

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
153 Halsey St., 6th Floor
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

SAMUEL K. BURLUM, and
EXTREME ENERGY SOLUTIONS, INC.

**SUMMARY ORDER AND
CEASE AND DESIST**

Pursuant to the authority granted to Laura H. Posner, the Chief of the New Jersey Bureau of Securities (“Bureau Chief”), by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”), more specifically, N.J.S.A. 49:3-52(b), N.J.S.A. 49:3-56, N.J.S.A. 49:3-60, N.J.S.A. 49:3-69 and N.J.S.A. 49:3-70.1, and after investigation, review, and due consideration of the facts and statutory provisions set forth below, the Bureau Chief hereby finds that there is good cause to enter this Summary Order and Cease and Desist against Extreme Energy Solutions, Inc. and Samuel K. Burlum, and makes the following findings:

FINDINGS OF FACT

1. Samuel K. Burlum (“Burlum”) is a resident of New Jersey. Burlum is the President, Chairman of the Board, and Chief Executive Officer of Extreme Energy Solutions, Inc. (“EES”). Burlum is responsible for, and oversees the entirety of, EES’s business, including the marketing and sales of an emission reduction device (discussed below), and the offer and sale of the EES common stock and common stock purchase warrants (collectively, the “EES Stock and Warrants”) and promissory notes (“EES Notes”).

2. From at least March 2011 through August 2014 (the “Relevant Period”) Burlum and EES, through Burlum, offered and sold at least \$2,809,100 of unregistered securities in the form of EES Stock and Warrants (at \$2,500 per unit) through six private placement memoranda (“PPMs”), as well as EES Notes to at least 225 investors.

3. Burlum approved the content of the PPMs and the investor subscription agreements used in the offer and sale of the EES Stock and Warrants. Burlum also signed the EES Notes on behalf of EES.

4. Burlum has never been and is not now registered with the New Jersey Bureau of Securities (the “Bureau”) in any capacity.

5. The EES Stock and Warrants and EES Notes were neither registered with the Bureau, nor “federally covered,” nor exempt from registration.

6. Burlum is a member of the Global Information Network (“GIN”). According to GIN’s website, it purports to be a global group of like-minded people from various professional, social, and economic backgrounds. GIN’s stated mission is to provide a platform where positive thinkers can build mutually beneficial long-term relationships, and help one another better achieve their respective goals, desires, and dreams. GIN members purportedly help each other achieve wealth, gain financial freedom, experience dynamic health and reach high levels of overall emotional well-being.

7. EES is a Nevada corporation formed on October 20, 2009 with its principal place of business at 150 Main Street, Ogdensburg, New Jersey 07439. EES purports to be a green technology research company as well as an installation facility for emission reduction devices. EES offers for sale and installation, among other things, the SMART Emissions Reducer,

formerly known as the InterCharger (the “Device”). EES claims the Device reduces automobile emissions and increases motor fuel efficiency.

A. The Offer and Sale of the EES Stock and Warrants and EES Notes

8. During the Relevant Period, Burlum and EES, through Burlum, and others raised at least \$2,012,500 of the \$2,809,100 in unregistered securities sold from the fraudulent offer and sale of the EES Stock and Warrants to at least 225 investors, many of whom were GIN members. Some of these GIN members and EES investors made multiple investments.

9. During the Relevant Period, Burlum and EES, through Burlum, also raised at least \$796,600 of the \$2,809,100 in unregistered securities sold from the fraudulent offer and sale of the EES Notes to at least 28 investors, most of whom had previously invested in EES through the EES PPMs.

10. Also, during the Relevant Period, on or around August 19, 2014, Burlum and EES, through Burlum, requested that “each and every” one of EES’s at least 225 investors invest a minimum of \$2,500 in EES through the EES Notes.

11. The EES Notes promised a flat-rate annual return of 10% or an opportunity to convert the debt to equity in EES.

12. EES employed at least fourteen agents, including Burlum, some of whom were also GIN members, to offer and sell the EES Stock and Warrants. None of these agents were registered with the Bureau or exempt from registration (the “Unregistered Agents”).

13. EES compensated the Unregistered Agents in cash or EES Stock and Warrants amounting to 10% of the money raised from the EES Stock and Warrants they sold.

14. Burlum and the Unregistered Agents solicited GIN members and others to invest in the EES Stock and Warrants through presentations at EES convention-type meetings and monthly conference calls, among other methods.

15. On at least two occasions, Burlum presented the EES investment opportunity following formal GIN meetings in Las Vegas, Nevada and Nashville, Tennessee. As a result of these presentations, GIN members invested in the EES Stock and Warrants.

16. EES, through Burlum, held monthly EES investor conference calls between EES and prospective and existing investors. On at least three occasions between March 2012 and May 2012, EES recorded the conference calls and made them available to investors and used the recordings to solicit potential investors.

B. Untrue Statements of Material Facts and Omissions of Material Facts to Investors by Burlum and EES, through Burlum, and the Other Unregistered Agents

17. During the Relevant Period, Burlum and EES, through Burlum, and the other Unregistered Agents, in the connection with the offer and sale of EES Stock and Warrants, made untrue statements and omissions of material fact to investors and prospective investors through, among other methods, PPMs, emails, and the investor conference calls described above.

18. Burlum and EES omitted to disclose the following material facts to actual and prospective investors: (i) the EES Stock and Warrants and EES Notes were not registered with the Bureau; (ii) Burlum and the Unregistered Agents were not registered with the Bureau to sell the EES Stock and Warrants; and (iii) Burlum was not registered with the Bureau to sell the EES Notes.

19. Burlum and EES, through Burlum, falsely represented to investors and prospective investors, in emails and orally during the EES monthly investor conference calls

that, EES was going to conduct an initial public offering (“IPO”) of its shares by the end of 2012.

For example:

- a. in a February 25, 2012 email to an investor, who was also an Unregistered Agent, Burlum falsely represented in writing that, a Form S-1 registration statement (“S-1”) had been filed with the United States Securities and Exchange Commission (“SEC”) and EES did not need to submit another S-1 for a subsequent PPM offering;
- b. on at least one occasion, Burlum falsely stated that EES filed an S-1, EES was waiting for final approval on the application, EES met all the criteria, and EES would go public within six to nine months of the SEC approving the S-1; and
- c. on at least one occasion, Burlum falsely stated that the S-1 was filed and EES would be publically traded on the NASDAQ within six to nine months, and EES may go public even sooner, in four to six months, because the S-1 was filed a few months ago.

20. At no time during the Relevant Period did any EES officer, director, employee, or representative file an S-1 on behalf of defendant EES with the SEC, nor did any EES officer, director, employee or representative tell Burlum that an S-1 was filed with the SEC on behalf of EES.

21. On at least one occasion, Burlum falsely stated to investors and potential investors on a conference call that a particular boutique investment bank was handling the EES IPO.

22. Burlum failed to disclose that, at the time of the statement, EES owed that boutique investment bank tens of thousands of dollars in arrears that Burlum refused to pay, and that the investment bank was not engaged in the raising of any capital on EES's behalf.

23. On at least one EES monthly investor conference call, Burlum made untrue statements and omitted to disclose material facts to prospective and existing investors regarding EES's manufacturing and licensing rights to the Device, including that EES:

- a. manufactured the "intellectual property" part of the Device, and omitted to disclose that EES only manufactured small components of the Device, including end caps and the housing for the Device;
- b. could manufacture over 180,000 units a month, and omitted to disclose that EES did not manufacture the Device and received it from a company in Point Roberts, Washington; and,
- c. had the authority to license manufacturing rights to original equipment manufacturers, and omitted to disclose that EES was only a licensed distributor and installer of the Device and could not license manufacturing rights.

24. On at least one occasion, Burlum falsely told an investor, who was also an Unregistered Agent, that, General Electric ("GE") attempted to acquire EES for \$300,000,000.

25. In fact, EES has never had any business relationship or potential business relationship with GE.

26. At least one of the Unregistered Agents sent emails to prospective investors that included the untrue statements and omissions of material fact disseminated during Burlum's

recorded investor conference calls described above, and the false disclosure regarding potential business with GE.

CONCLUSIONS OF LAW

**EES AND BURLUM SOLD UNREGISTERED
SECURITIES IN VIOLATION OF N.J.S.A 49:3-60**

27. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

28. The EES Stock and Warrants are securities as defined in the Securities Law.

29. The EES Notes are securities as defined in the Securities Law.

30. Burlum and EES, through Burlum, and the Unregistered Agents offered and sold securities in the form of the EES Stock and Warrants and EES Notes that were neither registered with the Bureau, nor “federally covered,” nor exempt from registration, in violation of N.J.S.A. 49:3-60.

31. Each offer or sale of the unregistered EES Stock and Warrants and EES Notes constitutes a violation of N.J.S.A. 49:3-60 and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**BURLUM ACTED AS AN AGENT WITHOUT
REGISTRATION IN VIOLATION OF N.J.S.A. 49:3-56(a)**

32. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

33. Burlum represented EES in effecting or 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 EES Stock and Warrants

and EES Notes, in violation of N.J.S.A. 49:3-56(a), and this is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

34. Each offer or sale to investors constitutes a violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**EES EMPLOYED UNREGISTERED
AGENTS IN VIOLATION OF N.J.S.A. 49:3-56(h)**

35. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

36. EES employed or engaged Burlum and the Unregistered Agents as agents in effecting or attempting to effect transactions in securities from and in New Jersey, without being registered with the Bureau, in violation of N.J.S.A. 49:3-56(h), and this is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

37. Each offer or sale to investors constitutes a violation of N.J.S.A. 49:3-56(h) and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**EES AND BURLUM MADE UNTRUE STATEMENTS OF
MATERIAL FACT AND OMITTED TO STATE MATERIAL FACTS
NECESSARY IN ORDER TO MAKE THE STATEMENTS MADE
IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY
ARE MADE, NOT MISLEADING IN VIOLATION OF N.J.S.A. 49:3-52(b)**

38. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

39. In connection with the offer and sale of the EES Stock and Warrants and EES Notes, EES and Burlum made materially false and misleading statements and/or 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 to investors, in violation of N.J.S.A. 49:3-52(b), and this is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

40. Each violation of N.J.S.A. 49:3-52(b) upon each investor is a separate violation and is cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

THEREFORE, based on the foregoing findings of fact and conclusions of law, **IT IS** on this 23rd day of September, 2014:

ORDERED THAT EES and Burlum are jointly and severally assessed a civil monetary penalty in the amount of **ONE MILLION ONE HUNDRED TWENTY-FIVE (\$1,125,000.00) DOLLARS**, pursuant to N.J.S.A. 49:3-70.1; and it is further

ORDERED THAT EES and Burlum shall **CEASE AND DESIST** from further violations of the Securities Law; and it is further

ORDERED THAT EES and Burlum are denied all exemptions contained in N.J.S.A. 49:3-50, subsection (a), paragraph 9, 10, 11, and subsection (b); and it is further

ORDERED THAT the exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g) are hereby revoked as to EES and Burlum.

By: 

Laura H. Posner
Bureau Chief

NOTICE OF RIGHT TO HEARING

Pursuant to N.J.S.A. 49:3-69(a)(1)(I) the Bureau Chief shall entertain on no less than three days notice a written application to lift the Summary Order and Cease and Desist on written application of the person subject thereto and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the person subject thereto a written statement of the reasons for the Order to Cease and Desist.

Pursuant to N.J.S.A. 49:3-69(a)(1)(ii), upon service of notice of the Order to Cease and Desist issued by the Bureau Chief, the person subject thereto shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. The Bureau Chief shall, within five days of receiving the answer and request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau of Securities.

Orders issued pursuant to N.J.S.A. 49:3-69 shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the Order shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the Order shall toll the time for filing an answer and written request for a hearing.

Pursuant to N.J.S.A. 49:3-69(a)(1)(iii), if any person subject to the Order fails to respond by filing a written answer and written request for a hearing with the Bureau or moving to vacate the order within the 15 day prescribed period, that person shall have waived the opportunity to be heard and the order shall remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997) N.J.S.A. 49:3-47 et seq., provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of an order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.