

ORIGINAL

FILED IN CLERK'S OFFICE

D-APQ
SEP 01 2000

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

LUTHER... Clerk
By [Signature] Deputy Clerk

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,
RONALD J. GOLDBERG,
Defendant.

Civil Action File No.
1 UO-CV-2297 **BBM**
COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendant Ronald J. Goldberg ("Goldberg") alleges as follows:

PRELIMINARY STATEMENT

1. The Commission brings this action to enjoin Goldberg from further attempts to sell the securities of GlobeNet Capital Corp. ("GlobeNet") through fraudulent means. From February through May, 2000, Goldberg, who is presently incarcerated in the United States Penitentiary - Atlanta, Georgia ("USP - Atlanta"), caused at least four false and misleading advertisements concerning GlobeNet to be posted on the eBay and Yahoo! auction sites. By knowingly causing these false statements to be made, Goldberg violated Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §77q(a), Section 10(b) of the Securities and 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.

2. The Commission seeks a judgment against Goldberg: (a) permanently enjoining him from future violations of the federal securities laws; and (b) ordering him to pay civil

FILED... [Signature] ✓
LUTHER... [Signature] ✓
By [Signature] ✓
[Signature]

penalties pursuant to Sections 20(d) of the Securities Act and 21(d)(3) of the Exchange Act. Unless he is permanently restrained and enjoined, Goldberg 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

3. The Commission brings this action 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). The Commission also seeks a final judgment ordering Goldberg 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), and such other relief as is just and equitable.

4. The Commission, pursuant to the authority conferred upon it by Sections 10(b) and 23(a) of the Exchange Act, 15 U.S.C. §§ 78j(b), 78w(a), has promulgated Rule 10b-5, 17 C.F.R. § 240.10b-5, which was in effect during the time period of the allegations contained herein.

5. This Court has jurisdiction over this action pursuant to Section 21(e) of the Exchange Act, 15 U.S.C. § 78u(e).

6. Defendant, directly and indirectly, has made use of the means or instrumentalities 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, including use of the Internet. Certain of the transactions, acts, practices, and courses of business occurred within the Northern District of Georgia, including Goldberg's use of telephones at the USP - Atlanta.

DEFENDANT

7. **Goldberg, age 41, is currently incarcerated at the USP - Atlanta. In October 1984, while already imprisoned at the State Correctional Institute at Graterford, Pennsylvania, Goldberg engaged in a check-kiting scheme for which he was convicted of three counts of wire fraud under 18 U.S.C. §§ 2 and 1343, and three counts of causing the transportation of stolen property in interstate or foreign commerce under 18 U.S.C. §§ 2 and 2314. In August 1991, while imprisoned at the United States Penitentiary, Petersburg, Virginia, Goldberg obtained control of a stolen shipment of General Motors Acceptance Corp. bearer bonds worth \$15 million. While awaiting trial on these charges, Goldberg attempted to escape from custody. Thereafter, Goldberg was tried and convicted on several counts of possession and interstate transportation of stolen securities, bank fraud and attempted escape from prison. In January 1993, while imprisoned at the United States Penitentiary, Lewisburg, Pennsylvania, Goldberg submitted a forged order purportedly by a magistrate judge granting Goldberg an extension of time to file a response to a motion. Goldberg was indicted and found guilty by a jury of forging the signature of a United States magistrate judge in violation of 18 U.S.C. § 505, and knowingly making a false representation concerning a matter within the jurisdiction of a department of the United States in violation of 18 U.S.C. § 1001.**

DEFENDANT'S USE OF THE INTERNET

8. **The Internet is a worldwide system of computer networks that allows for the transmission and receipt of information. One of the best-known features of the Internet is the World Wide Web (the "Web"). The Web is a system of linkages, called hyperlinks ("links"), between files. Users can move between these files, which are stored on computers worldwide,**

simply by highlighting and selecting the desired file's link. Upon selection of a link, the computer communicates over telephone lines, cable lines, or satellite connection with the computer which houses the desired file, wherever it may be. The distant computer then transmits the file for display on the user's computer screen. These files are commonly called "web pages" or "home pages," and can contain virtually any data which the owner has and wishes to display.

9. On-line auction sites such as eBay and Yahoo! Auctions utilize the rapidity with which the Web transmits information to facilitate one-to-one trading in an auction format. Sellers advertise items for sale, providing a description (and often a picture) of the item. Sellers also may dictate a minimum acceptable bid amount and payment terms. Items are usually offered on Internet auction sites for a period of ten days. Following the close of the auction, sellers are provided with the contact information for the successful highest bidder, if any, in order to complete the transaction.

10. The Internet transports information across state lines. Any user anywhere in the United States (and the world) with access to the Internet can access any website or auction site. Accordingly, the Internet is a means or instrumentality of interstate commerce.

DEFENDANT'S FRAUDULENT SCHEME

11. GlobeNet, formerly Corporate Capital, Inc., was incorporated in Florida in 1994. GlobeNet's executive offices are located in Winter Park, Florida. GlobeNet is a holding company of a Florida broker-dealer. GlobeNet's officers include, among others, Monty Allen ("Allen"), who serves as GlobeNet's SVP, CFO, Treasurer and Secretary. GlobeNet was organized as an Internet-based, small cap, alternative trading system ("ATS") which is in the process of becoming operational. GlobeNet has completed several private placements of stock.

In a private placement during the first quarter of 2000, GlobeNet raised \$9.3 million.

GlobeNet's total shares outstanding of approximately 16,648,395 are held by approximately 3007 shareholders. GlobeNet has not registered with the Commission for an initial public offering of its stock.

12. Jeffrey A. Johnson ("Johnson") purchased a block of 100,000 shares of GlobeNet stock in a private placement offering by the GlobeNet in 1998.

13. In November 1999, while imprisoned at the USP - Atlanta, Goldberg arranged to purchase 20,000 shares of GlobeNet stock from Johnson for \$200,000.

14. Goldberg convinced Johnson to transfer title for 20,000 shares of GlobeNet common stock to him. In November 1999, Johnson arranged to have GlobeNet issue stock certificate no. 410 for 20,000 shares in Goldberg's name.

15. Goldberg and Johnson agreed that the 20,000 shares be held in an escrow account by Peter Hopkins ("Hopkins"), an attorney in Lake Placid, New York, pending Goldberg's payment for the stock. Stock certificate no. 410 was transferred to Hopkins to hold in escrow for Goldberg.

16. Goldberg never paid for the shares, which are held in escrow by Hopkins.

17. On two occasions in the fall of 1999, Goldberg telephoned Allen to solicit information concerning a possible date for a GlobeNet IPO and Allen's prediction as to a post-IPO stock price.

18. Allen responded to Goldberg that although the company planned to have an IPO eventually, the company was focused in the short-term on completing a private placement

offering and commencing business operations. Allen did not speculate about the price at which GlobeNet might trade following an IPO.

19. Early in 2000, Eliud Matos ("Matos"), a website designer who lives in Miami, Florida, agreed to post advertisements to the eBay and Yahoo! auction sites on Goldberg's behalf. Goldberg agreed to compensate Matos for his efforts, although the terms of such compensation were left open.

20. Goldberg persuaded Hopkins to send a color photocopy of GlobeNet stock certificate no. 410 to Matos.

21. Goldberg dictated to Matos the exact language that was to be posted to the Internet auction sites. Matos did not know whether the text to be posted on the auction sites was true and accurate.

FEBRUARY 16, 2000 eBay POSTING

22. On February 16, 2000, a posting made by Matos at Goldberg's direction on the eBay Internet auction site ("February 16, 2000 eBay posting") offered a 10,000 share block of stock in GlobeNet. The February 16, 2000 eBay posting featured a color photograph of GlobeNet stock certificate no. 410, the 20,000 share certificate in Goldberg's name which was being held in escrow by Hopkins.

23. The February 16, 2000 eBay posting stated, among other things, that
- (a) a GlobeNet initial public offering ("IPO") was "due out" in the second quarter of 2000, and
 - (b) following the IPO, GlobeNet stock "should begin trading at between \$22-\$23 per share."

24. The February 16, 2000 eBay posting was false and misleading because Goldberg had no reasonable basis to represent that a GlobeNet IPO would take place in the second quarter of 2000.

25. As of the February 16, 2000 eBay posting, Goldberg had reviewed a GlobeNet shareholder letter dated October 11, 1999 ("October 11, 1999 shareholder letter"). The October 11, 1999 letter stated that the company planned to "prepare for an [IPO]" by June, 2000, rather than stating that an IPO was "due out" in the second quarter of 2000, as Goldberg had claimed on the eBay posting.

26. Goldberg knew that companies planning to do an IPO must register with the Commission. Goldberg knew that there is a time lag between registering and actually completing an IPO. As of the February 16, 2000 eBay posting, Goldberg was also aware that GlobeNet had not registered to do an IPO.

27. The February 16, 2000 eBay posting was also false and misleading because Goldberg had no reasonable basis to represent that GlobeNet stock "should begin trading at between \$22-\$23 per share."

28. As set forth in paragraph 18 above, Allen did not speculate in either of his telephone calls with Goldberg, about a GlobeNet post-IPO stock price. Goldberg had no information from GlobeNet that could have formed a reasonable basis for his price predictions.

APRIL 19, 2000 YAHOO! POSTING

29. A second auction-site posting was made on Goldberg's behalf on Yahoo! on April 19, 2000 ("April 19, 2000 posting"). Before the April 19, 2000 Yahoo! posting, Goldberg had reviewed a GlobeNet shareholder letter dated March 30, 2000 ("March 30, 2000 shareholder

letter”). The March 30, 2000 shareholder letter stated that GlobeNet’s short-term goal was to commence business operations, after which time the company would “endeavor to begin the process of [going public].” The March 30, 2000 shareholder letter also stated that, “As a point of reference, an IPO process is approximately five months long assuming that market conditions remain favorable.”

30. The March 30, 2000 shareholder letter also stated that as part of the process of readying their business for operation, GlobeNet was awaiting approval from the NASD for a “sponsoring broker-dealer” filing. Although GlobeNet set forth in the March 30, 2000 letter that they believed they were “close to achieving approval” on the NASD filing, they also stated that “[t]his filing and review process can take up to six months.”

31. On April 19, 2000, Matos, acting at Goldberg’s direction, offered a 1,000 share block of GlobeNet stock on the Yahoo! Auctions site. The April 19, 2000 Yahoo! posting featured the color photograph of GlobeNet stock certificate no. 410 (the 20,000 share certificate being held in escrow by Hopkins for Goldberg) with the certificate number blacked out.

32. The April 19, 2000 Yahoo! posting stated, among other things, that a GlobeNet initial public offering (“IPO”) was expected in the second quarter of 2000, and that GlobeNet stock would begin trading at between \$22-\$23 per share following the IPO.

33. The April 19, 2000 Yahoo! posting was false and misleading because Goldberg had no reasonable basis to represent that an IPO would take place in the second quarter of 2000. At the time of the April 19, 2000 Yahoo! posting, Goldberg knew that GlobeNet would not have an IPO in the second quarter of 2000.

34. The April 19, 2000 Yahoo! posting was also false and misleading because, as set forth above, Goldberg had no reasonable basis whatsoever to represent that GlobeNet stock "should begin trading at between \$22-\$23 per share."

APRIL 30, 2000 YAHOO! AUSTRALIA AND NEW ZEALAND POSTING

35. On April 30, 2000, Matos, acting at Goldberg's direction, offered a 1,000 share block of GlobeNet stock on the Yahoo! Australia and New Zealand Auctions site ("April 30, 2000 Yahoo! Australia posting"). The April 30, 2000 Yahoo! Australia posting featured the color photograph of the GlobeNet stock certificate no. 410.

36. The April 30, 2000 Yahoo! Australia posting stated, among other things, that a GlobeNet initial public offering ("IPO") was expected in the second quarter of 2000, and that GlobeNet stock would begin trading at between \$22-\$23 per share following the IPO.

37. The April 30, 2000 Yahoo! Australia posting was false and misleading because Goldberg had no reasonable basis to represent that an IPO would take place in the second quarter of 2000.

38. The April 30, 2000 Yahoo! Australia posting was also false and misleading because Goldberg had no reasonable basis to state that GlobeNet stock "should begin trading at between \$22-\$23 per share."

39. A successful bid for the shares was entered in the amount of \$13,150 by a bidder in Australia.

40. To date, the successful bidder has not remitted payment for the shares of GlobeNet stock which continues to be held in escrow by Hopkins for Goldberg. Goldberg and Hopkins both have disclaimed receiving any money for any GlobeNet stock.

MAY 17, 2000 YAHOO! POSTING

41. On May 17, 2000, Matos, acting at Goldberg's direction, offered a 1,000 share block of GlobeNet stock on the Yahoo! Auctions site ("May 17, 2000 Yahoo! posting"). The May 17, 2000 Yahoo! posting featured the color photograph of GlobeNet stock certificate no. 410.

42. As with each of the prior auction site postings, the May 17, 2000 Yahoo! posting stated, among other things, that GlobeNet stock would begin trading at between \$22-\$23 per share following the IPO. The May 17, 2000 Yahoo! posting also stated that GlobeNet's IPO was expected in the third quarter of 2000.

43. The May 17, 2000 Yahoo! posting was false and misleading because Goldberg had no reasonable basis to represent that an IPO would take place by the third quarter of 2000.

44. The May 17, 2000 Yahoo! posting was also false and misleading because Goldberg had no reasonable basis to represent that GlobeNet stock would begin trading at between \$22-\$23 per share.

GOLDBERG'S ONGOING CONDUCT

45. In approximately June, 2000 Goldberg arranged to establish a new Internet enterprise, IPO Worldnet, to provide purported "financial services" via the Internet.

46. According to the IPO Worldnet website (at www.IPOWorldnet.com), the company is an "exclusive international boutique of financial services" which seeks to "bring[] together the best investment services on the web."

47. Various services purportedly will be available on the IPO Worldnet website, including: pre-IPO investments in the making; IPO pre & aftermarket investments; private

investment banking services; high yield investment; international lending; merchant banking services; investment trading and strategies; and short trading services.

48. Goldberg remains in prison at USP – Atlanta.

FIRST CLAIM FOR RELIEF

Defendant violated Section 17(a) of the Securities Act, 15 U.S.C. § 771(a)

49. The Commission repeats and realleges the allegations contained in paragraphs 1 through 48 above.

50. Defendant, directly and indirectly, in the offer or sale of securities by the use of a means or instrument of transportation or communication in interstate commerce: (a) has employed a device, scheme, or artifice to defraud; (b) in order to obtain money or property, has made untrue statements of material fact, or has 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) has engaged in transactions, acts, practices, and courses of business which have operated as a fraud or deceit upon potential purchasers.

51. As more fully set forth in paragraphs 1 through 48 above, by ordering Internet auction site postings stating false and misleading future values for GlobeNet stock and false and misleading predictions of the date of a GlobeNet IPO, the defendant employed a scheme to defraud GlobeNet stock investors.

52. As more fully set forth in paragraphs 1 through 48 above, defendant ordered the fraudulent postings to Internet auction sites in order to obtain money or property from potential purchasers of the stock.

53. As more fully set forth in paragraphs 1 through 48 above, the false and misleading statements which defendant ordered to be posted were material, in that disclosure of the misstated or omitted facts would have been viewed as significant by a reasonable GlobeNet investor.

54. As more fully set forth in paragraphs 1 through 48 above, defendant, by ordering the posting of false and misleading information concerning the stock he offered for sale, engaged in acts which operated or would operate as a fraud upon purchasers.

55. The GlobeNet common stock described in paragraphs 1 through 48 above is a security, as defined in Section 2(a)(1) of the Securities Act, 15 U.S.C. § 77b(a)(1).

56. Defendant's fraudulent postings, as described in paragraphs 1 through 48 above, were offers to sell GlobeNet securities under Section 2(a)(3) of the Securities Act, 15 U.S.C. § 77b(a)(3).

57. Defendant's fraudulent postings were delivered to potential investors via the Internet, a means or instrument of transportation or communication in interstate commerce.

58. By reason of the foregoing, defendant has violated and, unless enjoined, is reasonably likely in the future to violate Section 17(a) of the Securities Act, 15 U.S.C. § 77t(a).

SECOND CLAIM FOR RELIEF

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

59. The Commission repeats and realleges the allegations contained in paragraphs 1 through 48 above.

60. Defendant, directly and indirectly, by the use of a means or instrumentality of interstate commerce, in connection with the purchase or sale of a security, has used or employed

a manipulative or deceptive device or contrivance in contravention of the rules and regulations which the Commission has prescribed as necessary or appropriate in the public interest or for the protection of investors.

61. Defendant, directly and indirectly, by the use of a means or instrumentality of interstate commerce: (a) has employed a device, scheme, or artifice to defraud; (b) has made an untrue statement of material fact, or has omitted to state material facts necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading; and (c) has engaged in acts, practices, or courses of business which have operated as a fraud or deceit upon a person in connection with the purchase or sale of a security.

62. As more fully set forth in paragraphs 1 through 48 above, defendant employed a manipulative or deceptive device by ordering false and misleading material information to be posted to the Internet in contravention of Section 10(b) of the Exchange Act and Rule 10b-5.

63. As more fully set forth in paragraphs 1 through 48 above, defendant, by ordering Internet auction site postings of false or misleading material information concerning the potential value of GlobeNet stock, employed a scheme to defraud purchasers.

64. As more fully set forth in paragraphs 1 through 48 above, defendant made false and misleading statements on Internet auction sites concerning GlobeNet, including statements concerning the timing of an IPO of the company's stock.

65. As more fully set forth in paragraphs 1 through 48 above, the false and misleading statements which defendant ordered to be posted were material, in that disclosure of the misstated or omitted facts would have been viewed as significant by a reasonable GlobeNet investor.

66. As more fully set forth in paragraphs 1 through 48 above, defendant, by ordering the posting of false and misleading information concerning the stock he offered for sale, engaged in acts that have operated or would operate as a fraud upon GlobeNet purchasers.

67. The GlobeNet common stock described in paragraphs 1 through 48 above is a security, as defined in Section 3(a)(10) of the Exchange Act, 15 U.S.C. § 78c(a)(10).

68. Defendant's postings, as described in paragraphs 1 through 48 above, were made in connection with the sale of a security under Section 3(a)(14) of the Exchange Act, 15 U.S.C. § 78c(a)(14).

69. Defendant's fraudulent postings were delivered to potential investors via the Internet, a means or instrument of communication in interstate commerce.

70. By reason of the foregoing, defendant has violated and, unless enjoined, is reasonably likely in the future to violate Section 10(b) of the Exchange Act, and Rule 10b-5.

RELIEF REQUESTED

WHEREFORE, Plaintiff respectfully requests that this Court:

I.

Grant a Final Judgment permanently enjoining defendant Goldberg, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act.

II.

Grant a Final Judgment permanently enjoining defendant Goldberg, his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them who

receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of 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.

III.

Grant a Final Judgment assessing civil penalties against defendant pursuant to Section 20(d) of the Securities Act, and Section 21(d)(3) of the Exchange Act, for the violations alleged herein.

IV.

Grant such other, further, and additional relief as the Court deems just and proper.

Dated: New York, New York
September 1, 2000

Respectfully submitted,



Alex Rue
Georgia Bar No. 618950
Senior Trial Counsel

Robert Blackburn
Associate Regional Director
(212) 748-8185

James Hanson
Branch Chief
(212) 748-8153

Kristine Collins
Staff Attorney
(212) 748-8266

COUNSEL FOR PLAINTIFF
Securities and Exchange Commission

3475 Lenox Rd. NE Suite 1000
Atlanta, Georgia 30326
(404) 842-7612

7 World Trade Center
13th Floor
New York, New York 10048