.net” or any affiliated entities;
- b. Assets of every type and description with a value of at least one thousand dollars (\$1,000) held for the direct or indirect benefit, or subject to the direct or indirect control, of Defendant, whether in the U.S. or elsewhere;
- c. All transfers of funds or other assets of one thousand dollars (\$1,000) or more in funds obtained in connection with solicitations on the website “Imperiainvest.net,” or under the name of Imperia Invest IBC or any affiliated entities, including the names and locations of all persons, entities, and accounts to and from which the transfers were made, the

dates, amounts, and purposes of the transfers, and the identity and location of any assets derived from such funds; and

- d. All accounts maintained at any bank, broker-dealer, other financial institution, or Internet payment agent in the U.S. or elsewhere for the direct or indirect benefit, or subject to the direct or indirect control of Defendant at any time since January 1, 2007.

IX

Grant such further equitable relief as this Court deems just, appropriate, and necessary, including, but not limited to, a freeze of assets and the acceleration of discovery, including the forthwith production of documents.

X

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

Dated this 6th day of October 2010.

Respectfully submitted,

/s/ Daniel J. Wadley
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Securities and Exchange Commission