

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order No. S-10-289-11-SC01  
whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE OF  
 ) INTENT TO ENTER AN ORDER TO CEASE AND  
New Earth Renewable Energy Inc. and ) DESIST, TO IMPOSE A FINE, AND TO CHARGE  
Ahava Amen, also known as ) COSTS  
Adolphus A. Allwood, )  
 )  
Respondents )

THE STATE OF WASHINGTON TO: New Earth Renewable Energy Inc.  
Ahava Amen

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, New Earth Renewable Energy Inc. and Ahava Amen, have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations and to charge costs and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondents

1. New Earth Renewable Energy Inc. ("New Earth") is a Washington corporation that was incorporated on September 21, 2007. During at least 2008 and 2009, New Earth had its principal place of business in Seattle, Washington. New Earth held itself out as the producer of "E-Coal" and "E-Oil," proprietary products that it represented were renewable and clean energy alternatives to fossil fuels. New Earth represented that it would sell these products in commercial quantities to utility companies.

2. Ahava Amen ("Amen") held himself out as the President of New Earth. From a review of public records, it appears that Amen has gone by several different names, including Adolph Amenra, Amen Ra

1 and Adolphus A. Allwood, which was his birth name. Amen does not have any formal scientific training.  
2 Prior to becoming the President of New Earth, Amen operated a henna tattoo parlor.

### 3 Internet Offers

4 3. During at least 2009 and 2010, New Earth maintained an Internet website at [www.newearth1.net](http://www.newearth1.net)  
5 that had an informational brochure about the company. The brochure included pictures of an ECO Pyro-  
6 Torrefaction plant located in Canada, which it claimed was New Earth's plant and "the world's first  
7 operating commercial scale pyro-torrefaction production facility." The brochure included a section  
8 labeled "Opportunities," which stated that New Earth had "opportunities available in many different areas  
9 from partnerships to investment." The brochure also included a section labeled "Investments," which  
10 stated that New Earth had "numerous investment opportunities available to sincere investors." The  
11 "Investments" section also stated that New Earth wanted to secure 111 long-term supply contracts with  
12 global utilities and, once that was done, New Earth would be a Fortune 500 company, with a ranking  
13 around #240, and at that time New Earth intended to go public.

14 4. In a March 2, 2010 Internet posting in Biomassmagazine.com, Amen stated that New Earth had a  
15 25,000-ton-per-year pilot plant in Canada for a proprietary ECO Pyro-Torrefaction process. Amen also  
16 stated that New Earth was "currently seeking a financial partner or investors to raise between \$60 million  
17 and \$80 million to construct a 500,000-ton-per-year industrial-scale facility."

### 18 Offer and Sale of Convertible Promissory Notes

19 5. During 2008 and 2009, Respondents offered and sold more than \$475,000 worth of convertible  
20 promissory notes to at least six investors, including at least two Washington investors. The promissory  
21 notes were issued by New Earth. The notes had terms ranging from sixty days to nine months. The notes  
22 had annual interest rates ranging from 10% to 15%. Respondents each represented to investors that the  
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1 notes could be converted into shares of stock in New Earth. Some notes had different conversion factors  
2 and some of the notes did not specify the conversion factor.

3 Misrepresentations and Omissions

4 6. When offering and selling New Earth convertible promissory notes, Respondents misrepresented  
5 to investors that New Earth owned an operational production plant that produced “E-Coal” and “E-Oil.”  
6 Respondents each failed to disclose to investors that the plant was not operational on a commercial scale  
7 and that New Earth did not actually own the plant. New Earth negotiated an agreement with a Canadian  
8 company for purchasing its ECO Pyro-Torrefaction process, its processing equipment, and its processing  
9 plant (the building housing the equipment). Over time, New Earth finally completed the payments to  
10 purchase the equipment, but it never completed the payments to purchase the plant. Because New Earth  
11 did not own the plant, in order to use the equipment that it purchased, New Earth would have to pay to  
12 move and reassemble the equipment at another location. Respondents each failed to disclose to investors  
13 that there would be significant additional costs to remove, reassemble, and make the equipment  
14 operational, which the inventor of the process has estimated would cost approximately three million  
15 dollars.  
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17 7. When offering and selling at least one convertible promissory note, Respondents gave the  
18 investor a three-year business plan for New Earth. The business plan included financial projections. The  
19 projections showed that New Earth would have an after-tax profit of approximately \$225 million at the  
20 end of two years. The business plan did not provide any reasonable basis for the projections.  
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22 8. When offering and selling New Earth convertible promissory notes to investors, Respondents  
23 each failed to disclose significant risks of the investment. Respondents each failed to disclose that the  
24 Canadian plant that New Earth was trying to acquire had not produced any product on a large scale.  
25 Respondents each failed to disclose that the ECO Pyro-Torrefaction process was not patent protected and

1 that the process was already in the public domain by the time that New Earth was incorporated.  
2 Respondents each failed to disclose the amount of funds that would be required to purchase and establish  
3 an operating ECO Pyro-Torrefaction manufacturing facility. Respondents each failed to disclose that New  
4 Earth might not raise adequate funds to purchase and establish an operating ECO Pyro-Torrefaction  
5 manufacturing facility. Respondents also failed to give the investors any financial statements for New  
6 Earth.

#### 7 Misuse of Investor Funds

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9 9. When offering and selling an \$80,000 convertible promissory note to a Washington investor,  
10 Respondents each represented to the investor that the proceeds from the sale of the note would be used  
11 solely for the down payment to the owner of the Pyro Vac Factory in Canada that New Earth was trying to  
12 purchase. However, based upon a review of the bank records for the account where the investor's funds  
13 were deposited, only \$2,000 of the investor's \$80,000 investment went to the owner of the factory. The  
14 remaining funds were expended for unauthorized purposes, including legal fees totaling more than \$6,000,  
15 cash withdrawals totaling more than \$17,500, travel expenses totaling more than \$7,500, furniture  
16 expenses totaling more than \$4,500, food purchases totaling more than \$1,300, clothing expenses totaling  
17 more than \$500, and other business operating expenses totaling more than \$33,000.

#### 18 Registration Status

19  
20 10. New Earth is not currently registered to sell its securities in the state of Washington and has not  
21 previously been so registered.

22 11. Ahava Amen is not currently registered as a securities salesperson or broker-dealer in the state  
23 of Washington and has not previously been so registered.

24 Based upon the above Findings of Fact, the following Conclusions of Law are made:  
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1 **CONCLUSIONS OF LAW**

2 I.

3 The offer or sale of the investment opportunities and the convertible promissory notes that are  
4 described above constitute the offer or sale of a security, as defined in RCW 21.20.005(10) and (12).

5 II.

6 As set forth in the Tentative Findings of Fact, the Internet offers of said securities were made in  
7 violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington,  
8 because no registration for such offer or sale was on file with the Washington Securities Administrator.

9 III.

10 As set forth in the Tentative Findings of Fact, Amen has violated RCW 21.20.040 by offering or  
11 selling said securities while not registered as a securities broker-dealer or securities salesperson in the state  
12 of Washington.

13 IV.

14 As set forth in the Tentative Findings of Fact, the offer and sale of said securities were made in  
15 violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington, because, in  
16 connection with the offer and sale of said securities, Respondents each made untrue statements of a  
17 material fact or omitted to state material facts necessary in order to make the statements made, in the light  
18 of the circumstances under which they were made, not misleading.

19 **NOTICE OF INTENT TO ORDER RESPONDENTS TO CEASE AND DESIST**

20 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of  
21 Law, the Securities Administrator intends to order that Respondents, New Earth Renewable Energy Inc.  
22 and Ahava Amen, each shall cease and desist from any violation of RCW 21.20.010, 21.20.040, and RCW  
23 21.20.140.  
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1 **NOTICE OF INTENT TO IMPOSE A FINE**

2 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of  
3 Law, the Securities Administrator intends to order that Respondents, New Earth Renewable Energy Inc.  
4 and Ahava Amen, shall be jointly and severally liable for and shall pay a fine of \$10,000.

5 **NOTICE OF INTENT TO CHARGE COSTS**

6 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of  
7 Law, the Securities Administrator intends to order that Respondents, New Earth Renewable Energy Inc.  
8 and Ahava Amen, shall be jointly and severally liable for and shall pay investigative costs of \$5,000.

9 **AUTHORITY AND PROCEDURE**

10 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is  
11 subject to the provisions of Chapter 34.05 RCW. The respondents, New Earth Renewable Energy Inc. and  
12 Ahava Amen, may each make a written request for a hearing as set forth in the NOTICE OF  
13 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of  
14 Charges. If a respondent does not make a hearing request in the time allowed, the Securities  
15 Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and  
16 to enter a permanent order to cease and desist as to that respondent, to impose any fines sought against  
17 that respondent, and to charge any costs sought against that respondent.  
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19 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

20 Signed and Entered this 12th day of April, 2011

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25 WILLIAM M. BEATTY  
Securities Administrator

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Approved by:



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Suzanne E. Sarason  
Chief of Enforcement

Presented by:



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Janet So  
Enforcement Attorney

Reviewed by:



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Robert Kondrat  
Financial Legal Examiner Supervisor