

UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street, N.W.
Washington, D.C. 20549,

Plaintiff,

v.

BIO-TECH INDUSTRIES, INC., JOEY DAVIS,
LORETTA DAVIS, MICHAEL DAVIS, GREGORY
GILBERT, and STEVEN SCHWARTZ

Defendants.

CASE NUMBER 1:98CV02298
JUDGE: Gladys Kessler
DECK TYPE: Civil General
DATE STAMP: 09/24/98

FILED

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NANCY MAYER-WHITTINGTON, CLERK
U.S. DISTRICT COURT

COMPLAINT

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

SUMMARY

1. This case involves fraudulent schemes to manipulate the market for the securities of three microcap issuers -- Bio-Tech Industries, Inc. ("Bio-Tech"), formerly known as Twenty First Century Health, Inc., Combined Companies International Corp. ("CCIC"), and Systems of Excellence, Inc. ("SOE").

2. Both Bio-Tech and CCIC were entities with little genuine business that were used as vehicles to carry out market manipulation schemes. To make the companies' securities attractive to investors, for a period of several years defendants Loretta Davis (Bio-Tech) and Michael Davis and Steven Schwartz (CCIC) disseminated false financial statements that materially

overstated the companies' assets and that bore a false auditor's report by a certified public accountant opining that the financial statements were not materially misstated. As part of a concerted effort to hype the market for defendant Bio-Tech in late 1996 and early 1997, defendants Greg Gilbert and Joey Davis issued a series of false and misleading press releases in which Bio-Tech claimed an exclusive license to market "breakthrough" medical devices that would yield billions of dollars in revenue for the company. During that same time period, defendant Joey Davis issued several other materially false releases in which Bio-Tech claimed a highly successful effort to develop a new business marketing nutritional supplements, and the acquisition of what appeared to be a successful and nationally known tea company.

3. Defendants Loretta Davis, Michael Davis, and Steven Schwartz, directly or indirectly, traded in the securities of Bio-Tech and/or CCIC to take advantage of the false information disseminated concerning those companies. Their sales of Bio-Tech and CCIC stock yielded illegal proceeds of more than \$789,439.

4. With regard to SOE, Michael Davis joined an ongoing manipulation scheme in August 1996 after SOE's independent auditor discovered that SOE had distributed unregistered stock and threatened to expose that fact. As part of a cover-up designed to create the false appearance that SOE was in compliance with the securities laws, Michael Davis directed the preparation of 16 materially false Registration Statements on Form S-8, each of which was filed with the Commission.

5. By knowingly or recklessly engaging in this conduct, defendants directly or indirectly violated, are violating, and unless restrained will violate the antifraud, and reporting and record keeping provisions of the federal securities laws, specifically, Section 17(a) of the

Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A), 78m(b)(2)(B), and 78m(b)(5)], and Rules 10b-5, 12b-20, 13a-1, 13a-13, 13b2-1, and 13b2-2 thereunder [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, 240.13a-13, 240.13b2-1, and 240.13b2-2].

JURISDICTION

6. This Court has jurisdiction of this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Section 27 of the Exchange Act [15 U.S.C. § 78aa], and 28 U.S.C. § 1331.

7. The Commission brings this action pursuant to authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], and Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)].

8. Defendants, directly or indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the acts, practices, and courses of business alleged herein.

DEFENDANTS

9. **Bio-Tech Industries, Inc.** ("Bio-Tech"), is based in New Jersey and was incorporated in Utah as Big Valley Energy, Inc. During the relevant period, the company was known as Twenty First Century Health, Inc. and located in Las Vegas, Nevada. The company purportedly completed an intrastate offering of its securities in Utah. Thereafter, it changed its name to Biotronic Energy Engineering, Inc., then to The Sonoran Group, then to Zorro International, Inc., then to Health & Wealth, Inc., then to Twenty First Century Health, Inc., and

then to Bio-Tech in mid-1997. During the relevant time, the company held itself out as a new products development company in the field of health-related hygienic, home diagnostic, nutritional supplement and medical technology products. Bio-Tech's stock was not registered with the Commission, but was quoted on the OTC Bulletin Board until the Commission suspended trading on February 10, 1997, and again on February 27, 1997 (which suspensions have since expired).

10. **Joey Writer Davis**, age 31, has been the President of Bio-Tech since September 23, 1996.

11. **Loretta Davis**, age 54, was the President and a Director of Bio-Tech until September 23, 1996, when Joey Davis took over as President. Loretta Davis owned over 31% of Bio-Tech stock as of January 30, 1997, and she and her husband, Barclay Davis, owned over 16% of CCIC.

12. **Michael Davis**, approximately age 51, is the former Treasurer, Secretary and a Director of CCIC, and at all relevant times, directly or indirectly, controlled CCIC.

13. **Gregory Gilbert** ("Gilbert"), age 50, has been the CEO of Bio-Tech since September 1995.

14. **Steven Schwartz** ("Schwartz"), approximately age 49, has served as CCIC's Chairman of the Board and President since November 1994, and at all relevant times, directly or indirectly, controlled CCIC.

OTHER INDIVIDUALS AND ENTITIES

15. **Barclay Davis**, age 50, is a penny stock promoter based in Las Vegas, Nevada, the husband of Loretta Davis, the father of Joey Davis, and the brother of Michael Davis. Davis, with his wife, owned over 16% of CCIC and was an officer and director of Bio-Tech from

November 1994 until January 1996. On December 22, 1997, the Commission filed an action styled SEC v. Barclay Davis and World Syndicators, Inc., Civ. Act. No. 97-03056 (GK)(D.D.C.), alleging violations of the federal securities laws arising from the schemes described herein, which is pending. Also on December 22, 1997, Davis pleaded guilty to one count of conspiracy to commit securities fraud and bank fraud, and one count of money laundering. United States v. Barclay Davis, CR-S-97-201 (D.C. Nev.).

16. **Systems of Excellence, Inc.** ("SOE") was a Florida corporation that, at the relevant time, was engaged in the manufacture and distribution of video teleconferencing equipment, and its stock was quoted on the OTC Bulletin Board. SOE is currently in bankruptcy liquidation proceedings.

17. **Charles O. Huttoe** ("Huttoe"), age 50, was formerly the Chairman and CEO of SOE. On November 7, 1996, in an action styled SEC v. Huttoe, Et Al., Civ. Act. No. 96-02543 (GK) (D.D.C.), the Commission sued Huttoe alleging violations of the federal securities laws for his role in a massive fraud involving SOE, which he resolved by consenting to, among other things, the entry of a Permanent Injunction. Huttoe also pleaded guilty to a criminal information charging him with one count of securities fraud and one count of money laundering arising from his conduct at SOE. On January 31, 1997, Huttoe was sentenced to a prison term of 46 months, which he is now serving.

18. **Combined Companies International Corp.** ("CCIC"), is located in Las Vegas, Nevada, and through its predecessor was incorporated in Nevada in 1971. CCIC has at various times described itself as engaged in manufacturing and distributing medical and infection control products, recycling tires, and manufacturing and distributing video games. At the relevant time,

CCIC's stock was quoted on the NASDAQ Bulletin Board. On August 13, 1997, the Commission revoked the registration of CCIC.

19. **Merle S. Finkel, C.P.A.** ("Finkel"), is a certified public accountant who at relevant times was licensed to practice by the State of Pennsylvania. On March 12, 1997, in an action styled SEC v. Finkel, Civ. Act. No. 97-00505 (EGS) (D.D.C.), the Commission sued Finkel alleging violations of the federal securities laws, which Finkel resolved by consenting to the entry of a permanent injunction. Also on March 12, 1997, Finkel pleaded guilty to a one-count criminal information charging him with conspiracy to commit securities fraud and bank fraud. United States v. Merle S. Finkel, CR-S-97-45-PMP (D.C. Nev.).

THE FRAUDULENT SCHEMES

BIO-TECH INDUSTRIES, INC.

False Financial Statements

20. On at least eight occasions, between July 22, 1993 and October 4, 1996, Finkel provided Bio-Tech with audit reports on the company's financial statements, each of which falsely stated that Finkel had conducted an audit in accordance with GAAS, and that the financial statements were fairly presented in accordance with GAAP. In fact, Bio-Tech's financial statements were false, and its assets overstated by amounts ranging from 110% to 321% during the period from June 30, 1993 through June 30, 1995. By pre-arrangement with Finkel, no audit was performed before he issued his audit reports without conducting any audit whatsoever.

21. As President of Bio-Tech, Loretta Davis signed disclosure statements on Form 15c2-11 that included the materially false financial statements. Those false statements were distributed to broker-dealers making a market in Bio-Tech stock. Loretta Davis knew or was

reckless in not knowing that the financial statements and auditors report included as part of the disclosure statement were materially false and misleading.

False and Misleading Press Releases

22. Beginning in the fall of 1996 and continuing through February 1997, Bio-Tech issued a series of materially false and misleading press releases touting new acquisitions, sales projections, successful product marketing and other developments favorable to the stock of Bio-Tech, as part of a deliberate effort to increase the price of the company's stock. The essence of these releases was to create the appearance that the company had substantial business prospects of enormous potential value, without any substantial expenditures of cash.

23. In October and November 1996, Bio-Tech issued three press releases, drafted by Gilbert, among others, describing the results it expected from a new licensing agreement with an entity called Solid State Farms, Inc. ("SSF"). Bio-Tech announced that it had acquired from SSF "the exclusive North American rights of a patented noninvasive diabetes blood test and instrument," which it touted as "a major medical breakthrough for diabetics."

24. On October 29, 1996, Bio-Tech issued a press release stating that the "selling price for the device will be \$500 to \$800," and estimating sales potential at "about five million units," translating to revenue for Bio-Tech of between \$2.5 to \$4 billion. On November 7, 1996, Bio-Tech issued another press release stating that the selling price of the medical device would be "in the range of \$500," and doubling the sales projections to "well over 10 million units in the USA alone," translating to revenue for Bio-Tech of \$5 billion. On November 19, 1996, Bio-Tech issued a third press release, restating the details of the device and Bio-Tech's plans for the underlying technology, and again raising the ante on expected "sales potential" to "well over 10

million units in 24 months for USA alone.” (The three press releases collectively referred to as the “Diabetes Press Releases”.)

25. Gilbert drafted the Diabetes Press Releases. Joey Davis, who was then President of Bio-Tech, reviewed the draft releases, and both he and Gilbert approved their issuance by Bio-Tech.

26. The Diabetes Press Releases are all materially false and misleading in that, among other things:

- a) there was no reasonable basis for any of the constantly expanding sales projections featured in the releases;
- b) they failed to disclose material information about SSF, including that SSF had never applied for FDA approval for, or marketed, a single product; nor had it published any research relating to the science underlying the blood test instrument;
- c) they failed to disclose uncertainties as to whether the “technology” underlying the device worked;
- d) they failed to disclose that the device had not been adequately tested;
- e) they failed to adequately disclose that SSF had not commenced the process of seeking any of the regulatory approvals required to bring the device to market; and
- f) they failed to disclose that neither SSF nor Bio-Tech had access to the financing that would be necessary to complete the development of the device, much less production and marketing.

27. Gilbert and Joey Davis knew or were reckless in not knowing that each of the Diabetes Press Releases was materially false and misleading.

28. Because of questions as to the accuracy of, among other things, the Diabetes Press Releases, the Commission issued an order suspending trading in Bio-Tech stock for a ten day period beginning on February 10, 1997.

29. Undeterred by the Commission's action and in an effort to reignite investor interest in its securities, on February 13, 1997 Bio-Tech issued a press release announcing that it had launched "a new line of liquid colloidal supplements, including DHEA, that will be available in some 9,000 to 10,000 stores nationally by April or May 1997." ("Colloidal Press Release") The Colloidal Press Release stated that Bio-Tech's colloidal line contained "35 vitamins, minerals, extracts and hormones." Further, the release stated that the "colloidal line has already been accepted by the nation's largest health products retailer with 3,000 stores, as well as several of the largest nationally known drug store chains." The release also announced plans to launch a nationwide advertising campaign for the products within three months that would include cable television commercials, as well as radio, print and point of sale advertising.

30. Joey Davis, among others, drafted, reviewed, and approved the issuance of the Colloidal Press Release by Bio-Tech.

31. The Colloidal Press Release was materially false and misleading in that, among other things:

a) it fundamentally misdescribed Bio-Tech's nutritional products business, because Bio-Tech did not "have" a line of nutritional products in the sense that it could manufacture them or had some proprietary rights to them, but rather was attempting to become a distributor, and had simply entered into a contract to purchase the products from a manufacturer;

b) it did not disclose that Bio-Tech lacked the ability to finance any significant

purchases of any of the nutritional products in its “line,” or to carry out the marketing blitz described in the release;

c) it misrepresented Bio-Tech’s success in marketing those nutritional products, which consisted of a single order for one particular colloidal product that was placed on the day of the press release; and

d) it falsely emphasized that Bio-Tech was unique in being the only firm to offer a “full line” of supplements containing 35 vitamins, minerals, and extracts in a colloidal form, when in fact Bio-Tech only had 12 items ready for sale at the time of the press release, and no retailer had expressed interest in more than three colloidal products.

32. Joey Davis knew or was reckless in not knowing that the Colloidal Press Release was materially false and misleading.

33. One day later, on February 14, 1997, Bio-Tech announced that the company had signed a letter of intent to purchase Modern Tea Ball Service, Inc. (“Modern Tea”) for 225,000 shares of Bio-Tech stock (“Modern Tea Press Release”). In the Modern Tea Press Release, Bio-Tech stated that “Modern Tea Ball Service grew from a small family business to become the premier tea packager for Lipton, Standard Brands and General Nutrition Corp., in addition to Boston Tea Co., Dunkin Donuts and First Colony Coffee and Tea Co.”

34. Joey Davis, among others, drafted, reviewed, and approved the issuance of the Modern Tea Press Release by Bio-Tech.

35. The description of Modern Tea in that release is materially false and misleading in that, among other things:

(a) it falsely described Modern Tea as a thriving business when it had been

declining since 1991;

(b) it failed to disclose that only one of the "customers" identified in the release was currently a customer, and that most had not been customers for several decades; and

(c) it failed to disclose that the letter of intent had no consideration and was not binding on either party.

36. Joey Davis knew or was reckless in not knowing that the Modern Tea Press Release was materially false and misleading.

37. Schwartz, Michael Davis, and Loretta Davis sold Bio-Tech securities knowing that its price was artificially inflated by the dissemination of materially false and misleading information.

COMBINED COMPANIES INTERNATIONAL CORP.

38. Schwartz and Michael Davis, directly or indirectly, controlled CCIC since at least 1993. In or around 1993, as part of a fraudulent scheme to manipulate the market for CCIC securities, a nonexistent asset was recorded on CCIC's balance sheet and valued at about \$2 million. That asset was included on CCIC's financial statement from 1993 through 1996, and was variously characterized as "cash," a "note receivable," and a "certificate of deposit." During that entire period, it was the largest asset on CCIC's balance sheet, and resulted in CCIC's total assets being overstated by 615% as of December 31, 1995.

39. Between 1994 and 1996, CCIC obtained from Finkel four separate unqualified audit opinions on CCIC's financial statements that included the \$2 million asset. As was the case with Bio-Tech, by pre-arrangement with Finkel no audits were performed before he issued his audit reports.

40. In or around June 1995, CCIC hired an accountant to perform bookkeeping and other

accounting services. The accountant attempted to obtain information from Schwartz concerning the origin and status of the \$2 million asset. Schwartz responded with numerous detailed and false explanations that were calculated to frustrate the accountant's inquiry.

41. Finkel's false audit reports, together with the false financial statements, were filed with the Commission as part of three Annual Reports on Form 10-K, all of which were signed by Schwartz as CCIC's President and Chief Executive Officer ("CEO"), and Michael Davis as Secretary, Treasurer, Chief Financial Officer ("CFO") and Director.

42. The false financial statements were also filed with the Commission as part of nine Quarterly Reports on Form 10-Q, all of which were signed by Michael Davis as Secretary Treasurer, CFO and Director, and four of which were signed by Schwartz as CCIC's President and CEO.

43. Schwartz and Michael Davis knew or were reckless in not knowing that the financial statements included as part of the Forms 10-Q, and the financial statements and audit reports included as part of the Forms 10-K, were materially false and misleading.

SYSTEMS OF EXCELLENCE

Background

44. On November 7, 1996, the SEC filed an action styled SEC v. Huttoe, et al., charging Huttoe and others with a massive "hype and dump" market manipulation involving the stock of SOE. The stock sold as part of that manipulation was supplied through a massive unregistered offering that ultimately included approximately 42 million unrestricted, free-trading SOE shares that were purportedly registered on Form S-8 Registration Statements. Those shares were issued to, among others, Huttoe's nominees and others who assisted in carrying out the manipulation, including Barclay Davis.

45. In the midst of the SOE scheme, the company's auditors discovered that the Form S-8 Registration Statements pursuant to which the stock had been issued had never been filed with the Commission. That discovery threatened to unravel the scheme, and Huttoe sought Barclay Davis' assistance in covering it up.

46. As part of the resulting cover-up, defendant Michael Davis, a purported "S-8 expert," traveled to SOE's offices in McLean, Virginia during the weekend of September 21 and 22, 1996.

47. Michael Davis reviewed copies of the S-8s that previously had been provided to the transfer agent in order to have SOE shares issued, but which had not been filed with the Commission. After reviewing them, Michael Davis told Huttoe and others that the old S-8s were wrong and had to be re-done.

48. Michael Davis and others working at his direction worked virtually around the clock over that weekend, to prepare a series of new Registration Statements on Form S-8. Michael Davis also directed the preparation of a series of bogus contracts with the "consultants" identified as receiving the shares, and legal opinions that the shares were validly issued, for filing as attachments to the Registration Statements.

49. On September 24, 1996, sixteen separate Form S-8 Registration Statements, each of which included as attachments bogus consulting contracts and opinion letters, were filed with the Commission.

50. Michael Davis knew that SOE's Form S-8 Registration Statements filed with the Commission were materially false and misleading.

CLAIM ONE
(FRAUDULENT OFFER, PURCHASE AND SALE)

**Violations of 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]**

51. Paragraphs 1 through 50 are hereby realleged and incorporated by reference.

52. By reason of the foregoing, defendants Bio-Tech, Loretta Davis, Michael Davis, and Schwartz, directly or indirectly, have violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and defendants Bio-Tech, Loretta Davis, Michael Davis, Schwartz, Joey Davis, and Gilbert, directly or indirectly, have 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].

CLAIM TWO
(REPORTING AND RECORD KEEPING VIOLATIONS)

**Violations of Sections 13(a), 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the
Exchange Act [15 U.S.C. §§ 78m(a) 78m(b)(2)(A), 78m(b)(2)(B), and 78m(b)(5)],
and Rules 10b-5, 12b-20, 13a-1, 13a-13, and 13b2-1 thereunder
[17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1,
240.13a-13, and 240.13b2-1]**

53. Paragraphs 1 through 50 are hereby realleged and incorporated by reference.

54. By reason of the foregoing, Schwartz has violated Sections 13(a), 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)], and Rules 12b-20, 13a-1, 13a-13, 13b2-1, and 13b2-2 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

55. By reason of the foregoing, defendant Michael Davis has violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Exchange Act Rules 12b-20, 13a-1, and 13a-13 [17

C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court issue Orders:

I.

Permanently enjoining defendant Michael Davis, and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 13(a) of the Exchange Act [15 U.S.C. §§ 78j(b) and 78m(a)], and Exchange Act Rules 10b-5, 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-13].

II.

Permanently enjoining defendant Schwartz, and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), and 13(b)(5) of the Exchange Act [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A), 78m(b)(2)(B), and 78m(b)(5)], and Exchange Act Rules 10b-5, 12b-20, 13a-1, 13a-13, 13b2-1, and 13b2-2 [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, 240.13a-13, 240.13b2-1, and 240.13b2-2].

III.

Permanently enjoining defendant Bio-Tech, and its officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating, directly or indirectly, 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 Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

IV.

Permanently enjoining defendant Loretta Davis, and her officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating, directly or indirectly, 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 Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

V.

Permanently enjoining defendant Joey Davis, and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

VI.

Permanently enjoining defendant Gilbert, and his officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice by personal service or otherwise, from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. §§ 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

VII.

Directing defendant Michael Davis to file a sworn Accounting of his transactions in the securities of Bio-Tech, CCIC, and SOE.

VIII.

Directing defendants Michael Davis, Loretta Davis, and Schwartz to disgorge all illegal gains, together with prejudgment interest.

IX.

Directing defendants Bio-Tech, Joey Davis, Loretta Davis, Michael Davis, Schwartz, and Gilbert to pay civil money penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

IX.

Barring defendants Michael Davis, Loretta Davis, and Schwartz from acting as an officer and director of any issuer required to file reports pursuant to Sections 12(b), 12(g), or 15(d) of the Exchange Act, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], as a result of his violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

X.

Granting such other relief as this Court may deem just and proper.

Respectfully submitted,



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