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Securities and Exchange Commission
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JUDGE SCHWARTZ

01 CV 9056

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

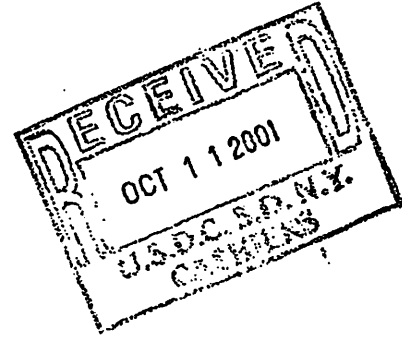
v.

WAMEX HOLDINGS, INC., EDWARD A.
DURANTE, a/k/a ED SIMMONS; BERKSHIRE
CAPITAL PARTNERS, INC.; DOTTENHOFF
FINANCIAL LTD.; GALTON SCOTT & GOLETT
INC.; COMMONWEALTH ASSOCIATES, LTD.;
PROVIDENT PARTNERS, LTD.; FAIRMONT
CONSULTING, INC.; ZIMENN IMPORTING AND
EXPORTING, INC.; RENAISSANCE GALLERY,
INC.; TREVOR KOENIG; ROGER M. DETRANO;
MITCHELL H. CUSHING; RUSSELL A. CHIMENTI,
JR.; CHARLES R. EISENSTEIN; ALFRED PEEPER;
EUGENE C. GEIGER; HEARTLAND CAPITAL;
SCOTT CAMERON; ROGER H. CHLOWITZ; DAVID
WEISS; BRUCE M. MILLSTEIN;

Defendants;

EXCHANGE BANK & TRUST, INC.; VJV INC.;
ORIENTAL NEW INVESTMENTS, LTD.,
ORIENTSTAR FINANCE, LTD.,

Relief Defendants.



01 Civ.

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC") alleges as follows:

NATURE OF THE ACTION

1. This action concerns Defendants' fraudulent scheme to manipulate the public market for WAMEX Holdings, Inc. ("WAMX") common stock. The scheme took place during the period from approximately December 1999 to June 2000 and involved: (a) creating large blocks of purportedly unrestricted shares in violation of the registration provisions of the federal securities laws; (b) executing manipulative public market trades to create artificial increases in the trading volume and price of WAMX's common stock, which was quoted on the NASD's Over-The-Counter Bulletin Board ("OTC-BB"); (c) issuing false and misleading press releases and Commission filings; and (d) paying undisclosed commissions to an unregistered broker-dealer in exchange for soliciting purchases of WAMX shares at artificially inflated prices.

2. As a result, WAMX's stock price rose from \$1.375 per share in December 1999 to an all time high of \$19.50 per share in February 2000. Between December 1999 and June 2000, WAMX's market capitalization grew from \$250,000 to over \$185 million. The Defendants sold approximately 6.9 million WAMX shares for proceeds of over \$30 million during the course of the fraud. The scheme came to a halt on June 14, 2000, when the Commission suspended trading in WAMX stock and the Federal Bureau of Investigation ("FBI") arrested Defendants Roger M. DeTrano ("DeTrano"), Mitchell H. Cushing ("Cushing"), and Russell A. Chimenti, Jr. ("Chimenti") for their roles in scheme.

3. Defendant Edward A. Durante (“Durante”), while operating under the alias “Ed Simmons,” used multiple offshore entities to hide his involvement in the manipulation of WAMX between at least December 1999 and June 2000. Durante engaged in manipulative trading in order to inflate WAMX’s stock price. Durante then sold millions of WAMX shares to unsuspecting investors at artificially high prices, reaping profits of approximately \$24 million. Defendant Trevor Koenig (“Koenig”) acted as Durante’s broker during the course of the scheme and executed all of the manipulative trades on Durante’s behalf through various nominee accounts controlled by Durante.

4. Defendants DeTrano, Cushing, Chimenti, and Charles R. Eisenstein (“Eisenstein”) caused WAMX to distribute several materially false and misleading press releases and Commission filings. These misrepresentations concerned WAMX’s ability to implement its business plan, the sources and amount of WAMX’s financing, and the qualifications of WAMX’s management. DeTrano, Cushing, and Chimenti also provided Durante with millions of purportedly unrestricted WAMX shares in order to provide Durante with control over WAMX’s public float for purposes of the manipulation scheme.

5. Defendant Alfred Peeper (“Peeper”) executed several manipulative transactions with Durante known as “Block Deals.” Pursuant to these Block Deals, Peeper purchased large blocks of WAMX stock from Durante by executing matched orders at or around the prevailing market price. Durante would then transfer an equal or greater amount of shares directly to Peeper’s accounts free of charge so that Peeper would realize a hidden discount of 50 percent or higher on each transaction. The matched orders, which accounted for over 75% of WAMX’s total trading volume on certain days, were reported at artificially high prices and concealed the substantial

discounts Peeper was receiving from Durante. Defendant Eugene C. Geiger ("Geiger") acted as Peeper's broker for each of the Block Deals and executed all of these manipulative transactions on Peeper's behalf.

6. Defendant Heartland Capital ("Heartland") solicited investors to purchase WAMX shares from Durante while operating as an unregistered broker-dealer. Defendants Roger H. Chlowitz ("Chlowitz"), David Weiss ("Weiss"), and Bruce M. Millstein ("Millstein") solicited investors to purchase WAMX shares as employees of Heartland. Defendants Heartland, Chlowitz, Weiss, and Millstein made material misrepresentations to investors concerning the commissions paid to Heartland and failed to disclose that Durante had agreed to pay Heartland commissions of 25 percent of the proceeds from the stock sales they solicited. Defendant Scott Cameron ("Cameron") was the sole owner of Heartland and acted as a control person of Heartland, Chlowitz, Weiss, and Millstein during the course of the scheme.

7. By knowingly or recklessly engaging the fraudulent conduct described herein, Defendants WAMX, Durante, Koenig, DeTrano, Cushing, Chimenti, Eisenstein, Peeper, Geiger, Heartland, Chlowitz, Weiss, Millstein, and the related offshore entities directly or indirectly violated the antifraud provisions of the federal securities laws, specifically, Sections 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 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 thereunder [17 C.F.R. § 240.10b-5]. Defendant Cameron is liable for violations of Section 10(b) and the Exchange Act and Rule 10b-5 thereunder as a controlling person of Heartland, Chlowitz, Weiss, and Millstein pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

8. By engaging in the conduct described herein, Defendants WAMX, Durante, DeTrano, Cushing, Chimenti, and the related offshore entities violated the registrations provisions of the federal securities laws, specifically, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)].

9. By engaging in the conduct described herein, Defendant WAMX violated the reporting provisions of the federal securities laws, specifically, Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-11, and 13a-13 thereunder [17 C.F.R. §§ 240.13a-1, 240.13-11, 240.13a-13]. Defendant Cushing is liable for WAMX's violations of Section 13(a) of the Exchange Act and Rule 13a-11 thereunder as a controlling person of WAMX pursuant to Section 20(a) of the Exchange Act. Defendant Eisenstein is liable for WAMX's violations of Section 13(a) of the Exchange Act and Rule 13a-11 thereunder as an aider and abettor pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)].

10. By engaging in the conduct described herein, Defendants Heartland, Chlowitz, Weiss, and Millstein violated the broker-dealer registration provisions of the federal securities laws, specifically, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)]. Defendant Cameron is liable for violations of Sections 15(a) of the Exchange Act as a controlling person of Heartland, Chlowitz, Weiss, and Millstein pursuant to Section 20(a) of the Exchange Act.

11. By engaging in the conduct described herein, Defendants Durante and DeTrano violated Sections 13(d) and 16(a) of the Exchange Act [15 U.S.C. §§ 78m(d), 78p(a)] and Rules 13d-1 and 16a-3 thereunder [17 C.F.R. §§ 240.13d-1, 240.16a-3].

12. The SEC seeks an order permanently enjoining these Defendants from future violations, requiring disgorgement of their illegal profits, and other relief, pursuant to Sections

20(b) and 20(d)(1) of the Securities Act [15 U.S.C. §§77t(b) and 77t(d)(1)], Sections 21(d)(1) and (e) of the Exchange Act [15 U.S.C. §§78u(d)(1) and (e)]. Unless enjoined, the Defendants will continue to engage in transactions, acts, practices and courses of business similar to those described herein. The SEC seeks an award of civil penalties, pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)]. The violations described below involve fraud, deceit or deliberate or reckless disregard of regulatory requirements, and have resulted in substantial losses or significant risk of substantial losses to other persons.

JURISDICTION

13. This Court has jurisdiction of this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §§ 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of business alleged herein occurred within this District, and venue is proper pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act.

14. This Court has supplemental jurisdiction pursuant to 28 U.S.C. § 1367(a).

15. Defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the acts, practices, and courses of business alleged herein.

DEFENDANTS

16. **WAMEX Holdings, Inc.** ("WAMX"), based in New York, New York, is a Delaware corporation that purported to have plans to operate a revolutionary new Alternative Trading System ("ATS") during 2000. WAMX's stock was quoted on the OTC-BB from November 1999 to June 13, 2000. WAMX was removed from the OTC-BB by the NASD after the Commission suspended trading in its stock on June 14, 2000.

17. **Edward A. Durante** ("Durante"), age 50, is a stock promoter and a former registered securities professional who resides in Gardiner, New York. Using the alias "Ed Simmons," Durante founded several offshore entities, which he used to conceal his illegal stock promotion and manipulative trading activities.

18. **Berkshire Capital Partners, Inc.** ("Berkshire"), **Dottenhoff Financial Ltd.** ("Dottenhoff"), **Galton Scott & Golett Inc.** ("Galton"), **Commonwealth Associates, Ltd.** ("Commonwealth Associates"), **Provident Partners, Ltd.** ("Provident"), and **Fairmont Consulting, Inc.** ("Fairmont") are all corporations organized under the laws of Nevis, British West Indies and controlled by Durante. During the relevant period, Durante engaged in manipulative trading and sold stock at artificially inflated prices through brokerage accounts in the names of each of these companies at Union Securities, a Canadian broker-dealer located in British Columbia.

19. **Zimenn Importing and Exporting Inc.** ("Zimenn") and **Renaissance Gallery, Inc.** ("Renaissance") are California corporations based in the Philippines that are controlled by Durante. During the relevant period, Durante engaged in manipulative trading and sold stock at

artificially inflated prices through brokerage accounts in the names of both these companies at Union Securities.

20. **Trevor Koenig** (“Koenig”), 38, resides in British Columbia, Canada. Koenig is a broker employed by Union Securities. Koenig was Durante’s broker during the course of the WAMX scheme. In September 2001, Koenig was arrested and charged with securities fraud for his role in the WAMX scheme.

21. **Roger M. DeTrano** (“DeTrano”), 56, is a stock promoter residing in New York. DeTrano owns and operates Commonwealth Partners NY LLC and Randolph Management, both of which are financial consulting firms. DeTrano was hired as a consultant to WAMX in October 1999. In June 2000, DeTrano was arrested and later indicted on securities fraud charges based on his involvement in the WAMX scheme.

22. **Mitchell H. Cushing** (“Cushing”), 38, resides in New York, NY, and was the Chief Executive Officer of WAMX until October 11, 2000, when he was indicted for securities fraud in the Southern District of New York based on his involvement in the WAMX scheme. Prior to founding WAMX, Cushing worked for several notorious boiler rooms in the New York area, including Monitor Investment Group, Inc. and Meyers Pollock Robbins, Inc. In 1997, Cushing moved to Vienna, Austria, where he went to work for another boiler room known as Hofmann & Schneider Securities GmbH (“Hofmann Schneider”). An Austrian court issued an arrest warrant for Cushing in June 1998 based on his alleged involvement in a multi-million dollar securities fraud scheme while at Hofmann Schneider. Cushing avoided prosecution by fleeing to the United States and the Austrian arrest warrant is still outstanding.

23. **Russell A. Chimenti, Jr.** ("Chimenti"), 29, resides in Staten Island, New York, and was the Chief Administrative Officer of WAMX until October 11, 2000, when he was indicted for securities fraud in the Southern District of New York related to the scheme to manipulate the stock price of WAMX. Prior to co-founding WAMX, Chimenti worked with Cushing at Monitor Investment Group, Inc. and Meyers Pollock Robbins, Inc. He also worked with Cushing at Hofmann Schneider, but was never charged by the Austrian authorities in the Hofmann Schneider fraud.

24. **Charles R. Eisenstein** ("Eisenstein"), 53, resides in Brooklyn, New York. Eisenstein has been Cushing's and Chimenti's personal tax accountant since 1996. In the 1970s, Eisenstein was convicted and sentenced to four years in prison for embezzling funds from GAF Corp., a public company where he was employed as an accounting clerk. Eisenstein has never been a licensed Certified Public Accountant ("CPA").

25. **Alfred Peeper** ("Peeper"), 56, is a financier residing in Spain. Peeper purports to be an investment adviser for undisclosed investors who reside outside of the United States. During the course of the WAMX scheme Peeper controlled the trading activities of Oriental New Investments, Ltd. and Orientstar Finance, Ltd., both of which were offshore entities that maintained accounts at Spencer Edwards, Inc., a Colorado based broker-dealer.

26. **Eugene C. Geiger** ("Geiger"), 46, resides in Colorado. Geiger was a registered representative employed by Spencer Edwards, Inc. until at least June 2000. Geiger was the broker for Oriental New Investments, Ltd. and Orientstar Finance Ltd., both of which were used by Peeper to execute manipulative trades during the course of the WAMX scheme.

27. Scott Cameron ("Cameron"), age unknown, resides in Vancouver, Canada.

Cameron owned and operated Heartland Capital during the course of the WAMX scheme.

28. Heartland Capital ("Heartland") was a sole proprietorship owned and operated by Cameron. During 2000, it had offices in Vancouver, Canada and in California. Heartland's offices closed in January 2001. Heartland was in the business of raising capital for small companies by soliciting individuals to purchase their securities, and operated as an unregistered broker-dealer.

29. Roger H. Chlowitz ("Chlowitz"), 50, resides in California. Chlowitz was a registered representative from 1988 until November 1998. Chlowitz was barred by the National Association of Securities Dealers ("NASD") from association with any member firm for failing to comply with a document request in an NASD investigation. Throughout 2000, Chlowitz was employed by Heartland.

30. David Weiss ("Weiss"), 57, resides in California. Weiss was a registered representative from the 1985 until 1997. Throughout 2000, Weiss was employed by Heartland. Weiss was not a registered representative while he was associated with Heartland.

31. Bruce M. Millstein ("Millstein"), 49, resides in California. Throughout 2000, Millstein was employed by Heartland. Throughout 2000, Millstein was employed by Heartland. Millstein was not a registered representative while he was associated with Heartland.

RELIEF DEFENDANTS

32. **Exchange Bank & Trust, Inc. ("EBT")** is an offshore private bank located in Nevis, British West Indies. During the relevant period, EBT maintained a bank account at the Bank of Montreal, Vancouver, British Columbia, in Canada. Certain profits from stock trading in brokerage accounts held in the names of Berkshire, Dottenhoff, Galton, Commonwealth, and Zimenn were transferred to EBT's bank account at the Bank of Montreal. In April 2000, the British Columbia Securities Commission froze EBT's account based on evidence of money laundering.

33. **VJV Inc. ("VJV")**, a Nevada corporation, is owned by Durante. During the relevant period, VJV maintained a bank account at Charter One bank in Albany, New York. Certain amounts from Durante's offshore entities were transferred to that bank account.

34. **Oriental New Investments, Ltd. ("Oriental")** and **Orientstar Finance, Ltd. ("Orientstar")** are both Hong Kong corporations that have registered as foreign corporations with the State of Colorado. During the relevant period, Oriental and Orientstar maintained brokerage accounts at Spencer Edwards, Inc. The trading activities of Oriental and Orientstar were, at all relevant times, directed by Peeper. During 2000, Oriental and Orientstar received millions of dollars in ill-gotten gains by engaging in a series of manipulative transactions involving the stock of WAMX.

THE FRAUDULENT SCHEME

Fraudulent Creation of Purportedly Unrestricted Stock

35. In or around November 1999, DeTrano, Cushing, and Chimenti began discussions with Durante concerning financing for WAMX. During these discussions, Durante explained that

he could raise capital for WAMX by manipulating the market for WAMX stock and selling WAMX shares to the public at artificially inflated prices. Sometime between November and December 1999, DeTrano, Cushing, and Chimenti agreed to provide Durante with approximately 20 million shares of unrestricted WAMX stock in exchange for Durante orchestrating the proposed manipulation scheme and providing capital to WAMX.

36. In December 1999, DeTrano, Cushing, and Chimenti created a fictitious Rule 504 offering involving a convertible debenture that was purportedly sold to a company called BVH Holdings. When converted to common stock, this debenture could result in the issuance of a total of 19.5 million unrestricted WAMX shares.

37. In December 1999, DeTrano obtained an attorney opinion letter which falsely stated that the shares arising from the convertible debenture were not restricted. DeTrano provided a copy of the false opinion letter to WAMX's transfer agent shortly after he received it, along with instructions to issue 4 million unrestricted WAMX shares to BVH Holdings. DeTrano deposited these shares into a U.S. brokerage account that he controlled in late December 1999. In January 2000, DeTrano transferred 3 million WAMX shares to another brokerage account that he controlled at Union Securities in Canada. A few days later, DeTrano transferred 2.9 million shares to a Durante-controlled account in the name of Dottenhoff at Union Securities. The 4 million shares held by DeTrano and Durante equaled 96 percent the WAMX stock that was then available for public trading.

38. Cushing and Chimenti caused WAMX to issue an additional 15.5 million non-restricted shares to BVH Holdings on February 4, 2000. The phony December 1999 attorney opinion letter was also used to remove the restrictive legends from these shares. DeTrano

deposited 13.5 million shares into a U.S. brokerage account that he controlled on February 25, 2000. Around 6.6 million of these shares were transferred to Durante-controlled accounts at Union Securities in names of Berkshire, Commonwealth Associates, Provident, Fairmont, and Renaissance between February and May 2000. Throughout the period from January through June 2000, DeTrano and Durante controlled between 65 percent and 99 percent of the WAMX stock available for public trading.

Manipulative Trading

39. In furtherance of the fraudulent scheme, Durante and his broker, Koenig, placed orders to purchase and sell WAMX stock in a manner designed to create artificial increases in the quotations for WAMX posted by market-makers on the OTC-BB. Among other things, Durante bought WAMX shares from and sold WAMX shares to certain market-makers at prices that allowed these market-makers to realize a guaranteed profit on their WAMX transactions. In response, the market-makers increased the bid quotations for WAMX stock and purchased WAMX shares at increasingly high levels. These activities raised both the trading volume and the price of WAMX stock.

40. Durante purchased 4.1 million WAMX shares and sold 6.9 million WAMX shares in order to support WAMX's stock price and compensate market-makers. These manipulative trades were knowingly or recklessly executed by Koenig through the following nominee accounts that Durante controlled at Union Securities: Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn, and Renaissance. Koenig was compensated for his role in the scheme through the substantial commissions he earned as the broker for these nominee accounts.

Block Deals

41. Around January 2000, Durante began engaging in transactions known as "Block Deals" with Peeper. In a typical block deal, Peeper would agree to purchase a large number of WAMX shares from Durante at the prevailing market price in exchange for a secret discount of 50% or higher. Peeper would receive the discount by purchasing 50% of the agreed upon shares on the market at the prevailing market price. Peeper would direct these purchases to Koenig, either directly, or through a market-maker designated by Durante. Durante would transfer the remaining 50% of the shares to Peeper's accounts at Spencer Edwards free of charge. As a result, a large transaction would be reported to the market at a significantly higher price than what was actually being paid. Peeper resold the shares he received through the Block Deals over a longer period to minimize any negative impact on WAMX's market price attributable to his sales.

42. Peeper engaged in the Block Deals through Oriental and Orientstar and Durante engaged in the Block Deals through Berkshire, Commonwealth Associates, Dottenhoff, and Galton. Peeper, Geiger, and Durante typically reached agreements concerning the following terms prior to the execution of each Block Deal: (a) the amount of stock to be purchased "through the market" in a reported transaction; (b) the price at which this transaction would be reported to the public; (c) the amount of stock that would be transferred into the Oriental and Orientstar accounts free of charge; and (d) the market-maker or brokerage firm where Geiger should direct buy orders on behalf of Oriental and Orientstar.

43. The chart below summarizes the Block Deals entered into by Peeper, Geiger, and

Durante between January and April 2000:

Date	Shares Bought On Public Market	Shares Delivered Free	Price Reported To Market	Unreported Discount	Total Daily Volume	% Daily Volume Attributable To Block Deal
01/24/00	114,000	385,000	\$6.60	77%	151,900	75%
01/28/00	115,000	388,000	\$6.52	77%	302,800	76%
02/11/00	296,000	300,000	\$8.50	50%	737,400	80%
02/24/00	95,000	200,000	\$10.35	48%	1,697,200	11%
03/07/00	90,000	See 2/24*	\$12.00	48%	628,600	28%
03/09/00	100,000	250,000	\$15.44	43%	595,300	34%
03/17/00	250,000	See 3/9*	\$15.13	43%	790,800	64%
03/29/00	200,000	200,000	\$12.00	50%	597,000	68%
04/07/00	800,000	800,000	\$3.19	50%	2,973,100	54%

* A single block of free shares was delivered for both this market purchase and the previous market purchase on the date indicated.

44. Peeper resold 2.9 million of the shares he received through the manipulative Block Deals into the open market through the Oriental and Orientstar accounts for profits of at least \$6 million. Geiger received at least \$224,000 in commissions in connection with the Block Deals.

45. DeTrano and Durante also engaged in a single Block Deal where the buyer was not Peeper on May 10, 2000. In connection with this Block Deal, the seller purchased 375,000 shares of WAMX from an account controlled by DeTrano at \$2.00 per share. The volume generated by this purchase constituted 49 percent of WAMX's total daily volume on May 10, 2000. When the trade settled on May 16, 2000, Durante transferred 375,000 shares to the purchaser free of charge from one of his nominee accounts at Union Securities. As a result, the purchaser received an undisclosed discount of 50%.

**The False and Misleading Press Releases,
Commission Filings, and Internet Promotions**

Financing Purportedly Raised By WAMX

46. WAMX issued the following false and misleading press releases concerning its purported financing:

a. On January 21, 2000, WAMX issued a press release stating that it had “entered into discussions with a European investor group to pursue mid to long range funding of the Company’s proprietary ATS technology.” Cushing, Chimenti, and DeTrano drafted this press release.

b. On February 16, 2000, WAMX issued a press release stating that it had “come to terms with a U.S. investor group to arrange short to mid-term financing.” The press release went on to state that this financing was “expected to aggregate \$6 million.” Cushing and DeTrano drafted this press release.

c. On March 14, 2000, WAMX issued a press release stating that it had “finalized terms of funding through a U.S. investment consortium with a Swiss financial institution to arrange for near to mid-term funding.” Cushing and DeTrano drafted this press release.

d. On March 14, 2000, WAMX filed a Form 8-K with the Commission concerning a merger that it had completed with a publicly-traded shell called Conchology, Inc. This filing stated that, “[i]n November 1999, the Company structured and was successful in placing a \$1,000,000 offering under Rule 504 of Regulation D to private investors.” The March 14, 2000 Form 8-K was signed by Cushing.

e. On April 25, 2000, WAMX announced that it had "acquired \$6.9 million in funding from a private Investment Group." Cushing, Chimenti, and DeTrano drafted this press release.

f. On or around May 26, 2000, a videotaped interview with Cushing became available on the Internet. On April 5, 2000, a series of unsolicited emails were sent out that provided a link to the web-site where this interview was available. There was also a link to this interview on WAMX's web-site. In the interview, Cushing stated that "we presently have enough funding to operate [WAMX] for the next two years and we have commitments from anywhere between 10 to 13 million dollars to operate the ATS, which are going to come in [tranches] between now and the proposed July 4th launch date."

47. WAMX's public statements concerning its purported financing were materially misleading because: (a) WAMX only obtained around \$1.4 million in funding, much of which was received after April 2000; and (b) to the extent WAMX received any funding, it was raised by Durante through the sale of WAMX stock at artificially inflated prices in connection with an illegal public offering.

WAMX's ATS

48. WAMX publicly disseminated several press releases throughout 2000 describing its plans to operate an Internet based Alternative Trading System ("ATS"). WAMX filed a Form 8-K with the Commission on March 14, 2000, which described its ATS as follows:

[WAMX] was formed along with its subsidiaries to develop, grow and maintain an Alternative Trading System (ATS) (as defined under Regulation ATS promulgated by the SEC). An ATS provides alternative pools of liquidity for its members as well as allowing them the ability to trade directly with each other with the possibility of price

enhancement which is presently not available to individual investors in today's present market structure.

49. Between January and June 2000, WAMX made the following false and misleading public statements concerning its efforts and ability to obtain regulatory approval to operate its ATS:

a. In its March 14, 2000 Form 8-K, WAMX gave the following summary of its ongoing efforts to obtain regulatory approval for its ATS:

Management acknowledges that it needs regulatory approval in order to operate the ATS. The Company has elected to seek regulatory approval in the United States with the SEC because it believes that the U.S. regulatory atmosphere would bring integrity in the International community. . . . [T]he Company has worked closely with the SEC in the past to seek approval and will continue to do so. Regulation ATS specifies the necessary procedures that the Company will have to maintain in order to be approved and maintain that approval. Management is confident that the Company will be able to receive such approval and maintain the same.

The Company will have a licensed and registered Sponsoring and Clearing Broker Dealers that are regulated by the SEC and the NASD and foresees no problem with these organizations not fulfilling their regulatory or fiduciary responsibilities.

b. On March 14, 2000, WAMX also issued a press release stating that it had successfully "completed the acquisition of NIPHIX." NIPHIX was a small, virtually inactive ATS that registered as a broker-dealer and filed a Form ATS in April 1999. This press release was drafted by Cushing and DeTrano.

c. In or around April 2000, WAMX began making statements on an Internet web-site, www.wamx.com, which identified July 4, 2000 as "Investor Independence Day," the "launch date" when WAMX's ATS would supposedly become operational. Cushing designed and/or approved the content of WAMX's web-site. Cushing also stated that

July 4, 2000 would be WAMX's "launch date" in a May 26, 2000 interview which was made widely available through the Internet.

d. Cushing gave an interview on April 13, 2000, for a financial web-site called ViaVid.com. This interview was originally broadcast live and remained available over the ViaVid.com web-site and WAMX's web-site until at least June 2000. In the interview, Cushing stated that WAMX had obtained the Commission's approval to operate its ATS "through the NIPHIX acquisition." During the remainder of the interview, Cushing went on to suggest that that the Commission had also given WAMX some sort of informal approval to operate its ATS:

We'[ve] been working very closely with the SEC for three years in terms of telling them what we're doing in our development, especially in the initial phases of our development, and we had nothing but a positive response back from them in an informal perspective, and they understand that what we're trying to do here is allow individual investors to finally have the access, the transparency and price enhancement that they deserve that that they need in order to make the capital market grow.

50. Regulation ATS, the Commission rule which governs the operation of Alternative Trading Systems, requires, among other things, that any entity that seeks to operate an ATS: (a) become a registered broker-dealer; and (2) file a Form ATS with the Commission at least 20 days prior to becoming a functioning ATS. Contrary to its public statements, WAMX had no regulatory approval to operate an ATS because it was not a registered broker-dealer and it had not made the appropriate filings with the Commission. WAMX was also not involved in any ongoing communications with either the Commission or NASD concerning its purported intention to operate an ATS. In addition, WAMX had not completed its merger with NIPHIX, the existing ATS that Cushing referenced when he falsely stated that WAMX had obtained

approval to operate an ATS. Finally, WAMX's proposed July 4, 2000 start date was materially misleading because WAMX could not obtain the necessary regulatory approvals to legally operate an ATS when it had not even begun the process for obtaining such approvals as late as June 14, 2000.

Qualifications of WAMX's Management

51. WAMX's web-site and its March 14, 2000 Form 8-K contained a description of Cushing and Chimenti's experience prior to working for WAMX. Cushing and Chimenti both approved these "resumes" for dissemination to the public.

52. Cushing's resume began by touting his "vast experience in the investment banking industry and trading environments." It went on to state:

From 1996 to 1998, Mr. Cushing had been responsible for the growth and development of portfolios in Europe that grew from under \$10 million to over \$40 million under management in under 2 years. As a Corporate Strategist, he was responsible for the expansion of licensed Broker Dealers in 6 European countries, which was the largest non-institutional expansion in Europe in the 1990's. From 1994 to 1996 he served in the Investment Banking industry in New York as a Broker for small-cap firms. In this period he participated in raising over 100 million USD on Public Offerings for privately held corporations.

53. Chimenti's resume touted his "extensive experience in investment banking in the Middle East, New York, Budapest, Prague, Switzerland, and Vienna." It also stated that:

From 1994 to 1996 served in the Investment Banking industry in New York as a Broker for small-cap firms. In this period he participated in raising over 65 million USD on Public Offerings for privately held corporations and was tasked to assist in the recruiting and training of new Brokers.

54. Cushing and Chimenti's resumes were misleading because they contained material omissions concerning the true nature of Cushing and Chimenti's purported experience in the brokerage industry. Both resumes failed to disclose the fact that the "small-cap firms" that had

employed Cushing and Chimenti included Monitor Investment Group, Inc. and Meyers Pollock Robbins, Inc. Both of these firms were notorious boiler rooms that had been linked to organized crime in several newspaper and magazine articles. Cushing's resume also failed to disclose that, in June 1998, a warrant was issued in Vienna for his arrest in connection with a criminal fraud prosecution in Vienna involving Hofmann Schneider.

Audit Opinion and Financials

55. The Form 8-K that WAMX filed with the Commission on March 14, 2001 contained a set of financial statements for the fiscal year ending December 31, 1999 and an audit opinion signed by Eisenstein. Both the audit opinion and the financial statements were prepared by Eisenstein. This Form 8-K and the financial statements and audit opinion contained therein were incorporated by reference into a Form S-8 that WAMX filed with the Commission on March 17, 2001. The March 14, 2001 Form 8-K was signed by Cushing and the March 17, 2001 Form S-8 was signed by Cushing and Chimenti. In the audit opinion, Eisenstein stated that: (a) he was a licensed CPA; (b) he had audited of WAMX's financials in accordance with Generally Accepted Accounting Principles ("GAAP") for the twelve month periods ending December 31, 1999 and December 31, 1998; and (c) the financials contained in WAMX's Form 8-K "present[ed] fairly, in all material respects, the financial condition of WAMEX Holdings, Inc. as of December 31, 1999 and 1998."

56. Eisenstein's audit opinion was materially misleading. Eisenstein is not, and has never been, a licensed CPA. Eisenstein also failed to conduct an audit of WAMX's 1998 and 1999 financials in accordance with GAAP.

57. The financial statements that were the subject of Eisenstein's phony audit were also materially misleading. The Form 8-K contained a "Statement of Changes in Stockholders' Equity" as of December 31, 1999, which stated that WAMX had issued 4 million shares of common stock in exchange for \$200,000 through a "private placement." This so-called private placement was described in more detail in the following note to WAMX's financial statements:

[WAMX] also issued 4,000,000 shares, raising \$200,000, as part of a Private Placement of 19,500,000 shares at \$.05 per share. The Private Placement is not registered under the Securities Act of 1933, as amended, or any state securities laws, and is made in reliance on the exemption from registration provided by Rule 504 of Regulation D of the Securities Act.

A separate note further described the purported private placement, stating that "Management's plan is to complete the private placement referred to above, raising \$775,000 to provide money to begin intended operations."

58. In fact, as of December 31, 1999, WAMX had not received any funds through the supposed private placement. Moreover, the purported private placement was nothing more than a sham transaction created to hide the fact that WAMX was attempting to raise money in an illegal public offering, in which shares were being sold to the public by Durante.

Stock Sales Through Heartland

59. Durante used Heartland to solicit investors to purchase WAMX stock. Although Heartland and its employees were not registered with the Commission or licensed by the NASD, they performed the same function as a brokerage firm. Chlowitz, Weiss, and Millstein had established relationships with several "clients" who had invested in public companies through Heartland in the past. When Durante wanted to sell a large block of stock, he would arrange for Heartland to solicit its clients to purchase the shares from him. The clients would pay Heartland

in cash for the stock and Heartland would then forward the money to Durante, minus a "commission" of around 25 percent. Approximately one half of these commissions were paid by Heartland as compensation to Chlowitz, Weiss, and Millstein for soliciting investors. The remaining half of the commissions were kept by Heartland's owner, Cameron.

60. Between January and February 2000, approximately thirty investors purchased WAMX stock through Heartland for approximately \$802,000 in proceeds. Cameron caused Heartland to wire around \$607,500 to Durante to pay for the WAMX shares. Heartland kept the remaining \$194,500 as a commission for the transactions. In addition to these cash commissions, Durante compensated Cameron by sending him 9,000 shares of WAMX stock. Cameron sold these shares for \$104,000 in proceeds between March and May 2000.

61. When soliciting the investors to purchase WAMX shares, Chlowitz, Weiss, and Millstein failed to disclose the commissions that Heartland was being paid by Durante. Chlowitz, Weiss, and Millstein also told several investors that they were not being charged commissions on the WAMX transactions. Cameron either knew or recklessly disregarded the fact that his employees, Chlowitz, Weiss, and Millstein, were making material misrepresentations and omitting material facts concerning Heartlands commissions while they solicited investors to purchase WAMX shares.

Proceeds of the Fraud

62. Durante received illicit profits of approximately \$24 million on his WAMX transactions between January and June 2000. Between February and April 2000, Durante transferred over \$19 million of trading profits, including a portion of the profits on the WAMX

sales, from his Union Securities accounts to an account at Bank of Montreal in Vancouver, British Columbia, maintained in the name of Exchange Bank & Trust ("EBT").

63. Funds deposited by Durante in the EBT account at Bank of Montreal were segregated by EBT's management into sub-accounts held in the names of Durante's offshore entities -- Berkshire Capital, Dottenhoff Financial, and Galton Scott & Gollett. Durante ordered withdrawals from the EBT sub-accounts of approximately \$1.5 million.

64. In April 2000, the British Columbia Securities Commission froze the EBT account at Bank of Montreal on evidence of money laundering. The account was frozen with approximately \$14 million on deposit.

65. During the relevant time period, Durante also ordered wire transfers of approximately \$550,000 from the Union Securities accounts that he controlled to a bank account at Charter Bank of Albany, New York, held in the name of VJV, Inc., a Nevada corporation owned by Durante.

66. Durante also wired approximately \$1.5 million in WAMX trading profits to accounts controlled by DeTrano. DeTrano, in turn, sent \$1.4 million of these proceeds to WAMX. Cushing and Chimenti paid their salaries and expenses out of the funds that went to WAMX, which amounted to at least \$128,000. DeTrano also sold approximately 625,000 shares of WAMX during the course of the scheme through an account he controlled at Union Securities for proceeds of \$1.1 million. Pursuant to the Block Deals, Peeper sold approximately 2.9 million shares of WAMX into the open market through the Oriental and Orienstar accounts and received profits of approximately \$6 million.

CLAIM ONE

**[VIOLATIONS OF SECTION 17(a) OF THE SECURITIES ACT BY
WAMX, DURANTE, BERKSHIRE, DOTTENHOFF, GALTON,
COMMONWEALTH ASSOCIATES, PROVIDENT, FAIRMONT, ZIMENN,
RENAISSANCE, KOENIG, DETRANO, CUSHING, AND CHIMENTI –
FRAUDULENT MARKET MANIPULATION SCHEME]**

67. Paragraphs 1 through 66 are hereby realleged and incorporated by reference.

68. Defendants WAMX, Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn, Renaissance, Koenig, DeTrano, Cushing, and Chimenti, and each of them, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact and omissions to state materials facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, acts, practices and courses of business which operated or would operate as a fraud upon purchasers of securities.

69. As part of and in furtherance of this violative conduct, Defendants Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn, Renaissance, and Koenig knowingly or recklessly executed manipulative trades designed to cause artificial increases in WAMX's stock price. Defendants WAMX, Cushing, Chimenti, and DeTrano knowingly or recklessly entered into an illicit agreement with Durante to manipulate WAMX's stock price and provided Durante with millions of unrestricted WAMX shares for purposes of furthering the scheme.

70. By reason of the foregoing, Defendants WAMX, Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn, Renaissance, Koenig, DeTrano, Cushing, and Chimenti, and each of them, have violated, and unless enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

CLAIM TWO

**[VIOLATIONS OF SECTION 10(b) OF THE
EXCHANGE ACT AND RULE 10b-5 THEREUNDER
BY WAMX, DURANTE, BERKSHIRE, DOTTENHOFF, GALTON,
COMMONWEALTH ASSOCIATES, PROVIDENT, FAIRMONT, ZIMENN,
RENAISSANCE, KOENIG, DETRANO, CUSHING, AND CHIMENTI –
FRAUDULENT MARKET MANIPULATION SCHEME]**

71. Paragraphs 1 through 70 are hereby realleged and incorporated by reference.

72. Defendants WAMX, Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn, Renaissance, Koenig, DeTrano, Cushing, and Chimenti, and each of them, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the purchase and sale of securities, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or 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 (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon any person.

73. As part of and in furtherance of this violative conduct, Defendants Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn,

Renaissance, and Koenig knowingly or recklessly executed manipulative trades designed to cause artificial increases in WAMX's stock price. Defendants WAMX, Cushing, Chimenti, and DeTrano knowingly or recklessly entered into an illicit agreement with Durante to manipulate WAMX's stock price and provided Durante with millions of unrestricted WAMX shares for purposes of furthering the scheme.

74. By reason of the foregoing, Defendants WAMX, Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn, Renaissance, Koenig, DeTrano, Cushing, and Chimenti, and each of them, have violated, and unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Commission Rule 10b-5 [17 C.F.R. §240.10b-5].

CLAIM THREE

[VIOLATIONS OF SECTION 17(a) OF THE SECURITIES ACT BY WAMX, DETRANO, CUSHING, CHIMENTI, AND EISENSTEIN -- MATERIAL MISREPRESENTATIONS AND OMISSIONS]

75. Paragraphs 1 through 74 are hereby realleged and incorporated by reference.

76. Defendants WAMX, DeTrano, Cushing, Chimenti, and Eisenstein, and each of them, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact and omissions to state materials facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, acts, practices and courses of business which operated or would operate as a fraud upon purchasers of securities.

77. As part of and in furtherance of this violative conduct, Defendants WAMX, DeTrano, Cushing, Chimenti, and Eisenstein, and each of them, recklessly or knowingly made materially misleading statements to the public concerning WAMX and its securities through press releases and/or Commission filings. Defendants DeTrano, Cushing, and Chimenti drafted and approved press releases and Commission filings on behalf of WAMX which contained material misrepresentations and omitted material facts concerning WAMX's purported financing, WAMX's plan to operate an ATS, and the qualifications of WAMX's management. Defendant Eisenstein prepared a fraudulent audit opinion which was incorporated into WAMX's Commission filings.

78. By reason of the foregoing, Defendants WAMX, DeTrano, Cushing, Chimenti, and Eisenstein, and each of them, have violated and, unless enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

CLAIM FOUR

[VIOLATIONS OF SECTION 10b-5 OF THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER BY WAMX, DETRANO, CUSHING, CHIMENTI, AND EISENSTEIN – MATERIAL MISREPRESENTATIONS AND OMISSIONS]

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

80. Defendants WAMX, DeTrano, Cushing, Chimenti, and Eisenstein, and each of them, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the purchase and sale of securities, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or 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 (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon any person.

81. As part of and in furtherance of this violative conduct, Defendants WAMX, DeTrano, Cushing, Chimenti, and Eisenstein, and each of them, recklessly or knowingly made materially misleading statements to the public concerning WAMX and its securities through press releases and/or Commission filings. Defendants DeTrano, Cushing, and Chimenti drafted and approved press releases and Commission filings on behalf of WAMX which contained material misrepresentations and omitted material facts concerning WAMX's purported financing, WAMX's plan to operate an ATS, and the qualifications of WAMX's management. Defendant Eisenstein prepared a fraudulent audit opinion which was incorporated into WAMX's Commission filings.

82. By reason of the foregoing, Defendants WAMX, DeTrano, Cushing, Chimenti, and Eisenstein, and each of them, have violated and, unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Commission Rule 10b-5 [17 C.F.R. §240.10b-5].

CLAIM FIVE

**[VIOLATIONS OF SECTION 17(a)
OF THE SECURITIES ACT BY DURANTE,
BERKSHIRE, DOTTENHOFF, GALTON,
COMMONWEALTH ASSOCIATES, DETRANO,
KOENIG, PEEPER AND GEIGER --
MANIPULATIVE BLOCK DEALS]**

83. Paragraphs 1 through 82 are hereby realleged and incorporated by reference.

84. Defendants Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Koenig, Peeper, and Geiger, and each of them, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact and 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 (c) engaged in transactions, acts, practices and courses of business which operated or would operate as a fraud upon purchasers of securities.

85. As part of and in furtherance of this violative conduct, Defendants, Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, DeTrano, Koenig, Peeper, and Geiger, and each of them, knowingly or recklessly executed manipulative trades prices in connection with the Block Deals. These trades involved matched orders for large blocks of WAMX stock at artificially inflated prices which failed to disclose a secret discount that the purchasers were receiving of at least 50 percent.

86. By reason of the foregoing, Defendants Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Koenig, Peeper, and Geiger, and each of them, have violated, and unless enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

CLAIM SIX

**[VIOLATIONS OF SECTION 10(b)
OF THE EXCHANGE ACT AND RULE 10b-5
THEREUNDER BY DURANTE, BERKSHIRE,
DOTTENHOFF, GALTON, COMMONWEALTH ASSOCIATES,
DETRANO, KOENIG, PEEPER AND GEIGER --
MANIPULATIVE BLOCK DEALS]**

87. Paragraphs 1 through 86 are hereby realleged and incorporated by reference.

88. Defendants Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Koenig, Peeper, and Geiger, and each of them, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the purchase and sale of securities, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or 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 (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon any person.

89. As part of and in furtherance of this violative conduct, Defendants, Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, DeTrano, Koenig, Peeper, and Geiger, and each of them, knowingly or recklessly executed manipulative trades prices in connection with the Block Deals. These trades involved matched orders for large blocks of

WAMX stock at artificially inflated prices which failed to disclose a secret discount that the purchasers were receiving of at least 50 percent.

90. By reason of the foregoing, Defendants Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Koenig, Peeper, and Geiger, and each of them, have violated and, unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Commission Rule 10b-5 [17 C.F.R. §240.10b-5].

CLAIM SEVEN

[VIOLATIONS OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT BY WAMX, DURANTE, BERKSHIRE DOTTENHOFF, COMMONWEALTH ASSOCIATES, PROVIDENT, FAIRMONT, RENAISSANCE, DETRANO, CUSHING, AND CHIMENTI – OFFER AND SALE OF UNREGISTERED SECURITIES]

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

92. Defendants WAMX, Durante, Berkshire, Dottenhoff, Commonwealth Associates, Provident, Fairmont, Renaissance, DeTrano, Cushing, and Chimenti, and each of them, directly or indirectly, have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer and sell securities through the use or medium of prospectus or otherwise when no registration statement had been filed or was in effect as to such securities and when no exemption from registration was available.

93. As part of and in furtherance of this violative conduct, Cushing, Chimenti, and created a bogus Rule 504 offering in order to justify the issuance of 19.5 million purportedly unrestricted shares. There was, in fact, no available exemption from registration for these shares. DeTrano caused several million of these shares to be delivered to Durante. Durante then sold

these unregistered shares through the following entities: Berkshire, Dottenhoff, Commonwealth Associates, Provident, Fairmont, and Renaissance.

94. By reason of the foregoing, Defendants WAMX, Durante, Berkshire, Dottenhoff, Commonwealth Associates, Provident, Fairmont, Renaissance, DeTrano, Cushing, and Chimenti, and each of them, have violated and, unless enjoined will again violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

CLAIM EIGHT

[VIOLATIONS OF SECTION 13(a) OF THE EXCHANGE ACT AND RULES 13a-1, 13a-11, AND 13a-13 THEREUNDER BY WAMX – FALSE FINANCIAL REPORTS AND FAILURE TO FILE TIMELY FINANCIAL REPORTS]

95. Paragraphs 1 through 94 are hereby realleged and incorporated by reference.

96. WAMX failed to file with the Commission, in accordance with the rules and regulations prescribed by the Commission, such annual and quarterly reports as the Commission has prescribed.

97. As part of and in furtherance of this violative conduct, WAMX filed a Form 8-K with the Commission containing: (a) materially misleading financial statements for its fiscal year ending December 31, 1999; and (b) a materially misleading audit opinion. WAMX has also failed to file any annual or quarterly reports with the Commission since the period ending September 30, 2001.

98. By reason of the foregoing, Defendant WAMX has violated, and unless enjoined will again violate, Section 13(a) of the Securities Act [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-11, and 13a-13 thereunder [17 C.F.R. §§ 240.13a-1, 240.13a-11, 240.13a-13].

CLAIM NINE

**[LIABILITY OF CUSHING FOR VIOLATIONS
OF SECTIONS 13(a) OF THE EXCHANGE ACT
AND RULE 13a-11 THEREUNDER AS A CONTROL PERSON
UNDER SECTION 20(a) OF THE EXCHANGE ACT]**

99. Paragraphs 1 through 98 are hereby realleged and incorporated by reference.

100. At all times relevant hereto, Cushing was a controlling person of WAMX for the purposes of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

101. As alleged in paragraphs 95 through 98, WAMX engaged in violations of Sections 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Commission Rule 13a-11 [17 C.F.R. §240.13a-11] by filing a Form 8-K containing materially misleading financial statements with the Commission. Cushing signed this Form 8-K and caused it to be filed with the Commission.

102. By reason of the foregoing, Cushing is liable as a controlling person pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for WAMX's violations, as alleged in paragraphs 95 through 98 above, of Sections 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Commission Rule 13a-11 [17 C.F.R. §240.13a-11]; and unless he is enjoined, Cushing will again engage, as a controlling person, in conduct that would render him liable, pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for violations of Sections 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Commission Rule 13a-11 [17 C.F.R. §240.13a-11].

CLAIM TEN

**[LIABILITY OF EISENSTEIN FOR VIOLATIONS
OF SECTIONS 13(a) OF THE EXCHANGE ACT
AND RULE 13a-11 THEREUNDER AS AN AIDER AND
ABETTOR UNDER SECTION 20(e) OF THE EXCHANGE ACT]**

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

104. Defendant Eisenstein knowingly or recklessly substantially assisted WAMX's violations of Sections 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Commission Rule 13a-11 [17 C.F.R. §240.13a-11].

105. As alleged in paragraphs 95 through 98, WAMX engaged in violations of Sections 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Commission Rule 13a-11 [17 C.F.R. §240.13a-11] by filing a Form 8-K containing materially misleading financial statements and a materially misleading audit opinion with the Commission. Eisenstein knowingly or recklessly prepared these financials and the accompanying audit opinion and caused these documents to be incorporated into WAMX's Form 8-K.

106. By reason of the foregoing, Eisenstein is liable as an aider and abettor pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)] for WAMX's violations, as alleged in paragraphs 95 through 98 above, of Sections 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Commission Rule 13a-11 [17 C.F.R. §240.13a-11]; and unless he is enjoined, Eisenstein will again engage, as a aider and abettor, in conduct that would render him liable, pursuant to Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)] for violations of Sections 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Commission Rule 13a-11 [17 C.F.R. §240.13a-11].

CLAIM ELEVEN

**[VIOLATIONS OF SECTION 17(a) OF THE SECURITIES ACT
BY HEARTLAND, CHLOWITZ, WEISS, AND MILLSTEIN –
FRAUDULENT OFFERS AND SALES OF WAMX SECURITIES]**

107. Paragraphs 1 through 106 are hereby realleged and incorporated by reference.

108. Defendants Heartland, Chlowitz, Weiss, and Millstein, and each of them, directly or indirectly, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact and omissions to state materials facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, acts, practices and courses of business which operated or would operate as a fraud upon purchasers of securities.

109. As part of and in furtherance of this violative conduct, Defendants Chlowitz, Weiss, and Millstein solicited investors to purchase WAMX shares from Durante without disclosing that Durante was paying Heartland a secret commission of 25 percent of the proceeds from each transaction. Heartland, Chlowitz, Weiss, and Millstein also made material misrepresentations to investors concerning whether or not Heartland was receiving a commission on the sales it was generating for Durante.

110. By reason of the foregoing, Defendants Heartland, Chlowitz, Weiss, and Millstein, and each of them, have violated, and unless enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

CLAIM TWELVE

**[VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT
AND RULE 10b-5 THEREUNDER BY HEARTLAND,
CHLOWITZ, WEISS, AND MILLSTEIN -- FRAUDULENT
OFFERS AND SALES OF WAMX SECURITIES]**

111. Paragraphs 1 through 110 are hereby realleged and incorporated by reference.

112. Defendants Heartland, Chlowitz, Weiss, and Millstein, and each of them, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the purchase and sale of securities, knowingly or recklessly, have: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or 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 (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon any person.

113. As part of and in furtherance of this violative conduct, Defendants Chlowitz, Weiss, and Millstein solicited investors to purchase WAMX shares from Durante without disclosing that Durante was paying Heartland a secret commission of 25 percent of the proceeds from each transaction. Heartland, Chlowitz, Weiss, and Millstein also made material misrepresentations to investors concerning whether or not Heartland was receiving a commission on the sales it was generating for Durante.

114. By reason of the foregoing, Defendants Heartland, Chlowitz, Weiss, and Millstein, and each of them, have violated and, unless enjoined will again violate, Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Commission Rule 10b-5 [17 C.F.R. §240.10b-5].

CLAIM THIRTEEN

**[VIOLATIONS OF SECTION 15(a) OF THE EXCHANGE ACT
BY HEARTLAND, CHLOWITZ, WEISS, AND MILLSTEIN –
OPERATION OF UNREGISTERED BROKER-DEALER]**

115. Paragraphs 1 through 114 are hereby realleged and incorporated by reference.

116. Defendants Heartland, Chlowitz, Weiss, and Millstein, and each of them, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, have, without being registered with the Commission or licensed by the NASD, effected transactions in, and induced or attempted to induce, the purchase or sale of securities.

117. As part of and in furtherance of this violative conduct, Defendants Chlowitz, Weiss, and Millstein engaged in the business of soliciting investors to purchase the securities of several issuers, including WAMX, in exchange for commissions on the solicited transactions.

118. By reason of the foregoing, Defendants Heartland, Chlowitz, Weiss, and Millstein, and each of them, have violated and, unless enjoined will again violate, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

CLAIM FOURTEEN

**[LIABILITY OF CAMERON FOR VIOLATIONS
OF SECTIONS 10(b) AND 15(a) OF THE EXCHANGE ACT
AND RULE 10b-5 THEREUNDER AS A CONTROL PERSON
UNDER SECTION 20(a) OF THE EXCHANGE ACT]**

119. Paragraphs 1 through 118 are hereby realleged and incorporated by reference.

120. At all times relevant hereto, Cameron was a controlling person of Heartland, Chlowitz, Weiss, and Millstein for the purposes of Section 20(a) of the Exchange Act [15 U.S.C.

§78t(a)].

121. As alleged in paragraphs 111 through 118, Heartland, Cameron, Weiss, and Millstein engaged in violations of Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)] and Commission Rule 10b-5 [17 C.F.R. §240.10b-5] by operating as an unregistered broker-dealer and making material misrepresentations and omitting material facts while soliciting investors to purchase WAMX securities. Cameron knew or recklessly disregarded the fact that Heartland, Chlowitz, Weiss, and Millstein were engaging in this violative conduct.

122. By reason of the foregoing, Cameron is liable as a controlling person pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for the violations of Heartland, Chlowitz, Weiss, and Millstein, as alleged in paragraphs 111 through 118 above, of Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)] and Commission Rule 10b-5 [17 C.F.R. §240.10b-5]; and unless he is enjoined, Cameron will again engage, as a controlling person, in conduct that would render him liable, pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] for violations of Sections 10(b) and 15(a) of the Exchange Act [15 U.S.C. §§ 78j(b), 78o(a)] and Commission Rule 10b-5 [17 C.F.R. §240.10b-5].

CLAIM FIFTEEN

**[VIOLATIONS OF SECTIONS 13(d) OF THE
EXCHANGE ACT AND RULES 13d-1 THEREUNDER
BY DURANTE AND DETRANO – FAILURE TO
DISCLOSE BENEFICIAL OWNERSHIP]**

123. Paragraphs 1 through 122 are hereby realleged and incorporated by reference.

124. Defendants Durante and DeTrano never made any filings with the Commission pursuant to Section 13(d) of the Exchange Act even though Defendants Durante and DeTrano, and each of them, were, directly or indirectly, the beneficial owners of more than 5 percent of WAMX's common stock, which was a class of equity security that was registered pursuant to Section 12 of the Exchange Act.

125. Defendants Durante and DeTrano, collectively, became the beneficial owners of 74% of the outstanding shares of WAMX stock by January 2000. Neither Durante nor DeTrano ever filed a Schedule 13D with the Commission.

126. By reason of the foregoing, Defendants Durante and DeTrano, and each of them, have violated and, unless enjoined will again violate, Section 13(d) of the Exchange Act [15 U.S.C. § 78m(d)] and Commission Rule 13d-1 [17 C.F.R. § 240.13d-1].

CLAIM SIXTEEN

[VIOLATIONS OF SECTIONS 16(a) OF THE EXCHANGE ACT AND RULES 16a-3 THEREUNDER BY DURANTE AND DETRANO – FAILURE TO DISCLOSE BENEFICIAL OWNERSHIP]

127. Paragraphs 1 through 126 are hereby realleged and incorporated by reference.

128. Defendants Durante and DeTrano never made any filings with the Commission pursuant to Section 16(a) of the Exchange Act even though Defendants Durante and DeTrano, and each of them, were, directly or indirectly, the beneficial owners of more than 10 percent of WAMX's common stock, which was a class of equity security that was registered pursuant to Section 12 of the Exchange Act.

129. Defendants Durante and DeTrano, collectively, became the beneficial owners of 74% of the outstanding shares of WAMX stock by January 2000. Neither Durante nor DeTrano ever filed any Forms 3 or 4 with the Commission.

130. By reason of the foregoing, Defendants Durante and DeTrano, and each of them, have violated and, unless enjoined will again violate, Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Commission Rule 16a-3 [17 C.F.R. § 240.16a-3].

CLAIM SEVENTEEN

**[EBT, VJV, Oriental, and Orientstar
are Liable as Relief Defendants]**

131. Paragraphs 1 through 130 are hereby realleged and incorporated by reference.

132. During the relevant period, Durante made a profit of approximately \$24 million on his sales of WAMX shares during the course of the scheme. He transferred approximately \$19.6 million from accounts he controlled at Union Securities to an account maintained in EBT's name at the Bank of Montreal in Vancouver, British Columbia. These are the proceeds of illegal market manipulation of the securities of WAMX and several other public companies.

133. EBT purports to be an offshore private bank based in Nevis, British West Indies. Of the approximately \$19.6 million deposited by Durante at EBT, approximately \$18.2 million remains on deposit at EBT. Approximately \$14 million of these funds are located in the frozen accounts at the Bank of Montreal. The remaining \$4.2 million was sent to other offshore bank accounts maintained by EBT.

134. In April 2000, the BCSC froze the EBT Bank of Montreal account into which Durante had made the deposits. Neither EBT, nor the accounts that may have been established at EBT for Durante's purposes, has a legitimate right to these funds.

135. During the relevant time period, Durante transferred approximately \$550,000 from the Union Securities accounts that he controlled to a bank account in New York maintained in the name of VJV Inc. Durante is the sole owner of VJV, a Nevada corporation. VJV has no legitimate right to these funds, which are proceeds of Durante's illegal market manipulation of the securities of WAMX and several other public companies.

136. During the relevant time period, Peeper caused Oriental and Orientstar to engage in several manipulative Block Deals which caused WAMX's stock price to be artificially inflated. Oriental and Orientstar profited from these manipulative transactions by selling 2.9 million WAMX shares during the course of the scheme for profits of approximately \$6 million. Oriental and Orientstar have no legitimate right to these funds, which are proceeds of the illegal market manipulation scheme of the securities of WAMX.

137. EBT, VJV, Oriental, and Orientstar should be made to disgorge the ill-gotten funds received from Durante and Peeper as the proceeds of their securities law violations.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court enter a final judgment:

- a. against Defendants WAMX, Durante, Berkshire, Dottenhoff, Galton, Commonwealth Associates, Provident, Fairmont, Zimenn, Renaissance, Koenig, DeTrano, Cushing, Chimenti, Eisenstein, Peeper, Geiger:

- (i) permanently enjoining each of them, and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them from violating, directly or indirectly, Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder;
- (ii) permanently enjoining Defendants WAMX, Durante, Berkshire, Dottenhoff, Commonwealth Associates, Provident, Fairmont, Renaissance, DeTrano, Cushing, and Chimenti, and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them from violating, directly or indirectly, Sections 5(a) and 5(c) of the Securities Act;
- (iii) permanently enjoining WAMX, and its officers, agents, servants, employees, attorneys, and those persons in active concert or participation with it from violating, directly or indirectly, Section 13(a) of the Exchange Act and Rules 13a-1, 13a-11, and 13a-13 thereunder and permanently enjoining Cushing and Eisenstein, and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them from violating, directly or indirectly, Section 13(a) of the Exchange Act and Rule 13a-11 thereunder;
- (iv) permanently enjoining Defendants Durante and DeTrano and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them from violating, directly or

indirectly, Sections 13(d) and 16(a) of the Securities Act and Rules 13d-1 and 16a-3 thereunder;

(v) barring Defendants Cushing and Chimenti from acting as officers or directors of any issuer required to file reports under Sections 12(b), 12(g) or 15(d) of the Exchange Act, pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act; and

(vi) ordering each of them to disgorge unjust enrichment, and prejudgment interest thereon, and each of them, with the exception of WAMX, to pay civil money penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(2) of the Exchange Act;

b. against Defendants Heartland, Chlowitz, Weiss, Millstein, and Cameron:

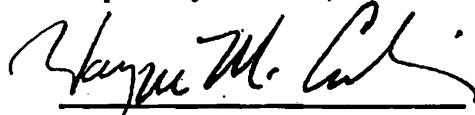
(i) permanently enjoining Heartland, Chlowitz, Weiss, and Millstein, and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them from violating, directly or indirectly, Section 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act, and Rule 10b-5 thereunder and permanently enjoining Cameron and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with him from violating, directly or indirectly, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder; and

(ii) ordering each of them to disgorge unjust enrichment, and prejudgment interest thereon, and each of them to pay civil money penalties pursuant to

Section 20(d) of the Securities Act and Section 21(d)(2) of the Exchange Act;

- c. against Defendants EBT, VJV, Oriental, and Orientstar:**
 - (i) ordering each of them to disgorge unjust enrichment, and prejudgment interest thereon, in an amount to be determined by the Court;**
- d. Granting such other relief as this Court may deem just and proper:**

Respectfully submitted,



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New York, NY