



substantial amounts of investor funds for undisclosed purposes, including approximately \$1.5 million for personal use.

2. Giordano's second scheme involved market manipulation of the common stock of Weida Communications, Inc. ("Weida"), a publicly-traded company. Giordano manipulated the market price for Weida common stock to approximately \$5 per share, in part to facilitate the sale of Weida stock in private transactions at approximately \$3 per share. Hundreds of investors, many elderly and unsophisticated, paid millions of dollars for Weida common stock at these inflated prices. Giordano received approximately \$1.5 million of investor funds from these transactions.

3. By engaging in such conduct, Giordano violated, and unless enjoined will continue to violate, Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10B-5]. Giordano also demonstrated his unfitness to serve as an officer or director of a publicly-traded company pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

### JURISDICTION

4. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa]. Defendant has, directly or indirectly, made use of the means or instrumentalities of interstate commerce and/or of the mails in connection with the transactions described in this Complaint.

### DEFENDANT

5. **Anthony Giordano** ("Giordano"), age 29, is a securities law recidivist living in Boca Raton, Florida.

6. On June 25, 2002, the NASD barred Giordano from association with any of its member firms.

7. In February 2004, the Commission authorized, and simultaneously settled, a civil action against Giordano and another hedge fund he founded (not EPG) (SEC Lit. Rel. No. 18577, February 17, 2004). Additionally, public administrative proceedings were instituted against Giordano pursuant to which he was barred from associating with any broker-dealer or investment adviser (SEC Admin. Proc. File No. 3-11400, Release No. 49258, February 17, 2004).

8. On April 14, 2005, Giordano was indicted in connection with the EPG hedge fund fraud described in this

Complaint (U. S. v. Anthony F. Giordano, et al., Case No. 05-80061-CR (S.D. Fla. Original Indictment Filed April 14, 2005)).

#### **RELEVANT ENTITIES**

9. **EPG Limited Partners, Ltd.** ("EPG") was a Florida limited partnership with offices located in Fort Lauderdale, Florida, during the relevant period. Giordano controlled EPG's general partner at all relevant times. EPG held itself out to be a capital management company set up for the purpose of running equity protection and growth hedge funds.

10. **Weida Communications, Inc.** ("Weida") is a New Jersey corporation formerly headquartered in Fort Lauderdale, Florida. Weida markets itself as providing ground based transmitters and receivers that allow corporate and government customers to use satellite communications in China. Weida's common stock is registered with the Commission under Section 12(g) of the Exchange Act and was traded on the OTC Bulletin Board under the symbol WDAC. During the relevant period, the average price of Weida common stock was \$5.29 per share with an average daily trading volume of under 6,000 shares.

## SUBSTANTIVE ALLEGATIONS

### EPG HEDGE FUND FRAUD

11. Giordano solicited over \$4.5 million of investor funds for a purported hedge fund administered by EPG between April 2001 and March 2002. Most of the money came from two nonprofit organizations. Less than 25 percent was used for investment purposes. The majority of investor funds were diverted by Giordano for undisclosed matters, including approximately \$1.5 million for personal use, between March 2002 and December 2002.

12. Meanwhile, Giordano provided investors with numerous false account documents and other information that misrepresented EPG's assets and returns. These included, but were not limited to:

- (i) a performance chart sent on or about September 2001 indicating purported returns of 24.72% through August 2001;
- (ii) a letter sent on or about October 3, 2001 falsely stating that the total assets of EPG were \$66,548,926 and that \$24,623,102 of fund assets was in cash or cash equivalents;

- (iii) oral and written representations at a meeting on January 24, 2002, that EPG had a fund balance of \$88,344,422 as of December 31, 2001 and had a 43.5% return on investment in 2001;
- (iv) oral representations made on or about February 28, 2002, that the fund had a 6.23% return on investment in January 2002;
- (v) a letter purportedly from an accounting firm sent on or about March 21, 2002 representing that EPG had \$88,344,422 in assets as of December 31, 2001; and
- (vi) false and misleading monthly client account statements sent between November 2001 and March 2005.

13. In late 2004 and early 2005, Giordano told EPG investors they would receive shares of Weida common stock, which they were led to believe had value in large part because the market price appeared to hover around \$5 per share. This was a mirage for the reasons set forth below.

## WEIDA MARKET MANIPULATION

14. Giordano manipulated the market price for Weida common stock in a number of ways from at least June 2004 through April 2005 (the "Relevant Period").

15. Weida common stock began trading at over \$5 per share on June 16, 2004 after a 4-to-1 reverse stock split. On June 15 -- the day before the split -- Giordano bought 95,000 shares of Weida common stock on the open market at prices ranging from \$1.15 to \$1.30 per share. One purpose of Giordano's stock transactions on June 15, 2004 was to condition the market for the reverse split. Giordano's trading activity that day increased the market price of Weida common stock to over \$1.25 so that after the split it immediately began trading at approximately \$5 per share on June 16, 2004.

16. Immediately thereafter, Giordano began maintaining Weida's stock price at artificially inflated levels through numerous "marking-the-close" transactions. Marking-the-close is the practice of executing the last transaction of the day for a security in order to affect its closing price. Giordano caused numerous purchases of Weida common stock to be made in accounts in his name and in accounts controlled by various associates at or near the

end of the day (16:00). These included, but are not limited to, the marking-the-close transactions summarized in the chart below. The purpose of these trades was to maintain the closing price of Weida common stock at artificially high levels, generally \$5 per share or above.

<b>Day</b>	<b>Time</b>	<b>Price</b>
6/17/2004	15:57	\$ 6.35
6/18/2004	15:49	\$ 6.10
6/21/2004	15:59	\$ 5.45
6/22/2004	15:60	\$ 5.70
7/8/2004	15:56	\$ 6.08
7/20/2004	15:26	\$ 5.60
8/2/2004	15:58	\$ 5.90
8/12/2004	15:45	\$ 5.70
8/18/2004	15:58	\$ 5.75
9/9/2004	15:27	\$ 5.80
9/17/2004	15:54	\$ 5.85
10/4/2004	15:21	\$ 5.30
10/5/2004	16:00	\$ 5.20
10/6/2004	15:57	\$ 5.20
10/7/2004	15:57	\$ 5.45
10/8/2004	15:53	\$ 5.15
10/11/2004	15:58	\$ 5.15
10/12/2004	15:55	\$ 5.10
10/14/2004	15:30	\$ 5.05
10/15/2004	15:39	\$ 5.10
10/20/2004	15:57	\$ 5.05
11/4/2004	15:59	\$ 6.10
11/19/2004	15:45	\$ 5.55
11/29/2004	15:13	\$ 5.30
12/10/2004	15:56	\$ 6.18
12/13/2004	16:02	\$ 5.25
2/11/2005	15:16	\$ 5.25
2/14/2005	15:58	\$ 5.00
2/18/2005	15:42	\$ 4.85
3/3/2005	15:50	\$ 4.90
3/28/2005	15:58	\$ 4.30
3/29/2005	15:54	\$ 3.20
3/30/2005	15:22	\$ 3.70

17. In addition to manipulating the company's stock price, Giordano created the false appearance of an active and liquid market for Weida common stock during the Relevant Period. Many of the relevant transactions involved selling efforts by registered representatives at the Florida branch of GlobalVest Group, Inc., which had offices located in same building as the offices of Weida and Giordano.

18. Giordano conducted sales meeting with GlobalVest brokers and arranged for them to receive shares of stock for free and to be paid commissions of sometimes 20 percent or more as an incentive to sell Weida stock. From time to time, Giordano purchased Weida common stock for his own account, including 5,100 shares at \$5.25 to \$6.00 on June 16, 2004 and 15,000 shares at \$4.50 to \$5.00 on October 4, 2004.

19. During the Relevant Period, buying activity by Giordano, GlobalVest and their associates accounted for over 50% of the customer buy volume and for 100% of the customer buy volume on 42 of the 201 trading days (There was no customer buy volume for 46 of the 201 trading days).

20. Meanwhile, Giordano and his associates were busy selling Weida common stock at approximately \$3 per share in

private transactions on behalf of the company and Giordano. In this way, the GlobalVest brokers raised approximately \$9 million for Weida from 165 investors between June 2004 and January 2005 and approximately \$1.5 million for Giordano from 51 investors between November 2004 and April 2005.

21. Once again, Giordano arranged for these brokers and others participating in the selling efforts to receive Weida common stock and undisclosed commissions of sometimes 20 percent or more. Brokers were also lavishly wined and dined by Giordano using investor proceeds.

**CLAIM FOR RELIEF**

**(Violations of Section 10(b) and  
Rule 10b-5 of the Exchange Act)**

22. Plaintiff SEC hereby incorporates ¶¶ 1 through 24 with the same force and effect as if set out here.

23. Giordano is responsible for numerous material misrepresentations and omissions to EPG investors concerning the use of their funds and EPG's assets and returns. Giordano also diverted substantial amounts of investor funds for undisclosed purposes, including approximately \$1.5 million for personal use.

24. Giordano manipulated the market price for Weida common stock in a number of ways, including numerous

marking-the-close transactions at or near \$5 per share. Giordano also created the false appearance of an active and liquid market for Weida common stock by, among other things, arranging for associates to buy the stock for that illicit purpose. Giordano profited from the sale of approximately \$1.5 million worth of Weida common stock in private transactions at approximately \$3 per share.

25. In the manner described in ¶¶ 1 through 21, Giordano, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or omissions of material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon persons.

26. By reason of the foregoing, Giordano violated, and unless enjoined will continue to violate, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

**PRAYER FOR RELIEF**

WHEREFORE, the SEC respectfully requests that this Court enter a judgment:

(a) permanently enjoining defendant Giordano, and his agents, servants, employees, attorneys, and those in active concert or participation with him, who receive actual notice by personal service or otherwise, from violating Section 10(b) of the Exchange Act [15 U.S.C § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder;

(b) ordering defendant Giordano to provide an accounting and disgorge all ill-gotten gains from the conduct alleged herein, with prejudgment interest;

(c) permanently prohibiting defendant Giordano from serving as an officer or director of a publicly traded company pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)];

(d) permanently prohibiting defendant Giordano from participating in an offering of penny stock pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)]; and

(e) granting such other relief as this Court may deem just and appropriate.

Dated: \_\_\_\_\_, 2006

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