

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

SC
FEB 10 2000
00 MAR -9 PM 3:07
CLERK U.S. DIST. CT.
S.D. OF FLA - MIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

AMERICAN IMAGING, INC.,
AGUSTIN BARRES AND PAUL GRANVILLE,

Defendants.

CASE NO. 00-0940

CIV. MORENO
COMPLAINT FOR
INJUNCTIVE AND
OTHER RELIEF
MAGISTRATE JUDGE
DUBE

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") alleges as follows:

1. The SEC brings this action to enjoin Defendants Agustin Barres ("Barres"), Paul Granville ("Granville") and American Imaging, Inc. ("American") from continuing to violate the federal securities laws by making material misrepresentations regarding American's business.

DEFENDANTS

2. Defendant Barres is a resident of Miami, Florida and has been the president of American since September 1998.

3. Defendant Granville is a resident of Miami, Florida and acted as a consultant to American from July 1998 to the present.

4. Defendant American is a Florida corporation incorporated in 1960 under the name Florida Metal Supply, Inc.. The corporation's name was changed to American in April 1998. American is currently in the business of developing Internet commerce opportunities. American's principal offices are located in Miami, Florida.



JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d), 78u(e) and 78aa.

6. Certain of the acts and transactions constituting violations of the Exchange Act have occurred within the Southern District of Florida. The principal offices of American are located within the Southern District of Florida. Barres and Granville reside within the Southern District of Florida.

7. Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business complained of herein.

MISREPRESENTATIONS BY AMERICAN, BARRES AND GRANVILLE

8. Between January 1999 and March 1999, American promoted its stock through its website by disseminating various press releases via the Internet. The publications were prepared and/or reviewed and/or approved by American's president, Barres and/or American's consultant, Granville. In July 1998 and again on March 10, 1999, American stated in its press releases that it had a letter of intent to acquire Little Dutchman, Inc. ("Little Dutchman"), a New Mexico corporation which purportedly owns a 20% interest in one million tons of unrefined slag (the substances remaining after materials are processed by refineries sometimes containing remnants of precious metals). American issued press releases on March 3, 1999 and March 10, 1999, via the Internet, containing misrepresentations regarding revenue estimates from processing minerals contained in the slag.

9. In the March 3, 1999 press release, American stated that according to appraisals, the slag owned by Little Dutchman consisted of silver, gold and other minerals and that the estimated net income from fully processing those materials should exceed \$80 million.

10. In the March 10, 1999 press release, American stated that initial estimates indicated that Little Dutchman's revenue from the slag, when fully processed, may exceed \$80 million over an extended period of time.

11. The representations made by American regarding the estimated net income and revenue from the slag owned by Little Dutchman were false and misleading because:

- (a) sufficient or proper testing was never conducted upon the slag to establish either a \$80 million net income or \$80 million revenue estimate;
- (b) American relied on a certain assay report and financial statements as a basis for the \$80 million revenue estimate, while ignoring other assay reports that showed significantly lower content of minerals in the slag;
- (c) the processing of the materials from the slag was contingent upon American providing financing of \$500,000 to Little Dutchman; however, American did not have the ability to provide such financing or to obtain such financing for Little Dutchman; and
- (d) Little Dutchman provided assay reports, financial statements and other information to American pertaining only to an \$80 million revenue estimate, not an \$80 million net income estimate.

12. The representations made by American regarding the estimated net income and revenue from the slag owned by Little Dutchman were material to a prospective investor or to the investor's decision to purchase, sell or hold American stock.

COUNT I

**FRAUD IN VIOLATION OF
SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5**

The SEC repeats and realleges paragraphs 1 through 12 of this Complaint.

13. Since on or about March 3, 1999 through April 1999, Defendants Barres, Granville and American, directly and indirectly, by use of the means and instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, as described herein, have knowingly, willfully or recklessly: (i) employed manipulative or deceptive devices, contrivances, schemes or artifices to defraud; (ii) made untrue statements of material facts and/or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (iii) engaged in acts, practices and courses of business which have operated as a fraud upon the purchasers of such securities.

14. By reason of the foregoing, Defendants Barres, Granville and American have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that Defendants Barres, Granville and American have committed the violations of the federal securities laws alleged herein.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction, enjoining Defendants Barres, Granville and American, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 10(b) of the Exchange Act and Rule 10b-5, thereunder.

III.

Penalties

Issue an Order directing Barres and Granville to pay civil money penalties pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78(d)(3).

IV.

Retention of Jurisdiction

Further, the SEC respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be entered,

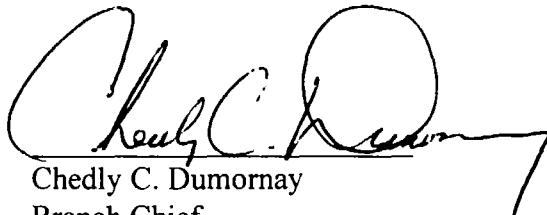
or to entertain any suitable application or motion by the SEC for additional relief within the jurisdiction of this Court.

Respectfully submitted,

Mitchell E. Herr
Regional Trial Counsel
SD Fla. A-5500-259

March 9, 2000

By:



Chedly C. Dumornay
Branch Chief
Florida Bar No. 957666

Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
1401 Brickell Avenue, Suite 200
Florida, Florida 33131
Telephone: (305) 982-6377
Facsimile: (305) 536-7465

JS 44
(Rev. 12/96)

CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THIS FORM)

1. (a) PLAINTIFFS

Securities and Exchange Commission

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF
(EXCEPT IN U.S. PLAINTIFF CASES)

A-dide [ocu 940] moreno/ tube

(c) ATTORNEYS (FIRM NAME, ADDRESS AND TELEPHONE NUMBER)

Mitchell E. Herr (305) 982-6336

Chedly C. Dumornay (305) 982-6377
SEC, 1401 Brickell Ave., Suite 200, Miami, FL

DEFENDANTS

CIV-MORENO

American Imaging, Inc., Agustin Barres
and Paul Granville, MAGISTRATE JUDGE

DUBB

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT

(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE
TRACT OF LAND INVOLVED

ATTORNEYS (IF KNOWN)

F S

D P

S A

H C

JL

(d) CIRCLE COUNTY WHERE ACTION AROSE DADE, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE, HIGHLANDS

II. BASIS OF JURISDICTION

(PLACE AN "X" IN ONE BOX ONLY)

 1 U.S. Government Plaintiff 3 Federal Question
(U.S. Government Not a Party) 2 U.S. Government Defendant 4 Diversity
(Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES

(For Diversity Cases Only)

(PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

PTF DEF

PTF DEF

Citizen of This State

 1 1

Incorporated or Principal Place of Business in This State

Citizen of Another State

 2 2

Incorporated and Principal Place of Business in Another State

Citizen or Subject of a Foreign Country

 3 3

Foreign Nation

 6 6

IV. ORIGIN

(PLACE AN "X" IN ONE BOX ONLY)

 1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or ReopenedTransferred from
another district
(specify) 5 Multidistrict LitigationAppeal to District Judge from
Magistrate Judgment

V. NATURE OF SUIT

(PLACE AN "X" IN ONE BOX ONLY)

A CONTRACT

- 110 Insurance
- 120 Marine
- 130 Miller Act
- 140 Negotiable Instrument
- 150 Recovery of Overpayment & Enforcement of Judgment
- 151 Medicare Act
- 152 Recovery of Defaulted Student Loans
(Excl. Veterans)
- 153 Recovery of Overpayment of Veteran's Benefits
- 160 Stockholders Suits
- 190 Other Contract
- 195 Contract Product Liability

A REAL PROPERTY

- 210 Land Condemnation
- 220 Foreclosure
- 230 Rent Lease & Ejectment
- 240 Torts to Land
- 245 Tort Product Liability
- 290 All Other Real Property

VI. CAUSE OF ACTION

(CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE
DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)

15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240. 10b-5.

LENGTH OF TRIAL

via _____ days estimated (for both sides to try entire case)

VII. REQUESTED IN COMPLAINT:

 CHECK IF THIS IS A CLASS ACTION
 UNDER F.R.C.P. 23

DEMAND \$

Perm. Injunction
and Civil Money

CHECK YES only if demanded in complaint:

JURY DEMAND: YES NOVIII. RELATED CASE(S) (See instructions:
IF ANY)

JUDGE

Penalties

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

January 9, 2000

Chedly C. Dumornay

FOR OFFICE USE ONLY