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UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

PINNFUND USA, INC., PEREGRINE  
FUNDING, INC., ALLIED CAPITAL  
PARTNERS, GRAFTON PARTNERS, SIX  
SIGMA, LLC A/K/A 6 SIGMA, LLC,  
MICHAEL J. FANGHELLA, JAMES L.  
HILLMAN, RELIANCE HOLDINGS, LLC,  
KELLY COOK A/K/A KELLY JAYE A/K/A  
KELLY SPAGNOLA,

Defendants.

Case No. '01 CV 0496 H (LAB)

COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS

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("Commission") alleges as follows:

SUMMARY

1. This case involves the ongoing fraudulent offer and sale of over \$276 million in unregistered securities by Michael J. Fanghella ("Fanghella") and James L. Hillman ("Hillman"). Fanghella and Hillman issue the securities through three entities that exclusively provide funding for PinnFund USA, Inc. ("PinnFund"), a purported sub-prime mortgage lender controlled by Fanghella. These entities -- Allied Capital Partners ("Allied"), Grafton Partners ("Grafton"), and Six Sigma, LLC, aka 6 Sigma, LLC ("Sigma") (collectively, the "Funding Entities") -- are managed by Peregrine Funding, Inc. ("Peregrine"), an entity controlled by Hillman, PinnFund's self-styled "investment banker."<sup>1</sup>

2. The relief defendants, Reliance Holdings, LLC ("Reliance Holdings") and Kelly Cook ("Cook") (collectively, the "Relief Defendants"), received proceeds of the fraudulent scheme to which they have no legitimate claim.

3. The Funding Entities' unregistered offerings began in 1993, and since that time they have raised more than \$276 million from at least 166 investors. The defendants are still raising funds for the purported purpose of writing large volumes of residential home mortgages for eventual resale at a profit.

4. The PinnFund Defendants and Peregrine Defendants have made numerous material misrepresentations. First, Peregrine and the

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<sup>1</sup> Fanghella and PinnFund are collectively referred to as the "PinnFund Defendants," and Hillman, Peregrine and the Funding Entities are collectively referred to as the "Peregrine Defendants."

1 Funding Entities are circulating altered and fraudulent PinnFund  
2 financial statements (together with forged independent auditor's  
3 reports) created by PinnFund. The altered financial statements and  
4 forged auditor's reports contain a host of fraudulent  
5 misrepresentations and omissions that falsely present PinnFund as  
6 profitable rather than as the insolvent business that it is.  
7 Through the use of the fraudulent financial statements, PinnFund and  
8 Peregrine have concealed more than \$95 million in losses incurred by  
9 PinnFund since 1997. Moreover, they have concealed the transfer of  
10 more than \$107 million to Fanghella since 1997.

11 5. The Peregrine Defendants and PinnFund Defendants have  
12 also misrepresented the use of funds. Instead of using investor  
13 funds exclusively to finance a mortgage lending program, the  
14 Peregrine and PinnFund defendants are using investor funds also to  
15 pay Fanghella's personal expenses, including his use of at least \$10  
16 million in investor funds to buy a home, furnishings, and other  
17 accessories for his girlfriend. Finally, the Funding Entities'  
18 offering documents and quarterly updates mailed by Peregrine to  
19 investors misrepresent the cumulative dollar value of loans written  
20 and sold by PinnFund (an amount upon which the investors' purported  
21 returns are based).

22 6. The Peregrine Defendants, by engaging in the above  
23 conduct, have violated the registration provisions of Sections 5(a)  
24 and 5(c) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C.  
25 §§ 77e(a) and (c). The Peregrine Defendants and the PinnFund  
26 Defendants, by engaging in the above conduct, have violated the  
27 antifraud provisions of Section 17(a) of the Securities Act, 15  
28 U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of

1 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5  
2 thereunder, 17 C.F.R. § 240.10b-5.

3 **JURISDICTION**

4 7. This Court has jurisdiction over this action pursuant  
5 to Sections 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and  
6 Sections 21(d)(3)(A), 21(e) and 27 of the Exchange Act, 15 U.S.C. §§  
7 78u(d)(3)(A), 78u(e) and 78aa.

8 8. Venue is proper in this district pursuant to Section 22  
9 of the Securities Act, 15 U.S.C. § 77v, and Section 27 of the  
10 Exchange Act, 15 U.S.C. § 78aa, because certain of the transactions,  
11 acts, practices and courses of conduct constituting violations of  
12 the laws alleged herein occurred within the Southern District of  
13 California and because certain of the defendants reside therein.

14 **THE DEFENDANTS**

15 9. PinnFund is a California corporation headquartered in  
16 Carlsbad, California. PinnFund is a mortgage banker specializing in  
17 residential loans to purchasers with poor credit histories. The  
18 company purportedly has mortgage lender licenses in more than 40  
19 states.

20 10. Peregrine is a California corporation located in  
21 Oakland, California. Peregrine currently solicits investors on  
22 behalf of PinnFund through Grafton and Allied, California limited  
23 partnerships of which Peregrine is the General Partner, and Sigma, a  
24 California limited liability company of which Peregrine is the  
25 managing member.

26 11. Allied is a California limited partnership. Peregrine  
27 is its general partner. Allied filed a Form D with the Commission  
28

1 on June 13, 2000 in which it claimed to have raised \$56.8 million  
2 from 40 investors.

3 12. Grafton is a California limited partnership.  
4 Peregrine is its general partner. Grafton filed a Form D with the  
5 Commission on June 13, 2000 in which it claimed to have raised \$87.2  
6 million from 43 investors.

7 13. Sigma is a California limited liability company.  
8 Peregrine is its managing member. Sigma filed a Form D with the  
9 Commission on June 13, 2000 in which it claimed to have raised \$93.3  
10 million from 18 investors.

11 14. Michael J. Fanghella ("Fanghella") is the Chief  
12 Executive Officer and Chairman of PinnFund.

13 15. James L. Hillman ("Hillman") is the president of  
14 Peregrine.

#### 15 RELIEF DEFENDANTS

16 16. Reliance Holdings, LLC ("Reliance Holdings"), is a  
17 Nevada limited liability company. Reliance Holdings holds the title  
18 on a home purchased for approximately \$5 million by Fanghella for  
19 Kelly Cook in the summer of 2000.

20 17. Kelly Cook aka Kelly Jaye aka Kelly Spagnola ("Cook")  
21 received at least \$10 million worth of gifts from Fanghella,  
22 including a \$5 million home now owned by Reliance Holdings,  
23 purchased with investor funds.

#### 24 GENERAL ALLEGATIONS

##### 25 A. Fanghella and Hillman Create the Mortgage Lending Scheme

26 18. Since 1993, PinnFund has been funded exclusively by  
27 Peregrine. According to Peregrine's promotional material (which is  
28 included within the offering materials distributed by the Funding

1 Entities), PinnFund's president, Fanghella, and Peregrine's  
2 president, Hillman, together developed PinnFund and Peregrine's  
3 joint business plan: PinnFund would write mortgage loans and  
4 Peregrine and Hillman "would provide the necessary platform capital  
5 to fund each loan and serve as PinnFund's investment banker."

6 19. As of October 2000, Peregrine claimed to have raised  
7 \$276.5 million for PinnFund.

8 **B. The Investments**

9 20. The investments offered by PinnFund and Peregrine are  
10 interests in the three Funding Entities: Grafton, Allied and Sigma.  
11 The first two are limited partnerships and the securities offered  
12 are limited partnership interests. The third entity is a limited  
13 liability company and the securities offered are membership units.  
14 All three Funding Entities provide funding to PinnFund; they do not  
15 provide funding to any other lending entities.

16 21. The Funding Entities' offering materials include a  
17 promotional brochure regarding Peregrine, a list of past returns on  
18 investment, past quarterly updates, and other documents. PinnFund  
19 keeps 1.5% of each loan written, Peregrine receives .3%, and the  
20 investors, collectively, receive .2% (plus interest). In addition,  
21 Peregrine purportedly reviews and approves all of the loans written  
22 by PinnFund.

23 22. The Funding Entities' respective agreements with  
24 PinnFund - which are given to investors - specify that the funds  
25 provided by the Funding Entities to PinnFund "shall be maintained by  
26 [PinnFund] in a Trust Account" and "shall be used for the sole and  
27 exclusive purpose of funding" mortgage loans.

23. The Funding Entities' securities are offered and sold by Peregrine and Hillman. Individuals who do invest make their payments to the respective Funding Entity in which they are investing. As of June 3, 2000, Grafton Partners had raised \$87.2 million from 43 investors, Allied Capital Partners had raised \$56.8 million from 40 investors, and Six Sigma had raised \$93.3 million from 18 investors.

24. PinnFund and Fanghella also participate in the offering of securities. Fanghella, in his capacity as president of PinnFund, has held meetings with prospective investors in the Funding Entities during which he has made representations regarding PinnFund's loan volumes.

25. Potential investors have been approached as recently as February 2001. Moreover, Peregrine and the Funding Entities began in January 2001 to offer their investors the opportunity to participate in a "Dividend Reinvestment Program" through which the investors would have the option of "rolling over" their investment and purported gains into purchases of additional securities interests in the Funding Entities.

**C. The Defendants' Misrepresentations**

**1. Distribution to Investors of Altered Financial Statements and Forged Audit Report**

**a. The Falsified Financial Statements**

26. In or about April 2000, PinnFund engaged a San Diego CPA firm to perform an audit of PinnFund's financial statements for the year ending December 31, 1999. In May 2000, the auditor issued the independent auditor's report of its audit of PinnFund's financial statements for 1999. In October 2000, PinnFund's auditor

1 determined that PinnFund had disseminated altered financial  
2 statements and an audit report (the "False 1999 Financial  
3 Statements") that were not the same as those the auditor had  
4 prepared (the "Actual 1999 Financial Statements").

5           27. The False 1999 Financial Statements differ from the  
6 Actual 1999 Financial Statements in several material respects. For  
7 example, the "independent auditors report" included with the Actual  
8 1999 Financial Statements includes a paragraph stating that the  
9 company's significant operating losses "raise substantial doubt  
10 about its ability to continue as a going concern." The "independent  
11 auditors report" included with the False 1999 Financial Statements -  
12 - which is purportedly signed by PinnFund's auditor -- omits this  
13 paragraph. Similarly, the balance sheet as of December 31, 1999 in  
14 the False 1999 Financial Statements shows retained earnings of more  
15 than \$12.2 million. In fact, the same balance sheet in the Actual  
16 1999 Financial Statements shows a retained deficit of more than \$59  
17 million. Moreover, the False 1999 Financial Statements  
18 misrepresented PinnFund as profitable, showing a net profit of \$2.2  
19 million. Actually, the company lost more than \$32 million in 1999.  
20 According to the Actual 1999 Financial Statements, PinnFund received  
21 more than \$80 million from Fanghella and transferred more than \$51  
22 million to him during the year. These transfers of funds do not  
23 appear in the False 1999 Financial Statements.

24           28. Peregrine distributed slightly modified version of the  
25 False 1999 Financial Statements to prospective investors. All of  
26 the misrepresentations in the False 1999 Financial Statements are  
27 repeated in Peregrine's False 1999 Financial Statements, but  
28 Peregrine's False 1999 Financial Statements contain additional



1 misrepresentations. Peregrine's False 1999 Financial Statements add  
2 misrepresentations concerning: (1) an additional \$100 million in  
3 assets in the form of "mortgage loans and leases held for sale;" and  
4 (2) an additional \$100 million in liabilities in the form of  
5 "revolving warehouse facilities." Peregrine's False 1999 Financial  
6 Statements are accompanied by the same forged independent auditor's  
7 report as the False 1999 Financial Statements.

8           29. Upon learning of the dissemination of the False 1999  
9 Financial Statements, PinnFund's auditor resigned, informed the  
10 Department of Housing and Urban Development (which has regulatory  
11 authority over certain mortgage lenders), and asked PinnFund to  
12 inform potential recipients of the False 1999 Financial Statements  
13 that they were not audited by the auditor. The auditor did not  
14 receive a response from PinnFund. Instead, PinnFund sent letters  
15 signed by Fanghella to various third parties assuring them of the  
16 accuracy of the False 1999 Financial Statements.

17           30. This was not the first time that an auditor engaged by  
18 PinnFund had discovered that third parties had obtained altered  
19 financial statements (and a forged independent auditor's report)  
20 from PinnFund. A similar scenario had occurred in 1999 in  
21 connection with PinnFund's 1997 and 1998 financial statements. In  
22 March 1999, PinnFund's then-auditor issued an audit of PinnFund's  
23 financial statements for the years ending December 31, 1997 and 1998  
24 together with an independent auditor's report. In June 1999,  
25 PricewaterhouseCoopers ("PwC") was conducting an audit of Grafton  
26 and Allied. During the audit, PwC came across financial statements  
27 purporting to represent the 1997 and 1998 audited financial  
28 statements of PinnFund with an accompanying purported audit report

1 allegedly prepared by PinnFund's former auditor. PwC asked the  
2 former auditor about the financials and the former auditor  
3 determined that the financial statements and audit report (the  
4 "False 1997-1998 Financial Statements") were not the same as those  
5 actually prepared by the auditor (the "Actual 1997-1998 Financial  
6 Statements").

7 31. The False 1997-1998 Financial Statements contain  
8 similar material misrepresentations to those included in the False  
9 1999 Financial Statements. Furthermore, the False 1997-1998  
10 Financial Statements conceal a transfer of more than \$56 million to  
11 Fanghella in 1997 and 1998 combined. The False 1997-1998 Financial  
12 Statements were distributed to prospective investors in the Funding  
13 Entities. Upon learning of the existence of the False 1997-1998  
14 Financial Statements, PinnFund's then-auditor resigned, informed  
15 H.U.D. and asked PinnFund to inform potential recipients of the  
16 False 1997-1998 Financial Statements that they were not prepared by  
17 the then-auditor. Instead, PinnFund thereafter sent letters signed  
18 by Fanghella to various third parties assuring them of the accuracy  
19 of the False 1997-1998 Financial Statements.

20 **b. The Falsified Financials Hide Multi-Million Dollar**  
21 **Transfers to Fanghella from Peregrine, Hillman and the**  
22 **Funding Entities.**

23 32. PinnFund is dependant on influxes of cash from  
24 Fanghella, which are not reflected in either the False 1997-1998  
25 Financial Statements or the False 1999 Financial Statements.  
26 However, the funds transferred to PinnFund by Fanghella are not his,  
27 but rather belong to the Funding Entities' investors. In two  
28 letters to PinnFund's auditors concerning the 1997 and 1998 audits,

1 respectively, Hillman confirmed that the monies transferred by him,  
2 Peregrine and the Funding Entities to Fanghella were loans to  
3 Fanghella, and not obligations of PinnFund.

4 33. This arrangement is inconsistent with what the Funding  
5 Entities' investors are told. The Funding Entities' offering  
6 documents describe a loan to PinnFund, not Fanghella. Moreover, the  
7 actual "loan" arrangement with Fanghella is hidden from investors.  
8 There is no record of transfers to and from Fanghella in the False  
9 1997-1998 Financial Statements or the False 1999 Financial  
10 Statements. Moreover, when PwC tried to ascertain from Hillman why  
11 the loans from Peregrine and the Funding Entities did not appear on  
12 PinnFund's financial statements as a liability, he fired them.

13 **c. The Falsified Financial Statements Were Distributed To**  
14 **Investors.**

15 34. The False 1997-1998 Financial Statements and the False  
16 1999 Financial Statements were created by PinnFund or Peregrine,  
17 both of which knew or should have known of their falsity and  
18 distributed them to others. Peregrine further altered the False  
19 1999 Financial Statements, and Hillman sent the new version  
20 (Peregrine's False 1999 Financial Statements) to prospective  
21 investors. Moreover, Hillman signed letters to PinnFund's auditors  
22 confirming a loan arrangement entirely inconsistent with the  
23 description of the investment given to investors. In addition,  
24 Peregrine has claimed in its quarterly updates to investors, which  
25 are signed by Hillman, that PinnFund is profitable. However,  
26 PinnFund's true audited financial statements show losses of  
27 approximately \$5 million in 1997, \$22 million in 1998, and \$32  
28

1 million in 1999 for a total of \$59 million (equal to the retained deficit figure in the 1999 Actual Financial Statements).

2           **2.    The PinnFund Defendants and Peregrine Defendants Are**  
3                           **Misusing Investor Funds**

4           35. Peregrine told investors that their investment would  
5 be deposited in a trust account to be "used for the sole and  
6 exclusive purpose of" funding mortgage loans. Instead, Peregrine  
7 and Hillman funneled tens of millions of dollars in investor funds  
8 directly to an account controlled by Fanghella.

9           36. In late 1999 and early 2000, Fanghella purchased gifts  
10 totaling in excess of \$10 million for his girlfriend (including a \$5  
11 million house, \$2 million in cash, and a \$75,000 piano) and  
12 transferred at least \$3.7 million to an account in his name in  
13 Barbados.

14           **3.    PinnFund, Peregrine, Fanghella and Hillman are**  
15                           **Misrepresenting the Total Dollar Value of PinnFund's Loan**  
16                           **Sales.**

17           37. The Funding Entities' investors purportedly receive a  
18 percentage of each PinnFund loan financed by the respective Funding  
19 Entity they have invested in. Thus, their returns are largely  
20 determined by the amount of loans written by PinnFund.

21           38. However, in the quarterly updates (which are signed by  
22 Hillman) sent to investors, Peregrine and the Funding Entities  
23 misrepresent PinnFund's loan volume. For example, in October 2000,  
24 Peregrine reported in an update to the Funding Entities' investors  
25 that PinnFund had written and sold more than \$2.26 billion worth of  
26 home mortgage loans in the past three months (i.e., a rate of more  
27 than \$9 billion per year and more than \$700 million a month). That  
28

1 same month, however, PinnFund informed the state of Oregon that it  
2 hoped to reach a rate of more than \$100 million a month by the end  
3 of the year. Fanghella has made similar misrepresentations to  
4 prospective investors in the Funding Entities. For example, in  
5 August 2000, Fanghella told a prospective investor that PinnFund  
6 would soon achieve a total loan volume of \$9 billion annually.

7 **FIRST CLAIM FOR RELIEF**

8 **FRAUD IN THE OFFER OR SALE OF SECURITIES**

9 **Violations of Section 17(a) of the Securities Act**

10 **(Against PinnFund, Peregrine, Allied, Grafton,**

11 **Sigma, Fanghella and Hillman)**

12 39. Paragraphs 1 through 38 are realleged and incorporated  
13 herein by reference.

14 40. Defendants PinnFund, Peregrine, Allied, Grafton,  
15 Sigma, Fanghella and Hillman, by engaging in the conduct described  
16 above, directly or indirectly, in the offer or sale of securities,  
17 by the use of means or instruments of transportation or  
18 communication in interstate commerce or by the use of the mails:

- 19 a. with scienter, employed devices, schemes or  
20 artifices to defraud;
- 21 b. obtained money or property by means of untrue  
22 statements of material fact or by omitting to  
23 state material facts necessary in order to make  
24 the statements made, in the light of the  
25 circumstances under which they were made, not  
26 misleading; or
- 27 c. engaged in transactions, practices or courses of  
28 business which operated or would operate as a

fraud or deceit upon the purchasers of such securities.

41. By reason of the foregoing, Defendants PinnFund, Peregrine, Allied, Grafton, Sigma, Fanghella and Hillman violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

**SECOND CLAIM FOR RELIEF**

**FRAUD IN CONNECTION WITH THE**

**PURCHASE OR SALE OF SECURITIES**

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

**(Against PinnFund, Peregrine, Allied, Grafton,  
Sigma, Fanghella and Hillman)**

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

43. Defendants PinnFund, Peregrine, Allied, Grafton, Sigma, Fanghella and Hillman, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, with scienter:

- a. employed devices, schemes or artifices to defraud;
- b. made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

c. engaged in acts, practices or courses of

business which operated or would operate as a  
fraud or deceit upon other persons.

44. By reason of the foregoing, Defendants PinnFund,  
Peregrine, Allied, Grafton, Sigma, Fanghella and Hillman violated  
and, unless enjoined, will continue to violate, Section 10(b) of the  
Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 thereunder, 17  
C.F.R. § 240.10b-5.

**THIRD CLAIM FOR RELIEF**

**OFFER AND SALE OF UNREGISTERED SECURITIES**

**Violations of Sections 5(a) and 5(c) of the Securities Act  
(Against Peregrine, Allied, Grafton, Sigma and Hillman)**

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

46. Defendants Peregrine, Allied, Grafton, Sigma and  
Hillman, and each of them, by engaging in the conduct described  
above, directly or indirectly:

- a. made use of means or instruments of  
transportation or communication in interstate  
commerce or of the mails to sell securities  
through the use or medium of any prospectus or  
otherwise;
- b. carried or caused to be carried through the  
mails or in interstate commerce, by means or  
instruments of transportation, securities for  
the purpose of sale or for delivery after sale;  
or

c. made use of means or instruments of

transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, securities.

47. No registration statement has been filed for any of the securities offered and sold by defendants Peregrine, Allied, Grafton, Sigma and Hillman; nor were those offerings exempt from registration.

48. By reason of the foregoing, defendants Peregrine, Allied, Grafton, Sigma and Hillman, and each of them, 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 (c).

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that the Defendants PinnFund, Peregrine, Allied, Grafton, Sigma, Fanghella and Hillman engaged in the alleged violations.

II.

Issue orders temporarily, preliminarily and permanently enjoining Defendants PinnFund, Peregrine, Allied, Grafton, Sigma, Fanghella and Hillman, and their officers, agents, servants, employees, and attorneys-in-fact, 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



violating, directly or indirectly, Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

III.

Issue orders temporarily, preliminarily and permanently enjoining Defendants Peregrine, Allied, Grafton, Sigma and Hillman, and their officers, agents, servants, employees, and attorneys-in-fact, 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 violating, directly or indirectly, Sections 5(a) and (c) of the Securities Act.

IV.

Issue a temporary restraining order and a preliminary injunction freezing the assets of each of the Defendants, prohibiting Defendants from destroying documents, repatriating assets, allowing expedited discovery, appointing a receiver over Defendants PinnFund, Peregrine, Allied, Grafton, and Sigma, and for accountings.

V.

Enter an order that Defendants PinnFund, Peregrine, Allied, Grafton, Sigma, Fanghella and Hillman disgorge all profits gained directly or indirectly from the illegal conduct, together with prejudgment interest thereon.

VI.

Enter an order that Relief Defendants disgorge all profits gained directly or indirectly from the Peregrine Defendants' and the PinnFund Defendants' illegal conduct.

1  
2 Enter an order that Defendants PinnFund, Peregrine,  
3 Allied, Grafton, Sigma, Fanghella and Hillman pay civil penalties  
4 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3)  
5 of the Exchange Act.


6 VIII.

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

12 IX.

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

15  
16 DATED: March 20, 2001

  
\_\_\_\_\_  
Nicolas Morgan  
Attorney for Plaintiff  
Securities and Exchange  
Commission