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UNITED STATES DISTRICT COURT
for the
SOUTHERN DISTRICT OF NEW YORK

JUN 15 1992

U.S.D.C. S.D. N.Y.

SECURITIES AND EXCHANGE COMMISSION,)
Plaintiff,)
v.) 98 Civ. _____
DANIEL T. TODT, REBECCA L. TODT,)
BAY STATE TRUST, INGE MARILYN PERRY,)
SHMMUEL EMMANUEL ABIJAH QUIJANO)
(a/k/a HRH PRINCE SHMMUEL ABIJAH, a/k/a/)
SERGIO ARCINEAGAS), NEAL HARRIS, ABE)
INVESTMENTS GROUP, INC., JORGE BRYSON)
AND H. WAYNE LEGGETT,)
Defendants.)
COMPLAINT

SUMMARY OF THE ACTION

The Commission brings this case against seven individuals and two entities for violations of the federal securities laws primarily through their continuing offers and attempts to negotiate at least one fraudulent bank certificate being represented as issued by the Bank of Tokyo-Mitsubishi ("Mitsubishi Certificate"). In fact, the Mitsubishi Certificate is counterfeit. Defendants Daniel T. Todt ("Todt"), Rebecca L. Todt (Rebecca

Todt"), Bay State Trust, Inge Marilyn Perry ("Perry"), H. Wayne Leggett ("Leggett"), Shmmuel Emmanuel Abijah Quijano (a/k/a HRH Prince Shmmuel Abijah, a/k/a Sergio Arcineagas) ("Abijah"), Neal Harris ("Harris"), ABE Investments Group, Inc. ("ABE") and Jorge Bryson ("Bryson") are all part of a fraudulent scheme to use the Mitsubishi Certificate to obtain millions of dollars in payments for themselves, while invoking both "humanitarian" goals and the names of "official" entities ranging from the Federal Reserve Bank to the United Nations Security Council in an effort to make their offers and attempted sales of the Mitsubishi Certificate appear legitimate. The purported issuing bank for the Mitsubishi certificate, as well as the FBI and the Federal Reserve, inter alia, have confirmed that the certificate is a worthless, sham document. The defendants nonetheless are persisting in their efforts to negotiate the Mitsubishi Certificate. The Commission also has evidence that the defendants possess at least one additional counterfeit bank certificate which they intend to negotiate as part of their fraudulent scheme.

JURISDICTION AND VENUE

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

2. Although the defendants reside in various locations outside this district, many of the transactions, acts, practices and courses of business constituting the violations of law alleged herein occurred within this judicial district. For example, as part of the fraud, Defendant Todt traveled to New York City in September 1997 and met with the Federal Reserve Bank in connection with defendants' attempts to negotiate the Mitsubishi Certificate. The defendants also caused the Federal Reserve Bank in New York City to

correspond with the Central Bank of Nicaragua regarding the same instrument. Thus, venue is appropriate in this Court pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act.

3. The defendants, directly and indirectly, have engaged in, and unless restrained and enjoined by this Court will continue to engage in, transactions, acts, practices, and courses of business that violate Section 17(a)(1), (2) and (3) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)(1), (2) and (3)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

4. In connection with the transactions, acts, practices, and courses of business described in this Complaint, each of the defendants, directly and indirectly, has made use of the means or instrumentalities of interstate commerce, of the mails, and/or of the means or instruments of transportation or communication in interstate commerce.

5. In connection with these offers and attempts to sell, the defendants have knowingly or recklessly made misrepresentations and omitted to state material facts concerning the authenticity and negotiability of the Mitsubishi Certificate.

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Section 21(d) and (e) of the Exchange Act [15 U.S.C. §78u(d) and (e)] for an order permanently restraining and enjoining defendants and granting other equitable relief.

DEFENDANTS

7. On information and belief, defendant Todt is a lawyer admitted to practice in Ohio, Germany, and the former Soviet Union, inter alia. He resides in Strongsville, Ohio.

Todt has traveled to New York, Japan, Switzerland, Guatemala, West Virginia, Illinois, and Florida in furtherance of the fraudulent schemes described herein. He claims to have worked for an unspecified United States intelligence agency, to have contacts with the KGB, and to have abilities in "virtually every language." Despite receiving repeated warnings from unimpeachable sources that the Mitsubishi Certificate is fraudulent, Todt has attempted, and continues to attempt to present it for collection on his own behalf and/or that of the other defendants or some of them. Todt's law firm (consisting only of himself and defendant Rebecca Todt) stands to gain almost \$34 million if the Mitsubishi Certificate "deal" is consummated. Todt also devised a fraudulent trading program in furtherance of the Mitsubishi Certificate scheme. He intended to use the proceeds from the Mitsubishi Certificate in this program, which resembles a classic prime bank scheme. Todt is to receive 10% of the profits. He also provided to Perry and Leggett forged Barclays Bank documents, purporting to "guarantee" the value of the Mitsubishi Certificate at over \$14 billion, and to "guarantee" that over \$13 billion would be placed in a trading program to generate even more funds.

8. Defendant Rebecca Todt is a lawyer admitted to practice in Ohio, and practices law with her husband, Todt. She resides in Strongsville, Ohio. Despite knowing that the Mitsubishi Certificate is counterfeit, she has worked with Todt in connection with his attempts to negotiate the Mitsubishi Certificate, in anticipation of the nearly \$34 million payoff to their law firm projected when the Mitsubishi Certificate "deal" is complete.

9. Defendant Bay State is a trust established by defendant Perry's family in Vaduz, Liechtenstein in 1989, with offices there and in Boca Raton, Florida. Bay State is to receive almost \$34 million in connection with defendants' scheme to negotiate the

Mitsubishi Certificate. Substantially all of the writings Perry executed in furtherance of the scheme purportedly were on behalf of Bay State Trust.

10. Defendant Perry is a trustee of Bay State Trust and a citizen of Germany, with residences in Germany and Florida. She entered into agreements on behalf of Bay State in connection with the defendants' efforts to negotiate the Mitsubishi Certificate, and signed documents that purport to govern payments of various amounts to defendants upon the completion of the Mitsubishi Certificate "deal." She has been in contact with Central American governments and Catholic Church officials, in an effort to cover the Mitsubishi Certificate fraud in a veil of legitimacy. Perry also approached the former president of Guatemala, Vinicio Cerezo, the purported "holder" of the Mitsubishi Certificate, to seek ratification of the fraud.¹

11. Defendant Leggett is a former accountant who resides in Arizona. He provided financial advice to and drafted correspondence for Perry and Bay State concerning the counterfeit Mitsubishi Certificate. Leggett expects to receive \$29 million from the proceeds obtained from the sale of the Mitsubishi Certificate, and has met with El Salvadoran citizens in furtherance of the scheme to sell an additional fraudulent bank certificate, the "Daichi Certificate."

12. Defendant Abijah has been a trustee of Bay State Trust during periods relevant to the Complaint, and introduced Perry and Todt. In 1996, Abijah represented to Perry that his family was interested in purchasing the Mitsubishi Certificate. Subsequently, Perry, Todt and Abijah executed an agreement for a \$7 billion sale of the Mitsubishi Certificate from Bay State to Todt in March 1997. Abijah presently resides in

¹ Cerezo has attempted to disassociate himself from the fraud and has provided a declaration confirming that he is not the "holder" of the Mitsubishi Certificate, and that his signature is forged on various documents produced by defendants.

London. In May 1998, Abijah was arrested by London police, but he is free on bail until his required appearance at the London Metropolitan Police Service station on June 10, 1998. Among the items seized by police at his residence were a copy of the Mitsubishi Certificate, blank certificate forms suitable for printing, and equipment for imprinting seals. Abijah carried United States and Colombian passports at the time of his arrest. Upon information and belief, Abijah was a resident of Colorado until November 1997.

13. Defendant Harris lives in Colorado, and provided the fraudulent Mitsubishi Certificate to Perry and Bay State at a March 1997 meeting in Miami, which was arranged by Bryson. Harris has possession of another fraudulent bank certificate, the "Daichi Certificate," the negotiation of which, certain of the defendants have confirmed, is part of the Mitsubishi Certificate deal. Harris is to receive \$34 million upon completion of the Mitsubishi Certificate deal.

14. Defendant Bryson resides in Florida. He is the president of ABE Investments Group, Inc., and arranged meetings in connection with distribution of proceeds from the sale of the Mitsubishi Certificate with residents of Guatemala, Nicaragua, and El Salvador as recently as May 16, 1998. Bryson told Perry about the Mitsubishi Certificate, and arranged for her to receive the original document from Harris.

15. Defendant ABE Investments Group, Inc. ("ABE") is located in Palm Bay, Florida. ABE, Bryson's company, is to receive a payment of \$34 million at the time of the Mitsubishi Certificate's sale.

FACTS

The Fraudulent Mitsubishi Certificate

16. In or before March 1997, defendants perfected a scheme to negotiate a counterfeit security known as the "Mitsubishi Certificate." On its face, the Mitsubishi

Certificate purports to be an "International Deposit of Commercial Obligation" issued in 1969 by Mitsubishi Bank, whose successor in interest is the Bank of Tokyo-Mitsubishi Ltd. This certificate's face amount is ¥ 654,510,000,000 (at current exchange rates, over \$4.7 billion), plus interest of 3.5%. Defendants have tried to give their scheme an aura of credibility by claiming that (after deduction of large payments to themselves) the Mitsubishi Certificate will be used to fund humanitarian aid for Guatemala, Nicaragua, or other countries in the Western hemisphere.

Defendants' Knowledge of the Fraud

17. Since at least December 1996, however, defendants have been on notice from numerous credible sources that the Mitsubishi Certificate is a sham. Notably, in December 1996, and in March, September, and December of 1997, the Bank of Tokyo-Mitsubishi Ltd. informed Todt in writing that the Mitsubishi Certificate is fraudulent. In addition to these repeated statements from the purported issuing bank, in September 1997, representatives of the Federal Reserve Bank in New York and the FBI advised Todt that the Mitsubishi Certificate is fraudulent. In October 1997, the Federal Reserve Bank in New York informed the Central Bank of Nicaragua in writing that the Mitsubishi Certificate is fraudulent, and defendants Todt, Rebecca Todt, Perry and Leggett, at least, each saw copies of this communication.

Efforts to Negotiate the Counterfeit Security

18. Despite being advised on numerous occasions that the Mitsubishi Certificate is a sham, on December 22, 1997, Todt, on his own behalf and/or that of the other defendants or some of them, attempted to present the Mitsubishi Certificate for collection at the Bank of Tokyo-Mitsubishi Ltd.'s Chicago branch. The bank refused to accept the certificate.

19. Defendants' efforts to effect the sale of the Mitsubishi Certificate have continued from the attempted sale on December 22, 1997 to the present. For example, Todt approached the Bank of Japan in January 1998 with the Mitsubishi Certificate. On March 17, 1998, Todt contacted the Bureau of Public Debt at the U.S. Treasury Department, and attempted to open an account which he could fund using the Mitsubishi Certificate.

The Mechanics of the Scheme

20. On July 25, 1997, August 3, 1997, and August 10, 1997, Perry (on behalf of Bay State) and Todt entered into three agreements (collectively the "Executive Summary") which outline various elements of the fraudulent scheme, including purporting to allocate payments totaling over \$320 million from the proceeds of any deal involving the Mitsubishi Certificate. According to the Executive Summary, the payoffs at closing include \$33,975,131.50 each to Daniel T. Todt & Associates (a law firm consisting of Todt and Rebecca Todt), Bay State (Perry's trust), ABE (Bryson's company), and Harris; and \$29 million to Leggett. To date, the Commission has no evidence as to direct compensation to Abijah.

21. In further attempts to make their fraudulent offer and attempts to sell the counterfeit Mitsubishi Certificate appear legitimate, defendants claimed they would place some of the funds obtained using the Mitsubishi Certificate into trading programs. In furtherance of that scheme, Todt circulated documents (which he apparently prepared) describing trading programs purportedly offered through a consortium for which Todt and Rebecca Todt held various positions. The programs' expected rates of return are described as being as much as 18% per month, with the potential "return on investment" increasing to as much as 35% per month for investments of "\$2 billion USD and above." Moreover,

Todt provided falsified Barclays Bank documents which purport to guarantee trading with returns of 40% up to four times a month. The "Barclays" documents are forgeries.

Defendants' Pretextual "Humanitarian" Aims

22. As a part of and in furtherance of their fraudulent scheme, and in an attempt to cloak their fraud with an air of legitimacy, defendants have claimed that they will use some of the principal and interest generated from the sale of the Mitsubishi Certificate and the purported trading programs for humanitarian goals. To this end, defendants have sponsored meetings of both government and church officials from Guatemala in Miami, Florida, where the distribution of proceeds from the counterfeit Mitsubishi Certificate was discussed.

23. Defendants Perry and Todt met personally with the former president of Guatemala, Vinicio Cerezo, seeking written statements from Mr. Cerezo that he supported the Mitsubishi Certificate's sale. Mr. Cerezo refused to sign defendants' requested deed of assignment of the Mitsubishi Certificate from him to Bay State Trust, and reported the matter to the U.S. Embassy in Guatemala. Perry later represented that she had obtained a valid deed of assignment signed by Cerezo.

24. Harris has possession of another fraudulent bank certificate, the "Daichi Certificate," which is similar to the Mitsubishi Certificate, but purportedly is for use to provide \$250 million per year for five years for humanitarian projects in El Salvador, rather than Guatemala or Nicaragua. In or about October 1997, the defendants sought an assignment of the "Daichi Certificate" from the widow of the former president of El Salvador in an attempt to commence efforts to negotiate the fraudulent certificate. On its face, this certificate is a "Certificate of Obligation" purportedly issued by "Daichi [sic]

Kangyo International Banking." The Dai-Ichi Kangyo Bank has confirmed to the Commission that the "Daichi Certificate" is fraudulent.

Defendants' Previous Attempt to Pass Counterfeit Securities

25. The Mitsubishi Certificate transaction is not the first time defendants Todt, Bay State, and Abijah have attempted to obtain funds using fraudulent securities. In 1996, Perry gave a copy of a GM stock certificate to Abijah, who asked Todt's help in obtaining funds using the stock certificate. On October 4, 1996, Todt sent a letter to a registered broker dealer in Long Island, New York, claiming to be a "Trust Advisor" to Bay State. He stated in the letter that Bay State had 13.5 million shares of GM stock and was interested in hypothecating these shares. Attached to Todt's letter was a photocopy of one of the purported certificates.

26. The broker dealer determined that the GM share certificate was invalid. The broker dealer informed Todt of this, and refused to accept the certificates. GM's stock transfer agent has confirmed to the Commission that the certificate attached to Todt's correspondence is invalid, and does not represent a stock certificate issued by GM.

Defendants' Activity is Continuing and Threatens to Expand

27. The defendants' activity, in furtherance of the scheme continues. When Abijah was arrested in London in May 1998, among the items found in a search pursuant to that arrest were a copy of the Mitsubishi Certificate, blank certificate forms suitable for printing, equipment for imprinting seals, and correspondence from Perry dated May 20, 1998. As recently as May 16, 1998, Bryson traveled to Guatemala in order to push the Mitsubishi Certificate transaction forward.

28. As part of their fraudulent scheme, in addition to the Mitsubishi Certificate, Perry, Todt, Rebecca Todt, Bryson, Harris, and Leggett, at least, also intend to offer and

attempt to sell the "Daichi Certificate." Documents produced by defendants indicate that the negotiation of this certificate is part of the scheme to negotiate the Mitsubishi Certificate.

FIRST CLAIM

(Violations of Exchange Act Section 10(b) and Rule 10b-5)

29. Plaintiff repeats and realleges paragraphs 1- 28 above.
30. Defendants, with scienter, in connection with the purchase or sale of securities, by the use of any means or instrumentalities of interstate commerce or of the mails, directly or indirectly, have: (a) employed and are about to employ devices, schemes or artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged and are about to engage in acts practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities in violation of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] thereunder.
31. By reason of the foregoing, defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and unless restrained and enjoined will continue to do so.

SECOND CLAIM

(Violations of Securities Act Section 17(a)(1), (2), and (3))

32. Plaintiff repeats and realleges paragraphs 1-28 above.
33. Defendants, with scienter, in the offer or sale of securities, by the use of any means or instruments of transportation or communication in interstate commerce, or by the

use of the mails, directly or indirectly (1) have employed and are about to employ devices, schemes or artifices to defraud; or (2) have obtained and are about to obtain money or property by means of untrue statements of a material fact or omissions to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (3) have engaged or are about to engage in transactions, practices, or courses of business which operate or would operate as a fraud or deceit upon the purchaser in violation of Section 17(a)(1), (2), and (3) of the Securities Act [15 U.S.C. §77q(a)(1), (2), and (3)].

34. By reason of the foregoing, defendants have violated Section 17(a), (2), and (3) of the Securities Act and unless restrained and enjoined will continue to do so.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Enter an injunction, preliminarily during the pendency of this action and permanently thereafter, 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, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

II.

Enter an injunction, preliminarily during the pendency of this action and permanently thereafter, 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, Section 17(a) of the Securities Act.

III.

Order defendants to pay civil money 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)].

IV.

Grant such other relief as this Court may deem just or appropriate.

Dated June 5, 1998

Robert B. Blackburn
By: ROBERT BLACKBURN

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