

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
TAMPA DIVISION

CASE NO.: 8:09CV1046-T-30TGW

2009 JUN -5 PM 12:04  
MIDDLE DISTRICT OF FLORIDA  
TAMPA, FLORIDA

SECURITIES AND EXCHANGE COMMISSION, )

Plaintiff, )

v. )

WALL STREET COMMUNICATIONS, INC., )  
HOWARD A. SCALA, ROSS E. BARALL, and )  
DONALD R. McKELVEY, )

Defendants. )

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission alleges:

**I. INTRODUCTION**

1. This case involves a series of stock manipulation schemes and a fraudulent, unregistered distribution of stock orchestrated by an unregistered broker dealer and its principal.

2. From at least January through December 2004, Wall Street Communications, Inc. ("Wall Street"), through its president, Howard A. Scala, acquired large blocks of stock in thinly-traded microcap companies. Wall Street acquired the stock for little or no consideration, based on agreements to find buyers for the shares in exchange for a portion of the sales proceeds.

3. Wall Street and Scala then created a market for these shares either by causing the release of spam emails touting the stocks or by coordinating manipulative trading with brokerage accounts controlled by Ross E. Barall. After creating an artificially inflated market for the

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stocks, Wall Street and Scala dumped the shares on unsuspecting investors, reaping tens of thousands of dollars in profits each time.

4. In a second scheme that ran from 2003 through at least July 2004, Wall Street and Scala illegally acquired 8.6 million shares of Telco-Technology, Inc. ("Telco") pursuant to Forms S-8, purportedly in exchange for consulting services. In fact, Wall Street did not perform any services for which Telco was permitted to issue the S-8 stock to Wall Street.

5. Almost immediately after obtaining the Telco shares, Wall Street and Scala sold them in a fraudulent unregistered distribution and funneled half of the proceeds to a company controlled by Telco's president, Donald R. McKelvey.

6. By engaging in the conduct described above and more fully below: (a) Wall Street and Scala violated Sections 5(a), 5(c) and Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §77e(a) and (c) and §77q(a); and Section 15(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §78o(a); and violated and aided and abetted McKelvey's violations of Section 10(b) of the Exchange Act and Rule 10b-5, 15 U.S.C. §78j(b); (b) Barall violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5; and (c) McKelvey violated Sections 5(a), 5(c), and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5. Unless the Court enjoins the Defendants, they are reasonably likely to continue to violate the federal securities laws.

## **II. DEFENDANTS AND RELATED PARTY**

### **A. Defendants**

7. Wall Street, at all relevant times, was a Florida corporation with its principal place of business in Tarpon Springs. Wall Street purported to be a financial public relations

firm. It has never been registered with the Commission. Wall Street was voluntarily dissolved as a Florida corporation in March 2009 and is presently inactive.

8. Scala, 53, resides in Tarpon Springs, and is Wall Street's president. In 1998, the NASD (now FINRA) permanently barred Scala from association with any FINRA member for engaging in fraudulent transactions, including charging unfair and fraudulent markups, while acting as a general securities principal and president of a brokerage firm.

9. Barall, 44, resides in Peoria, Arizona. He controlled brokerage accounts held at various broker-dealers and engaged in manipulative trading with Wall Street's brokerage account.

10. McKelvey, 60, resides in Little Falls, New Jersey. He is the former chairman of the board, president, and chief financial officer of Telco.

**B. Related Party**

11. Telco is a Delaware corporation. Its stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act and was dually quoted on the Over-the-Counter Bulletin Board and the Pink Sheets from March 2000 to December 2004. During the period of the alleged fraud, McKelvey was Telco's only employee. The company changed its name to Carbonics Capital Corporation in February 2008, and is quoted on both the OTC Bulletin Board and the Pink Sheets.

**III. JURISDICTION AND VENUE**

12. The 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.

13. This Court has personal jurisdiction over the Defendants and venue is proper in the Middle District of Florida because the Defendants' acts and transactions constituting the violations of the Securities Act and the Exchange Act occurred in the Middle District of Florida. Wall Street's principal office was located in the Middle District of Florida, and Scala resides in the Middle District of Florida. McKelvey caused Telco to issue shares to Wall Street in several transactions in 2003 and 2004, and made several public filings stating Wall Street was performing consulting services for Telco. In addition, Wall Street wrote more than 30 checks to another company McKelvey owned during this time. Furthermore, Barall transferred shares directly to Wall Street, coordinated his manipulative trading with Scala through e-mails, and conducted the trading with Wall Street's brokerage account.

14. The Defendants, directly and indirectly, have 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 business set forth in this Complaint.

#### **IV. FACTUAL ALLEGATIONS**

##### **A. Wall Street's And Scala's Fraudulent Trading Scheme**

15. From at least January through December 2004, Wall Street and Scala paid a network of intermediaries to locate and solicit individuals interested in selling large blocks of thinly traded stock in microcap companies. The shareholders transferred their stock to Wall Street for little or no consideration, based on Wall Street's agreement to find buyers for the stock in exchange for a percentage of the sales proceeds.

16. Using this method, Wall Street in 2004 acquired large blocks of shares in at least 15 thinly traded microcap companies. There was little or no demand for most of the shares, and most of the issuers whose shares Wall Street acquired had little revenue, earnings, or cash flow.

17. To then sell the stock, Wall Street and Scala conducted spam email campaigns and engaged in fraudulent and manipulative trading, both of which generated increased demand for the shares. Wall Street and Scala then sold the shares into the artificially inflated market and remitted the proceeds – minus its commission and the intermediaries' referral fees – back to the shareholders.

**1. Wall Street And Scala Acquired Large Blocks Of Shares**

18. Wall Street and Scala first located interested shareholders through intermediaries to whom they paid referral fees. The intermediaries told the prospective sellers that Wall Street could sell large blocks of shares through Scala's connections in the securities industry.

19. Shareholders then transferred their shares to Wall Street's brokerage account for little or no consideration and typically with no written agreement. The shareholders understood that Wall Street would sell their shares and keep 25% to 75% of the proceeds as its fee, and send them the rest.

**2. Wall Street And Scala Fraudulently Created An Artificial Demand For The Acquired Shares**

20. Once they acquired the stock, Wall Street and Scala created an artificial demand for the shares by: (a) spearheading a massive spam email campaign touting the stock, or (b) coordinating manipulative trades with Barall to give the impression of an active market for the stock.

21. Wall Street and Scala directed and funded the publication and dissemination of spam emails containing buy recommendations for the shares of at least eight of the microcap

companies whose stock it bought. Scala provided the text for all the emails, and he and Wall Street hired a bulk email delivery service in Miami that distributed them, typically over a four-day period. Wall Street paid the company between \$2,000 and \$8,000 for each email distribution, depending on the number of recipients.

22. The emails highlighted a particular issuer, reported positive news about the company, and typically featured a “buy recommendation” with a corresponding target price and time frame.

23. The emails had an immediate and substantial impact on the stock’s trading volume and, at times, the share price of the featured issuer. None of the spam emails disclosed that Wall Street held a position in the stock or was selling large blocks of the touted stock contemporaneously.

24. For example, in late January 2004, Wall Street and Scala launched a campaign touting the shares of Wireless Frontier Internet, Inc. (“Wireless Frontier”), a thinly-traded stock quoted on the Pink Sheets, after receiving 250,000 shares from a shareholder seeking to sell them.

25. The emails claimed Wireless Frontier had “an exciting plan to ‘roll-up’ Internet Service Providers across the country,” and underscored recent company events, including the purported acquisition of another wireless communications company. At the time, the company’s stock was trading at about 20 cents per share, but the e-mails recommended that investors buy it “at prices up to” 90 cents per share, then “sell half at twice the purchase price.”

26. Following the mass email dissemination, the daily trading volume of Wireless Frontier stock leaped from 10,000 shares to as high as 425,000 shares, and the share price rose from 20 cents to 32 cents. In the two weeks following the email promotion, Wall Street sold

approximately 200,000 Wireless Frontier shares for approximately \$118,000. Wall Street sent the shareholder a \$42,680 check, paid the intermediary a \$6,000 referral fee, and kept the remainder.

27. Similarly, in February 2004, after acquiring 160,000 shares of Graphco Holdings, Inc. ("Graphco"), an OTC Bulletin Board company, Wall Street and Scala embarked on another email campaign to tout the company's stock. On February 2, 2004, Scala directed the bulk email delivery service to disseminate spam emails discussing a recent Graphco press release and predicting Graphco's stock price would soon reach 55 cents a shares. The stock was trading at around 20 cents a share at the time.

28. Following dissemination of the emails, Graphco's daily trading volume rose from approximately 33,000 shares to as high as 226,000 shares. Within a week, Wall Street sold all 160,000 Graphco it owned for approximately \$27,000. It sent the shareholder a check for \$4,200, and paid the intermediary a \$1,000 referral fee. It kept the remainder of the proceeds.

29. In all cases, the spam emails were materially misleading because they failed to disclose Wall Street and Scala's financial interest in promoting the featured securities and their sale of shares into the public market concurrently with the spamming campaigns.

### **3. Manipulative Trading Activity**

30. In two other cases, Wall Street, Scala, and Barall systematically manipulated the share volume (and in one case the price) of microcap companies through a series of coordinated buy and sell orders among accounts they controlled. Through these transactions, they created the false and misleading appearance of active trading activity so they could then sell their own stock.

31. Barall traded through his own account and an account in his wife's name. Scala traded through Wall Street's account and an IRA account in his wife's name. Once the

manipulative trading had created the false appearance of an active market, Wall Street sold shares of the two stocks and paid a portion of the proceeds to Barall for his assistance.

32. The first instance of manipulative trading involved the stock of CEI Entertainment, Inc. (“CEI”), an OTC Bulletin Board quoted stock. On June 30, 2004, Barall transferred five million shares of CEI to Wall Street for no consideration. Then, through July 2004, in an effort to create the appearance of market activity, Scala, through Wall Street’s brokerage account, actively sold large quantities of CEI stock. Around the same time, Barall, through his account, actively purchased very similar large quantities of CEI stock. The following chart reflects these transactions in CEI:

<b>Date</b>	<b>Barall’s Buys</b>	<b>Wall Street’s Sales</b>
6/30/04		Wall Street receives 5 million CEI shares from Barall
7/1/04	40,000	
7/2/04	10,000	43,100
7/6/04	520,000	382,400
7/7/04		680,000
7/8/04		5,000
7/21/04		Wall Street receives 3 million CEI shares from an account affiliated with Barall
7/23/04	2,892,500	1,730,000
7/27/04	150,000	529,500
<b>Total Shares</b>	<b>3,612,500</b>	<b>3,370,000</b>

33. Barall and Scala coordinated their trading through an intermediary. For example, on July 6, 2004, the intermediary sent Scala an email stating, “Howard, please cross all shares at



.02 on [CEI].” The email is consistent with trading records showing Barall purchased 520,000 CEI shares at two cents a share, and Wall Street sold 382,400 CEI shares at two cents a share, all on the same day.

34. The following day, July 7, the intermediary sent Scala an email indicating Barall would transfer 3 million CEI shares to Scala in the next two weeks. In keeping with the e-mail, Wall Street’s brokerage account received 3 million CEI shares from Barall on July 21. Two days later, Wall Street sold approximately 1.7 million shares and Barall purchased approximately 2.9 million shares.

35. This trading between Scala and Barall accounted for approximately 34% of CEI’s trading volume during July 2004, and resulted in CEI’s share price doubling from two cents a share on July 1 to as high as four cents a share on July 23. After the scheme ended, CEI’s share price dropped to one cent a share. Wall Street’s sale of CEI shares during this period generated approximately \$64,000 in proceeds.

36. In the second round of manipulative trading, between August 2 and August 12, 2004, Barall transferred approximately 68,000 shares of Internal Hydro International, Inc. (“Internal Hydro”), an OTC Bulletin Board traded stock, to Wall Street in three separate transactions for no apparent consideration. Throughout August, brokerage accounts Barall and Scala controlled then purchased and sold large blocks of Internal Hydro shares to create the appearance of market activity in the stock. The following chart reflects these transactions in Internal Hydro:

<b>Date</b>	<b>Wall Street’s and Scala’s Combined Buys</b>	<b>Wall Street’s and Scala’s Combined Sales</b>
8/2/04	Barall transfers 30,000 shares to Wall Street	
8/2/04	2,600	3,970

8/3/04	2,585	8,385
8/4/04	2,230	
8/5/04	600	7,000
8/6/04	1,200	8,000
8/9/04		1,200
8/10/04	900	8,165
8/11/04	Barall transfers 18,697 shares to Wall Street	
8/11/04	4,510	1,500
8/12/04	Barall transfers 20,000 shares to Wall Street	
8/12/04	3,200	16,450
8/13/04	1,100	9,400
8/16/04	1,000	17,100
8/17/04	950	
8/18/04	1,400	
8/20/04	400	
8/23/04	1,140	
8/24/04	800	700
8/25/04	2,100	24,055
8/26/04	700	500
8/27/04		500
8/30/04		8,447
<b>Total Shares</b>	<b>27,415</b>	<b>115,372</b>

37      Emails show Scala and Barall were working together to manipulate the trading in Internal Hydro's stock. For example, on August 12, 2004, an intermediary sent Scala an email with the subject "IHDR Action" stating, "Per Ross [Barall] he says to keep moving them unless under \$6." That same day, Scala wrote to the intermediary, "moved 1000 @ 5.00 and 1500 @ 4.95 - 16,500 completed. Just wrote up your check for \$7500." On August 12, 2004, Scala

wrote the intermediary a check for \$7,500 drawn on Wall Street's account with the notation IHDR in the memo line of the check.

38. By September 2, 2004, Wall Street sold its entire position of Internal Hydro for approximately \$291,000. Throughout August 2004, Scala wrote six checks to Barall drawn on Wall Street's bank account totaling approximately \$150,000.

**B. Scheme to Acquire and Sell Fraudulently Issued S-8 Stock In An Unregistered Distribution**

39. During 2003 and 2004, McKelvey, the President of Telco, signed multiple Form S-8 registration statements filed with the Commission, authorizing Telco to issue approximately 8.6 million unrestricted shares of the company's stock to Wall Street.

40. Form S-8 is available to register the offer and sale of a company's stock to employees or consultants under certain circumstances. The employees or consultants must perform *bona fide* services that are not in connection with the offer or sale of securities in a capital raising transaction and do not indirectly promote or maintain a market for the stock.

41. Furthermore, a Form S-8 is not available to employees, consultants, or advisors where the issuer or promoter of the S-8 shares controls or directs the resale of the shares in the public market, or the issuer or its affiliates directly or indirectly receive a percentage of the proceeds of the sale of the S-8 shares.

42. An improper use of S-8 shares – i.e., under the prohibited circumstances described above – is not an effective Section 5 registration of the S-8 shares or their subsequent sale.

43. The Form S-8 registration statements McKelvey had Telco file – on December 8, 2000, April 7, 2003, and December 10, 2003, falsely represented Telco would issue S-8 stock as compensation for *bona fide* services. In fact, Wall Street and Telco had no formal consulting

agreement, and Wall Street did not perform the kinds of services for Telco that would allow it to legally receive S-8 shares.

44. In fact, Telco, through McKelvey, issued the S-8 stock to Wall Street for one reason only – to enrich Scala and McKelvey. Each time Telco issued shares to Wall Street, Scala would cause Wall Street to sell the shares and remit a portion of the proceeds to Donelson Capital Partners, a consulting and capital placement firm McKelvey founded and controlled.

45. For example, on January 13, 2003, McKelvey authorized Telco to issue 300,000 S-8 shares to Wall Street. Within two weeks, Wall Street sold nearly the entire amount for approximately \$10,964, and issued a check to Donelson for \$5,000.

46. Shortly afterwards, on January 17, 2003, McKelvey directed Telco to issue another 370,000 Telco shares to Wall Street. By mid-April, Wall Street sold all of these shares for approximately \$12,600, and issued a check to Donelson for \$6,750. This scheme was repeated six more times during 2003 and involved a total of 4.9 million shares.

47. Scala and McKelvey continued the scheme into 2004. On January 16, 2004, McKelvey directed Telco to issue one million shares of S-8 stock to Wall Street. Within two weeks, Wall Street sold the entire position for approximately \$157,000. During those two weeks Wall Street wrote four checks to Donelson totaling \$79,000. Each check included Telco's ticker symbol in the memo portion. This pattern was repeated two other times in April and May 2004.

48. In total, throughout 2003 and 2004, McKelvey authorized Telco to issue approximately 8.6 million shares of Telco stock to Wall Street, which Wall Street sold for approximately \$556,000. During this time, Wall Street wrote more than 30 checks totaling approximately \$261,000 to Donelson. Most of these checks included Telco's ticker symbol in the memo portion.

49. Because McKelvey caused Telco to issue these shares solely to enrich himself, because Wall Street controlled and directed the resale of these purported S-8 shares, and because McKelvey received a share of the proceeds, the S-8 shares were not registered pursuant to Section 5. The S-8 filings on December 8, 2000, April 7, 2003, and December 10, 2003, were materially false and misleading because they stated Telco would issue the shares for *bona fide* consulting services.

## **V. CLAIMS FOR RELIEF**

### **COUNT I**

#### **SALES OF UNREGISTERED SECURITIES IN VIOLATION OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT**

**(As to Defendants Wall Street, Scala, and McKelvey)**

50. The Commission repeats and realleges Paragraphs 1 through 49 of this Complaint as if fully set forth herein.

51. No registration statement was filed or in effect with the Commission pursuant to the Securities Act and no exemption from registration existed with respect to the securities and transactions described herein, specifically the distribution of Telco shares issued pursuant to Forms S-8.

52. From at least 2003 through July 2004, Wall Street, Scala, and McKelvey, directly and indirectly: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein; (b) carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; and/or (c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, as described herein, specifically

Telco shares issued pursuant to Forms S-8, without a registration statement having been filed or being in effect with the Commission as to such securities.

53. By reason of the foregoing, Wall Street, Scala, and McKelvey violated, and unless enjoined, are reasonably likely to continue to violate, Sections 5(a) and (c) of the Securities Act, 15 U.S.C. § 77e(a) and (c).

**COUNT II**

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

**(As to all Defendants)**

54. The Commission repeats and realleges Paragraphs 1 through 49 of this Complaint as if fully set forth herein.

55. From at least 2003 through December 2004, Wall Street, Scala, Barall, and McKelvey, directly and 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, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

56. By reason of the foregoing, Wall Street, Scala, Barall, and McKelvey violated, and, unless enjoined, are reasonably likely to continue to violate, 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**

**(As to all Defendants)**

57. The Commission repeats and realleges Paragraphs 1 through 49 of this Complaint as if fully set forth herein.

58. From at least 2003 through December 2004, Wall Street, Scala, Barall, and McKelvey, directly and 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: (a) obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary 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 have operated as a fraud or deceit upon purchasers of such securities.

59. By reason of the foregoing, Wall Street, Scala, Barall, and McKelvey, directly and indirectly, violated and, unless enjoined, are reasonably likely to continue to violate, Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3).

#### **COUNT IV**

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

**(As to all Defendants)**

60. The Commission repeats and realleges Paragraphs 1 through 49 of this Complaint as if fully set forth herein.

61. From at least 2003 through December 2004, Wall Street, Scala, Barall, and McKelvey, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

and/or (c) engaged in acts, practices and courses of business which have operated, and will continue to operate as a fraud upon the purchasers of such securities.

62. By reason of the foregoing, Wall Street, Scala, Barall, and McKelvey, directly and indirectly, violated and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Securities Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

**COUNT V**

**ACTING AS UNREGISTERED BROKER-DEALER IN VIOLATION OF  
SECTION 15(a) OF THE EXCHANGE ACT**

**(As to Defendants Wall Street and Scala)**

63. The Commission realleges and repeats Paragraphs 1 through 38 of this Complaint as if fully restated herein.

64. From at least January 2004 through at least December 2004, by actively soliciting shareholders of the microcap companies with the promise of (and in fact) selling large blocks of stock on their behalf, in exchange for a portion of the proceeds, Wall Street and Scala acted as brokers and made use of the mails or other means or instruments of interstate commerce to effect transactions in, or induce the purchase of, these securities.

65. Wall Street is not registered with the Commission as a broker or dealer, nor is Scala.

66. By reason of the foregoing, Wall Street and Scala have violated, and, unless enjoined, are reasonably likely to continue to violate, Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a).



**COUNT VI**

**AIDING AND ABETTING McKELVEY'S VIOLATIONS OF SECTION 10(b) OF THE  
EXCHANGE ACT AND RULE 10b-5**

**(As to Defendants Wall Street and Scala)**

67. The Commission repeats and realleges Paragraphs 1 through 14 and 39 through 49 of this Complaint as if fully restated herein.

68. From at least 2003 through December 2004, McKelvey, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (c) engaged in acts, practices and courses of business which have operated, and will continue to operate as a fraud upon the purchasers of such securities, in violation of Section 10(b) of the Securities Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

69. From at least 2003 through December 2004, Wall Street and Scala, directly and indirectly, through their actions in connection with receiving and selling the purported S-8 shares and remitting the sale proceeds to McKelvey's company, aided and abetted McKelvey's violations of Section 10(b) of the Exchange Act and Rule 10b-5.

70. By reason of the foregoing, Wall Street and Scala have, directly or indirectly violated and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Securities Act, 15 U.S.C. § 78j(b) and Rule 10b-5.

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court:

**I. Declaratory Relief**

Declare, determine and find that Wall Street, Scala, Barall, and McKelvey committed the violations of the federal securities laws alleged in this Complaint.

**II. Permanent Injunctive Relief**

Issue a Permanent Injunction restraining and enjoining: (a) Wall Street and Scala from violating Sections 5(a), 5(c) and Section 17(a) of the Securities, and Section 15(a) of the Exchange Act and violating and aiding and abetting McKelvey's violations of Section 10(b) of the Exchange Act and Rule 10b-5; (b) Barall from violating Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5; and (c) McKelvey from violating Sections 5(a), 5(c), and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5.

**III. Officer and Director Bar**

Issue an Order barring McKelvey from serving as an officer or director of any public company pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. §78(d)(2).

**IV. Penny Stock Bar**

Issue an Order barring Scala, Barall, and McKelvey from participation in any offering of a penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock.

**V. Disgorgement**

Issue an Order requiring Wall Street, Scala, Barall, and McKelvey to disgorge all ill-gotten profits or proceeds they received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest.

**VI. Penalties**

Issue an Order directing Wall Street, Scala, Barall, and McKelvey 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).

**VII. Accounting**

Issue an Order requiring from each of the Defendants a document sworn to before a notary public setting forth all assets (whether real or personal) and accounts (including, but not limited to, bank accounts, savings accounts, securities or brokerage accounts, and deposits of any kind) in which they (whether solely or jointly), directly or indirectly (including through a corporation, trust or partnership), either have an interest or over which they have the power or right to exercise control.

**VIII. Further Relief**

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

**IX. Retention of Jurisdiction**

Further, the Commission respectfully requests 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 4, 2009

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