
UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF TEXAS

Securities and Exchange Commission, §

Plaintiff §

v. §

Civil Action No. H-04-CV-2799

Carl R. Rose, Marvin M. Barnwell, §

George J. Cannan, Sr., §

George J. Cannan, Jr., §

Earl Shawn Casias, §

Hector J. Garcia, §

David A. Keener, Charles H. Leaver, §

and, Harris D. Ballow §

Defendants §

FIRST AMENDED COMPLAINT

Plaintiff Securities and Exchange Commission ("Plaintiff" or "Commission") alleges as follows for its complaint:

SUMMARY OF THE ACTION

1. This is a governmental enforcement action seeking injunctive and other equitable and statutory relief against nine defendants based upon their manipulative actions concerning two publicly traded stocks. During 1999, defendant Harris D. Ballow, also known as Butch Ballow ("Ballow"), acquired undisclosed but significant interests in EpicEdge, Inc and EVTC, Inc. During the latter part of 1999 and most of 2000, Ballow conducted and oversaw a massive effort to manipulate trading of the stocks in public markets. Ballow, acting largely through off-shore corporations, engaged in heavy trading designed to create artificial volume in the stocks and interfere with the

true supply and demand for the stocks, and used techniques such as marking the close and simultaneous or near-simultaneous purchasing and selling.

2. Defendant George J. Cannan, Sr. (“Cannan, Sr.”) played an important role in Ballow’s manipulations. Cannan, Sr. was the principal officer and largest shareholder of EVTC. Cannan, Sr. allowed Ballow to take control of EVTC at a time when the company was failing. Cannan, Sr. then bought large amounts of EpicEdge stock, helping to prop up the value of Ballow’s holdings of that stock enabling Ballow to sell or pledge EpicEdge stock and use the proceeds to buy EVTC stock, thereby advancing Cannan, Sr.’s interests.

3. The other defendants also played significant roles in the manipulations that Ballow orchestrated. Defendants Hector J. Garcia (“Garcia”) and Marvin M. Barnwell (“Barnwell”) were close associates of Ballow who helped him acquire interests in EVTC and helped him trade the stocks and sell some of his holdings at a profit. Defendant David A. Keener (“Keener”) was an officer of EVTC, Inc. who allowed Ballow to exert undisclosed control over the company and provided him confidential market information. Defendants Charles H. Leaver (“Leaver”) and Carl R. Rose (“Rose”) were control persons of EpicEdge who allowed Ballow to exert undisclosed influence over the company and provided him confidential market information. Defendants George J. Cannan, Jr. (“Cannan, Jr.”) and Earl Shawn Casias (“Casias”) were securities industry professionals who executed trades for Ballow and, in some cases, Cannan, Sr. and Cannan family members. These defendants made the manipulations happen in the face of red flags that should have alerted them to the unlawful nature of Ballow’s and Cannan, Sr.’s actions.

4. Defendants Ballow, Garcia, Barnwell, Cannan, Sr., Cannan, Jr. and Casias also engaged in a specific type of manipulation by making purchases or inducing purchases in the market while engaging in distributions of EpicEdge and EVTC stock.

5. In addition to manipulating the stocks of EpicEdge and EVTC, the defendants all made false and misleading statements in connection with trading in the stocks, as detailed below. Defendants Ballow, Garcia, Barnwell, and Cannan, Sr. violated provisions of the securities laws that require certain shareholders of public companies to disclose their ownership and intentions. Defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Cannan, Jr., and Casias offered and sold EpicEdge or EVTC stock without registering the transactions with the Commission. Garcia acted as a broker-dealer without registering as such with the Commission.

6. Through these actions, the defendants have violated, and unless restrained and enjoined will continue to violate, the antifraud provisions of the federal securities laws, Section 17(a) of the Securities Act of 1933, as amended ("Securities Act") [15 U.S.C. § 77q(a)], Section 10(b) of the Securities Exchange Act of 1934, as amended ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. These violations include both stock manipulation and issuance of false and misleading statements. Defendants Ballow, Garcia, Barnwell, Cannan, Sr., Cannan, Jr., and Casias violated Rule 101 or 102 of Regulation M [17 C.F.R. §§ 242.101 and 242.102]. Defendants Ballow, Garcia, Barnwell, and Cannan, Sr. violated Sections 13(d)(1) and 16(a) of the Exchange Act [15 U.S.C. §§ 78m(d)(1) and 78p(a)] and Rules 13d-1, 13d-2, and 16a-3 thereunder [17 C.F.R. §§ 240.13d-1, 240.13d-2, and 240.16a-3]. Defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Cannan, Jr., and

Casias, violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]. Defendants Cannan, Sr. and Keener aided and abetted violations by EVTC and defendants Rose and Leaver aided and abetted violations by EpicEdge of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-11, and 12b-20 thereunder [17 C.F.R. §§ 240.13a-1, 13a-11, and 12b-20]. Defendant Garcia violated Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]. In the alternative to direct violations of Section 10(b) of the Exchange Act, Rule 10b-5 thereunder, and Rules 101 and 102 of Regulation M under the Exchange Act [15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5, 242.101, and 242.102], defendants Cannan, Jr. and Casias aided and abetted violations by defendants Ballow, Garcia, Barnwell, and Cannan, Sr. of those provisions. In all cases, unless restrained and enjoined, the defendants will continue to violate the provisions for which they are identified.

JURISDICTION

7. The Commission brings this action pursuant to authority conferred on it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] to restrain and enjoin the defendants from engaging in the acts, practices and courses of business described in this Complaint and acts, practices and courses of business of similar purport and object. The Commission seeks permanent injunctions against all defendants. The Commission also seeks equitable relief in the form of disgorgement of ill-gotten gains with prejudgment interest, accounting, civil penalties, and officer and director bars as to some defendants.

8. This Court has jurisdiction in this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80d-14].

9. The defendants, directly or indirectly, made use of the means and instrumentalities of interstate commerce, and of the mails, in connection with the acts, practices, and courses of business alleged in this complaint.

10. Certain of the acts, practices and courses of business constituting the violations of law alleged herein occurred within the Southern District of Texas. Defendants Ballow, Garcia, Barnwell, Rose, and Leaver reside and conduct or conducted business within the Southern District of Texas, EpicEdge maintained its headquarters in the Southern District of Texas during the time period covered by this Complaint,.

THE ISSUERS

11. EpicEdge, Inc., a Texas corporation, is the product of a 1999 merger between Design Automation Systems, Inc. ("DASI"), a closely-held computer equipment reseller, and a public shell called Loch Exploration, Inc. Immediately after the merger the public company retained the Loch Exploration name, then took on the DASI name later in 1999 and finally the EpicEdge name in March 2000. The complaint will use the name EpicEdge to identify the public company at all times after the merger. EpicEdge was an Internet consultant prior to its bankruptcy liquidation in November 2003. At the time relevant to this complaint EpicEdge was a reporting company pursuant to Section 12(g) of the Exchange Act and its stock traded over-the-counter and on the American Stock Exchange ("AMEX"). In July 2004, the securities registration for

EpicEdge stock was revoked for failure to file periodic reports. It now trades in the Pink Sheets published by the National Quotation Bureau, Inc.

12. EVTC, Inc., a Delaware corporation, was engaged in the sale of refrigerants and related products. The company has sold its businesses and is now a dormant shell corporation. At the time relevant to this complaint EVTC was a reporting company pursuant to Section 12(g) of the Exchange Act and traded on the Nasdaq Small-Cap Market. In September 2004, the securities registration for EVTC was revoked for failure to file periodic reports. EVTC stock now trades in the Pink Sheets published by the National Quotation Bureau, Inc.

THE DEFENDANTS

Ballow and Associates

13. Harris D. "Butch" Ballow, age 62, is a four-time convicted felon who resided in Galveston, Texas, until he was incarcerated after being indicted on federal charges in Houston in early 2003. On September 16, 2003, Ballow plead guilty to one count of money laundering. An arrest warrant remains active for Ballow following his failure to appear for sentencing. Ballow was the leader and mastermind of the manipulations described in this complaint. In 1999, Ballow was found liable for securities fraud in a private lawsuit and ordered to pay \$8 million in exemplary damages in ***J.D. Sandefer, III and Stephen F. Smith v. Texas Capital Securities***, 280th Judicial District, Harris, Texas, Case No. 97-62171. Ballow was also a defendant in a Commission civil injunctive case filed in 2001 in the Southern District of Texas charging manipulation of the stock of Evans Systems, Inc. (SEC v. Ballow, et al., No. H-01-2579).

14. Marvin M. "Mike" Barnwell, age 63, is a resident of San Leon, Texas. Barnwell is a Ballow associate who performed many of the acts necessary to accomplish the manipulations described in this complaint.

15. Hector J. Garcia, age 36, is a resident of League City, Texas. Garcia is a Ballow associate who performed many of the acts necessary to accomplish the manipulations described in this complaint.

Officers and Directors of EVTC and EpicEdge

16. George J. Cannan, Sr., age 60, is a resident of Ft. Lauderdale, Florida and Ocean Gate, New Jersey. At the time relevant to this complaint, Cannan, Sr. was the chairman and CEO of EVTC and its largest shareholder, owning 30% of EVTC's stock.

17. David A. Keener, age 39, is a resident of Fort Worth, Texas. He was licensed as a CPA in Texas from 1990 through the end of 2002. Keener joined EVTC as chief financial officer in 1998 and became president in December 1999, a position he held until resigning from the company in the fall of 2001.

18. Charles H. Leaver, age 47, is a resident of Houston, Texas. Leaver was a salesperson for the private company DASI and became president and a 7% shareholder of EpicEdge immediately after the merger. He became chief executive officer of EpicEdge in February 2000, and resigned from the company in September 2000 after the collapse of the stock.

19. Carl R. Rose, age 49, is a resident of Houston, Texas. Rose organized and owned DASI as a private company. He became chairman and chief executive officer of the public company later named EpicEdge after the merger between DASI and

Loch Exploration, and owned 71% of its stock. Rose resigned as a director of EpicEdge in July 2002.

Securities Industry Professionals

20. George J. Cannan, Jr., age 35, is a resident of Ft. Lauderdale, Florida, and the son of Cannan, Sr. Cannan, Jr. was a registered representative at A.G. Edwards & Sons, Inc. from June 1999 to October 2000, where he was the representative for accounts that he, other Cannan family members, and a Ballow corporation owned. Cannan, Jr. was terminated when these accounts failed to meet large margin calls.

21. Earl Shawn Casias, age 34, is a resident of San Diego, California. He was a registered representative of Paradise Valley Securities from July 1998 through October 2000, when the firm ceased business after accounts controlled by Ballow defaulted on \$5.1 million in margin debts.

FACTS

A. Ballow acquired large blocks of stock in EpicEdge through efforts of Moss, Leaver and Rose

22. Before its merger with Loch Exploration that created EpicEdge as a public company, DASI was a private company that had been operating a business reselling computer hardware. Rose wanted to change its business to Internet consulting by acquiring other companies. For that purpose DASI needed to become a publicly traded company so its stock could be used as acquisition currency.

23. Frank H. Moss, acting at the direction of Ballow, helped organize the reverse merger that created EpicEdge as a public company, and then performed acts necessary to accomplish the manipulation of EpicEdge stock.

24. Ballow, working together with Moss, engineered the merger between DASI and Loch Exploration that created EpicEdge, and then caused EpicEdge to issue stock immediately after the merger to three British Virgin Islands ("BVI") companies that he and Moss controlled, known as Belfast Ventures, Baldrige Ventures, and Belsly Investments. Before the merger was consummated, Southport Capital Corporation, a domestic corporation controlled by Moss, had also bought shares of Loch Exploration stock directly from Loch Exploration shareholders. After the merger the four corporations Belfast Ventures, Baldrige Ventures, Belsly Investments, and Southport Capital together controlled 15% of EpicEdge's outstanding stock. This block of stock totaled approximately 84% of the unrestricted public float in EpicEdge.

25. Moss, Rose and Leaver were aware of Ballow's involvement in EpicEdge and envisioned that Ballow would develop and support the market for EpicEdge stock, so that they could use EpicEdge stock to acquire Internet companies and execute Rose's business plan. Rose and Leaver did not reveal Ballow's role and interest in EpicEdge. Rose and Leaver issued EpicEdge stock to separate BVI companies, controlled by Ballow, such that each Ballow entity owned less than 5% of the public company's stock (so that the stock ostensibly was not subject to ownership reporting requirements). EpicEdge, Rose, and Leaver never disclosed Ballow's role with the company or stock ownership to the public or to EpicEdge's public investors. In January 1999 EpicEdge filed a registration statement on Form S-8 to register the stock issued to

the three Ballow/Moss BVI companies. Rose and Leaver signed the registration statement.

B. Ballow's distribution of EpicEdge through efforts of Barnwell, Garcia, and others

26. Stacey J. Blake was a registered representative of five different broker-dealers from 1989 through 1999. Ballow paid Blake to sell EVTC stock in off-market transactions and to promote EVTC and EpicEdge stock to investors.

27. Lawrence A. Clasby was associated as a registered representative with five broker-dealers from July 1988 through June of 2001. Clasby sold Ballow's EpicEdge stock to advisory clients in off-market transactions and then imposed a "no net selling" policy to support Ballow's manipulative scheme.

28. Ballow distributed much of the stock acquired by the BVI companies and Southport Capital to the public in sales through the over-the-counter market, sales on the American Stock Exchange, and sales through Barnwell, Clasby, Blake, and Garcia. This distribution was not covered by the Form S-8 registration statement.

29. EpicEdge's stock price began climbing in November 1999, when it broke over \$5. After becoming listed on the AMEX in December 1999, it quickly rose to over \$15. The stock hit a high near \$25 in February 2000 and then stayed mostly above \$20 for the next few months. It reached \$25 again at the end of June 2000, and then drifted back to \$15, where it stood in mid-September just before the price collapsed.

C. Ballow acquired large blocks of stock in EVTC and a control position in EVTC with assistance from Cannan Sr. and Keener

30. Ballow acquired a control interest in EVTC in August 1999 by using the same three BVI companies to purchase 13.7% of EVTC's total outstanding stock. As with EpicEdge, by using the BVI companies, Ballow's identity as a major shareholder was concealed. EVTC, Cannan, Sr. and Keener never disclosed Ballow's role with the company or stock ownership to the public or to EVTC's public investors.

31. Cannan Sr. and Keener knew of and facilitated Ballow's control in order to reverse a serious decline in the company's stock price. Ballow attempted to reverse the decline through massive purchases to dry up the float of EVTC stock. Ballow also used his influence at EVTC to cause the company to acquire an Internet business that he controlled called Afreegift.com, Inc. Afreegift.com had no operations and no connection whatsoever to EVTC's refrigerant and recycling businesses.

32. EVTC's stock price followed a similar trajectory to EpicEdge's throughout the scheme. The stock was trading at around \$1 per share in mid-1999, and rose to between \$2 and \$4 per share following the October announcement of the acquisition of Afreegift.com. As Ballow's purchases occurred, the stock price rose, hitting \$6 per share in December and ultimately reaching nearly \$15 per share in June 2000. The stock continued to trade between \$12 and \$14 per share through September 2000, when the stock price collapsed simultaneously with the collapse of EpicEdge stock.

D. Ballow's trading through Security Industry Professionals, his associates and often involving EVTC and EpicEdge corporate officers and directors

33. While Ballow was purchasing EVTC stock in market transactions, he acquired and distributed restricted EVTC stock, using Barnwell, Clasby, Blake, and Garcia to make sales. Ballow acted through the three BVI companies and Cannan, Sr. and Keener made the sales to Ballow on behalf of EVTC.

34. Mark K. Menzel was a registered representative of First Union Securities during the time period relevant to this complaint. Menzel was the representative on two accounts controlled by Ballow and one account owned by Cannan, Sr.

35. Ballow conducted much of his manipulative trading through Cannan, Jr., Menzel, and Casias. To effect this trading, Ballow, Garcia, and Barnwell in 1999 and 2000 opened multiple accounts in the names of off-shore corporations with these defendants at the broker-dealer firms where they worked. Ballow, Garcia, and Barnwell traded EpicEdge and EVTC in these accounts until the prices of the stocks collapsed in September 2000. Their manipulative trading in EpicEdge included simultaneous or near-simultaneous buying and selling which had the effect of artificially increasing the volume in EpicEdge. The manipulative trading in EVTC consisted of buying to dry up EVTC's float. The trading of EpicEdge and EVTC included matched orders, trading on both sides of the market, and "marking the close," that is, purchases made at the end of the day at increasing prices.

36. Throughout the trading scheme, Ballow, Garcia, and Barnwell borrowed millions of dollars in margin accounts from broker-dealers that was left unpaid when the prices of EpicEdge and EVTC collapsed. In borrowing funds from broker-dealers,

Ballow, Garcia, and Barnwell did not disclose to the firms that employed Cannan, Jr., Menzel, and Casias the extent of their holdings in the stocks, lack of other assets, and debts related to the two stocks. Ballow withdrew some of the cash that he borrowed and used it to support his lavish lifestyle and to pay Garcia, Barnwell, and Blake.

37. Also, Rose raised \$600,000 for himself by selling personally owned EpicEdge stock and Leaver transferred personally owned EpicEdge stock worth \$196,000 to a contractor to pay for work on his house. Cannan, Sr. and Cannan, Jr. used funds that they received during the manipulations for remodeling.

38. While Ballow was trading EpicEdge stock, Leaver, with Rose's approval, regularly consulted with Ballow and described Ballow as a promoter or a market maker for EpicEdge stock. To support Ballow in these roles, Leaver provided Ballow with weekly information detailing which brokers were holding in street name the EpicEdge stock that Ballow had fed into the market.

39. As with EpicEdge, Ballow received information from EVTC through Keener that allowed him to monitor the public float, including reports showing the amount of stock that brokers were holding in street name.

Ballow and his associates trading through Cannan Jr. with Cannan Sr.

40. Ballow's concerted acquisition of EVTC and trading in EpicEdge were closely coordinated with the trading of these stocks by the Cannan family. Cannan, Jr. opened accounts for himself, Cannan, Sr., and other family members and friends at A.G. Edwards, but engaged in little activity in these accounts until November 1999, after Ballow began to exert control over EVTC by causing it to announce its acquisition of Afreegift.com. In mid-December, Cannan, Sr., Cannan, Jr., and other Cannan family

and friends began buying EpicEdge on Ballow's recommendation. They continued buying EpicEdge at A.G. Edwards through July 2000.

41. Cannan, Sr. financed his purchases of EpicEdge with EVTC stock. In December 1999, Cannan, Sr. caused restrictive legends to be removed from 1.1 million shares of EVTC that he had held for many years, which made it possible to use this stock as collateral for purchases of securities and allowed Cannan, Sr. to participate in the manipulative scheme.

42. Ballow and Barnwell opened an account at A.G. Edwards with Cannan, Jr., and deposited 192,500 shares of EpicEdge that traced back to the January 1999 Form S-8 registration. Ballow then sold that stock between December 1999 and March 2000, and on some days Ballow sold amounts identical to purchases made by one of the Cannan accounts. Ballow's sales combined with purchases by Cannan accounts created artificial volume that could draw investors to the stock and support the stock price.

43. Barnwell transferred approximately \$2 million of the proceeds from EpicEdge sales at A.G. Edwards to a Belsly Investments bank account in Houston that Barnwell and Ballow controlled. Some of this money was transferred to EVTC and used to finance Afreegift.com, and it was also used to pay Barnwell, Garcia, and Blake. Ballow and Barnwell deposited another 172,000 shares of EpicEdge into the Belsly Investments account at A.G. Edwards in April 2000, but did not sell any more of the stock. Instead, Ballow bought another 42,900 shares of EpicEdge and 52,634 shares of EVTC in June 2000 and then began using this combined stock as collateral for loans to finance his personal expenditures.

44. When Ballow began to borrow against the EpicEdge and EVTC stock in the Belsly Investments account, the margin department at A.G. Edwards asked Cannan, Jr. to determine how much Belsly Investments intended to borrow. The margin department and Cannan, Jr.'s branch manager also asked Cannan, Jr. why Belsly Investments was so interested in those two stocks. Cannan, Jr. resisted A.G. Edwards' efforts to determine Belsly Investments' borrowing plans, and did not disclose to the margin department or his supervisor what he knew of Ballow's connection with EpicEdge or EVTC. He described Belsly Investments simply as an institutional investor that believed in the potential for the stocks to appreciate.

Ballow and Garcia trading through Menzel with Cannan Sr.

45. In early 2000, the same time that Cannan, Sr. began buying EpicEdge stock at A.G. Edwards, he opened another brokerage account at First Union Securities. Menzel was the registered representative on the account. On the same day, Ballow and Garcia opened an account under the name of an off-shore corporation with First Union Securities and Menzel. Barnwell also signed at least one of the account opening documents. Cannan, Sr. described Ballow to Menzel as a "friend" of EVTC and a financial genius. Ballow and Garcia told Menzel that the purpose of the account was to accumulate EpicEdge and EVTC stock. In July 2000 Ballow and Garcia opened another account at First Union Securities, for the same purported purpose, in the name of Baldrige Ventures. The two Ballow/Garcia accounts traded almost exclusively in EpicEdge and EVTC.

46. Ballow and Garcia deposited 268,000 shares of EpicEdge into the First Union accounts, stock that came from the January 1999 Form S-8 issuance. Ballow

and Garcia initially bought EpicEdge, including purchases occurring near times that Ballow was selling EpicEdge out of the account with Cannan, Jr. Ballow and Garcia later sold some of their EpicEdge stock held in the two First Union accounts, and many of these sales were cross trades with Cannan, Sr. or with clients to whom Menzel recommended the stock. By September 2000 the two Ballow/Garcia accounts had slightly reduced their EpicEdge holdings from the 268,000 shares that had been deposited to 250,000 shares.

47. Some of Ballow's and Garcia's purchases of EVTC and EpicEdge at First Union Securities occurred in the last half hour of the day, often at the very end of the day, and usually at rising prices.

48. Meanwhile, Cannan, Sr. purchased 53,600 shares of EpicEdge at First Union Securities between March and September 2000, helping to maintain the stock price despite Ballow's and Garcia's sales at First Union Securities and other broker-dealers. This in turn allowed Ballow to increase his holdings in EVTC because he bought EVTC using EpicEdge stock as collateral.

49. Menzel often participated in conference calls with Cannan Sr. and Garcia or Ballow, where they discussed trading strategies for the two stocks and ordered trades. Ballow and Garcia were thoroughly familiar with the market conditions for both stocks, causing Menzel to believe that Ballow had access to information that typically only issuers and traders at broker-dealers have.

50. By September 2000 the two accounts controlled by Ballow and Garcia at First Union Securities together owned approximately 660,000 shares of EVTC, representing 9% of the company. Including Cannan, Sr.'s EVTC shares at First Union

Securities, the three accounts together held almost 13% of the issued and outstanding stock.

Menzel's contacts with Leaver

51. Menzel also had many contacts with EpicEdge management. Ballow facilitated an initial contact with Leaver, and Leaver followed up the contact by coming to Maryland for a meeting with Menzel. Menzel learned from Leaver that Ballow was a "friend" of EpicEdge, in the same sense that Cannan, Sr. described Ballow as "friend" of EVTC.

Ballow, Garcia and Barnwell trading through Casias

52. Ballow also traded EVTC and EpicEdge through Casias at Paradise Valley Securities. Casias had been the registered representative on Ballow-related brokerage accounts for several years. These accounts had traded stocks promoted by Ballow, including Evans Systems, Inc. (the stock manipulated by Ballow that is the subject of another Commission case against Ballow noted above). Casias believed Ballow was in the business of raising money for start-up companies and helping them go public.

53. In July 1999, Ballow opened an account at Paradise Valley Securities with Casias in the name of Belfast Ventures. Barnwell became the designated person on the account in 2000. Casias viewed Barnwell as a client of Ballow who operated Belfast Ventures as a "hedge fund" that invested in stocks that Ballow had financed. Belfast Ventures initially deposited 132,940 shares of EpicEdge stock from the January 1999 Form S-8 issuance into the account.

54. Ballow sold approximately 50,000 EpicEdge shares from the Belfast Ventures account through November 1999, using the proceeds to buy small amounts of

EVTC and other stocks. Then from December 1999 through early May 2000 Ballow bought EVTC more heavily in the Belfast Ventures account. Ballow financed these purchases by selling EpicEdge shares in the account and by using margin secured by remaining EpicEdge shares.

55. In March 2000, Garcia opened two accounts with Casias at Paradise Valley Securities, one in the name of Baldrige Ventures corporation. Casias viewed Garcia as another client of Ballow and a close associate of Barnwell who invested in companies that Ballow financed. Garcia deposited 500,794 shares of EpicEdge into these accounts and added another 77,760 shares to the Belfast Ventures account in April 2000. All of the EpicEdge stock came from the January 1999 Form S-8 issuance. Activity in the Garcia accounts was almost entirely purchases of EVTC stock, financed by sales of EpicEdge stock in the accounts and margin loans secured by the remaining EpicEdge stock in the accounts. By the end of May 2000 the three Ballow/Garcia/Barnwell-related accounts at Paradise Valley Securities had together accumulated approximately 635,000 shares of EVTC, representing 8.5% of the total outstanding EVTC stock.

56. Casias controlled an inventory account at Paradise Valley Securities and made market maker quotations for EVTC stock. Casias supported the price of EVTC by maintaining the highest bid for the stock, often even when other market makers dropped the best offer below Casias's bid. When Casias used the inventory account to buy EVTC, he held the stock for periods of time ranging from a few hours to a few days and then reduced his inventory by selling to one of the Ballow/Garcia/Barnwell-related accounts. These methods of trading gave Casias an essentially risk-free income and

had potential to increase the volume in EVTC because the resales to Ballow were reported as separate trades. In addition, some of Casias's purchases of EVTC in this account occurred at the end of the trading day at rising prices.

57. In approximately May 2000, the clearing firm for Paradise Valley Securities expressed concern over the level of margin debt in the accounts controlled by Ballow, Garcia, and Barnwell. Casias obtained false and misleading letters from Garcia and Barnwell that falsely stated the value of assets that they held outside of the Paradise Valley Securities accounts. Thereafter, Ballow, Barnwell, and Garcia diminished their activity at Paradise Valley Securities, but continued to trade at other firms. This activity increased Ballow's total exposure at all firms to margin debt, which increased the risk that he would be unable to pay a particular creditor, like Paradise Valley Securities. Garcia also sold the small holdings in stocks other than EVTC and EpicEdge in the Baldrige Ventures account, increasing the concentration of EVTC and EpicEdge in the account and thus the risk to Paradise Valley Securities. The total margin debt for Ballow/Garcia/Barnwell-related accounts at Paradise Valley Securities still exceeded \$4 million in mid-September 2000 when the prices of EpicEdge and EVTC collapsed.

E. Cannan Sr.'s other Trading

58. In addition to his purchases described above, Cannan, Sr. purchased EpicEdge stock through accounts at other broker-dealers, including accounts that he opened in 2000. Altogether, Cannan, Sr. and his friends and family purchased 282,050 shares of EpicEdge through mid-September 2000, all financed with margin debt using EVTC stock as collateral.

F. Trading for Ballow and contact with Keener, Menzel, Leaver and Casias

59. Clasby, who had invested in previous Ballow stocks, obtained EpicEdge stock from Ballow that came from the January 1999 Form S-8 issuance, and sold it to his advisory clients. Ballow and Clasby intended these transactions in part to make up for losses suffered by Clasby clients from the Evans Systems manipulation.

60. At Clasby's direction some clients who sold their EpicEdge stock simply reinvested their EpicEdge proceeds in EVTC stock. Additionally, Clasby persuaded some of these investors to buy more EVTC stock on margin.

61. By mid-September 2000, just before EpicEdge's and EVTC's stock prices collapsed, this trading resulted in Clasby's clients owning substantial amounts of EpicEdge and EVTC, often the sole or predominant stocks in their portfolios.

62. Clasby had a "no net selling" strategy, which he did not disclose to his clients. This policy supported Ballow's manipulative scheme by preventing net sales that Clasby believed would depress the stocks' artificial prices. Additionally, from late 1999, when Clasby's clients bought the EpicEdge shares from Ballow, until the collapse of EpicEdge's and EVTC's stock price in September 2000, Clasby was in frequent contact with Ballow (as well as Keener, Leaver, Menzel and Casias). Clasby had access to a Nasdaq Level II machine in his office through which he could determine the short selling activity in EVTC. Clasby regularly reported that activity to Ballow.

G. Blake's off-market sales for Ballow

63. Ballow also employed Blake to make off-market sales of Ballow's restricted EVTC stock and to encourage investors to buy both EpicEdge and EVTC in market transactions.

64. Blake also encouraged investors who had bought EpicEdge and EVTC in the market to keep the stocks rather than sell them.

H. Garcia and Barnwell off-market sales for Ballow

65. Garcia and Barnwell also made off-market sales of Ballow's EpicEdge and EVTC stock. As an example, Garcia convinced a Houston investor to invest in EVTC. Garcia described EVTC as a "sweet, sweet deal" where the investor could "get in on the ground floor." Garcia told the investor to draft two \$500,000 checks for the off-market purchase of EVTC stock, which the investor delivered to Garcia. The investor received restricted EVTC share certificates that traced back to the August 1999 issuance of stock to Baldrige Ventures. Barnwell made sales of EpicEdge stock to Clasby and Clasby's clients. Checks from the off-market sales were deposited into Ballow-controlled bank accounts and the funds were used to pay Garcia and Barnwell.

66. Ballow also used proceeds from off-market sales to provide EVTC with the financing he had promised for Afreegift.com. The financing took place in March 2000. Ballow caused two Panamanian companies to buy a total of 750,000 restricted shares from EVTC at \$1 per share. The Panamanian companies paid for the stock with money from Belsly Investment's bank account. Ballow, through Garcia, immediately sold some of those shares in off-market transactions to at least two investors at \$4 - \$6 per share, for total proceeds of at least \$760,000. Cannan, Jr. participated in the sale to one of the investors, by opening an account for the investor and accepting a deposit of EpicEdge stock into the account. Cannan, Jr. then facilitated a loan from A.G. Edwards, with the EpicEdge stock as collateral, to provide cash to buy the restricted EVTC stock from Ballow.

I. EpicEdge and EVTC made acquisitions using their stock and sold their stock to investors during the manipulative scheme without making required disclosures and making false statements

67. During the course of Ballow's manipulative scheme, both EpicEdge and EVTC acquired private companies by issuing stock to the owners of those companies that reflected the manipulated prices. EVTC and Rose also sold stock for cash in this time frame. In making these sales of their stock, the companies and Rose did not disclose Ballow's ownership positions to the purchasers.

68. EpicEdge also failed to disclose facts about Ballow's control and beneficial stock ownership, and other matters, in its public filings. These failures to disclose include:

a. EpicEdge, Leaver, and Rose failed to disclose that Ballow and Moss as a group beneficially owned nearly 15% of EpicEdge stock in its annual report on Form 10-K for the year ended December 31, 1998, filed on April 16, 1999 in the name of Loch Exploration.

b. The same Form 10-K also falsely stated that EpicEdge believed that its beneficial shareholders of greater than 10% had complied with the filing requirements of Section 16(a) of the Exchange Act during the year ended December 31, 1998.

c. The same Form 10-K also failed to disclose the transaction whereby shares were issued to Belfast Ventures, Baldrige Ventures, and Belsly Investments.

d. EpicEdge, Leaver, and Rose failed to disclose similar information in its annual report on Form 10-KSB for the year ended December 31, 1999, filed on March 30, 2000 and amended on May 2, 2000. At those times Ballow continued to beneficially own at least 5% of EpicEdge stock.

e. EpicEdge, Leaver, and Rose filed two current reports on Form 8-K in January 1999 disclosing the change in control due to the reverse merger between Loch Exploration and DASI. These filings together disclosed Rose, Leaver and another individual as the principal shareholders in the company, but failed to disclose Ballow and Moss, who together beneficially owned 15% of EpicEdge.

69. EVTC also failed to disclose facts about Ballow's control and beneficial stock ownership, and other matters, in its public filings. These failures to disclose include:

a. EVTC, Cannan, Sr., and Keener failed to disclose that Ballow beneficially owned nearly 15% of EVTC stock in its annual report on Form 10-K for the year ended September 30, 1999.

b. EVTC, Cannan, Sr., and Keener similarly failed to disclose Ballow's beneficial ownership of EVTC stock in its Form 10-K for the year ended September 30, 2000, filed on December 29, 2000. At that time Ballow had increased his beneficial ownership of EVTC stock beyond the initial 15%.

c. EVTC, Cannan, Sr., and Keener similarly failed to disclose Ballow's ownership of EVTC stock in its Form 10-K for the year ended September 30,

2001, filed on January 15, 2002. At that time Ballow had increased his beneficial ownership of EVTC stock beyond the initial 15%.

d. These Forms 10-K also falsely stated that EVTC believed that its beneficial shareholders of greater than 10% had complied with the filing requirements of Section 16(a) of the Exchange Act.

e. The current report on Form 8-K filed by EVTC on August 9, 1999 disclosed that the company had sold stock to “a private investor,” but did not identify Ballow as the investor or fully describe Ballow’s position as a control person of EVTC.

J. Both stocks collapsed simultaneously after Ballow’s assets were frozen

70. Ballow’s ability to continue manipulating EpicEdge and EVTC stock was curtailed during the Summer of 2000 when the broker-dealers who handled his accounts placed restrictions on the accounts and Ballow’s assets were frozen as a result of a private lawsuit in Texas state court in Houston, **J.D. Sandefer, III and Stephen F. Smith v. Texas Capital Securities**, 280th Judicial District, Harris, Texas, Case No. 97-62171. After Ballow became unable to continue purchasing shares of EVTC, the prices of EpicEdge and EVTC stock simultaneously collapsed on September 20, 2000.

71. The collapse in the prices for EVTC and EpicEdge stocks injured not only investors who bought at higher prices, but also the broker-dealers who had made margin loans to Ballow corporations and to Cannan, Sr.

FIRST CLAIM FOR RELIEF
FRAUD AND MARKET MANIPULATION: Violations by all defendants of Section 10(b) of the Exchange Act and Rule 10b-5 [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5]

72. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

73. Defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Leaver, Rose, Cannan, Jr. and Casias, directly and indirectly, with scienter, in connection with the purchase and sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, have employed devices, schemes or artifices to defraud; have made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or have engaged in acts, practices or courses of business which have been and are operating as a fraud or deceit upon the purchasers or sellers of such securities.

74. By reason of the conduct described in paragraph 73, defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Leaver, Rose, Cannan, Jr. and Casias have violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5].

SECOND CLAIM FOR RELIEF
FRAUD AND MARKET MANIPULATION: Violations by all defendants of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)]

75. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

76. Defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Leaver, Rose, Cannan, Jr. and Casias, directly and indirectly, with scienter, in the offer and sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, have employed devices schemes or artifices to defraud.

77. By reason of the conduct described in paragraph 76, defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Leaver, Rose, Cannan, Jr. and Casias have violated and, unless restrained and enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

THIRD CLAIM FOR RELIEF
FRAUD AND MARKET MANIPULATION: Violations by all defendants of Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and (3)]

78. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

79. Defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Leaver, Rose, Cannan, Jr. and Casias, directly and indirectly, in the offer and sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, have obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; or have engaged in transactions, practices, or courses of business which have been, and are operating as a fraud or deceit upon the purchasers of such securities.

80. By reason of the conduct described in paragraph 79, defendants Ballow, Garcia, Barnwell, Cannan, Sr., Keener, Leaver, Rose, Cannan, Jr. and Casias have violated and, unless restrained and enjoined, will continue to violate Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and (3)].

FOURTH CLAIM FOR RELIEF
PURCHASING DURING A DISTRIBUTION: Violations by Cannan, Sr., Cannan, Jr. and Casias of Rule 101 of Regulation M [17 C.F.R. § 242.101] promulgated under the Exchange Act

81. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

82. Defendants Cannan, Sr., Cannan, Jr., and Casias, directly and indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the distribution of securities of EpicEdge and EVTC, for which they were distribution participants, bid for, purchased, or attempted to induce another person to bid for or purchase, such securities during the restricted periods before they had completed their distribution participations.

83. By reason of the conduct described in paragraph 82 defendants Cannan, Sr., Cannan, Jr. and Casias have violated and, unless restrained and enjoined, will continue to violate Rule 101 of Regulation M [17 C.F.R. § 242.101] promulgated under the Exchange Act.

FIFTH CLAIM FOR RELIEF
PURCHASING DURING A DISTRIBUTION: Violations by Ballow, Garcia, and Barnwell of Rule 102 of Regulation M [17 C.F.R. § 242.102] promulgated under the Exchange Act

84. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

85. Defendants Ballow, Garcia, and Barnwell, directly and indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the distribution of securities of EpicEdge and EVTC, for which they were selling security holders, bid for, purchased, or attempted to induce another person to bid for or purchase, such securities during the restricted periods before they had completed their distributions.

86. By reason of the conduct described in paragraph 85, defendants Ballow, Garcia, and Barnwell have violated and, unless restrained and enjoined, will continue to violate Rule 102 of Regulation M [17 C.F.R. § 242.102] promulgated under the Exchange Act.

SIXTH CLAIM FOR RELIEF

FAILURE TO FILE OWNERSHIP REPORTS: Violations by Ballow, Garcia, Barnwell and Cannan, Sr. of Section 13(d)(1) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder [15 U.S.C. § 78m(d)(1) and 17 C.F.R. §§ 240.13d-1 and 13d-2]

87. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

88. Defendants Ballow, Garcia, Barnwell and Cannan, Sr. acquired or otherwise became, directly or indirectly, beneficial owners of more than 5 per cent of the outstanding common stock of EpicEdge, a security registered with the Commission pursuant to Section 12 of the Exchange Act, and defendants Ballow, Garcia, and Barnwell acquired or otherwise became, directly or indirectly, beneficial owners of more than 5 per cent of the outstanding common stock of EVTC, a security registered with the Commission pursuant to Section 12 of the Exchange Act; and each of them failed to timely send to the issuer of the security and any exchange where the EpicEdge or EVTC common stock was traded and to file with the Commission a statement

containing the information required by Schedule 13D or 13G concerning their ownership of EpicEdge or EVTC common stock, and failed to make amendments to those schedules when material changes occurred in the facts that required the initial filings.

89. By reason of the conduct described in paragraph 88, defendants Ballow, Garcia, Barnwell and Cannan, Sr. have violated and, unless restrained and enjoined, will continue to violate Section 13(d)(1) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder [15 U.S.C. § 78m(d)(1) and 17 C.F.R. §§ 240.13d-1 and 13d-2].

SEVENTH CLAIM FOR RELIEF
FAILURE TO FILE OWNERSHIP REPORTS: Violations by Ballow, Garcia,
Barnwell and Cannan, Sr. of Section 16(a) of the Exchange Act and Rule 16a-3
thereunder
[15 U.S.C. § 78p(a) and 17 C.F.R. § 240.16a-3]

90. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

91. Defendants Ballow, Garcia, Barnwell, and Cannan, Sr. acquired or otherwise became, directly or indirectly, beneficial owners of more than 10 per cent of the outstanding common stock of EpicEdge, a security registered with the Commission pursuant to Section 12 of the Exchange Act, and defendants Ballow, Garcia, and Barnwell acquired or otherwise became, directly or indirectly, beneficial owners of more than 10 per cent of the outstanding common stock of EVTC, a security registered with the Commission pursuant to Section 12 of the Exchange Act; and each of them failed to timely file with the Commission a statement of the amount of all equity securities of EpicEdge or EVTC of which they were the beneficial owner, and failed to timely file statements indicating changes in such beneficial ownership of EpicEdge or EVTC common stock.

92. By reason of the conduct described in paragraph 91, defendants Ballow, Garcia, Barnwell, and Cannan, Sr. have violated and, unless restrained and enjoined, will continue to violate Section 16(a) of the Exchange Act and Rule 16a-3 thereunder [15 U.S.C. § 78p(a) and 17 C.F.R. § 240.16a-3].

EIGHTH CLAIM FOR RELIEF
SALE OF UNREGISTERED SECURITIES: Violations by Ballow, Garcia, Barnwell, Cannan, Jr., Casias, Cannan, Sr., and Keener of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]

93. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

94. Defendants Ballow, Garcia, Barnwell, Cannan, Jr. and Casias, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities of EpicEdge through the use or medium of a prospectus or otherwise, when no registration statement was in effect as to such securities; or to offer to sell securities of EpicEdge through the use or medium of a prospectus or otherwise, when no registration statement was filed as to such securities; and defendants Ballow, Garcia, Cannan, Sr., and Keener, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities of EVTC through the use or medium of a prospectus or otherwise, when no registration statement was in effect as to such securities; or to offer to sell securities of EVTC through the use or medium of a prospectus or otherwise, when no registration statement was filed as to such securities.

95. By reason of the conduct described in paragraph 94, defendants Ballow, Garcia, Barnwell, Cannan, Jr., Casias, Cannan, Sr., and Keener have violated and,

unless restrained and enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

NINTH CLAIM FOR RELIEF
ACTING AS AN UNREGISTERED BROKER-DEALER: Violations by Garcia of
Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]

96. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

97. Defendant Garcia, directly or indirectly, while engaged in the business of effecting transactions in securities for the account of others, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to effect transactions in, or to induce or attempt to induce the purchase or sale of, securities of EpicEdge and EVTC, without registration with the Commission as a broker-dealer.

98. By reason of the conduct described in paragraph 97, defendant Garcia has violated and, unless restrained and enjoined, will continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

TENTH CLAIM FOR RELIEF
AIDING AND ABETTING OF FILING VIOLATIONS: Aiding and abetting by Cannan,
Sr., Keener, Leaver, and Rose of violations of Section 13(a) of the Exchange Act
and Rules 13a-1, 13a-11, and 12b-20
[15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.13a-1, 13a-11, and 12b-20]

99. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

100. Defendants Cannan, Sr. and Keener, directly or indirectly, with scienter, aided and abetted EVTC in making material false and misleading statements in annual reports on Form 10-K and current reports on Form 8-K filed with the Commission, and in

failing to include in such reports material information necessary to make the statements, in the light of the circumstances under which they were made, not misleading; and defendants Leaver and Rose, directly or indirectly, with scienter, aided and abetted EpicEdge in making material false and misleading statements in annual reports on Form 10-K and current reports on Form 8-K filed with the Commission, and in failing to include in such reports material information necessary to make the statements, in the light of the circumstances under which they were made, not misleading.

101. By reason of the conduct described in paragraph 100, defendants Cannan, Sr., Keener, Leaver, and Rose aided and abetted violations and, unless restrained and enjoined, will continue to aid and abet violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11, and 12b-20 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 13a-1, 13a-11, and 12b-20].

ELEVENTH CLAIM FOR RELIEF

FRAUD AND MARKET MANIPULATION: Alternative claim of aiding and abetting by defendants Cannan, Jr. and Casias of violations by defendants Ballow, Garcia, Barnwell, and Cannan, Sr. of Section 10(b) of the Exchange Act, Rule 10b-5, and Rules 101 and 102 of Regulation M under the Exchange Act [15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5, 242.101, and 242.102]

102. Paragraphs 1 through 71 are hereby realleged and incorporated by reference.

103. In the alternative, defendants Cannan, Jr. and Casias directly or indirectly, with scienter, aided and abetted one or more of defendants Ballow, Garcia, Barnwell, and Cannan, Sr., in connection with the purchase and sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, in employing devices, schemes or artifices to defraud; making untrue statements of material fact or omitting to state material facts necessary in order to make the statements made, in light

of the circumstances under which they were made, not misleading; or engaging in acts, practices or courses of business which operated as a fraud or deceit upon the purchasers or sellers of such securities; or by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the distribution of securities of EpicEdge and EVTC, for which defendants Ballow, Garcia, Barnwell, and Cannan, Sr. were distribution participants or selling securities holders, in bidding for, purchasing, or attempting to induce another person to bid for or purchase, such securities during the restricted periods before they had completed their distribution participations.

104. By reason of the conduct described in paragraph 103, defendants Cannan, Jr. and Casias aided and abetted violations and, unless restrained and enjoined, will continue to aid and abet violations of Section 10(b) of the Exchange Act, Rules 10b-5 thereunder, and Rules 101 and 102 of Regulation M under the Exchange Act [15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5, 242.101, and 242.102].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

I.

Find that the Defendants, and each of them, committed the violations alleged.

II.

Enter an Order of Permanent Injunction as to each defendant, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining each defendant from further violations of the provisions of law and rules alleged in this complaint.

III.

Enter an Order requiring all defendants to provide an accounting and disgorge proceeds obtained from their unlawful conduct.

IV.

Enter an Order requiring all defendants to pay third tier civil penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act.

V.

Enter an order barring defendants Cannan, Sr., Keener, Rose, and Leaver from acting as an officer or director of a public company pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act.

VI.

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

DATED: July 14, 2004

Respectfully submitted,

s/
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CERTIFICATE OF SERVICE

I certify that on July 14, 2005 I served a copy of the FIRST AMENDED THE COMPLAINT via email, except as otherwise noted, to:

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____ s/ _____