

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**ALLIXON INTERNATIONAL CORP.,
SILVER LAKE INVESTMENTS, INC.,
CRESCENDO INVESTMENTS, INC.,
and
HANK A. VANDERKAM,**

Defendants.

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Case No.: **3:05-CV-2260-P**

AMENDED COMPLAINT

The United States Securities and Exchange Commission (“Commission”) files this first amended complaint against Defendants Allixon International Corp., Silver Lake Investments, Inc., Crescendo Investments, Inc., and Hank A. Vanderkam and would respectfully show the Court as follows:

SUMMARY

1. The Commission is seeking to halt an ongoing, unregistered, distribution of stock of Allixon International Corp. (“Allixon”) by Silver Lake Investments, Inc., and Crescendo Investments, Inc., two affiliated offshore entities domiciled in the Turks and Caicos Islands, British West Indies. Silver Lake and Crescendo acquired 1.3 million unrestricted shares of Allixon, a South Korea-based company, for \$13,000, through Allixon’s bogus offering under Rule 504 of Regulation D. These shares constituted 94% of Allixon’s public float. Between August 29, 2005, and November 17, 2005, Silver Lake and Crescendo publicly sold

approximately one million shares into the market through a U.S. brokerage firm in Dallas, Texas for approximately \$4.3 million.

2. Allixon's issuance of the 1.3 million unrestricted shares and the subsequent sales into the market were made in blatant violation of the Securities Act registration provisions. None of the defendants ever filed a valid registration statement with the Commission or any state. The Allixon shares were issued without a restrictive legend based on an opinion letter written by attorney Hank A. Vanderkam that the offering complied with "Section (sic) 504 of Regulation D and the laws of the State of Texas." In fact, the offering failed to comply with the requirements of Rule 504 that would permit the issuance of unrestricted shares and the offering had no connection with the State of Texas. Moreover, the sales of the Allixon securities by Silver Lake and Crescendo into the U.S. markets did not comply with any valid exemption from registration relating to such sales.

3. The Commission, in the interest of protecting the public from any further illegal activity, brings this action against the Defendants, seeking permanent injunctive relief, disgorgement of all illicit profits and benefits Defendants have received plus accrued prejudgment interest and civil monetary penalties in addition to the emergency relief previously ordered by the Court.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this action pursuant to § 22(a) of the Securities Act of 1933 (the "Securities Act"). Defendants, directly and indirectly, made use of the mails and of the means and instrumentalities of interstate commerce in connection with the acts, practices and courses of business described in this Complaint. Venue is proper because many of

the transactions, acts, practices and courses of business described below occurred within the jurisdiction of the Northern District of Texas.

PARTIES

5. **Allixon International Corp.**, formerly ClassicVision Entertainment, Inc, is a Delaware corporation based in Seoul, South Korea whose common stock is quoted on the Pink Sheets over-the-counter market. The company maintains a website at www.allixon.com. Allixon purports to be in the business of providing radio frequency identification technology and mobile internet solutions. Prior to the Commission's suit, its website claimed the company was headquartered in Houston, Texas. The company, however, neither maintained an office in Texas nor conducted business in Texas. Allixon has never validly registered any securities offerings with the Commission or any state or filed any reports with the Commission. Neither the company's website, nor the Pink Sheets website has any financial information about the company.

6. **Silver Lake Investments, Inc.**, is an offshore entity domiciled in the Turks and Caicos Islands, British West Indies. Silver Lake Investments has defaulted in this proceeding. In July 2005, Silver Lake purchased 500,000 unrestricted shares of Allixon stock for \$.01 per share.

7. **Crescendo Investments, Inc.**, is an offshore entity Turks and Caicos Islands, British West Indies. Crescendo has defaulted in this proceeding. In July 2005, Crescendo purchased 800,000 unrestricted shares of Allixon stock for \$.01 per share.

8. **Hank A. Vanderkam**, age 61, of Houston, Texas, was Allixon's corporate counsel and is the principal of the law firm of Vanderkam and Associates, which is located at the same Houston, Texas address that Allixon listed on its website as its headquarters. Vanderkam

prepared the opinion letter that directed Allixon's transfer agent to issue the 1.3 million shares without a restrictive legend based on Rule 504 under the Securities Act.

FACTUAL BACKGROUND

9. Allixon and its predecessor companies have been continuously quoted on the Pink Sheets since October 21, 1999. According to the Pink Sheets website, Allixon was known as Southwest Royalty Corp. until May 1996, at which time it became ClassicVision Entertainment, Inc. ("CLVE"). On or about June 20, 2005, CLVE reduced its outstanding shares to approximately 122,000 shares through a 750 for 1 reverse stock split. On or about July 14, 2005, CLVE acquired a private South Korean company, Allixon Co. Ltd., in a reverse merger transaction in which it purportedly issued 25 million restricted shares to the shareholders of the private company. CLVE then changed its name to Allixon International.

10. On July 14, 2005, the same day Allixon's Board of Directors approved the reverse merger, the board also authorized the issuance of 1.3 million shares, "which were sold pursuant to the [Company's] 504 offering now pending." As of that date, Allixon had not filed a registration statement with the Commission or any state. According to a Small Company Offering Registration Form ("SCOR Form") prepared by Vanderkam's law firm for a Rule 504 offering in Texas, but never filed with Texas State Securities Board, the offering was for the maximum amount of \$60,000 and was only available for sale in Texas. The only purchasers in this offering were Silver Lake (500,000 shares) and Crescendo (800,000 shares), both foreign entities with no known business activities in Texas. In total, they purportedly paid \$13,000 for the 1.3 million shares. Silver Lake and Crescendo acquired these shares with a view to immediately resell the shares into the market.

11. On July 15, 2005, Vanderkam provided an opinion letter directing Allixon's transfer agent, located in Dallas, Texas, to issue 1.3 million shares to Silver Lake and Crescendo. The opinion letter stated, incorrectly, "[b]ecause the securities were sold pursuant to the provision of Section 504 of Regulation D promulgated under the Securities Act of 1933, no restrictive legend is required to be placed on the shares." Accordingly, on July 27, 2005, Allixon's transfer agent issued 1.3 million unrestricted shares to Silver Lake and Crescendo. As a result, Silver Lake and Crescendo owned 94% of the entire public float.

12. The transfer agent was also instructed to send the Silver Lake and Crescendo shares to Temple Securities, Ltd., a broker-dealer located in the Turks and Caicos. Documents provided to the transfer agent reflect that Silver Lake and Crescendo have the same business address in the Turks and Caicos as Temple Securities. Shortly thereafter, all of the Silver Lake and Crescendo shares were returned to the transfer agent with instructions that the shares be re-issued in the name of Temple Securities. Between mid-August 2005 and September 30, 2005, all of the 1.3 million shares originally issued to Silver Lake and Crescendo were deposited into a Temple Securities brokerage account maintained at Synergy Investment Group, an introducing brokerage firm located in Charlotte, North Carolina. Synergy clears its securities transactions through Penson Financial Services in Dallas, Texas. All of Temple Securities' trading activity in Allixon occurred in the Synergy account and cleared through Penson Financial in Dallas.

13. Allixon began trading under its new symbol ("AXCP") and new CUSIP number on August 5, 2005, when it closed at \$1.50 on very little sales volume. Prior to August 29, 2005, there was very little trading activity in the stock. At the request, Silver Lake and Crescendo, its customers, Temple Securities began selling the shares into the market on August 29, 2005, coinciding with Allixon's announcement of its name change, the reverse merger and a wave of

spam e-mails touting the stock. From August 31, 2005, through October 5, 2005, Allixon issued seven press releases announcing various contracts and business relationships with South Korean entities, including with the Korean government. In general, the releases claimed that Allixon was in collaboration with IBM Korea, Korean agencies and Korean universities, to develop software associated with radio frequency identification technology. Allixon's stock was also touted in several world-wide spam e-mail campaigns. The e-mails repeat much of the information in the company's press releases and issued "strong buy" recommendations with stock price targets as high as \$20 per share.

14. At the direction of the principals of Silver Lake and Crescendo, Temple Securities placed its first sell orders in Allixon stock on August 29, 2005, selling a total of 10,600 shares at prices between \$2.75 and \$2.85 per share. Between that date and the date the Commission filed suit, the daily volume in Allixon shares averaged 71,873 shares at prices between \$1.50 and \$7. Temple Securities sold Allixon shares on a daily basis in amounts ranging from 100 shares to 82,000 shares. Temple sold at least 943,000 shares, yielding proceeds in excess of \$4.3 million. As of November 9, 2005, the Synergy account held approximately 361,000 Allixon shares with a market value of approximately \$1.9 million.

15. After Temple Securities began selling its stock, the National Association of Securities Dealers initiated an informal inquiry into the trading of Allixon's securities on the Pink Sheets and contacted Allixon and Vanderkam's lawfirm. Vandkerkam learned that the offering did not comply with any state law exemption in Texas and was advised by an attorney with the Texas State Securities Board that the offering "will not work in Texas." On September 16, 2005, two months *after* Allixon had issued the 1.3 million unrestricted shares and *after* the NASD had contacted Allixon about its securities trading, Vanderkam filed a SCOR Form

registration statement on behalf of Allixon with the State of New York. The SCOR Form was dated June 15, 2005, and stated that the offering was only available to Texas residents. The representation made to the State of New York was inconsistent with statements made to the Commission in its investigation and the fact that the Allixon shares were purportedly sold to offshore investors. Further, the SCOR Form filed with the state of New York was not a valid securities registration statement. Vanderkam's lawfirm received \$25,406 for its work relating to Allixon's unregistered securities offering.

CLAIM
Violations of Sections 5(a) and 5(c) of the Securities Act

16. Plaintiff Commission repeats and incorporates paragraphs 1 through 15 of this Complaint by reference as if set forth *verbatim*.

17. Defendants, directly or indirectly, singly or in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and has been, directly and indirectly: (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise; (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

18. As described in paragraphs 1 through 15, Defendants' securities were offered and sold to the public through a general solicitation of investors. No registration statements were ever filed with the Commission or otherwise in effect with respect to these transactions.

19. Silver Lake and Crescendo were “affiliates,” as that term is defined in Section 2(11) of the Securities Act [15 U.S.C. § 77b(11)], with respect to their participation in the unregistered public distribution of Allixon shares. Further, Silver Lake and Crescendo were “underwriters,” as that term is defined in Section 2(11) of the Securities Act [15 U.S.C. § 77b(11)], with respect to their participation in the unregistered public distribution of Allixon shares.

20. Vanderkam was a necessary and substantial participant in the unregistered public distribution of Allixon stock. The unregistered public distribution of Allixon stock would not have been possible without Vanderkam’s issuance of an opinion letter to Allixon’s transfer agent calling for the issuance of stock certificates that did not bear restrictive legends.

21. By reason of the foregoing, Defendants violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a) and 77e(c)].

RELIEF REQUESTED

The Commission seeks the following relief:

22. A Permanent Injunction against all Defendants enjoining them from continuing violations of Sections 5(a) and 5(c) of the Securities Act.

23. Disgorgement of all illicit proceeds and benefits plus prejudgment interest realized by Defendants and all investor funds as a result of participation in or attributable to the scheme alleged herein.

24. A civil monetary penalty against Defendants as provided by statute and determined by the Court to be just and proper.

25. Such other and further relief as the Commission may show itself entitled.

Respectfully submitted,

DATED: February 12, 2007

/s/ Harold R. Loftin, Jr.
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