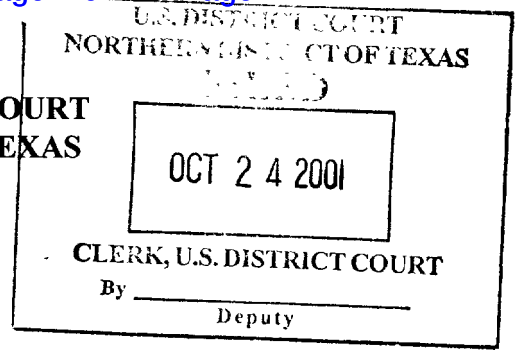


ORIGINAL



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

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

STEVEN GOLDSBOROUGH and WILLIAM  
GOLDSBOROUGH, individually and d/b/a  
THE LIQUIBUYERS GROUP,  
Defendants.

Civil Action No.

3-01CV2134-G

COMPLAINT

The United States Securities and Exchange Commission ("the Commission") files this Complaint against Defendants Steven Goldsbrough and William Goldsbrough, individually and doing business as The Liquibuyers Group, and would respectfully show the Court as follows:

SUMMARY

1. From at least August 2000 through February 23, 2001, Steven Goldsbrough and William Goldsbrough, doing business as The Liquibuyers Group ("Defendants" or "Liquibuyers"), engaged in a fraudulent scheme to offer and sell securities over the Internet. Defendants, through an Internet website ("Offering Website"), offered and sold stock "vouchers" to prospective investors. In exchange for monetary fees, Defendants offered investors vouchers that they claimed could be redeemed for shares of Liquibuyers common stock when the company completed a purportedly upcoming initial public offering ("IPO").

2. In the course of offering and selling these securities, Defendants made numerous misrepresentations and omissions of material facts, including, among others, the following: (a)

that Liquibuyers employed a staff of experienced professionals; (b) that Liquibuyers had operated for years as a successful furniture liquidation business and had existing contracts with numerous manufacturers and retailers; (c) that the Commission had both reviewed and approved the Liquibuyers stock-voucher offering; (d) that Liquibuyers would conduct an IPO of its securities upon completion of the voucher offering; (e) that Liquibuyers stock would be valued at \$17.50 to \$35 at the time of its IPO and trade on the New York Stock Exchange; (f) that Liquibuyers was run by an experienced furniture-liquidation specialist; and (g) that Liquibuyers would refund a portion of the fee it charged for the vouchers if it did not conduct the IPO. All of these representations were false.

3. By engaging in the conduct detailed in this Complaint, Defendants, directly or indirectly, singly or in concert, engaged in and, unless enjoined, will continue to engage in, transactions, acts, practices, and courses of business which constitute violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a) and (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] thereunder.

#### **JURISDICTION AND VENUE**

4. The Liquibuyers stock vouchers offered and sold by Defendants are guarantees of and receipts for stock, and are therefore “securities” under Section 2(1) of the Securities Act [15 U.S.C. § 77b] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c].

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

securities laws. To prevent further investor losses, the Commission seeks an order of this Court which permanently enjoins Defendants, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a) and (c) and 77q(a)] and 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].

6. This Court has jurisdiction over this action and venue is proper pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77(b) and 77v(a)] and Sections 21(d)(1), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 77u(e), and 78aa].

7. Defendants, directly or indirectly, singly or in concert, made use of the means or instruments of transportation or communication and the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein. Defendants reside in the Northern District of Texas and certain of the transactions, acts, practices, and courses of business alleged herein took place in this district.

#### **DEFENDANTS**

8. **Steven Goldsborough**, age 22, is a resident of Fort Worth, Texas, and did business under the name The Liquibuyers Group, which does not appear to be a formal legal entity.

9. **William Goldsborough**, age 30, is a resident of Fort Worth, Texas, and did business under the name The Liquibuyers Group, which does not appear to be a formal legal entity.

### **THE FRAUDULENT OFFERING**

10. From at least August 2000 to February 23, 2001, Defendants conducted a fraudulent and unregistered securities offering on the Offering Website, formerly located at [www.liquibuyers.bizhosting.com](http://www.liquibuyers.bizhosting.com). Through this offering, Defendants solicited investors to purchase “pre-IPO vouchers” redeemable for stock to be issued after a purportedly upcoming IPO for The Liquibuyers Group. Defendants claimed that Liquibuyers, which had no business operations, was a profitable Internet furniture liquidation business that had been in operation since 1997.

11. Defendants offered and sold the Liquibuyers vouchers through the Offering Website in exchange for a “\$10 administration fee.” In exchange for this non-refundable fee, Defendants guaranteed to redeem each initial voucher purchased for 100 shares of Liquibuyers stock after the IPO, which Defendants claimed was scheduled to take place in January 2001. Defendants also offered investors up to three additional vouchers at a cost of \$5 each. According to the Offering Website, these additional vouchers could be redeemed for 25 shares of Liquibuyers stock at the time of the IPO.

12. Defendants, individually and in combination, solicited and caused to be solicited thousands of individuals *via* the Internet to purchase Liquibuyers securities. Defendants raised approximately \$750 from the sale of Liquibuyers stock vouchers to at least 30 investors located throughout the United States.

13. Defendants offered and sold the stock vouchers to the public through a general solicitation of investors. No registration statements have been filed with the Commission or are otherwise in effect with respect to these securities.

**DEFENDANTS' MISREPRESENTATIONS  
AND OMISSIONS OF MATERIAL FACTS**

14. Defendants' Offering Website contained numerous misrepresentations of material facts and omitted to disclose other material facts.

15. Defendants represented that Liquibuyers employed a professional eight-person staff. In fact, no one other than Defendants was associated with Liquibuyers. The experienced professional who purportedly founded and operated Liquibuyers, "Jorgen Berg," did not exist and was fabricated by Defendants in order to facilitate their fraudulent securities offering.

16. Defendants represented that, since 1997, Liquibuyers had operated as a successful physical and Internet furniture liquidation business and had contracts with numerous manufacturers and retailers for the disposition of excess furniture inventory. In fact, Liquibuyers never established offices, never acquired any inventory, never offered any products or services, *via* an Internet website or otherwise, and did not have any contracts with manufacturers and retailers as claimed.

17. Defendants represented that the Commission had reviewed and approved the offering of Liquibuyers stock vouchers. This representation was false. The Commission never approved of or rendered any opinion on the offering of stock vouchers or any other securities offering by Liquibuyers or Defendants.

18. Defendants represented that Liquibuyers would conduct an IPO in January 2001, upon the completion of the stock voucher offering. This representation had no reasonable basis. Liquibuyers never undertook any meaningful steps to conduct an IPO, such as engaging an underwriter or retaining an auditor. Furthermore, the Liquibuyers IPO did not take place.

19. Defendants represented that investors would be able to redeem their stock vouchers for Liquibuyers common stock valued at \$17.50 to \$35 per share at the time of the IPO and that the stock would trade on the New York Stock Exchange (“NYSE”). In fact, Defendants had no reasonable basis to predict a value of \$17.50 to \$35 per share for Liquibuyers stock or to believe that Liquibuyers could satisfy the listing requirements for the NYSE because it had no assets and no legitimate business operations.

20. Defendants represented that Liquibuyers would refund all investor fees collected, other than an initial \$10 “administrative fee,” if it did not conduct an IPO. In fact, Defendants misappropriated all funds raised in the offering, and Liquibuyers had no reasonable expectation of earnings from business operations from which it could pay refunds.

21. Defendants omitted to disclose to investors that they had misappropriated funds of earlier investors.

## **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. Defendants Steven Goldsborough and William Goldsborough, directly or indirectly, singly or in concert, in connection with the purchase and sale of securities, by use of the means or instrumentalities of interstate commerce and by use of the mails: (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 operated as a fraud and deceit upon purchasers, prospective purchasers, and other persons.

24. As a part of and in furtherance of their scheme, Defendants, directly or indirectly, prepared, disseminated, or used electronic and written offering documents which contained untrue statements of material facts and misrepresentations of material facts, 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 set forth above.

25. Defendants made the above-referenced misrepresentations and omissions knowingly or in reckless disregard of the truth.

26. By reason of the foregoing, Defendants Steven Goldsborough and William Goldsborough violated and, unless enjoined, will continue to violate, the provisions of 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. Defendants Steven Goldsborough and William Goldsborough, directly or indirectly, singly or in concert, in the offer and sale of securities, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails: (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property by means

of untrue statements of material facts or omission 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 operated or will operate as a fraud or deceit.

29. As part of and in furtherance of this scheme, Defendants, directly and indirectly, prepared, disseminated, or used written offering documents which contained untrue statements of material facts 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. Defendants made the above-referenced misrepresentations and omissions knowingly or in reckless disregard of the truth.

31. By reason of the foregoing, Defendants Steven Goldsborough and William Goldsborough 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. Defendants Steven Goldsborough and William Goldsborough, directly or indirectly, singly or in concert, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, obtained money and property by means of untrue statements of material facts and by omission 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.

34. Defendants, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, engaged in transactions, practices, and courses of business which operated or will operate as a fraud or deceit upon purchasers.

35. As part of and in furtherance of this scheme, Defendants, directly and indirectly, prepared, disseminated, or used electronic and written offering materials which contained untrue statements of material facts 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.

36. Defendants made the above-referenced misrepresentations and omissions negligently.

37. By reason of the foregoing, Defendants Steven Goldsborough and William Goldsborough 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**

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

39. Through the use of a prospectus or otherwise, Defendants Steven Goldsborough and William Goldsborough, directly or indirectly, singly or in concert, offered to sell and sold

the above-referenced securities when no registration statement had been filed with the Commission and when no registration statement was otherwise in effect with respect to such securities, making use, directly or indirectly, of the means or instruments of transportation or communication in interstate commerce and of the mails.

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

**RELIEF REQUESTED**

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

**I.**

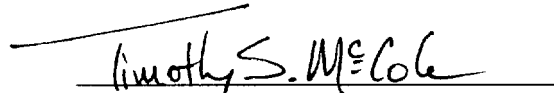
Enter an Order permanently enjoining Defendants Steven Goldsborough and William Goldsborough, individually and doing business as The Liquibuyers Group, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction, by personal service or otherwise, and each of them, from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and of Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]; and

**II.**

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

For the Commission, by its attorneys:

Dated this 24 day of October, 2001.

A handwritten signature in black ink that reads "Timothy S. McCole". The signature is written in a cursive style and is positioned above a horizontal line.

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