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U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

B.M.C. ENTERPRISES, INC.,
MICHAEL E. LOPUSZYNSKI, C. SCOTT
COURTNEY, MADISON CONSULTING
GROUP, INC., JONATHAN SHOUCAIR,
MICHAEL W. ENGELHARDT, JOSEPH
WIDMER, LIVESTOCK FINANCIAL
SERVICES, INC., EUGENE EVANGELIST,
KENT BOLLENBACH, BROOKSIDE
MANAGEMENT, INC., TIMOTHY GRAYSON,
LION'S SHARE VENTURES, BRENT
MORRIS, JAMES PEREZ, ROBERT HAUG
d/b/a WEST COAST INVESTMENTS,
FRONTLINE CONSULTING, INC., MARC
LEVINE, and IRA ITSKOWITZ,

Defendants.

Civil Action No.

97- 4811 ABC(JGx)

COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS

Plaintiff Securities and Exchange Commission (the
Commission"), for its Complaint against Defendants

1 B.M.C. Enterprises, Inc., Michael E. Lopuszynski, C. Scott
2 Courtney, Madison Consulting Group, Inc., Jonathan Shoucair,
3 Michael W. Engelhardt, Joseph Widmer, Livestock Financial
4 Services, Inc., Eugene Evangelist, Kent Bollenbach, Brookside
5 Management, Inc., Timothy Grayson, Lion's Share Ventures, Brent
6 Morris, James Perez, Robert Haug d/b/a West Coast Investments
7 (collectively the "Defendants"), and Frontline Consulting, Inc.,
8 Marc Levine, and Ira Itskowitz (collectively the "Relief
9 Defendants"), alleges as follows:

10 JURISDICTION

11 1. This Court has jurisdiction over this action pursuant
12 to Sections 20(d)(1) and 22(a) of the Securities Act of 1933
13 [15 U.S.C. §§ 77t(d)(1) & 77v(a)], and Sections 21(d)(3)(A),
14 21(e), and 27 of the Securities Exchange Act of 1934 [15 U.S.C.
15 §§ 78u(d)(3)(A), 78u(e) & 78aa].

16 SUMMARY OF ALLEGATIONS

17 2. This action involves violations of the antifraud and
18 registration provisions of the federal securities laws in the
19 offer and sale of units in Touch Tone Partners ("Touch Tone" or
20 the "Partnership") to the public. Salespeople operating from
21 telemarketing sales rooms (hereinafter "Sales Rooms") raised
22 approximately \$3.9 million from about 286 investors nationwide to
23 finance the creation and operation of a "900-number" (or pay-per-
24 call) dating service.

25 3. In reality, however, B.M.C., Madison, and their
26 principals spent most of the money raised from investors on sales
27 commissions and other expenses, thereby preventing the
28 Partnership from establishing its business. These parties also

1 misrepresented or omitted to disclose material facts concerning
2 the Touch Tone investment. These facts concerned the use of the
3 offering proceeds, the purchase of a zero-coupon bond for the
4 Partnership, the results of test-marketing of the dating service,
5 and projections about the rate of return on an investment in
6 Touch Tone. In addition, B.M.C. failed to register the
7 Touch Tone securities with the Commission, and B.M.C., Madison,
8 the Sales Rooms, and their principals, illegally sold the
9 unregistered securities and acted as unregistered broker-dealers.

10 4. By this Complaint, the Securities and Exchange
11 Commission seeks the entry of permanent injunctions, accountings,
12 and the imposition of monetary penalties against all of the
13 Defendants for their illegal conduct, and the disgorgement of
14 ill-gotten gains by B.M.C., Madison, and their principals. The
15 Commission also seeks from the Relief Defendants disgorgement of
16 all monies received as a result of the Touch Tone offering.

17 TOUCH TONE PARTNERS

18 5. Touch Tone Partners, a California partnership
19 originally located in Canoga Park, California, was formed in
20 approximately July 1994. The Touch Tone investors have sought to
21 dissolve the Partnership by filing a Petition for Dissolution in
22 the California Superior Court, Case No. KC024251 (L.A. Sup. Ct.
23 Nov. 22, 1996).

24 THE DEFENDANTS

25 6. B.M.C. Enterprises, Inc., is a California corporation
26 with its principal place of business in Canoga Park, California.
27 B.M.C.'s principals, Lopuszynski and Courtney, formed B.M.C. in
28 July 1994. B.M.C. acted as Touch Tone's initial managing partner

1 until March 1995. B.M.C. also hired and paid salespeople to sell
2 the Touch Tone securities to the public. The states of
3 California (January 1996) and Illinois (September 1995) issued
4 Cease-and-Desist orders against B.M.C. in connection with the
5 sale of the unregistered securities in Touch Tone. B.M.C. and
6 its principals received approximately \$898,370 of the Touch Tone
7 offering proceeds.

8 7. Michael E. Lopuszynski, a resident of Spring Valley
9 Lake, California, is an owner, president, and director of B.M.C.
10 The states of California (January 1996), Kansas (August 1993),
11 and Wisconsin (November 1995) issued Cease-and-Desist orders
12 against Lopuszynski in connection with the sale of unregistered
13 securities in Touch Tone and a wireless cable television
14 partnership offering.

15 8. C. Scott Courtney, a resident of Woodland Hills,
16 California, is an owner, vice-president, and director of B.M.C.
17 The state of California (January 1996) issued a Cease-and-Desist
18 order against Courtney in connection with the sale of
19 unregistered securities in Touch Tone.

20 9. Madison Consulting Group, Inc., is a California
21 corporation located in Canoga Park, California. In addition to
22 B.M.C., Madison was the primary sales firm for the Touch Tone
23 units. The states of California (January 1996), Missouri
24 (January 1996), and Wisconsin (November 1995) issued Cease-and-
25 Desist orders against Madison in connection with the sale of
26 unregistered securities in Touch Tone and other partnerships.
27 Madison received approximately \$664,490 of the Touch Tone
offering proceeds.

1 10. Jonathan Shoucair, a resident of Woodland Hills,
2 California, is an owner and president of Madison. The states of
3 California (January 1996), Illinois (May 1995), and Wisconsin
4 (November 1995) issued Cease-and-Desist orders against Shoucair
5 in connection with the sale of unregistered securities in
6 Touch Tone and other partnerships.

7 11. Michael W. Engelhardt, a resident of Studio City,
8 California, is an owner and vice-president of Madison. The
9 states of California (January 1996) and Illinois (May 1995)
10 issued Cease-and-Desist orders against Engelhardt in connection
11 with the sale of unregistered securities in Touch Tone and other
12 partnerships.

13 12. Joseph Widmer, a resident of Westlake Village,
14 California, is a salesperson employed at B.M.C. and Madison.

15 13. Livestock Financial Services, Inc. is a Nevada
16 corporation located in La Jolla, California. Livestock's
17 principals and sales agents sold units in Touch Tone to
18 investors. Livestock received approximately \$119,600 of the
19 Touch Tone offering proceeds.

20 14. Eugene Evangelist, a resident of La Jolla, California,
21 is an owner and officer of Livestock.

22 15. Kent Bollenbach, a resident of La Jolla, California, is
23 an owner and officer of Livestock.

24 16. Brookside Management, Inc. is a California corporation
25 located in Woodland Hills, California. Brookside's principals
26 and sales agents sold units in Touch Tone to investors. The
27 states of California (January 1996) and Illinois (May 1995)
issued Cease-and-Desist orders against Brookside in connection

1 with the sale of unregistered securities. Brookside received
2 approximately \$165,830 of the Touch Tone offering proceeds.

3 17. Timothy Grayson, a resident of Woodland Hills,
4 California, is the sole owner and officer of Brookside. The
5 states of California (January 1996) and Illinois (May 1995)
6 issued Cease-and-Desist orders against Grayson in connection with
7 the sale of unregistered securities.

8 18. Lion's Share Ventures is a partnership located in
9 Los Angeles, California. Lion's Share's principals and sales
10 agents sold units in Touch Tone to investors. ~~The states of~~
11 California (January 1996) and Illinois (September 1995) issued
12 Cease-and-Desist orders against Lion's Share in connection with
13 the sale of the Touch Tone securities and those of another
14 general partnership. Lion's Share received approximately
15 \$173,310 of the Touch Tone offering proceeds.

16 19. Brent Morris, a resident of Redondo Beach, California,
17 is a partner in Lion's Share.

18 20. James Perez, a resident of Woodland Hills, California,
19 is a partner in Lion's Share.

20 21. Robert Haug, a resident of Woodland Hills, California,
21 is an individual doing business as West Coast Investments.
22 West Coast's principals and sales agents sold units in Touch Tone
23 to investors. West Coast received approximately \$143,980 of the
24 Touch Tone offering proceeds.

25 DEFENDANTS NAMED FOR THE PURPOSE OF OBTAINING RELIEF ONLY

26 22. Frontline Consulting, Inc., is a California corporation
27 located in Los Angeles, California. Frontline received
28 approximately \$536,930 of the Touch Tone offering proceeds.

1 23. Marc Levine, a resident of Woodland Hills, California,
2 is a principal of Frontline. The state of California (September
3 1993) issued a Cease-and-Desist order against Levine in
4 connection with a wireless cable television partnership offering.

5 24. Ira Itskowitz, a resident of Agoura Hills, California,
6 is a principal of Frontline. The states of California (August
7 1993), Indiana (September 1995), West Virginia (December 1992),
8 and Wisconsin (March 1994) issued Cease-and-Desist orders against
9 Itskowitz in connection with wireless cable television
10 partnership offerings.

11 THE FRAUDULENT SCHEME

12 The Touch Tone Investment

13 25. According to B.M.C.'s offering documents (consisting of
14 a partnership agreement ("Agreement") and a brochure entitled
15 "Plug Into Profit"), and oral representations by its salespeople,
16 Touch Tone was to develop and operate a 900-number dating service
17 throughout the United States. In general, 900-number businesses
18 earn revenue by charging consumers on a per-minute or per-call
19 basis for calls placed to the particular telephone service. In
20 Touch Tone's case, according to the offering documents and the
21 sales agents, Touch Tone would earn revenue based on the amount
22 and length of telephone calls that consumers placed to the dating
23 service. Investors would share in this return on a pro-rata
24 basis. A national telephone company, a service bureau (a company
25 retained to administer the 900-number lines), and B.M.C. would
26 also share in the dating line revenue as compensation for
27 operating and administering the Touch Tone dating service.

1 26. Investors' money was pooled together, purportedly to
2 finance Touch Tone's business operations.

3 27. Touch Tone's offering documents stated that it was
4 offering 780 units in the Partnership to the public at a cost of
5 \$5,000 each.

6 28. The Touch Tone securities were investment contracts in
7 the form of "units" in the Partnership.

8 29. No registration statement has ever been (i) filed with
9 the Commission, or (ii) in effect, with respect to the Touch Tone
10 securities.

11 The Defendants Fraudulently Raised \$3.9 Million Through A General
12 Solicitation

13 30. From August 1994 through January 1995, the Defendants
14 raised approximately \$3.9 million from about 286 investors
15 nationwide from the offer and sale of Touch Tone units.

16 31. B.M.C.'s purported business purpose was to act as
17 Touch Tone's initial managing partner from July 1994 to
18 March 1995. In fact, B.M.C.'s primary business activities were
19 the promotion, offer, and sale of units in Touch Tone to the
20 public.

21 32. When offering and selling the Touch Tone units, the
22 Defendants engaged in a general solicitation of investors by
23 making telephone "cold calls" throughout the United States.
24 B.M.C. employed a staff of salespeople to offer and sell the
25 units to potential investors. B.M.C. also retained Madison and
26 at least four other Sales Rooms (Defendants Livestock, Brookside,
27 Lion's Share, and West Coast Investments), which each hired
28 salespeople to offer and sell the Touch Tone units. B.M.C.,

1 | Madison, and the Sales Rooms purchased "leads" -- that is, the
2 | names and telephone numbers of potential investors -- for their
3 | salespeople to use. The salespeople then telephoned potential
4 | investors throughout the United States with whom they had no
5 | preexisting relationship to offer and sell the Touch Tone units.

6 | 33. Defendants Lopuszynski, Courtney, Shoucair, Engelhardt,
7 | Widmer, Bollenbach, Evangelist, and Grayson each personally
8 | participated in telephone sales calls and/or met with potential
9 | Touch Tone investors.

10 | 34. B.M.C. also prepared offering documents which described
11 | the Touch Tone investment and contained the Agreement. B.M.C.
12 | distributed these materials to the Sales Rooms and potential
13 | investors. The Defendants distributed these materials to
14 | potential investors by means of the mails and by overnight
15 | courier services.

16 | 35. After receiving an investor's money, B.M.C. then sent a
17 | certificate (some signed by Courtney, others unsigned)
18 | representing the investor's "units" in Touch Tone. These
19 | certificates were sent by means of the mails and by overnight
20 | courier services.

21 | 36. During all relevant times, neither B.M.C., Madison, nor
22 | any of the Sales Rooms were registered with the Commission as
23 | broker-dealers.

24 | B.M.C. Managed The Operations Of Touch Tone

25 | 37. B.M.C. was to be the initial managing partner of
26 | Touch Tone, and Courtney and Lopuszynski were to manage
27 | Touch Tone's business. The Agreement appoints B.M.C. as
28 | Touch Tone's managing general partner throughout the offering

1 period and until the first meeting of the Partnership, with
2 complete authority over the "day to day affairs of the
3 Partnership" and the "manage[ment of] the Business of the
4 Partnership."

5 38. The Agreement gives the managing partner broad
6 authority to make decisions for Touch Tone. The decision-making
7 authority of the managing partner is limited only as to decisions
8 to dissolve the partnership, sell its assets, or change the
9 fundamental nature of the partnership's business.

10 39. The terms of the Agreement exclude the individual
11 partners (the investors) from participating in Touch Tone's
12 business during the offering period. Until the first Partnership
13 meeting, investors were not authorized to negotiate or enter into
14 contracts on behalf of the partnership, and did not have access
15 to partnership books and records.

16 40. B.M.C. contacted the investors and convened the initial
17 meeting of the Touch Tone investors, as the Agreement did not
18 give investors the ability or mechanism to convene the first
19 meeting of the Partnership. B.M.C. resigned as managing partner
20 of Touch Tone at this meeting in March 1995. The Partnership
21 suspended most of its business activities soon after B.M.C.
22 withdrew as the managing partner.

23 Investors Were Passive Participants In Touch Tone

24 41. Salespeople at B.M.C., Madison, and the Sales Rooms
25 told investors that B.M.C. had arranged to have a "team" of
26 professionals, including an advertising agency, a 900-number
27 service bureau, and a major national telephone company, run all
28 aspects of Touch Tone's business. In addition, salespeople

1 expressly told many investors that the "general partnership"
2 would convert to a corporation or limited partnership, with
3 investors becoming shareholders/limited partners after the close
4 of the offering.

5 42. Investors did not anticipate that they would
6 participate in the day-to-day business activities of the
7 Partnership. Investors anticipated that they would be only
8 passive participants in Touch Tone.

9 43. Most investors had not invested in any type of
10 partnership prior to the Touch Tone offering, and virtually none
11 had any personal experience in the 900-number or telephone
12 industry. The sales organizations did not make any effort to
13 screen potential investors or make any effort to limit sales to
14 accredited or otherwise qualified individuals.

15 44. There are approximately 286 investors in Touch Tone.
16 These individuals live in 47 states. Many of the investors in
17 Touch Tone are elderly or appear to be unsophisticated in
18 business affairs.

19 Madison's Role In The Scheme

20 45. Madison, Shoucair, and Engelhardt played significant
21 roles in the Touch Tone offering. In meetings and telephone
22 calls with investors, both Shoucair and Engelhardt claimed to be
23 involved with or owners of B.M.C. Madison sold the greatest
24 share of the Touch Tone units to investors. Furthermore, Madison
25 shared office space with B.M.C., and several of Madison's
26 salespeople -- including Engelhardt and Widmer -- simultaneously
27 worked for and received commission payments from B.M.C. and
28 Madison for selling the Touch Tone units. As alleged below, both

1 Shoucair and Engelhardt made material misrepresentations to
2 potential investors in sales calls and meetings concerning the
3 Touch Tone offering.

4 Role Of The Other Defendants In The Scheme

5 46. Defendants Widmer, Livestock, Evangelist, Bollenbach,
6 Brookside, Grayson, and Lion's Share, through telephone calls to
7 potential investors and sending the offering documents, offered
8 and sold the Touch Tone units.

9 47. Defendants Morris, Perez, and Haug owned and controlled
10 Sales Rooms which, through telephone calls to potential investors
11 and sending the offering documents, offered and sold the
12 Touch Tone units.

13 Frontline's Role In The Touch Tone Offering

14 48. Frontline, Levine, and Itskowitz received money raised
15 from investors in Touch Tone. Frontline received \$536,930, or
16 nearly 14%, of the money raised from investors in the Touch Tone
17 offering. Levine and Itskowitz, the principals of Frontline,
18 received some of that portion.

19 THE MATERIAL MISREPRESENTATIONS AND OMISSIONS

20 49. Defendants B.M.C., Lopuszynski, Courtney, Madison,
21 Shoucair, and Engelhardt, and each of them, made material
22 misrepresentations and omitted to disclose material facts in
23 connection with the Touch Tone offering. These facts concerned
24 the use of the offering proceeds, the purchase of a zero-coupon
25 bond for the Partnership, the results of test-marketing of the
26 dating service, and projections about the rate of return on an
27 investment in Touch Tone.

Misuse Of Offering Proceeds

50. The Touch Tone Agreement stated that 60% of the \$3,900,000 offering proceeds (or approximately \$2,340,000) would remain in the Partnership after the completion of the offering, and that B.M.C. would be paid the remainder (or approximately \$1,560,000) for services it rendered.

51. Contrary to this representation, however, B.M.C. paid at least \$2,852,350 (or 73%) of the money raised from investors to Lopuszynski, Courtney, Madison, the Sales Rooms, and Frontline, and for B.M.C.'s own overhead, expenses, and sales staff. B.M.C. did not disclose to investors that it was spending the Partnership's money in this manner. Also undisclosed to investors, Madison and the Sales Rooms, in turn, made large payments of money to their principals and owners.

52. At the time B.M.C. resigned as managing partner of the Partnership in March 1995, Touch Tone had only approximately \$504,388 in cash remaining from the offering proceeds, or approximately 13% of the money raised from investors. However, based on the terms of the Agreement, investors were promised that there would be at least \$2,340,000 in cash available to develop and operate Touch Tone's dating service.

53. Lopuszynski and Courtney controlled, and were sole signatories on, B.M.C.'s and Touch Tone's accounts.

54. B.M.C., Lopuszynski, Courtney, Madison, Shoucair, and Engelhardt knew, or were reckless in not knowing, at the time the statements were made, that B.M.C. was misusing investor monies, and that the monies were being used contrary to what was told to investors.

1 Misrepresentations Regarding The Purchase Of A Zero-Coupon Bond

2 55. Defendants B.M.C., Lopuszynski, Courtney, Madison,
3 Shoucair, and Engelhardt also stated to potential investors that
4 B.M.C. would purchase a zero-coupon bond maturing in thirty years
5 with a future value of \$3.9 million, for the benefit of
6 investors.

7 56. Salespeople at B.M.C. and Madison, and the "Plug Into
8 Profit" brochure, told investors that the bond would guarantee
9 that their original investment would be returned to them.

10 57. B.M.C. and its principals never purchased, and never
11 intended to purchase, any bond for the Partnership or the
12 Touch Tone investors. Further, B.M.C. and its principals never
13 set aside money or made any arrangements to purchase the bond.

14 58. B.M.C., Lopuszynski, Courtney, Madison, Shoucair, and
15 Engelhardt knew, or were reckless in not knowing, at the time the
16 statements were made, that B.M.C. did not intend to purchase a
17 zero-coupon bond, contrary to what was stated in the offering
18 documents and to investors.

19 Misrepresentations Regarding The Performance Of Touch Tone's

20 900-Number Phone Lines

21 59. Defendants B.M.C., Lopuszynski, Courtney, Madison,
22 Shoucair, and Engelhardt further misrepresented to investors the
23 performance of the Partnership's 900-number dating service. In
24 November and December 1994, B.M.C. conducted a "test-marketing"
25 of the Touch Tone dating service. In December 1994, salespeople
26 at B.M.C. and Madison told potential investors that the
27 Partnership's 900-number lines had logged over 7,000 minutes over
the course of this test-marketing. B.M.C., Lopuszynski, and

1 Courtney made the same positive performance claims in a letter
2 mailed to investors on February 7, 1995.

3 60. Contrary to these statements, however, the Touch Tone
4 phone lines received fewer than 2,500 minutes of calls from
5 consumers by the end of December 1994.

6 61. B.M.C., Lopuszynski, Courtney, Madison, Shoucair, and
7 Engelhardt knew, or were reckless in not knowing, at the time the
8 statements were made, that the Touch Tone lines had not received
9 the volume of calls which was being described to potential
10 investors.

11 Misrepresentations Regarding The Investment's Rate Of Return

12 62. Defendants B.M.C., Lopuszynski, Courtney, Madison,
13 Shoucair, and Engelhardt made statements about the rate of return
14 on an investment in Touch Tone. The "Plug Into Profit" brochure
15 listed projections ranging between a 5% and 448% return annually
16 for this investment. In telephone calls to investors,
17 salespeople at B.M.C. and Madison told investors that they would
18 receive a rate of return on their investment much higher than
19 that stated in the "Plug Into Profit" brochure, and that the
20 figures presented in those documents were "conservative" and
21 "low." These statements were false and had no basis in fact.
22 Touch Tone had no operating history prior to the offering, so
23 there was no basis for making any statements to potential
24 investors about the profitability of the business.

25 63. Salespeople at B.M.C. and Madison also told potential
26 investors that they would receive regular income payments from
27 the investment beginning several months after the close of the
28 offering. However, there was no basis for making any statements

1 to potential investors about the timing of future payments. The
2 Partnership has never made any distribution to investors.
3 Furthermore, the 900-number dating service incurred a significant
4 loss during its minimal test operations in late 1994 and early
5 1995, spending approximately \$7 in advertising for each \$1 earned
6 in gross revenue from callers to the dating lines.

7 64. Some salespeople at B.M.C. and Madison claimed to have
8 personally invested in Touch Tone or recommended Touch Tone to a
9 family member, presumably vouching for the safety and high yield
10 to be expected from this investment. However, no salesperson or
11 any member of their families invested in Touch Tone.

12 65. B.M.C., Lopuszynski, Courtney, Madison, Shoucair, and
13 Engelhardt knew, or were reckless in not knowing, at the time the
14 statements were made, that the statements regarding the projected
15 rate of return, the income payments, and the salesperson's
16 personal investments, were false.

17 FIRST CLAIM

18 FRAUD IN THE OFFER OR SALE OF SECURITIES

19 Section 17(a) of the Securities Act of 1933

20 [15 U.S.C. § 77q(a)]

21 (Against B.M.C., Lopuszynski, Courtney,
22 Madison, Shoucair, and Engelhardt)

23 66. Paragraphs 1 through 65 of this Complaint are realleged
24 and incorporated herein by reference.

25 67. Defendants B.M.C., Lopuszynski, Courtney, Madison,
26 Shoucair, and Engelhardt, and each of them, by engaging in the
27 conduct described in Paragraphs 1 through 65 above, directly or
28 indirectly, in the offer or sale of securities, by the use of

1 means or instruments of transportation or communication in
2 interstate commerce or by the use of the mails: (1) with
3 scienter, employed devices, schemes, or artifices to defraud;
4 (2) obtained money or property by means of untrue statements of
5 material fact or by omitting to state material facts necessary in
6 order to make the statements made, in light of the circumstances
7 under which they were made, not misleading; or (3) engaged in
8 transactions, practices, or courses of business which operated or
9 would operate as a fraud or deceit upon the purchasers of such
10 securities.

11 68. By reason of the foregoing, Defendants B.M.C.,
12 Lopuszynski, Courtney, Madison, Shoucair, and Engelhardt, and
13 each of them violated, and unless enjoined will continue to
14 violate, Section 17(a) of the Securities Act of 1933.

SECOND CLAIM

FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES

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]

(Against B.M.C., Lopuszynski, Courtney,

Madison, Shoucair, and Engelhardt)

69. Paragraphs 1 through 65 of this Complaint are realleged
and incorporated herein by reference.

70. Defendants B.M.C., Lopuszynski, Courtney, Madison,
Shoucair, and Engelhardt, and each of them, by engaging in the
conduct described in Paragraphs 1 through 65 above, directly or
indirectly, in connection with the purchase or sale of
securities, by the use of means or instrumentalities of

1 interstate commerce, or of the mails, with scienter:

2 (1) employed devices, schemes, or artifices to defraud; (2) made
3 untrue statements of material facts or omitted to state material
4 facts necessary in order to make the statements made, in the
5 light of the circumstances under which they were made, not
6 misleading; or (3) engaged in acts, practices, or courses of
7 business which operated or would operate as a fraud or deceit
8 upon other persons.

9 71. By reason of the foregoing, Defendants B.M.C.,
10 Lopuszynski, Courtney, Madison, Shoucair, and Engelhardt, and
11 each of them violated, and unless restrained and enjoined will
12 continue to violate, Section 10(b) of the Securities Exchange Act
13 of 1934 and Rule 10b-5 thereunder.

14 THIRD CLAIM

15 OFFER AND SALE OF UNREGISTERED SECURITIES

16 Sections 5(a) and 5(c) of the Securities Act of 1933

17 [15 U.S.C. §§ 77e(a) and 77e(c)]

18 (Against All Defendants)

19 72. Paragraphs 1 through 65 of this Complaint are realleged
20 and incorporated herein by reference.

21 73. Defendants, and each of them, by engaging in the
22 conduct described in Paragraphs 1 through 65 above, directly or
23 indirectly, through the means or instruments of transportation or
24 communication in interstate commerce or the mails, offered to
25 sell or sold securities in the form of investment contracts
26 described to investors as "units," or, directly or indirectly,
27 carried or caused such securities to be carried through the mails

1 or in interstate commerce, for the purpose of sale or delivery
2 after sale.

3 74. No registration statement has been filed with the
4 Commission or is in effect with respect to the Touch Tone
5 securities.

6 75. By reason of the foregoing, Defendants, and each of
7 them, violated, and unless enjoined will continue to violate,
8 Sections 5(a) and 5(c) of the Securities Act of 1933.

9 FOURTH CLAIM

10 VIOLATIONS OF THE BROKER-DEALER REGISTRATION PROVISIONS

11 Section 15(a) (1) of the Securities Exchange Act of 1934

12 [15 U.S.C. § 78o(a) (1)]

13 (Against All Defendants)

14 76. Paragraphs 1 through 65 of this Complaint are realleged
15 and incorporated herein by reference.

16 77. Defendants, and each of them, by engaging in the
17 conduct described in Paragraphs 1 through 65 above, directly or
18 indirectly, made use of the mails or means or instrumentalities
19 of interstate commerce to effect transactions in securities,
20 without being registered as brokers or dealers in accordance with
21 Section 15(b) of the Securities Exchange Act of 1934, in
22 violation of Section 15(a) (1) of the Securities Exchange Act
23 of 1934.

24 78. None of the Defendants was registered with the
25 Commission as a broker-dealer or associated with a registered
26 broker-dealer during the relevant time period.

1 79. By reason of the foregoing, Defendants, and each of
2 them, violated, and unless enjoined will continue to violate,
3 Section 15(a)(1) of the Securities Exchange Act of 1934.

4 PRAYER FOR RELIEF

5 WHEREFORE, the Commission respectfully requests that this
6 Court:

7 I.

8 Issue findings of fact and conclusions of law that the
9 Defendants, and each of them, committed the violations charged
10 and alleged herein.

11 II.

12 Permanently enjoin Defendants, and each of them, from
13 violating Sections 5(a) and 5(c) of the Securities Act of 1933
14 and Section 15(a)(1) of the Securities Exchange Act of 1934.

15 III.

16 Permanently enjoin Defendants B.M.C., Lopuszynski, Courtney,
17 Madison, Shoucair, and Engelhardt, and each of them, from
18 violating Section 17(a) of the Securities Act of 1933 and
19 Section 10(b) of the Securities Exchange Act of 1934 and
20 Rule 10b-5 thereunder.

21 IV.

22 Order Defendants, and each of them, to pay civil penalties
23 pursuant to Section 20(d)(1) of the Securities Act of 1933
24 [15 U.S.C. § 77t(d)(1)] and Section 21(d)(3)(A) of the Securities
25 Exchange Act of 1934 [15 U.S.C. § 78u(d)(3)(A)].

26 V.

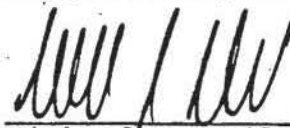
27 Grant such further relief as this Court may determine to be
just, equitable, and necessary, including, but not limited to,

1 accountings and disgorgement with prejudgment interest against
2 the Defendants and disgorgement with prejudgment interest against
3 the Relief Defendants.

4 VI.

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

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8 Respectfully submitted,

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10 DATED: July 1, 1997

11 Michael R. Wilner
12 Attorney for Plaintiff
13 Securities and Exchange Commission
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