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UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

OCT 30 11 51 AM '97

U.S. DISTRICT COURT
SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

v.

BOND DELLAPP FLETCHER and
MEDIAJET, INC.,

Defendants.

9:7 CV 1241 CFS

CIVIL ACTION
NO.

COMPLAINT

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

SUMMARY

1. From January 1996 through January 1997, Bond Dellapp Fletcher ("Fletcher"), the owner and president of Mediajet, Inc. ("Mediajet"), participated in a far-reaching fraudulent revenue recognition scheme perpetrated by Centennial Technologies, Inc. ("Centennial") and its former Chairman and Chief Executive Officer, Emanuel Pinez ("Pinez"). As part of the scheme, Centennial and/or Pinez created and obtained records from others, such as Fletcher and Mediajet, documenting sales and shipments of Centennial products that never took place. In return for the participation of Fletcher and Mediajet in Centennial's fraud, Pinez gave Fletcher at least 260,000 shares of Centennial common stock that Fletcher sold for \$6,834,184. Pinez also made loans to Fletcher and Mediajet totaling \$190,000. Defendants Fletcher and Mediajet aided and abetted the scheme by, among other things,

using Centennial's funds to make payments to Centennial for fictitious sales on behalf of purported Centennial customers, accepting shipment of mock and/or obsolete computer equipment, fabricating purchase orders, and signing backdated sales orders falsely acknowledging receipt of products from Centennial. Fletcher and Mediajet provided knowing and substantial assistance in several transactions that ultimately resulted in recognition of over \$3 million in false income on Centennial's books. By engaging in the transactions and practices alleged in this Complaint, Fletcher and Mediajet aided and abetted Centennial's violations of Sections 10(b), 13(a) and 13(b)(2)(A) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78m(a) and 78m(b)(2)(A)] and Exchange Act Rules 10b-5, 13a-1, 13a-13, 13b2-1 and 12b-20 [17 C.F.R. §§ 240.10b-5, 240.13a-1, 240.13a-13, 240.13b2-1 and 240.12b-20]. The defendants therefore are liable pursuant to Section 20(f) of the Exchange Act [15 U.S.C. § 78t(f)], and are likely to commit such violations in the future unless they are enjoined.

JURISDICTION

2. This Court has jurisdiction of this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa]. Many of the acts and practices alleged herein occurred within the District of Massachusetts.

3. In connection with the conduct alleged herein, Fletcher and Mediajet, directly or indirectly, made use of the means or

instrumentalities of interstate commerce, of the mails, or the facilities of national securities exchanges.

DEFENDANTS AND OTHER RELEVANT PERSONS AND ENTITIES

4. Defendant Fletcher, 36, a resident of Beverly, Massachusetts, is the founder, president and Chief Executive Officer of Mediajet. From September 1987 to April 1994, Fletcher was Centennial's Vice President of Engineering, and, from mid-1993 to April 1994, also served as its Chief Operating Officer.

5. Defendant Mediajet, a Maryland corporation with its principal office in Beverly, Massachusetts, is a manufacturer of font cartridges for laser printers. In December 1995, Mediajet purchased Centennial's font cartridge business for \$300,000. Mediajet has been a customer of Centennial since January 1996. Mediajet's 1996 revenue was approximately \$1.8 million.

6. Pinez was the Chairman, Chief Executive Officer and Secretary of Centennial from 1989 to February 11, 1997. At the time of the events herein, Pinez maintained residences in Burlington and Beverly, Massachusetts. On March 12, 1997, Pinez was indicted on five counts of securities fraud. Pinez presently is incarcerated at the Plymouth County Correctional Facility in Plymouth, Massachusetts.

7. Centennial, headquartered in Wilmington, Massachusetts, is a manufacturer of computer parts and a substantial shareholder of several other computer manufacturing companies. During the relevant period, Centennial's securities were registered with the

Commission pursuant to Section 12(b) of the Exchange Act and traded on the New York Stock Exchange.

FACTS

CENTENNIAL'S FINANCIAL FRAUD

8. Beginning in 1994, Centennial, Pinez and others engaged in a fraudulent revenue recognition scheme that falsely overstated Centennial's revenues and profits.

9. On June 12, 1997, Centennial announced a restatement of its previously-reported sales revenues and certain other adjustments, reducing its previously-reported net income by \$40.2 million for fiscal year 1994 through the second quarter of fiscal year 1997. The restatements corrected accounting improprieties orchestrated by Pinez, and erased the approximately \$12.2 million in previously-reported profits for those periods. Centennial has acknowledged that it achieved its previously-reported sales figures using irregular accounting practices.

DEFENDANTS AIDED AND ABETTED CENTENNIAL'S FINANCIAL FRAUD

Defendants Used Centennial Funds to Pay for Purported Customer Shipments

10. From January 1996 through January 1997, Fletcher, at Pinez's request, caused Mediajet to create false records and engage in several acts calculated to assist Centennial to report fictitious revenue in Centennial's reported financial results.

11. For example, during a meeting at Centennial in January 1996, Pinez informed Fletcher that he had wired \$250,000 to Mediajet's bank account. Subsequently, Fletcher was instructed

by Centennial to obtain two bank treasurer's checks in the amounts of \$100,725 and \$99,000, bearing the name of Centennial customers Bluestar Communications, Inc. ("Bluestar") and Data Scan Font Service ("Data Scan"), respectively, and to send the checks to Centennial's post office box.

12. On January 23, 1996, Fletcher directed a Mediajet employee to use the funds received from Centennial to purchase two bank treasurer's checks in the amounts of \$100,725 and \$99,000, bearing the name of Centennial customers Bluestar and Data Scan, respectively, and to send the checks to Centennial.

13. Centennial created false documents, including fictitious sales orders, indicating that products for the purported purchases by Bluestar and Data Scan were shipped to Mediajet. In fact, the purchases and shipments had not occurred.

14. Centennial improperly recorded the purported Bluestar and Data Scan transactions and recognized fictitious income before taxes for the purported sales in the amount of \$199,725 during the quarter ended December 31, 1995.

15. By using Centennial funds, at Pinez's request, to make purported payments to Centennial on behalf of Bluestar and Data Scan on January 23, 1996, defendants assisted Centennial's improper recording and recognition of income from nonexistent sales.

16. In its Form 10-Q for the quarter ended December 31, 1995, Centennial reported net income before taxes of \$1,631,069. As a result of the fictitious Bluestar and Data Scan

transactions, Centennial overstated its quarterly income by at least 14 percent.

Mediajet Ordered Obsolete and Useless Products

17. In June 1996, at Pinez's request, Fletcher caused Mediajet to issue a purchase order to Centennial in the amount of \$160,573.82 for products that Fletcher knew to be obsolete and commercially useless.

18. Mediajet did not need the obsolete and commercially useless products. The unit price of the products was vastly more expensive than the products that Mediajet normally ordered from Centennial. Fletcher understood that Mediajet would have no obligation to pay for the obsolete and commercially useless products.

19. On June 20, 1996, Fletcher caused Mediajet to accept nine boxes containing the obsolete and commercially useless products.

20. Centennial improperly recorded the purported June 1996 transaction and recognized fictitious income before taxes for the purported sale in the amount of \$160,573.82 during the quarter ended June 30, 1996.

21. By ordering and accepting, at Pinez's request, obsolete and commercially useless products from Centennial in June 1996, defendants assisted Centennial's improper recording and recognition of income from a nonexistent sale.

22. In its Form 10-K for the fiscal year ended June 30, 1996, Centennial reported fourth-quarter net income before taxes

of \$3,205,312. As a result of the fictitious June 1996 transaction, Centennial overstated its net income by at least \$160,573.82, or five percent.

Defendants Accepted Shipments of Blank Memory Cards

23. On September 30, 1996, the last day of Centennial's fiscal first quarter, Mediajet received five boxes of goods from Centennial for Stanbridge, Ltd. ("Stanbridge"), a purported Centennial customer. On November 19 and 25, Mediajet received an additional five boxes that also were addressed to Stanbridge in care of Mediajet.

24. The ten boxes contained blank memory cards. The cards were empty plastic shells that contained no circuitry and were of limited or no value.

25. Mediajet had no business reason to accept the shipments on behalf of Stanbridge, or for itself. Fletcher, who knew that the ten boxes contained blank memory cards with little or no value, did not attempt to return the boxes to Centennial. Centennial never required Mediajet to pay for the purported shipments to Stanbridge.

26. Centennial improperly recorded the purported September 1996 Stanbridge transaction and recognized fictitious income before taxes for the purported sale in the amount of \$662,340 during the quarter ended September 30, 1996.

27. Centennial improperly recorded the purported November 1996 Stanbridge transactions and recognized fictitious income

before taxes for the purported sales in the amount of \$750,000 during the quarter ended December 31, 1996.

28. By accepting the September and November 1996 shipments of blank memory cards from Centennial for the benefit of Stanbridge, defendants assisted Centennial's improper recording and recognition of income from nonexistent sales.

29. In its Form 10-Q for the quarter ended September 30, 1996, Centennial reported net income before taxes of \$4,144,022. As a result of the purported September 30, 1996 Stanbridge transaction, Centennial overstated its net income by at least \$662,340, or 19 percent.

The Fruit Basket Transactions

30. On about January 21, 1997, Pinez requested Fletcher to prepare a Mediajet purchase order for \$250,000 worth of Centennial "flash cards" and to backdate the purchase order to December 16, 1996.

31. On about January 23, 1997, Fletcher went to Pinez's home to deliver the Mediajet purchase order that Pinez had requested. At that time, Pinez also presented Fletcher with a Centennial sales order for the purported December 16, 1996 purchase, and two additional fictitious Centennial sales orders, for other purported Centennial customers. Pinez instructed Fletcher to sign and backdate his signature to December 28, 1996 on each of the three purported Centennial sales orders. The two additional Centennial sales orders were for P.A. Technologies and Stanbridge in the amounts of \$400,000 and \$600,000, respectively.

32. To conceal the fictitious nature of the December 1996 sales orders for Mediajet, P.A. Technologies and Stanbridge, Centennial shipped holiday fruit baskets to Mediajet on December 23, 1996 (the "fruit basket transactions"). Centennial used United Parcel Service tracking numbers for the fruit basket shipments to document the fictitious sales. Thus, the Centennial sales orders falsely documented shipment of Centennial computer cards, when, in fact, the only "goods" shipped were fruit baskets.

33. Fletcher backdated his signature on the three purported Centennial sales orders, as requested by Pinez. By signing these Centennial sales orders, Fletcher acknowledged receipt of products that Mediajet had not received. Fletcher understood that Mediajet was under no obligation to make payment for the purported December 1996 Centennial sales orders.

34. Centennial improperly recorded the fraudulent fruit basket transactions and recognized fictitious income before taxes for the purported December 1996 sales in the amount of \$1,250,000 during the quarter ended December 31, 1996.

35. By signing and backdating, at Pinez's request, fictitious Centennial sales orders totaling \$1,250,000 for the fraudulent fruit basket transactions in January 1997, Fletcher assisted Centennial's improper recording and recognition of income from nonexistent sales.

36. On January 30, 1997, Centennial issued a press release announcing \$4,810,506 in income from operations during its

quarter ended December 31, 1996. This was an increase of 179 percent compared to the income from operations for the same period during the prior fiscal year. As a result of the fictitious income recognized from the fraudulent fruit basket transactions in December 1996, and purported Stanbridge shipments of blank memory cards in November 1996, Centennial overstated its income from operations by at least \$2 million, or 71 percent, for its quarter ended December 31, 1996.

**Pinez Compensated Defendants With
Centennial Common Stock and/or Loans**

37. In exchange for the participation of Fletcher and Mediajet in Centennial's fraud, Pinez transferred Centennial common stock to Suncrest Ltd. ("Suncrest"), a foreign company owned and controlled by Fletcher.

38. On August 8, 1996, Pinez transferred 80,000 shares of his Centennial common stock to Suncrest. As a result of a two-for-one Centennial stock split in November 1996, Suncrest received an additional 80,000 shares from Centennial.

39. On December 3, 1996, shortly after Mediajet received the final shipment of over \$1 million in blank memory cards for Stanbridge in November 1996, Pinez transferred another 100,000 shares of Centennial common stock to Suncrest.

40. From about December 8, 1996 through about March 12, 1997, Fletcher sold the 260,000 shares of Centennial common stock that Suncrest received from Pinez (including 80,000 shares received from the November 1996 stock split) for \$6,834,184.

41. In January 1997, Pinez loaned \$70,000 to Fletcher and \$120,000 to Mediajet. Fletcher and Mediajet have not repaid, in whole or part, either of the loans.

FIRST CLAIM

Antifraud Provisions

Aiding and Abetting of Centennial's Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

42. Plaintiff Commission repeats and realleges paragraphs 1 through 41 above.

43. Centennial's Forms 10-Q for its quarters ended December 31, 1995 and September 30, 1996, and its Form 10-K for its year ended June 30, 1996, contained false and misleading statements of material facts. Each of those filings contained financial statements that inaccurately reported Centennial's income. Centennial also issued a press release on January 30, 1997, which materially overstated Centennial's income for its quarter ended December 31, 1996.

44. Defendants Fletcher and Mediajet knew, or were reckless in not knowing, that Centennial's conduct was improper, and they provided knowing and substantial assistance to Centennial in reporting materially false and misleading information in its Forms 10-Q for the quarters ended December 31, 1995 and September 30, 1996, its Form 10-K for the year ended June 30, 1996, and in its January 30, 1997 press release.

45. By reason of the foregoing, defendants Fletcher and Mediajet aided and abetted Centennial's violations of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Exchange Act

Rule 10b-5 [17 C.F.R. §240.10b-5]. The defendants therefore are liable pursuant to Section 20(f) of the Exchange Act [15 U.S.C. § 78t(f)], and are likely to commit such violations in the future unless they are enjoined.

SECOND CLAIM

Reporting Provisions

Aiding and Abetting Centennial's Violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-13, and 12b-20

46. Plaintiff Commission repeats and realleges Paragraphs 1 through 41 above.

47. Centennial reported materially false and misleading information in its Forms 10-Q for the quarters ended December 31, 1995 and September 30, 1996, and in its Form 10-K for the year ended June 30, 1996. Each of those filings contained financial statements that inaccurately reported Centennial's income.

48. Defendants Fletcher and Mediajet knew, or were reckless in not knowing, that Centennial's conduct was improper, and they provided knowing and substantial assistance to Centennial in reporting materially false and misleading information in its Forms 10-Q for the quarters ended December 31, 1995 and September 30, 1996, and in its Form 10-K for the year ended June 30, 1996.

49. By reason of the foregoing, defendants Fletcher and Mediajet aided and abetted Centennial's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 13a-1, 13a-13 and 12b-20 [17 C.F.R. §§ 240.13a-1, 240.13a-13 and 240.12b-20]. The defendants therefore are liable pursuant to Section 20(f) of the Exchange Act [15 U.S.C. § 78t(f)], and

are likely to commit such violations in the future unless they are enjoined.

THIRD CLAIM

Books and Records Provisions

Aiding and Abetting Centennial's Violations of Section 13(b)(2)(A) of the Exchange Act and Rule 13b2-1

50. Plaintiff Commission repeats and realleges Paragraphs 1 through 41 above.

51. Centennial maintained false and misleading books and records, which, among other things, materially overstated the company's revenue and income from at least the quarter ended December 31, 1995 through the quarter ended December 31, 1996.

52. Defendants Fletcher and Mediajet knew, or were reckless in not knowing, that Centennial's conduct was improper, and they provided knowing and substantial assistance to Centennial in maintaining false and misleading books and records.

53. By reason of the foregoing, defendants Fletcher and Mediajet aided and abetted Centennial's violations of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1]. The defendants therefore are liable pursuant to Section 20(f) of the Exchange Act [15 U.S.C. § 78t(f)], and are likely to commit such violations in the future unless they are enjoined.

PRAYER FOR RELIEF

WHEREFORE, the Plaintiff Commission respectfully requests that this Court:

I.

Permanently enjoin defendants Fletcher and Mediajet from violating, directly or indirectly, singly or in concert, Sections 10(b), 13(a) and 13(b)(2)(A) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(a) and 78m(b)(2)(A)] and Exchange Act Rules 10b-5, 13a-1, 13a-13, 13b2-1 and 12b-20 [17 C.F.R. §§ 240.10b-5, 240.13a-1, 240.13a-13, 240.13b2-1 and 240.12b-20].

II.

Require defendants Fletcher and Mediajet to disgorge any ill-gotten gains, including prejudgment interest thereon.

III.

Require defendant Mediajet to pay civil money penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] in an amount to be determined by the Court.

IV.

Grant such other and further relief as this Court deems necessary and appropriate.

Respectfully submitted,


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