

Judge Berman

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00 CIV. 7452

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-v.-

CARL ROBINSON And CELLULAR VIDEO CAR  
ALARMS, INC.,

Defendants.  
-----X

00 Civ. (7452)

COMPLAINT AND  
JURY DEMAND

U.S. DISTRICT COURT  
S.D. OF N.Y.  
2000 OCT 11 11:01  
*[Signature]*

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint  
against Defendants Carl Robinson ("Robinson") and Cellular Video Car Alarms, Inc.,  
("Cellular Video") (collectively the "Defendants"), alleges as follows:

**NATURE OF THE ACTION**

1. Beginning in September 1999 (if not earlier), Robinson has obtained at least \$400,000 from investors by fraudulently inducing them to purchase stock in Cellular Video or a predecessor company.
2. Cellular Video stock is currently being offered to the public under a purported registration exemption.

3. Defendant's materials offering the sale of Cellular Video stock or that of a predecessor company contain numerous false and materially misleading statements.
4. Robinson and Cellular Video, directly or indirectly, have engaged, are engaging and are about to engage in transactions, acts, practices and courses of business that constitute violations of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§77e(a), 77e(c); Section 17(a) of the Securities Act, 15 U.S.C. §77q(a); Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §78j(b); and Rule 10b-5, 17 C.F.R. §240.10b-5.
5. Unless they are enjoined, Defendants will continue to engage in the transactions, acts, practices and courses of business set forth in this Complaint and in transactions, acts, practices and courses of business of similar type and object.

#### **JURISDICTION AND VENUE**

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act, 15 U.S.C. §77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. §78u(d), seeking to temporarily, preliminarily, and permanently restrain and enjoin the Defendants from engaging in the transactions, acts, practices and courses of business alleged herein.
7. The Commission also seeks a judgment ordering Defendants to account for and disgorge their ill-gotten gains, together with prejudgment interest thereon, and for Robinson to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. §77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. §78u(d)(3), an officer and director bar for Robinson pursuant to Section 20(e) of the Securities Act, 15

U.S.C. §77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. §78u(d)(2), and such other relief as is just and equitable.

8. The Commission also seeks certain interim equitable relief during the pendency of this action, including a limited freeze of the Defendants' assets, expedited discovery, and a verified accounting.

9. Defendants, directly and indirectly, have made use of the means or instrumentalities of transportation or communication in, and the means or instrumentalities of, interstate commerce, and of the mails, in connection with the transactions, acts, practices and courses of business alleged herein, including the Internet.

10. Certain of the transactions, acts, practices and courses of business occurred within the Southern District of New York. Defendants sold Cellular Video stock to investors located in the Southern District of New York. Defendants also placed stock offer advertisements in local newspapers targeted to investors residing in the Southern District of New York.

### **DEFENDANTS**

11. **Robinson**, age 53, resides in Hagerstown, Maryland.

12. **Cellular Video** is a Delaware corporation headquartered in Maryland.

- a. Cellular Video claims that it is authorized to do business in every state;
- b. Cellular Video purports to manufacture and sell car alarms which transmit video and audio data in real time, from inside a vehicle, using a cellular telephone;
- c. Cellular Video has at least 200 shareholders of its common stock.

- d. Cellular Video's founder and Chief Executive Officer ("CEO") is Robinson; and
- e. Prior to incorporating Cellular Video on November 5, 1999, Robinson operated his stock sales and financing activities under the name United States Wireless ("USW").

#### **DEFENDANTS' USE OF THE INTERNET**

13. The Internet is a worldwide system of computer networks that allows for the transmission and receipt of information. A well-known feature of the Internet is the World Wide Web (the "Web"). The Web is a network of computers. Each computer, upon connection to the network, is assigned a specific and unique electronic address. Files within these computers are also assigned addresses. These files are commonly called "web sites." People wishing to create a web site lease the rights to an address by registering the address with Network Solutions, Inc., the registry holder. After registering the address, the person then creates content, called "web pages" that they attach to the address. To navigate between web pages, users need only to select the desired address. Upon selecting an address, the user's computer communicates over telephone lines, cable lines or satellite connections with the computer having the desired address. The distant computer then transmits a welcoming web page, called a "home page." These web pages can contain virtually any data that the owner has and wishes to display.

14. Using the Internet, information may be transported across state lines. For example, any user anywhere in the United States (and the world) with access to the Internet can access a web site. Accordingly, the Internet is a means or instrumentality of

interstate commerce as it relates to the sale and offer to sell stock in Cellular Video by Defendants.

15. Cellular Video has had a web site that has been located at [www.cellularvideocaralarms.com](http://www.cellularvideocaralarms.com). The "www." indicates that the site is accessible through the Web.

"Cellularvideocaralarms" is the name chosen by the owner of the web site, Robinson, and registered with Network Solutions, Inc. The ".com" indicates a commercial organization.

16. Robinson is the registered owner of the web site as reflected in the records of Network Solutions, Inc.

17. Cellular Video's web site lists a number of inducements to buy stock in Cellular Video, and includes instructions for contacting the company to buy the stock. Robinson and Cellular Video are therefore using the web site as a means of interstate commerce for advertising, selling and offering to sell stock.

#### **DEFENDANTS' FRAUDULENT SCHEME**

18. Since at least September 1999, Defendants have made offers to sell and sold common stock in Cellular Video or USW.

19. On September 28, 1999, Robinson and USW publicly disseminated a statement through PR Newswire, a company which disseminates "press releases" for a fee, announcing the offer for sale of USW stock (the "Release").

20. In the Release, Robinson, on behalf of USW, made false and misleading statements and projections concerning the company and its "products" in offering to sell the common stock of USW.

21. Robinson, on behalf of USW, claimed their product was a car alarm ("Alarm System") that allowed the owner of a vehicle to see and hear a break-in to the vehicle

while in progress. It allegedly contained the following features: a motion sensor to detect an intruder, a camera, and a transmitter to dial a special cell phone with a receiver and video display ("Phone Viewer") and begin real-time video and audio wireless transmission of the break-in from the camera in the car to this Phone Viewer.

22. In September 1999, Robinson and USW did not have a working product or even a prototype of any of their alleged products.

23. Robinson, on behalf of USW, included financial projections in the Release. These projections, individually and in their cumulative effect, were materially false and misleading. The projections included, *inter alia*:

- a. that USW had a \$20 million budget for advertising on "television, the internet, automotive commuter roadside billboards, magazines and newspapers in the top thirty largest U.S. Markets;"
- b. that there would be 90 million Alarm Systems and 60 million Phone Viewers over the next four years; and
- c. that sales would generate \$30 billion of revenue by 2003.

24. Each of the above projections was materially false and misleading because, *inter alia*, Robinson and USW had no product ready to market, no financing other than the sale of USW stock, no reasonable expectation that any of these factors would materialize, no cellular service carrier through which to transmit Alarm System data, no bona fide contracts with any person to manufacture a specific product, and no employees, beyond Robinson and two clerical staff, to produce, sell, ship or service any USW products.

25. Robinson incorporated Cellular Video as a Delaware corporation on November 5, 1999. Thereafter, he apparently ceased to use USW as the vehicle for his stock sales and fundraising activities.

26. On November 19, 1999, Robinson, on behalf of Cellular Video, filed with the Commission a Form D, thereby notifying the Commission of an offering for sale of Cellular Video stock which Robinson and Cellular Video claimed was exempt from the registration requirements of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c), pursuant to Rule 504, 17 C.F.R. §230.504. The Form D filed by Robinson indicated, *inter alia*, a total stock offering of \$1 million, the maximum allowed under Rule 504(b)(2), 17 C.F.R. §230.504(b)(2).

27. On March 31, 2000, Robinson, on behalf of Cellular Video, paid the Iowa Press Association ("Iowa News") to place an advertisement he wrote offering to sell to prospective investors the common stock of Cellular Video in regional papers within Iowa.

28. The advertisement stated, *inter alia*,

"2.5G [2½ Generation] Multipurpose Wireless Video Alarm System E-Business positioned for multibillion dollar growth with proprietary mobile wireless digital personal security alarm system for cars, RVs, and homes. Growth estimate for this new wireless e-business \$44 billion by 2005. Common stock \$1.25 a share."

28a. These statements were materially false and misleading because, *inter alia*, Robinson and Cellular Video had no product, no financing other than the sale of Cellular Video stock, no reasonable likelihood that any of these factors would materialize, no cellular service carrier through which to transmit Alarm System data, no bona fide contracts with any person to

manufacture a specific product, and no employees, beyond Robinson and two clerical staff to produce, sell, ship or service any Cellular Video products.

29. The advertisement further stated that the offering was being made pursuant to a private placement memorandum, and referred the reader to the Cellular Video web site (See ¶¶37-51), thereby incorporating its contents by reference.

30. At Robinson's request, this same advertisement was sent by Iowa Press Association to the Press Associations of Michigan and Pennsylvania for publication in their participating newspapers the week of April 9, 2000.

31. At least one newspaper, the Philadelphia "New Observer," published the advertisement. The advertisement appeared in the "New Observer" on April 13, 2000.

32. The advertisements that were disseminated in Pennsylvania and Michigan contained the same material false and misleading statements and omissions as described in ¶28.

33. Robinson placed an advertisement on behalf of Cellular Video offering Cellular Video common stock for sale in the "Investors Business Daily" on May 1, 2000 ("May 1<sup>st</sup> advertisement.")

34. The May 1<sup>st</sup> advertisement stated, *inter alia*, that

"3G [3<sup>rd</sup> Generation] wireless video car alarms will grow to \$100,000,000,000 by 2008 with 85% of the proprietary wireless handset technology based security devices and systems for car, RV, and other home users...."

34a. This statement was materially false and misleading because, *inter alia*, Robinson and Cellular Video had no product, no financing other than the sale of Cellular Video stock, no reasonable expectation that any of these



factors will materialize, no cellular service carrier through which to transmit Alarm System data, no bona fide contracts with any person to manufacture a specific product, and no employees, beyond Robinson and two clerical staff to produce, sell, ship or service any Cellular Video products.

35. Robinson placed an advertisement on behalf of Cellular Video offering Cellular Video common stock for sale in "The Record" of Bergen County, New Jersey on June 22, 2000 ("June 22<sup>nd</sup> advertisement);

36. The June 22<sup>nd</sup> advertisement stated, *inter alia*, that the product will be "starting this fall on AT&T."

36a. This statement was materially false and misleading because there was (1) no Cellular Video product and (2) no such agreement between AT&T and Cellular Video.

37. On June 22, 2000, the Cellular Video web site contained a home page and an "Offering Circular and Private Placement Memorandum"

38. Robinson, on behalf of Cellular Video, wrote the advertising literature placed on the cellularvideocaralarms.com web site.

39. The home page on June 22, 2000 made the claim, *inter alia*, that Cellular Video's product would be carried on AT&T's bandwidth.

39a. This claim was materially false and misleading because there was (1) no Cellular Video product and (2) no such agreement between AT&T and Cellular Video.

40. Cellular Video's Offering Circular offered for sale 8 million shares of Cellular

Video common stock at a price of \$1.25 per share, for a total offering of \$10 million.

41. The Offering Circular, *inter alia*, described Cellular Video's purported products and contained details concerning the offer of Cellular Video stock.

42. The Offering Circular stated, *inter alia*, that Cellular video had a "management team" that was

"knowledgeable in telecommunications marketing, strategic planning, and utilizes alliances, OEM contracts, component, microplatform and wireless terminal vendors in the deployment and operations of the [Alarm System] and [Phone Viewer] system technology."

42a. This statement was materially false and misleading because there were no active Cellular Video management personnel other than Robinson.

43. The Offering Circular stated that Cellular Video's products would be "co-branded in cooperation with AT&T Bell Research Lab and the Wireless Products Division."

43a. This statement was materially false and misleading because there was (1) no Cellular Video product and (2) no such agreement between AT&T and Cellular Video.

44. The Offering Circular stated that Cellular Video's product would bear the AT&T logo.

44a. This statement was materially false and misleading because there was (1) no Cellular Video product and (2) no such agreement between AT&T and Cellular Video.

45. The Offering Circular stated that Cellular Video's product would be sold "through 8,802 AT&T stores and retail outlets."

- 45a. This statement was materially false and misleading because there was (1) no Cellular Video product and (2) no such agreement between AT&T and Cellular Video.
46. The Offering Circular stated that Cellular Video's product would be carried on AT&T's bandwidth.
- 46a. This statement was materially false and misleading because, *inter alia*, there was (1) no Cellular Video product and (2) no agreement between Cellular Video and any Cellular service carrier, including AT&T.
47. The Offering Circular stated that several companies, including Nokia, would be providing vendor support for Cellular Video equipment.
- 47a. This statement was materially false and misleading because there was (1) no Cellular Video product and (2) no such agreement between Nokia and Cellular Video.
48. The Offering Circular contained several pictures which appeared to be video cellular phones of various companies which allegedly would provide support for Cellular Video's products, including Nokia.
- 48a. The publication of these pictures was materially false and misleading at least because there was (1) no Cellular Video product and (2) no such agreement between Nokia and Cellular Video.
49. Robinson and Cellular Video made wildly optimistic projections in the Offering Circular. These projections, individually and in their cumulative effect, were materially false and misleading.

50. The projections in the Offering Circular, which Robinson placed on the Internet for Cellular Video, included, *inter alia*, the following:

- a. that Cellular Video had an \$18 million budget to “direct e-business sales to our Internet order processing location” through the use of “800 giant Billboards in full view beside Interstate highways, Beltways and Expressways...;”
- b. that 40 million Alarm System units and 30 million Phone Viewer units would be in use by the end of 2002;
- c. that Alarm System and Phone Viewer annual unit sales would be \$4.97 billion by 2002;
- d. that unspecified and unexplained “new activation services” would generate sales of \$11.97 billion by 2002;
- e. that there would be additional revenue of \$6 billion from sales of Cellular Video’s products for burglary prevention;
- f. that there would be additional revenue of \$7.18 billion from similarly unspecified and unexplained “wireless activation services” relating to the burglary prevention sales; and
- g. that Cellular Video’s products were projected to generate company growth to \$44 billion per year by 2005.

51. Each of the above projections is materially false and misleading because Robinson and Cellular Video, *inter alia*, had no product, no marketing or distribution agreement with AT&T, no vendor service contract with Nokia, no financing other than the sale of Cellular Video stock, no reasonable expectation that any of these factors will

materialize, no cellular service carrier through which to transmit Alarm System data, no bona fide contracts with any person to manufacture a specific product, and no employees, beyond Robinson and two clerical staff to produce, sell, ship or service any Cellular Video products.

52. Robinson revised the web site on July 3, 2000.

53. The revised web site consisted solely of a revised home page.

54. In the revised home page, Robinson deleted the link to the Offering Circular and included, for the first time, a purported picture of the putative car alarm.

54a. The publication of these pictures was materially false and misleading at least because there was no working Cellular Video product.

55. Robinson, on behalf of Cellular Video, paid the New York Times to publish, on July 9, 2000, an advertisement offering Cellular Video common stock for sale ("July 9<sup>th</sup> advertisement.")

56. The July 9<sup>th</sup> advertisement stated, *inter alia*, that the product would be "starting this fall on AT&T."

56a. This statement was materially false and misleading because there was (1) no Cellular Video product and (2) no such agreement between AT&T and Cellular Video.

57. The July 9<sup>th</sup> Advertisement included a reference to the CVCA.com web site which directed users to call for the Offering Circular, thus incorporating it by reference.

57a. The above statement included materially misleading and false statements because of the misrepresentations within the Offering Circular. (See ¶¶39-50, above).

## **FIRST CLAIM FOR RELIEF**

### **Defendants violated of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c)**

58. The Commission repeats and realleges the allegations contained in paragraphs 1 through 57 above.

59. The shares of Cellular Video are securities, within the meaning of the Securities Act (Section 2(1) of the Securities Act, 15 U.S.C. §77b(1)).

60. Sections 5(a) and 5(c) of the Securities Act prohibit the sale and offer for sale of any security unless a registration statement is filed or in effect with regard to that security, or there is an exemption from that requirement. (Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c)).

61. No registration statement has been filed with the Commission that is in effect with regard to any sales of stock by Cellular Video or Robinson.

62. Cellular Video's sales and offers for sale of Cellular Video stock did not comply with the conditions of Rule 504(b), 17 C.F.R. §230.504(b). Specifically, Robinson and Cellular Video violated the ban on general solicitation and general advertising, and the limitation on the amount sought to be raised.

63. Defendants have made, and are about to make, offers and sales of shares of Cellular Video, as described above, which do not qualify for any exemption from the registration requirements of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c).

64. Defendants, directly and indirectly, made use of the means and instrumentalities of transportation and communication in interstate commerce, and of the mails, to sell Cellular Video securities; and carried or caused to be carried through the mails or in

interstate commerce Cellular Video securities for purposes of sale or for delivery after sale, while there was no registration in effect for such securities.

65. By reason of the transactions, acts, practices and courses of business set forth above, Defendants have violated and, unless restrained and enjoined, will again violate Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§77e(a), 77e(c).

### **SECOND CLAIM FOR RELIEF**

*Defendants violated of Section 17(a) of the Securities Act, U.S.C. § 77t(a)*

66. The Commission repeats and realleges the allegations contained in paragraphs 1 through 57 above.

67. Defendants, directly and indirectly, singly and in concert, in the offer and sale of Cellular Video securities by the use of a means or instrument of communication in interstate commerce: (a) have employed a device, scheme, or artifice to defraud; (b) in order to obtain money or property, have made untrue statements of material fact, or have omitted 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) have engaged in transactions, acts, practices, and courses of business which have operated as a fraud or deceit upon purchasers and prospective purchasers of Cellular Video stock.

68. By reason of the transactions, acts, practices and courses of business set forth above, Defendants have violated and, unless restrained and enjoined, will again violate Section 17(a) of the Securities Act, 15 U.S.C. § 77t(a).

### **THIRD CLAIM FOR RELIEF**

*Defendants violated Section 10(b) of the Exchange Act,*

U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5

69. The Commission repeats and realleges the allegations contained in paragraphs 1 through 57 above.

70. Defendants, directly and indirectly, singly and in concert, knowingly or recklessly, by use of the means or instruments of transportation or communication in, and the means or instruments of, interstate commerce and by use of the mails, in connection with the purchase or sale of Cellular Video securities: (a) have employed, are employing and are about to employ, devices, schemes or artifices to defraud; (b) have obtained, are obtaining and are about to obtain, money or property by means of, or otherwise have made, are making and are about to make, untrue statements of material fact, or have omitted, are omitting and are about to omit, to state material facts necessary to make the statements, in the light of the circumstances under which they were made, not misleading; or (c) have engaged, are engaging, and are about to engage in transactions, acts, practices and courses of business which have operated, are operating or will operate, as a fraud or deceit upon purchasers and prospective purchasers of Cellular Video securities or other persons.

71. Defendants, and those working at their direction, made and caused to be made the false or misleading statements, and omitted and caused to be omitted disclosures of material facts described in paragraphs 1 through 57 above.

72. The false and misleading statements and omissions set forth in paragraphs 1 through 57 above were material.

73. As part and in furtherance of this violative conduct, Defendants knowingly or recklessly engaged in the fraudulent conduct alleged in paragraphs 1 through 57 above.



74. By reason of the transactions, acts, practices and courses of business set forth above, Defendants have violated and, unless restrained and enjoined, will again 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.

## **RELIEF REQUESTED**

**WHEREFORE**, Plaintiff respectfully requests that this Court enter final judgments:

### **I.**

**A.** Enjoining defendants Robinson and Cellular Video from future violations of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. § 77e(a).

**B.** Enjoining defendants Robinson and Cellular Video from future violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

**C.** Enjoining defendants Robinson and Cellular Video from future violations 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.

### **II.**

Directing Robinson and Cellular Video to account for and disgorge all proceeds they have received from the fraudulent conduct alleged in this Complaint and to pay prejudgment interest thereon.

### **III.**

Ordering Robinson to pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

### **IV.**

Prohibiting Robinson from acting as an officer or director of any issuer required to register under Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports under Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), for such period of time as the Court may deem just and proper, pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

V.

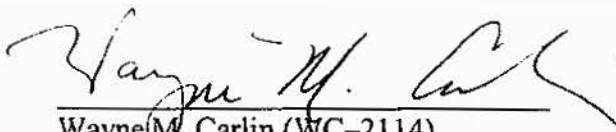
Grant such other and further relief as is just and proper.

**DEMAND FOR JURY TRIAL**

Plaintiff Securities and Exchange Commission demands a jury trial pursuant to Rule 38(b) of the Federal Rules of Civil Procedure for all issues so triable.

Dated: New York, New York  
October 3, 2000

Respectfully submitted,



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