

UNITED STATES DISTRICT COURT
For The
WESTERN DISTRICT OF LOUISIANA
(Shreveport Division)

U.S. DISTRICT COURT
WESTERN DISTRICT OF LOUISIANA
FILED

SEP 29 1998

ROBERT H. SHIMWELL, CLERK
BY _____ DEPUTY

SECURITIES AND EXCHANGE COMMISSION, :

CIVIL ACTION NO.

Plaintiff, :

CV98-1857 S

v. :

NOLAN W. WADE, NOLAN W. WADE d/b/a
CAPITAL FINANCIAL CONSULTANTS,
and CHARLES E. CAMPBELL, :

JUDGE WALTER
MAGISTRATE JUDGE PAYNE

Defendants. :

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff Securities and Exchange Commission ("Commission"), by its undersigned attorneys, brings this action pursuant to Sections 20(b) and 20(d) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b) and 77t(d)] and Sections 21(d) and 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d) and 78u(e)] and alleges that:

OVERVIEW

1. This matter involves the fraudulent offer and sale of securities by defendants Nolan W. Wade and Charles E. Campbell through false and misleading representations and omissions concerning, among other things, (a) the expected return on investment, (b) the escrowing of investors' funds, (c) the use to which investors' funds would be put, (d) the repayment of investors' funds, and (e) the process of bringing the companies in which the investors invested public.

2. From at least March 1993, the defendants have raised over \$1.8 million from numerous investors in at least seven states. The defendants have misappropriated for their own purposes a significant amount of these investors' funds.

3. The defendants have engaged, are engaged, and unless restrained and enjoined by this Court, will continue to engage in transactions, acts, practices, and courses of business which constitute and will constitute violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. In addition, defendant Wade has engaged, is engaged, and unless restrained and enjoined by this Court, will continue to engage in transactions, acts, practices, and courses of business which constitute and will constitute violations of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

4. The defendants' violations described herein involved fraud, deceit and deliberate or reckless disregard of regulatory requirements, and such violations directly and indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.

5. There is a reasonable likelihood that the defendants, unless restrained and enjoined, will continue to engage in the acts, transactions, practices and courses of business alleged in this Complaint, or in acts, transactions, practices and courses of business of similar purpose and object.

6. Pursuant to the authority granted by Sections 10(b) and 23(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78w(a)], the Commission has promulgated Rule 10b-5 [17 C.F.R. § 240.10b-5] and said Rule was in effect at all times mentioned herein and is now in effect.

7. The Commission brings this action to enjoin such acts and practices by the defendants, to obtain disgorgement from the defendants of their ill-gotten gains and unjust enrichment, to seek the imposition of civil money penalties, and to obtain other equitable relief as set forth below.

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d) and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

9. Certain of the acts and practices constituting violations of the Securities Act and the Exchange Act have occurred and are occurring within the Western District of Louisiana, and were perpetrated through the use of the mails and the means and instrumentalities of interstate commerce.

THE DEFENDANTS

10. Nolan W. Wade ("Wade"), age 53, is a resident of Moselle, Mississippi. He owns Capital Financial Consultants ("CFC"), a sole proprietorship, and does business as CFC. Wade and CFC are one and the same. They purport to assist small private companies become public corporations.

11. Charles E. Campbell ("Campbell"), age 54, is a resident of Flossmoor, Illinois. He owns Charles E. Campbell & Associates, Inc. ("Campbell & Associates"), an Illinois corporation. Campbell spends most of his time assisting small private companies go public by attempting to merge the companies with public shell corporations through reverse acquisitions.

12. Campbell is also the president and majority shareholder of International Equity Resources, Inc. ("IER"), a Utah public shell corporation. IER's office is in Flossmoor, Illinois. In June 1995, Campbell and IER were found by the Commission in Charles E. Campbell and International Equity Resources, Inc., Securities Exchange Act Release No. 35921 (June 30, 1995), to have willfully violated antifraud provisions 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] by disseminating a misleading disclosure statement to investors. The Commission ordered Campbell and IER to cease and desist from committing any future violations and further ordered Campbell to pay a civil penalty.

OTHER PERSON INVOLVED

13. Johnnie M. Everitt, III ("Everitt") previously resided in Louisiana and Mississippi. Prior to becoming involved in the conduct described in this Complaint, Everitt and Wade had worked together. Everitt has been convicted of misappropriating government funds. Everitt died in August 1998.

OFFER AND SALE OF EARTHNET COMPANIES, INC. SECURITIES

14. In or about April or May, 1993, Everitt first approached the owner of EnviroMed Laboratories, Inc. ("EnviroMed"), located in Ruston, Louisiana, and inquired whether the company was for sale. Wade and Everitt stated that they planned to buy EnviroMed and other laboratories, putting together a regional network of laboratories, merge them into a new corporation, and sell franchises.

15. The owner indicated that she was interested in discussing a possible sale. She told Wade and Everitt that she would grant them an option to purchase the company for a fee. Wade paid the owner \$30,000 for an option.

16. Wade and Everitt then met in Ruston with EnviroMed employees and asked whether they would be interested in joining them and becoming a part of their effort. Wade told the employees that he wanted them to become stockholders in the new corporation, EarthNet Companies, Inc. ("EarthNet").

17. EarthNet was incorporated in Louisiana in or about December 1993. Its executive offices were purportedly in Ruston.

18. Wade was a director and shareholder of EarthNet. Everitt was the president, a director and shareholder of EarthNet

19. Wade told the employees that the money they invested would be used as "seed" money, which would be spent to raise funds to take EarthNet public. Wade stated that the goal was to have EarthNet listed and traded on NASDAQ and that this would be accomplished through a reverse acquisition with another company that was already public. Wade told the employees that this was a golden investment opportunity and that the EarthNet stock would grow in value. Wade stated that if EarthNet failed to become a public company, investors would receive their money back.

20. Wade told the employees that if they did not put in money to join in the deal, he and his group would walk away from the deal.

21. In or about August 1993, Wade and Everitt met with the chief executive officer of Benchmark Laboratories, Inc. ("Benchmark"), located in Baton Rouge, Louisiana, and inquired whether Benchmark was for sale. They said that they were going to raise money to purchase EnviroMed Labs and other labs so that they could create a public company with a chain of laboratories across Arkansas, Louisiana and Texas.

22. Wade and Everitt met again with Benchmark's chief executive officer approximately three or four weeks later. Wade also had additional conversations about the possible purchase with the chief executive officer by telephone.

23. During this same time, Wade and Everitt also met with the chief executive officer's partners in Benchmark to discuss the potential purchase. Wade and Everitt told the chief executive officer and his partners that after purchasing Benchmark, they planned to take the company public by doing a reverse acquisition. Campbell, with his public shell corporation, would do the reverse acquisition.

24. Sometime before Christmas 1993, the chief executive officer and his partners agreed to sell Benchmark and subsequently received \$30,000 in earnest money. For their ownership interests in Benchmark, each of the partners would receive, upon consummation of the sale, \$40,000 and 160,000 shares of EarthNet stock. In addition, EarthNet would assume Benchmark's debt. The EarthNet shares were to be valued at \$1.00 per share.

25. Benchmark's chief executive officer and EnviroMed's owner each supplied Wade and Everitt with a list of acquaintances who might be interested in investing in EarthNet. Wade and Everitt then solicited many, if not all, of the persons listed to invest in EarthNet.

26. Wade and Everitt solicited these and other persons individually and in group meetings. Some of these meetings were held in Baton Rouge, the first of which occurred in or about December 1993. At these meetings, Wade represented that all that remained to complete the purchase of EnviroMed was to raise money to finish the deal and to go public. He represented that the money to be raised would be put into an EarthNet escrow account. Wade further represented that \$1.2 million had already been raised.

27. Campbell was present at several of these meetings. He talked about IER and the proposed reverse acquisition. The plan under the reverse acquisition was to take EarthNet public by having IER, a public shell corporation, exchange 85% of its shares for 15% of EarthNet's shares. Campbell also met with investors at other times as well.

28. Investors were told that IER was already listed on NASDAQ.

29. Everitt told investors that if the reverse acquisition was not completed and the shares of EarthNet were not trading on NASDAQ by June 1, 1994, they were guaranteed to receive their investments back.

30. Everitt told investors that EarthNet was a "cinch" to become a public company and that an investment in EarthNet would triple in value within 90 days and increase tenfold in value within one year.

31. Beginning in or about September, 1993, Wade and Everitt began offering and selling securities of EarthNet.

32. Wade and Everitt sold EarthNet securities in the form of convertible notes and common stock. Some investors were charged \$.50 per share of stock, others paid \$1.00. Most, if

not all of these notes were converted into common stock. The notes were converted at the rate of \$1 per share.

33. From at least September 1993 through at least April 1994, at least 65 investors, located in Louisiana, purchased at least \$414,500 of EarthNet securities. Of this amount, Wade received at least \$101,870, Everitt received at least \$25,237 and Campbell received at least \$53,000.

34. Those investors who purchased the convertible notes were primarily interested in the return that their investment would bring and in the conversion of the notes to common stock.

35. In or about May or June 1994, the deal to purchase EnviroMed fell through.

36. During the summer of 1994, Wade and Everitt met with the owner of Mid-South Analytical Laboratories, Inc. ("Mid-South"), located in Bossier City, Louisiana, and asked whether he would be interested in selling Mid-South to EarthNet and then taking EarthNet public through a reverse acquisition. Wade and Everitt stated that EarthNet had acquired Benchmark and that by the time EarthNet went public it would have acquired Mid-South and a third laboratory which they did not identify.

37. In November 1994, EarthNet and Mid-South's owner entered into a letter of intent outlining the terms and conditions of the owner's sale of his Mid-South stock to EarthNet.

38. During this time, Mid-South's owner was told that EarthNet had dropped EnviroMed from the proposed deal because EnviroMed was not profitable.

39. In or about February 1995, Wade and Everitt held meetings at Mid-South's office in Bossier City to solicit investors to purchase EarthNet securities. At these meetings, Wade

described EarthNet and how the reverse acquisition would work. Investors were told they could expect a 20% to 30% return on their money. Wade represented that funds raised from investors would be deposited into an escrow account specifically set up for EarthNet. In addition, investors were told that their funds deposited into the escrow account would be used only to pay the legal and accounting fees necessary to take EarthNet public. Wade and Everitt specifically stated that they would not use the money raised for their living expenses. Investors were told that their money would be returned to them if EarthNet did not go public.

40. During this time, Wade also solicited investors at a meeting in Monroe, Louisiana.

41. Wade and Everitt sold EarthNet securities in the form of convertible notes and common stock.

42. From at least January 1995 through at least June 1995, at least 25 investors, located in Louisiana, purchased at least \$217,100 of EarthNet convertible notes and common stock. Of this amount, Wade received at least \$900 and Everitt received at least \$58,216.

43. Those investors who purchased the convertible notes were primarily interested in the return that their investment would bring and in the conversion of the notes to common stock.

44. In or about August 1995, EarthNet's contract to acquire Mid-South expired and the purchase was not consummated.

Misrepresentations and Omissions

45. The defendants made several untrue statements of material facts and omitted to state material facts necessary in order to make statements made, in the light of the circumstances under which they were made, not misleading.

46. The defendants' representations concerning IER's stock as being already listed on NASDAQ, as described in paragraph 28, were false and misleading in that IER was not listed and traded on NASDAQ; rather it was an OTC Bulletin Board listed stock.

47. The defendants' representations concerning the increase that investors could expect in the value of their EarthNet stock, as described in paragraphs 19, 30, and 39 were false and misleading in that the defendants had no reasonable basis for making such representations and in fact such increases did not occur.

48. The defendants' representations concerning the refunding of investors' monies, as described in paragraphs 19, 29, and 39, were false and misleading in that the defendants had no reasonable basis for making such representations and in fact monies were not returned to all investors who requested refunds.

49. The defendants' representations concerning EarthNet's escrow account, as described in paragraphs 26 and 39, were false and misleading in that the account into which investors' funds were deposited was not an escrow account specifically established for EarthNet.

50. The defendants' representations that they had already raised \$1.2 million, as described in paragraph 26, were false and misleading in that the defendants had not raised this much money.

51. The defendants' representations concerning the use to which investors' monies would be put, as described in paragraphs 19 and 39, were false and misleading in that defendants did not disclose that much the money raised from investors went to them.

52. The defendants' representations that EarthNet had already acquired Benchmark, as described in paragraph 36, were false and misleading in that EarthNet had not already acquired Benchmark.

53. The defendants' representations that EarthNet dropped EnviroMed from the deal because EnviroMed was not profitable, as described in paragraph 38, were false and misleading in that EnviroMed was no longer in the deal because Wade had not raised enough money to complete the purchase of EnviroMed and Wade would not pay to extend the option to purchase.

OFFER AND SALE OF IER SECURITIES

54. In or about February 1994, Campbell, through Campbell & Associates, sold options to purchase shares of stock in IER to at least five investors, located in Louisiana and Alabama. The options could be exercised after the reverse acquisition of IER by EarthNet; the purchase price of the stock would be \$.75 per share. Campbell received at least \$85,000 from the sale of these options.

55. Campbell told at least some of the investors who purchased the IER options that the EarthNet stock that they would be purchasing could not be traded for two years, but that IER stock already traded on NASDAQ and that the investors could trade IER stock as soon as they exercised their options. Campbell also represented that once the reverse acquisition was completed, the stock of the merged company likely would trade on NASDAQ at two to three times its actual value, or at \$4 or \$4.50 per share. Campbell also stated that he would return the purchase price of the option if the reverse acquisition did not take place.

Misrepresentations and Omissions

56. Campbell's representations that EarthNet stock, after the reverse acquisition, would trade at \$4 to \$4.50 per share, as described in paragraph 55, were false and misleading in that Campbell had no reasonable basis for making such representations and in fact EarthNet stock has not traded at that level.

57. Campbell's representations that he would return investors' monies if the reverse acquisition did not take place, as described in paragraph 55, were false and misleading in that Campbell has not returned such monies despite the fact that the reverse acquisition has not taken place.

OFFER AND SALE OF MISSISSIPPI MOTORPLEX, INC. SECURITIES

58. Mississippi Motorplex, Inc. ("Motorplex"), located in Columbus, Mississippi, was incorporated in 1993 in Mississippi for the purpose of building and operating a motorsports racing complex and entertainment facility. Motorplex hired Wade in 1993 to help it raise money and to take it public. Campbell was to work with Wade and take Motorplex public through a reverse acquisition with an existing public shell corporation.

59. In or about 1993 and 1994, Wade conducted a number of meetings, including meetings in Mississippi and California, to stimulate interest in Motorplex, describing its business plan and future reverse acquisition. Wade told attendees, which included other brokers and potential investors, that Motorplex would be trading on NASDAQ within 90 days. They were told that Motorplex stock would open for trading on NASDAQ at 9 to 10 times its current value. They were also told that the money they invested would be used to pay expenses in connection with

producing a private placement memorandum, which would precede the reverse acquisition and Motorplex's going public .

60. In at least one meeting in Mississippi, Campbell described the reverse acquisition process and represented that IER was a public company traded on NASDAQ.

61. Wade sold Motorplex securities in the form of convertible notes and common stock. The notes were converted into common stock at the rate of \$1 per share.

62. From at least March 1993 through at least 1994, at least 27 investors, located in Mississippi, purchased at least \$260,000 of Motorplex convertible note and common stock. Of this, Wade received at least \$13,100 and Campbell received at least \$60,000.

63. Those investors who purchased the convertible notes were primarily interested in the return that their investment would bring and in the conversion of the notes to common stock.

64. Wade was specifically compensated for selling Motorplex's securities.

65. Wade was a director and shareholder of Motorplex.

66. From at least October 1994 through at least April 1995, Wade sold his own shares of Motorplex stock to at least 12 investors, located in Alabama. He sold this stock for \$3 per share. Wade specifically bought Motorplex stock from a third party, located in Mississippi, at \$1 per share to make some of these sales. Wade raised at least \$433,000 from these sales and deposited the monies into his CFC bank account. Of this amount, Wade remitted approximately \$85,000 to Motorplex and paid approximately \$115,674 to sponsor a race car (authorized by Motorplex's board of directors). He kept the remaining funds, distributing some to his associates, including Campbell who received \$13,125.

67. Wade told these investors that Motorplex would be going public within 60 to 90 days through a reverse acquisition involving IER, a public shell company, that was already trading on NASDAQ. Wade also told investors that once the reverse acquisition took place, Motorplex's shares would trade on NASDAQ at a price several multiples higher than the \$3 per share price at which the investors were purchasing their shares.

68. At least one investor received an offering statement that represented that investor funds would be placed in an escrow account and that such funds would be returned to investors from the escrow account if \$1 million was not raised.

69. Wade told at least one investor, after the investor purchased Motorplex stock, that the investor could receive their money back.

70. Wade told at least one investor that investor proceeds would be used to construct the race track on the Motorplex grounds.

71. By June 1995, Motorplex still was not a public company and had minimal operating funds. In October 1995, the Motorplex board of directors voted to terminate the company's relationship with Wade.

Misrepresentations and Omissions

72. The defendants' representations that IER's stock was already trading on NASDAQ, as described in paragraphs 60 and 67, were false and misleading in that IER was not traded on NASDAQ; rather it was an OTC Bulletin Board listed stock.

73. The defendants' representations that Motorplex stock would be trading on NASDAQ within 90 days, as described in paragraphs 59 and 67, were false and misleading in that

the defendants had no reasonable basis for making such representations. IER was not already listed on NASDAQ. Thus, if Motorplex did merge with IER, the merged company would have to apply for a NASDAQ listing and meet NASDAQ's minimum listing requirements. Wade had no reasonable basis to believe that Motorplex would meet these minimum listing requirements and have its application approved by NASDAQ within 90 days.

74. The defendants' representations that Motorplex stock would trade at several multiples higher than what investors were paying to purchase the stock, as described in paragraphs 59 and 67, was false and misleading in that the defendants had no reasonable basis for making such representations and in fact Motorplex has not traded at such levels.

75. The defendants' representations concerning the use to which investors' monies would be put, as described in paragraphs 59 and 70, were false and misleading in that the defendants did not disclose that a significant amount of the monies raised from investors went to the defendants.

76. The defendants' representations concerning the escrow account, as described in paragraph 68, were false and misleading in that monies received from Alabama investors were not placed in an escrow account but were instead deposited in Wade's CFC account.

77. The defendants' representations concerning the refunding of investors' monies, as described in paragraphs 68 and 69, were false and misleading in that the defendants had no reasonable basis for making such representations and in fact monies were not returned to all investors who requested refunds.

OFFER AND SALE OF BIO-SOLUTIONS OF LOUISIANA, INC. SECURITIES

78. Bio-Solutions of Louisiana, Inc. ("Bio-Solutions") was incorporated in 1994 in Louisiana. A July 1995 CFC newsletter described Bio-Solutions as a bio-organic development and marketing company for waste treatment products. The newsletter listed Everitt as Bio-Solutions' president. Bio-Solutions' bank records, however, indicate that Wade was the company's president and chief executive officer. The newsletter also stated that one of Bio-Solutions' immediate goals was to complete a private placement in preparation for a larger public offering.

79. Wade and Everitt solicited a number of investors to purchase Bio-Solutions securities. Wade and Everitt told investors that Bio-Solutions would go public within 90 days by merging with a public shell corporation that was already traded on an exchange. They represented to investors that the value of their investment in Bio-Solutions would increase by several multiples. They also told investors that the investors could get their money back if they wished.

80. Wade and Everitt sold Bio-Solutions securities in the form of convertible notes and common stock. Notes held by investors were later converted to stock at \$1 per share.

81. From at least October 1995 through at least June 1997, Wade and Everitt raised at least \$67,500 from the sale of Bio-Solutions securities to at least 11 investors located in Louisiana, Mississippi and West Virginia. These funds were deposited into a Bio-Solutions' bank account controlled by Wade. Another \$46,000 were wire transferred into the account in four transactions. An additional \$56,550 were transferred into the account from the CFC Income and Growth Fund. Of the monies deposited into Bio-Solutions' bank account, Wade received at least \$131,700, Everitt received at least \$19,500 and \$16,000 was withdrawn as cash.

82. Those investors who purchased the convertible notes were primarily interested in the return that their investment would bring and in the conversion of the notes to common stock.

Misrepresentations and Omissions

83. The defendants' representations that Bio-Solutions would go public within 90 days by merging with an exchange traded public shell corporation, as described in paragraph 79, were false and misleading in that the defendants had no reasonable basis to believe that Bio-Solutions would, within 90 days, merge with a public shell company and meet the minimum listing requirements for NASDAQ or any stock exchange. In fact, Bio-Solutions has not become a publicly traded corporation.

84. The defendants' representations that the value of the investors' investment in Bio-Solutions would increase by several multiples, as described in paragraph 79, were false and misleading in that the defendants had no reasonable basis for making such representations and in fact such increases in value did not occur.

85. The defendants' representations concerning the refunding of investors' monies, as described in paragraph 79, were false and misleading in that the defendants had no reasonable basis for making such representations and in fact monies were not returned to all investors who requested refunds.

86. The defendants did not disclose to investors that a significant amount of funds raised from Bio-Solutions investors went to the defendants.

OFFER AND SALE OF BLACKLIDGE INTERNATIONAL, INC. SECURITIES

87. Blacklidge International, Inc. ("Blacklidge") was incorporated in Florida, with its principal office in Gulfport, Mississippi. Blacklidge was described in a July 1995 CFC newsletter as a marketing company for environmentally safe road paving and repair asphalt binder and primer.

88. Blacklidge was developed by Wade, who was a minority but substantial shareholder in the company. Wade was also the president, chief executive officer, and a director of Blacklidge.

89. In March 1995, Wade and CFC agreed to act on behalf of Blacklidge to take the company public. CFC was first to raise "seed money" in the form of notes, convertible into Blacklidge common stock at a price of \$2 per share. CFC then was to promote a Regulation D private placement of Blacklidge common stock. Finally, CFC was to promote an initial public offering of Blacklidge common stock.

90. Wade solicited a number of investors to purchase Blacklidge securities. Wade held solicitation meetings in at least Louisiana and Mississippi. Wade told investors that Blacklidge was soon to become a public company through a reverse acquisition and would trade on NASDAQ. Wade also told investors that investor funds would be used to take Blacklidge public.

91. Wade sold Blacklidge securities in the form of convertible notes and common stock. Notes were later converted to shares of Blacklidge common stock.

92. From at least July 1995 through at least April 1996, Wade raised at least \$187,500 from the sale of Blacklidge securities to at least 10 investors, located in Mississippi. Wade received at least \$91,457 from Blacklidge.

93. Those investors who purchased the convertible notes were primarily interested in the return that their investment would bring and in the conversion of the notes to common stock.

Misrepresentations and Omissions

94. Wade's representations that Blacklidge would soon be a public company and trade on NASDAQ, as described in paragraph 90, were false and misleading in that Wade had no reasonable basis to make such representations. In fact, Blacklidge has not become a public company and has not traded on NASDAQ.

95. Wade's representations concerning the use to which investor monies would be put, as described in paragraph 90, were false and misleading in that Wade did not disclose that a significant amount of monies raised from investors went to him.

OFFER AND SALE OF CFC INCOME AND GROWTH FUND SECURITIES

96. CFC Income And Growth Fund ("CFC Fund") is a Delaware limited liability company formed in August 1995. Wade was a manager and founding interestholder of CFC Fund. CFC Fund intended to provide financing for "growth" businesses in the form of short-term secured and unsecured loans as well as making equity investments in such businesses.

97. Wade solicited a number of investors to purchase CFC Fund securities. Wade told investors that the monies that CFC Fund raised would be used to make unsecured loans to fledgling companies, such as Bio-Solutions and Blacklidge. When these companies went public, CFC Fund would liquidate and CFC Fund investors would receive pro-rata equity interests in these new public companies. Wade represented that a \$10,000 investment in CFC Fund would soon increase in

value to \$60,000. Wade also told investors that they could get their money back in six months if they were not satisfied.

98. Wade sold CFC securities in the form of interests in the limited liability company. Interests were offered to investors at \$10 per unit and were normally sold in minimum amounts of \$10,000.

99. From at least October 1995 through at least July 1996, at least 16 investors, located in Virginia, West Virginia, Texas and Colorado, invested at least \$193,973 in CFC Fund. Of this amount, at least \$30,000 went to Wade. At least \$56,500 went to Bio-Solutions and at least \$34,400 went to Blacklidge. But, as set forth in paragraphs 81 and 92, most of the funds that Bio-Solutions received and a significant amount of the funds that Blacklidge received ultimately went to Wade.

Misrepresentations and Omissions

100. Wade's representations that the value of an investor's investment in CFC would soon increase sixfold, as described in paragraph 97, were false and misleading in that Wade had no reasonable basis for making such representations and in fact such an increase did not occur.

101. Wade's representations concerning the refunding of investors' monies, as described in paragraph 97, were false and misleading in that Wade had no reasonable basis for making such representations and in fact monies were not returned to all investors who requested refunds.

102. Wade did not disclose the true amount of the monies raised by CFC Fund that he would ultimately receive.

103. Wade, Campbell and Everitt together employed devices, schemes and artifices to defraud and together engaged in acts, practices and courses of business which operated as a fraud or deceit upon persons in connection with the sale of securities as set forth in this Complaint.

104. In October 1995, Wade coordinated a meeting in Atlanta, Georgia which was attended by brokers, financial planners and potential investors. At the meeting, the Bio-Solutions, Motorplex, and Blacklidge deals were pitched to the attendees.

105. Wade conducted a similar meeting in Dallas, Texas.

106. In November 1995, CFC and a third party agreed to purchase shares of Blacklidge stock and to liquidate such shares on a best effort basis for both CFC and the third party. The proceeds would be divided equally between CFC and the third party according to the number of shares sold by each party or agreed by each party.

107. In February 1996, CFC arranged, and Wade served as the commentator for, a video teleconference beamed to selected cities throughout the United States to publicize two projects to potential investors and other interested parties. Among those in attendance at these sites were dealers, distributors and investment funding groups.

108. By virtue of the conduct described in this Complaint, Wade has engaged in the business of effecting transactions in securities for the account of others.

109. By virtue of the conduct described in this Complaint, Wade has engaged in the business of buying and selling securities for his own account.

110. Wade has not registered with the Commission as a broker or dealer, nor has Wade associated with a broker or dealer registered with the Commission.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a)(2) and 17(a)(3)
of the Securities Act [15 U.S.C. §§ 77q(a)(2), and 77q(a)(3)]

111. Paragraphs 1 through 110 are hereby realleged and are incorporated herein by reference.

112. From at least January 1993 through at least June 1997, defendants Wade and Campbell, singly and in concert, in the offer and sale of securities of EarthNet Companies, Inc., International Equity Resources, Inc., Mississippi Motorplex, Inc., Bio-Solutions of Louisiana, Inc., Blacklidge International, Inc. and CFC Income And Growth Fund, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

- (a) obtained money and property by means of untrue statements of material facts and 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; and
- (b) engaged in transactions, practices, and courses of business which operated and would operate as a fraud and deceit upon the purchasers of such securities,

all as more particularly described in paragraphs 14 through 110 above.

113. By reason of the foregoing, defendants Wade and Campbell, directly and indirectly, have violated, are violating, and, unless restrained and enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

SECOND CLAIM FOR RELIEF

Violations of Section 17(a)(1) of the
Securities Act [15 U.S.C. § 77q(a)(1)]

114. Paragraphs 1 through 110 are hereby realleged and are incorporated herein by reference.

115. From at least January 1993 through at least June 1997, defendants Wade and Campbell, singly and in concert, in the offer and sale of securities of EarthNet Companies, Inc., International Equity Resources, Inc., Mississippi Motorplex, Inc., Bio-Solutions of Louisiana, Inc., Blacklidge International, Inc. and CFC Income And Growth Fund, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes, and artifices to defraud purchasers of such securities, all as more particularly described in paragraphs 14 through 110 above.

116. Defendants Wade and Campbell knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud. In engaging in such conduct, the defendants acted with scienter, that is with an intent to deceive, manipulate or defraud or with severe reckless disregard for the truth.

117. By reason of the foregoing, defendants Wade and Campbell, directly and indirectly, have violated, are violating, and, unless restrained and enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

THIRD CLAIM FOR RELIEF

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]

118. Paragraphs 1 through 110 are hereby realleged and are incorporated herein by reference.

119. From at least January 1993 through at least June 1997, defendants Wade and Campbell, singly and in concert, in connection with the purchase and sale of securities of EarthNet Companies, Inc., International Equity Resources, Inc., Mississippi Motorplex, Inc., Bio-Solutions of Louisiana, Inc., Blacklidge International, Inc. and CFC Income And Growth Fund, by the use of means and instruments of interstate commerce and by use of the mails, directly and indirectly:

- (a) employed devices, schemes, and artifices to defraud;
- (b) made untrue statements of material facts and 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) engaged in acts, practices, and courses of business which operated as a fraud and deceit upon persons,

all as more particularly described in paragraphs 14 through 110 above.

120. Defendants Wade and Campbell knowingly, intentionally, and/or recklessly engaged in the above-described conduct. In engaging in such conduct, the defendants acted with scienter, that is with an intent to deceive, manipulate or defraud or with severe reckless disregard for the truth.

121. By reason of the foregoing, defendants Wade and Campbell, directly and indirectly, have violated, are violating, and, unless restrained and enjoined will continue to violate 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].

FOURTH CLAIM FOR RELIEF

Violations of Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)]

122. Paragraphs 1 through 110 are hereby realleged and are incorporated herein by reference.

123. From at least January 1993 to at least June 1997, defendant Wade, directly and indirectly, by use of the mails and the means or instrumentalities of interstate commerce, while acting as a broker and dealer not registered with the Commission and engaged in the business of effecting transactions in securities for the account of others and of buying and selling securities for his own account, effected transactions in and induced or attempted to induce the purchase of securities (other than exempted securities, commercial paper, bankers' acceptances, or commercial bills), including, but not limited to, the activities described in paragraphs 14-110 above.

124. By reason of the foregoing, defendant Wade, directly and indirectly, has violated, is violating, and, unless restrained and enjoined will continue to violate Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Securities and Exchange Commission respectfully prays that the Court:

I.

Declare, determine and find that each of the defendants named herein committed the violations alleged herein.

II.

Issue permanent injunctions enjoining defendants Wade and Campbell, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, and each of them, in the offer or sale of any security, from violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, by, directly or indirectly:

- (a) employing any device, scheme, or artifice to defraud;
- (b) obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any purchaser of such securities.

III.

Issue permanent injunctions enjoining defendants Wade and Campbell, their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, and each of them, in connection with the purchase or sale of any security, from violating 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], by the use of any means or instrumentality of interstate commerce or of the mails, by, directly or indirectly:

- (a) employing any device, scheme, or artifice to defraud;
- (b) making any untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- (c) engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit on any person.

IV.

Issue a permanent injunction enjoining defendant Wade, his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, and each of them, from violating Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)], directly or indirectly, by making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in or to induce or attempt to induce the purchase or sale of any security (other than an exempted security or

commercial paper, bankers' acceptances or commercial bills), while acting as a broker or dealer not registered with the Commission.

V.

Issue orders 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)] imposing civil money penalties against defendants Wade and Campbell.

VI.

Issue orders directing that defendants Wade and Campbell disgorge all ill-gotten gains and unjust enrichment with prejudgment interest.

VII.

Issue orders directing that defendants Wade and Campbell each provide a sworn accounting of all monies, properties (real, personal or mixed), and other benefits received, directly or indirectly, from or in connection with the sale of securities of EarthNet Companies, Inc., International Equity Resources, Inc., Mississippi Motorplex, Inc., Bio-Solutions of Louisiana, Inc., Blacklidge International, Inc. and CFC Income And Growth Fund for the period January 1, 1993 to the date this Complaint is filed.

VIII.

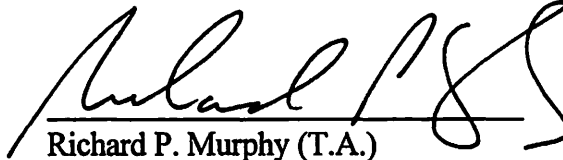
Retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may have been entered or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of the Court.

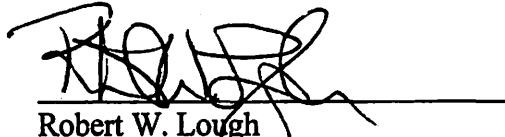
IX.

Grant such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Respectfully submitted,

Dated: September 28, 1998.


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