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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

- against -

WELLNESS UNIVERSE CORPORATION,
SYNPAN CORPORATION, and
GEORGE CHARLES PAPPAS,

Defendants,

PAUL GEORGE PAPPAS, KARYN L. PAPPAS,
KYRIAK W. PAPPAS, MAKYPA,
BROOKS WILLIAMS, TOBIAS WEISSMAN,
IRIS B. COLEMAN, JOANN CINGARI,
and LOUISE FIORENZA,

Relief Defendants.
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**COMPLAINT AND
JURY DEMAND**

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint
against defendants Wellness Universe Corporation (“Wellness”), Synpan Corporation
 (“Synpan”), and George Charles Pappas (“George Pappas”) (collectively, the “Defendants”),
and relief defendants Paul George Pappas (“Paul Pappas”), Karyn L. Pappas (“Karyn
Pappas”), Kyriak W. Pappas (“Kyriak Pappas”), Makypa, Brooks Williams (“Williams”),

Tobias Weissman ("Weissman"), Iris B. Coleman ("Coleman"), Joann Cingari ("Cingari"), and Louise Fiorenza ("Fiorenza") (collectively the "Relief Defendants"), alleges as follows:

1. In a "pump and dump" scheme largely conducted over the internet, Wellness, Synpan and George Pappas, the Chief Executive Officer ("CEO") of Wellness and the Chairman and CEO of Synpan, have, since in or around December 1999, been defrauding investors by issuing false and misleading press releases to drive up the price of Wellness stock, and then selling Wellness stock to the public at inflated prices. Specifically, Synpan claimed in various press releases that it planned to buy an internet business for \$500 million, that it would conduct an initial public offering of its stock for \$1 billion, and that it had hired an experienced executive to operate its internet business. Synpan claimed that Wellness shareholders would benefit from these plans because Synpan intended to purchase Wellness stock and merge the businesses. These claims, posted on the internet, caused Wellness stock to rise from approximately \$.10 per share in December 1999 to over \$1.00 per share in early February 2000. During this time, George Pappas, through the Relief Defendants -- members of his family and other nominees -- was able to sell approximately 3.7 million shares of Wellness stock to the public for an aggregate of approximately \$2.5 million. This scheme has temporarily been checked by the entry of a February 11, 2000 order by the Commission suspending trading in Wellness stock until February 25, 2000.

2. Defendants, directly or indirectly, have engaged, are engaging and are about to engage in transactions, acts, practices and courses of business that constitute or would constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15

U.S.C. § 77q(a), and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

3. Unless they are temporarily restrained and preliminarily and permanently 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

4. 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 Defendants from engaging in the transactions, acts, practices and courses of business alleged herein. The Commission also seeks an order freezing Defendants’ assets and certain of Relief Defendants’ assets pending the resolution of this action, and directing Defendants and Relief Defendants to account for their ill-gotten gains. In addition, the Commission seeks a final judgment ordering Defendants and Relief Defendants to disgorge ill-gotten gains plus prejudgment interest thereon. Finally, the Commission brings this case 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), seeking civil penalties against the Defendants.

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

occurred within the Southern District of New York, including the transfer of Wellness stock by George Pappas to certain Relief Defendants and the sale of Wellness stock by Relief Defendants.

DEFENDANTS

6. *Wellness* is a Minnesota corporation with principal offices in Bloomington and Minneapolis, Minnesota. It was incorporated in June 1992 and previously known as Worldwide Leisure Corporation, Majestic Development & Management Corporation, and Majestic Casino Management Corporation. Currently, it purports to be “an umbrella organization of health and wellness services and alliances, . . . [including] public and private companies in destination resorts, Wellness-oriented health services and Wellness communications.” Wellness’ securities are not registered with the Commission and Wellness has not filed any periodic reports with the Commission. From at least on or about May 4, 1999 through February 10, 2000, the bid and ask prices for Wellness’ stock were quoted on the Over The Counter Bulletin Board (“OTCBB”). George Pappas is the Chief Executive Officer of Wellness and is purportedly a controlling shareholder. By order dated February 11, 2000, the Commission suspended trading in Wellness securities until February 25, 2000, “because of questions about the accuracy and adequacy of publicly disseminated information concerning, among other things: the business prospects of Wellness and Synpan; the employment of Synpan officers; and a purportedly planned initial public offering of Synpan securities.”

7. *Synpan* is a Delaware corporation founded and wholly-owned by George Pappas, who is its Chairman and CEO. Synpan's securities are not registered with the Commission and Synpan has not filed any periodic reports with the Commission.

RELIEF DEFENDANTS

8. *George Pappas* is 64 years old and lives in New York, New York. George Pappas is the Chairman and CEO of Wellness and Synpan.

9. *Paul Pappas* is over 21 years old and lives in New York, New York. Paul Pappas is George Pappas' son.

10. *Kyriak Pappas* is over 21 years old and lives in New York, New York. Kyriak Pappas is George Pappas' son.

11. *Karyn Pappas* is over 21 years old and lives in New York, New York. Karyn Pappas is George Pappas' daughter-in-law.

12. *Makypa* is a partnership established by Paul Pappas, Karyn Pappas, and Kyriak Pappas to sell Wellness stock.

13. *Brooks Williams* lives in New York, New York and is an associate of George Pappas.

14. *Weissman* and *Coleman* are married and live in Leonia, New Jersey. Weissman is the Vice-Principal of Fort Hamilton High School in Brooklyn, New York, where George Pappas' sister, Helen Pappas, works as his assistant. Weissmann and Coleman have at least one joint account at Paine Webber Incorporated ("Paine Webber").

15. *Cingari* lives in Brooklyn, New York and is a teacher at Fort Hamilton High School.

16. *Fiorenza* lives in Brooklyn, New York and is a teacher's assistant at Fort Hamilton High School.

THE FRAUDULENT SCHEME

George Pappas and His Family Control Substantial Amounts of Wellness Common Stock

17. By on or about December 15, 1999, George Pappas and members of his family owned or controlled at least 82,890,000 shares of the common stock of Wellness. Those shares were held in the following securities brokerage accounts at Merrill Lynch, Pierce, Fenner & Smith, Inc. ("Merrill Lynch"):

Account Number	Account Name	Shares of Wellness
278-72686P	George C. Pappas	59,500,001
278-71454	Paul G. Pappas	6,973,333
278-71451P	Karyn L. Pappas	7,083,333
278-71455P	Kyriak W. Pappas	7,833,333
278-76989	Paul G. Pappas, Karyn L. Pappas and Kyriak Pappas JTWROS	1,500,000

Defendants Issue A Flurry Of Misleading Press Releases Designed To Inflate the Price of Wellness Stock

18. From on or about December 15, 1999 through on or about February 2, 2000, Defendants issued a series of materially false and misleading press releases. These press releases were posted on Synpan's corporate website (www.synpan.com), and on other Internet websites, including Yahoo!, and PR Newswire.

19. The press releases, which constitute the only information publicly available concerning Wellness' and Synpan's specific business plans and financial condition, are designed to convince potential investors that Synpan and Wellness will soon be combined in a billion dollar internet-based health-related business.

20. In December 1999, Synpan issued press releases announcing that it would acquire Wellness, consolidate Wellness' and Synpan's businesses, and expand by acquiring e-commerce businesses.

21. Specifically, Synpan issued the following releases:

- a. On or about December 15, 1999, Synpan issued a press release entitled "Synpan Corporation will Bid To Acquire the Issued and Outstanding Shares of Wellness Universe Corporation, A Public Company (OTC Bulletin Board: WELU), Terms to be Agreed Upon a Friendly Basis."
- b. On or about December 22, 1999, Synpan issued a press release entitled "Synpan Corporation (www.synpan.com) Will Merge All Its Business Activities, Including Wellness Universe Corporation (OTC Bulletin Board: WELU) Under the Synpan(TM) Label." That release also stated that "Synpan Corporation will bring all its business activities under the Synpan name, to act as a holdings [sic] corporation and expand through aggressive mergers and acquisitions of e-commerce related business."
- c. On or about December 23, 1999, Synpan issued a press release entitled "Synpan Will Spend \$500 Million to Acquire a Website." The release also stated that "Wellness Universe Corporation (OTC Bulletin Board: WELU) Will be Part of

the Cash and Stock Transaction.”

22. The press releases described in paragraph 21 above were materially false or misleading because, among other things, Synpan did not have the resources to make a \$500 million acquisition, and therefore there was no basis for the claim that Wellness shareholders would somehow benefit from such an acquisition.

23. Synpan also claimed that it would be able to raise \$1 billion through an IPO, and that Wellness shareholders would be able to benefit by either exchanging Wellness shares for Synpan shares at a discounted rate, or by the purchase of Wellness shares by Synpan.

24. Specifically, Synpan issued the following releases:

- a. On or about December 27, 1999, Synpan issued a press release entitled “Synpan Proposes a \$1 Billion Public Offering.” The release stated, in pertinent part, that “Synpan.com intends to file a registration statement with the Securities and Exchange Commission for a proposed initial public offering of shares of its common stock for approximately \$1 billion in proceeds” and that “Wellness . . . Public Stockholders Will Receive Cash And/Or Stock in the Proposed Offering” which Synpan claimed would be filed “within the first quarter of 2000.”
- b. On or about January 7, 2000, Synpan issued a press release stating that “The Synpan Team intends to Go With a Leading Wall Street Underwriter and a Firm \$1 Billion IPO Offering for the First Quarter of 2000.”
- c. On or about January 20, 2000, Synpan issued a press release entitled “Synpan.com Announces Plans to File Registration Statement.” The release stated, in pertinent part, that “within 60 business days” “Synpan.com intends to

file a registration statement with the Securities and Exchange Commission for a proposed initial public offering of its common stock for approximately \$ 1 Billion in proceeds.”

- d. Synpan issued a second release on January 20, 2000, entitled “Stockholders of Wellness Universe Corporation Stand to Benefit From Synpan’s Initial Public Offering.” That release quoted George Pappas as stating “that the shareholders of Wellness Universe Corporation will be given an opportunity to convert their [Wellness] shares into Synpan shares at a discounted rate” and “will be given conversion rights, with excellent discounted terms and will benefit from Synpan’s announced plans to file an SEC registration statement for a proposed initial public offering of its common stock for approximately \$ 1 Billion in proceeds.”
- e. The next day, on January 21, 2000, Synpan issued a press release entitled “Synpan Corporation Plans to Acquire Wellness Universe Corporation @ \$6.00 Per Share.” The release also stated that “Synpan Corporation, in preparation for its intentions to file a registration statement with the SEC within 60 days, for an IPO of it’s common stock for approximately \$ 1 Billion in proceeds, plans to offer Wellness Universe Corporation . . . \$6.00 per share for all the WELU shares, issued and outstanding shares, and payable in Synpan public stock.”

25. The press releases described in paragraph 24 above were false or misleading in that, among other things, there was no basis for the assertion that Synpan would be able to raise \$1 billion through an IPO of its stock, there was no basis for the assertion that Synpan

would be able to pay \$6 per share for Wellness stock, and therefore there was no basis for the claim that Wellness shareholders would benefit from such an IPO.

26. On or about December 30, 1999, Wellness issued a press release entitled “WELU Proposes Launch of \$120 Million Cash Offer for Stock Buy-Back.” The release stated, in pertinent part, that “The Board of Directors of Wellness Universe Corporation Proposes to Launch a Cash Offer for the Issued and Outstanding Shares of WELU for up to \$120 Million” and that “The Proposed Cash Offer Launch Could Begin as Early as 3rd Week of January 2000.”

27. Wellness’ December 30 release was false or misleading since Wellness lacked the financial resources to pay \$120 million to repurchase its stock.

28. On or about February 2, 2000, Defendants issued a press release claiming that Synpan had “hire[d] Scott Zimmer, Former Vice-Chairman of Echostar Communications, as Director, President and Chief Operating Officer.” Echostar Communications Corp., a public reporting company with securities registered under Section 12(g) of the Exchange Act, has well over \$1 billion in total assets. The press release stated that Zimmer would “run the business affairs of Synpan Corporation” and attributed to Zimmer a quote praising George Pappas as “an excellent entrepreneur, a great visionary, a master strategist and negotiator with impeccable references and international business experience.”

29. The February 2, 2000 Synpan press release is false or misleading. Scott Zimmer never agreed to work for Synpan, Wellness or Pappas, and never made the statement attributed to him in the release.

**Defendants' Misleading Press Releases Cause
A Dramatic Rise In The Price And Trading
Volume Of Wellness Stock**

30. From May through December 1999, Wellness' stock was quoted on the OTCBB at prices ranging from approximately \$.03 per share to approximately \$.18 per share, with daily volumes in the tens of thousands of shares range.

31. From late December 1999 through February 11, 2000, the price of Wellness stock soared to a peak of approximately \$1.10, with daily volumes in the millions of shares. From January 21, 2000 through February 1, 2000 alone, nearly 23 million Wellness shares were traded.

32. During the two days prior to the trading suspension, Wellness stock closed at \$.41 cents per share and \$.375 cents per share, respectively, on total volume each day of over 300,000 shares.

**George Pappas, Through The Relief Defendants,
Sells Nearly 3.7 Million Shares of Wellness Stock
For Over \$ 2.5 Million**

33. As set forth in paragraph 17 above, by December 15, 1999, there were at least 82,890,000 shares of Wellness common stock in five Merrill Lynch accounts in the names of George Pappas, his two sons, Paul Pappas and Kyriak Pappas, and his daughter-in-law, Karyn Pappas.

34. Beginning after the first press release on December 15, 1999, Wellness shares were sold from an account jointly held by Paul Pappas, Kyriak Pappas and Karyn Pappas (the "Joint Account"), and from the Makypa account. Wellness stock was transferred into the Joint Account and the Makypa account from Paul Pappas', Kyriak Pappas and Karyn Pappas'

individual accounts, and a portion of the proceeds of those sales was transferred back to the individual accounts. By February 11, 2000, approximately 4,425,500 Wellness shares had been sold from the Joint Account and the Makypa account for over \$2,368,788. Of this amount, \$35,000 was transferred to George Pappas' Merrill Lynch account by early February 2000.

35. In early January 2000, George Pappas transferred 400,000 shares of Wellness stock from his Merrill Lynch account to Weissman's and Coleman's joint account at Paine Webber. Weisman and Coleman then transferred 100,000 shares of Wellness to Cingari's Paine Webber account and 50,000 shares of Wellness to Fiorenza's Paine Webber account. Thereafter, in January 2000, Weissman, Coleman, Fiorenza and Cingari collectively sold 190,000 Wellness shares for total proceeds of over \$106,000. Of these proceeds, they transferred \$37,400 to George Pappas.

36. On or about January 11, 2000, George Pappas transferred 1,000,000 shares of Wellness stock from his Merrill Lynch account to Williams' Merrill Lynch account. Thereafter, Williams sold 70,000 Wellness shares for over \$54,000.

CLAIM FOR RELIEF AGAINST DEFENDANTS

Violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77t(a), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5

37. The Commission repeats and realleges the allegations contained in paragraphs 1 through 36 above.

38. Defendants, directly and indirectly, knowingly or recklessly, by use of the means or instruments of transportation or communication in, and the means or instruments of,

interstate commerce or by use of the mails, in the offer or sale, and in connection with the purchase or sale, of 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 has 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 or other persons.

39. As part and in furtherance of the foregoing conduct, Defendants issued false and misleading press releases, as described in paragraphs 18 through 29 above, to increase the demand for Wellness common stock, and then George Pappas sold shares of Wellness common stock at inflated prices through the Relief Defendants.

40. At the time they made the representations described in paragraphs 18 through 29 above, George Pappas, Synpan, and Wellness each knew or recklessly disregarded that the representations were false and misleading.

41. Defendants' false and misleading statements, set forth in paragraphs 18 through 29 above, were material.

42. 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), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

CLAIM FOR RELIEF AGAINST RELIEF DEFENDANTS

43. The Commission repeats and realleges the allegations contained in paragraphs 1 through 42 above.

44. Relief Defendants obtained funds described above as part of and in furtherance of the securities violations alleged in paragraphs 37 through 42 and under circumstances in which it is not just, equitable or conscionable for them to retain the funds. As a consequence of the foregoing, Relief Defendants have been unjustly enriched.

RELIEF REQUESTED

WHEREFORE, Plaintiff respectfully requests that this Court:

A. Temporarily restrain and preliminarily and permanently enjoin Defendants from future violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5.

B. Order Defendants and Relief Defendants to file a verified written accounting.

C. Order Defendants and Relief Defendants to disgorge their ill-gotten gains and prejudgment interest thereon.

D. Assess penalties against Defendants 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), for the violations alleged herein.

E. Freeze Defendants' assets.

F. Freeze Relief Defendants' Wellness stock and other assets derived from the sale of Wellness stock.


- G. Prohibit Defendants and Relief Defendants from destroying, altering, or concealing documents.
- H. Grant such other and further relief as is just and proper.

DEMAND FOR JURY TRIAL

Plaintiff, pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, hereby demands a trial by jury for all issues so triable.

Dated: New York, New York
February 15, 2000

Respectfully submitted,


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