

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

SECURITIES AND EXCHANGE COMMISSION

99-2360

Plaintiff,

V.

**LATIN AMERICAN SERVICES CO., LTD.
CYPRUS FUNDS, INC., ERIC V. BARTOLI,
DOUGLAS R. SHISLER, JAMES L. BINGE,
PETER J. ESPOSITO,**

**COMPLAINT FOR
INJUNCTIVE AND
OTHER RELIEF**

Defendants,

**B & S FARMS, INC., and FLANDERS
INVESTMENT HOLDINGS LIMITED, INC.,**

Relief Defendants.

CHV-DAVIS
MAGISTRATE BROWN
COM INJURY
POLI, OTH
NGE, JUDGE

[Signature]

Plaintiff Securities and Exchange Commission (the “SEC” or “Commission”) alleges and states as follows:

I. INTRODUCTION

1. The Commission brings this action to enjoin Defendants from continuing to violate the federal securities laws in connection with their ongoing, fraudulent offering of unregistered securities issued by Defendant Cyprus Funds, Inc. (“Cyprus Funds” or the “Fund”), an unregistered foreign mutual fund, and misappropriation of investor funds by principals of the Fund and its registered investment adviser, Defendant Latin American Services Co., Ltd. (“Lasco”). Since 1994, Cyprus Funds, Lasco, and their principals Defendants Eric V. Bartoli (“Bartoli”), James L. Binge (“Binge”), Douglas R. Shisler (“Shisler”) and Peter J. Esposito (“Esposito”) (collectively, the “Individual Defendants”)

nts")

have raised approximately \$125 million by selling shares and purported “certificates of deposit” in the Fund to Latin American and U.S. investors. In contrast to their representations that the Fund will invest in “blue chip” stocks and bonds, in reality, Defendants have misappropriated millions of dollars from the Fund and diverted monies to their other businesses. Defendants have also used investor monies to repay investors in still another unrelated investment scheme and, in a Ponzi-scheme fashion, to pay interest to Cyprus Funds investors. Finally, Cyprus Funds has refused to honor requests for redemption of shares, Lasco has closed its Miami, Florida office, certain principals of Cyprus Funds and Lasco have refused to return investor calls, and Cyprus Funds’s director and general manager, Bartoli, is nowhere to be found. Unless immediately restrained and enjoined, Defendants will continue to defraud the investing public and to place investor funds at serious risk of diversion and theft.

II. DEFENDANTS

2. **Latin American Services Co., Ltd.**, incorporated in 1997, is an Ohio corporation with offices at 56th North Portage Street, Doylestown, Ohio and, until recently, in Miami, Florida. Lasco is an investment adviser registered with the Commission since June 5, 1998 (Registration File No. 801-55472), and purportedly serves as the adviser and manager of Cyprus Funds. Lasco’s predecessor was Lasco Trading, Inc., a British Virgin Islands corporation.

3. **Cyprus Funds, Inc.**, an open-end mutual fund purportedly formed for the purpose of making investments in different geographical regions in Latin America, Canada and the United States, was purportedly incorporated in Belize on January 1, 1996. The Fund is not registered with the Commission.

4. **Eric V. Bartoli**, 45 years old, is an officer and director of Cyprus Funds and a registered principal and general manager of Lasco. Bartoli founded Cyprus Funds and, as Lasco's general manager, is responsible for advising Cyprus Funds and managing its investments. Bartoli is also an officer and director of Relief Defendants B&S Farms, Inc. ("B&S Farms") and Flanders Investment Holdings Limited, Inc. ("Flanders"). Bartoli resides in Marshallville, Ohio and Miami, Florida.

5. **James L. Binge**, 52 years old, is a director of Cyprus Funds and is responsible for the fund's accounting and reporting functions and sale of Cyprus Funds shares to U.S. residents. Binge is also an officer and director of Relief Defendant B&S Farms. Binge resides in Massillon, Ohio.

6. **Douglas R. Shisler**, 52 years old, is a director of Cyprus Funds and is responsible for processing investors' accounts, generating monthly statements, Cyprus Funds's website on the Internet, and sales of Cyprus Funds shares to U.S. residents. Shisler is also an officer and director of Relief Defendant B&S Farms. Shisler resides in Doylestown, Ohio.

7. **Peter J. Esposito**, 45 years old, is a resident of Ohio. Esposito is a director of the Cyprus Funds and is responsible for sales of Cyprus Funds shares in the United States. Esposito is also the principal of Liberty Group, under which Esposito sold Cyprus Funds shares to Ohio residents. Esposito resides in Canfield, Ohio and maintains an office at North Ridgeville, Ohio.

III. RELIEF DEFENDANTS

8. **B&S Farms, Inc.**, is a Nevada corporation incorporated in June 1998. B&S Farms' officers and directors are Bartoli, Binge and Shisler, who have diverted proceeds from Cyprus Funds investors to B&S Farms. B&S Farms is located in Henderson, NV.

9. **Flanders Investment Holdings Limited, Inc.**, is a Florida company incorporated in 1995 and located in Miami, FL. Bartoli and his wife are the sole officers and shareholders of Flanders. Bartoli has diverted proceeds directly from Cyprus Funds investors to Flanders.

IV. JURISDICTION AND VENUE

10. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a); Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d), 78u(e) and 78aa; Section 44 of the Investment Company Act of 1940 ("Investment Company Act"), 15 U.S.C. §80a-43; and, Section 214 of the Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §80b-14.

11. The Southern District of Florida is the proper venue for this action. Certain actions and transactions alleged and stated herein constitute violations of the Securities Act and the Exchange Act and have occurred, and are occurring, within the Southern District of Florida. Until recently, Defendant Lasco maintained an office in Miami, Florida from which Cyprus Funds shares were offered and sold to U.S. and Latin American investors. In addition, Cyprus Funds's primary bank account into which all of the investor funds were initially deposited, and brokerage account under which Defendants purportedly bought and sold investments on behalf of Cyprus Funds, are

located in Miami, Florida. Defendant Bartoli also maintains a residence within the Southern District of Florida.

12. Defendants, directly and indirectly, have made, and continue to make use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business complained of herein.

V. DEFENDANTS' FRAUDULENT OFFERING AND MISAPPROPRIATION

A. Defendants' Sale of Cyprus Funds Shares

13. Cyprus Funds purportedly is an open-end, unregistered mutual fund formed by Bartoli in 1993 or 1994 to invest primarily in Latin American "blue chip" companies, commodities and U.S. and Canadian mining interests. Although Cyprus Funds was incorporated in Belize on January 1, 1996, sales literature distributed to investors includes a chart showing the Fund generating favorable returns since 1993. Lasco purportedly serves as Cyprus Funds's investment adviser.

14. Most of the initial investments in the Fund were made by wealthy Peruvian or Ecuadorian citizens who were acquaintances or business associates of Bartoli and/or of his wife's family, a prominent family in Lima, Peru. In July 1994, Bartoli formed Cyprus Investments, S.A. ("Cyprus Investments"), a wholly-owned subsidiary of Cyprus Funds, to act as a broker/dealer of Cyprus Funds shares in Quito, Ecuador, and also to purchase investments for the Fund. Bartoli hired Amira Recalde ("Recalde") as general manager of Cyprus Investments in Quito, and made her a Lasco director. According to its marketing brochure, Cyprus Investments opened additional offices in Santiago, Chile and Lima, Peru to sell Cyprus Funds shares to Latin American investors.

15. Since at least 1994, Cyprus Funds shares have also been offered and sold in the United States to investors through a network of sales representatives affiliated with Defendants, using a number of different sales methods and general solicitations. Unlike its Latin American sales efforts, the Fund's sales efforts in the U.S. primarily targeted retirees, where it was presented as a safe, conservative investment providing a tax-free monthly stream of income. To the extent that any prospective investor would incur a fee or penalty for early withdrawal or cash-out of an annuity, Defendants even offered to "credit" that new investor's account with any amounts he or she was charged.

16. For example, Defendants Esposito and Shisler offered and sold Cyprus Funds shares through their respective companies purportedly offering estate planning, financial and insurance services to the public. These companies offered and sold Cyprus Funds shares to the public by, among other methods, placing advertisements in newspapers offering to provide advice to individuals regarding the preparation of a living will. Those who responded to the ads were visited by a representative who, in the course of providing advice, would learn the client's confidential financial information and would then pitch the Cyprus Funds mutual fund as an alternative, safe investment promising much better returns than a bank certificate of deposit or annuity.

17. Cyprus Funds, through Lasco, generated and mailed to investors monthly statements and newsletters informing investors of the status of the Fund's investments and valuation of its shares. The monthly statements (typically signed by Defendants Shisler or Bartoli) and monthly newsletters mailed to investors reported that the Fund's investments have been doing well and generating prosperous returns, usually over 1% return per month.

18. In July 1999, Lasco represented in its monthly statements to investors that Cyprus Funds had a net asset valuation of \$3.352 per share. Approximately \$125 million had been raised from investors.

19. All proceeds raised by investors in the U.S. and abroad were wire transferred to or otherwise deposited in Cyprus Funds's bank account maintained at First Union National Bank ("First Union") in Miami, Florida, where Cyprus Funds also maintains its brokerage account with First Union Brokerage Services, Inc.

20. Cyprus Funds shares were sold to more than 300 U.S. investors over the course of five years. Many of the U.S. investors are senior citizens who invested all or most of their modest retirement savings in the fund, and are dependent on the promised monthly income payments from Cyprus Funds to supplement their social security payments.

B. Defendants' Sale of Cyprus Funds "Certificates of Deposit"

21. In late 1998, Bartoli, Binge, Shisler and Esposito decided to start selling another Cyprus Funds investment, a "Fixed Interest Rate Investment," which they marketed as a Certificate of Deposit ("Cyprus CD"). The Cyprus CD offers a "fixed interest" rate of 10-14%, depending on the amount of funds invested, and is purportedly backed by government bonds and the "full faith and credit of Cyprus Funds."

22. Contrary to Defendants' oral and written representations, however, the Cyprus CDs are not in fact backed up by any bonds purchased with funds invested by individuals purchasing the Cyprus CD. Rather, the Cyprus CDs are backed and secured by the very same bonds purchased and held by Cyprus Funds on behalf of its mutual fund investors.

23. Notwithstanding the lack of any new bonds or other instruments backing up these new investments, Defendants offered and sold the Cyprus CD to numerous U.S. and Latin American investors seeking the security of a bank certificate of deposit.

C. Defendants' Misappropriation of Investor Funds and Cyprus Funds Assets

24. In mid-1998, Defendants ceased purchasing any new investments for Cyprus Funds and began liquidating the fund's foreign security positions. The monies generated by the mass liquidation were transferred to the Cyprus Funds bank account maintained at First Union in Miami.

25. Commencing in January 1999, Cyprus Funds stopped honoring redemption requests made from Latin American investors. Defendant Bartoli, who usually dealt with the Latin American investors, lulled investors by stating that most of the fund investments were not liquid, that there had been an unusual amount of redemption activity, and/or that the Cyprus Funds was undergoing its annual audit. Bartoli also told investors that they could be paid back over the course of several months, with funds invested by new investors.

26. By the end of May 1999, Bartoli was telling Latin American investors that he was in the process of selling the Cyprus Funds, and that financial statements needed to be prepared in connection with that sale, requiring the suspension of any account activity. As more and more redemption requests were dishonored, however, Lasco closed its offices in Miami and Defendants became increasingly evasive with investors and ultimately stopped returning investor phone calls altogether.

27. United States investors in the Cyprus Funds encountered difficulties shortly thereafter. Commencing in July 1999, monthly dividend checks issued by Cyprus Funds to

investors receiving monthly income payments (rather than re-investing dividends) were rejected or returned for insufficient funds.

28. At the end of July, Cyprus Funds sent an unsigned and undated letter to all investors (prepared for the signature of "James L. Binge") falsely announcing that a Swiss bank had made a "contingent offer" for the purchase of the Cyprus Funds, and that the fund had engaged PricewaterhouseCoopers ("PwC") as independent auditors in connection with that sale. The letter further stated that PwC had requested that all account activity – deposits and redemptions – be suspended pending the sale, which could take thirty days. In fact, PwC had not been engaged to conduct an audit, nor did PwC request a suspension of account activity.

29. By June 1999, Defendants knew that there was a significant discrepancy between the reported net asset valuation of Cyprus Funds and the assets held by the fund. Bartoli reported to a Lasco director that at least 25% of investor funds were missing or stolen. In fact, Defendants have illegally diverted millions of investor funds and misappropriated Cyprus Funds assets

30. Despite the fact that the Fund was refusing to honor redemption requests, that there was a very significant discrepancy between net asset valuation and assets held by Cyprus Funds, and the fact that millions of investor funds were diverted from the Fund, Defendants continued and are continuing to offer and sell Cyprus Fund shares and Cyprus CDs to new investors in the U.S. and in Latin America.

31. In May 1999 Defendants even posted a website on the Internet to attract new investors, offering the sale of Cyprus Funds shares and Cyprus CDs worldwide. The website reported an increased net asset valuation in July 1999.

32. At no time did Defendants inform investors or prospective investors that the Fund had failed to honor redemption requests, that the foreign investments had been liquidated, or that there was any discrepancy in the net asset valuation of the Fund.

D. Material Misrepresentations and Omissions

33. Defendants' offering materials, monthly newsletters and statements contain false and misleading material information, concerning, among other things the Fund's holdings, operating and earnings history, net asset value, and persons and professionals involved with the fund.

34. Defendants Bartoli, Binge, Shisler and Esposito diverted investor funds to themselves, to their other businesses, to repay investors in another unrelated investment scheme and, in a Ponzi scheme fashion, to pay interest on the Cyprus Funds shares to other investors.

35. Defendants never disclosed to investors or to prospective investors the existence of an account discrepancy, improper net asset valuation, that any investor funds had been stolen or missing, or any other problem. To the contrary, Defendants falsely stated to investors that the Fund's assets were and are secure, that there are sufficient assets in the Fund to redeem the shares of all investors, that the Fund was and is generating very favorable returns, and that the Fund was going to be purchased.

36. Defendants have also failed to disclose to investors and prospective investors that Defendants Shisler and Binge were suspended by the Ohio Division of Securities from selling certain securities in the State of Ohio by a Cease-and-Desist Order entered on July 6, 1998.

VI. ROLE OF THE RELIEF DEFENDANTS

37. Each of the Relief Defendants has received investor funds which were, and are continuing to be, received by them for no or inadequate consideration.

COUNT I

**SALE OF UNREGISTERED SECURITIES IN
VIOLATION OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT**

(As Against All Defendants)

38. The Commission realleges and repeats its allegations set forth at paragraphs 1-37 of this Complaint as if fully restated herein.

39. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described herein.

40. Since a date unknown but since at least 1993 through to the present, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito, directly or indirectly, have:

(a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a Private Placement Memorandum, prospectus or otherwise;

(b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; and/or

(c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, as described herein,

without a registration statement having been filed or being in effect with the Commission as to such securities.

41. By reason of the foregoing, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito have violated, and unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

COUNT II

FRAUD IN VIOLATION OF SECTION 17(a)(1) OF THE SECURITIES ACT

(As Against All Defendants)

42. The Commission realleges and repeats its allegations set forth at paragraphs 1-37 of this Complaint as if fully restated herein.

43. Since a date unknown but since at least 1993 through the present, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, as described herein, have been, knowingly, willfully or recklessly employing devices, schemes or artifices to defraud.

44. By reason of the foregoing, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT III

**FRAUD IN VIOLATION OF
SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT**

(As Against All Defendants)

45. The Commission realleges and repeats its allegations set forth at paragraphs 1-37 of this Complaint as if fully restated herein.

46. Since a date unknown but since at least 1993 through the present, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, as described herein, have been: (i) obtaining money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; and (ii) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

47. By reason of the foregoing, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3).

COUNT IV

**FRAUD IN VIOLATION OF
SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5**

(As Against All Defendants)

48. The Commission realleges and repeats its allegations set forth at paragraphs 1-37 of this Complaint as if fully restated herein.

49. Since a date unknown but since at least 1993 through the present, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito, directly or indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of the securities, as described herein, have been, knowingly, willfully or recklessly: (i) employing devices, schemes or artifices to defraud; (ii) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (iii) engaging in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

50. By reason of the foregoing, Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito, have violated and, unless enjoined, will continue to violate 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.

COUNT V

**FRAUD IN VIOLATION OF
SECTIONS 206(1) AND 206(2) OF THE ADVISERS ACT**

(As Against Defendants Lasco and Bartoli)

51. The Commission realleges and repeats its allegations set forth at paragraphs 1-37 of this Complaint as if fully restated herein.

52. Since a date unknown but since at least 1993 through the present, Defendants Lasco and Bartoli, by use of the mails or means or instrumentalities of interstate commerce, directly or indirectly, have been, knowingly, willfully or recklessly: (i) employing devices, schemes or artifices to defraud their clients or prospective clients; and (ii) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon their clients or prospective clients.

53. By reason of the foregoing, Defendants Lasco and Bartoli have violated and, unless enjoined, will continue to violate Sections 206(1) and 206(2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2).

COUNT VI

**SALE OF SECURITIES BY UNREGISTERED
FOREIGN INVESTMENT COMPANY
IN VIOLATION OF SECTION 7(d) OF THE INVESTMENT COMPANY ACT**

(As Against Defendant Cyprus Funds)

54. The Commission realleges and repeats its allegations set forth at paragraphs 1-37 of this Complaint as if fully restated herein.

55. No application for registration, or registration statement, was filed with the Commission by Cyprus Funds, a foreign investment company, permitting it make a public offering with respect to the securities described herein.

56. Since a date unknown but since at least 1993 through to the present, Defendant Cyprus Funds has made use of the mails or means or instrumentalities of interstate commerce, directly or indirectly, to offer or sell, or deliver for sale, securities issued by Cyprus Funds.

57. By reason of the foregoing, Defendant Cyprus Funds has violated, and unless enjoined, will continue to violate Section 7(d) of the Investment Company Act, 15 U.S.C. §80a-7(d).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

A. Declaratory Relief

Declare, determine and find that Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito committed the violations of the federal securities laws alleged herein.

**B. Temporary Restraining Order,
Preliminary and Permanent Injunctive Relief**

Issue a Temporary Restraining Order, a Preliminary Injunction and a Permanent Injunction, restraining and enjoining Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating: (i) Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c); (ii) Section

17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a); (iii) Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3); (iv) 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; restraining and enjoining Defendants Lasco and Bartoli, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 206(1) and 206(2) of the Investment Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2); and restraining and enjoining Defendant Cyprus Funds, its officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 7(d) of the Investment Company Act, 15 U.S.C. § 80a-7(d).

C. Disgorgement

Issue an Order requiring Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler, Esposito, B&S Farms and Flanders to disgorge all profits or proceeds that they have received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest.

D. Penalties

Issue an Order directing Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito to pay civil fines and/or penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d) of the Exchange Act, 15 U.S.C. § 78(d)(3).

E. Asset Freeze and Accounting

Issue an Order temporarily freezing the assets of Defendants Lasco, Cyprus Funds, Bartoli, Binge, Shisler and Esposito, and temporarily freezing the assets of B&S Farms and Flanders insofar as those assets contain, or are derived from, funds raised from

investors in the Cyprus Funds shares and Cyprus CDs sold by Defendants, until further Order of the Court, and requiring accountings by each of these persons and entities.

F. Appointment of Receiver

Issue an order appointing a Receiver of the assets of Defendants Lasco and Cyprus Funds to marshal and safeguard all of their assets, and to perform other duties the Court deems appropriate, and to prepare a report to the Court and the Commission detailing the activities of all Defendants and Relief Defendants with respect to the conduct alleged herein and the whereabouts of investor funds.

G. Records Preservation and Expedited Discovery

Issue an Order requiring all Defendants and Relief Defendants to preserve any records related to the subject matter of this lawsuit that are in their custody, possession or subject to their control, and to respond to discovery on an expedited basis.

H. Temporary Surrender of Passports and Travel Restriction

Issue an Order:

A. Requiring Defendants Bartoli, Binge, Shisler and Esposito immediately to surrender all passports they hold to the Clerk of this Court, and providing that the Court will retain the passports of Bartoli, Binge, Shisler and Esposito until five business days after Bartoli, Binge, Shisler and Esposito provide the Commission with a sworn identification of assets and accounts as set forth in Section H.C., below;

B. Prohibiting Bartoli, Binge, Shisler and Esposito from travelling outside of the United States until five business days after they provide the Commission with a sworn identification of assets and accounts as set forth in Section H.C., below; and

C. Requiring Bartoli, Binge, Shisler and Esposito to provide the Commission with a document sworn to before a notary public setting forth all assets (whether real or personal) and accounts (including, but not limited to, bank accounts, savings accounts, securities or brokerage accounts, and deposits of any kind) in which they (whether solely or jointly), directly or indirectly (including through a corporation, trust or partnership), either have an interest or over which they have the power or right to exercise control.

I. Repatriation of Investor Funds

Issue an Order requiring Defendants Bartoli, Binge, Shisler and Esposito to repatriate from abroad all investor funds that they have received as a result of the acts and/or courses of conduct complained of herein that violate Section 17 of the Securities Act and Section 10(b) of the Exchange Act, with prejudgment interest.

J. Further Relief

Grant such other and further relief as may be necessary and appropriate.

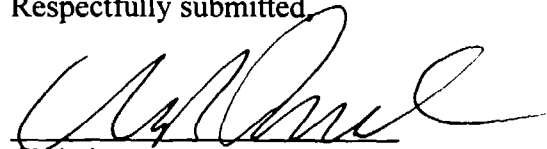
K. Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees

that may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

August 27, 1999



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Senior Trial Counsel
S.D. Fla. Bar No. A-5500258



Teresa J. Verges
Staff Attorney
Florida Bar No. 997651

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CIVIL COVER SHEET

99-2360

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I (a) PLAINTIFFS

SECURITIES AND EXCHANGE COMMISSION

DEFENDANTS

CIV-DAVIS
LATIN AMERICAN SERVICES CO., LTD., BROWN FUND, INC., ERIC V. BARTOLI, DOUGLAS R. SHISLER, JAMES L. BINGE, PETER J. ESPOSITO, Defendants
B&S FARMS, INC. and FLANDERS INVESTMENT HOLDING LIMITED, INC., Relief Defendants

MAGISTRATE JUDGE

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF
(EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT - Miami-Dade
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

Christian R. Bartholomew (305)982-6344

Teresa J. Verges (305)982-6384 SEC

1401 Brickell Ave., Suite 200, Miami, FL 33131

ATTORNEYS (IF KNOWN)

(d) CIRCLE COUNTY WHERE ACTION AROSE:

DADE, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE, HIGHLANDS

II. BASIS OF JURISDICTION

(PLACE AN X IN ONE BOX ONLY)

- ☒ 1 U.S. Government Plaintiff
☐ 2 U.S. Government Defendant
☐ 3 Federal Question (U.S. Government Not a Party)
☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES

(For Diversity Cases Only)

(PLACE AN X IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

- | | PTF | DEF. | | PTF | DEF. |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. CAUSE OF ACTION

(CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE.)

DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY: 15 U.S.C. §§ 77e(a) and 77e(c); 15 U.S.C. §§ 77q(a)(1), 77q(a)(2) & 77q(a)(3); 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5; 15 U.S.C. §§ 80b-6(1) and 80b-6(2);
IVa. 5 days estimated (for both sides) to try entire case. 15 U.S.C. § 80a7(d)

V. NATURE OF SUIT (PLACE AN X IN ONE BOX ONLY)

A CONTRACT	A TORTS	B FORFEITURE/PENALTY	A BANKRUPTCY	A OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Motor Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury—Med Malpractice <input type="checkbox"/> 365 Personal Injury—Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Theft in Landing <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other A LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 A PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark B SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395a) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DMC/DMMW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) A FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 28 USC 780e	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input checked="" type="checkbox"/> 890 Other Statutory Actions
A REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	A CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights B PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vase Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 580 Civil Rights			

VI. ORIGIN

(PLACE AN X IN ONE BOX ONLY)

- ☒ 1 Original Proceeding
☐ 2 Removed from State Court
☐ 3 Remanded from Appellate Court
☐ 4 Refiled
☐ 5 Transferred from another district (specify)
☐ 6 Multidistrict Litigation

Appeal to District
☐ 7 Judge from Magistrate Judgment

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION
☐ UNDER F.R.C.P. 23

DEMAND \$

TRO, Prel. & Perm. Inj.

Check YES only if demanded in complaint:

JURY DEMAND: ☐ YES ☐ NO

VIII. RELATED CASE(S) IF ANY

(See instructions):

Disgorgement, Penalties

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

8/27/99

Christian R. Bartholomew

UNITED STATES DISTRICT COURT

S/P I-2

REV. 6/90

FOR OFFICE USE ONLY: Receipt No. _____ Amount: _____

Date Paid: _____ N/1p: _____