

ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI
WESTERN DIVISION

SECURITIES AND EXCHANGE :
COMMISSION, :

Plaintiff, :

v. :

U.S. SUSTAINABLE ENERGY :
CORP., JOHN H. RIVERA, :

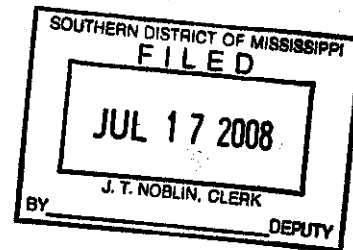
Defendants. :

and :

ALICE M. PRICE, :

Relief Defendant. :

Civil Action No. 5:08cv245 PCB-JMR



COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

The plaintiff, Securities and Exchange Commission (“Commission” or the “Plaintiff”), files its complaint and alleges that:

SUMMARY

1. This civil injunctive action involves a fraudulent “pump and dump” scheme perpetrated by Defendants U.S. Sustainable Energy Corp. (“USSE”) and USSE’s Chairman and Chief Executive Officer (“CEO”) John H. Rivera (“Rivera”) (collectively, the “Defendants”). The case also seeks to recover from

Relief Defendant Alice M. Price (“Price” or “Relief Defendant”) who was unjustly enriched through her sales of USSE stock.

2. Between October 2006 and February 2007, Rivera and USSE artificially inflated the price and volume of the trading in USSE stock by publishing false and misleading press releases about the company and by making false and misleading claims at teleconferences with investors which were repeated on the company’s website.

3. In its press releases, USSE claimed to have a patent pending process with a plant which could produce more than three times as much biofuel as its competitors from the same amount of raw materials. USSE also claimed that it could produce biofuel for \$0.50 per gallon. USSE further claimed that USSE’s technology, when combined with the technology of another company with which it had agreed to merge, would have an immediate market value of between 9 and 12 billion dollars. These claims were utterly false.

4. For example, during a teleconference with USSE investors after the market closed on October 25, 2006, Rivera made false and misleading statements concerning USSE’s contracts and its prospects for future revenue (the “October

25th Teleconference”). A link to a recording of this teleconference was posted on USSE’s website.

5. Again, before the market opened on October 26, 2006, Rivera published a USSE press release repeating some of the false and misleading statements in the October 25th Teleconference (the “October 26th Press Release”). The October 26th Press Release also made false claims about USSE’s manufacturing capacity, intellectual property, and the scope of its operations.

6. Similarly, between November 1, 2006 and December 12, 2006, Rivera caused USSE to issue eleven additional press releases, each of which repeated the false and misleading claims concerning USSE’s manufacturing capacity, intellectual property, and the scope of its operations.

7. Moreover, on January 4, 2007, Rivera, acting through Originally New York, Inc. (“ONYI”), a company with which USSE planned to merge, issued a press release (the “January 4th ONYI Press Release”) that falsely claimed that USSE and ONYI’s combined technology would have “an immediate market value of between 9 and 12 billion dollars.” This press release also repeated the false and misleading claims contained in USSE’s earlier press releases.

8. Collectively these false press releases materially inflated both the daily trading volume and price for USSE shares. As a result, Price sold her USSE holdings at artificially inflated prices.

9. Between October 2006 and February 2007, Rivera directed Price to sell over 2.6 million shares of USSE stock at artificially inflated prices, thereby generating approximately \$721,462 in profits.

10. Price was unjustly enriched in the amount of proceeds she received from these sales.

11. Rivera drafted or approved the press releases and knew that they contained materially false and misleading claims before he directed Price to sell USSE stock.

12. Through their conduct, Defendants, directly or indirectly, engaged in acts, practices, and courses of business which have constituted and will constitute violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

13. Defendants, unless enjoined by this Court, will continue to engage in the acts, practices and courses of business alleged herein, and in acts, practices and courses of business of similar purport and object.

JURISDICTION AND VENUE

14. The Commission brings this action pursuant to Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)], to enjoin Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, for disgorgement of illegally obtained funds together with prejudgment interest thereon, civil money penalties, penny stock bars, officer and director bars, and other equitable relief.

15. This Court has jurisdiction over this action pursuant to Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

16. Defendants, directly and indirectly, made use of the mails, and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

17. Certain of the transactions, acts, practices, and courses of business constituting violations of the Exchange Act occurred in the Southern District of Mississippi, including, but not limited to: (1) USSE's principal place of business was located within the Southern District of Mississippi; and (2) both Rivera and Price were residents of the Southern District of Mississippi, at least during the period between October 2006 and February 2007.

18. Defendants, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged in this complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

THE DEFENDANTS

19. U.S. Sustainable Energy Corp. ("USSE") is a Nevada corporation, headquartered in Natchez, Mississippi, purportedly involved in the research and development of a technology to convert soybeans into biofuel. USSE has generated only nominal revenues since its inception. Its stock has been quoted by Pink OTC Markets Inc. since October 2006, and during the relevant period, was a penny stock as that term is defined in the federal securities laws. USSE's stock is

not registered with the Commission, and the only public information available about the company during the period of misconduct was contained in Rivera's false press releases or on USSE's website.

20. John H. Rivera, age 58, is the founder of USSE, and remains its Chairman and CEO. Rivera resided in Natchez, Mississippi while the conduct alleged in this complaint occurred.

21. Alice M. Price, age 61, resided with Rivera in Natchez, Mississippi. Rivera testified that, while they are not married, he considers Price to be his wife.

FACTUAL BACKGROUND

A. Rivera Pumps the Market for USSE's Stock

22. Between October 2006 and January 2007, Defendants made untrue statements of material fact and omitted to state material facts necessary to make the statements made therein not misleading in: (1) a teleconference; (2) a process demonstration; and (3) in at least eleven separate press releases.

23. For example, in the October 25th Teleconference, hosted by Rivera and recorded and posted on USSE's website, Rivera stated that: (a) USSE had a fully operational plant that produced a patent pending biofuel; (b) USSE could

make five gallons of biofuel from one bushel of soybeans; (c) USSE had “guaranteed sales” and multiple contracts; and (d) within one year likely would earn revenues of at least \$1.5 billion to \$2 billion.

24. In fact, USSE did not have “guaranteed sales” or multiple contracts. At most, USSE had one contract, which was not guaranteed to generate revenue for the company. Defendants also had no reasonable basis for stating in the October 25th Teleconference that USSE likely would earn revenues of at least \$1.5 billion to \$2 billion within one year. Moreover, it was false and misleading for Defendants to state that “guaranteed sales” and multiple contracts existed.

25. In an October 26, 2006 press release, drafted by Rivera, USSE repeated some of the misrepresentations in the October 25th Teleconference. The October 26th Press Release also stated that: (a) USSE produced a “revolutionary next generation unique patent pending biofuel;” (b) USSE had a fully operational plant; (c) USSE could produce over three times as much biofuel as their competitors using the same amount of raw materials; and (d) USSE could produce biofuel for \$0.50 per gallon.

26. In fact, USSE never had either a patent pending or an operational biofuel plant. Defendants also had no reasonable basis to claim that USSE could produce over three times as much biofuel as its competitors using the same amount of raw materials, or that biofuel could be produced for \$0.50 per gallon.

27. Between November 1, 2006 and December 12, 2006, Rivera and USSE issued eleven press releases, all of which Rivera drafted, that repeated the false and misleading claims that: (1) USSE held patent pending technology; (2) USSE could produce biofuel for approximately \$0.50 per gallon; and (3) USSE had a fully operational plant. The press releases containing these misrepresentations are summarized in the following table:

Date of Press Release	Patents Pending	\$0.50 per Gallon	5 Gallons from One Bushel	Contracts for Sale	Operational Plant	Value between \$9 and \$12 Billion
26-Oct-06	**	**	**	**	**	
30-Oct-06	**	**				
1-Nov-06	**	**			**	
2-Nov-06	**	**			**	
3-Nov-06	**	**			**	
6-Nov-06	**	**	**		**	
7-Nov-06	**	**			**	
9-Nov-06	**	**			**	
13-Nov-06	**	**			**	

15-Nov-06	**	**			**	
21-Nov-06	**	**			**	
5-Dec-06	**	**			**	
12-Dec-06	**	**			**	
1-Jan-07 (ONYI)	**	**	**		**	**
5-Jan-07	**	**			**	
8-Jan-07	**		**			
9-Jan-07	**		**			
10-Jan-07	**		**			
17-Jan-07	**		**		**	
22-Jan-07	**		**			
23-Jan-07	**		**			
25-Jan-07	**		**			
21-Feb-07			**			
28-Feb-07	**		**			

28. In fact, USSE did not hold any patent pending technology, and did not have a fully operational plant. Moreover, Defendants had no reasonable basis to claim that USSE could produce biofuel for \$0.50 per gallon.

29. The January 4th ONYI Press Release, which Rivera wrote for ONYI to issue, repeated the false and misleading statements in the October 26th Press Release and falsely claimed that USSE and ONYI's combined technology would have "an immediate market value of between 9 and 12 billion dollars." This press release also repeated the false and misleading claims contained in USSE's prior

press releases that: (a) USSE holds patent pending technology; and (b) USSE could produce biofuel for \$0.50 per gallon.

30. Defendants had no reasonable basis for stating that USSE and ONYI's combined technology would have "an immediate market value of between 9 and 12 billion dollars."

B. Rivera Directs Price to "Dump" her USSE Holdings

31. Between October 26, 2006 and February 7, 2007, Rivera participated in telephone calls between Price and her broker and attempted to place at least one trade in Price's account, despite his lack of trading authority over her account.

32. Between October 26, 2006 and December 5, 2006, Rivera directed Price to sell 747,100 shares of USSE stock, earning profits of \$262,000.

33. Between January 4, 2007 and February 7, 2007, Rivera directed Price to sell 1,900,500 shares of USSE stock, generating profits of \$459,462.

34. Price was unjustly enriched by receiving the proceeds. The sales prices were largely, if not entirely, the result of the fraudulent conduct of Rivera and USSE.

35. A substantial portion of the proceeds from these sales were transferred from Price's brokerage account to a bank account held jointly with Rivera. Some of these funds were used to fund USSE's operations.

COUNT I— FRAUD

Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 77j(b)]
and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

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

37. At various times between October 2006 and February 2007 Defendants, in connection with the purchase and sale of securities described herein, by use of the means or instrumentalities of interstate commerce or by use of the mails, or of any facility of any national securities exchange, directly and indirectly:

- (a) employed devices, schemes, and artifices to defraud;
- (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

(c) engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon other persons, as more particularly described above.

38. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

39. By reason of the foregoing, Defendants directly and indirectly violated, and unless permanently restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 77J(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully prays for:

I.

Finding of Fact and Conclusions of Law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that the Defendants named herein committed the violations alleged herein, and that Relief Defendant was unjustly enriched.

II.

Permanent injunctions enjoining the Defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

III.

An order requiring an accounting of the use of proceeds of the sales of the securities described in this Complaint and the disgorgement by Defendants and

Relief Defendant of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial purposes of the federal securities laws.

IV.

An order pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 78u] imposing civil penalties upon the Defendants.

V.

An order permanently prohibiting Defendants from participating in any offering of penny stock pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

V.

An order permanently enjoining Defendant Rivera from acting as a director or officer of any issuer having a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

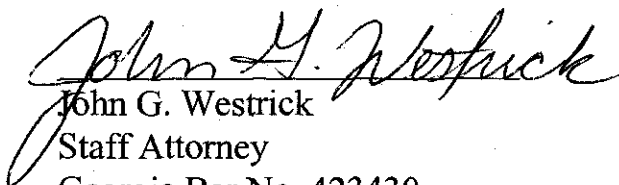
Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: July 16, 2008

Respectfully submitted,



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