



In the Matter of  
*The Securities Act, 1988*

and

In the Matter of

**Innovative American Technology Inc.,  
Neogenix Oncology, Inc.,  
and  
Lorne Michael Piett**

(Collectively referred to as the Respondents)

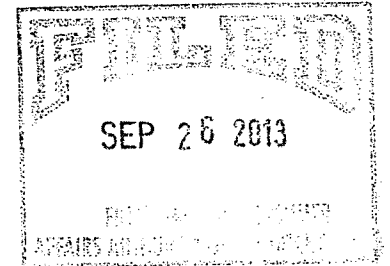
**STATEMENT OF ALLEGATIONS  
OF STAFF OF THE FINANCIAL AND CONSUMER AFFAIRS  
AUTHORITY OF SASKATCHEWAN**

To: **Innovative American Technology Inc.  
Neogenix Oncology, Inc.  
Lorne Michael Piett**

Staff of Financial and Consumer Affairs Authority of Saskatchewan (Staff of FCAA) make the following allegations:

**The Respondents**

1. The Respondent, Innovative American Technology Inc. (IAT), is a business corporation incorporated pursuant to the laws of the State of Delaware, U.S.A. with a head office located in Coconut Creek, Florida, U.S.A. IAT purports to be in the business of developing and manufacturing advanced technologies for a number of applications.
2. The Respondent, Neogenix Oncology, Inc. (Neogenix), is a business corporation incorporated pursuant to the laws of the State of Maryland, U.S.A. with a principal executive office located in Great Neck, New York, U.S.A. At all material times, Neogenix purported to be a clinical stage biotechnology company.
3. Lorne Michael Piett (Piett) is a resident of Regina, Saskatchewan.
4. From on or about November 24, 2004 to on or about April 30, 2009, Piett was registered



with Financial and Consumer Affairs Authority of Saskatchewan (FCAA) as a salesperson at a mutual fund dealer.

5. Piett has not been registered in any capacity with FCAA since on or about May 1, 2009.
6. At all material times, Piett acted as agent in Saskatchewan for IAT and Neogenix.

**Contraventions of subsection 27(1) of *The Securities Act, 1988*, S.S. 1988-89 c. S-42.2 as am. S.S., 1995, c.32, s.18; and 2006, c.8, s.6 (the 2006-2009 Act) and subsections 27(2), 58(1) and 44(3) of *The Securities Act, 1988* (the Act)**

**IAT, Neogenix and Piett**

7. From in or around 2007 to in or around 2011, IAT and Piett traded in securities in Saskatchewan and advised residents of Saskatchewan as to the investing in shares of IAT.
8. From in or around 2007 to in or around 2010, Neogenix and Piett traded in securities in Saskatchewan and advised residents of Saskatchewan as to the investing in shares of Neogenix.
9. The particulars of IAT, Neogenix and Piett's trading and advising activities include, but are not limited to, the following:
  - (a) In or around September 2007 Piett met with Investor 1 and her spouse, Investor 2 at their residence in White City, Saskatchewan for the purpose of providing them with personalized investment advice;
  - (b) Piett told Investor 1 that IAT and Neogenix were successful companies, and advised her to invest in IAT and Neogenix;
  - (c) Piett also told Investor 1 that both IAT and Neogenix would trade on a stock exchange;
  - (d) In or around 2007 Piett held informational seminars which were open to the public. At these seminars, Piett provided attendees with information on IAT and Neogenix and encouraged them to invest in IAT and Neogenix. Investor 1 attended at one such seminar;
  - (e) As a result of the advice received from Piett, on or about November 29, 2007, Investor 1 purchased approximately \$75,000 USD worth of shares in IAT and also approximately \$25,000 USD worth of shares in Neogenix;
  - (f) Investor 1 has received no returns on her investments with IAT or Neogenix and has not received any refund of her principal amounts invested;
  - (g) In or around 2009 Piett met with Investor 3, a resident of Saskatchewan, who was

referred to Piett for financial advice by her boyfriend. Piett advised Investor 3 that IAT and Neogenix were great companies, and told her that investing in them would be the best use of her money;

- (h) As a result of the advice received from Piett, on or about December 17, 2009, Investor 3 purchased approximately \$7,500 USD worth of shares in IAT;
  - (i) In or around 2009 or 2010, Piett, along with an individual from the United States, held an informational seminar in Saskatchewan for approximately 60 people. At the seminar, attendees were provided with information on Neogenix and were encouraged to invest in Neogenix. Investor 3 attended at this seminar;
  - (j) As a result of the advice received from Piett, in or around March 2010, Investor 3 purchased approximately \$12,500 USD worth of shares in Neogenix;
  - (k) Investor 3 has since received a refund of her principal investment from IAT. At no point did she see any returns on this investment;
  - (l) Investor 3 has not received any returns or any refund of her principal on her investment with Neogenix;
  - (m) From in or around 2007 to in or around 2011, IAT sold shares in IAT to residents of Saskatchewan, raising a total of approximately \$823,127.24 from said sales. This includes the sales to Investor 1 and Investor 3;
  - (n) From in or around 2007 to in or around 2010, Neogenix sold shares in Neogenix to residents of Saskatchewan, raising a total of approximately \$818,505.00 from said sales. This includes the sales to Investor 1 and Investor 3; and
  - (o) From in or around 2007 to in or around 2010, Piett, either directly or indirectly, received approximately \$14,190 in commission or finder's fees from Neogenix. He was also given a credit of approximately \$22,480 which was used towards the issuance of options in Neogenix to Piett.
10. In carrying out the acts indicated in paragraph 9, IAT and Piett solicited and then sold shares in IAT to residents of Saskatchewan for valuable consideration, and as such, from in or around 2007 to in or around September, 2009, traded in securities in Saskatchewan, and from in or around September, 2009 to in or around 2010, engaged in the business of trading in securities in Saskatchewan.
  11. In carrying out the acts indicated in paragraph 9, Neogenix and Piett solicited and then sold shares in Neogenix to residents of Saskatchewan for valuable consideration, and as such, from in or around 2007 to in or around September, 2009, traded in securities in Saskatchewan, and from in or around September, 2009 to in or around 2011, engaged in the business of trading in securities in Saskatchewan.

12. None of IAT, Neogenix or Piett has ever been registered as a “dealer” pursuant to the Act, and therefore, each of IAT, Neogenix and Piett contravened clause 27(1)(a) of the 2006-2009 Act and clause 27(2)(a) of the Act (as was applicable at the relevant times).
13. In carrying out the acts indicated in paragraph 9, IAT, Neogenix and Piett engaged in the business of advising Saskatchewan residents as to the investing in or buying of shares in IAT and shares in Neogenix.
14. None of IAT, Neogenix or Piett have ever been registered as “advisers” pursuant to the Act, and therefore, each of IAT, Neogenix and Piett contravened clause 27(1)(c) of the 2006-2009 and clause 27(2)(b) of the Act (as was applicable at the relevant times).
15. The trading by IAT, referred to in subparagraph 9(m), and by Neogenix, referred to in subparagraph 9(n), related to securities that had not previously been issued, and as such, related to distributions under the Act.
16. No preliminary prospectus relating to the distribution of the shares in IAT or the distribution of the shares in Neogenix was filed, and no receipts were issued for the same. No prospectus relating to the distribution of the shares in IAT or the distribution of the shares in Neogenix was filed and no receipts were issued for the same. Therefore, IAT and Neogenix contravened subsection 58(1) of the Act.
17. The Saskatchewan residents referred to in subparagraphs 9(m) and 9(n) did not, at the material times, qualify as “accredited investors”, as defined in National Instrument 45-106 *Prospectus and Registration Exemptions* (NI 45-106).
18. Neither IAT nor Neogenix filed reports pursuant to section 6.1 of NI 45-106 claiming any of the exemptions in NI 45-106.
19. There are no exemptions available for some of the trades engaged in by IAT.
20. There are no exemptions available for some of the trades engaged in by Neogenix.
21. In carrying out the activities referred to in paragraph 9(c), Piett, IAT and Neogenix made a representation that IAT’s shares and Neogenix’s shares would be listed on an exchange. None of Piett, IAT or Neogenix had permission from the Director to make such a representation. The representation was made with the intent to effect a trade in IAT’s shares and/or Neogenix’s shares, and as such, Piett, IAT and Neogenix have contravened subsection 44(3) of the Act.

### Piett

22. In or around 2009 Piett traded in securities in Saskatchewan and advised residents of Saskatchewan as to the investing in shares of [REDACTED]

[REDACTED]

23. The particulars of Piett's trading and advising activities include, but are not limited to, the following:
- (a) In or around March 2009, Piett provided Investor 1 and Investor 2 with a copy of marketing materials for [REDACTED] (the [REDACTED] Materials). The [REDACTED] Materials state that every loan made by [REDACTED] is secured with sufficient collateral so as to provide more security than stocks, hedge funds or other speculative ventures. It also states that it makes regular, steady and predictable distributions to shareholders;
  - (b) In or around March 2009, Piett provided Investor 1 with a copy of marketing materials for [REDACTED] (the [REDACTED]). The [REDACTED] Materials stated that [REDACTED] is rolling out a Life Settlement offering and stated that Life Settlement investments "are one of the few investments that offer predictable and assured returns." The materials also stated that "[i]nvestors can build a worry free retirement with Life Settlement investments";
  - (c) In or around March 2009, Piett provided Investor 1 with a copy of marketing material for [REDACTED]. It stated that with a \$100,000 investment one would get monthly interest payments of \$916.67, with the full \$100,000 principal redeemable after three years;
  - (d) Piett told Investor 1 that if she invested with [REDACTED], [REDACTED], [REDACTED] or [REDACTED], her investments would be basically guaranteed. Piett told Investor 1 that she would not lose her money; that the investments were solid and secure;
  - (e) Piett told Investor 2 that if he invested in [REDACTED] he would not lose his money;
  - (f) As a result of the advice received from Piett, in or around July 2009, Investor 1 purchased approximately 3,600 preferred shares in [REDACTED] for a total price of approximately \$36,000.00, approximately 250 warrants of [REDACTED] for a total price of approximately \$25.00, approximately 250 redeemable bonds from [REDACTED] for a total price of approximately \$25,000.00, and approximately 160 shares in [REDACTED] for a total price of approximately \$25,000.00;
  - (g) To complete these purchases Piett instructed Investor 1 on the filling out and signing of documents, and then took the documents from Investor 1 and submitted them to [REDACTED], [REDACTED], [REDACTED] and [REDACTED];
  - (h) As a result of the advice received from Piett, in or around July or August 2009, Investor 2 purchased approximately 1,050 preferred shares in [REDACTED] for a total price of approximately \$10,500.00;

- (i) To complete this purchase Piett instructed Investor 2 on the filling out and signing of documents, and then took the documents from Investor 2 and submitted them to [REDACTED];
  - (j) In or around 2007 Piett, in his capacity as a salesperson at a mutual fund dealer, met with Investor 4, a resident of Saskatchewan, and advised Investor 4 to move the full amount of his retirement funds out of his employer's pension plan to an account with Piett's employer, a mutual fund dealer.
  - (k) Based on the advice received from Piett, in or around 2008 Investor 4 moved the full amount of funds from his employer's pension plan to an account with Piett's employer. From this time forward, Piett advised Investor 4 regarding the investment of these funds, and Investor 4 relied upon Piett's professional advice;
  - (l) In or around February, 2009, Piett advised Investor 4 to invest 40% of his funds in [REDACTED], 40% of his funds in [REDACTED], and 20% of his funds in [REDACTED]. Piett provided Investor 4 with a written proposal outlining his advice. It stated "The New Proposed plan is designed to payout \$2,500 per month and grow the existing back to \$400,500 and beyond!", and indicated that with an investment of \$305,000, Investor 4 should expect a payout of \$499,063 and a balance of \$425,948 after 15 years;
  - (m) Piett provided Investor 4 with the [REDACTED] Materials, the [REDACTED] Materials, and also some material related to [REDACTED]. The material related to [REDACTED] stated that the investment would be asset-backed, and the investor would receive monthly interest payments;
  - (n) As a result of the advice received from Piett, in or around 2009, Investor 4 purchased approximately \$120,000 worth of shares in [REDACTED], approximately \$20,000 worth of shares in [REDACTED], approximately \$60,000 in [REDACTED], approximately \$120,000 worth of bonds in [REDACTED] and approximately \$120 in warrants in [REDACTED]; and
  - (o) To complete these purchases, Piett instructed Investor 4 on the filling out and signing of documents, and then took the documents from Investor 4 and submitted them to [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED].
24. In carrying out the acts indicated in paragraph 23, Piett engaged in the business of advising Saskatchewan residents as to the investing in shares in [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED].
25. At all relevant times, Piett was not registered as an "adviser" pursuant to the Act, and therefore, has contravened clause 27(1)(c) of the 2006-2009 and clause 27(2)(b) of the Act (as was applicable at the relevant times).
26. Based on the above, Staff of FCAA ask the hearing panel to consider whether it is in the

public interest to make the following orders:

- (a) Pursuant to clause 134(1)(a) of the Act, any and all exemptions in Saskatchewan securities laws do not apply to the Respondents;
- (b) Pursuant to clause 134(1)(d) of the Act, the Respondents shall cease trading in securities in the province of Saskatchewan;
- (c) Pursuant to clause 134(1)(d.1) of the Act, the Respondents shall cease acquiring securities for residents of Saskatchewan;
- (d) Pursuant to clause 134(1)(e) of the Act, the Respondents shall cease giving advice respecting securities, trades or exchange contracts in Saskatchewan;
- (e) Pursuant to clause 134(1)(h)(i) of the Act, the Respondent, Piett, must resign any position that he holds as a director or officer of an issuer, registrant or investment fund manager;
- (f) Pursuant to clause 134(1)(h)(ii) of the Act, the Respondent, Piett, is prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager;
- (g) Pursuant to clause 134(1)(h)(iii) of the Act, the Respondent, Piett, shall not be employed by any issuer, registrant or investment fund manager in any capacity that would entitle him to trade in securities;
- (h) Pursuant to clause 134(1)(h.1) of the Act, the Respondent, Piett, is prohibited from becoming or acting as a registrant, an investment fund manager or a promoter;
- (i) Pursuant to section 135.1 of the Act, the Respondents, shall each pay an administrative penalty to FCAA, in the amount of \$50,000;
- (j) Pursuant to section 135.6 of the Act, the Respondent, IAT, shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of IAT's contraventions of the Act, in an amount to be determined;
- (k) Pursuant to section 135.6 of the Act, the Respondent, Neogenix, shall pay financial compensation to each person or company found to have sustained financial loss as a result, in whole or in part, of Neogenix's contraventions of the Act, in an amount to be determined;
- (l) Pursuant to section 135.6 of the Act, the Respondent, Piett, shall pay financial compensation to each person or company found to have sustained financial loss as

a result, in whole or in part, of Piett's contraventions of the Act, in an amount to be determined; and

- (m) Pursuant to section 161 of the Act, the Respondents shall jointly or severally pay the costs of or relating to this hearing in this matter.

DATED at Regina, Saskatchewan, this 6 day of ~~August~~ <sup>September</sup>, 2013.



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Dean Murrison  
Director, Securities Division