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DISTRICT OF WYOMING
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U.S. DISTRICT COURT

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**UNITED STATES DISTRICT COURT
for the
DISTRICT OF WYOMING**

UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,

Plaintiff,

v.

ZAPPA INTERNATIONAL CORPORATION,
SCOTT L. SIMPSON, SCOTT B. WALKER,
EQUITY MANAGEMENT SERVICES,

Defendants, and

EAGLE VISION HOLDING(S) INC.

Relief Defendant.

CIVIL ACTION NO.

98 CV 213 B

COMPLAINT SEEKING INJUNCTION AND OTHER EQUITABLE RELIEF

9/1/98
SAC

Plaintiff Securities and Exchange Commission for its complaint alleges as follows:

SUMMARY

1. Since at least February 1998, Defendants Scott B. Walker, Equity Management Services (EMS), an entity controlled by Walker, Scott L. Simpson, and Zappa International Corporation (Zappa) have sold securities in the form of investments in non-existent prime bank instruments to at least six investors located in five states raising at least \$380,500 for security trading programs known as the Zappa International Asset Management Program and the Bank Debenture Trading Program.

2. Walker, EMS, Simpson, and Zappa fraudulently represented to investors that their funds would be pooled with those of other investors to reach the \$10 million necessary to purchase bank instruments issued by the top one hundred world banks, and registered by the Federal Reserve Bank, the International Chamber of Commerce, and the International Monetary Fund for trading programs. The defendants fraudulently represented that investors' money was guaranteed against loss by a bank instrument that would assure the return of 106 percent of principal, and that investors would receive additional profits ranging from ten to fifty percent of their investment based on the sale of the bank instruments. As the defendants either knew, or were reckless in not knowing, no such bank instruments are available for purchase. Investors were repaid out of new investments from other investors rather than from the actual purchase and sale of bank instruments. The defendants also failed to disclose that they received substantial commissions ranging as high as twenty percent for soliciting investors.

3. The defendants did not use the investors' money to purchase prime bank instruments. Instead Walker and EMS used some investors' funds to pay commissions and personal expenses, and to repay two investors seeking refunds. Walker transferred the balance of the money from EMS's bank account to the bank accounts of Zappa located in Houston, Texas, and to the bank accounts of Eagle Vision Holding(s) Inc. located in Kirkland, Washington and Antigua, an island in the Caribbean.

4. Defendants, directly and indirectly, are now and have been engaged in, and unless restrained and enjoined by this Court will continue to engage in, transactions, acts, practices, and courses of business that violate Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5].

5. Defendants, directly and indirectly, are now and have been engaged in, and unless restrained and enjoined by this Court will continue to engage in, transactions, acts, practices, and courses of business that violate Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)].

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. §77t(b)] and Section 21(d) and (e) of the Exchange Act [15 U.S.C. § 78u(d) and (e)] for an order permanently restraining and enjoining Defendants and granting other equitable relief.

JURISDICTION AND VENUE

7. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77u(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C.

§§78u(e) and 78aa]. Venue lies in this Court pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act.

8. In connection with the transactions, acts, practices, and courses of business described in this Complaint, each of the defendants, directly and indirectly, has made use of the means or instrumentalities of interstate commerce, of the mails, or of the means and instruments of transportation or communication in interstate commerce.

9. Defendant Walker lives in Afton, Wyoming. EMS has its place of business in Afton, Wyoming. In addition, certain of the transactions, acts, practices, and courses of business constituting the violations of law alleged herein occurred within this judicial district.

DEFENDANTS

10. Scott B. Walker lives in Afton, Wyoming. He represents himself as the Executive Trustee for EMS and a U.S. representative of Zappa. Walker has previously worked as a stock broker.

11. Equity Management Services is a trust which does business from Walker's home in Afton, Wyoming. It solicits investors to participate in prime bank instrument investment programs.

12. Zappa International Corporation is an entity that lists business offices in Balmopan, Belize and Houston, Texas. It represents that it raises large pools of money for investment in high yield investment programs.

13. Scott L. Simpson lives in Richmond, Texas. He is a U.S. representative for Zappa and its attorney-in-fact. He controls one of Zappa's bank accounts in Switzerland.

RELIEF DEFENDANT

14. Eagle Vision Holding(s), Inc., is an entity that has received investor funds raised by Walker and EMS through transfers from the bank account of EMS. Eagle Vision has bank accounts in Kirkland, Washington and Antigua.

FACTS

15. Since at least February 1998, Walker and EMS have offered and sold securities in the form of investments in what they claimed were two prime bank instrument trading programs, the Zappa International Asset Management Program and the Bank Debenture Trading Program. Walker and EMS claimed they pooled investors' funds in these two trading programs, for the purpose of purchasing prime bank instruments.

16. Walker and EMS represented in the Bank Debenture Trading Program brochure (Debenture brochure) provided to investors between February and May of 1998, that high returns were guaranteed, and "there is no risk of losing the investor's principal investment." They represented that the investor's funds were secured by a bank-endorsed guarantee issued by the "Top One Hundred World Banks." Walker represented to at least two investors in March and May 1998, that the banks participating in the program included Barclays' Bank of London and Credit Suisse of Zurich, Switzerland.

17. Walker and EMS knew, or were reckless in not knowing, that these statements were false. In fact, the Bank Debenture Trading Program has no guarantee. Barclays' Bank and Credit Suisse do not guarantee investments in any of the bank instruments as described by Walker and EMS.

18. Walker and EMS represented in the Debenture brochure provided to investors that the "World's Top One Hundred Banks" offer various bank instruments which are approved by the International Chamber of Commerce and the Federal Reserve. Walker and EMS further represented that these bank instruments are offered in denominations of \$10 million or more.

19. Walker and EMS knew, or were reckless in not knowing, that these statements are false. These bank instruments described in the Debenture brochure do not exist and the International Chamber of Commerce and the Federal Reserve do not participate in, or approve such programs.

20. Walker and EMS represented investors would receive profits ranging from ten to fifty percent on each trade.

21. Walker and EMS knew, or were reckless in not knowing, that no such profits would be received because no such bank instruments are available for trading.

22. Walker and EMS failed to disclose that they received commissions ranging from 10 to 20 percent of the money invested. They failed to disclose that they paid commissions to other persons who acted as finders of new investors. They also failed to disclose the actual use of investors' funds to repay other investors and for personal expenses of Walker.

23. In May 1998, when Walker was specifically asked by an investor about commissions, he disclosed that he paid his finders a fee but failed to disclose his own commissions.

24. From February through at least May 1998, Defendants Walker, EMS, Simpson, and Zappa also offered and sold investments in Zappa's Asset Management Program and gave investors the Zappa International Asset Management Program brochure (Zappa brochure).

25. The defendants represented in the Zappa brochure provided to investors that the program invested in high yield investments through programs registered with the Federal Reserve and the International Monetary Fund.

26. Walker, EMS, Simpson, and Zappa knew, or were reckless in not knowing, that these representations are false because neither the Federal Reserve nor the International Monetary Fund register prime bank instruments.

27. The Zappa brochure provided to investors represents that the investment is protected risk free by a "Principal Guarantee" issued by a "Top World Bank." Walker represented to at least two investors that Barclays Bank and Credit Suisse Bank were participating in these guarantees.

28. Walker, EMS, Simpson, and Zappa knew, or were reckless in not knowing, that these statements were false because Barclays Bank and Credit Suisse Bank do not participate in these guarantees.

29. The Zappa brochure provided to investors represented that two investment programs, which had been completed and were closed to investors in 1997, provided returns in one program of thirty percent and in the other of two hundred percent in ten banking days.

30. The Zappa brochure provided to investors also represents that two investment programs were currently available which pay returns of twenty percent monthly and twenty-five

percent monthly. Based on an "initial investment of \$100,000 compounded at 25% per month for 12 months" investors were to receive \$1,455,192 at the end of twelve months.

31. Walker, EMS, Simpson, and Zappa knew, or were reckless in not knowing, that these statements about returns were false because the defendants did not invest the money in bank instruments that produced the reported returns.

32. Between February and May, 1998, at least six investors invested approximately \$380,500 with EMS. Walker and EMS transferred \$230,000 to bank accounts of Eagle Vision in Kirkland Washington and Antigua, and transferred \$110,000 to bank accounts of Zappa in Houston, Texas. Walker used with the balance of \$40,500 to refund \$10,000 to one investor, to pay commissions, and to cover his personal expenses. Walker knew that he paid the investor who requested the \$10,000 refund from funds EMS received from another investor.

33. When another investor asked for a refund, Walker requested that Eagle Vision return the \$100,000. However, Walker received the money from a Swiss bank where Zappa has an account.

COUNT I

(Violations of Exchange Act Section 10(b) and Rule 10b-5)

34. Plaintiff repeats and realleges Paragraphs 1 through 33 above.

35. Defendants, with scienter, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts or 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; or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities in violation of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5].

36. By reason of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 and unless restrained and enjoined will continue to do so.

COUNT II
(Violations of Securities Act Section 17(a)(1))

37. Plaintiff repeats and realleges Paragraphs 1 through 33 above.

38. Defendants, with scienter, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or by the use of the mails, directly or indirectly employed devices, schemes or artifices to defraud in violation of Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)].

39. By reason of the foregoing, Defendants violated Sections 17(a)(1) of the Securities Act and unless restrained and enjoined will continue to do so.

COUNT III
(Violations of Securities Act Section 17(a)(2) and (3))

40. Plaintiff repeats and realleges Paragraphs 1 through 33 above.

41. Defendants, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or by the use of the mails, directly or

indirectly (a) obtained money or property by means of untrue statements of material facts or omissions 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; or (b) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon purchasers of securities in violation of Section 17(a)(2) and (3) of the Securities Act [15 U.S.C. § 77q(a)(2) and (3)].

42. By reason of the foregoing, Defendants violated Sections 17(a)(2) and (3) of the Securities Act and unless restrained and enjoined will continue to do so.

WHEREFORE, the Commission respectfully requests that this Court:

I.

Enter an injunction, preliminary during the pendency of this action and permanently thereafter, restraining and enjoining Defendants, their subsidiaries, officers, directors, agents, servants, employees, and attorneys-in-fact, and all persons in active concert or participation with them, and each of them, from violating, directly or indirectly, Section 10(b) of the Exchange Act and Rule 10b-5.

II.

Enter an injunction, preliminarily during the pendency of this action and permanently thereafter, restraining and enjoining Defendants, their subsidiaries, officers, directors, agents, servants, employees, and attorneys-in-fact, and all persons in active concert or participation with them, and each of them, from violating, directly or indirectly, Section 17(a) of the Securities Act.

III.

Order Defendants and Relief Defendant, Eagle Vision, their officers, agents, servants, employees and attorneys, to account for and disgorge all illegal gains, together with prejudgment interest.

IV.

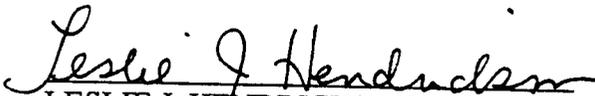
Order Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d)(3) of the Exchange Act [15 U.S.C. 78u(d)(3)].

V.

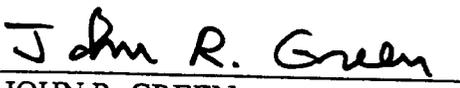
Grant any and all such other relief as this Court may deem just or appropriate.

Dated: September 1, 1998

Respectfully submitted,


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