

1 STATE OF CALIFORNIA  
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY  
3 DEPARTMENT OF FINANACIAL PROTECTION AND INNOVATION

4 TO: Engenavis, Inc.  
8541 East Anderson Drive, Suite 100  
5 Scottsdale, Arizona 85255

6 George M. Weiss  
8541 East Anderson Drive, Suite 100  
7 Scottsdale, Arizona 85255

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9 DESIST AND REFRAIN ORDER  
10 (For violations of section 25401 of the Corporations Code)

11 The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

12 1. The Commissioner of the Department of Financial Protection and Innovation  
13 (Department) regulates the offer and sale of securities in California under the Corporate Securities  
14 Law of 1968 (Corp. Code, § 25000 *et seq.*) (CSL).

15 2. At all relevant times, Engenavis, Inc. (Engenavis) is a Delaware corporation formed  
16 on or around May 9, 2017, with a last known business address located at 8541 East Anderson Drive,  
17 Suite 100, Scottsdale, Arizona 85255.

18 3. At all relevant times, George M. Weiss (Weiss) is the Executive Chairman of  
19 Engenavis with a last known business address located at 8541 East Anderson Drive, Suite 100,  
20 Scottsdale, Arizona 85255.

21 4. Beginning in or around 2018 Engenavis and Weiss (collectively, Respondents)  
22 offered and sold securities in the form of promissory notes to at least one California resident.

23 5. In or around August 2018, Respondents offered to a resident of San Diego, California  
24 (Investor) a Private Placement Memorandum (PPM), dated July 31, 2018, stating, among other  
25 things, the following:

26 a. Engenavis is a “clean energy technology company that is commercializing  
27 important, proprietary clean energy products . . . .”

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1           b.       After acquiring a controlling interest in a company called IQ Power Licensing  
2 AG, Engenavis “expects to have an aggregate value greater than \$100 million, approximately 8,000  
3 shareholders and to have its securities listed for trading on the Frankfurt and NASDAQ stock  
4 exchanges . . . .”

5           c.       Respondents are offering up to \$500,000.00 of promissory notes (Note(s)).

6           d.       The Notes bear interest of 18% per annum and “mature on *the earlier of*: (a)  
7 one year from the date of issuance; (b) a date later than in subsection (a) that the Borrower and  
8 Lender agree to or (c) upon our closing of a change of control transaction . . . .” (Emphasis applied.)

9           e.       The Notes “will have a guarantee of one-year of interest, even if prepaid . . . .”

10          f.       “All unpaid principal and accrued and unpaid interest due under the Notes will  
11 be payable within 30 days of the maturity of the Notes . . . .”

12          g.       Engenavis will be subject to ongoing public reporting requirements:  
13 We will publicly report on an ongoing basis as an “emerging growth  
14 company” under the reporting rules set forth under the Exchange Act. We  
15 are in the process of qualifying a Regulation A for Tier 2 issuers and we  
16 are required to publicly report on an ongoing basis under the reporting  
17 rules set forth in Regulation A for Tier 2 issuers. Thus, we will be subject  
18 to ongoing public reporting requirements that are less rigorous than  
Exchange Act rules for companies that are not ‘emerging growth  
companies,’ and our stockholders could receive less information than they  
might expect to receive from more mature public companies . . . .”

19          6.       On August 22, 2018, Respondents offered and sold to the Investor a Note for a  
20 principal amount of \$60,000.00 at an interest rate of 18% per annum (Note 167). Respondents also  
21 offered and sold to the Investor a “Warrant to Purchase Common Stock,” Warrant Number W-167,  
22 totaling 19,301 warrants to purchase common stock in Engenavis (Warrant). Weiss signed Note 167  
23 and Warrant as Executive Chairman on behalf of Engenavis.

24          7.       On or around December 12, 2018, Weiss filed with the United States Securities and  
25 Exchange Commission (SEC) a Form 1-A-W (Withdrawal) withdrawing its Offering Statement on  
26 Form 1-A, File No. 024-10750 that was originally filed with the SEC on September 29, 2017. The  
27 Withdrawal, dated “[a]s of February 7, 2018” stated, in relevant part:

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1           The Company files the withdrawal of the Offering Statement because the  
2           Company has determined that the current market situation is not suitable  
3           for the Company, and the Company confirms that no securities have been  
4           sold pursuant to the Offering Statement. The Company has no intention of  
5           requesting qualification of this Offering Statement or pursuing this  
6           offering at any time in the future. We believe that withdrawal of the  
7           previously filed Offering Statement will avoid confusion concerning the  
8           Company’s current intention and is consistent with the public interest and  
9           the protection of investors . . . .

7           8.       Respondents failed to disclose to the Investor prior to her investment on August 22,  
8           2018 that “[a]s of February 7, 2018,” Respondents would not be pursuing an exemption from  
9           qualification under Regulation A for Tier 2 issuers, which would have required ongoing public  
10          reporting.

11          9.       Contrary to statements made in the PPM, Respondents did not become publicly  
12          traded on the NASDAQ Stock Market.

13          10.       In or around October 2018, Respondents sent the Investor an IQ International AG  
14          Annual Report 2018, informing its “Shareholders” that the company, which was now called “iQ  
15          International AG,” resulted from an “amalgamation” between Engenavis and iQ Power Licensing  
16          AG, purportedly a Swiss corporation. Respondents claimed that iQ Power Licensing AG and  
17          Engenavis consolidated on September 28, 2018, and through a “reverse merger” on December 2018,  
18          iQ International AG became the “newly formed subsidiary.”

19          11.       On or around August 22, 2019, the Investor’s Note 167 matured. Respondents and  
20          the Investor had not agreed to extend the maturity date beyond one year of issuance. However,  
21          Respondents did not return the Investor’s principal of \$60,000.00 within 30 days as promised.

22          12.       On or around March 20, 2020, the Investor notified Respondents of their default and  
23          demanded payment of their obligations under Note 167 (Demand).

24          13.       On or around March 27, 2020, Weiss responded to the Demand stating that the  
25          Investor “entered into a subordinated promissory note with Engenavis, Inc. on August 22, 2018.  
26          Engenavis and its parent company, iQ International, are currently under restrictions with our senior  
27          lender which states that no payments may be made to the subordinated lenders until their note is paid  
28          off . . . .”

1           14.     Respondents failed to disclose to the Investor prior to her investment on August 22,  
2 2018, the existence of a “senior lender” or that Note 167 was a “subordinated promissory note,”  
3 contradicting the PPM’s statements that all unpaid principal and accrued and unpaid interest due  
4 under Note 167 will be “payable within 30 days of the maturity of the Notes.”

5           15.     On August 4, 2021, the Investor received an email from iQ International AG  
6 enclosing an undated letter “Re: Information on debt-restructuring proceedings and call for the  
7 participation of all secured and unsecured creditors in the reorganization of the Company” (iQ  
8 International Offer).

9           16.     The iQ International Offer stated that iQ International AG and TerraScale, Inc.  
10 (TerraScale), purportedly a Delaware company, entered into “binding agreements” providing for a  
11 merger of the companies in September 2021. It further provided the following:

12                   Through the sale of all of the assets of the battery business . . . iQ  
13 International shall receive funds in the amount of USD 40 million. These  
14 funds will not be sufficient to fully repay all the debts of the Company . . .  
15 iQ management believes that with the TerraScale merger all creditors have  
16 the chance to participate in the TerraScale realigned Company, and thus  
17 we are able to provide you with the opportunity to select one of the  
18 following settlements . . . (please tick the appropriate box):

- 19                   ○ I am not interested in assisting the Company with the new focus  
20 and would like a pay-out of 100% of my principal investment with  
21 iQ International AG. I am willing to waive the remaining unpaid  
22 interest and claim.
- 23                   ○ I am interested in assisting the Company and sharing in what  
24 management believes will be a highly successful future with the  
25 above-mentioned attractive new focus and am willing to convert  
26 the full amount of my claim, i.e., principal and interest as of  
27 September 1, 2021 into tradable, listed and registered shares of  
28 what will be TerraScale post-merger on a 0.65 EURO/share basis.  
This option is limited to conversion into a total of 1,646,785  
shares, and is on a first-come-first-serve basis.

...  
In the event of bankruptcy, your offer shall automatically be invalidated,  
and you shall be able to file and assert all of your claims to the original  
extent without restriction in an event of bankruptcy. We must inform you  
that the Company’s present assets are not substantial and the secured  
creditor would take them, leaving nothing for unsecured creditors.

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Your current claim is recorded in our accounts as of August 4, 2021, as follows:

Principal Amount: 60,000.00; Currency: USD; Interest rate: 18% per annum; Maturity date: 30 days from Closing Date; Security: Unsecure . . .

17. Corporations Code section 25019, defining “security,” includes “any note; stock . . . evidence of indebtedness . . . .”

18. Corporations Code section 25401 provides:  
It is unlawful for any person to offer or sell a security in this state, or to buy or offer to buy a security in this state, by means of any written or oral communication that includes an untrue statement of a material fact or omits to state a material fact necessary to make the statements made, in the light of the circumstances under which the statements were made, not misleading.

19. Corporations Code section 25532 provides, in relevant part:  
(c) If, in the opinion of the commissioner, a person has violated or is violating Section 25401, the commissioner may order that person to desist and refrain from the violation . . .  
(f) If, after an order has been served under subdivision (a), (b), (c), or (d), a request for hearing is filed in writing within 30 days of the date of service of the order by the person to whom the order was directed, a hearing shall be held in accordance with provisions of the Administrative Procedure Act, Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code, and the commissioner shall have all of the powers granted under that chapter. Unless the hearing is commenced within 15 business days after the request is filed (or the person affected consents to a later date), the order is rescinded. If that person fails to file a written request for a hearing within 30 days from the date of service of the order, the order shall be deemed a final order of the commissioner and is not subject to review by any court or agency, notwithstanding Section 25609.

The commissioner may file a certified copy of the final order with the clerk of the superior court or any court of competent jurisdiction. The order so filed has the same effect as a judgment of the court and may be recorded, enforced, or satisfied in the same manner as a judgment of the court.

If a person does not comply with an order under this section, the commissioner may petition the superior court or any court of competent

1 jurisdiction to enforce the order. The court may not require the  
2 commissioner to post a bond in an action or proceeding under this section.  
3 If the court finds, after service and opportunity for hearing, that the person  
4 was not in compliance with the order, the court may adjudge the person in  
5 civil contempt of the order. The court may impose a further civil penalty  
6 against the person for contempt and may grant any other relief the court  
7 determines is just and proper in the circumstances.

8 20. Based on the foregoing findings, the Commissioner is of the opinion that Engenavis,  
9 Inc. and George M. Weiss offered or sold a security in this state by means of any written or oral  
10 communication that included an untrue statement of a material fact or omitted to state a material fact  
11 necessary to make the statements made, in the light of the circumstances under which the statements  
12 were made, not misleading, in violation of Corporations Code section 25401, including but not  
13 limited to, the following:

14 a. The PPM stated that “[a]ll unpaid principal and accrued and unpaid interest  
15 due under the Notes will be payable within 30 days of the maturity of the Notes . . . .” In fact,  
16 Respondents failed to pay the principal and accrued and unpaid interest due under Note 167 as of at  
17 least August 4, 2021.

18 b. Respondents omitted to disclose the existence of a “senior lender” and that  
19 Note 167 was a “subordinated promissory note.”

20 c. The PPM, issued on July 31, 2018, stated that Engenavis will be subject to  
21 ongoing public reporting requirements pursuant to Regulation A. In fact, “[a]s of February 9, 2018,”  
22 Respondents were no longer pursuing an exemption from qualification under Regulation A for Tier 2  
23 issuers.

24 21. Pursuant to Corporations Code section 25532, subdivision (c), Engenavis, Inc. and  
25 George M. Weiss, and their managers, officers, directors, agents, or employees, are hereby ordered  
26 to desist and refrain from offering or selling any security in the State of California by means of any  
27 written or oral communication which includes an untrue statement of a material fact or omits to state  
28 a material fact necessary in order to make the statements made, in the light of the circumstances  
under which they were made, not misleading.

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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: August 12, 2021  
Los Angeles, California

CHRISTOPHER S. SHULTZ  
Acting Commissioner of Financial Protection and Innovation

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

