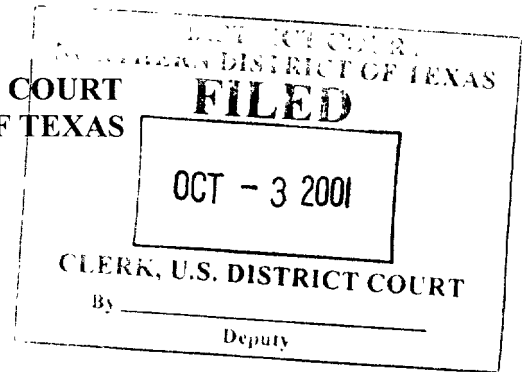


ORIGINAL

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION



SECURITIES AND EXCHANGE COMMISSION
Plaintiff

vs.

NUEWORLD.COM COMMERCE, INC., and
TIMOTHY C. RINGGENBERG
Defendants

Civil Action Number

3 - 0 1 C V 1 9 7 4 - H

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against Defendants NuEworld.com Commerce, Inc. (“NuEworld”), and Timothy C. Ringgenberg (“Ringgenberg”) alleges as follows:

SUMMARY

1. The Commission charges Defendants NuEworld, and its founder and Chief Information Officer, Ringgenberg, with using the Internet to conduct a fraudulent stock offering that raised approximately \$3.8 million from 326 investors nationwide. From November 1999, to December 2000, NuEworld offered unregistered securities to investors through its website, written offering materials called Executive Summaries, and in e-mail messages.

2. Capitalizing on the public’s interest in initial public offerings (“IPOs”) the Defendants also employed a multi-level marketing force to sell shares directly to the public utilizing false representations about the timing of a purported IPO, the projected value of NuEworld’s shares after the IPO, the prospect for revenue and sales growth and the true nature of business relationships with its purported “strategic partners.” NuEworld, for example, claimed that an IPO was imminent and that within 90 days of trading, pre-IPO shares sold for

\$.50 would be worth “between \$24 and \$68”—representing a return of between 4,800 percent and 13,600 percent. In truth, NuEworld never took meaningful steps towards an IPO, and the share price forecasts were without any reasonable basis. Moreover, claims of strategic partnerships with Dell Computers, Office Max and others exaggerated the true scope of any business relationship.

3. As a result of the conduct alleged herein, NuEworld and Ringgenberg violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§77e(a), 77e(c) and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] promulgated thereunder.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this action pursuant to Section 22 of the Securities Act [15 U.S.C. §77v] and Sections 21 and 27 of the Exchange Act [15 U.S.C. §§78u and 78aa].

5. The Defendants made use of the means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the acts, transactions, practices and courses of business alleged herein. Certain of the transactions, practices and courses of business alleged herein took place in the Northern District of Texas.

6. The Commission brings this action pursuant to the authority conferred upon it by Sections 20(b) and 20(e) of the Securities Act, [15 U.S.C. §77t(b) and (e)], and Sections 21(d) and 21(e) of the Exchange Act, [15 U.S.C. §78u(d) and (e)] to permanently enjoin the Defendants from future violations of the federal securities laws. In addition, the Commission

seeks civil penalties against Defendant Ringgenberg pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

DEFENDANTS

7. **NuEworld.com Commerce, Inc.** is a Delaware Corporation previously located in Irvine, California, and now operating from Boca Raton, Florida. NuEworld operates a multi-level marketing company and an Internet website at www.nueworld.com and has 14 full-time employees. In November 1999, NuEworld started offering stock to the public, claiming a Regulation D, Rule 506 exemption from registration.

8. **Timothy C. Ringgenberg**, age 34, is a resident of Huntington Beach, California and NuEworld's co-founder, Chief Information Officer and the officer in charge of NuEworld's sales of securities.

STATEMENT OF FACTS

Background

9. Ringgenberg and two other individuals formed NuEworld in November of 1999, selling Internet and telecommunications services to individuals and small businesses through a network of multi-level marketing sales persons called "affiliates." Each affiliate paid a fee of \$500 to \$1,000 to join the company and receive promotional materials and training to sell products, such as Internet access, website hosting and long distance telephone service.

10. Ringgenberg is responsible for managing all financial and technology related matters; the other two founders, both former multi-level salesmen, are primarily responsible for developing the company's sales force of multi-level affiliates. None of these individuals were experienced in raising business capital.

NuEworld's Stock Offering

11. Once formed, NuEworld quickly offered private placement shares of its common stock at \$.50 per share. Subscription forms used by the company show that the stock offering was made pursuant to Regulation D [17 C.F.R. §230.506](hereinafter, "Reg. D"). The shares were offered directly to NuEworld affiliates and the public with the \$.50 offering price arbitrarily determined by the company. In March 2000, the company raised the share price to \$2. Proceeds from the offering were used for working capital, salaries and operating expenses.

12. The initial offering instrument, drafted by Ringgenberg and used by NuEworld to promote its shares, was a 16 page "Executive Summary" containing magazine excerpts and quotes touting the enormous investor wealth created by recognizable Internet IPO's such as Microsoft, Yahoo, Amazon.com and E-bay. NuEworld also relied on members of its sales force of multi-level affiliates to sell stock of the company to the public. Finally, NuEworld's Internet website contained excerpts from the Executive Summary and solicited interested investors to contact the company to purchase shares.

13. In total, from November 1999, until December 2000, NuEworld raised approximately \$3.8 million from approximately 326 investors nationwide and in at least two foreign countries. The company failed to register its securities with the Commission and also failed to file a requisite Form D with the Commission until April of 2001, approximately 16 months after the first sale of shares to investors.

False and Misleading Statements and Omissions

14. NuEworld's Executive Summary and Internet website contained numerous false and misleading statements and omissions, creating a distorted picture of, among other things, the prospect for share price appreciation and revenue growth. For example, the November 1999 Executive Summary claimed that NuEworld stock would be worth "between \$24 and \$68 in the first 90 days of trading"—a projected return of between 4,800 percent and 13,600 percent from the initial offering price. Further, highlighted text within the initial Executive Summary suggested investors could become "Maserati rich." The projected share price appreciation was based on specious annual revenue projections of between \$2.2 million and \$2.3 billion for years 2000 to 2004.

15. In reality, NuEworld had no reasonable basis to make the share price appreciation and revenue projections contained in the offering materials. At the time the statements were made, the company had no operating history and was being directed by inexperienced management. Later, as the company started operations, projections provided to potential investors were contrary to the financial condition of the company as reflected in internal sales and revenue tracking documents. Moreover, the "research" relied upon when drafting the offering materials was merely a general sense of price appreciation for successful IPO's of other Internet companies. NuEworld's offering materials, including the November 1999 Executive Summary, omitted discussing the questionable assumptions behind the company's projections or referencing the profound differences between its operations and the identified well-known Internet companies such as Amazon.com or Yahoo, that were used as the basis for the projections.

16. NuEworld also falsely claimed that an IPO was imminent. For example, the November 1999, Executive Summary claimed “[w]e feel that within six to 12 months NuEworld Corporation will be in a suitable position for expansion, and an initial public offering.” Six months later, in July of 2000, the company claimed it “anticipates an IPO in 2001.” In August 2000, NuEworld stated “[o]ur estimation of IPO is June/July 2001.” Finally, since inception, the company uniformly referred to its Reg. D shares as a “pre-IPO private placement” in its offering materials, on its website and in communications with potential investors. In reality, the company never took any significant steps to conduct an IPO. The company did not have audited financials, never retained securities counsel or underwriter for an IPO, nor had contact with any exchange or quotation service.

17. NuEworld also misled and failed to advise investors about the risk associated with its private placement shares. In the same November 1999, offering materials under a header entitled “Risk,” the only issue mentioned was “the fast pace of the Internet and the significant hyper-growth the company will face.” Later Executive Summaries offered no discussion of risk. In reality, investors faced numerous risks including industry competition, inexperience of management, general economic conditions, the fact that the company had no tangible assets and the real possibility that a market for its shares would never develop.

18. NuEworld further mislead investors about key business relationships with several large and well-known companies. In a March 2000, version of the Executive Summary, the company represented it’s “strategic partners” to include Dell Computer, eToys.com, Office Max.com and JC Penny. Also, the company listed several “potential alliances & co-branding” partners including America Online (“AOL”) and Sun Microsystems. In reality, NuEworld had no direct agreements or business relationship with any of these companies.

19. NuEworld also created a false sense of urgency among potential investors. For example, a July 19, 2000, e-mail sent to one prospective investor claimed the need to act quickly because “[NuEworld was] planning on closing out the stock at the end of July.” On August 8, 2000, another investor was told that the company “extended the deadline to August 15th.” On August 31st, yet another investor was told that the company was closing out the stock offering on September 8th, and on September 25th still another investor was told the date was September 30th. In fact, the offering was ongoing without a definite ending date.

NuEworld's Registration Violations

20. Over the Internet and through e-mail and its multi-level affiliates; NuEworld offered shares in a general solicitation to the public. For example, the company described its securities offering on its unrestricted Internet website to the general public. Moreover, some of the company's affiliates, in addition to actively recruiting individuals to join NuEworld, also sold NuEworld stock. Some affiliates received a five percent referral fee on shares purchased by their recruits.

21. NuEworld also failed to limit its stock offering to accredited investors as required in an exempt offering.

CAUSES OF ACTION

FIRST CLAIM

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

22. The Commission repeats and realleges paragraphs 1 through 21 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

23. The Defendants NuEworld and Ringgenberg, directly or indirectly, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate

commerce and by use of the mails have: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

24. As a part of and in furtherance of their scheme, the Defendants directly and indirectly, prepared, disseminated or used promotional materials, an Internet website, e-mail and other correspondence, and made oral representations, which contained untrue statements of material fact and which 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, including, but not limited to, those statements and omissions set forth above.

25. The Defendants made the above-referenced misrepresentations and admissions knowingly or recklessly disregarding the truth.

26. By reason of the foregoing, the Defendants have violated, and unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

SECOND CLAIM

Violations of Section 17(a)(1) of the Securities Act

27. The Commission repeats and realleges paragraphs 1 through 21 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

28. The Defendants, directly or indirectly, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money

or property by means of untrue statements of material fact or omissions 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 (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

29. As part of and in furtherance of this scheme, the Defendants directly and indirectly, prepared, disseminated or used promotional materials, a website, investor and other correspondence, and made presentations, which contained untrue statements of material fact and which 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, including, but not limited to, those statements and omissions set forth above.

30. The Defendants made the above-referenced misrepresentations and omissions knowingly or recklessly disregarding the truth.

31. By reason of the foregoing, the Defendants have violated, and unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. 77q(a)].

THIRD CLAIM

Violations of Sections 17(a)(2) and (3) of the Securities Act

32. The Commission repeats and realleges paragraphs 1 through 21 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

33. The Defendants, directly or indirectly, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have: (a) obtained money and property by means of untrue statements of material fact and by omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (b)

engaged in transactions, practices, or a course of business which operates or would operate as a fraud or deceit upon the purchaser of the securities.

34. As part of and in furtherance of this scheme, the Defendants, directly and indirectly, prepared, disseminated or used promotional materials, a website, investor and other correspondence and made oral presentations which contained untrue statements of material fact and which 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, including, but not limited to, those statements and omissions set forth above.

35. The Defendants, directly or indirectly, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce made the above-referenced misrepresentations and omissions negligently.

36. By reason of the foregoing, the Defendants have violated, and unless 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

Violations of Sections 5(a) and 5(c) of the Securities Act

37. The Commission repeats and realleges paragraphs 1 through 21 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

38. The Defendants, directly or indirectly, singly or in concert with others, have been offering to sell, selling and delivering after sale, certain securities and have been, directly and indirectly, (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise, (b) carrying and causing to be carried through the mails and in interstate

commerce by the means and instruments of transportation such securities for the purpose of sale and for delivery after sale, and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

39. NuEworld sold securities to more than 35 investors who were not “accredited investors” as defined by Reg. D [17 C.F.R. §230.506(b)(2)].

40. NuEworld sold securities to non-accredited investors who were not “sophisticated” as defined by Reg. D [17 C.F.R. §230.506(b)(2)(ii)].

41. NuEworld securities were offered and sold to the public through a general solicitation of investors.

42. No registration statement has been filed with the Commission or is otherwise in effect with respect to these securities.

43. No other exemption to registration is applicable to the NuEworld securities.

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

REQUESTED RELIEF

WHEREFORE, Plaintiff Securities and Exchange Commission respectfully requests that this Court:

I.

Enter an injunction permanently restraining and enjoining the Defendants, their subsidiaries, officers, directors, 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 5(a), 5(c) and 17(a) of the

Securities Act [15 U.S.C. §77e(a), 77e(c) and 77q(a)], and Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)], and of Rule 10b-5 [17 C.F.R. §240.10b-5] thereunder.

II.

Enter an Order imposing civil penalties against Defendant Ringgenberg pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)], for the violations alleged herein.

III.

Enter an Order for such further relief as this Court may deem just and proper.

For the Commission, by its attorneys:

Dated this 2 day of October 2001.



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