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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

**UNITED HEALTH PRODUCTS, INC.,
DOUGLAS BEPLATE, and
LOUIS SCHILIRO,**

Defendants.

COMPLAINT

22 Civ. _____ ()

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (“Commission”), located at 100 Pearl Street, Suite 20-100, New York, NY 10004 (New York Regional Office) for its Complaint against Defendants United Health Products, Inc. (“UHP”), who resides at 10624 S. Eastern Avenue, Suite A209, Henderson, NV 89052; Douglas Beplate (“Beplate”), who resides at 12481 Persons Road, Bow, WA 98232; and Louis Schiliro (“Schiliro”), who resides at 58 Lenox Drive, Hainesport, NJ 08036 (collectively, “Defendants”), alleges as follows:

SUMMARY

1. This is an accounting fraud case arising from schemes by UHP's then-Chief Executive Officer, Beplate, and then-Chief Operating Officer, Schiliro, to fraudulently report inflated revenues and receivables in the Forms 10-Q and 10-K for 2017 and 2018 UHP filed with the Commission.

2. UHP is a manufacturer of hemostatic gauze for the healthcare and wound care sectors. During 2017, UHP recorded two fraudulent sales that materially overstated its reported revenue and accounts receivable balances in its publicly-filed financial statements. The first fraudulent transaction involved a purported March 31, 2017 sale of product to a customer based on Beplate's and Schiliro's procurement in early May 2017 of a sham, back-dated purchase order. The customer formally cancelled the order the following day, UHP never shipped the product to the customer, and no payment was sought or received from the customer. Nevertheless, UHP reported the transaction as first quarter 2017 revenue from the "sale" and the full amount in its accounts receivable balance in its Forms 10-Q for the first three quarters of 2017.

3. The second fraudulent transaction involved Beplate and Schiliro orchestrating the recognition of a purported December 20, 2017 sale of product to UHP's largest customer that was delivered in February 2018. However, the customer never agreed to purchase the product. Despite the fact that there was no legitimate sale, UHP reported it as revenue and included the full amount in its accounts receivable balance in its 2017 Form 10-K annual financial statements, and continued to report it as part of its total accounts receivable balances in its 2018 Forms 10-Q.

4. To conceal their fraud and justify the revenues and receivables being recognized, Beplate and Schiliro repeatedly gave UHP's auditors false explanations about the purported sales

and concealed the true facts and circumstances surrounding them. They also directly or indirectly provided the auditors with false documents, including bogus sales invoices and incorrect shipping documentation and falsified accounting records, and Beplate lied to UHP's auditors in quarterly and annual management representation letters.

5. As a result of Beplate's and Schiliro's fraud, UHP reported materially overstated total revenues and accounts receivable balances in its Forms 10-Q and 10-K for 2017 and 2018, each of which Beplate signed and falsely certified.

VIOLATIONS

6. By virtue of the foregoing conduct and the conduct alleged further herein, Defendant UHP violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)]; Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 10b-5, 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1 and 240.13a-13] thereunder;

7. Defendant Beplate violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; Sections 10(b), 13(b)(5) and 16(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(b)(5) and 78p(a)] and Rules 10b-5, 13a-14, 13b2-1, 13b2-2 and 16a-3 [17 C.F.R. §§ 240.10b-5, 240.13a-14, 240.13b2-1, 240.13b2-2 and 240.16a-3] thereunder; Section 304(a) of the Sarbanes-Oxley Act of 2002 [15 U.S.C. § 7243(a)]; and aided and abetted UHP's violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13] thereunder; and

8. Defendant Schiliro violated Section 17(a) of the Securities Act [15 U.S.C. §

77q(a)]; Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)] and Rules 10b-5(a), 10b-5(c), 13b2-1 and 13b2-2 [17 C.F.R. §§ 240.10b-5(a), 240.10b-5(c), 240.13b2-1 and 240.13b2-2] thereunder; and aided and abetted UHP's violations of Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 10b-5(b), 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.10b-5(b), 240.12b-20, 240.13a-1 and 240.13a-13] thereunder.

9. Unless Defendants are restrained and enjoined, they will continue to engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

10. The Commission brings this action pursuant to the authority conferred upon it by Exchange Act Section 21(d) [15 U.S.C. § 78u(d)] and Sections 20(b), 20(d) and 20(e) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d) and 77t(e)].

11. The Commission seeks a final judgment: (a) restraining and permanently enjoining Defendants from violating the federal securities laws and rules this Complaint alleges they have violated; (b) ordering Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; (c) permanently prohibiting Beplate and Schiliro from serving as an officer or director of any company that has a class of securities registered under Exchange Act Section 12 [15 U.S.C. § 78l], or that is required to file reports under Exchange Act Section 15(d) [15 U.S.C. § 78o(d)], pursuant to Exchange Act Section 21(d)(2) [15 U.S.C. § 78u(d)(2)] and Securities Act Section 20(e) [15 U.S.C. U.S.C. § 77t(e)]; (d) ordering that Beplate reimburse UHP for all bonuses, incentive-based and equity-based compensation, and/or profits realized

from his sale of UHP stock pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 [15 U.S.C. § 7243(a)]; and (e) ordering any other and further relief the Court may deem just and proper.

JURISDICTION AND VENUE

12. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa].

13. Defendants, directly and indirectly, have made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

14. Venue lies in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa]. Defendants may be found in, are inhabitants of, or transact business in this district and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District. For example, Defendant Schiliro resides in New Jersey and engaged in much of the alleged misconduct during the relevant period from his home office in this District.

DEFENDANTS

15. **UHP** is a Nevada corporation with its principal office in Henderson, NV. UHP's common stock is registered with the Commission under Section 12(g) of the Exchange Act and traded in the over-the-counter market, with the ticker UEEC. At all relevant times, UHP's stock did not trade in an efficient market. UHP develops and sells hemostatic gauze for the healthcare and wound care sectors. At all relevant times, UHP sold its products through distributors, which, in turn, sought to sell UHP's products to veterinarian, dental and/or medical markets.

16. **Beplate**, age 67, is a resident of Bow, WA. At all relevant times, Beplate was the CEO, a director and Chairman of the Board of UHP. Beplate signed and certified each of UHP's Forms 10-Q and 10-K for fiscal years 2017 and 2018. Beplate also signed management representation letters issued to UHP's auditors during the quarterly reviews and annual audits for 2017 and 2018.

17. **Schiliro**, age 51, is a resident of Hainesport, NJ. Schiliro joined UHP in January 2017 as Operations Manager and became the Chief Operations Officer of UHP as of January 2018.

FACTS

I. The Fraudulent March 2017 Sale

18. In late April and early May 2017, Beplate and Schiliro engaged in a fraudulent scheme in which they solicited and obtained from a customer a sham purchase order for \$130,725 worth of UHP product, back-dated to March 31, 2017. The customer formally cancelled the purchase order the day after it was sent, UHP never shipped any product for the order, and UHP never sought or received payment from the customer. Nevertheless, Beplate and Schiliro had UHP record the sham transaction as a March 31, 2017 sale, resulting in UHP materially and fraudulently overstating its revenues and accounts receivable balances in its Forms 10-Q for the first three quarters of 2017.

A. Background

19. In early 2017, Beplate and Schiliro learned that a former Australian-based distributor that had previously purchased UHP's products no longer wished to sell UHP products and still had unsold product. In or around February 2017, UHP and the distributor agreed that UHP would repurchase the unsold product at a discounted price of \$12,000, with UHP

responsible for the shipping arrangements.

20. In late February or early March 2017, UHP arranged for the product to be shipped from the distributor's location in Australia to the U.S. using an international shipping service ("Shipper A"), which was to arrive on March 4, 2017 in New Jersey. UHP was responsible for the shipping the arrangements, bore the risk of loss for the shipment while in transit, and did not insure the shipment.

21. When Schiliro went to pick up the shipment on or about March 4, 2017, he identified that approximately half of the shipment was missing. Beplate and Schiliro's subsequent efforts over the next several weeks to locate the missing product were unsuccessful.

22. On or about April 5, 2017, Schiliro, at Beplate's direction, filed a claim form with Shipper A for the lost shipment. The claim form listed an air waybill date of March 4, 2017 and Schiliro claimed the value of the partial lost shipment was \$130,725, explaining, "[c]laim is based on the value we lost by not delivering this product and based on pricing" and that UHP needed "to be compensated at a minimum what we lost." Schiliro included the assertion that "[w]e have lost our largest client because of this loss." In fact, UHP had not lost any clients as a result of the lost shipment, and although UHP intended to resell the product, none of UHP's distributors or others had agreed to purchase it.

23. On May 8, 2017, Shipper A responded to the claim by letter to Schiliro stating that they were "unable to honor" the claim in the amount of \$130,725, explaining that because the signed air waybill, which contained the contractual terms between the parties for the shipment, indicated no declared value, the legal limit of Shipper A's liability was \$3,463.32. However, Shipper A offered to increase that amount by one third of the freight costs and to settle

the claim for a total of \$4,973.

24. On May 25, 2017, after the same representative from Shipper A and Schiliro spoke by phone, in order to resolve the claim Shipper A would increase its offer to \$10,000 in order to come to an amicable resolution if UHP did not have insurance on the shipment. On August 24, 2017, after a further communication from Schiliro to Shipper A, the representative of Shipper A again repeated that its offer remained at \$10,000 to settle UHP's claim and that UHP could otherwise proceed through legal action if it chose to do so. Ultimately, on March 20, 2018, Schiliro emailed that UHP would accept the \$10,000 settlement offer and Shipper A issued a check for that amount to UHP dated March 30, 2018.

B. Beplate and Schiliro Obtain a Fraudulent, Backdated Purchase Order

25. Separately, in November 2016, UHP had entered into a distribution agreement with a new Australian-based medical supplies distributor ("Distributor A"), to serve as UHP's exclusive distributor for its products in South Korea. Over the following months, Schiliro and Beplate worked with Distributor A in an attempt to sell UHP products through Distributor A to an interested customer in South Korea ("Customer A"). However, because UHP had not registered its products in South Korea as required by South Korean law, UHP did not sell any products to Distributor A for resale to any South Korean customers, including Customer A.

26. In or around late April or early May 2017, at Beplate's direction, Schiliro contacted a representative of Distributor A asking that Distributor A issue a purchase order for \$130,725 worth of product back-dated to March 31, 2017. Schiliro explained that the purchase order was needed as evidence to support a claim that UHP had made with respect to a lost shipment of product in that same size and amount. Schiliro also asked that Distributor A list Customer A as the ultimate customer and gave other details to include on the purchase order.

Schiliro further advised the representative at Distributor A that Distributor A could simply cancel the purchase order the following day. Beplate called the representative of Distributor A and assured the representative that there was nothing improper going on. Concerned that UHP may cancel its exclusive distribution agreement if it refused, Distributor A ultimately agreed in early May 2017 to send UHP the requested purchase order and then formally cancelled the purchase order the day after it was sent.

27. Specifically, on May 9, 2017, the Distributor A representative emailed Beplate and Schiliro, attaching the purchase order requested by Beplate and Schiliro, and stating “Hi Doug, Attached is the copy of the purchase order we discussed.” As previously instructed by Schiliro and Beplate, the attached purchase order included the details requested, including that it was backdated to March 31, 2017 and was for \$130,725 worth of product to be shipped to Customer A in South Korea.

28. The following day, on May 10, 2017, the Distributor A representative emailed Schiliro to give formal notice that it was cancelling the purchase order, stating, “Dear Lou, ... because you were unable to ship the order, [Customer A] cancelled it and made other arrangements [for] a similar product from a competitor. Please confirm that you have cancelled Purchase Order #24514.”

29. The purchase order itself and the subsequent stated reason for the cancellation were both a sham, as Customer A had never agreed to purchase the product and Distributor A had only agreed to issue the fraudulent purchase order as an accommodation to Beplate and Schiliro with the understanding that it would not be for an actual purchase.

30. On June 7, 2017, nearly a month after Distributor A informed Schiliro that the sham purchase order was cancelled, Schiliro created an invoice in UHP’s QuickBooks

accounting system as though it was a legitimate invoice for a sale to Distributor A, identifying Distributor A as the purchaser and listing a purchase price of \$130,725, a sale date and shipping date of March 31, 2017, and Customer A in South Korea as the “ship to” address. Schiliro’s entries in QuickBooks recorded the purported sale in UHP’s books and records as a \$130,725 sale with an accounts receivable balance due in that same amount (the “March 2017 Sale”).

31. The March 2017 Sale was a sham designed by Beplate and Schiliro to fraudulently inflate UHP’s revenues for its first quarter of 2017, which ended on March 31, 2017 (i.e., the date of the purported sale). When Beplate and Schiliro asked Distributor A to provide UHP with the purchase order, they knew it was a sham and that it was never a bona fide sale to Distributor A. Among other things, Distributor A’s purchase order was a back-dated sham created in early May 2017, it was followed by a cancellation notice the day after it was sent, and UHP never shipped any product to fill the purported order. Moreover, UHP never sent the invoice to Distributor A, UHP never attempted to collect from Distributor A for the purported sale, and UHP never received any payment from Distributor A.

C. Beplate and Schiliro Mislead UHP’s Auditor During the 2017 Quarterly Reviews

32. UHP’s independent auditor for its 2017 quarterly reviews was an audit firm based in Farmington, UT (“Auditor A”). Beplate and Schiliro sought to deceive Auditor A about the circumstances of the fraudulent March 2017 Sale in an attempt to conceal their misconduct and have UHP report the March 2017 Sale as revenue and a receivable for the full amount in UHP’s financial statements and in its SEC filings. By concealing facts and making misrepresentations about the March 2017 Sale to Auditor A during the course of its 2017 quarterly reviews, Beplate and Schiliro were able to inflate UHP’s revenues and accounts receivable balances by material amounts as reported in the financial statements included in

UHP's Forms 10-Q for the first three quarters of 2017 without detection by Auditor A.

33. During Auditor A's Q1 2017 review, both Schiliro and Beplate understood that Auditor A was particularly focused on UHP's booking of sales near quarter-end (i.e., March 31, 2017), and was looking for explanations from management about those sales – including the March 2017 Sale – which purportedly occurred on the last day of the quarter.

34. Specifically, on July 27, 2017, a member of the Auditor A audit team emailed Auditor A's engagement partner and reviewing partner, copying Beplate, expressing concerns about UHP's booking of sales near the end of the quarter, noting, "I looked quickly at these . . . It looks like roughly 90% of the income was booked in the last week of the quarter. We need a solid and convincing explanation from the client as [sic] why that is the case." Beplate forwarded the email to Schiliro the following day.

35. Later that day, Auditor A's engagement partner sent a follow-up email to UHP's contract accountant, who was retained by UHP to assist in preparing UHP's SEC filings and responding to auditor inquiries. Copying Beplate, the Auditor A engagement partner asked in the email: "Is there an invoice register showing sales for the quarter, the customer name, invoice number and date and amounts? Though we don't audit this quarter (and likewise wont [sic] be sending confirmation requests), we will still need some corroborating evidence to support sales since there are no comparable analytics to rely on."

36. In response, UHP's contract accountant replied later that same day, copying Beplate and directing Auditor A to UHP's QuickBooks files where Auditor A could "pull a report that shows that information." The following day, the Auditor A engagement partner replied, copying Beplate, "Ok good., . . ., right now I don't know if or what else we will need,

other than an explanation of the sale(s) that occurred in the last week of the quarter.”

37. Although Beplate and Schiliro both understood that Auditor A was seeking information to corroborate the end-of-quarter sales, including the fraudulent March 2017 Sale that constituted 58 percent of UHP’s purported revenue for the quarter, neither Beplate nor Schiliro disclosed any details of the fraudulent nature of the March 2017 Sale to Auditor A during the first quarter review or at any time thereafter and instead had it presented to Auditor A as a legitimate sale for which revenue was properly recognized as of March 31, 2017 and that UHP reasonably expected to collect the full amount owed from Distributor A. Among other things, both Beplate and Schiliro knew that Auditor A would rely on information from UHP’s QuickBooks accounting system as support for management’s representations of what sales had properly been recognized during the period, including the false entries created by Schiliro on June 7, 2017 for the March 2017 Sale. Beplate and Schiliro concealed from Auditor A that they fraudulently obtained the sham purchase order from Distributor A, that Distributor A had cancelled the purchaser order more than two months before the time of Auditor A’s review, that UHP never shipped any product related to the purported sale, and that there was no possibility of collecting from Distributor A.

38. In addition, Beplate made false statements in a management representation letter he provided to Auditor A, including that there were no material transactions that had not been properly recorded, there were no side agreements or other arrangements that had not been disclosed, and no events had occurred subsequent to the balance sheet date and through the date of the letter that would require adjustment to or disclosure in the interim financial information.

39. Beplate and Schiliro succeeded in misleading Auditor A regarding the March 2017 Sale and Auditor A completed its Q1 2017 review on UHP’s financial statements for Q1

2017, which were included in UHP's Form 10-Q filed on July 31, 2017 for the quarter ending March 31, 2017. Moreover, Beplate and Schiliro continued to conceal the true nature of the March 2017 Sale from Auditor A during its Q2 and Q3 2017 reviews as well, and Beplate provided management representation letters to Auditor A in connection with those reviews in which he repeated the same false statements described above. As a result of their deliberate efforts to keep Auditor A in the dark, Beplate's and Schiliro's fraud remained undetected by Auditor A throughout 2017.

D. UHP Filed False and Materially Overstated 2017 Interim Financial Statements

40. Through Beplate's and Schiliro's fraudulent conduct, UHP overstated its total revenues and accounts receivable balances by 57% and accounts receivable by 55%, respectively, in its Q1 2017 financial statements filed on Form 10-Q for the quarter ending March 31, 2017 49% and 78%, respectively, for the six-month period ending June 30, 2017 in its Q2 2017 Form 10-Q, and 39% and 79%, respectively, for the nine-month period ending September 30, 2017 in its Q3 2017 Form 10-Q, all material amounts.

41. Beplate signed UHP's Forms 10-Q for Q1 through Q3 2017 while knowing that the filings contained material misstatements and omitted material facts and that the financial statements were falsely inflated due to the March 2017 Sale. The Forms 10-Q also falsely represented that "[t]he Company recognizes revenues when persuasive evidence of an arrangement exists, product has been delivered or services have been rendered, the price is fixed and determinable and collectability is reasonably assured" and that "[w]e review the accounts receivable by amounts due from customers which are past due, to identify specific customers with known disputes or collectability issues.... There was no provision for doubtful accounts recorded ..., as we have not experienced any bad debts from any of our customers." Beplate

understood that these statements were false when made because he knew the March 2017 Sale was a sham, there was no arrangement or delivery of product, and there was no prospect for collecting on the receivable.

42. Beplate also falsely certified that, based on his knowledge, the Forms 10-Q for Q1 through Q3 2017 did not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances in which they were made, not misleading, and that the financial statements fairly represented the financial condition, results of operations, and cash flows of the company.

E. Beplate and Schiliro Attempted to Mislead its New Auditor Regarding the March 2017 Sale During the 2017 Audit

43. In late March 2018, UHP retained a new independent auditor, Haynie & Company (“Haynie”) to replace Auditor A. At the time, UHP was required to file its 2017 Form 10-K by April 17, 2018 in order to meet the extended filing deadline for relief under Commission rules.

44. On February 23, 2018, approximately one month before Haynie began its work on the 2017 audit, at Beplate’s instruction, Schiliro amended the accounting entry for the March 2017 Sale in UHP’s QuickBooks system to falsely reflect that Shipper A was the purchaser for the March 2017 Sale. Beplate instructed Schiliro to make the amendment in an attempt to link the \$130,725 in revenue UHP claimed was due from the fraudulent March 2017 Sale with UHP’s claim with Shipper A in that amount for the partial lost shipment. Beplate and Schiliro understood at the time that this accounting entry was misleading because Shipper A did not agree to purchase any product and had given a final offer of only \$10,000 to settle UHP’s claim.

45. On March 20, 2018, approximately one week before Haynie began its work on the 2017 audit, Schiliro, on behalf of UHP, agreed to accept Shipper A’s settlement offer of

\$10,000, and Shipper A issued a check for \$10,000 to UHP dated March 30, 2018. However, Schiliro did not make any corresponding revision to the accounting entries for the March 2017 Sale that showed \$130,725 in sales revenue as of March 31, 2017, and the same amount still due from Shipper A.

46. When Haynie began its audit work approximately one week later on March 29, 2018, Beplate and Schiliro continued their effort to mislead regarding the fraudulent March 2017 Sale. UHP's contract accountant provided Haynie with its general ledger and other accounting records from QuickBooks that included the March 2017 Sale, which recorded the March 31, 2017 "sale" to Shipper A for \$130,725 and included a related accounts receivable balance in that same amount.

47. Haynie selected the March 2017 Sale for audit testing, which was communicated to Beplate and Schiliro. When Haynie began questioning Beplate and Schiliro about the March 2017 Sale, Beplate and Schiliro gave Haynie false and misleading information about the purported transaction in an attempt to persuade Haynie to permit UHP to recognize the entire \$130,725 in revenue and maintain the receivable.

48. At all relevant times, UHP used a third-party sterilization facility to sterilize its products prior to delivery to its customers (i.e., its distributors). Accordingly, when filling an order, UHP would first ship the product from its third-party packaging facility to the sterilization facility where it would undergo sterilization. Once sterilization was completed, UHP would direct the sterilization facility to ship the product on to the customer for delivery.

49. In response to Haynie's questions about the March 2017 Sale, Beplate and Schiliro provided a misleading account of the purported transaction, different from the misleading account they had provided to UHP's predecessor auditor, Auditor A, during their

2017 reviews of the quarterly financial statements. In the course of Haynie's 2017 audit, Beplate and Schiliro now told Haynie that UHP had shipped the product to the sterilization facility where it had undergone sterilization, but that it was later lost en route from the sterilization facility to the customer. Beplate and Schiliro told this false account to Haynie in an attempt to persuade Haynie to consider the sale as complete, and revenue recognizable, when the product was delivered to the sterilization facility. Beplate and Schiliro also told Haynie that UHP booked the receivable balance of \$130,725 due from Shipper A based on UHP's claim against it in that amount for the lost shipment.

50. Beplate and Schiliro knew these representations were false because UHP never shipped the product out to sterilization (because it was lost before it was ever received by UHP) and because UHP had already agreed to settle its claim against Shipper A for \$10,000 for the lost shipment. Beplate and Schiliro had no credible basis to assert that \$130,725 remained due from Shipper A on the claim, since Schiliro had already agreed to accept Shipper A's \$10,000 settlement offer on behalf of UHP. Neither Beplate nor Schiliro disclosed any of these facts to Haynie.

51. Despite Beplate's and Schiliro's false explanations, Haynie rejected their arguments for recognizing the March 2017 Sale as sales revenue in UHP's 2017 annual financial statements. On April 6, 2018, the audit manager on the engagement team emailed Beplate and others about the March 2017 Sale, and explained that UHP could not recognize the March 2017 Sale as revenue from a sale for several reasons. First, "as the goods shipped were never received by the customer, the customer was not in receipt of the shipped goods and the shipped goods never met the revenue recognition criteria of goods being delivered" because the details "indicate[] that goods shipped are not recognized as goods received until ultimately arriving at

the customers facilities” such that “the Company still carries the risk of loss on the inventory and revenue recognition criteria has not yet been met.” Further, the audit manager advised that “because they [Shipper A] [was] not the intended customer and an agreement was never reached with them to purchase those goods, the lost goods don’t meet revenue recognition criteria to be considered a sale to [Shipper A].” In the email, the audit manager also addressed certain year-end 2017 sales and advised that revenue from late December 2017 sales not delivered until January 2018 should not be recognized because they also did not yet satisfy revenue recognition criteria.

52. The following morning, on April 8, 2018, Beplate forwarded the Haynie audit manager’s email to Schiliro. That same day, Beplate replied to the audit manager’s email by writing “disagree.”

53. Later that day, Haynie’s engagement partner forwarded the audit manager’s earlier email to Beplate and others, which Beplate forwarded to Schiliro that same day, and provided an additional explanation as to why UHP could not properly recognize revenue from the March 2017 Sale, writing:

“Doug, The standards for recognizing revenue are pretty clear in this case. ASC 605-15-25-1 says: revenue from the sales transaction shall be recognized at time of sale only if all of the following condition are met (there are a total of 6 criteria, and I only included the three at issue right now):

b. The buyer has paid the seller, or the buyer is obligated to pay the seller and the obligation is not contingent on resale of the product

c. The buyer's obligation to the seller would not be changed in the event of theft or physical destruction or damage of the product

e. The seller does not have significant obligations for future performance to directly bring about resale of the product by the buyer.

All of the above hinge on risk of loss. At what point in the sales transaction cycle does

risk of loss for the product transfer from the seller to the buyer.”

(Emphasis in original.)

54. The engagement partner continued in the email, further explaining how each of these three conditions applied to UHP specifically, writing: “In the case of United Health Products, as we have reviewed the sales agreements, they are clearly marked FOB destination. That indicates that the risk of loss does not transfer from the seller to the buyer until the product has been received by the buyer. The FOB destination coupled with the fact that the product must be sterilized prior to the sale taking place, means that items c and e above have not been met until after the product has been sterilized and received by the customer. Lastly, items c and e above have not been met with the case of the lost/stolen shipment of product.”

55. The engagement partner continued: “All of these factors indicate that the risk of loss does not change from the seller to the purchaser until the purchaser takes possession of the product. As such, the Company cannot recognize the transaction as revenue until the product has been delivered.”

56. As to the smaller year-end sales and the timing for revenue recognition, the engagement partner added, “[i]n the case of the shipments near the end of the year, we see from the shipping documents that the product was not delivered until January. These items will need to be removed from Revenue.” The engagement partner concluded his email, warning Beplate: “Correct revenue recognition is an hot/important issue with regulators and potential investors and buyers. That is one of the first things that these interested parties will look at and you want to make sure that your revenue is recognized in accordance with the proper accounting standards.”

57. UHP agreed and ultimately removed the revenue from the March 2017 Sale and the smaller December 2017 sales from its total revenues and accounts receivable balance reported in its 2017 annual financial statements included in its Form 10-K filed on April 17,

2018. However, UHP did not disclose the removal of the revenue and receivable amounts in the notes to its financial statements or otherwise and did not restate its Forms 10-Q for Q1 through Q3 2017, despite the fact the revenues and accounts receivable balances in those financial statements were overstated by material amounts.

II. The Fraudulent December 2017 Sale

58. In addition to concocting the fraudulent March 2017 Sale, Beplate and Schiliro orchestrated an even larger fraudulent revenue transaction that purportedly occurred in December 2017 for the purpose of inflating UHP's revenue as reported in its SEC filings. This second fraudulent sale (the "December 2017 Sale") was UHP's largest recorded transaction for 2017 and led to UHP materially overstating its revenue and accounts receivable balances in its 2017 financial statements included in its 2017 Form 10-K and its accounts receivable balances in its interim financial statements included in its 2018 Forms 10-Q.

A. Background

59. Distributor B, a U.S.-based company that distributes dental and veterinary medical products, was UHP's largest customer by sales volume during 2017.

60. In January 2017, UHP entered into a distribution agreement with Distributor B's animal health division, granting it exclusive rights to market, sell and distribute UHP's products within the United States. The distribution agreement, signed by Beplate on behalf of UHP, provided, among other things, that (i) Distributor B had no obligation to purchase any products except as stated in a written purchase order; (ii) title and risk of loss was borne by UHP until any product shipped was received by Distributor B at the specified delivery point in Distributor B's purchase order; (iii) payment terms were 2% 30, net 60 days (meaning a two percent discount would apply if payment was received within 30 days, otherwise payment was due within 60 days); and (iv) in the case of any conflict between terms on invoices and the

distribution agreement, the agreement would control.

61. While UHP sold its products to Distributor B during 2017, Beplate and Schiliro were also seeking ways to expand UHP's sales to Distributor B by offering certain incentive programs and seeking to establish a large veterinary hospital chain as a customer for Distributor B to purchase UHP's products. Along with these efforts, Beplate and Schiliro sought to have Distributor B increase its inventory of UHP products in anticipation of a rise in sales.

62. However, despite Beplate's and Schiliro's entreaties, by late November 2017, Distributor B concluded that its existing inventory of UHP products was more than sufficient to meet demand and declined to make any additional purchases.

63. In and around the same time, Beplate and Schiliro also sought to renegotiate UHP's distribution agreement with Distributor B to include a large purchase to be made by Distributor B upon execution. However, UHP and Distributor B never reached any agreement to do so.

B. Beplate and Schiliro Ship UHP Product to Distributor B Without Distributor B's Agreement

64. Notwithstanding that UHP had not reached any agreement with Distributor B for additional purchases, UHP decided to have its third-party packaging facility produce a large amount of UHP's product packaged specifically for Distributor B.

65. In addition, even though Distributor B had declined to place any such additional large purchases, on December 20, 2017, Schiliro, with Beplate's authorization, shipped the pre-packaged product from UHP's third-party packaging facility in Seymore, Indiana for delivery to UHP's third-party sterilization facility in Newark, New Jersey on December 26, 2017.

66. After undergoing sterilization, on January 4, 2018, an employee at the

sterilization facility emailed Schiliro with a certificate of processing and advised that the order was ready for pick up, noting that product pickups are requested to be made within three days of processing.

67. However, UHP failed to make arrangements for the product until Schiliro provided instruction on January 16, 2018. The product next sat at a third-party commercial shipping company's facility ("Shipper B") in Philadelphia, Pennsylvania awaiting pick up or further shipment instructions from UHP until January 30, 2018.

68. On January 22 and 23, 2018, Schiliro exchanged a series of emails with Distributor B's Supply Chain Manager advising that UHP was running a promotion, had produced product specifically packaged for Distributor B, and asked if Distributor B would store the product in one of its distribution centers. Schiliro asked that Distributor B issue a purchase order for the product, but offered to ship the product with a six-month due date on the invoice in order to allow Distributor B time to sell the product before being obligated to pay. Schiliro also included a description of the product that was consistent with the amount of product that was shipped from the third-party sterilization facility on January 16, 2018 per Schiliro's instruction and was sitting in Shipper B's Philadelphia facility.

69. After checking on inventory levels, on January 23, 2018, the Supply Chain Manager emailed Schiliro back explaining that Distributor B was "sitting on a significant amount of inventory at this time and will only be re-ordering as needed" and though they "appreciate the 6 month terms offer given in order for your company to relieve your inventory of this stock ... at this time decision has been made not to order."

70. That same day, Schiliro replied, asking "Are they [sic] any other terms or ways to have the product housed at a [Distributor B distribution center]?" The manager replied back

to Schiliro minutes later explaining that they “just do[] not want to move forward with this” as “some locations already have >6 months even up to 1 year-worth of stock on hand from initial buy-in so we don’t want to bring in any more stock.”

71. After representatives from both Shipper B the third-party sterilization facility contacted Schiliro on January 30, 2018 to advise that the freight could not stay any longer at Shipper B’s facility, Schiliro, as directed by Beplate, instructed Shipper B to re-route the cargo to Distributor B’s warehouse in Houston, Texas, where it was delivered on February 2, 2018. When authorizing Schiliro to do so, Beplate knew that Distributor B had not issued a purchase order for the product because Schiliro had informed him as such. Schiliro monitored the shipment and delivery status, and informed Beplate when the product was delivered.

C. Beplate and Schiliro Mislead Haynie with Respect to the December 2017 Sale During UHP’s 2017 Audit

72. No one at UHP created an invoice or otherwise documented the purported December 2017 Sale to Distributor B in UHP’s QuickBooks system until late March 2018.

73. On March 29, 2018, Schiliro created a fraudulent accounting entry and invoice for the December 2017 Sale in UHP’s QuickBooks system indicating a sale of \$438,596 worth of product on December 20, 2017. At the time, Beplate and Schiliro knew that Haynie had begun its audit and would be relying on UHP’s QuickBooks records to audit UHP’s financial statements.

74. Haynie included the December 2017 Sale in its list of transactions for revenue testing and requested that UHP provide the invoice, related shipping documentation, and indicate the date payment was received. Schiliro and Beplate were also aware of and/or approved a letter request for confirmation to be sent by Haynie to Distributor B of the accounts receivable balance of \$447,574.08 as of December 31, 2017 that was shown in UHP’s accounting records, which

included the balance purportedly due from the \$438,596 December 2017 Sale as well as smaller unpaid balances. Schiliro was the named UHP signatory on the confirmation request letter and Beplate reviewed the confirmations prior to Haynie sending them.

75. UHP's contract accountant contacted Beplate and Schiliro with Haynie's revenue testing request that included the December 2017 Sale and advised that he would pull the invoice from QuickBooks but would need them to give him the shipping information and tell him when payment has been received. Accordingly, the contract accountant pulled the phony invoice that Schiliro had created on March 29, 2018 for the December 2017 Sale from QuickBooks and provided it to Haynie. The invoice identified Distributor B as the purchaser of \$438,596 worth of product, listed a sale date and shipping date of December 20, 2017, included a purchase order number that Schiliro fabricated, specified freight terms of "FOB Origin" (indicating that risk of loss was born by the purchaser from the shipping point, which was the opposite of the terms of the distribution agreement), and included a payment term of "Net 120" days – meaning payment would not be due until after UHP's extended filing deadline of April 17, 2018 for its 2017 Form 10-K.

76. The invoice Schiliro created was inherently fraudulent, and all of its terms were false. As Schiliro knew when he created it, Distributor B had never issued a purchase order for the product and had not otherwise offered to purchase or store it, had never requested that UHP ship the product under any terms, and never agreed to any payment terms.

77. Seeking to mislead Haynie into believing the shipment was delivered by year-end 2017 (and not in February 2018, as actually occurred), on April 16, 2018, Schiliro emailed UHP's contract accountant the Shipper B tracking number for the December 20, 2017 shipment of UHP product from its packaging facility in Indiana to the third-party sterilization facility in

New Jersey, noting in his email, “Shipped from Indiana on Dec. 20 and arrived Dec. 26”.

Schiliro understood at the time that Haynie was seeking proof of delivery to Distributor B and

Schiliro also knew that the contract accountant would relay this information on to Haynie.

Schiliro also knew from Haynie’s advice from the previous week relating to the revenue recognition criteria (which Beplate had forwarded to him as described in paragraph 53 above) that UHP could not recognize sales revenue until the product was delivered to the customer.

Since Distributer B had not received the product in 2017, Schiliro intentionally provided the wrong tracking number in order to mislead Haynie into believing the product was sent or and/or delivered to Distributor B in 2017.

78. Later that day, when a member of the Haynie audit team entered the tracking number on Shipper B’s website, it showed a shipment from Seymore, Indiana on December 20, 2017 and delivered to Newark, NJ on December 26, 2018. The website did not show the names or street addresses of the sender or recipient.

79. Schiliro also took steps to mislead Haynie regarding the purported payment terms for the December 2017 Sale and UHP’s expectation of payment. Among other things, in an April 13, 2018 email responding to the UHP contract accountant on Haynie’s revenue testing request for the December 2017 Sale, Schiliro wrote, copying Beplate: “We gave them extended terms until April 20th 2018, as they needed time to sort it out for they were consolidating distribution centers from 88 to 13 first quarter.” This explanation was then conveyed by the UHP contract accountant to Haynie. Schiliro knew that no such agreement with Distributor B existed and that his explanation was false.

80. Beplate joined in Schiliro’s efforts to mislead Haynie. In addition to being aware that UHP’s 2017 financial statements included the fraudulent December 2017 Sale

revenue and the full amount of such in its accounts receivable balance, Beplate issued a management representation letter to Haynie in which he falsely represented, among other things, that “[t]here are no ... side agreements, implicit provisions, unstated business conventions, or other arrangements (whether written or oral) that affect the amount or timing of revenue reported in the financial statements and have not been disclosed to you” and “[t]he Company has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.” The management representation letter also falsely asserted that UHP’s financial statements were fairly presented in conformity with GAAP, there were no material transactions that were not properly recorded, and that management was unaware of any fraud by management or others that would have a significant effect on the Company’s financial statements. Beplate understood all of these statement were false, as he knew that UHP had shipped product to Distributor B without a purchase order, since he authorized Schiliro to do so, despite the fact that a purchase order was required under the distribution agreement (which he signed) in order for Distributor B to incur an obligation to pay. Moreover, Beplate understood from Haynie’s emailed advice during the audit that even if there had been a legitimate sale, UHP could not recognize revenue from the transaction in 2017 because, as he knew, UHP’s instruction to ship the product to Distributor B did not occur until late January 2018 and delivery did not occur until February 2018.

81. On April 17, 2018, as a result of Beplate’s and Schiliro’s fraudulent conduct and deception, including presenting the phony invoice created by Schiliro, misleading statements by Schiliro regarding the tracking number he knowingly provided, and other false and misleading statements by Beplate and Schiliro during the course of audit and in Beplate’s

management representation letter, Haynie signed off on the 2017 audit and issued an unqualified opinion.

D. UHP Filed False and Materially Overstated 2017 Annual Financial Statements

82. Through Beplate's and Schiliro's fraudulent conduct, UHP filed its 2017 Form 10-K on April 17, 2018, which included \$438,596 of revenue from the fraudulent December 2017 Sale and accounts receivable of the same amount, comprising approximately 68 percent of UHP's total reported revenues for 2017 and approximately 98 percent of its reported accounts receivable balance in its financial statements included in the 2017 Form 10-K.

83. Beplate signed UHP's 2017 Form 10-K while knowing that the filing contained material misstatements and omitted material facts and that the financial statements were falsely inflated due to the December 2017 Sale.

84. The Form 10-K also falsely represented that "[t]he Company recognizes revenues when persuasive evidence of an arrangement exists, product has been delivered or services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Revenue is recognized net of estimated sales returns and allowances" and that "[w]e review the accounts receivable by amounts due from customers which are past due, to identify specific customers with known disputes or collectability issues. . ." Beplate understood that these statements were false when made because he knew that the December 2017 Sale was a sham, no arrangement existed, delivery did not occur during 2017, and UHP had no basis to expect to collect from Distributor B for the purported sale.

85. Beplate also falsely certified that, based on his knowledge, the 2017 Form 10-K did not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances in which they were made, not

misleading, and that the financial statements fairly represented the financial condition, results of operations, and cash flows of the company.

E. Beplate and Schiliro Continue to Mislead Haynie, Including During Haynie's 2018 Quarterly Reviews of UHP's Financials

86. On April 25, 2018, one week after UHP filed its 2017 Form 10-K with the fraudulent recognition of the December 2017 Sale, Distributor B emailed its confirmation response to Haynie, which Haynie forwarded to Beplate and Schiliro. Distributor B's confirmation response stated that its records showed no balance owed UHP as of December 31, 2017, and provided as additional information that all invoices received before December 31, 2017 were paid in full as of that date and that Distributor B had nothing to substantiate the \$447,574.08 amount owed as stated by Schiliro in the request letter (which included the balance due from the \$438,596 December 2017 Sale and other uncollected receivables) "whether before or after December 31, 2017." Haynie wrote in the email to Beplate and Schiliro regarding the confirmation that it raised a question as to whether UHP was experiencing delays in delivering their invoices to customers until significant time has passed since delivery of products occurred and recommended that UHP review their process for improvements. The email concluded: "Let us know if you'd like to discuss further or if there are any additional facts that we should be aware of in regards to this AR confirmation response." Neither Beplate nor Schiliro corrected Haynie's misunderstanding about the discrepancy or offered any additional information concerning the purported December 2017 Sale.

87. On May 8, 2018, an attorney in the legal department at Distributor B emailed Beplate a letter notifying him that due to concerns about UHP's recent "suspicious conduct" relating to the December 2017 Sale, Distributor B was terminating its distribution agreement with UHP. The letter stated that "[i]n the meantime, no orders will be placed, no deliveries will

be accepted, and no payments will be made” and that “[t]his decision is final and is not subject to reconsideration.” The attorney noted that the December 2017 Sale had not been ordered, the product had been delivered in February 2018 without documentation required by the distribution agreement, and a person acting for UHP had admitted that UHP had not received a purchase order. The letter further demanded that UHP make arrangements to retrieve the shipment by no later than May 15, 2018 or else Distributor B would discard the product. Beplate shared the letter with Schiliro that same day.

88. Neither Beplate, Schiliro nor anyone else on behalf of UHP ever informed Haynie of the May 8, 2018 letter or its contents at any time, nor did UHP publicly disclose the termination of the distribution agreement with its largest customer. Beplate and Schiliro each attempted on one or more occasions to contact Distributor B in attempt to persuade them to change its position stated in the May 8, 2018 letter, but none of their efforts were accepted by Distributor B.

89. Moreover, during Haynie’s reviews of UHP’s 2018 quarterly financial statements, both Beplate and Schiliro took additional steps to mislead Haynie regarding the December 2017 Sale and the status of payment and took measures to have UHP continue to report an inflated accounts receivable balance that included the December 2017 Sale in whole or part in each of UHP’s interim financial statements filed on Form 10-Q for 2018.

90. Among other things, on May 5, 2018, during Haynie’s Q1 2018 review and in response to an emailed question forwarded from UHP’s contract accountant from Haynie inquiring about whether Distributor B had made any payments toward its \$447,574 accounts receivable balance, Schiliro replied, copying Beplate, “Just came due so we are in the process of collecting.” Schiliro’s statement was false and misleading, as both he and Beplate knew that

December 2017 Sale was never agreed to by Distributor B, and therefore UHP was not in the process of collecting on the balance. Beplate did not correct Schiliro's misrepresentation and signed a management representation letter to Haynie that among other things falsely represented that UHP's financial statements conformed with GAAP, there were no material transactions that had not been properly recorded, and that he had no knowledge of any fraud affecting the Company involving management.

91. UHP filed its Q1 2018 Form 10-Q on May 21, 2018, which included \$438,596 from the December 2017 Sale in its accounts receivable balance. Beplate signed and falsely certified that the Form 10-Q did not contain any untrue statements or omissions of a material fact; that based on his knowledge, the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the company for the period; and, he and the other certifying officer had disclosed to UHP's auditors any fraud involving management or other employees who have a significant role in the registrant's internal control over financial reporting.

92. Beplate and Schiliro continued to mislead Haynie regarding the December 2017 Sale and payment status in Haynie's second and third quarter of 2018 reviews. For example, on August 7, 2018, during Haynie's Q2 2018 review, when UHP's contract accountant emailed a similar question from Haynie to Beplate and Schiliro asking whether Distributor B had paid off any of the \$447,574 accounts receivable balance, Schiliro again gave a false and misleading reply, copying Beplate, that "[w]ith some of [Distributor B's] struggles with their merger, we agreed to let this receivable extend in terms until October." As Schiliro and Beplate both knew, UHP had not reached agreement with Distributor B for extended payment terms and

Distributor B had expressly refused to issue payment as stated in the May 8, 2018 letter. Again, Beplate did not correct Schiliro's false and misleading representations.

93. On November 14, 2018, during the Q3 2018 review, in response to another question from UHP's contract accountant seeking information to provide to Haynie about the status of payment on Distributor B's \$447,574 receivable, Schiliro once again provided a false explanation. Schiliro wrote in the email that he "had been getting payment arranged with [Distributor B's] leadership over the last few weeks" and that UHP had been "communicating via phone conversations with the President of the division." Schiliro added that "we need to leave the AR on the schedule as the plan is for payment during fourth quarter." As with the previous quarters, these statements were false and misleading as Schiliro knew that Distributor B had not changed its position in refusing to pay the receivable as stated in its May 8, 2018 letter.

94. Further, in connection with Haynie's Q2 and Q3 2018 interim reviews, Beplate continued to mislead Haynie by making false statements in management representation letter to Haynie that among other things falsely represented that UHP's financial statements conformed with GAAP, there were no material transactions that had not been properly recorded, and that he had no knowledge of any fraud affecting the Company involving management.

95. UHP continued to include the \$438,596 from the December 2017 Sale in its total accounts receivable balance reported in the financial statements included in its Q1 and Q2 2018 Forms 10-Q (filed May 21, 2018 and August 20, 2018, respectively). UHP agreed to write down the receivable by \$100,000 as reported in its financials included in Q3 2018 Form 10-Q (filed November 19, 2018) at Haynie's request. UHP also wrote off the remaining balance in its 2018 Form 10-K (filed on April 1, 2019) at Haynie's request, but continued to report the false total revenue figures for 2017 that were inflated by the fraudulent December 2017 Sale as

comparative results in its financial statements included in the Form 10-K for 2018, rendering it materially misleading.

96. Beplate signed and certified all of UHP's 2018 Form 10-Q filings and its 10-K filing for 2018 while knowing that the filings contained material misstatements and omitted material facts and that the financial statements therein contained material misstatements due to the December 2017 Sale and related receivable.

97. Beplate also falsely certified that, based on his knowledge, the Forms 10-Q for Q1 through Q3 2018 and the Form 10-K for 2018 did not contain any untrue statements of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances in which they were made, not misleading, and that the financial statements fairly represented the financial condition, results of operations, and cash flows of the company.

F. UHP Acknowledges Its Financial Statements Were False

98. On March 31, 2020, UHP filed a Form 8-K announcing that Haynie had withdrawn its audit opinions for the annual 2017 and 2018 financials and had advised UHP that it should withdraw, restate or correct its 2017 and 2018 annual financial statements as well as its interim financial statements for 2017, 2018 and 2019. UHP also announced that these reports should no longer be relied upon.

99. On July 9, 2020, UHP filed its 2019 Form 10-K in which it also restated its annual financial statements previously included in its 2017 and 2018 Forms 10-K and its 2017, 2018 and 2019 interim financial statements previously included in its 2017-2019 Forms 10-Q. In its 2019 Form 10-K, UHP disclosed that the restatement was due to previous improper revenue recognition by the Company of both the March 2017 and December 2017 Sales, though it did not disclose the fraudulent nature of the transactions themselves.

G. Beplate Profited by Selling Millions of Shares of UHP Stock During the Fraud Period and Failed to Report His Stock Sales

100. By reason of the misconduct alleged above, UHP Forms 10-K and 10-Q for fiscal years 2017 and 2018 were materially false and misleading, and rendered UHP in material non-compliance with its financial reporting requirements under the securities laws such that UHP was required to prepare accounting restatements.

101. During the statutory time period established by Section 304 of the Sarbanes-Oxley Act of 2002, Beplate profited by selling 2,466,953 shares of UHP stock for approximately \$1,233,000 in total sales proceeds and failed to reimburse UHP any of the profits realized from his sales. Beplate had previously acquired the shares that he sold during this period as a signing bonus in 2015.

102. At all relevant times Beplate was an officer, director, and beneficial owner of more than ten percent of UHP stock registered under Section 12 of the Exchange Act. As such, Beplate was required to report to the SEC changes in beneficial ownership of his UHP shares, such as through sales or gifts, within two business days, in an SEC Form 4, and within 45 days of the end of UHP's fiscal year in an SEC Form 5, unless the transactions were previously reported. Although Beplate sold and gifted millions of UHP shares in 2018 and 2019, Beplate failed to timely file a requisite Form 4 for any of those 2018 or 2019 dispositions and filed an untimely Form 5 in November 2021 reporting his 2018 dispositions that inaccurately described certain sales as gifts.

**FIRST CLAIM FOR RELIEF
Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder
(UHP and Beplate)**

103. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 97.

104. UHP and Beplate, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly have (i) employed one or more devices, schemes, or artifices to defraud, (ii) made one or more untrue statements of a material fact or omitted to state one or more material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and/or (iii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

105. By reason of the foregoing, UHP and Beplate, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF
Violations of Exchange Act Section 10(b) and Rules 10b-5(a) and (c) Thereunder
(Schiliro)

106. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 97.

107. Schiliro, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities and by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange, knowingly or recklessly has (i) employed one or more devices, schemes, or artifices to defraud, and/or (ii) engaged in one or more acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

108. By reason of the foregoing, Schiliro directly or indirectly, singly or in concert, has violated and, unless enjoined, will again violate Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and 10b-5(c) thereunder [17 C.F.R. §§ 240.10b-5(a) and 240.10b-

5(c)].

THIRD CLAIM FOR RELIEF
Aiding and Abetting Violations of Exchange Act Section 10(b) and Rule 10b-5(b)
(Schiliro)

109. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 97.

110. As alleged above, UHP violated Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)] thereunder.

111. Schiliro knowingly or recklessly provided substantial assistance to UHP in its violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)] thereunder.

112. By reason of the foregoing, Schiliro is liable pursuant to Exchange Act Section 20(e) [15 U.S.C. § 78t(e)] for aiding and abetting UHP's violations of Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)] thereunder and, unless enjoined, Schiliro will again aid and abet these violations.

FOURTH CLAIM FOR RELIEF
Violations of Securities Act Section 17(a)
(All Defendants)

113. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 97.

114. UHP, Beplate and Schiliro, directly or indirectly, singly or in concert, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, (1) knowingly or recklessly have employed one or more devices, schemes or artifices to defraud, (2) knowingly, recklessly, or negligently have obtained money or property by means of one or more untrue statements of a material fact or omissions of a material fact necessary in order to make the statements made, in light of the

circumstances under which they were made, not misleading, and/or (3) knowingly, recklessly, or negligently have engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon a purchaser.

115. By reason of the foregoing, Defendants, directly or indirectly, singly or in concert, have violated and, unless enjoined, will again violate Securities Act Section 17(a) [15 U.S.C. § 77q(a)].

FIFTH CLAIM FOR RELIEF
Violations of Exchange Act Section 13(a), 13(b)(2)(A) and 13(b)(2)(B)
of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 Thereunder
(UHP)

116. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 99.

117. Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.13a-1 and 240.13a-13] require issuers of registered securities to file with the SEC factually accurate annual reports (on Form 10-K) and quarterly reports (on Form 10-Q). Exchange Act Rule 12b-20 [17 C.F.R. § 240.12b-20] provides that, in addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they were made, not misleading.

118. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] requires issuers to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions of the company and dispositions of its assets. Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in conformity

with GAAP.

119. By engaging in the foregoing conduct, UHP violated Sections 13(a), 13(b)(2)(A) and Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13].

SIXTH CLAIM FOR RELIEF
Aiding and Abetting Violations of Exchange Act Section 13(a),
13(b)(2)(A), 13(b)(2)(B), and Rules 12b-20, 13a-1 and 13a-13
(Beplate and Schiliro)

120. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 99.

121. As alleged above, UHP violated Exchange Act Sections 13(a), 13(b)(2)(A), 13(b)(2)(B) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13] thereunder.

122. Beplate and Schiliro knowingly or recklessly provided substantial assistance to UHP with respect to its violations of Exchange Act Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13] thereunder.

123. By reason of the foregoing, Beplate and Schiliro are liable pursuant to Exchange Act Section 20(e) [15 U.S.C. § 78t(e)] for aiding and abetting UHP's violations of Exchange Act Section 13(a), 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13] thereunder, and, unless enjoined, Beplate and Schiliro will again aid and abet these violations.

SEVENTH CLAIM FOR RELIEF
Violation of Section 13(b)(5) of the Exchange Act and Exchange Act Rule 13b2-1
(Beplate and Schiliro)

124. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 99.

125. Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)] provides that no person shall knowingly circumvent or knowingly fail to implement a system of internal accounting controls. Rule 13b2-1 under the Exchange Act [17 C.F.R. § 240.13b2-1] provides that no person shall, directly or indirectly, falsify or cause to be falsified, any book, record or account subject to Section 13(b)(2)(A) of the Exchange Act.

126. By reason of the foregoing, Beplate and Schiliro violated, and unless enjoined will continue to violate and cause violations of, Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)], and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1].

EIGHTH CLAIM FOR RELIEF
Violations of Exchange Act Section 13(a) and Rule 13a-14 Thereunder
(Beplate)

127. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 99.

128. Beplate, as the principal executive officer and principal financial officer of an issuer with a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l], certified to the best of his knowledge that one or more of the issuer's periodic reports – namely, UHP's Forms 10-Q and 10-K for 2017 and 2018 – filed with the Commission contained no untrue statements of material fact or omissions of material fact when Beplate knew that the report or reports contained untrue statements of material fact or omissions of material fact.

129. By reason of the foregoing, Beplate violated and, unless enjoined, will again violate Exchange Act Section 13(a) [15 U.S.C. § 78m(a)] and Rule 13a-14 [17 C.F.R. § 240.13a-

14] thereunder.

NINTH CLAIM FOR RELIEF
Violations of Rule 13b2-2 of the Exchange Act
(Beplate and Schiliro)

130. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 99.

131. By engaging in the conduct described above, Beplate and Schiliro, directly or indirectly: (a) made or caused to be made materially false or misleading statements to an accountant; or (b) omitted to state, or caused another person to omit to state, material facts necessary in order to make statements made, in light of the circumstances under which such statements were made, not misleading, to an accountant in connection with (1) an audit, review, or examination of financial statements required by the Exchange Act or rules thereunder; or (2) the preparation of filing of a document or report required to be filed with the Commission.

132. By engaging in the foregoing conduct, Beplate and Schiliro violated and, unless restrained and enjoined, will continue violating Rule 13b2-2 of the Exchange Act [17 C.F.R. § 240.13b2-2].

TENTH CLAIM FOR RELIEF
Violations of Sarbanes-Oxley Act Section 304(a)
(Beplate)

133. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 102.

134. UHP, by engaging in the conduct described above, filed Forms 10-K and 10-Q for fiscal years 2017 and 2018 that were in material non-compliance with its financial reporting requirements under the securities laws.

135. UHP's material non-compliance with its financial reporting requirements under the securities laws was a result of the misconduct described above.

136. Due to UHP's material non-compliance with its financial reporting requirements under the securities laws, and as a result of the misconduct, UHP was required to prepare accounting restatements for fiscal years 2017 and 2018.

137. Beplate received or obtained, during the statutory time periods established by the Sarbanes-Oxley Act of 2002, bonuses or other incentive-based or equity-based compensation from UHP and/or realized profits from his sale of UHP stock, which he has failed to reimburse UHP.

138. The Commission has not exempted Beplate, pursuant to Section 304(b) of the Act [15 U.S.C. § 7243(b)], from the application of Section 304(a) of the Act [15 U.S.C. § 7243(a)].

139. By engaging in the conduct described above, Beplate violated Section 304(a) of the Sarbanes Oxley Act [15 U.S.C. § 7243(a)].

ELEVENTH CLAIM FOR RELIEF
Violations of Exchange Act Section 16(a) and Rule 16a-3 Thereunder
(Beplate)

140. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 101 through 102.

141. Beplate, as the direct or indirect beneficial owner of more than ten percent of a class of equity securities (other than an exempted security) which was registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] and/or as an officer or director of an issuer of such securities, failed to timely and accurately file Forms 4 and Forms 5 with the Commission containing the information required therein.

142. By reason of the foregoing, Beplate violated and, unless enjoined, will again violate Exchange Act Section 16(a) [15 U.S.C. § 78p(a)] and Rule 16a-3 [17 C.F.R. § 240.16a-3] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently enjoining UHP and its agents, servants, employees, and attorneys and all persons in active concert or participation with him from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 10b-5, 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1 and 240.13a-13] thereunder;

II.

Permanently enjoining Beplate and his agents, servants, employees, and attorneys and all persons in active concert or participation with him from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; Sections 10(b), 13(b)(5) and 16(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(b)(5) and 78p(a)] and Rules 10b-5, 13a-14, 13b2-1, 13b2-2 and 16a-3 [17 C.F.R. §§ 240.10b-5, 240.13a-14, 240.13b2-1, 240.13b2-2 and 240.16a-3] thereunder; and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13] thereunder;

III.

Permanently enjoining Schiliro and his agents, servants, employees, and attorneys and all persons in active concert or participation with him from violating, directly or indirectly, Section

17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(b)(5)] and Rules 10b-5(a), 10b-5(c), 13b2-1 and 13b2-2 [17 C.F.R. §§ 240.10b-5(a), 240.10b-5(c), 240.13b2-1 and 240.13b2-2] thereunder, and from aiding and abetting violations of Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 10b-5(b), 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.10b-5(b), 240.12b-20, 240.13a-1 and 240.13a-13] thereunder;

IV.

Ordering UHP, Beplate and Schiliro to pay civil monetary penalties under Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)];

V.

Ordering Beplate to reimburse UHP for all bonuses, incentive-based and equity-based compensation, and/or profits realized from their sale of UHP stock pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 [15 U.S.C. § 7243(a)];

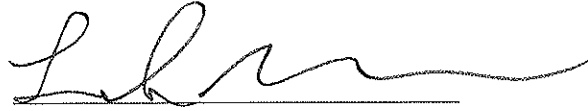
VI.

Permanently prohibiting Beplate and Schiliro from serving as an officer or director of any company that has a class of securities registered under Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports under Exchange Act Section 15(d) [15 U.S.C. § 78o(d)], pursuant to Securities Act Section 20(e) [15 U.S.C. § 77t(e)] and Exchange Act Section 21(d)(2) [15 U.S.C. § 78u(d)(2)]; and

VII

Granting any other and further relief this Court may deem just and proper.

Dated: New York, New York
June 8, 2022



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DESIGNATION PURSUANT TO LOCAL RULE 101.1(f)

Per the requirements of Local Civil Rule 101.1(f), the undersigned hereby designates the United States Attorney for the District of New Jersey to receive service of all notices or papers in this action at the following address:

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SECURITIES AND EXCHANGE COMMISSION

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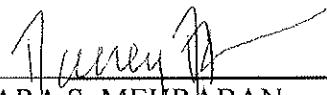
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LOCAL CIVIL RULE 11.2 CERTIFICATION

Pursuant to Local Civil Rule 11.2, I certify that the matter in controversy alleged in the foregoing Complaint is not the subject of any other action pending in any court, or of any pending arbitration or administrative proceeding.

SECURITIES AND EXCHANGE COMMISSION

By: 

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