

FILED

1 MICHAEL A. PIAZZA, Cal. Bar No. 235881
E-mail: piazzam@sec.gov
2 JOHN B. BULGOZDY, Cal. Bar No. 219897
E-mail: bulgozdyj@sec.gov
3 ANDREW PETILLON, Cal. Bar No. 132652
E-mail: petillona@sec.gov
4 CATHERINE D. WHITING, Cal. Bar No. 190436
E-mail: whitingc@sec.gov

2005 JUL 29 AM 11:24

U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES

5 Attorneys for Plaintiff
6 Securities and Exchange Commission
Randall R. Lee, Regional Director
7 Sandra J. Harris, Associate Regional Director
5670 Wilshire Boulevard, 11th Floor
8 Los Angeles, California 90036-3648
Telephone: (323) 965-3998
9 Facsimile: (323) 965-3908

10 UNITED STATES DISTRICT COURT
11 FOR THE CENTRAL DISTRICT OF CALIFORNIA
12 WESTERN DIVISION

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.

17 CHRISTINE FAVARA aka CHRISTINE
18 MCKIERNAN aka CHRISTINE
ANDERSON aka CHRISTINE
19 ANDERSON HOLZMAN,

20 Defendant.

Case No.

0005-5486 RJK

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

PLA

21 Plaintiff Securities and Exchange Commission ("Commission") alleges as
22 follows:

23 JURISDICTION AND VENUE

24 1. This Court has jurisdiction over this action pursuant to Sections
25 20(b), 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15
26 U.S.C. §§ 77t(b), 77t(d)(1) & 77v(a), and Sections 21(d)(1), 21(d)(1)(3)(A), 21(e)
27 and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§
28 78u(d)(1), 78u(d)(3)(A), 78u(e) & 78aa. Defendant Christine Favara ("Favara")

1 has, directly or indirectly, made use of the means or instrumentalities of interstate
2 commerce, of the mails, or of the facilities of a national securities exchange, in
3 connection with the transactions, acts, practices, and courses of business alleged in
4 this complaint.

5 2. Venue is proper in this district pursuant to Section 22(a) of the
6 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
7 § 78aa, because certain of the transactions, acts, practices, and courses of conduct
8 constituting violations of the federal securities laws occurred within this district,
9 and Favara resides in this district.

10 SUMMARY

11 3. This case involves antifraud and reporting violations by Favara
12 between January 2003 and April 2003. Favara was the president, chief executive
13 officer, a director, and majority shareholder of Core Solutions, Inc. ("Core
14 Solutions"), a Nevada corporation headquartered in Los Angeles, California.

15 4. In February 1999, Favara, then known as Christine McKiernan,
16 consented to a permanent injunction against future violations of Sections 10(b)
17 and 14(e) of the Exchange Act and Rules 10b-5 and 14e-3 thereunder, in an
18 insider trading case captioned *SEC v. Darryl M. Holzman, et al.*, Case No. CV-S-
19 99-00001-LDG (RJJ), filed in the United States District Court for the District of
20 Nevada.

21 5. Favara caused Core Solutions to: a) file a Form 10-KSB that failed to
22 disclose her 1999 permanent injunction as required by applicable disclosure rules;
23 b) file a Form S-8 registration statement that improperly registered an offering of
24 shares because the shares were issued to a stock promoter and individuals who had
25 not performed *bona fide* services for the company; and c) issue false and
26 misleading press releases concerning Core Solutions' business and projected
27 revenue.

28 ///

1 6. Favara, by engaging in the conduct described in this complaint, has
2 violated, and unless enjoined will continue to violate, the securities registration,
3 antifraud, and reporting provisions of the federal securities laws. By this
4 complaint, the Commission seeks entry of a permanent injunction, an officer and
5 director bar, a penny stock bar, disgorgement, and civil penalties.

6 **THE DEFENDANT**

7 7. Favara, also known as Christine McKiernan, Christine Anderson, and
8 Christine Anderson Holzman, age unknown, resides in Los Angeles, California.
9 Favara was the president, chief executive officer, a director, and majority
10 shareholder of Core Solutions between July 2002 and May 2003.

11 **RELATED ENTITIES**

12 8. Core Solutions, a publicly traded Nevada corporation, was
13 purportedly in the human resources business. Favara acquired Core Solutions in
14 July 2002 and was its president, chief executive officer, and a director between
15 July 2002 and May 2003. She was also the majority shareholder with
16 approximately 93% of the outstanding shares. For the quarter ending March 31,
17 2003, Core Solutions had no revenue, assets of \$11,183, and liabilities of
18 \$643,329. At all relevant times, Core Solutions traded on the OTC Bulletin Board
19 and its securities were registered with the Commission pursuant to Section 12(g)
20 of the Exchange Act.

21 9. Favara purportedly sold Core Solutions on or about May 2, 2003 to
22 an unrelated third party. That party changed the corporate name to Sunshine
23 Ventures, Inc. It had no known business or reported revenue, and was not actively
24 traded. Favara purportedly repurchased Sunshine Ventures on or about May 30,
25 2003. At that time, she changed the corporate name to Christine's Precious Petals.
26 It had no known business or reported revenue, and was not actively traded.
27 Although the company had no known business or reported revenue, and was not
28 actively traded, Favara sold the company for \$50,000 on or about July 29, 2003.

1 **FAVARA'S CONDUCT INVOLVING CORE SOLUTIONS**

2 1. **False And Misleading Statements**

3 10. Between January and April 2003, Favara caused Core Solutions to
4 issue several false and misleading press releases. The press releases contained
5 financial projections and other information that lacked any reasonable basis
6 because Core Solution had no revenues and minimal assets.

7 11. On January 6, 2003, Favara caused Core Solutions to issue a press
8 release in which the company projected revenues of \$250 million within three
9 years. Favara stated in the release that "we will have an exceedingly positive 2003
10 and expect to remain on target towards our goal of \$250 million over three years."
11 In fact, at the time this press release was issued, Core Solutions had no revenue
12 and minimal assets. As a result, projections of \$250 million over three years
13 lacked any reasonable basis.

14 12. On January 9, 2003, Favara caused Core Solutions to issue a press
15 release announcing "that in the first week of 2003 it [Core Solutions] has
16 accomplished its goal of generating new accounts representing over \$1 million in
17 annual revenue." The press release further stated that "the goal of achieving \$52
18 million of new accounts is very feasible and will most likely be met in the third
19 quarter." In fact, Core Solutions did not have new accounts representing over \$1
20 million in annual revenue. As a result, the company's projection of \$52 million in
21 new accounts lacked any reasonable basis.

22 13. On January 13, 2003, Favara caused Core Solutions to issue yet
23 another press release in which it "restated" its "2003 Strategic Plan." The
24 company stated it intended "to acquire an organization a month representing at
25 least \$10 million in revenue each." Core Solutions anticipated "generating first
26 quarter 2003 revenue exceeding 5 times that of any quarter in 2002" and
27 "expected to continue to remain on target for \$250 million in annual revenues
28 within 36 months." In fact, Favara and Core Solutions did not have the financial

1 ability to acquire companies, had not generated any revenue, and did not have any
2 potential business. As a result, the company's projection of \$250 million in
3 annual revenues within 36 months lacked any reasonable basis.

4 14. On January 15, 2003, Favara caused Core Solutions to issue a press
5 release announcing projections of \$100 million in revenue, stating: "By April, the
6 company anticipates that this program [of expansion] should be providing an
7 additional \$2 million of new accounts each week in addition to the \$1 million per
8 week provided by in-house marketing staff. As a result, the company has
9 forecasted new accounts representing over \$100 million in annual revenue by the
10 end of 2003." In fact, the company did not have an in-house marketing staff, was
11 not earning \$1 million a week, and had no prospects for earning an "additional" \$2
12 million a week. As a result, the company's projection of \$100 million in annual
13 revenue by the end of 2003 lacked any reasonable basis.

14 15. Favara knew, or was reckless in not knowing, that Core Solutions'
15 press releases in January 2003 were false and misleading because the revenue
16 projections had no reasonable basis given Core Solutions' current and future
17 business and financial condition at the time the press releases were issued. Core
18 Solutions' Form 10-QSB, filed and signed by Favara, for the quarter ending March
19 31, 2003, reported that it had no revenue for the quarter, total assets of \$11,183,
20 and liabilities of \$643,329.

21 16. Moreover, less than two months after making such unrealistic revenue
22 projections for its human resources business, Core Solutions abandoned that
23 business to purportedly enter the real estate business with the planned purchase of
24 a \$750,000 home.

25 17. On March 19, 2003, Favara caused Core Solutions to issue a press
26 release announcing a corporate restructuring to transition from the human
27 resources business to "real estate holdings, investments and management." In the
28 press release, Favara stated that "her decision to change the business model came

1 after the announcement of all time low employment rates.” Favara further stated:
2 “I have been researching the real estate market and feel that the transition for us at
3 this juncture is impeccable and I am looking forward to giving shareholders a
4 company they can really sink their teeth into, with real, hard assets on the balance
5 sheet.” In fact, Favara’s March statements contradicted her projections in January
6 2003 that Core Solutions had generated \$1 million in annual revenue, was on
7 target to hit \$250 million, and was on target to have an additional \$2 million of
8 weekly revenues by April.

9 18. In later press releases issued in March and April, Core Solutions
10 identified one residential property that Core Solutions planned to acquire, but
11 public records show that the property was never actually sold to Favara or to Core
12 Solutions.

13 **2. Favara’s Failure To Disclose Her Prior Commission Injunction**

14 19. On May 20, 2003, Favara caused Core Solutions to file its Form
15 10-KSB for the year ended December 31, 2002. The filing failed to disclose that
16 Favara, under her former name Christine McKiernan, was subject to a previous
17 injunction prohibiting her from future antifraud violations. Disclosure of the
18 injunction was required by Item 401(d) of Regulation S-B.

19 20. Favara signed the Form 10-KSB as Core Solutions’ CEO. Favara
20 knew, or was reckless in not knowing, that she was the subject of a prior
21 Commission injunction, that disclosure of the injunction was required under
22 applicable rules, and that no such disclosure was made.

23 **3. Improper S-8 Transactions**

24 21. Favara caused Core Solutions to file a Form S-8 registration
25 statement for 2,000,000,000 shares on February 28, 2003, in connection with a
26 new employee benefit plan. Favara signed the filing and employee benefit plan as
27 president and director. The employee benefit plan provided that “No stock may be
28 issued . . . under the benefit plan to consultants, advisors, or other persons who

1 directly or indirectly promote or maintain a market for the company's securities."

2 22. The Commission's Form S-8 registration statement permits a
3 company, subject to the requirements to file reports pursuant to Section 13 or
4 15(d) of the Exchange Act, and which has filed all such reports in the prior 12
5 months, to register securities with the Commission to be issued to employees,
6 including consultants and advisers, as compensation if they are "natural persons"
7 and provide "*bona fide* services" to the company, and the services "are not in
8 connection with the offer or sale of securities in a capital-raising transaction and
9 do not directly or indirectly promote or maintain a market for the registrant's
10 securities."

11 23. On March 3, 2003, Favara caused Core Solutions to issue
12 350,000,000 of the Form S-8 shares to Charles Tamburello c/o Capital Research
13 Group. Capital Research, run by Tamburello, is an Internet stock promoter. On
14 March 19, 2003, Thesubway.com, the website of Capital Research Group, issued a
15 recommendation of Core Solutions stock. At that time, Capital Research Group
16 disclosed that it had received 350,000,000 shares of Core Solutions stock as
17 compensation and intended to sell the shares. Because these shares were issued to
18 Tamburello, a promoter of the company's securities, the Form S-8 registration was
19 ineffective, and this issuance of shares constituted an unregistered offering of
20 securities in violation of the registration provisions of the federal securities laws.

21 24. On August 22, 2002, Core Solutions filed a form 8-K with the
22 Commission stating that it had terminated all business with Suburban Capital
23 Corp., Dr. G.K. Kumar and Frank Custable. However, on March 4, 2003, Core
24 Solutions issued 750,000,000 of the Form S-8 shares to Frank Custable, and
25 400,000,000 to Dr. Kumar c/o Suburban Capital Corp. Because neither Custable
26 nor Kumar provided *bona fide* services to Core Solutions, the Form S-8
27 registration was ineffective, and these issuances of shares constituted unregistered
28 offerings of securities in violation of the registration provisions of the federal

1 securities laws.

2 **FIRST CLAIM FOR RELIEF**

3 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

4 **Violations of Section 17(a) of the Securities Act of 1933**

5 25. The Commission realleges and incorporates by reference paragraphs
6 1 through 24 above.

7 26. Favara, by engaging in the conduct described above, directly or
8 indirectly, in the offer or sale of securities by the means of transportation or
9 communication in interstate commerce or by use of the mails,

10 a. with scienter, employed devices, schemes, or artifices to
11 defraud;

12 b. obtained money or property by means of untrue statements of a
13 material fact or by omitting to state a material fact necessary in
14 order to make the statements made, in light of the

15 circumstances under which they were made, not misleading; or
16 c. engaged in transactions, practices, or courses of business which
17 operated or would operate as fraud or deceit upon the
18 purchaser.

19 27. By engaging in the conduct described above, Favara violated, and
20 unless restrained and enjoined will continue to violate, Section 17(a) of the
21 Securities Act of 1933, 15 U.S.C. § 77q(a).

22 **SECOND CLAIM FOR RELIEF**

23 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES**

24 **Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

25 28. The Commission realleges and incorporates by reference paragraphs
26 1 through 24 above.

27 29. Favara, by engaging in the conduct described above, directly or
28 indirectly, in connection with the purchase or sale of a security, by the use of

1 means or instrumentalities of interstate commerce, of the mails, or of the facilities
2 of a national securities exchange, with scienter:

- 3 a. employed devices, schemes, or artifices to defraud;
- 4 b. made untrue statements of a material fact or omitted to state a
5 material fact necessary in order to make the statements made, in
6 the light of the circumstances under which they were made, not
7 misleading; or
- 8 c. engaged in acts, practices, or courses of business which
9 operated or would operate as a fraud or deceit upon other
10 persons.

11 30. By engaging in the conduct described above, Favara violated, and
12 unless restrained and enjoined will continue to violate, Section 10(b) of the
13 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R.
14 § 240.10b-5.

15 **THIRD CLAIM FOR RELIEF**

16 **UNREGISTERED OFFER AND SALE OF SECURITIES**

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

18 31. The Commission realleges and incorporates by reference paragraphs
19 1 through 24 above.

20 32. Favara, by engaging in the conduct described above, directly or
21 indirectly, made use of means or instruments of transportation or communication
22 in interstate commerce or of the mails, to offer to sell or to sell securities, or to
23 carry or cause such securities to be carried through the mails or in interstate
24 commerce for the purpose of sale or for delivery after sale.

25 33. No effective registration statement has been filed with the
26 Commission or has been in effect with respect to the Form S-8 offering alleged
27 herein.

28 ///

1 34. By engaging in the conduct described above, Favara violated, and
2 unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of
3 the Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c).

4 **FOURTH CLAIM FOR RELIEF**

5 **AIDING AND ABETTING A REPORTING VIOLATION**

6 **Aiding and Abetting Violation of Section 13(a) of the Exchange Act and Rules**
7 **12b-20 and 13a-1 Thereunder**

8 35. The Commission realleges and incorporates by reference paragraphs
9 1 through 24 above.

10 36. Core Solutions violated Section 13(a) of the Exchange Act, 15 U.S.C.
11 § 78m(a) and Rules 12b-20 and 13a-1, 17 C.F.R. §§ 240.12b-20 & 240.13a-1
12 thereunder, by filing with the Commission a materially false and misleading
13 annual report on Form 10-KSB for the fiscal year ended December 31, 2002.

14 37. Favara, by engaging in the conduct described above, knowingly
15 provided substantial assistance to Core Solutions' violation of Section 13(a) of the
16 Exchange Act and Rules 12b-20 and 13a-1 thereunder.

17 38. By engaging in the conduct described above, Favara aided and
18 abetted Core Solutions' violation, and unless restrained and enjoined will continue
19 to aid and abet violations, of Section 13(a) of the Exchange Act, 15 U.S.C.
20 § 78m(a), and Rules 12b-20 and 13a-1 thereunder, 17 C.F.R. §§ 240.12b-20 &
21 240.13a-1.

22 **PRAYER FOR RELIEF**

23 WHEREFORE, the Commission respectfully requests that the Court:

24 **I.**

25 Issue findings of fact and conclusions of law that Favara committed the
26 alleged violations.

27 ///

28 ///

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 0
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8

Issue a judgment, in a form consistent with Fed. R. Civ. P. 65(d), permanently enjoining Favara and her agents, servants, employees, and attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the judgment by personal service or otherwise, and each of them, from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c), & 77q(a), and Sections 10(b) and 13(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) & 77m(a), and Rules 10b-5, 12b-20, and 13a-1 thereunder, 17 C.F.R. §§ 240.10b-5, 240.12b-20 & 240.13a-1.

10

Enter an order, pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), prohibiting Favara from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d).

17

Enter an order, pursuant to Section 20(g) of the Securities Act and Section 21(d)(6) of the Exchange Act, prohibiting Favara from participating in an offering of penny stock.

21

Order Favara to disgorge all ill-gotten gains from her illegal conduct, together with prejudgment interest thereon.

24

Order Favara to pay civil penalties under Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

///

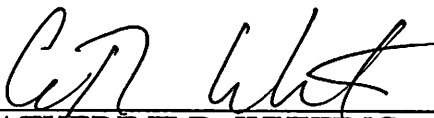
1 VII.

2 Retain jurisdiction of this action in accordance with the principles of equity
3 and the Federal Rules of Civil Procedure in order to implement and carry out the
4 terms of all orders and decrees that may be entered, or to entertain any suitable
5 application or motion for additional relief within the jurisdiction of this Court.

6 VIII.

7 Grant such other and further relief as this Court may determine to be just
8 and necessary.

9
10 DATED: July 28, 2005

11 
12 CATHERINE D. WHITING
13 Attorney for Plaintiff
14 Securities and Exchange Commission
15
16
17
18
19
20
21
22
23
24
25
26
27
28