

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA



2005 JUN -8 AM 11:55

CASE NO.

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRUCE M. PERRY and
M. BROOKS TURKEL,

Defendants.

OWEN MARTINEZ MAGISTRATE
BANDSTRA

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission ("Commission") alleges that:

SUMMARY

1. This case involves violations of the anti-fraud provisions of the federal securities laws in connection with the offer and sale of municipal bonds issued in May 2001 by Mount Sinai Medical Center, Inc. ("Mount Sinai" or "the hospital"), based in Miami Beach, Florida. Mount Sinai, at the direction of its former senior officers, Defendants Bruce M. Perry and M. Brooks Turkel, made material misrepresentations and omissions in documents disseminated in connection with the issuance of the bonds concerning the hospital's then existing and projected financial condition. In addition, Mount Sinai, through Perry and Turkel, made false statements in pre-issuance presentations to investors and bond ratings agencies, and in a disclosure report filed with various nationally recognized repositories as part of its continuing disclosure obligations.

2. Based on this misconduct, the Commission brings this action to enjoin and restrain Perry from further violations of the antifraud provisions of the federal securities laws. The

1
BB

Commission further asks the Court to order Perry and Turkel to pay civil money penalties pursuant to Section 20(d) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(d)] and Section 21(d)(3) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d)(3)].

DEFENDANTS

3. Perry, age 60, served as chief executive officer of Mount Sinai from January 1999 through October 2001. Mount Sinai terminated Perry on October 8, 2001.

4. Turkel, age 40, served as chief financial officer of Mount Sinai from December 1999 through mid-July 2001. Turkel served as chief planning officer from mid-July 2001 until Mount Sinai terminated him in October 2001.

OTHER RELEVANT ENTITIES

5. Mount Sinai is a not-for-profit corporation located in Miami Beach. Mount Sinai operates a multi-campus hospital, including a 701-bed teaching and research hospital and various satellite outpatient facilities and physician offices.

6. The City of Miami Beach Health Facilities Authority (the “Authority”) is a public body created in July 1990, by the Miami Beach City Commission. The Authority has the power to issue bonds or notes on behalf of health care corporations to acquire, construct, improve, or refinance health care projects located in Miami Beach.

JURISDICTION AND VENUE

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

8. Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of conduct complained of herein.

9. Venue and jurisdiction are proper in the Southern District of Florida because defendants' acts and practices, which constitute violations of the federal securities laws, occurred within this District.

OVERVIEW OF THE 2001 BOND OFFERING

10. On May 24, 2001, Mount Sinai, through the Authority, issued three series of municipal bonds (Series 2001A, Series 2001B and Series 2001C) totaling approximately \$184 million (the "2001 Bonds"). The primary purpose of the issuance was to re-finance bonds issued in 2000 in connection with Mount Sinai's acquisition of the Miami Heart Institute and Medical Center. The 2001 Bonds were limited obligations of the Authority payable solely from payments made by Mount Sinai pursuant to a loan agreement between Mount Sinai and the Authority. The bonds were rated "BBB-," "Baa3," and "BBB+" by Standard & Poor's ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch, Inc. ("Fitch"), respectively.

11. The Official Statements to the bond offerings contained Mount Sinai's audited financial statements for the years 1999 and 2000. The Official Statements also included Mount Sinai's forecasted financial statements, as of March 30, 2001, for the years 2001 through 2003. The forecasted financial statements projected operating losses totaling \$7.5 million and \$2.6 million for fiscal years 2001 and 2002, respectively, and operating income of \$2.5 million for fiscal year 2003.

12. The Official Statements contained an anti-fraud certification, signed by Perry, in which he certified on behalf of Mount Sinai that: (i) the statements and information contained in the

Official Statement were true, correct and complete in all material respects; (ii) the Official Statement did not contain any untrue or incorrect statements or omissions of material fact; and (iii) Mount Sinai's financial condition had not materially or adversely changed since December 31, 2000.

13. In addition, the Official Statements contained another certificate, executed by Turkel, in which he certified to Mount Sinai's bond counsel that the Official Statements did not contain any untrue statements or omissions of material fact.

14. The terms of the bond covenants required Mount Sinai to file quarterly reports with various national repositories, which would then be available for review by investors and potential investors. Accordingly, on August 24, 2001, Mount Sinai filed a second quarter report for the quarter ending June 30, 2001 with various nationally recognized repositories. Turkel signed the second quarter report.

15. Mount Sinai, through Perry and Turkel, made material misrepresentations and omissions in connection with the 2001 bond offering because it failed to disclose in the Official Statements that the hospital was experiencing a significant deterioration in its cash position, and was in the midst of a severe liquidity problem. The Official Statements further falsely represented that eight of Mount Sinai's high volume managed care contracts had been renegotiated, and that the renegotiated contracts were expected to contribute approximately \$10 million annually of additional revenue for the hospital beginning in 2001. The Official Statements also contained baseless projections of the hospital's anticipated revenue. Perry and Turkel re-iterated these misrepresentations to institutional investors and bond rating agencies prior to the 2001 bond issue. Finally, Mount Sinai, through Perry and Turkel, made additional misrepresentations and omissions in its second quarter report for the quarter ended June 30, 2001.

MOUNT SINAI'S DETERIORATING FINANCIAL CONDITION

16. In December 2000, Mount Sinai underwent a computer conversion to update its patient accounting system. The new system was expected to improve the hospital's accounts receivable position. However, the computer conversion gave rise to major problems that substantially impacted Mount Sinai's billing and collection process. For example, the hospital experienced substantial delays in billings and a significant rise in failed billings to third party payors. In addition, the hospital's patient accounts receivable began to grow -- increasing from approximately \$70 million at the end of December 2000 to more than \$90 million by June 30, 2001. These problems continued for months, and although some of the issues were resolved during 2001, the effects lasted for much of the year. At the time, Perry considered the problems with Mount Sinai's billing and collection process to be the "most troubling issue" facing the hospital.

17. As a direct result of its billing and collections problems, Mount Sinai's cash position began to materially worsen from December 2000 through at least the end of June 2001. By May 2001, Mount Sinai's cash position had deteriorated to the point where the hospital faced the prospect of being unable to meet operating expenses. For instance, Mount Sinai began delaying payments to vendors. The hospital also began deferring certain expenses because of its cash situation. Cash on hand at Mount Sinai had dropped to about \$6 million, a level that Perry considered troubling.

18. Mount Sinai continued to experience significant cash flow problems at the time of the issuance of the 2001 Bonds. Indeed, Perry and Turkel were so concerned about Mount Sinai's cash position that they began tracking cash on a daily basis in April 2001, a practice the hospital had never before undertaken.

19. In late May 2001, less than one week after the 2001 Bonds were issued, Mount Sinai retained Deloitte & Touche LLP (“Deloitte”) to assess the situation and review its revenue cycle. Deloitte sent a team of consultants to Mount Sinai to begin focusing on the problems plaguing the hospital’s revenue cycle. In early July 2001, after being apprised of the litany of problems plaguing Mount Sinai’s business office, including, among other things, billing delays and improper charge coding, the hospital extended Deloitte’s engagement to help correct the hospital’s business office problems. Thereafter, Deloitte’s role shifted to actually running and managing the office, which continued through August 2001.

**MOUNT SINAI’S BASELESS CONTRACTUAL DEDUCTION RATE
RESULTED IN OVERSTATED REVENUE AND ACCOUNTS RECEIVABLE**

20. Mount Sinai followed the hospital industry standard of recording net patient service revenue as gross charges less contractual deductions. Gross charges are Mount Sinai’s full rates for specific procedures and services as determined by the hospital. Contractual deductions are an estimate of the deductions the hospital expects will *not* be paid based on contracts or other arrangements with its third party payors. Mount Sinai had entered into managed care contracts with various insurers whereby the insurer agreed to pay either a set amount or a percentage of gross charges for each particular procedure.

21. Mount Sinai calculated net patient service revenue based on a percentage reflecting the average of all of the hospital’s contractual deductions with its third party payors. This percentage is called the “contractual deduction rate.” Mount Sinai then derived its operating income by deducting operating expenses such as supplies, salaries, bad debt, and other expenses from net patient service revenue.

22. During at least the first nine months of 2001, Mount Sinai used a contractual deduction rate to record its net patient service revenue that was too low and lacked any reasonable

basis. As a result, Mount Sinai's net patient service revenue and accounts receivable were falsely overstated for the first nine months of 2001.

23. Turkel determined Mount Sinai's 2001 contractual deduction rate sometime in 2000. He based the deduction rate, in part, on the premise that Mount Sinai had successfully renegotiated the terms of some of the hospital's largest managed care contracts. Specifically, Mount Sinai had purportedly renegotiated its managed care contracts with eight of its largest insurers (constituting 68% of the hospital's managed care business). Turkel claimed the new terms resulted in payment rate increases of 10% to 22%, and that these increases would, in turn, provide \$10 million in additional annual revenue for the hospital beginning in fiscal year 2001.

24. Turkel, however, lacked any reasonable basis for the contractual deduction rate he caused Mount Sinai to use because at the time of the issuance of the 2001 Bonds, only three of the eight major contracts had actually been renegotiated. Both Perry and Turkel knew, or were reckless in not knowing, this information because Perry had charged Turkel with the responsibility of renegotiating the contracts and, as CEO, Perry was Turkel's supervisor and ultimately responsible for overseeing this process.

25. In June 2001, Deloitte analyzed the hospital's patient accounts receivable, which included testing amounts taken for contractual deductions and bad debt reserve. Deloitte's analysis showed Mount Sinai's contractual deduction rate was 2% to 3% too low. This caused the hospital to overstate its net patient service revenue by \$17.8 million to \$26.7 million as of May 31, 2001. Similarly, Deloitte's analysis revealed that Mount Sinai's receivables were overstated by \$11 million to \$14 million as of May 31, 2001.

**MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACTS
IN CONNECTION WITH MOUNT SINAI'S 2001 BOND OFFERING**

**False Statements and Omissions
in the Official Statement**

26. The Official Statement distributed to investors in connection with the 2001 Bonds failed to disclose that the hospital was experiencing a significant deterioration in its cash on hand and was in the midst of a severe liquidity problem.

27. In addition, Mount Sinai, through Perry and Turkel, misrepresented in the Official Statement distributed to investors that it had renegotiated eight of its managed care contracts, resulting in payment rate increases of 10% to 22%, and that the renegotiated contracts were expected to contribute approximately \$10 million annually of additional revenue for the hospital beginning in 2001.

28. Moreover, the financial statements forecasting the hospital's anticipated revenue through the end of 2003, which were included in the Official Statement, were materially false. The forecasted financial statements projected operating losses for 2001 and 2002 totaling \$7.5 million and \$2.6 million, respectively, and a relatively small surplus in 2003. They also included net patient service revenue and accounts receivable projections that were calculated using Mount Sinai's 2001 contractual deduction rate. That contractual deduction rate, however, was baseless because it was partly based on the false notion that Mount Sinai had renegotiated its eight largest managed care contracts.

29. Given what Perry and Turkel knew about the hospital's deteriorating financial condition, the representations they made in the anti-fraud certificates accompanying the Official Statement were false and misleading. The representations in the anti-fraud certifications that the Official Statement did not contain any untrue statements or omissions of a material fact, and that

Mount Sinai's financial condition had not materially or adversely changed since fiscal year 2000, were clearly contradicted by Mount Sinai's deteriorating financial situation, the false statements made regarding renegotiation of the managed care contracts and the false projections included in the forecasted financial statements.

**False Statements to
Institutional Investors and Bond Rating Agencies**

30. Perry and Turkel also made materially false and misleading statements during a presentation given to prospective institutional bond investors on April 30, 2001. During that presentation, they represented that Mount Sinai had successfully renegotiated its eight largest managed care contracts. They also stated that the renegotiated rates would result in a \$10 million increase in revenue beginning in 2001. In fact, as discussed previously, the hospital had renegotiated only three of the contracts.

31. Mount Sinai, through Perry and Turkel, also provided institutional investors with baseless projections concerning the hospital's net patient service revenue and accounts receivable.

32. In March and April 2001, Mount Sinai, through Perry and Turkel, gave similar presentations to S&P, Moody's and Fitch during which Mount Sinai again falsely represented it had renegotiated its eight largest managed care contracts, resulting in an annual increase in revenue of \$10 million.

**MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACTS
IN CONNECTION WITH MOUNT SINAI'S SECOND QUARTER REPORT
FOR THE PERIOD ENDED JUNE 30, 2001**

33. As part of continuing disclosure obligations, on August 24, 2001, Mount Sinai filed with various repositories a disclosure report for its second quarter ended June 30, 2001. Mount Sinai's second quarter report reflected a \$5 million write-off in accounts receivable the hospital recorded in June 2001 because of the situation with its net patient service revenue and accounts

receivable. Although the second quarter report discussed the \$5 million write-off, Mount Sinai, through Perry and Turkel, failed to adequately disclose in the report the circumstances requiring the write-off. By August 2001, when the second quarter report was filed, Perry and Turkel knew the managed care contracts had not been renegotiated, and that Mount Sinai may have been using a contractual deduction rate for recording net patient service revenue that was too low. Mount Sinai, through Perry and Turkel, nevertheless failed to disclose this information to investors in its second quarter report.

34. Mount Sinai's second quarter report also failed to disclose that Perry and Turkel knew additional write-offs of accounts receivable, as high as \$20 million, would be necessary. Mount Sinai ultimately recorded a \$21 million reduction in net patient service revenue and accounts receivable in September 2001, which was mostly the result of the improper contractual deduction rate the hospital used for the first nine months of 2001.

35. Moreover, Perry and Turkel failed to disclose in the quarterly report that Mount Sinai continued to struggle with its cash flow situation. Finally, the report failed to disclose the fact that in June 2001, Deloitte began running Mount Sinai's business office because of the problems with its billing and collection process.

PERRY AND TURKEL'S KNOWLEDGE OF THE FRAUD

36. Perry and Turkel were aware that Mount Sinai's cash position had materially declined prior to the bond offering, and that the cash situation at the hospital continued to be a major concern. They nevertheless failed to disclose this cash crisis or update the hospital's financial information. To the contrary, Perry falsely certified that Mount Sinai's financial condition had not materially or adversely changed since December 31, 2000. As Mount Sinai's chief financial officer, Turkel further falsely certified to bond counsel that the Official Statement

did not contain any untrue statements or omissions of a material fact. In light of the severe cash crisis and growing accounts receivable problem Perry and Turkel knew the hospital was experiencing before the bond offering, these certifications were plainly false.

37. Additionally, Perry and Turkel knew, or were reckless in not knowing, that prior to the bond offering Mount Sinai had only renegotiated three of its major managed care contracts, and that the hospital would not receive an additional \$10 million in revenue for fiscal year 2001. They also knew or were reckless in not knowing that the net patient service revenue and accounts receivable projections contained the Official Statement and provided to investors and bond rating agencies during presentations were baseless because they were based on a false contractual deduction rate.

38. Moreover, by the time Mount Sinai's second quarter report was filed in August 2001, Perry and Turkel also knew or were reckless in not knowing that Mount Sinai was using an improper contractual deduction rate for recording net patient service revenue, and that substantial write-offs – far in excess of the \$5 million recorded in the second quarter report – would be necessary. Yet, they failed to disclose any of this information in Mount Sinai's second quarter report.

COUNT I

FRAUD IN VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER

39. The Commission repeats and realleges the allegations set forth in paragraphs 1 through 38 of this Complaint.

40. From January 2001 through August 2001, Perry and Turkel, directly or indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, as described in this Complaint, knowingly or recklessly:

- (a) employed devices, schemes or artifices to defraud;
- (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or
- (c) engaged in acts, practices and courses of business, which operated, as a fraud upon the purchasers of such securities.

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

41. By reason of the foregoing, Turkel, directly or indirectly, has violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

COUNT II

FRAUD IN VIOLATION OF SECTION 17(a)(1) OF THE SECURITIES ACT

42. The Commission repeats and realleges the allegations set forth in paragraphs 1 through 38 of this Complaint.

43. From January 2001 through August 2001, Perry and Turkel, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly or recklessly employed devices, schemes or artifices to defraud.

44. By reason of the foregoing, Perry, directly or indirectly, has violated, and unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

45. By reason of the foregoing, Turkel, directly or indirectly, has violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III

**FRAUD IN VIOLATION OF
SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT**

46. The Commission repeats and realleges the allegations set forth in paragraphs 1 through 38 of this Complaint.

47. From January 2001 through August 2001, Perry and Turkel, directly or indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities, as described in this Complaint:

(a) obtained money or property by means of untrue statements of material facts and omissions to state material facts to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or

(b) engaged in transactions, practices and courses of business which operated as a fraud or deceit upon purchases and prospective purchasers of such securities.

48. By reason of the foregoing, Perry, directly or indirectly, has violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

49. By reason of the foregoing, Turkel, directly or indirectly, has violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Permanent Injunctive Relief

Issue a Permanent Injunction, restraining and enjoining Perry, his agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, from directly or indirectly violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

II.

Penalties

Issue an Order directing Perry and Turkel to pay civil money 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. § 78(d)(3).

III.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

IV.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may hereby be

entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

June 8, 2005

By: Alise M. Johnson

Alise Johnson
Senior Trial Counsel
Florida Bar No. 0003270
Direct Dial: (305) 982-6322

Chedly C. Dumornay
Deputy Assistant Regional Director
Florida Bar No. 957666
Direct Dial: (305) 982-6377

Raynette Nicoleau
Senior Counsel
Florida Bar No. 0278210
Direct Dial: (305) 982-6308

Brian P. Knight
Senior Counsel
Florida Bar No. 993662
Direct Dial: (305) 982-6385

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
801 Brickell Avenue, Suite 1800
Miami, Florida 33131
Telephone: (305) 982-6300
Facsimile: (305) 536-4154

JS 44 (Rev. 12/96)

CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

SECURITIES AND EXCHANGE COMMISSION

MAGISTRATE
HANDS OFF

DEFENDANTS **CIV-MARTINEZ**
BRUCE M. PERRY AND M. BROOKS TURKEL

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF
(EXCEPT IN U.S. PLAINTIFF CASES)

MIAMI-DADE
COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)
Alise M. Johnson, Esq. (305) 982-6322
Brian P. Knight, Esq. (305) 982-6385
SEC - 801 Brickell Avenue, Suite 1800
Miami, Florida 33131

ATTORNEYS (IF KNOWN)
David R. Chase, Esq. (Counsel for M. Brooks Turkel)
Wachovia Center - Penthouse, 1909 Tyler Street
Hollywood, FL 33020, (954) 920-7779

(d) CIRCLE COUNTY WHERE ACTION AROSE: DADE, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE HIGHLANDS

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

- | | | | | | |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

Dade 1:05cv21525/JEM/TEB

IV. ORIGIN (PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

A CONTRACT	A TORTS	FORFEITURE/PENALTY	A BANKRUPTCY	A OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 A PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark B SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions A OR B
A REAL PROPERTY	A CIVIL RIGHTS	PRISONER PETITIONS	FEDERAL TAX SUITS	
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 510 Motions to Vacate Sentence HABEAS CORPUS: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY.)

15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5; 15 U.S.C. § 77q(a)(1); 15 U.S.C. § 77q(a)(1); 15 U.S.C. § 77q(a)(2) and 77q(a)(3). Violations of the anti-fraud provisions of the federal securities laws.
LENGTH OF TRIAL via 7 days estimated (for both sides to try entire case)

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ Penalties CHECK YES only if demanded in complaint. JURY DEMAND: YES NO

VIII. RELATED CASE(S) (See instructions): IF ANY

JUDGE _____ DOCKET NUMBER _____

DATE _____ SIGNATURE OF ATTORNEY OF RECORD _____

June 8, 2005 Alise Johnson Alise M. Johnson, Senior Trial Counsel

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____