

JUDGE SWAIN

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Doc # 1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

GURSEL MANDACI,

Defendant.
-----X

00 Civ.

COMPLAINT

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U.S. DISTRICT COURT
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S.D. OF N.Y.

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendant Gursel Mandaci ("Mandaci") alleges as follows:

1. During February and March 2000, Mandaci engaged in a pump-and-dump scheme involving several thinly-traded microcap stocks. Mandaci purchased the stocks, then artificially inflated the market prices of the securities by fraudulent means in order to profit from selling out his positions in the stocks. Specifically, Mandaci generated demand for the stocks by posting false information about the issuers and making baseless price predictions on Internet message boards and an Internet newsletter he had created. After causing market price increases in the stocks he touted through these fraudulent activities, Mandaci sold out his positions in the stocks at a profit. Mandaci frequently

sold out his own positions in the stocks well before his target prices were achieved, demonstrating that he knew or should have known his price predictions were false.

2. Mandaci, directly or indirectly, has engaged in transactions, acts, practices and courses of business that constitute violations of 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.

3. Unless he is permanently enjoined, Mandaci 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 permanently enjoin Mandaci from engaging in the transactions, acts, practices, and courses of business alleged herein and similar conduct. The Commission also seeks a final judgment ordering Mandaci to disgorge his ill-gotten gains, to pay prejudgment interest thereon, and 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.

5. 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) and 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.

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 the Internet.

7. Certain of the transactions, acts, practices, and courses of business occurred within the Southern District of New York, including the use of computers at Baruch College in Manhattan in connection with the fraudulent conduct alleged herein.

DEFENDANT

8. **Mandaci**, age 25, is a Turkish national residing in Brooklyn, New York. He is a part-time student at Baruch College, New York, and works part-time as a driver for a car service.

DEFENDANT'S USE OF THE INTERNET

9. 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 that the owner has and wishes to display.

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

11. Some websites host on-line discussion groups so that users may exchange messages about particular topics. These Internet sites are called message boards. After registering a screen name with the host, a user may post messages to the message board, either on their own initiative or in response to the message of another user. Anyone with access to the Web and the site may view these postings. Website hosts generally do not exercise editorial control over the content of the message boards except that postings that are violative of the terms of service (*e.g.*, proscriptions against libel) may be removed from the boards.

12. Among other locations on the Web, there are message boards concerning financial matters at www.yahoo.com (“Yahoo! Finance message board”) and www.clearstation.com. (“Clearstation message board”). During February 2000, Mandaci posted numerous messages on the Yahoo! Finance and Clearstation message boards.

13. Website hosts often provide webpage services for their users. Lycos provides such a service on its website, www.angelfire.com. Through this system, users are exclusively assigned a webpage on which they may record information or other data for other users to view. In February 2000, Mandaci’s webpage, located at www.angelfire.com/hi3/pennypicks, featured a newsletter written by Mandaci called “Weekly Penny Picks.”

DEFENDANT'S FRAUDULENT SCHEME

14. In early 1999, Mandaci opened an online margin trading account at E*Trade with an initial investment of \$5,000. Throughout 1999, Mandaci lost money in his trading account. However, early in 2000, Mandaci began to manipulate the market price of the securities he purchased by touting the stocks on the Internet using several aliases, and then started to make profits. During February, 2000, Mandaci's trading volume in the account was in excess of \$400,000.

PARALLEL TECHNOLOGIES

15. As of February 6, 2000, Parallel Technologies, Inc. ("PLLK") was an inactive company with thinly traded stock. PLLK has no known place of business. PLLK's most recent SEC filing was a Form 10-K for 1993, filed on March 7, 1995. At that time, PLLK claimed to have revenues of \$859,640 and assets of \$5,163,145, and showed a net loss of \$1,581,542. In 1993, PLLK had 19,243,659 shares outstanding and a price per share of \$.155 for a market capitalization of \$2,982,767.15. PLLK stock is quoted in the pink sheets. The Pink Sheets is a publication by Pink Sheets, LLC that prints the bid price, ask price, and the price of the last trade of many stocks that are not listed on other exchanges or inter-dealer systems.

16. On February 7, 2000, Mandaci purchased 27,750 shares of PLLK stock for \$3,871.25 through his brokerage account at E*Trade Securities at prices ranging from \$0.13 to \$0.14 per share.

17. Thereafter, from February 7, 2000 to February 9, 2000, Mandaci, using the screen names "Kertez1965" and "Mandi033," posted numerous messages on the Yahoo! Finance message board recommending the stock of PLLK.

18. In the foregoing messages, Mandaci stated, among other things, that PLLK stock would be a “strong buy” which would soon trade at \$2.00 per share. Mandaci also posted messages that stated that “PLLK will hit \$0.50 to \$0.60” or “\$0.75 very easy.”
19. The price targets set in the foregoing messages were deceptive in that Mandaci had no reasonable basis for making these statements.
20. Mandaci's use of multiple screen names was deceptive in that it created the illusion that more than one PLLK investor was predicting a dramatic increase in PLLK's stock price.
21. At the same time that Mandaci was telling his readers that PLLK stock would soon trade for as much as \$2.00 per share, Mandaci sold his shares of PLLK stock on February 9, 2000 for \$0.36 per share. Mandaci knew or should have known that his price predictions were false.
22. On February 7, 2000, Mandaci, under the pseudonym “Kertez1965,” posted two messages containing language copied from a 1999 press release purporting to refer to PLLK. The press release actually concerned another company coincidentally named Parallel Technologies, Inc. (“PT”). PT, an Ohio corporation located in Dublin, Ohio, is unrelated to PLLK. PT stock is not publicly traded. In his messages touting PLLK, Mandaci reprinted parts of the original PT press release, replacing the PT headline with a headline referring to PLLK. One of the messages included a statement by Marty Jacobs, Senior Vice President and Co-Founder of PT, describing the company as “a multi-million dollar network integrator” and “the sole source technology provider” with many well-known corporate partners, such as 3COM, Nortel Networks and Cisco Systems.

23. The foregoing message was deceptive, false and misleading in that Mandaci knew or should have known that the information about PT referred to PLLK, without disclosing that the information contained in the press release concerned PT, a company that is unrelated to PLLK.

24. Starting on February 7, 2000, PLLK's stock experienced a dramatic increase in trade volume and share price on no reported news.

(a) On February 7, 2000, the same day that Mandaci posted messages under the screen names "Kertez1965" and "Mandi033," PLLK's stock trade volume peaked at more than six million shares.

(b) Prior to January 21, 2000, when PLLK shares were traded, which was rarely, they traded in a range of \$0.0005 to \$0.01 per share. After Mandaci began touting PLLK, its stock price peaked at \$0.38 per share on February 9, 2000.

(c) As of February 6, 2000, prior to Mandaci's touting, PLLK had an approximate market capitalization of \$2,982,767.15. After Mandaci's touting, when the market price of PLLK increased to \$0.38 per share, the market capitalization of PLLK increased to \$7,023,935.54, an increase of \$4,041,168.39.

25. On February 9, 2000, Mandaci sold his shares of PLLK stock for \$10,078.75 at prices ranging from \$0.35 to \$0.36 per share for a total profit of \$6,207.50 and ceased touting PLLK on the Internet.

26. Since Mandaci has ceased touting PLLK, its market price has dropped to approximately \$0.10 per share.

PAY FOR VIEW.COM

27. The most recent SEC filing of PayForView.Com ("PAYV"), a Form 10-SB filing for the period ending September 30, 1999, stated revenues of \$327,138, a net loss of \$3,089,319, assets of \$1,001,292, and liabilities of \$1,879,333. The company had 51,258,327 outstanding shares trading at \$.53 per share with an approximate market capitalization of \$27,166,913.31. The company's shareholder equity was (\$878,041). PAYV is traded on the NASDAQ Over the Counter Bulletin Board.

28. On February 15, 2000, Mandaci purchased 20,000 shares of PAYV stock for \$12,000 through his brokerage account at E*Trade Securities at \$0.60 per share. On February 16, 2000, Mandaci bought an additional 2,800 shares of PAYV stock for \$2,156 at \$0.77 per share, and on February 18, 2000, Mandaci bought an additional 9,760 shares of PAYV stock for \$8,100 at \$0.83 per share.

29. After making his initial purchase of PAYV on February 15, 2000, Mandaci, using the screen name "Mandi033," posted two messages on the Yahoo! Finance message board recommending PAYV as a "strong buy" and predicting, among other things, that the market price would increase to \$1.00 to \$1.50.

30. On February 18, 2000, Mandaci, using the screen name "Kertez1965," posted a message on the Yahoo! Finance message board stating that PAYV stock would experience a strong up trend starting the following week and that the stock was targeted to reach \$2.00 in the short term.

31. On February 20, 2000, Mandaci, using the screen name "Mandi" posted a message on the Clearstation message board stating that PAYV stock would reach \$10.00

in the short term. Mandaci's February 20, 2000 Clearstation message also refers users to Mandaci's webpage at www.angelfire.com, alleging that "pennypicks has \$25 target price....!!!!"

32. On February 22, 2000, Mandaci, using the screen name "kertez1965" posted a message on the Yahoo! Finance message board stating that PAYV was a "strong buy" with a "12 Months Target Price \$25.00."

33. The price targets set in the foregoing messages were deceptive in that Mandaci had no reasonable basis for making these statements.

34. Mandaci's use of multiple screen names was deceptive in that it created the illusion that more than one PAYV investor was predicting a dramatic increase in PAYV's stock price.

35. On February 16, 2000, at the same time that Mandaci was telling his readers that PAYV would soon trade for as much as \$1.50 per share, he sold 2,500 shares of the PAYV stock he had purchased for \$0.82 per share. On February 23, 2000, the day after posting a target price of \$25.00 per share, Mandaci sold 19,760 shares of PAYV at \$0.90 per share. Mandaci knew or should have known that his price predictions were false.

36. Starting on February 15, 2000, the first day that Mandaci began posting messages concerning PAYV, the stock experienced a dramatic increase in trade volume and share price on no reported news.

- (a) PAYV's market price began to rise dramatically from \$0.60 to a high of approximately \$1.50 per share on February 24, 2000.

- (b) During the time Mandaci was touting PAYV, trading volume in PAYV increased from 1.5 million shares on February 14, 2000 to approximately 4 million shares traded on February 24, 2000.
- (c) As of Monday, February 14, 2000, prior to Mandaci's touting, PAYV had an approximate market capitalization of \$27,166,913.71. After Mandaci's touting, when the market price of PAYV increased to \$1.50 per share, the market capitalization of PAYV increased to \$46,132,494.30, an increase of \$18,965,580.99.

37. On February 23, 2000, Mandaci sold out his position in PAYV for a total profit of \$5,405.20 and ceased touting PAYV on the Internet.

38. Since Mandaci has ceased touting PAYV, its market price has dropped to approximately \$0.02 per share.

POWER TECHNOLOGIES, INC.

39. The most recent SEC filing of Power Technologies, Inc. ("PWTC"), a Form 10K filed on January 31, 2000, stated assets of \$178,846 with \$0 revenues and a net loss of \$908,475. As of Wednesday, February 9, 2000, the company had 15,783,500 shares outstanding with a price of \$.97 per share, for a resulting market capitalization of \$15,309,995. The company's shareholder equity was (\$104,389). The stock is traded on the NASDAQ Over the Counter Bulletin Board.

40. On February 10, 2000, Mandaci purchased 7,500 shares of PWTC stock for \$9,375 through his brokerage account at E*Trade Securities at \$1.25 per share. Later that same day, he purchased an additional 100 shares of PWTC stock for \$122 at a cost of \$1.22 per share.

41. Six hours after his last purchase, on February 10, 2000, Mandaci, using the screen name "Mandi," posted a message on the Clearstation message board recommending PWTC as looking strong and going to \$3.00 soon. Additionally, Mandaci posted a message to the Clearstation message board stating that PWTC stock was a strong buy with a twelve-month target price of \$20.00.

42. On February 14, 2000, Mandaci, using the screen name "Mandi033" posted a message on the Yahoo! Finance message board stating that PWTC stock was on the "strong uptrend."

43. In his February 14, 2000 posting on the Yahoo! Finance message board, Mandaci also referred users to his webpage at www.angelfire.com for additional information. The posting did not identify Mandaci as the source of the information contained on the webpage.

44. The price targets set in the foregoing messages were deceptive in that Mandaci had no reasonable basis for making these statements.

45. Mandaci's use of multiple screen names was deceptive in that it created the illusion that more than one PWTC investor was predicting a dramatic increase in PWTC's stock price.

46. On February 11, 2000, within one day of telling his readers that PWTC stock would soon trade for as much as \$20.00, Mandaci sold 1,600 shares of PWTC stock for \$1.22 per share. On February 15, 2000, Mandaci sold 7,540 shares of PWTC for prices ranging from \$1.61 to \$1.62 per share. Mandaci knew or should have known that his price predictions were false.

47. Starting on February 10, 2000, the first day that Mandaci began posting messages concerning PWTC, the stock experienced a dramatic increase in trading volume and market price.

(a) On February 9, 2000, prior to the commencement of Mandaci's touting activities, PWTC shares traded at less than \$1.00 per share. On February 16, 2000, after Mandaci had touted the stock, PWTC stock peaked at approximately \$2.00 per share.

(b) On February 9, 2000, approximately 250,000 shares were traded. Following Mandaci's first day of touting PWTC's stock on February 11, 2000, approximately 1.75 million PWTC shares were traded.

(c) As of February 9, 2000, prior to Mandaci's touting, PWTC had an approximate market capitalization of \$15,309,995. After Mandaci's touting, when the market price of PWTC increased to \$1.62 per share, the market capitalization of PWTC increased to \$25,648,187, an increase of \$10,338,192.

48. On February 15, 2000, Mandaci sold out his position in PWTC stock for a total profit of \$2,241.25 and ceased touting PWTC on the Internet.

49. Since Mandaci has ceased touting PWTC, its market price has dropped to approximately \$0.01 per share.

INTERNET BUSINESSES INTERNATIONAL, INC.

50. Internet Businesses International, Inc. ("IBUI")'s most recent filing with the SEC is a Form 10-Q filed on December 31, 1999. Therein, IBUI states assets of \$4,549,591 and revenues of \$835,548, with a net profit was \$24,565. As of February 22, 2000, the

company had 189,140,853 shares outstanding, with a price per share of \$.56, for a market capitalization of \$105,918,877.70. The company's shareholder equity was stated at \$4,020,872. IBUI is traded on the NASDAQ Over the Counter Bulletin Board.

51. On February 23, 2000, Mandaci purchased 27,500 shares of IBUI stock for \$17,689.10 through his brokerage account at E*Trade Securities at prices ranging from \$0.62 to \$0.75 per share.

52. Thereafter, on February 23, 2000, Mandaci, using the screen name "Kertez1965," posted a message on the Yahoo! Finance message board stating that Proitpicks.com [sic] had picked IBUI with a %5.00 [sic] target price.

53. The price target set in the foregoing message was deceptive in that Mandaci had no reasonable basis for making these statements.

54. In addition, the foregoing message was deceptive because the Profitpicks.com website (there is no Proitpicks.com) had set a target of only \$1.00 for IBUI.

55. On February 23, 2000, Mandaci, using the screen name "Mandi," posted a message on the Clearstation message board recommending IBUI as "on strong trend" and going to \$2.00 soon.

56. On February 24, 2000, Mandaci, using the screen name "Mandi033," posted a message on the Yahoo! Finance message board stating that IBUI stock was a strong buy with a short term target price of \$2.00. Additionally, he posted another message to the Yahoo! Finance message board stating that IBUI stock was a strong buy and on a "strong up trend," with a short term target price of \$5.00.

57. The price targets set in the foregoing messages were deceptive in that Mandaci had no reasonable basis for making these statements.

58. Mandaci's use of multiple screen names was deceptive in that it created the illusion that more than one IBUI investor was predicting a dramatic increase in IBUI's stock price.

59. On February 24, 2000, the same day that Mandaci was setting a price target of \$2.00 to \$5.00 for IBUI, Mandaci sold all 27,500 shares of IBUI stock that he owned for prices ranging from \$0.705 to \$0.72 per share. Mandaci knew or should have known that his price predictions were false.

60. Starting on February 23, 2000, when Mandaci began touting IBUI, IBUI's stock experienced a dramatic increase in trading volume and market price.

- (a) On February 22, 2000, prior to the commencement of Mandaci's touting activities, approximately 5 million IBUI shares were traded. On February 23, 2000, the first day that Mandaci began touting IBUI stock, trading volume in IBUI stock increased to approximately 12 million shares traded.
- (b) On February 23, 2000, IBUI sold for approximately \$0.62 per share. After Mandaci began touting IBUI stock, the price per share increased to as much as \$0.75 per share.
- (c) As of February 22, 2000, prior to Mandaci's touting, IBUI's approximate market capitalization was \$105,918,877. After Mandaci's touting, when the market price increased to \$0.75, the market capitalization increased to \$136,181,414, an increase of \$30,262,536.

61. On February 24, 2000, Mandaci sold out his position in IBUI stock for a total profit of \$1,998.40 and ceased touting IBUI on the Internet.

62. Since Mandaci has ceased touting IBUI, its stock price has dropped to approximately \$0.23 per share.

NEW SKY COMMUNICATIONS, INC.

63. In a Form 10-K filed with the Commission on December 31, 1999, New Sky Communications ("NSKY") stated assets of \$1,284,566 and \$0 revenues, with a net loss of \$36,870. The company had 193,736,923 shares outstanding, with a price per share of \$.255, and a market capitalization of \$49,402,915.37. The company's shareholder equity was \$1,025,271. The company's stock is traded on the NASDAQ Over the Counter Bulletin Board.

64. On February 28, 2000, Mandaci purchased 41,000 shares of NSKY stock for \$10,250.00 through his brokerage account at E*Trade Securities at \$0.25 per share.

65. Thereafter, on February 29, 2000, Mandaci, using the screen name "Mandi033," posted two messages on the Yahoo! Finance message board stating that NSKY [would experience a] "strong up trend," and that NSKY's stock was targeted for over \$1.00 in the short-term.

66. On or before March 5, 2000, Mandaci posted a story on his webpage as part of his PennyPicks newsletter that contained a price target of \$5.00 for NSKY.

67. On March 5, 2000, Mandaci, using the screen name "Mandi033," posted a message on the Yahoo! Finance message board stating, among other things, that NSKY's stock would go to \$2 - \$3 per share within three or four months. In this message, Mandaci also referred readers to his www.angelfire.com webpage (at www.angelfire.com/hi3/pennypicks), stating that "they picked NSKY this week Long Term Target \$5.00 / 12 months."

68. On March 5, 2000, Mandaci, using the screen name "Mandi," posted a message on the Clearstation message board stating that NSKY had been picked by Peny [sic] Picks with a target of \$5.00 per share within twelve months. This message also referred readers to Mandaci's Weekly Penny Picks newsletter at www.angelfire.com/hi3/pennypicks.

69. On March 6, 2000, in his Weekly Penny Picks newsletter located on www.angelfire.com, Mandaci recommended NSKY as a "strong buy" with a twelve-month target price of \$5.00.

70. On March 8, 2000, Mandaci, using the screen name "Mandi033," posted a message on the Yahoo! Finance message board referring the reader to his Weekly Penny Picks newsletter located on www.angelfire.com. The message stated that "they" picked NSKY with a twelve-month target price of \$5.00.

71. By posting messages concerning NSKY stock on separate message boards under various screen names, Mandaci created the false impression that more than one NSKY investor was predicting a dramatic increase in NSKY's stock price.

72. The price targets set in the foregoing messages were misleading in that Mandaci had no reasonable basis for making these statements.

73. During the period when he was touting a target price of \$1.00 to 5.00 for NSKY stock, Mandaci sold 41,275 shares of NSKY stock for \$0.30 and \$0.31 per share on March 1, 2000. Additionally, on March 3, 2000, Mandaci sold 2,500 shares of NSKY stock at \$0.275 per share. Mandaci sold 20,000 shares of NSKY stock on March 6, 2000 for \$0.284 per share. On March 7, 2000, Mandaci sold 17,500 shares of NSKY stock at \$0.29 per share. After posting his \$5.00 per share price target on March 8, 2000,

Mandaci continued to sell NKSJ stock for prices well below his purported target price. Mandaci sold 30,000 shares of NSKY stock on March 10, 2000 for \$0.38 and \$0.39 per share. On March 14, 2000, Mandaci sold 4,000 shares of NSKY stock at \$0.39 per share. Mandaci knew or should have known that his price predictions for NSKY were false.

74. Starting on February 29, 2000, when Mandaci began touting NSKY, NSKY's stock experienced a dramatic increase in trading volume and market price.

- (a) On February 28, 2000, when Mandaci initially purchased NSKY shares, the stock traded for approximately \$0.30 per share. Following the touting activities described above, NSKY stock peaked at approximately \$0.475 per share.
- (b) On February 28, 2000, 2.5 million shares of NSKY were traded. Trading volume in the stock increased dramatically as a result of Mandaci's touts. On March 8, 2000, approximately 12.5 million shares of NSKY stock were traded.
- (c) As of Friday, February 25, 2000, prior to Mandaci's touting, NSKY had an approximate market capitalization of \$49,402,915.37. After Mandaci's touting, when the market price of NSKY increased to \$0.39 per share, the market capitalization increased to \$75,557,399.97, an increase of \$26,154,484.60.

75. On March 14, 2000, Mandaci sold out his remaining position in NSKY stock for a total profit of \$1,594.25 and ceased touting NSKY on the Internet.

76. Since Mandaci has ceased touting NSKY, its market price has dropped to approximately \$0.30 per share.

NATIONAL DATACOMPUTER, INC. ("IDCP")

77. In a Form 10-K filed with the SEC on December 31, 1999, National Datacomputer, Inc. ("IDCP") stated assets of \$3,260,565 and revenues of 4,838,367, with a net profit of \$101,789. As of March 3, 2000, the company had approximately 4,379,466 shares outstanding at a price of 9/16 per share, for a market capitalization of \$2,463,449.63. The company's shareholder equity was \$2,168,302. IDCP is traded on the NASDAQ Over the Counter Bulletin Board.

78. On March 6, 2000, Mandaci purchased 5,500 shares of IDCP stock through his brokerage account at E*Trade Securities at prices ranging from \$0.62 to \$0.65 per share. In addition, on March 8, 2000, Mandaci purchased 500 shares of IDCP stock for \$1.03 per share.

79. After making his initial purchase on March 6, 2000, Mandaci, using the screen name "Mandi," posted a message to the Clearstation message board stating that IDCP would be "around \$5 ... soon...!".

80. On March 6, 2000, Mandaci, using the screen name "Mandi033," posted three messages to the Yahoo! Finance message board recommending IDCP. In two of the three messages, Mandaci touted IDCP as a "strong buy." Finally, in one of the three messages, Mandaci stated that IDCP had "%1000 [sic] short term potential"

81. The price targets set in the foregoing messages were misleading in that Mandaci had no reasonable basis for making these statements.

82. Mandaci's use of multiple screen names was deceptive in that it created the illusion that more than one IDCP investor was predicting a dramatic increase in IDCP's stock price.

83. Two days after telling his readers that the market price of IDCP would increase to \$5.00, Mandaci sold 6,500 shares of IDCP stock on March 8, 2000 for \$1.07.

Additionally, on March 9, 2000, Mandaci sold 5,000 shares of IDCP stock at \$1.25 per share.

84. Starting on March 6, 2000, when Mandaci began touting IDCP, IDCP's stock experienced a dramatic increase in trading volume and market price.

(a) On March 3, 2000, the last day of trading before Mandaci began touting IDCP stock, just over 100,000 shares were traded at \$0.575 per share. On March 6, 2000, IDCP's volume rose to 786,400 shares, almost 7.5 times higher than the previous trading day.

(b) At the close of trading on March 7, 2000, IDCP stock sold at \$0.75 per share, almost 34% higher than the opening price of the previous day. There was no news reported about IDCP to which the increase in trading volume could be attributed. IDCP's stock price continued to rise to approximately \$1.35 per share on March 9, 2000.

(c) On Friday, March 3, 2000, prior to Mandaci's touting, the approximate market capitalization of IDCP was \$2,463,449.63. After Mandaci's touting, when the market price of IDCP rose to \$1.25 per share, the market capitalization of IDCP increased to \$5,474,332.50, an increase of \$3,010,882.87.

85. On March 9, 2000, Mandaci sold out his position in IDCP for a profit of \$5,626.88 and ceased touting IDCP on the Internet.

86. Since Mandaci has ceased touting IDCP, its market price has dropped to approximately \$0.25 per share.

FIRST CLAIM FOR RELIEF

Defendant violated Section 17(a) of the Securities Act, 15 U.S.C. § 77t(a)

87. The Commission repeats and realleges the allegations contained in paragraphs 1 through 86 above.

88. Defendant, directly and indirectly, in the offer or sale of securities by the use of a means or instrument of 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 purchasers of PLLK, PAYV, PWTC, IBUI, NSKY, and IDCP.

89. As more fully set forth in paragraphs 1 through 86, by making deceptive statements, by using aliases or multiple identities, and by posting false and misleading future values for securities, the defendant employed a scheme to defraud investors.

90. As more fully set forth in paragraphs 1 through 86 above, the deceptive, false and misleading statements which defendant posted were material in that in that accurate disclosure of the misstated or omitted facts would have been viewed as significant by a reasonable investor.

91. The securities described in paragraphs 1 through 86 above are securities, as defined in Section 2(a)(1) of the Securities Act, 15 U.S.C. § 77b(1).

92. Defendant's fraudulent postings were in the offer or sale of securities under Section 17(a) of the Securities Act.

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

94. 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*

95. The Commission repeats and realleges the allegations contained in paragraphs 1 through 86 above.

96. Defendant, directly and indirectly, by the use of a means or instrumentality of interstate commerce, or of the mails or of a facility of a national securities exchange, 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, in connection with the purchase or sale of a security.

97. 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 statements made, in the light of the circumstances under which they were 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.

98. As more fully set forth in paragraphs 1 through 86 above, defendant employed a manipulative or deceptive device by making deceptive statements, by using aliases or multiple identities, and by posting false and misleading information on the Internet in contravention of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

99. As more fully set forth in paragraphs 1 through 86 above, the false and misleading statements which defendant posted were material in that accurate disclosure of the misstated or omitted facts would have been viewed as significant by a reasonable investor.

100. The investments described in paragraphs 1 through 86 above are securities, as defined in Section 3(a)(10) of the Exchange Act, 15 U.S.C. § 78c(a)(10).

101. Defendant's postings, as described in paragraphs 1 through 86 above, were made in connection with the purchase or sale of a security under Section 3(2)(a)(14) of the Exchange Act.

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

103. 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, 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:

I.

Grant a Final Judgment permanently enjoining defendant Mandaci, his 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, 15 U.S.C. § 77q(a).

II.

Grant a Final Judgment permanently enjoining defendant Mandaci, his 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, 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.

IV.

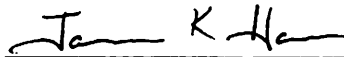
Grant a Final Judgment directing defendant to disgorge all funds and benefits he obtained as a result of the violations alleged herein, and to pay prejudgment interest thereon.

V.

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

Dated: New York, New York
September 5, 2000

Respectfully submitted,



James K. Hanson (JH-0742)
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