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9  
10 UNITED STATES DISTRICT COURT  
11 FOR THE CENTRAL DISTRICT OF CALIFORNIA  
12 WESTERN DIVISION

13 SECURITIES AND EXCHANGE  
COMMISSION,

14 Plaintiff,

15 vs.

16 DALE CARONE, JOSEPH W. ISAAC,  
17 ALLEN R. JOHNSON, LINKNET, INC., a  
Utah corporation, and LINKNET de  
18 AMERICA LATINA, LTD., a Nevada  
corporation,

19 Defendants.  
20

Case No.

03-374 NM (FMO\*)  
COMPLAINT FOR VIOLATIONS  
OF THE FEDERAL SECURITIES  
LAWS

21  
22 Plaintiff Securities and Exchange Commission ("Commission") as and for its  
23 complaint against Defendants Dale Carone ("Carone"), Joseph W. Isaac ("Isaac"),  
24 Allen R Johnson ("Johnson"), LinkNet, Inc. ("LinkNet"), and LinkNet de America  
25 Latina, Ltd., ("Latina") (collectively, "the Defendants"), alleges as follows:

26 1. This Court has subject matter jurisdiction over this action pursuant to  
27 Sections 20(b) and 22(a) of the Securities Act, 15 U.S.C. §§77t(b) and 77v(a), and  
28 Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§78u(e) and 78aa.

2. The Commission brings this action pursuant to the authority conferred upon it by Section 20 of the Securities Act, 15 U.S.C. § 77t, and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), for a final judgment: (a) permanently enjoining the Defendants from engaging in the transactions, acts, practices and courses of conduct alleged in this Complaint; (b) ordering the Defendants to disgorge all ill-gotten gains plus prejudgment interest; (c) ordering the Defendants to pay civil penalties; (d) barring defendants Johnson, Isaac and Carone from participating in an offering of penny stock; (e) barring defendant Johnson from serving as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d); and (f) imposing such other relief as the Court may deem appropriate.

3. Defendants, directly and indirectly, singly and in concert, have made use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

4. Venue is proper in this District 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. Venue lies in the Central District of California because certain of the transactions, acts, practices, and courses of business alleged in this complaint, including but not limited to, the offer and sale of securities to investors took place in the district and because certain of the defendants reside in and transact business in this District.

## SUMMARY

5. This action involves a \$17 million fraudulent scheme to sell unregistered securities, conducted from in or about August 1999 to at least October 2000, through which the defendants defrauded more than 1900 investors located nationwide. The issuers, LinkNet and Latina, and the defendants Johnson, Isaac and Carone offered

1 and sold unregistered securities in LinkNet and Latina through, among other means, a  
2 boiler room operation established by LinkNet located in Encino, California.

3         6. Defendant Johnson formed LinkNet and Latina for the purpose of  
4 establishing a discount long distance telephone service throughout the United States  
5 and abroad. LinkNet and Latina offered securities through purported private  
6 placements for the stated purpose of raising capital to create long distance telephone  
7 networks. To market their unregistered securities to investors, LinkNet and Latina  
8 hired Isaac and Carone to establish a boiler room in Encino, California. Isaac and  
9 Carone then recruited and supervised telemarketers, who ostensibly acted as  
10 employees of LinkNet and Latina, to solicit investors.

11         7. In connection with the sale of LinkNet and Latina securities, the  
12 Defendants and their agents made numerous misrepresentations to investors. The  
13 misrepresentations included:

- 14             a. a failure to disclose the fact that at least thirty percent of the  
15                 offering proceeds were paid as commissions to the boiler room  
16                 operations;
- 17             b. that a public offering of LinkNet stock was imminent;
- 18             c. that LinkNet's stock would shortly be listed on NASDAQ; that  
19                 investors could promptly realize phenomenal returns on their  
20                 investment; and
- 21             d. that LinkNet and Latina had contracts for the sale of hundreds of  
22                 millions of minutes of long distance service in the United States  
23                 and Mexico that would generate millions of dollars in revenue to  
24                 LinkNet and Latina.

25         8. Defendants have engaged, and unless enjoined, will continue to engage,  
26 directly or indirectly, in transactions, acts, practices and courses of business that  
27 constitute, or would constitute, violations of Sections 5(a), 5(c) and 17(a) of the  
28 Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c) and 77q(a),

1 Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C.  
2 §78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5. In addition, defendants Johnson,  
3 Isaac and Carone have engaged, and unless enjoined, will continue to engage, directly  
4 or indirectly, in transactions, acts, practices and courses of business that constitute, or  
5 would constitute, violations of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).

6 **DEFENDANTS**

7 9. **Dale Carone**, age 40, is a resident of Tarzana, California. Carone was  
8 also an executive vice president of LinkNet and Latina, and supervised LinkNet's and  
9 Latina's boiler room operations out of Encino, California, from which LinkNet's and  
10 Latina's securities were offered and sold.

11 10. **Joseph W. Isaac**, age 41, during the period relevant to this action resided  
12 in Stephenson Ranch, California. Isaac was an executive vice president of LinkNet  
13 and Latina supervised LinkNet's and Latina's boiler room operations out of Encino,  
14 California, from which LinkNet's and Latina's securities were offered and sold.

15 11. **Allen R. Johnson**, age 60, resides in Farmington, Utah. Johnson is the  
16 president, chief executive officer and chairman of the board of LinkNet, and is the  
17 chief executive officer and chairman of the board of Latina.

18 12. **LinkNet, Inc.** is incorporated in Utah and maintains its principal place of  
19 business in Salt Lake City, Utah. LinkNet is purportedly in the business of providing  
20 discount long distance telecommunications service in the United States. LinkNet  
21 maintained a sales office in Encino, California, from which it sold stock to investors  
22 nationwide.

23 13. **LinkNet de America Latina, Ltd.** is incorporated in Nevada and  
24 maintains its principal place of business at the same location as LinkNet in Salt Lake  
25 City, Utah. Latina has purportedly been in the business of providing discount long  
26 distance telecommunications service in Mexico.

## **THE FRAUDULENT SCHEME**

### **The Offering**

14. Beginning in at least August 1999 through October 2000, the Defendants have offered securities in the form of common stock of LinkNet and Latina. This offering was effected through telephone and personal sales and through two Private Offering Memoranda, one for LinkNet and one for Latina and other written materials.

15. LinkNet conducted a public offering of its stock at prices ranging from \$1 per post-split share to \$9 per share, seeking to raise \$7.4 million. In a Form D filed by LinkNet with the Commission, LinkNet stated it raised over \$9.6 million from the offering.

16. The stated purpose of the LinkNet offering was to raise capital to enable LinkNet to establish a discount long distance telephone system in the United States.

17. From about February 2000 through October 2000, Latina conducted a public offering of its stock at prices ranging from \$1 per post-split share to \$9 per share seeking to raises \$7.4 million. In a Form D filed by Latina with the Commission, Latina stated that it raised over \$7.2 million from the offering.

18. According to the Private Placement Memoranda, shares in either LinkNet or Latina were being offered only to "accredited" investors. Such investors must have a net worth of at least \$1 million, personal income greater than \$200,000 during the previous two years, or joint annual income greater than \$300,000 during the previous two years. In fact, not all of LinkNet or Latina's investors were "accredited."

19. The Private Placement Memoranda represented that net proceeds from the offerings would be used "primarily for the purchase and installation of telecommunication, computer and networking equipment, and working capital comprised of salaries, consulting fees, office space, utilities, insurance and other similar types of expenses." In addition, the offering materials stated that 71% of the offering proceeds would be used for the purchase of equipment and 29% for working capital.

1        20. The Private Placement Memoranda provided to investors in connection  
2 with the LinkNet and Latina offerings made no mention that at least 30% in  
3 commissions were taken from gross proceeds of the offering to pay telemarketing  
4 operations.

5        21. In fact, Isaac, Carone and the telemarketers received at least \$2.8 million  
6 in commissions from the LinkNet offering and Isaac, Carone and the telemarketers  
7 received at least \$2.16 million in commissions from the Latina offering.

8        22. The Defendants knew, or had reason to know, that investors were not  
9 told, either orally or in writing, that 30% of their investment funds were being used to  
10 pay sales commissions to Isaac, Carone and the telemarketers. The investors who  
11 purchased stock from LinkNet and/or Latina were not told that LinkNet and Latina  
12 were paying at least 30% in commissions to the boiler room/telemarketing operations  
13 for raising capital for the issuers.

14        23. Isaac and Carone made unsolicited telephone calls, and Johnson, Isaac  
15 and Carone caused and supervised the telemarketers to make unsolicited telephone  
16 calls to members of the general public to induce them to purchase LinkNet and Latina  
17 securities.

18        24. Johnson, Isaac and Carone caused LinkNet and Latina to transmit  
19 copies of the Private Offering Memoranda or other written offering materials to  
20 investors who indicated an interest in LinkNet and Latina.

21        25. In addition to being paid commissions for successfully raising money for  
22 LinkNet and Latina, Isaac and Carone were also compensated with stock in LinkNet  
23 and Latina, which they sold to investors through LinkNet's and Latina's boiler room  
24 operations.

25        26. Johnson also sold his personal shares of LinkNet and Latina stock  
26 through the boiler room operations as well as through other means.

## **Misrepresentations Regarding Initial Public Offerings**

27. As part of the solicitation to invest in LinkNet, investors were told, among other things, that:

- a. LinkNet would conduct an initial public offering within a few weeks or months;
- b. its stock would shortly be listed on NASDAQ;
- c. its opening price would be in the \$20 to \$30 per share price range.

28. Investors were told that they would be able to make phenomenal returns on their investment in LinkNet once its stock was publicly trading by promptly being able to selling their stock directly to the market.

29. Investors were not told that the securities they would purchase from LinkNet were restricted and that, if LinkNet did conduct an offering within the near future, the investors would not be able to sell their shares into the market without first having those shares registered with the Commission.

30. The certificates investors received from LinkNet and Latina did not bear any restrictive legend or other indication that the shares were restricted.

31. Investors were told, both by the telemarketers and in documents provided by Johnson, that LinkNet would conduct its IPO on dates ranging from the proximate two weeks to within six months of the solicitation.

32. Investors were further told that LinkNet had begun negotiations with several prominent brokerage firms to conduct LinkNet's IPO, and that the accounting firm of Arthur Andersen had begun an audit of LinkNet's financial statements in preparation for the IPO.

33. In documents sent to LinkNet investors soliciting further investments in LinkNet and Latina, Johnson told investors he had caused LinkNet's attorney to begin work on the registration form required by the Commission in order for an issuer to conduct a registered public offering of its stock.

1        34. Investors were also told that Latina would conduct a registered public  
2 offering of its stock after LinkNet conducted its IPO and that Latina's offering would  
3 also be conducted in the near future.

4        35. All of these representations were false. At the time of the  
5 representations, the Defendants could not truthfully represent that:

- 6            a. LinkNet would be listed on NASDAQ or that the stock would be  
7 listed at any particular price;
- 8            b. the investors could sell their stock into the market once LinkNet  
9 stock was listed;
- 10           c. LinkNet had taken any significant steps to conduct a registered  
11 public offering of their stock within the proximate weeks or  
12 months;
- 13           d. LinkNet had begun any negotiations with any brokerage firms to  
14 underwrite an offering;
- 15           e. LinkNet had retained any accounting firm to conduct an audit;
- 16           f. LinkNet had caused any attorney to begin work on registration  
17 forms to be filed with the Commission.

18        36. The misrepresentations set forth above in paragraphs 27 through 35 were  
19 material. The Defendants knew, or were reckless in not knowing, that those  
20 misrepresentations were false and misleading.

21            **Misrepresentations Regarding LinkNet's and Latina's Contracts**

22        37. The Defendants represented to investors both orally and in writing that  
23 LinkNet and Latina had contracts with companies for the sale of hundreds of millions  
24 of long distance minutes and that LinkNet and Latina would receive millions of  
25 dollars in revenue from those sales.

26        38. In fact, although LinkNet and Latina may have had agreements with  
27 companies regarding the rates at which LinkNet and Latina would be willing to  
28 provide long distance service, those agreements did not require the customer to



1 purchase any long distance minutes from LinkNet or Latina, and the rates stated in the  
2 agreements were only binding to LinkNet and Latina, not the customers.

3 39. The defendants also represented to investors that millions of discount  
4 long distance minutes had already been sold by LinkNet and Latina, when in fact, far  
5 fewer minutes had actually been sold by LinkNet and Latina.

6 40. The misrepresentations and omissions set forth above in paragraphs 37  
7 through 39 were material. The Defendants knew, or were reckless in not knowing,  
8 that those misrepresentations were false and misleading.

### 9 The Rescission Offer

10 41. After learning that the staff of the Commission was investigating LinkNet  
11 and Latina for violating the federal securities laws, and having raised approximately  
12 \$17 million, LinkNet and Latina determined to conduct a rescission offer to investors  
13 who had purchased stock from those companies.

14 42. A rescission offer, dated August 28, 2000, was sent to LinkNet and  
15 Latina investors offering the opportunity for the investors to rescind their investment.

16 43. That rescission offer contained false and misleading information.

17 44. The rescission offer stated that "[c]ontracts calling for the provision of an  
18 aggregate of up to 180 million minutes have been signed with 17 customers" of  
19 LinkNet and Latina. In fact, as stated above in paragraphs 37 through 39, those  
20 contracts were merely agreements between LinkNet or Latina and its customers as to  
21 the billing rate LinkNet or Latina would charge its customers, and did not obligate the  
22 customers to purchase any long distance minutes at any rate from LinkNet or Latina.

23 45. The rescission offer also failed to disclose that at least 30% in  
24 commissions had been paid to Isaac, Carone and the telemarketers for marketing  
25 LinkNet and Latina stock.

26 46. Ultimately, the rescission offer returned only \$1.9 million to investors.  
27 The rescission offer was not extended to all LinkNet and Latina investors.

1        47. The misrepresentations and omissions set forth above in paragraphs 44  
2 and 45 were material. The Defendants knew, or were reckless in not knowing, that  
3 those misrepresentations were false and misleading.

4                                    **False Filings with The Commission**

5        48. On March 10, 2000, November 24, 2000 and December 5, 2000, LinkNet  
6 filed Forms D with the Commission claiming that the offering discussed in this action  
7 was being conducted in compliance with Rule 506 of Regulation D, promulgated  
8 under the Securities Act of 1933.

9        49. On May 8, 2000 and November 24, 2000, Latina filed Forms D with the  
10 Commission claiming that the offering discussed in this action was being conducted in  
11 compliance with Rule 506 of Regulation D, promulgated under the Securities Act of  
12 1933.

13        50. The Forms D filed by both LinkNet and Latina claimed that all of the  
14 investors who purchased stock in the offerings were accredited investors. None of the  
15 defendants made any determination whether the approximately 1900 investors who  
16 purchased stock in the offerings were accredited, and in fact, few, if any of the  
17 investors were accredited.

18        51. The Forms D filed by both LinkNet and Latina represented that no sales  
19 commissions or other such fees were incurred in conducting the offerings discussed in  
20 this action.

21        52. In fact, at least 30% of the gross proceeds of the offerings were paid as  
22 sales commissions to Isaac, Carone and the telemarketers.

23        53. LinkNet, Latina and Johnson knew or should have known that the  
24 statements discussed in paragraphs 50 and 51 were false.

25        54. The misrepresentations and omissions set forth above in paragraphs 50  
26 through 52 were material. Defendants knew, or were reckless in not knowing, that  
27 those misrepresentations and omissions were false and misleading.

## **LINKNET'S AND LATINA'S UNREGISTERED SALE OF STOCK**

55. As a result of sales through the boiler room operations and by other means, LinkNet and Latina conducted a public offering of their stock by soliciting the sale of their securities to investors throughout the United States.

56. The telemarketers cold-called investors throughout the United States and utilized the mails and interstate commerce in making their solicitations.

57. The telemarketers conducted general solicitations of investors throughout the United States through the use of "lead cards" purchased by LinkNet and Latina. The lead cards were purchased by LinkNet and Latina from a company with no affiliation to either LinkNet or Latina, as a source of leads from which LinkNet and Latina could contact potential investors.

58. Telemarketers also contacted family members, friends or acquaintances of LinkNet and Latina investors, and solicited their investment in LinkNet and Latina.

59. The Forms D filed by LinkNet and Latina with the Commission reflect that LinkNet and Latina sold stock to approximately 1900 investors who were residents of virtually every state in the Union.

60. Neither LinkNet nor Latina registered its securities with the Commission and the sales of those securities discussed in this action were not conducted under any exemption or exception from registration.

## **UNREGISTERED BROKER-DEALERS**

61. As part of their effort to solicit investments in LinkNet and Latina, the defendants organized a boiler room that ostensibly operated as a division of both LinkNet and Latina.

62. Johnson, Isaac and Carone supervised the ongoing activities of the boiler room and the telemarketers' solicitation of investments in LinkNet and Latina.

63. In addition to soliciting the sale of LinkNet and Latina stock to raise capital for those companies, the telemarketers also solicited the sale of LinkNet and Latina stock personally owned by individual shareholders of those issuers, including

1 the personal stock of Johnson, Isaac and Carone. Johnson, Isaac and Carone received  
2 substantial monies from the sale of their personal stock in LinkNet and Latina, both  
3 directly and through solicitations by the telemarketers.

4 64. Isaac, Carone and the telemarketers were paid commissions for their sales  
5 of LinkNet and Latina stock, and their primary, if not sole, duties with LinkNet and  
6 Latina were to solicit the sale of LinkNet and Latina stock.

7 65. Johnson, Isaac and Carone are not registered with the Commission as  
8 brokers or dealers.

9 66. By engaging in the conduct described in paragraphs 61 through 65 above,  
10 Johnson, Isaac and Carone acted as unregistered broker dealers.

11 **FIRST CLAIM FOR RELIEF**

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

13 **Violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a)**

14 67. The Commission repeats and realleges each and every allegation  
15 contained in paragraphs 1 through 66, as if fully set forth herein.

16 68. Defendants, by engaging in the conduct described above, directly or  
17 indirectly, in the offer or sale of securities, by the use of means or instruments of  
18 transportation in interstate commerce or by use of the mails:

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

27 in violation of Section 17(a) of the Securities Act.

1        69. By reason of the foregoing, Defendants violated, and unless restrained  
2 and enjoined, will continue to violate Section 17(a) of the Securities Act, 15 U.S.C. §  
3 77q(a).

4                                **SECOND CAUSE OF ACTION**  
5                                **FRAUD IN CONNECTION WITH THE PURCHASE**  
6                                **OR SALE OF SECURITIES**

7                **Violations of Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b),**  
8                                **And Rule 10b-5 thereunder, 17 C.F.R. § 10b-5**

9        70. The Commission repeats and realleges each and every allegation  
10 contained in paragraphs 1 through 66, as if fully set forth herein.

11        71. Defendants, by engaging in the conduct described above, directly or  
12 indirectly, in connection with the purchase or sale of securities, by the use of means or  
13 instrumentalities of interstate commerce, or of the mails, or of a facility of a national  
14 securities exchange, with scienter:

- 15                a. employed devices, schemes or artifices to defraud;
- 16                b. made untrue statements of material fact or omitted to state a  
17 material fact necessary in order to make the statements made, in the  
18 light of the circumstances under which they were made, not  
19 misleading; or
- 20                c. engaged in acts, practices or courses of business which operated or  
21 would operate as a fraud or deceit upon other persons;
- 22 in violation of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

23        72. By reason of the foregoing, defendants violated, and unless restrained and  
24 enjoined will continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. 78j(b),  
25 and Rule 10b-5, 17 C.F.R. § 240.10b-5.

**THIRD CLAIM FOR RELIEF**

**UNREGISTERED OFFER AND SALE OF SECURITIES**

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

**15 U.S.C. §§ 77e(a) and 77e(c)**

73. The Commission repeats and realleges each and every allegation contained in paragraphs 1 to 66, as if fully set forth herein.

74. Defendants, by engaging in the conduct described above, directly or indirectly:

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

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

76. By reason of the foregoing, Defendants, directly or indirectly, violated and unless enjoined, will continue to violate, Sections 5(a) and 5(c) of the Securities Exchange Act, 15 U.S.C. §§ 77e(a) and 77e(c).

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**FOURTH CLAIM FOR RELIEF**

**OFFER AND SALE OF SECURITIES BY UNREGISTERED**

**BROKER OR DEALER**

**Violations of Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a)**

77. The Commission repeats and realleges each and every allegation contained in paragraphs 1 to 66, as if fully set forth herein.

78. Johnson, Isaac and Carone, directly or indirectly, made use of the mails or any means or instrumentality of interstate commerce to effect transactions in, or induced or attempted to induce the purchase or sale of LinkNet and Latina securities without being registered as a broker or dealer with the Securities and Exchange Commission or associated with a Commission-registered broker-dealer.

79. By reason of the foregoing, Johnson, Isaac and Carone, violated and unless enjoined, will continue to violate, Section 15(a) of the Exchange Act, 15 U.S.C. 78o(a).

**PRAYER FOR RELIEF**

**WHEREFORE**, plaintiff Commission respectfully requests that this Court:

**I.**

Issue findings of fact and conclusions of law that Defendants engaged in the alleged violations.

**II.**

Issue an Order permanently enjoining Defendants LinkNet, Latina, Johnson, Isaac and Carone, their officers, 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 Rule 10b-5, 17 C.F.R. § 240.10b-5.

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Enter an order that Johnson, Isaac and Carone, provide an accounting and disgorge their unjust enrichment from the illegal conduct alleged in this Complaint and to pay prejudgment interest thereon.

Enter an Order that Johnson, Isaac and Carone pay civil penalties 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.

Enter an Order barring Defendants Johnson, Isaac and Carone from participating in an offering of penny stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6).

Enter an Order barring Defendant Johnson from serving as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e) and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

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VIII.

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

DATED: January 15, 2003

Respectfully submitted

  
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William B. McKean  
Attorneys for Plaintiff  
Securities and Exchange Commission