

one pleaded guilty to fraud. Only four of the 30,958 people in Bloomberg's database of over-the-counter board members have served on more boards than Clark.

>> "His appearance on a board is a huge red flag," says Joe Spiegel, whose fund, Dalek Capital Management, made money shorting the stock of one of Clark's ventures. "These companies use people's names to get legitimacy."

>> Clark's also been a director of large, well-capitalized companies such as CVR Energy, an oil refiner listed on the New York Stock Exchange, and Amaya, a Canadian online poker company that trades on the Toronto Stock Exchange. Clark says he's proud of his business record, and that he's helped support small-time entrepreneurs with promising ideas and emerging technologies, rather than trading on his connections to work for a big defense contractor as do some former Washington officials. Companies turn to him for his global connections and engineering background, not an endorsement, he says. "Nobody's going to invest in a company just because General Clark is a director,"

>> he says.

>> Besides serving on boards, Clark has worked as a consultant and an investment banker. His clients include the man behind the lettuce project, Dennis Levine, whose role in a 1980s insider-trading ring helped inspire the Charlie Sheen character in the movie Wall Street.

>> As long as there have been stocks to tout, promoters have used the names of prominent people to gain the confidence of the public, and there's nothing illegal about it. British lords who served on the boards of questionable companies in the early 20th century were nicknamed guinea pigs, for the one-guinea fee they were paid to attend meetings. David Paterson, the former New York governor who faced ethics scandals while in office, has worked for several penny-stock companies since his term ended.

>> "You've got a lot of connections, you've got a name, and they'd like to leech onto you," he says. "They tell you about all this money you're going to make." He learned to be more wary last year, he says, when a CEO he'd been in negotiations with was arrested for fraud.

>> A West Point valedictorian and Rhodes scholar, Clark retired from the Army in 2000 after serving as NATO's Supreme Allied Commander in Europe during the war in Kosovo. He ran for the 2004 Democratic presidential nomination, dropping out after losing early primaries. His immersion in the world of penny stocks followed. By 2007 he was chairman of investment bank Rodman & Renshaw and had joined the boards of some of its penny-stock clients, including a shipper that went bankrupt and a rice-bran company whose CEO was later indicted for fraud. Clark says he helped force out the CEO.

>> Rodman closed its securities business after many of the Chinese firms it took public in the U.S. turned out to be frauds. Clark says he helped the bank uncover the problem. He says he also sensed trouble at privately held InnoVida, whose product—a new type of building material—he once pitched to the president of Haiti. After further researching the company, Clark says he rejected an invitation to be on the board. InnoVida's founder is serving a 12-year prison sentence for fraud. Clark's annual fees have ranged from almost nothing to \$250,000 per board.

>> Levine, Clark's client in the lettuce venture, pleaded guilty to securities fraud in the 1980s investigation that brought down Ivan Boesky and Michael Milken, the junk-bond king. >> A dapper dresser who drove a red Ferrari, Levine served two years in prison and was banned from the securities industry for life. In December, Clark helped Levine raise \$500,000 from two investors through a small investment bank he runs, Enverra Capital. Securities filings show that was the first step in a planned \$5 million fundraising. "We checked him out," Clark says, "and he seemed honest and legitimate in this business."

>> On its website, Levine's closely held company, VFT Global, declares that it will solve the planet's food, water, and energy shortfalls with a network of high-tech greenhouses. "All crops are grown in completely soil-less and controlled environments with all-natural nutrients," it says. Levine, 62, acknowledges in an interview that the company has never grown anything; since forming in 2009 it's mostly sought financing for big ideas that haven't materialized yet, such as a \$20 million greenhouse in Arizona to be paid for mostly by the Navajo Nation. "We will blanket the United States," Levine says. "That's the game plan over time."

>> Recently, Levine says he's started buying lettuce from other companies' greenhouses and marketing and distributing it.

>> That hasn't been without hitches, either. One of his growers, in Cleveland, claims in a lawsuit that VFT fell behind on its bills within 11 weeks of signing a contract and now owes about \$167,000. Levine says the lettuce was of low quality or never delivered. Clark says he's optimistic about Levine's project.

>> "There's so much interest in fresh food right now," Clark says.

>> "He's got a great model that's proven, and we think we're going to get a lot of uptake on it."

>> Clark says his role in the grilled cheese venture is to find military veterans to staff

the trucks or buy franchises. He was brought in and promised fees of more than \$200,000 a year by a group of penny-stock promoters who'd taken over a couple of orange-colored trucks in Los Angeles that had developed a following for their mac-and-rib-and-cheese sandwiches. They laid plans for a nationwide expansion and said in presentations to investors that they were a "first mover" in the "gourmet grilled cheese space." In the promotional video, aimed at investors, Clark says buying the stock would provide a career opportunity for returning heroes. "This is leadership," he says, over gauzy footage of soldiers in fatigues returning from overseas and embracing wives and children. "This is really boot-level nation building." Clark says the oval office imagery was added after filming and he asked the company more than a year ago to stop using the video because he thought it was misleading; it finally disappeared from YouTube this month.

>> The company raised \$5 million in private sales of securities, and
>> its stock started trading in January, giving it a market value of \$108
>> million-about \$10 million for each truck in operation. The stock has
>> declined almost 70 percent since then. The company's executives have
>> paid themselves more than
>> \$1.7 million, which doesn't include Clark's fees.

>> Grilled Cheese Truck recruited its first five prospects, in Phoenix, from the Wounded Warrior Project two years ago. Only one is still working for the company, and not as a franchisee.

>> Three of the veterans say they were promised their own trucks, and the company didn't follow through. Raoul Olivier, a former marine, says he didn't know Clark was paid for his endorsement.

>> "We all felt very used and abused," he says. "We quit because of all the lies and b.s."

>> Clark says the veterans were well-treated; one quit because he didn't like the long hours and another because he moved to Mexico; and two were fired for misbehavior. He acknowledges that the company's cash crunch has prevented it from offering franchises to more veterans. He's made little money for himself, he says, because the company hasn't had enough cash to pay his fees. "We're doing our best here," says Chairman Robbie Lee. "We have a big ambition that we've been working on for a few years here, and we really are believing we can make a significant difference for veterans that's sustainable." In March, Grilled Cheese Truck started its latest fundraising effort, targeting another \$5 million.

>> The bottom line: Since 2004, Clark has joined the boards of at least 10 penny-stock companies. All but one lost value during his tenure.

>> (Updates to explain why Clark thought the Grilled Cheese Truck
>> video was misleading.)

>>

>> To contact the authors on this story:

>> Zachary Mider at zmider1@bloomberg.net Zeke Faux at

>> zfaux@bloomberg.net

>>

>>

>>

>> This e-mail and any files transmitted with it are confidential and intended only for the person or entity to which it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this e-mail and any attachment(s) is strictly prohibited. If you have received this e-mail in error please immediately notify the sender at 203-302-7300 or by replying to this e-mail and delete the e-mail and any attachment(s) from your system. Nothing herein shall be construed as a financial promotion to any person or persons, or a solicitation or recommendation to buy or sell any security or other investment or to engage in any trading strategy. Information presented is from sources believed to be reliable, but is not guaranteed to be accurate or complete. This information should not be taken as an offer nor as a solicitation of an offer to buy or sell securities or other financial instruments. Email transmission cannot be guaranteed to be secure, timely or error free. Tourmaline Partners, LLC may review and store both incoming and outgoing messages. Use by other than the intended recipients is prohibited.

>

>

>

>

> This e-mail and any files transmitted with it are confidential and intended only for the person or entity to which it is addressed. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this e-mail and any attachment(s) is strictly prohibited. If you have received this e-mail in error please immediately notify the sender at 203-302-7300 or by replying to this e-mail and delete the e-

mail and any attachment(s) from your system. Nothing herein shall be construed as a financial promotion to any person or persons, or a solicitation or recommendation to buy or sell any security or other investment or to engage in any trading strategy. Information presented is from sources believed to be reliable, but is not guaranteed to be accurate or complete. This information should not be taken as an offer nor as a solicitation of an offer to buy or sell securities or other financial instruments. Email transmission cannot be guaranteed to be secure, timely or error free. Tourmaline Partners, LLC may review and store both incoming and outgoing messages. Use by other than the intended recipients is prohibited.