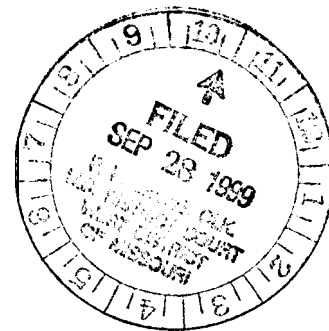


UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MISSOURI
SOUTHERN DIVISION



SECURITIES AND EXCHANGE COMMISSION.

Plaintiff.

CIVIL ACTION
CASE NO.

v.

99-3356-CV-S-RGC-ECF

FIRST SPRINGFIELD SECURITIES, INC.,
DONALD E. RADLE and MICHAEL S. DWYER.

Defendants.

COMPLAINT

Plaintiff United States Securities and Exchange Commission ("Commission"), for its Complaint against First Springfield Securities, Inc. ("FSSI"), Donald E. Radle ("Radle") and Michael S. Dwyer ("Dwyer") alleges as follows:

NATURE OF THE COMPLAINT

1. This action concerns a fraudulent trading program offered through FSSI. From approximately November 1997 through April 1998, FSSI, a registered broker-dealer, through its former president, Radle, raised \$4 million from five investors by offering and selling securities in the form of investment agreements that guaranteed an extremely high rate of return without any risk ("Investment Agreements"). In fact, an investment in an Investment Agreement was highly risky because FSSI, through Radle, directed investor funds to accounts neither Radle nor FSSI controlled. Most investors in the Investment Agreements lost all, or nearly all, of the money invested. FSSI, through Radle, misrepresented and omitted to state material facts to investors regarding the safety of the investments, the use of investor proceeds, and the rates of return.

2. The Investment Agreements stated that investor funds would be held in a designated account for the investor's benefit and that investor funds would not be released for any purpose until FSSI had received collateral fully securing the investor's principal and return. This was false because neither FSSI nor Radle ever obtained or held the collateral promised in the Investment Agreements. Instead, Radle directed investor funds to accounts neither he nor FSSI controlled. In addition, FSSI, through Radle, misrepresented the rate of return on the investments. The Investment Agreements stated that investor would receive extraordinary annual returns, ranging from 50% to 720%. Radle, as president of FSSI, did not have any legitimate basis for believing that such returns could be generated for investors. Radle knew his representations were false because he did not obtain the collateral before releasing investor funds, did not place investor funds in designated accounts, and did not obtain critical information about how the rates of return would be generated.

3. Dwyer, a former registered representative at FSSI, attempted to obtain funds for FSSI from two elderly sisters as part of the fraudulent scheme. In February and March of 1998, Dwyer, a registered representative at FSSI, met with two elderly sisters in a nursing home, obtained their signatures on Investment Agreements under false pretenses, and then attempted to use the Investment Agreements to obtain \$300,000 held in trust for the elderly sisters. The transaction was stopped before the sisters' money was invested in the Investment Agreements. In the alternative, even if Dwyer did explain the trading program to the sisters and they both agreed to enter into Investment Agreements, Dwyer misrepresented and omitted to state material facts regarding the safety of the investments, the use of investor proceeds, and the rates of return,

4. By misrepresenting and omitting to state material facts to investors regarding the safety of the investments, the use of investor proceeds, and the rates of return, FSSI and Radle violated 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)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)], and Rule 10b-5[17 C.F.R. §240.10b-5] promulgated thereunder.

5. In addition, by misrepresenting and omitting to state material facts to investors regarding the safety of the investments, the use of investor proceeds, and the rates of return, FSSI, through Radle, violated Section 15(c) of the Exchange Act [15 U.S.C. §77o(c)] and Rule 15c1-2[17 C.F.R. §240.15c1-2] promulgated thereunder.

6. By attempting to obtain investor funds for FSSI under false pretenses, Dwyer violated Section 17(a)(1), (2) and (3) of the Securities Act [15 U.S.C. §77q(a)(1), (2) and (3)], Section 10(b) of the Exchange Act (15 U.S.C. §78j(b)], and Rule 10b-5[17 C.F.R. §240.10b-5] promulgated thereunder. In the alternative, by misrepresenting and omitting to state material Facts to investors regarding the safety of the investments, the use of investor proceeds, and the rates of return, Dwyer violated Section 17(a)(1), (2) and (3) of the Securities Act [15 U.S.C. §77q(a)(1), (2) and (3)].

7. Unless enjoined, there is a reasonable likelihood that FSSI, Radle and Dwyer will continue to engage in transaction, acts, practices and courses of business the same as or similar to those set forth above.

<JURISDICTION

8. The Court has -jurisdiction of this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)], and Section 27 of the Exchange Act [15 U.S.C. §78aa].

9. The Commission brings this action pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)], and Section 21 of the Exchange Act [15 U.S.C. §§78u(d) and (e)].

10. FSSI, Radle and Dwyer, directly and indirectly, have made use of the mails, and of the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices and courses of business alleged in this Complaint.

DEFENDANTS

11. FSSI is a Missouri corporation formed in 1989 and is located in Springfield, Missouri. FSSI has been registered with the Commission as a broker-dealer since September 25, 1989.

12. Radle is 65 years old and lives in Springfield, Missouri. Radle was founder and president of FSSI from 1989 through 1998, which includes the time of the fraudulent conduct alleged in this Complaint. Radle was a registered representative at FSSI from July 1989 through April 1998 and has been a registered representative with a number of broker-dealers for more than thirty years. On April 17, 1998, Radle resigned as president of FSSI.

13. Dwyer is 49 years old and lives in Springfield, Missouri. Dwyer was a registered representative at FSSI from July 1994 through September 1998 and has been a registered representative with a number of broker-dealers since 1982.

THE FACTS

A. FSSI and Radle's offer and sale of the Investment Agreements

14. From approximately November 1997 through April 1998, FSSI was a full service brokerage firm located in Springfield, Missouri. Among the securities offered and sold through FSSI were the Investment Agreements. FSSI, through Radle, offered and sold these Investment Agreements from approximately November 1997 through April 1998.

15. In approximately July 1997, as part of offering and selling the Investment Agreements to potential investors, Radle formed FSS Limited in Bermuda as a wholly owned subsidiary of FSSI. Radle was also president of FSS Limited.

16. From approximately November 1997 through April 1998, FSSI, through Radle, raised at least \$4 million by selling Investment Agreements to at least live investors. Some of the investors were existing FSSI customers who maintained brokerage accounts at FSSI, while other investors had no other contact with FSSI before their investments.

17. Through meetings and other discussions with investors, Radle, as president of FSSI, was the individual at FSSI responsible for discussing, explaining and negotiating the terms of the Investment Agreements with the investors. Although the individual Investment Agreements differed in some respects, all guaranteed a high rate of return without any risk. The Investment Agreements stated the amount invested, the date of the investment, the form of collateral securing the investment, the return on the investment, and the termination date. If an investor decided to invest funds, the investor would enter into an Investment Agreement with FSSI or FSS Limited. Radle signed each of the Investment Agreements on behalf of either FSSI or FSS Limited.

18. Radle directed investors to deposit funds into FSSI bank accounts that he controlled, including FSSI's operating account. He then directed investor funds to accounts over which neither he nor FSSI had any control, without ever receiving any of the collateral promised investors in the Investment Agreements.

19. Most investors who entered into the Investment Agreements lost all, or nearly all, of the money they invested. FSSI retained at least \$16,500 in investor funds as compensation between February 1998 through April 1998.

B. Misrepresentations about the safety of the investments and the use of investor proceeds

20. FSSI and Radle misrepresented to investors in the Investment Agreements the safety of the investments and how investor proceeds would be used.

21. The Investment Agreements provided that investor money was not at risk because the investor's principal and return were to be fully collateralized by either United States Treasury Bonds, in some Investment Agreements, or "Bank Guaranteed Payment Directives," in others. The Investment Agreements that used the "Bank Guaranteed Payment Directives" as collateral stated that the "Bank Guaranteed Payment Directives" were issued by banks located in Europe. The Investment Agreements did not identify the specific European bank that allegedly issued the "Bank Guaranteed Payment Directive" for the particular investor.

22. The Investment Agreements further stated that investor funds would be held in a designated account for the investor's benefit and that investor funds would not be released for any purpose until FSSI had received collateral fully securing the investor's principal and return.

23. These representations were false. Radle, as president of FSSI, never obtained the collateral promised in the Investment Agreements. Radle also never placed investor funds in

accounts designated for the benefit of any of the investors. Instead, Radle deposited investor funds into FSSI bank accounts, and then directed the funds to accounts neither he nor FSSI controlled, without obtaining any of the promised collateral. Radle also continued to offer and sell Investment Agreements even after knowing, for some of the initial investments, that FSSI had not obtained the collateral stated in the Investment Agreements.

C Misrepresentations about the rates of return

24. The Investment Agreements also promised investors extremely high annual rates of return, ranging from 50% to 720%, depending on the particular Investment Agreement. According to Radle, a supposed European bank trading program would generate these returns. In the alleged trading program, investor funds would be pooled with other investor funds by a designated holder of the funds until a \$ 10 million block was raised, which was purportedly the minimum amount needed to enter into an investment program involving international banks located in Europe. The \$ 10 million block would then be used in an investment program in Europe to generate a substantial profit through a process involving the Federal Reserve Board, individual traders that trade with the banks in Europe, and banks in Europe that use the money to trade with other banks in Europe.

25. Radle, as president of FSSI, had no legitimate basis for believing that the returns stated in the Investment Agreements could be obtained for investors. Radle did not know how this process generated the profits and did not participate in the operation of these European trading programs. Radle did not obtain critical information regarding the investment program in Europe that was supposed to generate the returns stated in the Investment Agreements., including the names of the designated holders of the \$10 million blocks of investor funds, the names of the

traders, the names of the banks, the names of the contact persons at the banks, and the ultimate location of investor funds from which profits would be generated.

D. Radle knew the representations were false

26. Radle, as president of FSSI, knew that the representations stated above were false at the time that he made them. Radle controlled FSSI's bank accounts and directed investor funds into and out of FSSI's accounts. Radle knew that FSSI did not obtain the collateral for the investors before releasing investor funds, as required by the Investment Agreements. He also knew that he did not place investor funds in accounts designated for the benefit of the investors. Further, Radle directed investor funds out of FSSI-controlled bank accounts and into accounts over which neither he nor FSSI had any control. Finally, he did not obtain critical information regarding the manner in which investor funds would be used and how profits would be generated.

E. Dwyer's Misrepresentations and Omissions

27. In approximately February 1998 and March 1998, Dwyer attempted to obtain investor funds from two elderly sisters under false pretenses. At the time, the elderly sisters lived at a nursing home and maintained brokerage accounts at FSSI through their charitable remainder trusts.

28. In February and March 1998, Dwyer met with the sisters at their nursing home on two occasions. At the second meeting, Dwyer asked each sister to sign separate pieces of paper, claiming that he needed the signed papers to prove to FSSI that he had visited them. On information and belief, these pieces of paper were the last pages of two separate six page Investment Agreements, one for \$250,000 and the other for \$50,000. The last page of these

Investment Agreements is the signature page and does not contain any of the terms of the Investment Agreements. Dwyer knowingly deceived the sisters by not informing them that they were signing the last pages of two six page Investment Agreements with FSSI. Neither of the elderly sisters received any explanation of the Investment Agreements from Dwyer or anyone else. As a result, the sisters did not understand that they were entering into the Investment Agreements offered through FSSI.

29. The elderly sisters are trustees of their respective charitable remainder trusts and held mutual funds as assets in the trusts. Dwyer liquidated \$300,000 of the assets held for the trusts in accounts at FSSI and sent the signed Investment Agreements to the trust company which administered the trusts for the sisters, with instructions to release the \$300,000 to FSSI. The transaction was stopped before the sisters actually invested money in the Investment Agreements.

30. In the alternative, even if Dwyer actually explained the investment program to the sisters and the sisters knowingly and voluntarily agreed to buy the Investment Agreements. Dwyer made false and misleading statements about the safety of the investments, the use of investor proceeds and the rates of return. The Investment Agreements are substantially identical to the Investment Agreements FSSI entered into, through Radle, with the other investors discussed above. Like the Investment Agreements discussed above, these Investment Agreements promised an extraordinarily high rate of return without any risk. Despite this “red flag,” Dwyer did not obtain critical information about the program, such as how FSSI, through Radle, would obtain the collateral on behalf of the sisters, where it would be held, and who would hold it. In addition, Dwyer did not attempt to gather information on how the rates of

return stated in the Investment Agreements were generated. Dwyer did not know the names of the supposed traders that traded with the banks in Europe, the names of the banks, the names of the contact persons at the banks, and the ultimate location of investor funds from which profits would be generated.

COUNT I

FSSI and Radle's Violations of Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)]

31. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

32. From approximately November 1997 through April 1998, FSSI and Radle, in the offer and sale of securities in the form of the Investment Agreements, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly or indirectly, employed devices, schemes or artifices to defraud, as more fully described in Paragraphs 1 through 30.

33. FSSI and Radle knew or were reckless in not knowing of the facts and circumstances described in Paragraphs 1 through 30.

34. By reason of the activities described in Paragraphs 1 through 30, FSSI and Radle violated Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

COUNT II

FSSI and Radle's Violations of Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. §77q(a)(2) and (3)]

35. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

36. From approximately November 1997 through April 1998, FSSI and Radle, in the offer and sale of securities in the form of the Investment Agreements, by the use of the means and

instruments of transportation and communication in interstate commerce and by the use of the mails, directly or indirectly, obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements. in light of the circumstances under which they were made. not misleading; and engaged in transactions. practices and courses of business which operated as a fraud and deceit upon investors. as more fully described in Paragraphs 1 through 30.

37. By reason of the activities described in Paragraphs 1 through 30, FSSI and Radle violated Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. §77q(a)(2) and (3)].

COUNT III

FSSI and Radle's Violations of Section 10(b) of the
Exchange Act [15 U.S.C. §77j(b)] and
Rule 10b-5 promulgated thereunder [17 C.F.R. §240.10b-5]

38. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

39. From approximately November 1997 through April 1998, FSSI and Radle, in connection with the purchase and sale of securities in the form of the Investment Agreements, by the use of the means and instrumentalities of interstate commerce and of the mails, directly and indirectly, employed devices, schemes and artifices to defraud: obtained money or property by means of untrue statements of material fact and 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; and engaged in acts, practices and courses of business which have operated as a fraud or deceit upon investors. all as more fully described in Paragraphs 1 through 30.

40. FSSI and Radle knew or were reckless in not knowing of the facts and circumstances described in Paragraphs 1 through 30.

41. By reason of the activities described in Paragraphs 1 through 30, FSSI and Radle violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5[17 C.F.R. §240.10b-5] promulgated thereunder.

COUNT IV

FSSI's Violations of Section 15(c) of the Exchange Act [15 U.S.C. §78o(c)] and Rule 15c1-2[17 C.F.R. §240.15c1-2] promulgated thereunder.

42. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

43. From approximately November 1997 through April 1998, FSSI, through Radle, while acting as a broker, by the use of the mails and of the means and instrumentalities of interstate commerce, effectuated transactions in and induced and attempted to induce the purchase and sale of securities by means of manipulative, deceptive and other fraudulent devices and contrivances, including acts, practices and courses of business which operated and would operate as a fraud and a deceit, and made untrue statements of material facts and omitted 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, which statements and omissions were made with knowledge or reasonable grounds to believe that they were untrue and misleading, all as more fully described in Paragraphs 1 through 30.

44. FSSI, through Radle, knew or had reasonable grounds to believe that the representations made to investors who were offered and sold Investment Agreements were untrue and misleading.

45. By reason of the activities described in Paragraphs 1 through 30, FSSI violated Section 15(c) of the Exchange Act [15 U.S.C. §78o(c)] and Rule 15c1-2[17 C.F.R. §240.15c1-2] promulgated thereunder.

COUNT V

Dwyer's Violations of Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)]

46. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

47. From approximately February 1998 through March 1998, Dwyer, in the offer and sale of securities in the form of the Investment Agreements, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly or indirectly, employed devices, schemes or artifices to defraud, as more fully described in Paragraphs 1 through 30.

48. In the offer and sale of the securities in the form of the Investment Agreements, Dwyer obtained signed Investment Agreements from two elderly sisters under false pretenses, as more fully described in Paragraphs 1 through 30.

49. Dwyer knew or was reckless in not knowing of the facts and circumstances described in Paragraphs 1 through 30

50. By reason of the activities described in Paragraphs 1 through 30, Dwyer violated Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

COUNT VI

Dwyer's Violations of Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. §77q(a)(2) and (3)]

51. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

52. From approximately February 1998 through March 1998, Dwyer, in the offer and sale of securities in the form of the Investment Agreements, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the

mails. directly or indirectly, obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements. in light of the circumstances under which they were made. not misleading; and engaged in transactions, practices and courses of business which operated as a fraud and deceit upon investors. as more fully described in Paragraphs 1 through 30.

53. In the offer and sale of the securities in the form of the Investment Agreements. Dwyer obtained signed Investment Agreements from two elderly sisters under false pretenses. as more fully described in Paragraphs 1 through 30.

54. By reason of the activities described in Paragraphs 1 through 30. Dwyer violated Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. §77q(a)(2) and (3)].

COUNT VII

**Dwyer's Violations of Section 10(b) of the
Exchange Act [15 U.S.C. §77j(b)] and
Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5)**

55. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

56. From approximately February 1998 through March 1998. Dwyer. in connection with the purchase and sale of securities in the form of the Investment Agreements. by the use of the means and instrumentalities of interstate commerce and of the mails. directly and indirectly. employed devices. schemes and artifices to defraud: obtained money or property by means of untrue statements of material fact and 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; and engaged in acts, practices and courses of business which have operated as a fraud or deceit upon investors, all as more fully described in Paragraphs 1 through 30.

57. In the purchase and sale of the securities in the form of the Investment Agreements. Dwyer obtained signed Investment Agreements from two elderly sisters under false pretenses. as more fully described in Paragraphs 1 through 30

58. Dwyer knew or was reckless in not knowing of the facts and circumstances described in Paragraphs 1 through 30.

59. By reason of the activities described in Paragraphs 1 through 30. Dwyer violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5[17 C.F.R. §240.10b-5] promulgated thereunder,

COUNT VIII

Dwyer's Violations of Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)]

60. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

61. From approximately February 1998 through March 1998. Dwyer, in the offer of securities in the form of the Investment Agreements. by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails. directly or indirectly, employed devices. schemes or artifices to defraud. as more fully described in Paragraphs 1 through 30.

62. In the offer of the securities in the form of the Investment Agreements. Dwyer made false and misleading statements of material fact and omitted to state material facts to investors related to the safety of the investment. the use of investor proceeds and the rate of return. as more fully described in Paragraphs 1 through 30.

63. Dwyer knew or was reckless in not knowing of the facts and circumstances described in Paragraphs 1 through 30.

64. By reason of the activities described in Paragraphs 1 through 30, Dwyer violated Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

COUNT IX

**Dwyer's Violations of Section 17(a)(2) and (3) of the
Securities Act [15 U.S.C. §77q(a)(2) and (3)]**

65. Paragraphs 1 through 30 are realleged and incorporated by reference herein.

66. From approximately February 1998 through March 1998, Dwyer, in the offer of securities in the form of the Investment Agreements, by the use of the means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly or indirectly, obtained money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements, in light of the circumstances under which they were made, not misleading; and engaged in transactions, practices and courses of business which operated as a fraud and deceit upon investors, as more fully described in Paragraphs 1 through 30.

67. In the offer of the securities in the form of the Investment Agreements, Dwyer made false and misleading statements of material fact and omitted to state material facts to investors related to the safety of the investment, the use of investor proceeds and the rate of return, as more fully described in Paragraphs 1 through 30.

68. By reason of the activities described in Paragraphs 1 through 30, Dwyer violated Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. §77q(a)(2) and (3)].

RELIEF REQUESTED

WHEREFORE, the Plaintiff respectfully requests that this Court:

I.

Find that FSSI, Radle and Dwyer committed the violations alleged above.

II.

Grant an Order permanently restraining and en-joining FSSI, its officers, agents, servants, employees, assigns, and attorneys from future violations of Section 17(a)(1), (2) and (3) of the Securities Act [15 U.S.C. §77q(a)(1), (2) and (3)], Sections 10(b) and 15(c) of the Exchange Act [15 U.S.C. §§78j(b) and 78o(c)], and Rules 10b-5 and 15c1-2 [17 C.F.R. §§240.10b-5 and 240.15c1-2] promulgated thereunder.

III.

Grant an Order permanently restraining and enjoining Radle and Dwyer, their officers, agents, servants, employees, assigns, and attorneys from future violations of Section 17(a)(1), (2) and (3) of the Securities Act [15 U.S.C. §77q(a)(1), (2) and (3)], Section 10(b) of the Exchange Act [15 U.S.C. §§78j(b)], and Rules 10b-5 [17 C.F.R. §240.10b-5] promulgated thereunder.

IV.

Grant an Order requiring FSSI to pay to the registry of this Court disgorgement of ill-gotten gains, plus prejudgment interest.

V.

Grant an Order requiring FSSI, Radle and Dwyer to pay to the Commission civil monetary 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. §78u(d)].

VI.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms **of** all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VII.

Grant an Order for such further relief as the Court may deem just and appropriate.

Dated: September 27, 1999

Respectfully Submitted.

A handwritten signature in black ink, appearing to read "Caz Hashemi", written over a horizontal line.

Robert J. Burson
John J. Sikora, Jr.
Caz Hashemi
Attorneys for Plaintiff
United States Securities and Exchange Commission
500 W. Madison Street, Suite 1400
Chicago, Illinois 60661

Telephone: (312) 353-7390