

COPY

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

FILED
U.S. DISTRICT COURT
NORTHERN DIST. OF TX
FT WORTH DIVISION

1999 SEP -2 A 11:19

NANCY DOHERTY, CLERK

BY: _____
DEPUTY

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs

Civil Action No.

HIGHLAND FINANCIAL CORPORATION;
KAY L. CAHILL, individually and d/b/a INTERDYNE
LTD.;
MICHAEL B. CHALMERS;
JOHN C. MATTHEWS, individually and d/b/a SUNLAND
STATES INSURANCE AGENCY;
ROGER MYATT; and,
ROBERT ALBERDING

499 -CV- 0719 D

Defendants,

and

TERRA TECH SYSTEMS,

Defendant Solely for the Purpose
of Equitable Relief.

COMPLAINT

Plaintiff, Securities and Exchange Commission ("Commission"), for its Complaint against defendants Highland Financial Corp. ("Highland"), Kay L. Cahill ("Cahill"), Michael B. Chalmers ("Chalmers"), John C. Matthews ("Matthews"), Roger Myatt ("Myatt"), and Robert Alberding ("Alberding") (collectively the "Defendants"), alleges as follows:

SUMMARY

1. In this action, the Commission charges the defendants with violations of the anti-fraud provisions of the federal securities laws. From at least April 1998 through August 1998, the Defendants were engaged in a fraudulent scheme to offer and sell unregistered

COPY

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA
PORT WORTH DIVISION

PLAINT

AND CHARGE COMPLAINT

FILED

DATE

99-CV-019 D

PROSECUTOR GENERAL
DISTRICT OF COLUMBIA
ATTORNEY GENERAL
UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D.C.

DEFENDANT

LEGAL REPRESENTATIVE

Case No. 99-019
U.S. District Court

COMPLAINT

Plaintiff, the United States Department of Justice, hereby complains against Defendant, [Name], for the following reasons: [Detailed description of the complaint follows]

FACTS

On [Date], the Defendant [Name] was arrested and charged with [Crime]. The Defendant is currently held in custody at the [Location]. The Defendant's arrest and detention are being justified on the basis of the following facts: [Detailed description of the facts follows]

"prime bank" securities throughout the United States. This fraudulent trading program was developed by Cahill, Chalmers and Matthews and marketed to investors by all of the Defendants. In connection with the scheme, the Defendants have, to date, raised approximately \$9.5 million from at least 10 investors nationwide. In soliciting funds for their investment scheme, hereinafter referred to as the Highland Program, the Defendants have targeted religious and charitable groups as well as individual investors.

2. In the course of offering and selling the unregistered prime bank securities, the Defendants engaged in numerous misrepresentations and omissions of material fact concerning, among other things, the use and safety of investor funds. The Defendants represented, for example, that investor funds would be pooled to trade investment-grade bank instruments on high-yield European markets, and this trading would generate returns of 1,000 percent during a 60-day trading program. The Defendants told investors that they would be paid 450 percent of the 1,000 percent earned, the remainder to be kept for various administrative costs. Further, the Defendants assured investors that their funds would be protected by an insurance policy which guaranteed the return of principal plus 70 percent. In reality, the prime bank program marketed to investors does not exist; investor funds were neither insured nor used in connection with a European trading program as represented by the Defendants. Rather, the Defendants have misappropriated investor funds for various unauthorized business and personal uses.

3. When subpoenaed to provide testimony and produce records in the Commission's investigation of this matter, Cahill and Matthews refused to testify, asserting their Fifth Amendment privilege against self-incrimination.

4. By engaging in such conduct, as detailed in this Complaint, Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly or indirectly, singly or in concert, have engaged, and, unless enjoined and restrained, will again engage in transactions, acts, practices and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §77q(a), and 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, promulgated thereunder.

5. Relief Defendant Terra Tech Systems ("Terra Tech") has received investor funds and controls property derived from investor funds.

JURISDICTION AND VENUE

6. Interests in the purported high-yield European bank instrument trading program offered and sold by the Defendants are "securities" under Section 2(1) of the Securities Act, 15 U.S.C. §77b, and Section 3(a)(10) of the Exchange Act, 15 U.S.C. §78c.

7. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act, 15 U.S.C. §77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. §78u(d), to preliminarily and permanently enjoin defendants from future violations of the federal securities laws. To prevent further investor losses, the Commission also seeks an order of this Court which: 1) requires Highland, Cahill, Chalmers, Matthews Alberding and Terra Tech to disgorge their ill-gotten gains plus prejudgment interest; 2) freezes the assets of Highland, Cahill, Chalmers and Matthews; 3) freezes the assets of Alberding and Relief Defendant Terra Tech, which they received directly or indirectly from the activities described in this Complaint; 4) orders the Defendants and Relief Defendant to provide an accounting; 5) prohibits the destruction of records; 6) requires the Defendants and Relief Defendant to

repatriate assets in foreign accounts; 7) orders expedited discovery; 8) appoints a temporary receiver; 9) requires Cahill and Matthews to surrender their passports; and 10) provides such other equitable relief that may be deemed appropriate. In addition, the Commission seeks civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. §77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. §78u(d).

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

9. The Defendants, directly or indirectly, singly or in concert, made use of the means or instruments of transportation and communication in, and the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged herein. Certain of the transactions, acts, practices and courses of business alleged herein took place in the Northern District of Texas.

DEFENDANTS

10. **Highland Financial Corp.**, is believed to be a Barbados corporation with its principal office in Bridgetown, Barbados, West Indies. Highland is controlled by Chalmers, who served as the investment program's purported "program manager" and "trader."

11. **Kay L. Cahill**, age 55, is a resident of Tyler, Texas. Cahill is a trustee of Interdyne Ltd. ("Interdyne"), an unincorporated entity characterized by Cahill as a business trust. Cahill, through Interdyne, was the issuer of the interests in the Highland Program. On May 1, 1996, Cahill was convicted of the felony offense of the unlawful sale of unregistered securities in Butler County, Kansas. In response to a Commission subpoena for testimony and documents, Cahill asserted her Fifth Amendment privilege against self-incrimination.

12. **Michael B. Chalmers**, age unknown, is believed to be a Canadian citizen last known to reside in London, England, from where he has been doing business as Highland. Chalmers is purportedly the program manager and trader for the investment program

13. **John Craig Matthews**, age 46, is a resident of El Paso, Texas. Matthews sold the insurance policies to investors in the Highland Program. These policies purportedly insured their investments by guaranteeing the return of the investors' principal and a profit of 70 percent. During the relevant time, Matthews operated through his father's insurance agency, Sunland States Insurance Agency ("Sunland"). In response to a Commission subpoena for testimony and documents, Matthews asserted his Fifth Amendment privilege against self-incrimination.

14. **Roger R. Myatt**, age 51, is a resident of Fort Collins, Colorado, and a registered representative employed by Capwest Securities, Inc., a broker-dealer registered with the Commission. Myatt solicited investors on behalf of Cahill and expected to receive sales commissions as compensation for his efforts.

15. **Robert Alberding**, age 50, is a resident of Scottsdale, Arizona, and a self-employed sales and marketing consultant. Alberding operates under the name of CanAmerican Business Capital, Inc. ("CanAmerican"), a defunct Nevada corporation. Alberding solicited investors on behalf of Cahill and received funds as compensation for his efforts.

RELIEF DEFENDANT

16. **Terra Tech Systems** ("Terra Tech") is an unincorporated entity established and used by Cahill to conduct business. Specifically, Cahill caused Terra Tech to receive investor funds and used those investor funds to purchase a \$1.2 million residence in the name of Terra

Tech, in Tyler, Texas, the title for which was held in the name Terra Tech and signed by Cahill as trustee for Terra Tech.

THE DEFENDANTS' SCHEME TO DEFRAUD

17. Beginning in or before April 1998 and continuing through August 1998, Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, individually and in combination, solicited numerous individuals to invest in a program involving the purchase and sale of high-yield, European bank instruments, represented by the defendants to be a pooled investment, not generally available for investment by the public. In fact, as alleged above, no such programs exist.

18. The Defendants represented to investors and prospective investors in the Northern District of Texas and elsewhere, through written and verbal communications, directly or indirectly, that the Defendants can obtain extraordinary profits for investors, without investment risk, through trades in high-yield European bank instruments. Examples of the false and misleading offers and solicitations made by the Defendants are set forth in paragraphs 24 through 46 below.

19. Cahill and Chalmers prepared fraudulent offering documents which contained material misrepresentations concerning the Highland Program including, but not limited to, the manner in which investor funds would be utilized and the profits that would be obtained by investors. Cahill and Chalmers caused the offering documents to be distributed to investors by the U.S. mails, by facsimile transmission, and by other means.

20. Cahill enlisted the services of Myatt and Alberding to find investors for the Highland Program and to sell the Highland securities to them. In so doing, Cahill instructed

Myatt and Alberding how to market the program, and provided them with false and misleading information that Defendants Myatt and Alberding provided to investors.

21. Through Highland, Chalmers masqueraded as a professional trader of high-yield bank instruments, in addition to assisting in the sales of Highland securities to investors.

Chalmers received investor funds through foreign accounts which he controlled and, contrary to the representations made to investors, used them for purposes inconsistent with the written offering materials he provided to investors, including for his own personal benefit and the benefit of the other Defendants.

22. Matthews, through both verbal and written communications, falsely represented to investors that he, through Sunland, would obtain insurance policies guaranteeing that investors would receive a return of their principal and a profit of 70 percent should the high-yield trading program experience unanticipated delay or difficulties. The investors paid \$170,000 per each \$1 million invested for this non-existent insurance.

23. As a result of their fraudulent scheme, the Defendants raised approximately \$9.5 million from at least 10 investors throughout the United States. The Defendants returned approximately \$7.6 million to investors, and in several instances fraudulently characterized payments made to investors as profits generated from trading activities. In fact, these payments were comprised of funds from an investor's own original investment, or from funds received by the Defendants from subsequent investors.

**THE DEFENDANTS' MISREPRESENTATIONS
AND OMISSIONS OF MATERIAL FACT**

24. The written promotional literature and other documents concerning the investment program which the Defendants provided to investors and potential investors and the Defendants' verbal solicitations included numerous misrepresentations of material facts,

and omitted to disclose facts that were material. Examples of such misrepresentations and omissions are outlined below.

25. The Defendants represented, verbally and in writing, that investor funds would be pooled in London and then used for trading activities in a high-yield European bank trading program. Investor funds were never intended to be and were not, in fact, used in the manner represented by the Defendants. Instead, as discussed below, the Defendants misappropriated investor funds for various unauthorized business and personal uses.

26. The Defendants falsely represented to investors that Highland's trading activities had generated, and would continue to generate, enormous profits. The Defendants promised investors returns of 1,000 percent over a 60-day period. In fact, Highland had never engaged in trading activities, and therefore never generated any profits for investors.

27. The Defendants falsely represented to investors that their investments were insured by Utica of New York or Lloyds of London. Further, the offering materials provided by the Defendants to the investors falsely stated that investor funds were secured by insurance which guaranteed that investors would receive a return of their principal investment and a minimum 70 percent profit.

28. Cahill falsely represented that other investors in the same program had received all of their promised returns.

29. Cahill, Myatt and Alberding falsely represented to investors that the Highland Program was approved by the Securities and Exchange Commission.

30. Cahill falsely represented to investors that she had successfully invested her own funds in the Highland Program and had received all promised returns.

31. Cahill falsely represented that she had previously placed 30 people in the Highland Program and that they had all been, or were to be, paid their promised returns.

32. Cahill falsely represented to investors that she had been involved in similar and successful trading programs for more than 20 years. She stressed to investors her interest in charitable works, falsely advising them that she was in the process of purchasing a large Texas ranch to fulfill her dream of helping neglected and abused children. In truth and fact, Cahill was in the process of using the investors' funds to purchase a large mansion and other luxury items for herself and her boyfriend.

33. Myatt and Alberding falsely represented to investors that Cahill had personally experienced success with the Highland Program and other similar programs.

34. Alberding represented to investors that they could not lose money in the Highland Program because the buying and selling of bank instruments is not susceptible to losses.

35. Myatt falsely represented to an investor that he had spent \$100,000 of his personal funds investigating the Highland Program, and had concluded that it was a safe investment. Myatt also falsely represented to an investor that previous investors he had placed in the Highland Program had all received the payments which they had been promised.

36. Cahill failed to disclose to investors that in 1996, she was convicted in Butler County, Kansas, of the felony offense of selling unregistered securities, and was on probation for that offense while soliciting investors for the Highland Program.

37. Cahill, Chalmers and Matthews failed to disclose to investors that their funds would not be used as represented, but rather would be misappropriated and dispensed for unauthorized personal and business uses.

38. The Defendants failed to disclose to later investors in the Highland Program that earlier investors had not received the returns which they had been promised.

39. Cahill and Chalmers failed to disclose to investors that certain funds paid to them and represented to be trading profits were, in fact, merely a portion of their original investment or the funds of other investors.

40. Cahill failed to disclose to investors that she would use their funds to purchase a \$1.2 million residence, three vehicles, and to pay for other unauthorized expenses.

POST-SALE MISREPRESENTATIONS AND LULLING OF INVESTORS

41. From at least August 1998 through at least May 1999, the Defendants have engaged in a series of communications and transactions calculated to lull investors into a sense of security to prevent them from seeking a return of their funds and the assistance of regulatory or law enforcement authorities. The Defendants falsely assured investors, both verbally and in writing, that the investments were safe, that the trading program was viable and that they could expect to receive the returns they were promised.

42. In August 1998, at the time she was soliciting new investors for the Highland Program, Cahill was telling earlier investors whose payments were past due that, based upon her review of bank records, all of the investors' original investments were intact. Further, Cahill advised investors that the delay in receiving their funds was due to "a big policy change," but assured them that their funds were, at that very moment, "in trade."

43. During August 1998, Chalmers advised an investor who had invested in the Highland Program in April 1998 that his investment was safe and offered numerous excuses for the delay in payment, including: "major policy changes within the Trust;" "new rules governing private placement programs as issued by the Fed;" and "a run of bad luck with the

banks in opening up a proper account that would allow for blocking in accordance with the terms and conditions of the Trust.”

44. In October 1998, Cahill told an investor from Keller, Texas, who had invested funds on August 25, 1998, that the delay in his receipt of payment was caused by Chalmers changing banks. Cahill further represented to the investor that his funds would be transferred to him on October 14, 1998.

45. Cahill faxed an affidavit signed by Chalmers to the Keller, Texas investor in which Chalmers confirmed the safety of the investor’s funds and stated that a distribution of profits would begin during the week of October 12, 1998. Cahill also provided the investor with a letter signed by Matthews in which Matthews discussed delays he had experienced in obtaining the promised insurance policies. Matthews’ letter stated that he anticipated distributing the policies in the next eight to ten working days. However, the investor never received a policy.

46. On December 11, 1998, Chalmers advised the Keller, Texas investor that he would receive his funds in seven to ten days. To date, the investor has not been repaid any portion of the \$1 million which he invested, much less any profit payment.

47. The false representations and omissions described in paragraphs 24 through 46, above, would have been material to a reasonable investor, and the Defendants knew or were reckless in not knowing that each representation and omission was materially false and misleading.

48. The misrepresentations and omissions described in paragraphs 24 through 46, above, were made in furtherance of the scheme to defraud devised by the Defendants.

CAUSES OF ACTION

FIRST CLAIM

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

49. The Commission repeats and realleges paragraphs 1 through 48 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

50. Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly or indirectly, singly or in concert with others, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (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 light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

51. As a part of and in furtherance of their scheme, Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and verbal presentations, which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth in Paragraphs 24 through 46 above.

52. Highland, Cahill, Chalmers, Matthews, Myatt and Alberding made the above-referenced misrepresentations and omissions knowingly or recklessly disregarding the truth.

53. By reason of the foregoing, Highland, Cahill, Chalmers, Matthews, Myatt and Alberding have violated and, unless enjoined, will continue to violate the provisions 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].

SECOND CLAIM

Violations of Section 17(a) of the Securities Act

54. The Commission repeats and realleges paragraphs 1 through 48 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

55. Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly or indirectly, singly, in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit.

56. As part of and in furtherance of this scheme, Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and verbal presentations, which contained untrue statements of material fact and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those statements and omissions set forth in paragraphs 24 through 46 above.

57. Highland, Cahill, Chalmers, Matthews, Myatt and Alberding made the above-referenced misrepresentations and omissions knowingly or recklessly disregarding the truth.

58. By reason of the foregoing, Highland, Cahill, Chalmers, Matthews, Myatt and Alberding have violated, and unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. 77q(a)].

THIRD CLAIM

Violations Of Section 17(a)(2) and (3) Of The Securities Act

59. The Commission repeats and realleges paragraphs 1 through 48 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

60. Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly or indirectly, singly, in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have obtained money and property by means of untrue statements of material fact and by 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.

61. Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly or indirectly, singly, in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce and by use of the mails, have engaged in transactions, practices and courses of business which operated and will operate as a fraud and deceit upon purchasers.

62. As part of and in furtherance of this scheme, Highland, Cahill, Chalmers, Matthews, Myatt and Alberding, directly and indirectly, prepared, disseminated or used contracts, promotional materials, investor and other correspondence and verbal presentations which contained untrue statements of material fact and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those statements and omissions set forth in paragraphs 24 through 46, above.

63. Highland, Cahill, Interdyne, Chalmers, Matthews, Myatt and Alberding, directly or indirectly, singly, in concert with others, in the offer and sale of securities, by use of the means and instruments of transportation and communication in interstate commerce made the above-referenced misrepresentations and omissions negligently.

64. By reason of the foregoing, Highland, Cahill, Interdyne, Chalmers, Highland, Matthews, Myatt and Alberding have violated, and unless enjoined, will continue to violate Section 17(a)(2) and (3) of the Securities Act, 15 U.S.C. §77q(a)(2) and (3).

FOURTH CLAIM

Claim Against the Relief Defendant As Custodian of Investor Funds

65. The Commission repeats and realleges paragraphs 1 through 48 of this Complaint and incorporates them herein by reference as if set forth *verbatim*.

66. As set forth in paragraphs 16 and 40 of this Complaint, Relief Defendant Terra Tech received funds and property from one or more of the Defendants, which are the proceeds, or are traceable to the proceeds, of the unlawful activities of Defendants, as alleged in paragraphs 1 through 48, above.

67. Terra Tech obtained the funds and property alleged above as part of and in furtherance of the securities violations alleged in paragraphs 1 through 48 and under circumstances in which it is not just, equitable or conscionable for it to retain the funds and property. As a consequence, Terra Tech has been unjustly enriched.

RELIEF REQUEST

WHEREFORE, Plaintiff Securities and Exchange Commission respectfully requests that this Court:

I.

Preliminarily and permanently enjoin Highland, Cahill, Chalmers, Matthews, Myatt and Alberding from violating Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

II.

Enter an Order instanter freezing the assets of Highland, Cahill, Chalmers and Matthews, and directing that all financial or depository institutions comply with the Court's Order. Furthermore, order instanter that all Defendants and Relief Defendant Terra Tech repatriate any funds held at any bank or other financial institution not subject to the jurisdiction of the Court, and that they direct the deposit of such funds in identified accounts in the United States, pending conclusion of this matter.

III.

Enter an Order instanter freezing the assets of Alberding which he received, directly or indirectly, from the activities described in the Commission's Complaint.

IV.

Enter an Order instanter freezing the assets of Terra Tech which it received, directly or indirectly, from the activities described in the Commission's Complaint.

V.

Enter an Order instanter that Defendants and Terra Tech shall file with the Court and serve upon Plaintiff Commission, no later than 72 hours from receipt of this Order, an accounting, under oath, detailing all of their assets and all funds or other assets received from investors and from one another.

VI.

Enter an Order instanter that Defendants and Terra Tech be restrained and enjoined from destroying, removing, mutilating, altering, concealing or disposing of, in any manner, any of their books and records or documents relating to the matters set forth in the Complaint, or the books and records and such documents of any entities under their control, until further order of the Court.

VII.

Enter an Order instanter for the appointment of a receiver pendente lite for the Defendants and Terra Tech, for the benefit of Highland investors, to marshal, conserve, protect and hold funds and assets obtained by the Defendants and their agents, co-conspirators and others involved in this scheme, wherever such assets may be found, or, with the approval of the Court, dispose of any wasting asset in accordance with the application and proposed Order provided herewith.

VIII.

Enter an Order that the parties may commence discovery immediately, and that notice periods be shortened to permit the parties to require production of documents, or the deposition of any party or party-representative, on 72 hours notice.

IX.

Enter an Order requiring the Defendants to disgorge an amount equal to the funds and benefits they obtained illegally as a result of the violations alleged herein, plus prejudgment interest on that amount, and order that Terra Tech disgorge an amount equal to the illegally obtained investor funds it received from the Defendants, plus prejudgment interest on that amount.

X.

Enter an Order imposing civil penalties against the Defendants pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), for the violations alleged herein.

XI.

Enter Order instanter that Cahill and Matthews surrender their passports to the Clerk of this Court, to hold until further order of this Court.

XII.

Enter an Order for such further relief as this Court may deem just and proper.

For the Commission, by its attorneys:

Dated this 2 day of September, 1999.



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CERTIFICATE OF SERVICE

I hereby certify that on the 2nd day of September, 1999, I caused a true and correct copy of the foregoing document to be served by facsimile, overnight courier and/or by hand, on the following individuals and entities:

Robert Alberding
4601 E. Carmel
Mesa, AZ 85258

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