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SUPERIOR COURT OF NJ
MERCER VICINAGE
CIVIL DIVISION

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION: GENERAL EQUITY
MERCER COUNTY
DOCKET NO. MER-C-

GURBIR S. GREWAL,
Attorney General of New Jersey,
on behalf of
CHRISTOPHER W. GEROLD,
Chief of the New Jersey Bureau
of Securities,

Plaintiff,

v.

FORD F. GRAHAM;
KATHERINE B. GRAHAM;
SPECIALTY FUELS AMERICAS, LLC;
ARIES ENERGY GROUP VENTURE, LLC;
CCC HOLDINGS, LLC;
RATTLER PARTNERS, LLC; and
VULCAN ENERGY INTERNATIONAL,
L.L.C.,

Defendants.

Civil Action

COMPLAINT

Gurbir S. Grewal, Attorney General of New Jersey, on behalf of Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (the "Bureau Chief" or "Plaintiff"), alleges the following by way of complaint against the above-named defendants:

SUMMARY

1. Between January 2012 and January 2014, Ford F. Graham ("Graham"), and the defendant entities controlled by Graham, raised more than \$5 million through a series of loans and fraudulent sales of unregistered securities from unsuspecting individuals and investors located in at least five states, including fraudulently selling at least \$1,910,000 of securities to New Jersey investors.

2. Graham, often with the active participation of his wife Katherine B. Graham ("Katherine Graham"), represented the unregistered securities to potential investors as low-risk, high-reward opportunities in oil and gas projects. Contrary to these representations, and unbeknownst to investors, Graham misappropriated a significant portion of the investors' money to fund personal expenditures including, but not limited to, luxury vacations at five star resorts, private school tuition, summer camp payments, and payments to his country club. In addition to funding personal expenditures, Graham transferred investor money that he had represented would be used for oil and gas projects

to joint accounts in his and his wife's name, repaid prior investors, and withdrew the funds in cash.

JURISDICTION AND VENUE

3. The Bureau is the state regulatory agency charged with the administration of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -83 (the "Securities Law").

4. Plaintiff brings this action pursuant to the Securities Law for violations of:

- a. N.J.S.A. 49:3-52(a) (employing a device, scheme, or artifice to defraud);
- b. N.J.S.A. 49:3-52(b) (making materially false and misleading statements or omitting facts necessary to make the statements not misleading);
- c. N.J.S.A. 49:3-52(c) (engaging in any act or practice which would act as a fraud or deceit upon any person in connection with the offer, sale, or purchase of securities);
- d. N.J.S.A. 49:3-56(a) (acting as an unregistered agent);
- e. N.J.S.A. 49:3-56(h) (employing an unregistered agent); and
- f. N.J.S.A. 49:3-60 (offer and sale of unregistered securities).

5. Plaintiff also seeks disgorgement of investor funds

gained directly or indirectly from violations of the Securities Law by Graham and Katherine Graham.

6. Jurisdiction is proper over defendants for violations of the Securities Law that are the subject of this complaint because each alleged violation originated from this State.

7. Venue is proper in Mercer County pursuant to R. 4:3-2(a) because Mercer County is where the cause of action arose.

PARTIES

8. The Bureau Chief is the principal, executive of the Bureau, with offices at 153 Halsey Street, Newark, New Jersey. This action is brought by Gurbir S. Grewal, Attorney General of New Jersey, on behalf of the Bureau Chief pursuant to N.J.S.A. 49:3-69(a)(2).

9. Defendant Graham is an individual who, at all relevant times, resided in Princeton, New Jersey. Graham holds an undergraduate degree from Princeton University, and a juris doctor and a master of business administration from Tulane University. He has never been registered with the Bureau in any capacity.

10. Defendant Katherine Graham is Graham's wife who, at all relevant times, resided in Princeton, New Jersey. Katherine Graham holds an undergraduate degree from Vanderbilt University and a juris doctor from Tulane University. She has never been registered with the Bureau in any capacity.

11. Defendant CCC Holdings, LLC ("CCC") is an Alabama limited liability company formed on May 6, 2011. At all relevant times, CCC maintained an address at 333 Myrtlewood Lane, Mobile, Alabama. At all relevant times, Graham was the chairman and managing member of CCC.

12. Defendant Specialty Fuels Americas, LLC ("SFA") is a Delaware limited liability company formed on January 31, 2012. SFA is no longer in good standing under the laws of the State of Delaware, having had its registration canceled by the Delaware Secretary of State on June 1, 2015 by reason of neglect, refusal, or failure to pay its annual taxes. At all relevant times, SFA maintained an office at 75 Rockefeller Plaza, New York, New York, with additional mailing addresses at P.O. Box 2483, Mobile, Alabama, and P.O. Box 2483 Huntsville, Alabama. At all relevant times, Graham controlled and was the chairman and managing director of SFA.

13. Defendant Aries Energy Group Venture, LLC ("AEG") is a Delaware limited liability company formed on June 9, 2010. AEG is no longer in good standing under the laws of the State of Delaware, having had its registration canceled by the Delaware Secretary of State on June 9, 2013 by reason of neglect, refusal, or failure to pay its annual taxes. At all relevant times, AEG maintained an office at 75 Rockefeller Plaza, New York, New York. At all relevant times, Graham controlled and

was the chairman and managing director of AEG, which Graham continued to operate through at least November 29, 2017.

14. Defendant Rattler Partners, LLC ("RPL") is a Delaware limited liability company formed on August 5, 2013. RPL is no longer in good standing under the laws of the State of Delaware, having had its registration canceled by the Delaware Secretary of State on June 1, 2016 by reason of neglect, refusal, or failure to pay its annual taxes. At all relevant times, RPL maintained an office at 75 Rockefeller Plaza, New York, New York. At all relevant times, Graham controlled and was the chairman of RPL.

15. Defendant Vulcan Energy International, L.L.C. ("VEI") is a Delaware limited liability company formed on October 8, 2004. VEI is no longer in good standing under the laws of the State of Delaware, having had its registration canceled by the Delaware Secretary of State on June 1, 2011 by reason of neglect, refusal, or failure to pay its annual taxes. At all relevant times, VEI maintained an office at 75 Rockefeller Center, New York, New York, and/or 150 East 52nd Street, New York, New York. Upon information and belief, Graham controlled and was the managing member and chairman of VEI, which he continued to operate through at least April 2014.

FACTS

16. Beginning in or about January 2012 through at least

January 2014 (the "Relevant Period"), Graham, individually, and on behalf of defendants SFA, AEG, CCC, and RPL (collectively, the "FG Entities"), raised at least \$1,910,000 from the sale of unregistered securities issued by the FG Entities to New Jersey investors, some of whom made multiple investments in the unregistered securities, and all of whom Graham knew through his Princeton social circle.

17. Upon information and belief, Graham raised money from additional investors who are beyond the scope of this complaint.

18. In connection with the offer and sale of securities, Graham and the FG Entities, through Graham, made materially false and misleading statements to investors including that investor funds would be used for specific oil and gas projects, and that the investments had little or no risk.

19. Katherine Graham made false and misleading statements to at least one investor in connection with the offer and sale of securities.

20. The unregistered securities sold by Graham and the FG Entities included promissory notes, a purchase agreement for certain interests, and a profit participation interest agreement.

21. The FG Entities' bank accounts were controlled by Graham. Both he and the CFO of the FG Entities were signatories on the accounts.

22. Investors had no control over the use of their funds once they invested in the FG Entities.

23. Despite Graham's representations that investor funds would be spent on specific oil and gas projects, Graham instead transferred the funds between the bank accounts of the different FG Entities and the VEI bank account, from where the funds were then spent on other projects or diverted to Katherine Graham's bank account and/or the Grahams' joint investment account.

24. Graham further used investor funds to make principal and interest payments to earlier investors as part of a Ponzi scheme, to cover overdrawn account balances, and to pay for Graham and Katherine Graham's personal expenses.

I. The Offer and Sale of CCC Securities

25. On or about January 11, 2013, Graham and CCC, through Graham, raised at least \$1,500,000 from the offer and sale of a security issued by CCC in the form of a 4% convertible secured promissory note (the "CCC Note") to a Princeton, New Jersey investor ("Investor A").

26. The CCC Note was sold pursuant to a document entitled "Investment Opportunity," a memorandum of understanding, a subscription agreement, and a security agreement, all signed by Graham as chairman of CCC.

27. Graham and CCC, through Graham, made the following representations to Investor A in connection with the offer and sale of the CCC Note:

- a. CCC sought to purchase a controlling interest in Specialty Fuels Bunkering, LLC ("SFB"), a ship bunkering and fuel distribution company operating out of the Gulf of Mexico;
- b. if \$1,500,000 of the \$2,000,000 necessary for CCC to purchase a 52% interest in SFB was invested, Investor A would in turn control 22.3% of SFB;
- c. Investor A's funds would be used for the purchase of a controlling interest in SFB;
- d. Graham and Katherine Graham would invest the remaining \$500,000 needed to fund the deal;
- e. SFB had a claim against British Petroleum deriving from the 2010 oil spill in the Gulf of Mexico that was worth between \$7,000,000 and \$9,000,000, payable in the second quarter of 2013 (the "BP Claim"); and
- f. if Investor A held a 22.3% interest in SFB, he would be entitled to 22.3% of the BP Claim, which would provide an almost immediate return on the investment.

28. These representations were false and misleading.

29. On or about January 14, 2013, Investor A wired \$1,500,000 to the SFA bank account in accordance with wire instructions provided in the CCC Note. However, the \$1,500,000 was not used toward the purchase of a controlling interest in SFB as represented to Investor A.

30. Instead, between January 14, 2013 and April 26, 2013, all of Investor A's funds were misused for other purposes. For example, Investor A's investment funds were misused directly from the SFA bank account as follows:

- a. at least \$233,689 was transferred as a Ponzi scheme payment to Investor B (as described below), purportedly as "principal" and "interest" on unrelated investments in SFA;
- b. at least \$380,000 was transferred to the personal account of one of Graham's business associates;
- c. at least \$16,917 was transferred to Katherine Graham's bank account and used to pay for personal expenses;
- d. at least \$6,007 was transferred to Katherine Graham's mother, who never invested in SFA or CCC;
- e. at least \$24,660 was withdrawn as cash from banks and at ATMs; and

f. at least \$1,765 was spent at retailers, including a department store, a liquor store, and a hardware store.

31. An additional \$376,882 of Investor A's funds for the CCC Note were transferred from the SFA bank account to the VEI bank account, and misused as follows:

a. at least \$90,940 was transferred to Katherine Graham's bank account and used for personal expenses including, but not limited to:

- i. at least \$16,945 was spent at the Carlisle Bay Resort in Antigua;
- ii. at least \$6,316 was paid to the Bedens Brook Club where Graham and Katherine Graham were members;
- iii. at least \$3,000 was paid to a summer camp;
- iv. at least \$400 was paid to the private school where the Grahams' child was a student; and
- v. at least \$3,127 was spent at retailers including Neiman Marcus, Blue Mercury, and Williams Sonoma;

b. at least \$12,736 was withdrawn as cash from banks and at ATMs; and

c. at least \$6,657 was spent at retailers, including \$1,331 at liquor stores.

32. Upon information and belief, Graham transferred an additional \$9,601 of the \$1,500,000 to prior investors.

33. Graham and CCC, through Graham, omitted to disclose material information to Investor A in connection with the offer and sale of the CCC Note including, but not limited to, the following:

- a. Investor A's funds would not be used to complete the purchase of the SFB stock;
- b. Investor A's funds would instead be misused in the manner stated in the prior paragraphs;
- c. Graham and Katherine Graham would not invest the \$500,000 of their own funds necessary to acquire the controlling interest in SFB; and
- d. despite Graham's claim that receipt of funds resulting from the BP Claim was imminent, the BP Claim had not been filed by January 11, 2013.

34. Graham and CCC, through Graham, failed to pay the interest and principal to Investor A pursuant to the terms of the CCC Note. As a result, Investor A is owed approximately \$1,500,000 in principal alone.

35. The CCC Note is a security as defined under N.J.S.A. 49:3-49(m).

36. The CCC Note was not registered with the Bureau, not federally covered, and not exempt from registration.

II. The Offer and Sale of SFA Securities

37. Between June 2012 and May 2013, Graham and SFA, through Graham, raised \$140,000 from the fraudulent offer and sale of three unregistered securities issued by SFA in the form of promissory notes to at least one Princeton, New Jersey investor ("Investor B").

38. Graham falsely represented to Investor B on multiple occasions that there was little to no risk in the investments, and omitted to disclose that the funds would be used for purposes other than the SFA projects.

A. The Dominican Republic Oil Transaction Investment

39. On or about June 1, 2012 and October 3, 2012, Graham and SFA, through Graham, offered and sold two unsecured promissory notes issued by SFA (collectively, the "SFA Dominican Notes"), totaling \$40,000. The SFA Dominican Notes guaranteed a return of 6% per annum, with the option to convert the notes into a profit participation interest in SFA's "Dominican Republic Oil Transaction."

40. The SFA Dominican Notes were sold for \$15,000 and \$25,000, respectively, pursuant to virtually identical subscription agreements and security agreements that were signed by Graham as chairman of SFA.

41. Both Graham and the offering documents accompanying the SFA Dominican Notes failed to disclose to Investor B that most of his investment funds would not be used to the benefit of SFA.

42. Instead, after the \$15,000 used to purchase the June 1, 2012 SFA Dominican Note (the "June SFA Dominican Note") was deposited into the SFA bank account, it was then transferred to the VEI bank account, where at least \$8,515.21 was misused by Graham as follows:

- a. at least \$2,294 was applied to the overdrawn balance in the VEI bank account;
- b. at least \$3,217 was transferred to Graham and Katherine Graham's joint investment account;
- c. at least \$2,000 was transferred to the personal bank accounts of Graham's business associate and his wife;
- d. at least \$460 was used toward purchases at a liquor store;
- e. at least \$503 was withdrawn at ATMs; and
- f. at least \$40 was made in debit card purchases at Princeton University.

43. On or about April 4, 2013, Investor B received a payment of \$30,000 from the SFA bank account. According to a document entitled "Investment Summary - Investor B" ("Investor B

Investment Summary"), prepared and sent to Investor B by Graham, the \$30,000 was a purported "deal payment" for the June SFA Dominican Note.

44. Unbeknownst to Investor B, the April 4, 2013 payment did not come from profits generated by the Dominican Republic Oil Transaction. Instead, Graham employed a Ponzi scheme, and used the funds from Investor A's purchase of the CCC Note to repay the June SFA Dominican Note to Investor B.

45. Following the April 4, 2013 payment, Graham approached Investor B and requested that he ask his "wealthy" friends to invest in Graham's projects. Encouraged by the return on the June SFA Dominican Note, Investor B was eager to keep investing with Graham, and told others in the Princeton area about the investments he believed were successful.

46. On or about October 3, 2012, Investor B invested \$25,000 in a second SFA Dominican Note (the "October SFA Dominican Note").

47. Upon the deposit of the \$25,000 in the SFA bank account, Graham transferred \$10,000 of Investor B's money to the personal bank account of a business associate.

48. Graham then transferred \$14,900 of Investor B's funds to the VEI bank account, and used the money to pay for his child's private school tuition.

49. On or about July 23, 2013, Investor B received a payment of approximately \$2,953 from the SFA bank account. According to the Investor B Investment Summary, the money was purportedly a "deal payment" on the October SFA Dominican Note.

50. Upon information and belief, the "deal payment" Investor B received came from funds invested in SFA and AEG by two prior investors, and not money generated from the Dominican Republic Oil Transaction, as represented by Graham.

51. Graham and SFA, through Graham, failed to pay the interest and principal to Investor B pursuant to the terms of the October SFA Dominican Note. As a result, Investor B is owed approximately \$22,047 in principal alone.

52. The SFA Dominican Notes are securities as defined under N.J.S.A. 49:3-49(m).

53. The SFA Dominican Notes were not registered with the Bureau, not federally covered, and not exempt from registration.

B. The SFA Tank Investment

54. On or about May 24, 2013, Graham and SFA, through Graham, offered and sold a purportedly "secured" promissory note issued by SFA for \$100,000 to Investor B (the "SFA Tank Note").

55. The SFA Tank Note, which guaranteed an interest rate of 20% per annum, was sold pursuant to a subscription agreement and a security agreement, which did not include a description of the purported collateral securing the note.

56. Graham and SFA, through Graham, made materially false and misleading representations in connection with the offer and sale of the SFA Tank Note, including that Investor B's funds would be used to build a tank, and that \$120,000 would be returned to Investor B within a year and four days.

57. The \$100,000 from the sale of the SFA Tank Note was deposited into the SFA bank account, which had a balance of approximately \$302 before the money was credited to the account. At least \$68,037 of this money was misused by Graham as follows:

- a. at least \$20,000 was transferred to a VEI bank account, where at least \$7,220 of the \$20,000 was used for a \$1,773 purchase at a gun and outdoor clothing retailer, and \$5,446 was withdrawn in cash and/or used to pay nominal bank fees;
- b. at least \$50,000 was wired to the personal bank account of one of Graham's business associates;
- c. at least \$3,217 was wired to Katherine Graham's personal bank account; and
- d. at least \$7,600 was withdrawn in cash.

58. On or about November 1, 2013, Investor B received a payment of approximately \$2,027 from the SFA bank account. According to the Investor B Investment Summary, this payment was purportedly "interest" on the SFA Tank Note.

59. Despite Graham's representation that the "interest" payment was generated by the SFA Tank Note, in reality the source of the funds Graham used for the payment came from a loan made to SFA by Investor A on or about October 10, 2013, and not money generated from SFA's business operations.

60. Graham and SFA, through Graham, failed to pay the interest and principal to Investor A pursuant to the terms of the SFA Tank Note. As a result, Investor A is owed approximately \$97,973 in principal alone.

61. The SFA Tank Note is a security as defined under N.J.S.A. 49:3-49(m).

62. The SFA Tank Note was not registered with the Bureau, not federally covered, and not exempt from registration.

C. Misrepresentations and Omissions of Material Fact to Investors Regarding the Offer and Sale of SFA Securities

63. Graham and SFA, through Graham, made misrepresentations of material fact to investors in connection with the offer and sale of the SFA Dominican Notes and the SFA Tank Note including, but not limited to, the following:

- a. funds generated by the sale of the SFA Dominican Notes would be used for the Dominican Republic Oil Transaction;
- b. funds generated by the sale of the SFA Tank Note would be used to build a tank; and

- c. the "interest" and "deal" payments made on the SFA notes were generated by SFA's business operations, when in reality the payments came from a Ponzi scheme payment of Investor A's investment in CCC, from funds deposited into the SFA bank account by other prior investors, and from unrelated loans made by Investor A to SFA.

64. Graham and SFA, through Graham, omitted to disclose material information to Investor B in connection with the offer and sale of the SFA Dominican Notes and the SFA Tank Note including, but not limited to, the following:

- a. Investor B's funds would be transferred to the VEI bank account;
- b. Investor B's funds would be transferred to Katherine Graham's personal bank account;
- c. Investor B's funds would be used for personal purchases at retailers; and
- d. Investor B's funds would be withdrawn as cash and/or used to pay bank fees.

III. The Offer and Sale of AEG Securities

65. Between May 2013 and November 2013, Graham and AEG, through Graham, raised \$170,000 from the fraudulent offer and sale of three unregistered securities issued by AEG in the form

of two promissory notes, and an option in a profits participation interest.

A. The Nigerian Oil Transaction Investment

66. On or about May 24, 2013, Graham and AEG, through Graham, sold Investor B a 6% convertible unsecured promissory note issued by AEG for \$50,000 (the "AEG 6% Note"), pursuant to a subscription agreement and security agreement signed by Graham as chairman of AEG.

67. On or about June 14, 2013, Graham and AEG, through Graham, sold a 3% convertible unsecured promissory note issued by AEG for \$20,000 (the "AEG 3% Note") to another Princeton, New Jersey investor ("Investor C"), pursuant to a subscription agreement and security agreement signed by Graham as chairman of AEG.

68. Graham and AEG, through Graham, made materially false and misleading statements to Investors B and C, including that their investment funds would be used to fund a purported oil transaction between AEG and a state-owned Nigerian oil company (the "Nigerian Oil Transaction"), that their investment funds would be used solely toward funding the Nigerian Oil Transaction, and that there was little to no risk on the investment.

69. The AEG 6% Note and the AEG 3% Note are securities as defined under N.J.S.A. 49:3-49(m).

70. The AEG 6% Note and AEG 3% Note were not registered with the Bureau, not federally covered, and not exempt from registration.

i. The AEG 6% Note

71. On or about May 24, 2013, Investor B wired \$50,000 to the AEG bank account for the purchase of the AEG 6% Note. At the time of the deposit, the balance of the AEG bank account was approximately \$102.

72. Within days of Investor B's deposit, \$40,000 was transferred to the VEI bank account and then immediately transferred to a Nigerian bank account in the name of another entity named Vulcan Minerals & Power Limited for "business checking expenses Nigeria." The remaining \$10,000 of the \$50,000 investment was transferred to the SFA bank account, which had a balance of approximately \$19,912 from Investor B's prior \$100,000 investment in the SFA Tank Note. The resulting balance was approximately \$29,912.

73. Following the transfer of \$10,000 to the SFA bank account, Graham wire transferred \$25,000 of the funds to a law firm's trust account for an entity unrelated to the Nigerian Oil Transaction.

74. On or about November 1, 2013, Investor B received a payment of approximately \$304 from the SFA bank account. According to the Investor B Investment Summary, this payment was

purportedly "interest" on the AEG 6% Note.

75. Despite Graham's representation that the "interest" payment was generated by the AEG 6% Note, in reality the source of the funds Graham used for the payment came from a loan made to SFA by Investor A on or about October 10, 2013, and not money generated from AEG's business operations.

76. Graham and AEG, through Graham, made materially false and misleading representations to Investor B in connection with the offer and sale of the AEG 6% Note including, but not limited to:

- a. investor funds would be used solely toward the Nigerian Oil Transaction; and
- b. the "interest" and payment made on the AEG 6% Note was generated by AEG's business operations, when the source of the funds for the "interest" payment came from an unrelated loan made to SFA by Investor A.

77. Graham and AEG, through Graham, omitted to disclose material information to Investor B in connection with the offer and sale of the AEG 6% Note including, but not limited to, the following:

- a. Investor B's funds would be withdrawn from the AEG bank account and transferred to the bank account of an unrelated entity;

- b. some of Investor B's funds would then be used for another entity's legal costs; and
- c. at least \$2,600 would be withdrawn as cash from the SFA bank account.

78. Following his investment, Investor B inquired with Graham about the status of his investment in the Nigerian Oil Transaction. His questions were met with excuses and unfulfilled promises of imminent payment.

79. Graham and AEG, through Graham, failed to pay the interest and principal to Investor B pursuant to the terms of the AEG 6% Note. As a result, Investor B is owed approximately \$49,696 in principal alone.

ii. The AEG 3% Note

80. On or about June 18, 2013, Investor C wired \$20,000 to the AEG bank account for the purchase of the AEG 3% Note. At the time of the deposit, the balance of the AEG bank account was approximately \$30.

81. By the next day, at least \$19,750 of the \$20,000 was wired to the VEI bank account, which had a balance of approximately \$315 before the wire was credited to the account. From the VEI bank account, at least \$6,991 was misused by Graham in various ways including, but not limited to:

- a. at least \$6,343 was withdrawn as cash from the bank and ATMs; and

- b. at least \$648 was spent at retailers including PetSmart and Target.

82. Graham and AEG, through Graham, omitted to disclose material information to Investor C in connection with the offer and sale of the AEG 3% Note including, but not limited to:

- a. Investor C's funds would be transferred to the VEI bank account and used for purposes other than the Nigerian Oil Transaction;
- b. at least \$6,343 would be withdrawn as cash from the VEI bank account; and
- c. at least \$648 would be spent at PetSmart and Target, among other retailers.

83. Following his investment, Investor C inquired with Graham about the status of his investment in the Nigerian Oil Transaction. Like Investor B, Investor C's questions were met with excuses and unfulfilled promises of imminent payment.

84. Graham and AEG, through Graham, failed to pay the interest and principal to Investor C pursuant to the terms of the AEG 3% Note. As a result, Investor C is owed approximately \$20,000 in principal alone.

B. Project Delta

85. On or about November 6, 2013, Graham and AEG, through Graham, raised at least \$100,000 from Investor B through the fraudulent offer and sale of an unregistered security issued by

AEG in the form of a "purchase agreement to purchase an option in a profit participation interest" in Project Delta (the "Project Delta PPI").

86. The Project Delta PPI was sold pursuant to a purchase agreement, a subscription agreement, and a memorandum entitled "Gasoline Trade - Aries Energy Group," which were signed by Graham as chairman of AEG.

87. The memorandum described Project Delta as an opportunity where AEG would purchase "slightly imperfective [sic] gasoline" from "BP" and sell it to buyers within the United States.

88. Graham and AEG, through Graham, made material misrepresentations in connection with the offer and sale of the Project Delta PPI, including: (a) AEG needed \$300,000 to fund Project Delta, which would be used to purchase the gasoline, prepay shipping, and set up storage for the gasoline, and (b) AEG would be "putting in \$100,000" of the \$300,000 needed to fund the project.

89. The Project Delta PPI provided that AEG would set aside 50% of the profits from the gasoline sales to be divided pro rata among all of the investors in Project Delta, and projected that the total profits in Project Delta would be "approximately 2 to 3 time [sic] invested capital."

90. On or about November 6, 2013, the \$100,000 from the purchase of the Project Delta PPI by Investor B was deposited into the AEG bank account, where it was comingled with an additional \$200,000 that was wired on the same day by Investor B for: (a) an investment in the Rattler Project, discussed below; and (b) a \$100,000 loan made by Investor B to AEG to "manage cash flow issues" related to the closings of Project Delta, the Rattler Project, and a third project.

91. On or about November 8, 2013, at least \$10,000 was wired from the AEG bank account to the VEI bank account, where at least \$5,821 was misused as follows:

- a. at least \$4,818 was withdrawn at ATMs;
- b. at least \$433 was spent at restaurants and shops;
- c. at least \$226 was spent at gas stations during, upon information and belief, a college tour in Virginia; and
- d. at least \$343 was spent at colleges and universities.

92. On or about November 14, 2013, approximately \$107,500 from the AEG bank account was transferred to the SFA bank account. The same day, Investor B received \$100,000 from the SFA bank account as a return of his November 6, 2013 loan to AEG. These funds originated from the \$300,000 that Investor B transferred to AEG on or about November 6, 2013.

93. Graham and AEG, through Graham, failed to pay the interest and principal to Investor B pursuant to the terms of the Project Delta PPI. As a result, Investor B is owed approximately \$100,000 in principal alone.

94. Project Delta never came to fruition, and AEG did not provide \$100,000 of the \$300,000 that Graham represented was needed to fund Project Delta.

95. Graham and AEG, through Graham, omitted to disclose material information to Investor B in connection with the offer and sale of the Project Delta PPI including, but not limited to, the fact that Investor B's funds for the Project Delta PPI would be transferred to VEI and used for purposes other than Project Delta as alleged above.

96. The Project Delta PPI is a security as defined under N.J.S.A. 49:3-49(m).

97. The Project Delta PPI was not registered with the Bureau, not federally covered, and not exempt from registration.

IV. The Offer and Sale of RPL Securities

98. On or about November 6, 2013, Graham and RPL, through Graham, raised at least \$100,000 from Investor B through the fraudulent offer and sale of an unregistered security issued by RPL in the form of a purchase agreement for a partnership interest in the "Rattler Project" (the "RPL Purchase

Agreement"), a purported oil and gas drilling operation in Pennsylvania.

99. The RPL Purchase Agreement was sold to Investor B on or about November 6, 2013, pursuant to a document entitled "PA Oil Deal" written by Graham, and a subscription agreement and purchase agreement for an option to purchase an ownership interest in RPL that were signed by Graham as chairman of RPL.

100. Graham and RPL, through Graham, made the following representations to Investor B in connection with the sale of the RPL Purchase Agreement:

- a. the Rattler Project was backed by a "highly successful (retired) oil trader"; and
- b. the "oil trader" "guarantee[ed] the 100% return of capital to investors" if the "transaction did not work for any reason."

101. These representations were false and misleading.

102. On or about November 6, 2013, Investor B wired \$100,000 to the AEG bank account in accordance with the wire instructions provided in the RPL Purchase Agreement.

103. Unbeknownst to Investor B, the \$100,000 was misused to cover the AEG bank account's overdrawn balance of approximately negative \$4,893, and the remaining funds were then transferred to the VEI bank account and misused in accordance with paragraph 91 above.

104. Graham and RPL, through Graham, made materially false and misleading representations in connection with the offer and sale of the RPL Purchase Agreement including, but not limited to, the following:

- a. the "oil trader" described by Graham was Investor A, who never traded oil; and
- b. Investor A did not "guarantee the 100% return of capital to investors" if the "transaction did not work for any reason," but rather was unaware that the project existed at the time of Graham's representations.

105. Graham and RPL, through Graham, omitted to disclose material information to Investor B in connection with the sale of the RPL Purchase Agreement including, but not limited to, that Investor B's money would be transferred to VEI and used for purposes other than the Rattler Project, as described in paragraph 91 above.

106. Graham and RPL, through Graham, failed to pay the interest and principal to Investor B pursuant to the terms of the RPL Purchase Agreement. As a result, Investor B is owed approximately \$100,000 in principal alone.

107. The RPL Purchase Agreement is a security as defined under N.J.S.A. 49:3-49(m).

108. The RPL Purchase Agreement was not registered with the

Bureau, not federally covered, and not exempt from registration.

V. Misrepresentations and Omissions of Material Fact in Connection with the Sale of Securities by Katherine Graham

109. Investor B had a long-standing personal relationship with Graham and Katherine Graham before investing in any of the FG Entities.

110. On multiple occasions, Graham and Investor B met in the kitchen of Graham and Katherine Graham's Princeton home to discuss investment opportunities in the FG Entities, including the investments described above. Katherine Graham was present for all but one of these meetings, and assisted Graham in stoking Investor B's interest in the investment opportunities by acting effectively as a "cheerleader" for each of Graham's projects. For example, Katherine Graham encouraged Investor B to invest by making the following representations in connection with the sale of securities to Investor B:

- a. the securities offered by Graham were safe and reliable;
- b. that she was also going to invest her personal funds and/or inheritance into Graham's projects; and
- c. time was of the essence, and Investor B had to invest quickly with Graham or risk missing an opportunity to make money.

111. Despite her representations, Katherine Graham did not invest in any of the securities purchased by Investor B, which included the SFA Dominican Notes, the SFA Tank Note, the AEG 6% Note, the Project Delta PPI, and the RPL Purchase Agreement.

112. On the contrary, and unbeknownst to Investor B, Katherine Graham benefited from at least \$6,434 of Investor B's investment funds being transferred into her personal and joint bank accounts.

113. Katherine Graham's representations were material to Investor B.

114. Additionally, unbeknownst to Investor A, Katherine Graham benefited from at least \$107,857 of Investor A's investment funds being transferred into her personal bank account.

115. Furthermore, Katherine Graham benefited from the funds that Graham misused from the sales of the FG Entities' securities, as described above.

COUNT I

EMPLOYING A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD, IN VIOLATION OF N.J.S.A. 49:3-52(a)

(As to defendants Graham, Katherine Graham, SFA, AEG, CCC, RPL,
and VEI)

116. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

117. Graham, Katherine Graham, and SFA, AEG, CCC, RPL, and

VEI, through Graham and Katherine Graham, employed a device, scheme, or artifice to defraud investors in connection with the offer and sale of securities issued by the FG Entities.

118. Defendants' scheme included, but was not limited to:

- a. misrepresenting material information to investors regarding investments in purported oil and gas projects with very little risk;
- b. omitting to disclose to investors that a significant portion of the funds raised from the sale of securities would be: (1) diverted to other entities; (2) used to pay earlier investors' principal and interest; (3) applied to overdrawn bank account balances in the FG Entities' bank accounts; and (4) diverted to pay for the personal expenditures and benefit of Graham and Katherine Graham; and
- c. failing to invest the Grahams' personal funds in the securities despite representations to investors that Graham and/or Katherine Graham would do so.

119. Each violation of N.J.S.A. 49:3-52(a) by each defendant upon each investor is a separate violation and cause for imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 43:3-70.1.

COUNT II

MAKING MATERIALLY FALSE AND MISLEADING STATEMENTS AND/OR
OMITTING TO STATE MATERIAL FACTS NECESSARY IN ORDER TO MAKE THE
STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY
WERE MADE, NOT MISLEADING, IN VIOLATION OF N.J.S.A. 49:3-52(b)
(As to defendants Graham, Katherine Graham, SFA, AEG, CCC, and
RPL)

120. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

121. Graham and SFA, AEG, CCC, and RPL, through Graham, and Katherine Graham, individually and/or acting in concert with Graham, made materially false and misleading statements and/or omitted to disclose material facts to investors in connection with the offer and sale of securities by the FG Entities, as more fully described above.

122. Graham and SFA, AEG, CCC, and RPL, through Graham, and Katherine Graham, individually and/or acting in concert with Graham, made, in light of the circumstances under which they were made, not misleading, in connection with the offer and sale of securities by the FG Entities, as more fully described above.

123. Each omission of a material fact and each materially false or misleading statement by each defendant upon each investor is a separate violation and cause for imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 43:3-70.1.

COUNT III

ENGAGING IN ANY ACT OR PRACTICE WHICH WOULD OPERATE AS A FRAUD
OR DECEIT UPON ANY PERSON IN CONNECTION WITH THE OFFER, SALE, OR
PURCHASE OF SECURITIES IN VIOLATION OF N.J.S.A. 49:3-52(c)

(As to defendants Graham, Katherine Graham, SFA, AEG, CCC, RPL,
and VEI)

124. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

125. Graham and SFA, AEG, CCC, RPL, and VEI, through Graham, and Katherine Graham, individually and/or acting in concert with Graham, engaged in acts, practices, and courses of conduct that operated as a fraud or deceit upon the investors in violation of N.J.S.A. 49:3-52(c) in connection with the offer and sale of unregistered securities by receiving and/or transferring investor funds to be misused or otherwise diverted, withdrawn, and/or otherwise used in a manner that was not disclosed to investors.

126. Each violation of N.J.S.A. 49:3-52(c) by each defendant upon each investor is a separate violation and cause for imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT IV

OFFER AND SALE OF UNREGISTERED SECURITIES
IN VIOLATION OF N.J.S.A. 49:3-60

(As to defendants Graham, SFA, AEG, CCC, and RPL)

127. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

128. The securities issued by SFA, AEG, CCC and RPL, and sold by Graham, and SFA, AEG, CCC, and RPL, through Graham, are securities as defined in N.J.S.A. 49:3-49(m) of the Securities Law.

129. The securities issued by SFA, AEG, CCC and RPL, and sold by Graham and SFA, AEG, CCC, and RPL, through Graham, were not registered with the Bureau, not exempt from registration, and not federally covered.

130. The securities were required to be registered with the Bureau pursuant to N.J.S.A. 49:3-60.

131. Each offer and sale of unregistered securities by each of the defendants Graham, SFA, AEG, CCC, and RPL constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT V

ACTING AS AN AGENT IN THIS STATE WITHOUT REGISTRATION, IN VIOLATION OF N.J.S.A. 49:3-56(a)

(As to defendant Graham)

132. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

133. Defendant Graham represented defendants SFA, AEG, CCC, and RPL in attempting to effect transactions in securities from or in New Jersey and, thus, acted as an agent, as defined in

N.J.S.A. 49:3-49(b) of the Securities Law, without being registered with the Bureau to sell the securities.

134. Defendant Graham violated N.J.S.A. 49:3-56(a) which requires, among other things, that only persons registered with the Bureau may lawfully act as an agent.

135. Each sale of the securities to investors constitutes a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT VI

EMPLOYING AN UNREGISTERED AGENT, IN VIOLATION OF N.J.S.A. 49:3-56(h)

(As to defendants SFA, AEG, CCC, and RPL)

136. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

137. Defendants SFA, AEG, CCC, and RPL employed or engaged an agent, Graham, in effecting or attempting to effect transactions in securities from or in New Jersey.

138. Defendant Graham acted as an agent as defined in N.J.S.A. 49:3-49(b) of the Securities Law, without being registered with the Bureau.

139. Defendants SFA, AEG, CCC, and RPL's conduct constitutes employing an agent who is not registered with the Bureau to sell securities in violation of N.J.S.A. 49:3-56(h).

140. Each sale to investors is a separate violation of N.J.S.A. 49:3-56(h) and is cause for the imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1.

COUNT VII

UNJUST ENRICHMENT

(As to defendants Graham and Katherine Graham)

141. Plaintiff repeats the allegations in the preceding paragraphs as if fully set forth herein.

142. Defendant Graham transferred or caused to be transferred investor funds to financial accounts that he controlled himself, that he jointly controlled with defendant Katherine Graham, and/or that Katherine Graham controlled.

143. Defendants Graham and Katherine Graham were unjustly enriched with the investor funds to which they had no legal right.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests the entry of a judgment pursuant to N.J.S.A. 49:3-47 to -83:

A. Finding that defendants Ford F. Graham, Katherine B. Graham, Specialty Fuels Americas, LLC, Aries Energy Group Venture, LLC, CCC Holdings, LLC, Rattler Partners, LLC, and Vulcan Energy International, L.L.C. engaged in the acts and practices alleged

above;

- B. Finding that such acts and practices constitute violations of the Securities Law;
- C. Permanently enjoining defendants Ford F. Graham, Katherine B. Graham, Specialty Fuels Americas, LLC, Aries Energy Group Venture, LLC, CCC Holdings, LLC, Rattler Partners, LLC, and Vulcan Energy International, L.L.C. from violating the Securities Law in any manner;
- D. Permanently enjoining the issuance, sale, offer for sale, purchase, offer to purchase, promotion, negotiation, solicitation, advertisement, or distribution from or within New Jersey of any securities, by or on behalf of defendants Ford F. Graham, Katherine B. Graham, Specialty Fuels Americas, LLC, Aries Energy Group Venture, LLC, CCC Holdings, LLC, Rattler Partners, LLC, Vulcan Energy International, L.L.C, and their employees, agents, brokers, partners, stockholders, attorneys, successors, subsidiaries, and affiliates;
- E. Permanently enjoining defendant Ford F. Graham and Katherine B. Graham from controlling any issuer as that term is defined in N.J.S.A. 49:3-49(h);
- F. Assessing civil monetary penalties against

defendants Ford F. Graham, Katherine B. Graham, Specialty Fuels Americas, LLC, Aries Energy Group Venture, LLC, CCC Holdings, LLC, Rattler Partners, LLC, and Vulcan Energy International, L.L.C., for each violation of the Securities Law in accordance with N.J.S.A. 49:3-70.1;

- G. Requiring defendants Ford F. Graham, Katherine B. Graham, Specialty Fuels Americas, LLC, Aries Energy Group Venture, LLC, CCC Holdings, LLC, Rattler Partners, LLC, and Vulcan Energy International, L.L.C., to pay restitution and to disgorge all profits or funds gained through violations of the Securities Law;
- H. Requiring defendants Ford F. Graham and Katherine B. Graham to disgorge all profits or funds gained directly or indirectly from violations of the Securities Law; and
- I. Affording Plaintiff any additional relief the Court may deem just and equitable.

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

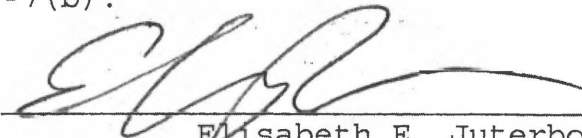
By: 

Elisabeth E. Juterbock
Deputy Attorney General
Attorney ID 19032013

DATED: January 28, 2019

RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b).



Elisabeth E. Juterbock
Deputy Attorney General
Attorney ID. No. 19032013

Dated: January 28, 2019
Newark, New Jersey

RULE 4:5-1 CERTIFICATION

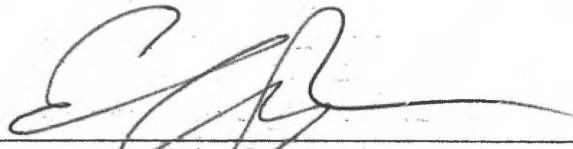
I certify, to the best of my information and belief, that on or about February 14, 2018, Ford F. Graham signed a Final Consent Judgment Imposing Injunctive Relief Pursuant to N.J.S.A. 49:3-68(c), and Other Relief (the "Final Consent Judgment") as an unrepresented defendant. Plaintiff's counsel signed the Final Consent Judgment on February 15, 2018. The Honorable Judge Thomas M. Moore entered the Final Consent Judgment on February 16, 2018.

Pursuant to the Final Consent Judgment, Ford F. Graham agreed: (1) individually, and by or through any person, agent, employee, broker, partner, officer, director, investment advisor, investment adviser representative, issuer or stockholder thereof, or through any entity that Graham controlled directly or indirectly, to be restrained from engaging in the issuance, sale or offer for sale, purchase or offer to purchase, promotion, negotiation, advertisement or distribution from or within New Jersey of any securities or investment advisory advice concerning securities, until Graham fully complied with Subpoena 8385 and the Bureau completed its investigation; and (2) to produce all of the documents listed in the Division of Law's December 21, 2017 letter by March 18, 2018.

Ford F. Graham failed to comply with the Final Consent

Judgment by failing to produce any documents listed in item (2) above, despite Plaintiff's demand.

Other than as stated above, I certify, to the best of my information and belief, that the matter in controversy in this action involving the aforementioned violations of the Securities Law in this complaint, is not the subject of any other action in any other court of this State. I certify, to the best of my information and belief, that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.



Elisabeth E. Juterbock
Deputy Attorney General
Attorney ID. No. 19032013

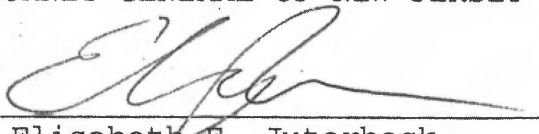
Dated: January 28, 2019
Newark, New Jersey

DESIGNATION OF TRIAL COUNSEL

Pursuant to Rule 4:25-4, Deputy Attorney General Elisabeth E. Juterbock is hereby designated as trial counsel for the Plaintiff in this action.

GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY

By:



Elisabeth E. Juterbock
Deputy Attorney General
Attorney ID 19032013

Dated: January 28, 2019
Newark, New Jersey