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S.D. OF FLA. - MIAMI

**UNITED STATES DISTRICT COURT
DISTRICT OF SOUTHERN FLORIDA**

SECURITIES AND EXCHANGE)
COMMISSION,)
)
Plaintiff,)
)
v.)
)
PHEBE W. ERDMAN, HANS L.)
ERDMAN and DAVID M. LEMON,)
)
Defendants, and)
)
REBECCA W. ERDMAN and)
LESLIE CHEKIN,)
)
Relief-defendants.)

98-6500
CIV-MOORE
Case No. **REGISTRAR JUDGE**
DUBÉ

**PLAINTIFF SECURITIES
AND EXCHANGE
COMMISSION'S COMPLAINT**

Plaintiff Securities and Exchange Commission ("Commission") alleges:

I. NATURE OF THE ACTION

1. This case involves the fraudulent sale of unregistered stock in International Trade & Commerce Corp. ("ITC"), a worthless shell corporation. From February through August, 1993, Defendants Phebe Erdman ("P. Erdman") and Hans Erdman ("H. Erdman")



and Relief Defendants Rebecca Erdman (“R. Erdman”) and Leslie Chekin (“Chekin”) sold approximately 370,000 shares of ITC stock to 40 investors and realized proceeds of approximately \$240,000.

2. P. Erdman, H. Erdman and Defendant David M. Lemon (“Lemon”) solicited investors by misrepresenting that ITC would acquire other businesses and realize substantial revenues in the coming year. They falsely claimed that ITC would finance these acquisitions through a public offering and misrepresented the status of that offering. They failed to disclose the crucial facts that ITC had no assets or operations and no ability to acquire other businesses, conduct a public offering or earn any income. Finally, they concealed their relationship to ITC and each other through a variety of misrepresentations and omissions.

3. P. Erdman, H. Erdman and Lemon violated and, unless enjoined, will continue to violate, the antifraud provisions of the federal securities laws, and P. Erdman and H. Erdman violated and, unless enjoined, will continue to violate, the registration provisions of the federal securities laws. Although they are not alleged to have violated the federal securities laws, R. Erdman and Chekin were unjustly enriched by the proceeds of the fraudulent, unregistered sales of ITC stock and hold such proceeds in constructive trust. The Commission seeks permanent injunctions, disgorgement of the Defendants’ and Relief Defendants’ ill-gotten gains (plus prejudgment interest), and civil monetary penalties.

II. JURISDICTION

4. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. 77v(a)] and Sections 21(e) and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. 78u(d) and 78aa] and 28 U.S.C. 1367.

5. Many of the acts and practices described herein occurred in this district. P. Erdman, H. Erdman, R. Erdman and Chekin all sold stock in this district to residents of this district. The majority of investors purchased through a broker employed at a firm in this district. Stanley Cohen (“Cohen”), whose role is described herein, lives and works in this district. Lemon visited this district in furtherance of the fraudulent scheme described herein and made fraudulent communications to individuals in this district.

III. PARTIES AND SIGNIFICANT NONPARTIES

ELLIS ELWOOD ERDMAN

6. Ellis Elwood Erdman (“E. Erdman”) is the now-deceased former husband of P. Erdman. He also was the father of H. Erdman, R. Erdman and Chekin. In 1982, E. Erdman consented to the entry of an injunction in a Commission enforcement action alleging violations of the antifraud provisions of the federal securities laws.

INTERNATIONAL TRADE & COMMERCE CORP.

7. ITC was incorporated in 1987 as Expedite, Inc. and changed its name to ITC in 1988. It has never filed a registration statement with the Commission. At all relevant times, ITC was a shell company with no assets, revenues or operations.

THE DEFENDANTS

8. P. Erdman, age 70, is a resident of Greensboro, North Carolina. P. Erdman is the mother of H. Erdman, R. Erdman and Chekin.
9. H. Erdman, age 43, is a resident of Blaine, Minnesota.
10. Lemon, age 52, is a resident of Marietta, Georgia. During 1993, Lemon acted as the executive vice-president and treasurer of ITC. In 1993, Lemon had been a friend and associate of E. Erdman for over ten years.

THE RELIEF DEFENDANTS

11. R. Erdman, age 38, is a resident of Greensboro, North Carolina.
12. Chekin, age 39, is a resident of Springfield, Virginia.

STANLEY COHEN

13. Cohen, age 66, is a resident of Ft. Lauderdale, Florida. At all relevant times, he owned three insurance agencies doing business as Academy Insurance.

IV. FACTS COMMON TO ALL COUNTS

E. ERDMAN ACQUIRES ITC

14. In 1988, E. Erdman acquired ITC by purchasing all 500,000 shares of its outstanding stock.

MISREPRESENTATIONS TO COHEN

15. In December 1992, E. Erdman entered into negotiations with Cohen. E. Erdman misrepresented to Cohen that ITC would purchase his insurance business and that E. Erdman could arrange financing, by conducting a public offering of ITC stock, to

purchase 100 additional insurance agencies. E. Erdman failed to inform Cohen that ITC did not have the ability to make the acquisitions or conduct a public offering.

16. After E. Erdman's initial contact, Lemon falsely represented to Cohen that various well-known broker-dealer firms had agreed to underwrite the purported ITC public offering and that "seed money" was available from a private investor and a related corporation.

THE DEFENDANTS OPEN BROKERAGE ACCOUNTS

17. Between December 1992 and February 1993, inclusive, P. Erdman opened brokerage accounts for herself and for H. Erdman and Chekin at the Ithaca, NY office of Advest, Inc. ("Advest"), a broker-dealer firm. She deposited 450,000 shares of ITC stock into these accounts.

18. At the time her mother opened the accounts described above, R. Erdman already had 37,500 shares of ITC stock on deposit in an account at Advest's Ithaca office (she had deposited 50,000 shares in 1988 and sold some of those shares).

19. According to a published report, the 500,000 shares the Erdmans deposited represented all of ITC's outstanding stock.

20. P. Erdman falsely informed the branch manager of the Ithaca office that the Erdman family had no connection to ITC other than E. Erdman's role as a consultant. She also misrepresented the Erdman's degree of stock ownership and failed to disclose that the Erdmans controlled ITC.

21. P. Erdman informed the branch manager of the Ithaca office that investors would contact Advest. She directed him to keep the Erdmans' names as the owners of the ITC stock "confidential."

22. In January 1993, H. Erdman opened an account at R.J. Steichen & Co. ("Steichen"), a Minnesota broker-dealer firm. H. Erdman deposited 125,000 shares of ITC stock into this account. The stock deposited by H. Erdman at Steichen bore legends restricting its sale.

E. ERDMAN AND THE DEFENDANTS DISTRIBUTE FALSE RELEASES

23. In January and February 1993, E. Erdman prepared fraudulent promotional materials entitled "Public Information Immediate Release" (the "releases"), which described ITC as "previously engaged exclusively in export trade for USA products and services." They stated that ITC was acquiring 80 to 100 insurance agencies, which would be a "material addition to the operations of its business". They further claimed that there were "considerable numbers of individuals with work assignments required for the closing." The releases projected over \$100 million in sales and over \$17 million in earnings for 1993-1994. The releases also stated that ITC shortly would conduct a public offering of its stock and that appropriate SEC filings were being prepared. The releases provided Lemon's telephone number and address.

24. The releases were false and misleading and omitted that ITC had no assets, revenues or ability to acquire other businesses, conduct a public offering or earn any income.

25. During February 1993, E. Erdman directed Cohen to distribute the releases, and he complied.

26. Between February 1993 and at least August 1993, inclusive, P. Erdman distributed the releases to Advest.

27. Between February 1993 and at least August 1993, inclusive, H. Erdman distributed the releases to Steichen.

28. Between February 1993 and at least August 1993, inclusive, Lemon distributed the releases to several broker-dealer firms and to potential investors.

INVESTORS BEGIN TO PURCHASE SHARES

29. Beginning in February 1993, potential investors learned about ITC's purported plans to acquire insurance agencies and conduct a public offering of its stock from the releases, E. Erdman, Lemon, Cohen (who was acting at E. Erdman's direction), or other investors.

30. E. Erdman, Lemon, and Cohen informed investors that stock was available at Advest. The investors contacted Advest's Lauderdale, Florida office and inquired about purchasing ITC stock.

DEFENDANTS MAKE FURTHER MISREPRESENTATIONS

31. During 1993, Lemon falsely confirmed to persons who contacted him after receiving the releases that the ITC public offering was proceeding.

32. During 1993, P. Erdman falsely represented to the branch manager of Advest's Ithaca office that another well-known broker-dealer firm had agreed to underwrite the offering and that the price of ITC stock would rise following the offering.

She failed to disclose to the firm that demand for the stock was being generated by E. Erdman's misleading solicitation activities.

33. During 1993, H. Erdman falsely represented to Cohen that Steichen was interested in underwriting the ITC offering. He falsely informed Steichen that various firms had agreed to underwrite the offering and that ITC would realize substantial revenues and earnings after it merged with other corporations.

34. In May 1993, H. Erdman falsely represented to Steichen that he permissibly could sell his ITC stock under Rule 144, which provides a safe harbor from the registration requirements of the federal securities laws.

35. In May 1993, H. Erdman falsely represented to Steichen that he had not arranged for the solicitation of any purchasers for his stock and that he was not acting in concert with any other shareholders.

THE DEFENDANTS SELL THEIR SHARES

36. Between February and August 1993, inclusive, P. Erdman sold approximately 220,000 shares, H. Erdman sold 50,000 shares, R. Erdman sold 37,500 shares and Chekin sold 50,000 shares of ITC stock through Advest. P. Erdman arbitrarily set the price of most of this stock at \$.60.

37. Advest executed the majority of the ITC sales by matching buyers, who had opened accounts through Advest's Lauderhill office, with the Erdmans, who sold through the Ithaca office, in transactions known as cross transactions.

38. P. Erdman arranged the prices of some of the sales to make it appear as if the price of ITC was increasing.

39. P. Erdman received approximately \$139,010, H. Erdman received \$27,860, R. Erdman received \$21,084, and Chekin received \$27,110 in proceeds from their sales of ITC stock through Advest.

40. P. Erdman and R. Erdman shared the proceeds from their sales with E. Erdman.

41. In July and August 1993, through his account at Steichen, H. Erdman sold 12,500 shares of ITC stock to two investors.

42. H. Erdman realized total proceeds of approximately \$27,380 from these sales.

43. After the sales through Steichen, on August 20, 1993, H. Erdman filed a false Form 144 with the Commission. The Form 144 failed to disclose H. Erdman's sales of ITC stock through Advest, or the sales by his family members, even though the Form 144 required that information to be disclosed.

44. Many of the investors who purchased ITC stock were unsophisticated and inexperienced. The purchasers did not receive any current, accurate information regarding ITC.

45. The acquisitions described in the releases never occurred and ITC never conducted a public offering or earned any income. All of the shares purchased by investors are worthless.

FIRST CLAIM

Violations of Section 10(b) of the
Exchange Act [15 U.S.C. 78j(b)] and
Rule 10b-5 thereunder [17 C.F.R. 240.10b-5]

46. The Commission realleges and incorporates by reference Paragraphs 1 through 45.

47. The misrepresentations and omissions described herein were made by the use of a means or instrumentality of interstate commerce or of the mails. The misrepresentations described herein were material. The omissions described herein were of material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading. When making these misrepresentations and omissions, the defendants acted knowingly or recklessly. The defendants' conduct constituted a device, scheme or artifice to defraud and operated as a fraud or deceit. The defendants' scheme was ongoing through at least August, 1993.

48. By reason of the foregoing, Defendants P. Erdman, H. Erdman and Lemon violated Section 10(b) of the Exchange Act [15 U.S.C. 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

SECOND CLAIM

Violations of Section 17(a) of the
Securities Act [15 U.S.C. 77q(a)]

49. The Commission realleges and incorporates by reference Paragraphs 1 through 48.

50. The misrepresentations and omissions described herein were made by the use of a means or instrument of transportation or communication in interstate commerce or by the use of the mails.

51. By reason of the foregoing, Defendants P. Erdman, H. Erdman and Lemon violated Section 17(a) of the Securities Act [15 U.S.C. 77q(a)].

THIRD CLAIM

Violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. 77e(a) and 77e(c)]

52. The Commission realleges and incorporates by reference Paragraphs 1 through 51.

53. No registration statement was in effect for the Erdmans' 1993 sales of ITC stock and the sales were not exempt from the registration requirements of the federal securities laws. The Erdmans' sales constituted a public offering and a distribution of ITC stock.

54. At all relevant times, E. Erdman controlled ITC by virtue of his and his nominees' ownership of the company's stock and his ability to direct the affairs of the company. P. Erdman, H. Erdman, R. Erdman and Chekin participated in controlling ITC because of their familial relationship with E. Erdman. Accordingly, sales by the Erdmans involved statutory underwriters.

55. Defendants P. Erdman and H. Erdman, by reason of the foregoing, violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. 77e(a) and 77e(c)].

FOURTH CLAIM

Unjust Enrichment of the Relief Defendants

56. The Commission realleges and incorporates by reference Paragraphs 1 through 55.

57. R. Erdman and Chekin have been unjustly enriched. They received the proceeds described above under circumstances dictating that, in equity and in good conscience, they should not be allowed to retain them.

FIFTH CLAIM

Constructive Trust

58. The Commission realleges and incorporates by reference Paragraphs 1 through 57.

59. Investors who purchased R. Erdman's and Chekin's ITC stock were defrauded by P. Erdman, H. Erdman and Lemon. The sales were part of the unregistered offering and were therefore illegal.

60. The relief defendants did not give value to investors for their funds and have no legitimate claim to such funds. Accordingly, the relief defendants hold such funds in constructive trust for the benefit of investors.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Securities and Exchange Commission respectfully requests that this Court grant the following relief:

I.

Find that Defendants P. Erdman, H. Erdman and Lemon violated Section 17(a) of the Securities Act [15 U.S.C. 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5], and that Defendants P. Erdman and H. Erdman violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. 77e(a) and 77e(c)].

II.

Permanently restrain and enjoin Defendants P. Erdman, H. Erdman and Lemon, their officers, agents, servants, employees, attorneys-in-fact, successors and assigns, and each of them, and all persons in active concert or participation with them from violating Section 17(a) of the Securities Act [15 U.S.C. 77q(a)], 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.

Permanently restrain and enjoin Defendants P. Erdman and H. Erdman, their officers, agents, servants, employees, attorneys-in-fact, successors and assigns, and each of them, and all persons in active concert or participation with them from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. 77e(a) and 77e(c)].

IV.

Require P. Erdman and H. Erdman to disgorge any ill-gotten gains they received as a result of their fraudulent conduct, plus prejudgment interest thereon, with such

monies and interest to be disbursed in accordance with a plan of distribution to be ordered by the Court.

V.

Impose a constructive trust on the funds, including prejudgment interest thereon, that R. Erdman and Chekin received as proceeds from their sales of ITC stock and require them to disgorge an amount equal to the proceeds they received, plus prejudgment interest thereon, with such monies and interest to be disbursed in accordance with a plan of distribution to be ordered by the Court.

VI.

Impose civil monetary penalties against each of the 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)], in amounts to be determined by the Court.

VII.

Grant such other and further relief as this Court deems necessary and appropriate under the circumstances.

Dated: May 15, 1998

Respectfully submitted,



Juan Marcel Marcelino
District Administrator

David E. Marder
Senior Trial Counsel

Grant David Ward
Asst. District Administrator

John M. D'Amico
Branch Chief

Madeleine McGrath Blake
Branch Chief

Peter W. Gillies
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Boston, MA 02108
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CIVIL COVER SHEET

98-6500

CIV-MOORE

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form approved by the Judicial Conference of the United States in September 1987 for use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE COVER SHEET.)

I. (a) PLAINTIFFS FILED BY J.A. D.C.
SECURITIES AND EXCHANGE COMMISSION
98 MAY 15 AM 10:50

DEFENDANTS MAGISTRATE JUDGE
PHEBE W. ERDMAN, HANS L. ERDMAN
and DAVID M. LEMON, Defendants, and
REBECCA W. ERDMAN and
LESLIE L. CHEKIN, Relief-Defendants.
Guilford (NC)

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF
S.D. OF FLA - HIAHI
(EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT
(IN U.S. PLAINTIFF CASES ONLY)
NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ADDRESS FROM MAILING ADDRESS (TELEPHONE NUMBER)
Securities and Exchange Commission
73 Tremont Street, 6th Floor
Boston, MA 02108-3912

(for P. W. Erdman) (for R. W. Erdman)
W. Frank Eagles, Esq. James Medford, Esq.
Stern & Klepfer Smith, Helms, Mulliss
P.O. Box 3112 300 N. Green St. S 1400
Greensboro, NC 27402 Greensboro, NC 27401

(d) CIRCUIT COUNTY OF RESIDENCE OF PLAINTIFFS MADE, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE HIGHLANDS

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)
 1 U.S. Government Plaintiff
 2 U.S. Government Defendant
 3 Federal Question (U.S. Government Not a Party)
 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)
PTF DEF PTF DEF
Citizen of This State 1 1 Incorporated or Principal Place of Business In This State 4 4
Citizen of Another State 2 2 Incorporated and Principal Place of Business In Another State 5 5
Citizen or Subject of a Foreign Country 3 3 Foreign Nation 6 6

IV. ORIGIN (PLACE AN "X" IN ONE BOX ONLY)
 1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from another district (specify) 6 Multidistrict Litigation 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

A CONTRACT		A TORTS		FORFEITURE/PENALTY	A BANKRUPTCY	A OTHER STATUTES
<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 362 Personal Injury	<input type="checkbox"/> 363 Personal Injury - Med. Malpractice	<input type="checkbox"/> 610 Agriculture	<input type="checkbox"/> 422 Appeal 28 USC 158	<input type="checkbox"/> 400 State Reapportionment
<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 365 Personal Injury - Product Liability	<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 620 Other Food & Drug	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 410 Antitrust
<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	A PROPERTY RIGHTS	<input type="checkbox"/> 430 Banks and Banking
<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 330 Federal Employers Liability	<input type="checkbox"/> 375 Other Personal Property Damage	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 630 Liquor Laws	<input type="checkbox"/> 820 Copyrights	<input type="checkbox"/> 450 Commerce/ICC Rates/etc
<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 340 Marine	<input type="checkbox"/> 385 Property Damage	<input type="checkbox"/> 385 Property Damage	<input type="checkbox"/> 640 R.R. & Truck	<input type="checkbox"/> 830 Patent	<input type="checkbox"/> 460 Deportation
<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 390 Other Personal Injury	<input type="checkbox"/> 390 Other Personal Injury	<input type="checkbox"/> 650 Airline Regs	<input type="checkbox"/> 840 Trademark	<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations
<input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans)	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 510 Motions to Vacate Sentence	<input type="checkbox"/> 530 General	<input type="checkbox"/> 660 Occupational Safety/Health	B SOCIAL SECURITY	<input type="checkbox"/> 480 Deportation
<input type="checkbox"/> 153 Recovery of Overpayment of Veterans Benefits	<input type="checkbox"/> 355 Motor Vehicle Product Liability	<input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 540 Mandamus & Other	A LABOR	<input type="checkbox"/> 861 HIA (1395ff)	<input type="checkbox"/> 490 Selective Service
<input type="checkbox"/> 160 Stockholders Suits	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 710 Fair Labor Standards Act	<input type="checkbox"/> 862 Black Lung (92B)	<input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange
<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 555 Prison Condition		<input type="checkbox"/> 720 Labor/Mgmt. Relations	<input type="checkbox"/> 863 DIWC/DIWW (405(g))	<input type="checkbox"/> 875 Customer Challenge 12 USC 3410
<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 442 Employment			<input type="checkbox"/> 730 Labor Mgmt. Reporting & Disclosure Act	<input type="checkbox"/> 864 SSID Title XVI	<input type="checkbox"/> 891 Agricultural Acts
A REAL PROPERTY	<input type="checkbox"/> 443 Housing Accommodations	HABEAS CORPUS:		<input type="checkbox"/> 740 Railway Labor Act	<input type="checkbox"/> 865 RSI (405(g))	<input type="checkbox"/> 892 Economic Stabilization Act
<input type="checkbox"/> 210 Land Condemnation	<input type="checkbox"/> 444 Welfare	<input type="checkbox"/> 535 Death Penalty		<input type="checkbox"/> 790 Other Labor Litigation	FEDERAL TAX SUITS	<input type="checkbox"/> 893 Environmental Matters
<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 540 Mandamus & Other		<input type="checkbox"/> 791 Empl Ret Inc Security Act	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)	<input type="checkbox"/> 894 Energy Allocation Act
<input type="checkbox"/> 230 Rent Lease & Ejectment		<input type="checkbox"/> 550 Civil Rights			<input type="checkbox"/> 871 IRS Third Party 26 USC 7609	<input type="checkbox"/> 895 Freedom of Information Act
<input type="checkbox"/> 240 Torts to Land		<input type="checkbox"/> 555 Prison Condition				<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice
<input type="checkbox"/> 245 Tort Product Liability						<input type="checkbox"/> 950 Constitutionality of State Statutes
<input type="checkbox"/> 290 All Other Real Property						<input type="checkbox"/> 890 Other Statutory Actions A OR B

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)
15 U.S.C. 77q(a); 15 U.S.C. 78j(b); 17 C.F.R. 240.10b-5; 15 U.S.C. 77e(a) and 77e(c);
(Fraudulent sale of unregistered stock).

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER FRCP 23 DEMAND \$240,000 + civil penalties JURY DEMAND: YES NO

VIII. RELATED CASE(S) IF ANY (See instructions): JUDGE _____ DOCKET NUMBER _____

DATE 5/15/98 SIGNATURE OF ATTORNEY OF RECORD *Dain M*

FOR OFFICE USE ONLY RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____