Alan M. Lieberman (AL-6517)
Paul R. Berger
Richard W. Grime
Adriene Mixon
Securities and Exchange Commission
450 Fifth Street, N.W.,
Washington, D.C. 20549-0911

UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,	**ECF CASE**
	05 CV 2522 (AKH)
SECURITIES AND EXCHANGE COMMISSION,	**JURY TRIAL DEMANDED**
Plaintiff,	
v.	**COMPLAINT**
RICHARD W. DEBOE,	
Defendant.	

Plaintiff Securities and Exchange Commission (the "Commission") for its complaint against defendant Richard W. DeBoe ("DeBoe") alleges:

SUMMARY OF THE ALLEGATIONS

1. Between in or about August 1998 and in or about May 2000, DeBoe, as a registered representative employed by Deutsche Banc Alex Brown ("Deutsche Banc"), engaged in fraudulent conduct in customer accounts and aided and abetted the fraudulent conduct in these same accounts of Peter N. Brant, a convicted felon permanently barred by the Commission from the securities industry. DeBoe's fraudulent conduct led the

affected customer accounts to lose more than $3.4 million in the aggregate representing approximately 90% of the aggregate value of the accounts.

2. DeBoe and Brant worked together as registered representatives in the 1970's at Kidder Peabody & Company, Inc. and remained social friends from that time through the events relevant to this Complaint. In 1984 Brant was convicted of felony securities fraud for insider trading and incarcerated. In a parallel civil action brought by the Commission, Brant was permanently enjoined from violating the antifraud provisions of the federal securities laws and permanently barred from the securities industry. DeBoe knew of Brant's fraud conviction, and had contact with Brant during his incarceration, including visiting Brant during his incarceration at a halfway house.

3. Between in or about August 1998 and in or about December 1999, DeBoe opened four new accounts at Deutsche Banc for customers referred to him by Brant. For each of the accounts, the customers gave Brant trading authority subject to certain general instructions. The customers agreed to pay Brant fees to act as their investment adviser, which arrangement was known to DeBoe. Brant's role as investment adviser and his acceptance of fees for these services violated his bar from the securities industry, which was known by DeBoe or he was reckless in not knowing.

4. Once the above-referenced accounts were opened, DeBoe gave free rein to Brant over the accounts and participated with Brant in churning the accounts; engaging in unsuitable trading; violating explicit instructions from the customers including instructions regarding purchasing on margin and margin debt; allowing Brant to use DeBoe's customer accounts to guarantee accounts owned or controlled by Brant based on material misrepresentations about the guarantees to DeBoe's customers; and, allowing

Brant to misappropriate funds from DeBoe's customer accounts for Brant's own use. This fraudulent conduct generated substantial commissions for DeBoe, who before opening these accounts referred by Brant, had been a "low" producer who earned relatively low commission income.

5. By knowingly or recklessly engaging in fraudulent conduct, Brant committed primary violations of the antifraud provisions of the federal securities laws, specifically, Section 17(a) of the Securities Act of 1933 ("Securities Act"), 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], and Sections 206(1) and (2) of the Investment Advisers Act of 1940 ("Investment Advisers Act") [15 U.S.C. § 80b-6].

6. By knowingly or recklessly providing substantial assistance to Brant, DeBoe aided and abetted Brant's violations of Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and Sections 206(1) and (2) of the Investment Advisers Act.

7. By knowingly or recklessly engaging in fraudulent conduct, DeBoe also violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a) of the Securities Act.

8. The Commission brings this action for an order permanently enjoining DeBoe from future violations and aiding and abetting future violations of the antifraud provisions of the federal securities laws pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. §78u(d)(1)], and aiding and abetting future violations of Sections 206(1) and (2) of the Investment Advisers Act pursuant to Section 209 of the Investment Advisers Act [15 U.S.C. §80b-9], disgorgement of his unjust enrichment by reason of the conduct described herein, plus

prejudgment interest thereon; and civil penalties. Unless enjoined, DeBoe will continue to engage in transactions, acts, practices and courses of business similar to those described herein.

JURISDICTION

9. This Court has jurisdiction over 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].

10. Defendant, directly or indirectly, has made use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the acts, practices, and courses of business alleged herein.

THE DEFENDANT

11. Defendant, Richard W. DeBoe, is a former registered representative with Deutsche Banc in a branch office located in New York City and was at all relevant times a resident of New York, New York.

STATEMENT OF FACTS

The Langtry Trust Accounts

12. In 1998, DeBoe opened two trust accounts for Brant at Deutsche Banc. DeBoe was the registered representative on both accounts. The account titles were The Langtry Trust Group re: Gendal ("Gendal Account"), and The Langtry Trust Group re: The Max Trust ("the "Max Account").

13. The Max Account was opened at Deutsche Banc on March 3, 1998. After the account was opened, Langtry, at Brant's direction, wired $250,000 of Brant's money into the Max Trust account and Brant began to trade securities in the account

through DeBoe. Soon after opening the account, Brant began to actively trade the account and trade heavily on margin. By July 1999, the account held just one stock, 53,800 shares of Global Telesystems, Inc. ("GTSG"), of which 75% were purchased on margin. That month, the account carried a margin debit of $1,280,938 and had a net value of $433,937. Over the next couple of months, the margin debit increased and the account went negative as the price of GTSG plummeted.

14. The Gendal Account was opened by DeBoe at Brant's direction on December 21, 1998. The Gendal Account was funded by a third party who wired a total of $500,000.00 to Deutsche Banc. Brant was not designated as an owner or trustee of the account. DeBoe nevertheless allowed Brant to trade the Gendal Account without Brant having written trading authorization of the third party in violation of Deutsche Banc policy, which prohibits brokers from accepting orders from non-account owners without prior written authorization of the client.

15. On December 21, 1998, without written authorization or other permission from the owner of the Gendal Account, DeBoe, in violation of Deutsche Banc's policies, authorized the wire transfer of $5,000.00 from the Gendal Account to an off-shore bank account in Gendal's name that was controlled and owned by Brant.

16. From January 1999 through June 1999, DeBoe facilitated Brant's trading of the Gendal Account on margin, with a concentration in speculative technology stocks. By the end of 1999, the Gendal Account had a 77% margin debt and in January 2000, the margin debt reached 140%. During this period of time, Brant and DeBoe churned the Gendal Account by turning it over approximately 13 times (25 times on an annualized basis).

17. From March 1999 through June 1999, DeBoe facilitated Brant's misappropriation of $100,000 from the Gendal Account at Deutsche Banc by transferring the proceeds of sales of securities to another off-shore bank account controlled by Brant in the name of Dalzel Holdings, S. A. ("Dalzel"). Dalzel was an off-shore shell corporation utilized by Brant. Brant used this money to fund his living expenses, including travel to The Drake Hotel in New York, The Bellagio Hotel in Las Vegas, and Claridge's in London; luxury shopping sprees at London stores such as Gucci, Hermes, Harrod's of London, and several expensive tailors and antique shops; and, $26,100.00 for his daughter's prep school tuition. DeBoe facilitated the transfer of the $100,000.00 in violation of Deutsche Banc policies.

Brant-Referred Account No. 1

18. On August 24, 1998, a married couple (hereafter "Investors A and B"), opened a joint brokerage account ("Account No. 1") at Deutsche Banc with DeBoe as their registered representative. Investors A and B gave Brant discretionary trading authority over their account.

19. Towards the end of 1999, the husband ("Investor A") and Brant verbally agreed that A and B would pay Brant 2% of Account No. 1's value for his investment advice. On December 30, 1999, Investors A and B paid Brant $13,758, which represented approximately 2% of $687,980, the net value of their account at Deutsche Banc. DeBoe knew Investors A and B were compensating Brant for investment advice.

20. On February 2, 2000, with DeBoe's knowledge and substantial assistance, Investors A and B guaranteed the Max Account. Brant misrepresented the ownership of the account by telling Investors A and B that the account was owned by a

friend of Investor A. DeBoe knew that Brant's statement was false or was reckless in not knowing that the Max Account was in fact owned and controlled by Brant. By signing the guarantee, Investors A and B unknowingly became liable to Deutsche Banc for Brant's margin debt in the Max Account.

21. In February 2000, contrary to Investor A's instructions, DeBoe and Brant actively traded the account on margin, and purchased unsuitable investments. During that month, the net value of the account was $573,480. Deboe and Brant turned over the account approximately 9 times, buying $4,871,286 of securities and selling $5,044,939 of securities in February 2000. By the end of the month, the once-diversified account held just three stocks: Broadcom Corp., Ciena Corp., S1 Corp., all technology stocks. By March 2000, the net value of the account dropped to $152,078.34 from $573,480 in February 2000 and the account had a 79% margin debt. In April 2000, the account was negative $21,552 with a margin debt of 115%.

Brant-Referred Account No. 2

22. On July 7, 1999, Investor C opened a brokerage account at Deutsche Banc ("Account No. 2") with DeBoe as her registered representative. This account was funded with a transfer of $200,000 in cash transferred from Investor C's account at Morgan Stanley Dean Witter & Co., formerly known as Dean Witter, ("MSDW"). Investor C instructed DeBoe in writing that this account was not to be a trading account but was to be used solely for the purpose of guaranteeing the Max Account and the Gendal Account. During July 1999, the Gendal Account held just one stock, 23,400 shares of GTSG. Unknown to Investor C, the Gendal Account carried a margin debt of approximately $561,766. By signing the guarantee, Investor C assumed responsibility

for the margin debt and any future losses in the account. In July 1999, the Max Account held just one stock, 53,800 shares of GTSG, and seventy-four percent of these shares were purchased on margin. Unknown to Investor C, the Max Account carried a margin debt of approximately $1,280,928. By signing the guarantee form, Investor C became liable for the Max Account debt to Deutsche Banc.

23. On August 5, 1999, after Investor C expressed concerns to him, DeBoe wrote to Investor C assuring her that he would monitor the guaranteed accounts on a daily basis and he would advise her when the guarantees were no longer necessary. DeBoe assured Investor C that he would not allow any more buys in either of the guaranteed accounts while the guarantees were still in effect and that no assets in her account would be sold to cover margin balances on the guaranteed accounts. DeBoe's letter was not written on Deutsche Banc stationary and was sent to Investor C in violation of Deutsche Banc policy, which required prior approval of all correspondence to customers. Contrary to DeBoe's assurances to Investor C, from December 1999 to February 2000, while the guarantees were still in effect, DeBoe executed purchases of additional securities in both accounts guaranteed by Investor C.

24. On or about August 11, 1999, Investor C transferred all the securities in her brokerage account at MSDW to Deutsche Banc. Contrary to Investor C's instructions, Deboe placed these newly transferred securities in Account No. 2 rather than set up a separate trading account. At the time her holdings were transferred, Investor C's Account No. 2 had a net value of $1,852,405.35 and was well-diversified. Initially, Investor C instructed DeBoe that she did not want a margin account. Thereafter, she verbally agreed that margin should not exceed 20% of account value.

DeBoe violated Investor C's instructions, and began executing day trades at Brant's direction in technology stocks on margin, incurring a debit balance of 45% of Account No. 2's value.

25. DeBoe continued executing day trades at the behest of Brant on margin in Investor C's Account No. 2 through February 2000, when the trading volume reached $22.7 million. By March 2000, the account value dropped to $802,779.21 and the account carried a sixty percent margin debt. During this period, DeBoe executed transactions selling Investor C's holdings in companies like Coca Cola, Pfizer, Exxon, and Gillette. When DeBoe had completed this round of trading, Investor C's Account No. 2 held only five stocks: Ciena Corp., GTSG, Incyte Pharmaceuticals, Inc., Nokia Corp. and Veritas Software.

26. In May 2000, the net value of Investor C's Account No. 2 had dropped to $69,247.50 and held only one stock, Bookham Technology, PLC. From the time Account No. 2 was opened through April 2000, DeBoe churned the account turning it over approximately twenty-two times (forty-four times on an annualized basis).

27. DeBoe knew Investor C had agreed to pay Brant for investment advice. On January 1, 2000, Investor C paid Brant $48,019.80 for his investment advice.

Brant-Referred Account No. 3

28. In or about December 1999, Investor D, a 70-year-old retiree and the mother of Investor C, opened a brokerage account at Deutsche Banc (hereinafter "Account No. 3") with DeBoe as her registered representative. This account was

funded with the transfers of securities and cash with an approximate value at the time of transfer of $1,093,000 from three brokerage accounts Investor D had maintained at MSDW. DeBoe persuaded Investor D to transfer her accounts to him at Deutsche Banc by telling her that he would use Peter Brant, a "brilliant" former stockbroker as an adviser on her account. At DeBoe's urging, Investor D agreed to transfer her accounts to Deutsche Banc and to give Brant discretionary trading authority over her accounts. DeBoe did not tell Investor D that Brant was a convicted felon and barred from the industry.

29. On December 1, 1999, Investor D wrote to DeBoe informing him that she was a conservative investor, could not be "caught with a loss right now," and did not want to trade on margin.

30. In January 2000, Investor D wrote to DeBoe again and instructed Brant and DeBoe not to sell her Exxon stock, which she had inherited from her father. In the same letter, she also told DeBoe, "you and Peter (Brant) have to realize my accounts are about all I own and my only source of income."

31. From January through May 2000, DeBoe and Brant violated Investor D's investment instructions and traded Investor D's account on margin in unsuitable securities. In January 2000, the net value of her account was $1,093.021.88 and the account had incurred a margin debt of 50%. By March 2000, the margin debt on her account reached 62% and the net value of the account dropped to $568,011.72. During that month, Brant and DeBoe violated Investor D's explicit instructions regarding the Exxon shares she had inherited from her father and shorted all 4,800 shares of her Exxon stock. At the end of May 2000, the net value of Investor D's

account was $331,848.47. From January through March 2000, Brant and DeBoe churned Investor D's account by turning it over approximately 5 times (21 times on an annualized basis). By August 2001, the value of Investor D's Deutsche Banc account was approximately $70,000 and had lost approximately 95% of its original value.

32. In February 2000, because of the level of activity in the account, the branch compliance officer at Deutsche Banc instructed DeBoe to submit an Account Review Worksheet for Investor D's account. On the worksheet, DeBoe wrote that Investor D's account is being managed by a "professional money manager." DeBoe did not disclose to the compliance officer that Brant, the money manager to whom he was referring, had been convicted of felony securities fraud for insider trading and was barred from the industry, nor did he disclose Investor D's written instructions to invest the account conservatively and not on margin.

33. On or about February 15, 2000, without Investor D's knowledge or permission, DeBoe knowingly provided substantial assistance to Brant by preparing documents, which led to Investor D guaranteeing the Gendal Account and the Max Account. In February 2000, the Gendal Account carried a margin debt of approximately $739,932 and the Max Account carried a margin debt of approximately $937,503.

Brant-Referred Account No. 4

34. Investor E, Investor A's sister, is a former teacher unable to work due to a head injury and is living on social security disability payments. On or about March 8, 2000, Investor E opened a brokerage account at Deutsche Banc (hereinafter "Account No. 4") with DeBoe as her registered representative. This account was

funded with a transfer of securities and cash equivalents from Investor E's account at broker-dealer valued at approximately $500,000.

35. Due to her disability, her brother, Investor A, managed her affairs at Deutsche Banc and gave instructions to Brant and DeBoe to invest Investor E's account in "really safe securities" and to avoid putting the account at "great risk." Contrary to these instructions, Brant and DeBoe began actively trading Investor E's account and immediately incurred margin debt of 30% of the account value. During this month, the trading volume approximated $1.2 million and Brant and DeBoe turned over Investor E's account approximately 4 times. As a result of Brant's trading, the net value of her account dropped from $350,471 in March 2000 to $145,940 in April 2000.

36. On April 5, 2000, DeBoe knowingly provided substantial assistance to Brant by preparing documents by which Investor E guaranteed the Gendal Account and the Max Account. Brant misrepresented to Investor E's brother the ownership of the Max Account. DeBoe knew that Brant's statement was false or was reckless in not knowing that the Max Account was in fact owned and controlled by Brant. In April 2000, the Gendal Account had a net value of negative $371,307 and carried a margin debt of $749,942 and Brant's Max account carried a margin debt of $42,475. By signing the guarantees, Investor E unknowingly became liable for these margin debts.

37. In May 2000, Deutsche Banc terminated DeBoe when the firm discovered DeBoe was conducting business with Brant, a convicted felon who had been barred from the securities industry.

FIRST CLAIM FOR RELIEF
Violations of Section 17(a) of the Securities Act

38. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 37 of this Complaint.

39. DeBoe, directly and indirectly, intentionally, knowingly or recklessly, in the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails: (a) employed, or is employing devices, schemes, or artifices to defraud; (b) has obtained, or is obtaining money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) has engaged, or is engaging in transactions, acts, practices, or courses of business which operate, are operating or are about to operate as a fraud upon purchasers of securities as set forth above, in violation of Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

40. By reason of the foregoing, DeBoe violated Section 17(a) of the Securities Act.

SECOND CLAIM FOR RELIEF
Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Aiding and Abetting Brant's Violations

41. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 37of this Complaint.

42. DeBoe, directly or indirectly, intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails: (a) has employed, or is employing devices, schemes, or artifices to defraud; (b) has made, or is making untrue statements of material facts or have omitted, or is omitting to state

material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) has engaged, or is engaging, in acts, practices, or courses of business which have operated, or are operating as a fraud or deceit upon persons, in connection with the purchase or sale of securities as set forth above, in violation of 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.

43. As a result of the foregoing, DeBoe violated Section 10(b) and Rule 10b-5 of the Exchange Act thereunder.

44. DeBoe knowingly provided substantial assistance to Brant in connection with his violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

45. By reason of the foregoing, DeBoe aided and abetted Brant's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

THIRD CLAIM FOR RELIEF
Aiding and Abetting Brant's Violations of Sections 206(1) and (2) of the Investment Advisers Act

46. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 37 of this Complaint.

47. Brant acted as an investment adviser by use of the mails or the means or the instrumentalities of interstate commerce, and, directly and indirectly, with scienter, employed devices, schemes and artifices to defraud advisory clients, and engaged in transactions, practices, and courses of businesses, which operated as a fraud and deceit upon the clients.

48. By reason of the foregoing, Brant, directly and indirectly, violated Sections 206(1) and (2) of the Investment Advisers Act.

49. DeBoe knowingly provided substantial assistance to Brant in connection with his violations of Sections 206(1) and (2) of the Investment Advisers Act.

50. By reason of the foregoing, DeBoe aided and abetted Brant's violations of Sections 206(1) and (2) of the Investment Advisers Act. [15 U. S. C. § 80b-6].

PRAYER FOR RELIEF

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

I.

Permanently enjoining defendant DeBoe from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)];

II.

Permanently enjoining defendant DeBoe from violating, directly or indirectly, and aiding and abetting violations of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)], and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5];

III.

Permanently enjoining defendant DeBoe from aiding and abetting violations of Sections 206(1) and (2) of the Investment Advisers Act [15 U.S.C. § 80b-6(1) and (2)];

IV.

Ordering defendant DeBoe to disgorge his unjust enrichment by reason of the conduct described herein, plus prejudgment interest thereon;

V.

Ordering defendant DeBoe to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and Section 209 of the Investment Advisers Act [15 U.S.C. §80b-9];

VI.

Granting such other relief as this Court may deem just and proper; and

VII.

Retaining 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: March 3, 2005
Washington, D.C.

By:_____
Alan M. Lieberman, (AL-6517)

Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street, N.W.
Washington, D.C. 20549-0911
202-942-4786 (Tel.)
202-942-9569 (Facsimile)

Of Counsel:

Paul Berger
Richard Grime
Adriene Mixon