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UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA

SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

v.

ROBERT D. POIRIER,  
ROBERT J. PALM,  
JAMES R. VINCENT, and  
RICHARD E. WENSEL,

Defendants.

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CLERK U S DISTRICT COURT DISTRICT OF ARIZONA	
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CIV 96-2243 PHX ROS

CV-96-1-PHX-

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission")  
alleges:

SUMMARY

1. This action involves a fraudulent scheme orchestrated by  
Defendants Robert D. Poirier ("Poirier") and Robert J. Palm

*[Handwritten mark]*

("Palm") in connection with their sales of securities of Garcis U.S.A., Inc. ("Garcis"), a distributor of athletic equipment and supplies. Poirier and Palm, acting through their private company, Select Financial Corporation ("Select"), assumed substantial control over the operations of Garcis; indirectly obtained a controlling block of unregistered shares of Garcis; and promoted Garcis and its securities to the public using materially false and misleading information. Poirier and Palm concealed their interest in and relationship with Garcis from the investing public while selling at least 1.2 million shares of Garcis stock for proceeds of at least \$1.77 million.

2. Defendants James R. Vincent ("Vincent") and Richard E. Wensel ("Wensel") participated in and assisted Poirier and Palm carry out this scheme. Vincent helped Poirier and Palm obtain control of a substantial block of unregistered Garcis shares, avoid the registration requirements of the federal securities laws and sell those shares into the market at a profit. Wensel, who at times relevant to this Complaint was an officer and/or director of Garcis, approved false and misleading promotional material in furtherance of Poirier and Palm's fraudulent scheme.

3. As a result of the conduct alleged herein, Poirier and Palm violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)], Sections 7(f), 10(b), 13(d) and 16(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78g(f), 78j(b), 78m(d) and 78p(a)] and Rules 10b-5, 13d-1, 13d-2(a), 16a-2 and 16a-

3 [17 C.F.R. §§ 240.10b-5, 240.13d-1, 240.13d-2(a), 240.16a-2 and 240.16a-3] promulgated thereunder, and Section 3(b) of Regulation X [12 C.F.R. § 224 et seq.], promulgated by the Board of Governors of the Federal Reserve System ("Federal Reserve Board"); Vincent violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)], and Sections 13(d) and 16(a) of the Exchange Act [15 U.S.C. §§ 78m(d) and 78p(a)] and Rules 13d-1, 13d-2(a), 16a-2 and 16a-3 [17 C.F.R. §§ 240.13d-1, 240.13d-2(a), 240.16a-2 and 240.16a-3] promulgated thereunder; and Wensel violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], 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.

#### JURISDICTION

4. This Court has jurisdiction over this action pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v)] and Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa].

5. The Defendants made use of the means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the acts, transactions, practices and courses of business alleged herein.

6. The Commission brings this action pursuant to the authority conferred upon it by Sections 20(b) and 20(e) of the Securities Act [15 U.S.C. § 77t(b) and (e)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. § 78u(d) and (e)].

#### DEFENDANTS

7. Defendant Poirier is a Canadian citizen residing in Fountain Hills, Arizona. During the relevant period, Poirier was an officer of Select Financial Corporation, described below, which maintained offices in Scottsdale, Arizona. In 1988, the U.S. District Court for the District of Oregon enjoined Poirier from future violations of Section 17(a) of the Securities Act, Sections 7(f) and 10(b) of the Exchange Act, Rule 10b-5 thereunder, and Regulation X promulgated by the Federal Reserve Board.

8. Defendant Palm is a Canadian citizen residing in Scottsdale, Arizona. During the relevant period, Palm was an officer of Select.

9. Defendant Vincent resides in the Isle of Man, British Isles.

10. Defendant Wensel resides in Scottsdale, Arizona. During the approximate period December 1994 through December 1995, Wensel was a member of the board of Garcis, and from approximately July through December 1995, served as its chief executive officer.

#### OTHER RELEVANT ENTITIES

11. Garcis U.S.A., Inc., a Colorado corporation, was the exclusive distributor of athletic equipment and supplies on behalf of a Mexican manufacturer. During the relevant period, Garcis maintained its principle offices at the same location where Select maintained its offices in Scottsdale. Garcis' common stock is registered with the SEC pursuant to Section 12(g) of the Exchange

Act and until October 1995, was publicly traded on the over-the-counter bulletin board. During the relevant period, Garcis had approximately 11,290,003 outstanding shares.

12. Select Financial Corporation, a private Nevada corporation, was operated by Poirier and Palm and located in Scottsdale, Arizona, during the relevant time period.

#### FIRST CLAIM

Violations by Poirier, Palm and Wensel  
of Section 17(a) of the Securities Act and  
Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder  
[Antifraud Provisions]

13. Plaintiff repeats and realleges the facts set forth in Paragraphs 1 through 12 above.

A. Poirier, Palm and Vincent Obtained  
Undisclosed Control of Garcis Stock

14. On September 7, 1994, Palm caused the incorporation of Garcis U.S.A., Inc. of Wyoming ("Garcis/Wyoming") as a private corporation. On or about the same date, at Poirier and Palm's direction, Garcis/Wyoming entered into a plan of merger with Euroblock America, Inc. ("Euroblock"), a dormant public shell corporation which Poirier and Palm controlled.

15. Poirier appointed two associates to the Euroblock board for the purpose of approving and facilitating the plan of merger with Garcis/Wyoming.

16. On or about October 27, 1994, the merger of Garcis/Wyoming and Euroblock was finalized. Euroblock changed its name to Garcis/Wyoming.

17. On or about November 22, 1994, Palm obtained 500,000 Garcis/Wyoming shares through an unregistered distribution of stock pursuant to Securities Act Rule 504 of Regulation D. Although he was obligated to pay \$5,000 for these shares, Palm did not pay Garcis/Wyoming for these shares.

18. On or about November 28, 1994, Vincent obtained three million Garcis/Wyoming shares issued pursuant to Rule 504. Poirier and Palm had offered Vincent the right to purchase these shares for \$30,000, but Vincent did not pay Garcis/Wyoming for these shares. Vincent had these shares issued to him in the name of his nominee, English Association of American Bond and Shareholders, Ltd. ("English Association").

19. On or about December 15, 1994, Poirier, Palm and Wensel caused Questex, a dormant public shell corporation controlled by them, to acquire the outstanding shares of Garcis/Wyoming (the "acquisition"). After the acquisition, Questex changed its name to Garcis of Colorado (hereafter "Garcis").

20. Following the acquisition, Wensel became a member of the Garcis board. Poirier's two appointees to the Euroblock board also served as directors of Garcis.

21. Following the acquisition, Garcis reissued stock certificates bearing the new company name, namely Garcis of Colorado, to its shareholders of record, including three million shares to Vincent in the name of his nominee, English Association, and 500,000 shares to Palm.

22. At various times throughout January through October 1995,

Vincent delivered the shares issued to him in the name of English Association to Poirier and Palm, who sold all or a portion of those shares to the public during the same period.

23. As a result of the conduct described in paragraphs 14 through 22, Poirier, Palm and Vincent jointly owned and controlled at least 34% of the 11,290,003 outstanding shares of Garcis at various times between January and October 1995. Notwithstanding this fact, neither Poirier, Palm nor Vincent disclosed his interest in Garcis stock as required by federal securities laws.

24. Also as a result of the conduct described in paragraph 14 through 22, Poirier, Palm and Vincent jointly owned and controlled approximately 90 percent of the free trading shares of Garcis.

B. Poirier and Palm Controlled the Operations of Garcis

25. At all times relevant to this Complaint, Poirier and Palm, acting through Select, dominated and controlled the operations of Garcis by, among other things: (a) appointing certain individuals to serve as officers and/or directors of Garcis; (b) satisfying all or most of the alleged obligations and debts of Garcis and, as a creditor of Garcis, effecting management decisions of the company; (c) maintaining and controlling Garcis' bank account(s); and (d) maintaining and controlling Garcis' books and records.

26. Also during the relevant time period, Garcis had assigned to Poirier and Palm, acting through Select, all of the marketing and promotional functions of Garcis.

27. Notwithstanding Poirier and Palm's control over the operations of Garcis, Poirier and Palm intentionally concealed their business relationship with and interest in Garcis.

C. Poirier, Palm and Wensel Disseminated Materially False and Misleading Statements Regarding Garcis to Further Their Manipulative Scheme

28. At all times relevant to this Complaint, Poirier and Palm, acting through Select, promoted Garcis and its securities to broker-dealers and to the public pursuant to Select's agreement to provide public relations services to Garcis.

29. During the period January through October 1995, Poirier, Palm and Wensel caused the preparation of and disseminated materially false and misleading promotional materials concerning Garcis, and made materially false and misleading statements concerning Garcis, regarding, among other things, the current sales of the company, the expected revenue of the company, and current clients of the company. Specifically:

- (a) On or about January 19, 1995, Poirier and Palm caused to be issued a press release on behalf of Garcis stating that Garcis had entered into a three-year, multimillion dollar agreement with the Continental Indoor Soccer League ("CISL") that authorized Garcis to provide uniforms and soccer gear to all teams in the league as the league's the exclusive licensee. Poirier and Palm caused the issuance of the CISL press release knowing that it was materially misleading in that it failed to



disclose that the agreement required Garcis to make a substantial financial contribution to the league to secure the licensing rights, and that Garcis did not have funds available to satisfy such a contribution.

- (b) On or about March 7, 1995, Poirier and Palm caused to be issued a press release on behalf of Garcis stating that Garcis had a customer backlog of \$1.3 million in sales; that it had received its first shipment of product from Garcis/Mexico and would start to fill back orders; and that Southwest Airlines shoes would be the first products shipped. Poirier and Palm caused the issuance of the March 7, 1995 release knowing that it was materially false and misleading in that Garcis did not have a backlog of orders for sales, had not received a shipment from Mexico and did not have any orders pending from Southwest Airlines.
- (c) On or about April 4, 1995, a stock newsletter publicist published a newsletter stating that Garcis had secured contracts with Southwest Airlines and the Las Vegas Hilton, and that Garcis expected revenues to reach \$30 million for 1995. Poirier and Palm provided, or caused to be provided, this information to the publicist, knowing that it was materially false and misleading

in that Garcis had received no orders and had not secured any contracts from Southwest Airlines or the Las Vegas Hilton, and Garcis did not expect revenues to reach \$30 million dollars for 1995, but rather expected revenues not to exceed \$1 million for the year.

- (d) On or about July 11, 1995, a stock newsletter writer wrote an article about Garcis based upon materially false and misleading information provided to him by Poirier and Palm. The newsletter falsely stated that Garcis had convinced Southwest Airlines, the Phoenician Hotel, and the Scottsdale Hilton Hotel to place orders for product. Poirier and Palm provided this information to the newsletter writer, knowing that the information was materially false and misleading and that the writer would probably include it in his newsletter.
- (e) In or around October 1995, a magazine published an article stating that Garcis estimated first-year sales of \$7.5 million and that it had a \$1.5 million back order. The article also included a list of purported clients of Garcis. The article was written by a public relations firm engaged by Poirier and Palm, and was based upon information provided and approved by Wensel. Poirier, Palm and

Wensel caused the publication of the article knowing that it contained materially false and misleading information in that Garcis did not expect sales to reach \$7.5 for the year, did not have a \$1.5 million back order of sales or revenue, and did not have a client base as represented in the article.

- (f) Sometime in 1995, Poirier and Palm caused the preparation of sales packages which included a list of over 50 alleged Garcis clients. Poirier and Palm caused the distribution of the list of clients to potential distributors and to broker-dealers knowing that it was substantially false and misleading in that Garcis did not in fact have any orders from or sales to most of the entities identified on the Client List.

30. At the same time that Poirier, Palm and Wensel were disseminating false and misleading information about Garcis, Poirier and Palm were selling shares of Garcis that they controlled, as described more fully below.

D. Poirier and Palm Engaged in Manipulative Trading Activity

31. Between about January and October 1995, Poirier and Palm engaged in manipulative transactions in Garcis stock, including:

- (a) wash sales, in which they both bought and sold Garcis stock through accounts at different brokerage firms on the same day and which resulted

in market activity but no actual change in beneficial ownership;

(b) matched orders, in which they placed orders for Garcis stock designed to meet purchase orders from others at substantially the same price, volume and time of execution; and

(c) free-riding, in which they placed orders to purchase Garcis stock without the intent or ability to pay for such purchases on settlement date.

32. During the relevant time period, Poirier and Palm engaged in wash sales and free riding transactions in accounts they controlled at Dean Witter Reynolds, Inc. in Orlando, Florida ("Dean Witter"), and at Yorkton Securities Inc. ("Yorkton") in Vancouver, British Columbia.

33. During the relevant time period, Poirier and Palm engaged in matched orders in accounts they controlled at Dean Witter, ADM Securities Inc. in Phoenix, Arizona ("ADM"), Yee Desmond Schrader & Allen in Phoenix, Arizona ("Yee Desmond") and Berthel Fischer & Fleischman Financial Services Inc. in Northwood, Iowa ("Berthel Fischer").

E. Poirier and Palm Profit from the Manipulation Scheme

34. From approximately January through October 1995, Poirier, Palm and Vincent sold at least 1.2 million shares of unregistered Garcis stock through accounts controlled by them at eight different brokerage firms in the United States and Canada for total proceeds of approximately \$1.77 million. The brokerage firms included:

Dean Witter, ADM, Yee Desmond, Berthel Fischer, Yorkton, Olsen Payne & Company in Spokane, Washington, Union Securities Ltd. in Vancouver, British Columbia and C.M. Oliver & Company Ltd. in Vancouver, British Columbia.

35. At various times during the relevant time period, the proceeds of these stock sales were deposited by wire transfer to bank accounts controlled by Poirier and Palm at Bank One in Scottsdale, Arizona.

F. Poirier, Palm and Wensel Acted  
Knowingly or Recklessly

36. In connection with the purchase and sale of Garcis stock, the acts, practices and courses of business described in paragraphs 14 through 35, were manipulative, deceptive or perpetuated a fraud on the market for Garcis stock.

37. Poirier and Palm each knew, had reason to know or recklessly disregarded the fact that his acts, practices and courses of business described above, created or would create demand for Garcis stock; created or would create the appearance of active trading in Garcis stock; effected or would effect a rise in the price of Garcis stock; and supported or would support the price of Garcis stock.

38. Poirier, Palm and Wensel's acts, practices and courses of business alleged in paragraphs 14 through 35, involved fraud, deceit, manipulation or deliberate or reckless disregard of federal securities law and regulation, and directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.

39. By reason of the acts, practices and courses of business alleged in paragraphs 14 through 35, Poirier, Palm and Wensel engaged in a fraudulent scheme in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

#### SECOND CLAIM

##### Violations by Poirier, Palm and Vincent of Sections 5(a) and (c) of the Securities Act [Registration Provisions]

40. Plaintiff repeats and realleges the facts set forth in Paragraphs 1 through 39 above.

41. During the period in or about December 1994 through October 1995, Poirier, Palm and Vincent, directly and indirectly, made use of the means or instrumentalities of transportation and communication in interstate commerce and of the mails to offer to sell, sell and deliver after sale securities of Garcis when no registration statement was filed or in effect as to said securities pursuant to the Securities Act, and no valid exemption from registration was available.

##### A. Poirier, Palm and Vincent's Resale of Reg. S Stock

42. On or around December 9, 1994, shortly before Questex acquired the outstanding shares of Garcis of Wyoming, Questex issued 420,419 unregistered shares of its common stock pursuant to Regulation S (the "Reg. S shares") to Poirier, Palm and Vincent. The shares were subject to certain resale restrictions as provided

by Reg. S.

43. Questex issued the Reg. S shares in the name of Vincent's nominee, English Association.

44. On or about December 20 through 22, 1994, Vincent deposited all or a portion of the Reg. S shares into a brokerage account held in the name of Selection Resources, Ltd. ("Selection Resources"), a nominee for Poirier and Palm, at ADM in Phoenix, Arizona.

45. From the period December 16 through December 22, Poirier directed the sale of 148,650 Questex shares (some of the Reg. S shares) from the Selection Resources account at ADM for total proceeds of approximately \$123,136.

46. On or about December 21 and 30, 1995, the proceeds from the sales of Reg. S stock were wire-transferred at Palm's direction to a bank account at Bank One in Phoenix held in the name of Select Financial Corporation.

47. As a result of the conduct described in paragraphs 42 through 46, Poirier, Palm and Vincent failed to comply with the resale provisions of Reg. S because their stock sales were made in the United States without being held for forty days as required by Regulation S.

B. Poirier, Palm and Vincent's  
Resales of the Control Stock

48. During the relevant time period, and as described in paragraphs 14 through 47, Poirier, Palm and Vincent were affiliated with Garcis and sold at least 1.77 million unregistered shares of Garcis stock for proceeds of at least \$1.2 million.

49. Because Poirier, Palm and Vincent were affiliated with Garcis, the shares of Garcis under their control were restricted and subject to the resale limitations and disclosure requirements of Securities Act Rule 144.

50. Poirier, Palm and Vincent did not comply with Rule 144 because they failed to sell their shares of Garcis in accordance with the volume limitations or the manner and resale requirements of the rule. Moreover, neither Poirier, Palm nor Vincent filed a required Form 144 with the Commission giving notice of their sales of control securities.

51. By reason of the acts, practices and courses of business alleged in paragraphs 48 through 50, Poirier, Palm and Vincent violated Section 5(a) and (c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)].

### THIRD CLAIM

Violations by Poirier and Palm of Section 7(f)  
of the Exchange Act and Section 3(b) of Regulation X  
[Credit Extension Provisions]

52. Plaintiff repeats and realleges the facts set forth in Paragraphs 1 through 50 above.

53. From in or about March 1995, Poirier and Palm directly or indirectly, obtained, received and enjoyed the beneficial use of loans or other extensions of credit from lenders, including Dean Witter, for the purpose of purchasing or carrying United States securities or purchasing or carrying other securities within the United States, in violation of Section 7(f) of the Exchange Act [15



U.S.C. § 78g(f)], and Section 3(b) of Regulation X [12 C.F.R. § 224.3(b)], promulgated by the Federal Reserve Board, by causing a broker-dealer to extend credit to them in contravention of Regulation T, promulgated by the Federal Reserve Board.

54. As part of and in furtherance of this violative conduct, Poirier and Palm ordered purchases of securities at Dean Witter between March 7 - 9, 1995, without the intent or ability to pay for them on a timely basis.

55. By reason of the acts, practices and courses of business described in paragraphs 53 through 54, Poirier and Palm caused Dean Witter to extend credit to them in contravention of Regulation T [12 C.F.R. § 220.8], promulgated by the Federal Reserve Board. As a result, Poirier and Palm, directly or indirectly, violated 7(f) of the Exchange Act [15 U.S.C. § 78g(f)] and Section 3(b) of Regulation X [12 C.F.R. § 224.3(b)].

#### FOURTH CLAIM

Violations by Poirier, Palm and Vincent of Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2(a) Thereunder [Beneficial Ownership Reporting Provisions]

56. Plaintiff repeats and realleges the facts set forth in Paragraphs 1 through 55 above.

57. Section 13(d) of the Exchange Act and Rule 13d-1 thereunder require, among other things, that a person who acquires directly or indirectly beneficial ownership of more than five percent of a class of equity securities registered with the Commission pursuant to Section 12 of the Exchange Act file a

statement on Schedule 13D disclosing such ownership and certain other information, as prescribed by the Rule and Schedule, within ten days of the acquisition. Rule 13d-2(a) requires that amendments to Schedule 13D be promptly filed if any material change to the facts set forth in the Schedule 13D occurs. A change of one percent or more in the reporting person's beneficial ownership is material for the purpose of Rule 13d-2(a).

58. From in or around December 1994 through October 1995, Poirier, Palm and Vincent beneficially owned in excess of five percent of the outstanding shares of Garcis. Neither Poirier, Palm nor Vincent ever filed a Schedule 13D, or amendments thereto, with the Commission.

59. By reason of the acts, practices and courses of business described in paragraphs 57 through 58, Poirier, Palm and Vincent each directly or indirectly, violated Section 13(d) of the Exchange Act [15 U.S.C. § 78m(d)] and Rules 13d-1 and 13d-2(a) [17 C.F.R. §§ 240.13d-1 and 240.13d-2(a)] thereunder by failing to file a timely Schedule 13D, and amendments thereto, with the SEC disclosing that each of them had beneficially owned more than five percent of Garcis stock, and by failing to report material changes in such ownership.

FIFTH CLAIM

Violations by Poirier, Palm and Vincent of  
Section 16(a) of the Exchange Act and Rules 16a-2  
and 16a-3 Thereunder  
[Beneficial Ownership Reporting Provisions]

60. Plaintiff repeats and realleges the facts set forth in Paragraphs 1 through 59 above.

61. Section 16(a) of the Exchange Act provides, in part, that every person who becomes, directly or indirectly, the beneficial owner of more than ten percent of any class of equity security (other than an exempted security) which is registered pursuant to 12 of the Exchange Act, or a director or an officer ("filing person") of the issuer of such security, within ten days after becoming such beneficial owner, director or officer, shall file a statement with the Commission of the amount of all equity securities of such issuer of which such filing person is the beneficial owner.

62. Rules 16a-2 and 16a-3 provide, in part, that an initial statement of beneficial ownership of equity securities required by Section 16(a) of the Exchange Act shall be prepared and filed in accordance with the requirements of Form 3 (Initial Statement of Beneficial Ownership of Securities).

63. Section 16(a) of the Exchange Act also provides, in part, that every filing person, within ten days of the close of each calendar month after becoming a filing person, if there has been a change in beneficial ownership during that month, shall file with the Commission a statement reporting changes in ownership that have occurred during that calendar month. Rules 16a-2 and 16a-3

provide, in part, that statements of changes in beneficial ownership of equity securities required by Section 16(a) of the Exchange Act shall be prepared and filed on Form 4 (Statement of Changes in Beneficial Ownership of Securities).

64. Rules 16a-2, 16a-3(a) and 16a-3(f), provide, in part, that statements shall be filed on Form 5 (Annual Statement of Beneficial Ownership of Securities), within forty-five days of the issuer's year-end, by every person who at any time during the issuer's fiscal year was subject to Section 16 of the Exchange Act with respect to that issuer, and that such statement shall disclose, among other things, all holdings and transactions that should have been, but were not, reported on Forms 3, 4, or 5 during the most recent fiscal year.

65. From in or around December 1994 through October 1995, Poirier, Palm and Vincent beneficial owned in excess of ten percent of the outstanding shares of Garcis. Neither Poirier, Palm nor Vincent ever filed any Forms 3 and 5 required by the Exchange Act and rules thereunder.

66. By reason of the acts, practices and courses of business described in paragraphs 61 through 65, Poirier, Palm and Vincent each directly or indirectly, violated Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Rules 16a-2 and 16a-3 [17 C.F.R. § 240.16a-2 and 240.16a-3] thereunder by failing to file timely Forms 3, 4 and 5 [17 C.F.R. §§ 249.103, 249.104 and 249.105] with the SEC disclosing their beneficial ownership of more than ten percent of Garcis stock and changes in such beneficial ownership.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff requests that this Court:

I.

Enter an injunction permanently restraining and enjoining Defendants, their subsidiaries, officers, directors, agents, servants, employees, and attorneys-in-fact, and all persons in active concert or participation with them, and each of them, from violating directly or indirectly, Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)]; Sections 7(f), 10(b), 13(d) and 16(a) of the Exchange Act [15 U.S.C. §§ 78g(f), 78j(b), 78m(d) and 78p(a)] and Rules 10b-5, 13d-1, 13d-2(a), 16a-2 and 16a-3 [17 C.F.R. §§ 240.10b-5, 240.13d-1, 240.13d-2(a), 240.16a-2 and 240.16a-3] promulgated thereunder; and Section 3(b) of Regulation X [12 C.F.R. § 224 et seq.], promulgated by the Federal Reserve Board.

II.

Enter an Order requiring Defendants, and each of them, to disgorge those monies determined to have been received as a result of their conduct in violation of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)]; Sections 7(f), 10(b), 13(d) and 16(a) of the Exchange Act [15 U.S.C. §§ 78g(f), 78j(b), 78m(d) and 78p(a)] and Rules 10b-5, 13d-1, 13d-2(a), 16a-2 and 16a-3 [17 C.F.R. §§ 240.10b-5, 240.13d-1, 240.13d-2(a), 240.16a-2 and 240.16a-3] promulgated thereunder; and Section 3(b) of Regulation X [12 C.F.R. § 224 et seq.], promulgated by the Federal Reserve Board, plus interest, said monies and

interest to be disgorged in accordance with a plan approved by the Court.

### III.

Enter an Order requiring Defendants, and each of them, to pay civil penalties, pursuant to 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)], as a result of Defendants' violations of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)]; Sections 7(f), 10(b), 13(d) and 16(a) of the Exchange Act [15 U.S.C. §§ 78g(f), 78j(b), 78m(d) and 78p(a)] and Rules 10b-5, 13d-1, 13d-2(a), 16a-2 and 16a-3 [17 C.F.R. §§ 240.10b-5, 240.13d-1, 240.13d-2(a), 240.16a-2 and 240.16a-3] promulgated thereunder, Section 3(b) of Regulation X [12 C.F.R. § 224 et seq.], promulgated by the Federal Reserve Board.

### IV.

Enter an Order against Defendants Poirier and Palm, and each of them, to pay civil penalties pursuant to Section 21A of the Exchange Act as a result of their violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

### V.

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 Poirier, Palm and Wensel from serving as an officer or director of a publicly held company.

VI.

Enter Orders granting such other relief as the Court deems appropriate.

Sept. 30, 1996.



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United States Attorney  
District of Arizona

Lee Stein  
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District of Arizona



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