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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

v.

VINCENT NAPOLITANO, STOCKPLAYER.COM, INC.,
IRVING J. STITSKY, JORDAN I. SHAMAH, and
ROBERT B. KESSLER,

Defendants; and

I.S.A. CONSULTING, INC., I.J.S. CONSULTING, INC.,
J.S.I. CONSULTING, INC., I & J CONSULTING, INC.,
WALKER CONSULTING, LTD., FINANCIAL FUTURE
CORP., INTERCAPITAL HOLDINGS CORP.,
MEERSBROOK, LTD., WINDLASS CAPITAL
MANAGEMENT, LTD., TARLTON FINANCIAL, LTD.,
JAPURA COMPANY, VJS INTERNATIONAL
HOLDINGS, INC., ANCHOR CAPITAL MANAGEMENT,
LTD., LANCER, S.A., and
YORKSHIRE CAPITAL MANAGEMENT, LTD.,
Relief Defendants.

CV 99 4807

SEYBERT, J.

ORENSTEIN, M.

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendants Vincent Napolitano ("Napolitano"), StockPlayer.com, Inc. ("StockPlayer.com"), Irving J. Stitsky ("Stitsky"), Jordan I. Shamah ("Shamah") and Robert B. Kessler ("Kessler") (collectively, the "Defendants"), and I.S.A. Consulting, Inc., I.J.S. Consulting, Inc., J.S.I. Consulting, Inc., I & J Consulting, Inc., Walker Consulting, Ltd., Financial Future Corp., Intercapital Holdings Corp., Meersbrook, Ltd., Windlass Capital Management, Ltd., Tarlton Financial, Ltd., Japura Company, VJS International Holdings, Inc., Anchor Capital Management, Ltd., Lancer, S.A. and Yorkshire Capital Management, Ltd. (collectively, the "Relief Defendants"), alleges as follows:

INTRODUCTION

1. Beginning in August 1998 and continuing to the present, Stitsky, Shamah, Kessler and Napolitano operated a complex scheme involving the manipulation of the stock of microcap companies. In so doing, they fraudulently obtained several million dollars.
2. Stitsky, Shamah and Napolitano obtained control of large blocks of stock in the microcap companies that were the subject of the manipulation. These blocks of stock were often large enough to constitute control of the public float, or outstanding unrestricted stock, of that company.
3. Stitsky, Shamah and Napolitano then caused these stocks to be touted in Internet newsletters they controlled. Most of the microcap companies whose stocks were the subject of this manipulation were profiled in the internet newsletter *StockPlayer* and

in a related web site, located at www.stockplayer.com. Both the *StockPlayer* newsletter and web site are controlled by Napolitano.

4. Finally, Stitsky, Shamah and Napolitano sold out their holdings at the highest possible price with the knowing assistance of Kessler, a trader at a local broker-dealer. Kessler, at the direction of Stitsky, manipulated the prices of those stocks by raising the bid and ask quotations for them and purchasing and bidding for them to ensure that the stock price stayed high while Stitsky, Shamah and Napolitano sold their shares.

5. Stitsky, Shamah, Kessler, Napolitano and StockPlayer.com failed to disclose to the investing public that on a number of occasions Stitsky, Shamah, Napolitano and their respective affiliates sold large blocks of the stock of issuers that were profiled in *StockPlayer*. They did so at a time when they were advising the investing public, through the medium of the newsletter, to buy that same stock.

6. Stitsky, Shamah, Kessler and Napolitano failed to disclose to the investors purchasing stock from them the fact that they had control of the float of the issuer and were manipulating the price of its stock through predetermined bid and ask quotations.

7. In addition, between March 1997 and July 1998, in both the *StockPlayer* newsletter and on the related web site, Napolitano and StockPlayer.com made misrepresentations and omitted to state facts concerning the issuer being profiled. These facts and omissions would have been material to a person contemplating an investment in that stock.

8. Between March 1997 and July 1998, Napolitano and StockPlayer.com failed to fully disclose the compensation the profiled companies were paying in

connection with their respective profiles in *StockPlayer*, in the form of stock these issuers paid to affiliates of Napolitano, purportedly in exchange for consulting services.

9. Napolitano controlled StockPlayer.com, the corporation that disseminated *StockPlayer*, and was ultimately responsible for the content of that newsletter.

10. Stitsky, Shamah, Napolitano and StockPlayer.com, directly or indirectly, singly or in concert, have engaged, are continuing to engage, and are about to engage in, transactions, acts, practices, and courses of business that constitute, and would constitute, violations of Section 17(a) of the Securities Act of 1933, as amended ("Securities Act"), 15 U.S.C. §77q(a); and Section 10(b) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), 15 U.S.C. §78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5; and Rule 102 of Regulation M, 17 C.F.R. 242 §102.

11. Napolitano and StockPlayer.com, directly or indirectly, singly or in concert, have engaged, are continuing to engage, and are about to engage in, transactions, acts, practices, and courses of business that constitute, and would constitute, violations of Section 17(b) of the Securities Act, 15 U.S.C. §77q(b).

12. Kessler, directly or indirectly, singly or in concert, has engaged, is continuing to engage, and is about to engage in, transactions, acts, practices, and courses of business that constitute, and would constitute, violations of Section 17(a) of the Securities Act, 15 U.S.C. §§77q(a); and Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5; and Rule 101 of Regulation M, 17 C.F.R. § 242.101.

13. Unless Defendants are restrained and enjoined, they will continue to engage in the transactions, acts, practices, and courses of business set forth in this Complaint and in transactions, acts, practices, and courses of business of similar type and object.

JURISDICTION AND VENUE

14. 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) of the Exchange Act, 15 U.S.C. § 78u(d), to restrain and enjoin Stitsky, Shamah, Kessler and Napolitano from future violations of the federal securities laws. The Commission also seeks disgorgement by the Defendants of their ill-gotten gains plus prejudgment interest, civil penalties, and such other equitable relief as may be deemed appropriate.

15. This Court has jurisdiction over this action, and venue is proper, pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a) and Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa.

16. The Commission, pursuant to authority conferred upon it by Sections 10(b) and 23(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78w(a), has promulgated Rule 10b-5, 17 C.F.R. § 240.10b-5, and Regulation M, 17 C.F.R. § 242.100. Both Rule 10b-5 and Regulation M were in effect at the time of the transactions and events alleged in this Complaint and remain in effect.

17. The Defendants, directly or indirectly, singly or in concert, made use of the means or instruments of transportation and communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the

transactions, acts, practices and courses of business alleged herein. Certain of the transactions, acts, practices and courses of business alleged herein took place in the Eastern District of New York, including, but not limited to, the publication of *StockPlayer*, the directions given by Stitsky to Kessler regarding his quotations in the stocks that were the subject of the manipulation. Stitsky, Shamah, Napolitano and Kessler reside in the Eastern District of New York. The headquarters of StockPlayer.com are located in the Eastern District of New York.

DEFENDANTS

18. Irving J. Stitsky, 55, is an individual residing in Brookville, New York. He was formerly a broker, and was associated with the firm of Stratton Oakmont, Inc. ("Stratton Oakmont") from August 1990 until July 1995.

19. Jordan I. Shamah, 41, is an individual residing in Westbury, New York. He was also formerly a broker and was associated with Stratton Oakmont from February 1990 until December 1996.

20. Robert B. Kessler, 40, is an individual residing in Syosset, New York. He is currently a broker at Paramount Securities in Great Neck, New York. From June 1992 through 1996 he was employed at Stratton Oakmont as a registered representative and trader.

21. Vincent Napolitano, 38, is an individual residing in Oyster Bay, New York. From June 1990 through November 1991, Napolitano was employed as a broker by three different firms, one of which was Stratton Oakmont.

22. StockPlayer.com, Inc. is a New York corporation with offices in Garden City, New York. Napolitano is its president.

RELIEF DEFENDANTS

23. I.S.A. Consulting, Inc. ("ISA"), I.J.S. Consulting, Inc. ("IJS"), J.S.I. Consulting, Inc. ("JSI"), I & J Consulting, Inc. ("I&J") and Walker Consulting, Ltd. ("Walker"), are all New York corporations.

24. Upon information and belief, Windlass Capital Management, Ltd. ("Windlass"), Yorkshire Capital Management, Ltd. ("Yorkshire") and Meersbrook, Ltd. ("Meersbrook") are corporations formed under the laws of Nevis, West Indies.

25. Upon information and belief, Tarlton Financial, Ltd. ("Tarlton"), Japura Company ("Japura") and VJS International Holdings, Inc. ("VJS") are all corporations formed under the laws of the Cayman Islands.

26. Upon information and belief, Anchor Capital Management, Ltd. ("Anchor") is a corporation formed under the laws of the Turks & Caicos Islands, British West Indies.

27. Upon information and belief, Lancer, S.A. ("Lancer"), is a corporation formed under the laws of the Dominican Republic.

28. Napolitano is authorized to effect trades for all the entities named in paragraphs 24 through 28 above.

29. Intercapital Holdings Corp. ("Intercapital") is a New York corporation with offices at 100 Quentin Roosevelt Boulevard, Garden City, New York. Napolitano is its president.

30. Upon information and belief, Financial Future Corp. is a d/b/a for Michael Howard, an individual who has collaborated with Napolitano on *StockPlayer* profiles. Its offices are located at 100 Quentin Roosevelt Boulevard, Garden City, New York.

PROFILED COMPANIES

31. ARXA International Energy, Inc. ("ARXA") is a Texas corporation whose business consists of oil and gas exploration and drilling. During the time period relevant to this action, its stock was listed on the OTC bulletin board. ARXA was profiled in *StockPlayer* in or about May 1997.

32. Iron Holdings Corporation ("Iron Holdings") is a Nevada corporation whose business consists of the construction of single-family houses in the New York City area. During the time period relevant to this action, its stock was listed on the OTC bulletin board. It has since changed its name to Monarch Investment Properties. Iron Holdings was profiled in *StockPlayer* in or about August 1997.

33. Collision King, Inc. ("Collision King") is a Oklahoma corporation whose business consists of the operation of a consortium of car frame repair businesses. During the time period relevant to this action, its stock was listed on the OTC bulletin board. Collision King was profiled in *StockPlayer* in or about October 1997.

34. Tilden Associates, Inc. ("Tilden") is a Delaware corporation whose business consists of the operation of car repair franchises. During the time period relevant to this action, its stock was listed on the OTC bulletin board. Tilden was profiled in *StockPlayer* in or about June 1998.

35. Detour Magazine, Inc. ("Detour") is a California corporation whose business consists of publishing a magazine about fashion and entertainment. During the time period relevant to this action, its stock was listed on the OTC bulletin board. Detour was profiled twice in *StockPlayer*, in or about March and August 1998.

36. Tri-Com Technology Group, Inc. ("Tri-Com") is a Nevada corporation whose business involves computer and internet services. During the time period relevant to this action, its stock was listed on the OTC bulletin board. Tri-Com was profiled in *StockGenie* in or about December 1998.

37. Wineco Productions, Inc. ("Wineco") is a Nevada corporation whose business is related to the aviation industry. During the time period relevant to this action, its stock was listed on the OTC bulletin board. Wineco was profiled in *StockPlayer* in or about January 1999.

38. Fidelity Capital Group Holdings, Inc. ("Fidelity") is a Nevada corporation whose business involves the furniture industry. During the time period relevant to this action, its stock was listed on the OTC bulletin board. Fidelity was profiled in *StockPlayer* in or about May 1999.

39. The foregoing companies will be referred to herein collectively as the "Profiled Companies."

FACTS

Stitsky, Shamah and Napolitano obtained large blocks of stock in the issuers they intended to profile

40. It was an integral part of the scheme that Stitsky, Shamah and, in all but one instance, Napolitano would obtain large blocks of stock in companies that were to

be profiled in one of the internet newsletters they controlled, usually Napolitano's newsletter *StockPlayer*.

41. This stock was often issued directly in private placements and was usually issued to an affiliate or nominee of Stitsky or Napolitano rather than to either of them directly.

42. Napolitano's affiliates were StockPlayer.com, Intercapital, Meersbrook, Windlass, Tarlton, Japura, VJS, Anchor, Lancer and Yorkshire. Various combinations of these companies were used in connection with Napolitano's transactions in the stock of Iron Holdings, Collision King, Tilden Detour, Wineco, Fidelity and ARXA. Napolitano controlled the activities of these affiliates in connection with the subject matter of this Complaint.

43. Stitsky's affiliates were ISA, IJS, JSI, I&J and Walker. They acted as his nominees in connection with trades in the stock of Detour, Tri-Com, Wineco and Fidelity.

44. As part of the scheme, Stitsky, Shamah and Napolitano often obtained control of so much stock that they effectively controlled the unrestricted issued and outstanding stock a Profiled Company, or the public "float."

45. In the case of Wineco, for example, the block of stock controlled by Stitsky during January 1999, prior to its profile in *StockPlayer*, was so large that it constituted nearly the entire public float of the stock.

46. Stitsky, Shamah, Napolitano and their respective affiliates would receive the stock of the Profiled Companies in a number of different ways.

47. In the case of Detour, in early 1998, before it was profiled in *StockPlayer*, over 4.4 million shares were issued, apparently in a private placement, to Intercapital, Windlass, StockPlayer.com, Yorkshire and Lancer. All these were affiliates of Napolitano. Shares of Detour were also issued to Financial Future Corp.

48. On other occasions stock was issued pursuant to a Regulation S subscription to an offshore entity. On these occasions, however, the offshore entity was controlled by Napolitano and the offshore entity bought and sold the profiled company's stock at his direction.

49. For example, in June 1997 Napolitano caused his affiliate Anchor to subscribe for 500,000 shares of the stock of ARXA pursuant to Regulation S. On the date they were issued, these shares were worth approximately \$1 million more than Anchor had paid for them.

50. On another occasion, in July 1997, Napolitano caused Anchor to subscribe for 500,000 shares of the stock of Iron Holdings pursuant to Regulation S. On the date issued, these shares were worth over \$700,000 more than Anchor had paid for them.

51. On other occasions, the stock was issued to affiliates of Napolitano and Stitsky, purportedly for "consulting services," pursuant to a registration statement on Form S-8 under the Securities Act.

52. In connection with the *StockPlayer* profile of Tilden in June 1998, StockPlayer.com and Tarlton were issued a total of 175,000 shares pursuant to a Form S-8 registration. Walker was issued 250,000 shares in the same manner.

53. All told, in connection with issuer profiles of ARXA, Iron Holdings, Collision King and Tilden in *StockPlayer* between May 1997 and August 1998, Napolitano's affiliates were issued a total of approximately 3.7 million shares of issuer stock, worth approximately \$10 million at the time they were issued.

54. In connection with the *StockPlayer* profile of Tilden, Stitsky's affiliate Walker Consulting was issued 250,000 shares of stock, worth approximately \$1.3 million on the date they were issued.

Stitsky, Shamah and Napolitano caused the issuer stocks to be touted in internet newsletters they controlled

55. Napolitano traded in the stock of at least seven of the Profiled Companies. These seven stocks were ARXA, Iron Holdings, Collision King, Tilden, Detour, Wineco and Fidelity. He also received stock in at least four of the Profiled Companies as undisclosed compensation for the profiles, without disclosing these facts to the public that read his profiles. These four stocks were ARXA, Iron Holdings, Collision King and Tilden.

56. StockPlayer.com traded in the stock of at least five of the Profiled Companies. These stocks were ARXA, Iron Holdings, Collision King, Tilden and Wineco.

57. Stitsky and Shamah traded in the stock of at least four Profiled Companies, obtaining control of large blocks of their stock and selling out their holdings with the assistance of Kessler, who increased the prices of these securities by raising his bid and ask quotations and by bidding for and purchasing those stocks while

Stitsky, Shamah and Napolitano were selling the shares they controlled. These four stocks were Detour, Tri-Com, Wineco and Fidelity.

58. Tri-Com was also profiled in another internet newsletter, *StockGenie*. That newsletter was controlled by a business associate of Stitsky.

Kessler set his quotations for issuer stock at the direction of Stitsky

59. Kessler established his bid and ask quotations for the stocks that were the subject of the scheme at the direction of Stitsky. These quotations were structured in such a way as to cause the stock held by Stitsky, Shamah and Napolitano to be sold at the highest possible price.

60. On one occasion in late January 1999, Stitsky instructed Kessler as to the exact bid and ask quotations he should establish for Wineco stock. Kessler complied with Stitsky's direction.

61. While the distribution of the stock of Wineco was ongoing, Stitsky, on his own behalf and on behalf of the other participants in the scheme, caused Kessler to establish his quotation as the high bid for Wineco stock. This had the effect of supporting the price of the stock so that it would remain high for a longer period than it would have otherwise.

62. While the distribution of Tri-Com stock was on going, Stitsky, on his own behalf and on behalf of the other participants in the scheme, caused Kessler to establish his quotation as the low offer for Tri-Com stock. This had the effect of ensuring that other market participants wishing to sell their holdings of Tri-Com would be drawn to Kessler's low offer. Kessler understood that in this event he would then

sell out the holdings of Stitsky, Shamah and Napolitano at Paramount Securities before those of any other Paramount clients.

63. With respect to the Defendants' transactions in the stock of Detour, Tri-Com, Wineco and Fidelity, a "distribution" existed within the meaning of Regulation M, because of the magnitude of the blocks of stock sold and the special selling efforts made in touting the stock over the Internet.

64. Kessler purchased the stock of Detour, Wineco, Tri-Com and Fidelity, respectively, while knowingly agreeing to participate in the distribution of each such stock. He did so at the direction of Stitsky for the benefit of all the participants in the scheme.

Stitsky, Shamah and Napolitano sold their holdings of issuer stock at a time when they were recommending that the public purchase these very stocks

65. On numerous occasions, Stitsky, Shamah and Napolitano sold their stock after the newsletter recommending the purchase of this stock had been disseminated to the public. Thus, they were selling out their holdings at a time when they were urging the public to buy this very same stock.

66. As discussed above, Stitsky, Shamah and Napolitano had often acquired their stock at a low price, whether in a private placement, for consulting or otherwise, prior to the dissemination of the newsletter. In a number of instances, they were able to sell these issuer stocks at prices that were elevated following his dissemination of the profile concerning that issuer in *StockPlayer*.

67. Within the first few weeks after the *StockPlayer* profile of ARXA, Napolitano, through entities he controlled, sold approximately 190,000 shares of ARXA stock for sale proceeds of nearly \$600,000.

68. Within the first few weeks after the *StockPlayer* profile of Iron Holdings, Napolitano, through entities he controlled, sold approximately 390,000 shares of Iron Holdings stock for sale proceeds of approximately \$1.9 million.

69. Within the first few weeks after the *StockPlayer* profile of Collision King, Napolitano, through entities he controlled, sold approximately 60,000 shares of Collision King stock for sale proceeds of nearly \$180,000.

70. Within the first few weeks after the *StockPlayer* profile of Tilden, Napolitano, through entities he controlled, sold approximately 56,000 shares of Tilden stock for sale proceeds of approximately \$270,000.

71. Following the *StockPlayer* profile of Wineco, Kessler sold a substantial number of shares of Wineco for the accounts of each of Stitsky, Shamah and Napolitano, at a time when the profile was urging subscribers to the newsletter to buy the stock.

72. Following the *StockPlayer* profile of Wineco, on or about January 28, 1999, Stitsky sold over 32,000 shares of its stock on a single day, at a time when the profile was urging subscribers to the newsletter to buy the stock.

The Defendants misstated and omitted material facts in connection with the Profiled Companies

73. In connection with both the dissemination of the Internet newsletters with respect to the Profiled Companies, and with their sales and purchases of stock in

those companies, each of the Defendants misstated, and failed to disclose, material facts.

74. In their profiles of ARXA and Collision King, Napolitano and StockPlayer.com misstated material facts concerning both companies.

75. For example, in the *StockPlayer* profile of ARXA, Napolitano and StockPlayer.com failed to disclose that ARXA never owned more than approximately 2% of a given oil or gas well, allowing readers of the newsletter to believe that it owned 100% of those wells.

76. In the *StockPlayer* profile of Collision King, Napolitano and StockPlayer.com falsely stated that Collision King owned certain important patents, when in fact they were owned by its former president, Napolitano and StockPlayer.com also stated that the company was advised by a reputable securities firm, when in fact that firm had resigned in a disagreement over the proposed transaction with Napolitano and StockPlayer.com.

77. In the profiles of ARXA, Iron Holdings, Collision King and Tilden, Napolitano and StockPlayer.com never adequately disclosed the many hundreds of thousands of shares these issuers paid to offshore companies controlled by Napolitano.

78. Neither Stitsky, Shamah, Napolitano or Kessler disclosed to the investors in the stock of Detour, Tri-Com, Wineco and Fidelity that they were obtaining control of large blocks of issuer stock; touting those stocks in Internet newsletters; manipulating the quotations for those stocks on the OTC Bulletin Board;

and selling out their holdings at a time when they were urging newsletter subscribers to purchase those stocks.

CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF

**Violations of Section 17(b) of
the Securities Act
(Failure to Disclose Compensation --
Napolitano and StockPlayer.com)**

79. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 78 above.

80. From in or about May 1997 through at least August 1998, Napolitano and StockPlayer.com, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, have published, given publicity to, and circulated a notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, described such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

SECOND CLAIM FOR RELIEF

**Violations of Section 17(a)(1) of
the Securities Act
(Material Misrepresentations and Omissions --
Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler)**

81. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 78 above.

82. From in or about May 1997 through the present, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or of the mails, in connection with the purchase or sale of securities, and in the offer or sale of securities, knowingly or recklessly, have: (1) employed devices, schemes and artifices to defraud; (2) made untrue statements of material fact, or have 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 (3) engaged in acts, transactions, practices and courses of business which have operated as a fraud or deceit upon purchasers of the securities of issuers profiled in *StockPlayer* and *StockGenie* and other persons.

83. As part and in furtherance of this fraudulent conduct, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler knowingly failed to disclose to prospective investors the existence of the scheme whereby Stitsky, Shamah and Napolitano obtained control of large blocks of stock in the Profiled Companies; touted those stocks in internet newsletters they controlled; and sold out their holdings at favorable prices with the collusion of Kessler, who established his bid and ask quotations at the direction of Stitsky for the benefit of the other participants in the scheme who bid for and purchased those securities while engaged in a distribution of such securities who bid for and purchased those securities while engaged in a distribution of such securities.

84. As part of and in furtherance of this fraudulent conduct Napolitano and StockPlayer.com made material misstatements and omitted to state material facts

concerning the profiled companies, in connection with the *StockPlayer* profiles of ARXA and Collision King.

85. By reason of the foregoing, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler have, directly or indirectly, singly or in concert, violated Section 17(a)(1) of the Securities Act, 15 U.S.C. §§77q(a)(1).

THIRD CLAIM FOR RELIEF

Violations of Section 10(b)

of the Exchange Act and Rule 10b-5

(Material Misrepresentations and Omissions --
Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler)

86. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 78 above.

87. From in or about May 1997 through the present, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or of the mails, in connection with the purchase or sale of securities, and in the offer or sale of securities, knowingly or recklessly, have: (1) employed devices, schemes and artifices to defraud; (2) made untrue statements of material fact, or have 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 (3) engaged in acts, transactions, practices and courses of business which have operated as a fraud or deceit upon purchasers of the securities of issuers profiled in *StockPlayer* and *StockGenie* and other persons.

88. As part and in furtherance of this fraudulent conduct, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler knowingly failed to disclose to prospective investors the existence of the scheme whereby Stitsky, Shamah and Napolitano obtained control of large blocks of stock in the Profiled Companies; touted those stocks in internet newsletters they controlled; and sold out their holdings at favorable prices with the collusion of Kessler, who established his bid and ask quotations at the direction of Stitsky for the benefit of the other participants in the scheme who bid for and purchased those securities while engaged in a distribution of such securities who bid for and purchased those securities while engaged in a distribution of such securities.

89. As part of and in furtherance of this fraudulent conduct Napolitano and StockPlayer.com made material misstatements and omitted to state material facts concerning the profiled companies, in connection with the *StockPlayer* profiles of ARXA and Collision King.

90. By reason of the foregoing, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler have, directly or indirectly, singly or in concert, 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.

FOURTH CLAIM FOR RELIEF
Violations of Section 17(a)(2) and (3)
of the Securities Act

(Material Misrepresentations and Omissions --
Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler)

91. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 78 above.

92. From in or about May 1997 through the present, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler, directly or indirectly, singly or in concert, by use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or of the mails, in the offer or sale of securities, have: (1) obtained money or property through untrue statements of material fact, or have 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 (3) engaged in acts, transactions, practices and courses of business which have operated as a fraud or deceit upon purchasers of securities of the Profiled Companies.

93. As part and in furtherance of this fraudulent conduct, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler knowingly failed to disclose to prospective investors the existence of the scheme whereby Stitsky, Shamah and Napolitano obtained control of large blocks of stock in the Profiled Companies; touted those stocks in Internet newsletters; and sold out their holdings at favorable prices with the collusion of Kessler, who established his bid and ask quotations at the direction of Stitsky for the benefit of the other participants in the scheme.

94. As part of and in furtherance of this fraudulent conduct Napolitano and StockPlayer.com made material misstatements and omitted to state material facts concerning the profiled companies, in connection with the *StockPlayer* profiles of ARXA and Collision King.

95. By reason of the foregoing, Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler have, directly or indirectly, singly or in concert, violated Sections 17(a)(2) and (3) of the Securities Act, 15 U.S.C. §§ 77q(a)(2) and (3).

FIFTH CLAIM FOR RELIEF
Violations of Section 10(b) of
the Exchange Act and Rule 10b-5
and Rule 102 of Regulation M
(Transactions During Participation
in a Distribution --Stitsky, Shamah and Napolitano)

96. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 78 above.

97. Stitsky, Shamah and Napolitano carried out distributions of the stock of Detour, Wineco and Fidelity within the meaning of Regulation M, because of the magnitude of the amounts of stock they sold and their use of special selling efforts, specifically in the use of Internet newsletter to tout the stocks.

98. Stitsky, Shamah and Napolitano, acting as selling security holders, in connection with the distribution of the securities of Detour, Wineco and Fidelity, effected by or on their behalf, directly or indirectly, bid for, purchased and attempted to induce persons to bid for or purchase those stocks during a restricted period.

99. Stitsky and Shamah carried out a distribution of the stock of Tri-Com, within the meaning of Regulation M, because of the magnitude of the amounts of stock they sold and their use of special selling efforts, specifically in the use of Internet newsletter to tout the stocks.

100. Stitsky and Shamah, acting as selling security holders, in connection with the distribution of the securities of Tri-Com, effected by or on their behalf,

directly or indirectly, bid for, purchased and attempted to induce persons to bid for or purchase those stocks during a restricted period.

101. By reason of the foregoing acts, practices and courses of business, Stitsky, Shamah and Napolitano, have, directly or indirectly, singly or in concert, violated Section 10(b) and Rule 10b-5 and Rule 102 of Regulation M, and unless temporarily, preliminarily, and permanently restrained and enjoined, will again violate Section 10(b), 15 U.S.C. §§ 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5 and Rule 102 of Regulation M, 17 C.F.R. § 242.102.

SIXTH CLAIM FOR RELIEF
Violations of Section 10(b) of
the Exchange Act and Rule 10b-5,
and Rule 101 of Regulation M
(Transactions During Participation
in a Distribution --Kessler)

102. The Commission realleges and incorporates by reference the allegations contained in Paragraphs 1 through 78 above.

103. Kessler, acting as a distribution participant, in connection with the distribution of securities of Detour, Tri-Com, Wineco and Fidelity, effected by or on behalf of Stitsky, Shamah and/or Napolitano, directly or indirectly, bid for, purchased and attempted to induce persons to bid for or purchase those stocks during a restricted period.

104. By reason of the foregoing acts, practices and courses of business, Kessler has, directly or indirectly, singly or in concert, violated Section 10(b) and Rule 10b-5 and Rule 101 of Regulation M, and unless temporarily, preliminarily, and permanently restrained and enjoined, will again violate Section 10(b), 15 U.S.C. §§

78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5 and Rule 101 of Regulation M, 17 C.F.R. § 242.101.

RELIEF REQUESTED

WHEREFORE, Plaintiff respectfully requests that this court:

I.

Grant a Final Judgment permanently enjoining Stitsky, Shamah, Napolitano, StockPlayer.com and Kessler, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Sections 17(a) of the Securities Act, 15 U.S.C. §§77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5, 17 C.F.R. § 240.10b-5.

II.

Grant a Final Judgment permanently enjoining Napolitano and StockPlayer.com, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Sections 17(b) of the Securities Act, 15 U.S.C. §§77q(b).

III.

Enter an Order permanently enjoining the Defendants Stitsky, Shamah and Napolitano, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by

personal service or otherwise, and each of them, from future violations of Rule 102 of Regulation M, 17 C.F.R. § 242.102.

IV.

Enter an Order permanently enjoining the Defendant Kessler, his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Rule 101 of Regulation M, 17 C.F.R. § 242.101.

V.

Grant a Final Judgment requiring the Defendants and the Relief Defendants to disgorge an amount equal to the funds and benefits they obtained illegally as a result of the violations alleged herein, plus prejudgment interest on that amount.

VI.

Grant a Final Judgment assessing penalties against the Defendants pursuant to Section 20(b) of the Securities Act and Section 21(c) of the Exchange Act, 15 U.S.C. § 78u(d).

VII.

Enter an order directing all the Defendants and Relief Defendants, jointly and severally, to prepare and present to the Court and the Commission, within thirty (30) days from the entry of said order, a sworn accounting of all the proceeds collected by them from the activities described in the Commission's Complaint.

VIII.

Enter an order requiring the Defendants Napolitano and StockPlayer.com and Relief Defendants Lancer, Yorkshire, Windlass, Meersbrook, Tarlton, Japura, VJS and Anchor to repatriate all U.S. investor funds and to identify to the Court and request records from all foreign financial institutions with which they maintain accounts.

IX.

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.

X.

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

Dated: August 18, 1999

Respectfully Submitted,

Thomas M. Melton
Alison J. Okinaka

A handwritten signature in cursive script, appearing to read "Alison J. Okinaka", is written over a horizontal line.

ATTORNEY FOR PLAINTIFF
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COMMISSION

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