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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

10
11 SECURITIES AND EXCHANGE
COMMISSION,

12 Plaintiff,

13 vs.

14 NICHOLAS A. CZUCZKO,

15 Defendant.
16

Case No.

COMPLAINT FOR VIOLATION OF
THE FEDERAL SECURITIES LAWS;
INJUNCTIVE AND OTHER RELIEF
REQUESTED

17
18 Plaintiff Securities and Exchange Commission (“Commission”) alleges:

19 **I. JURISDICTION**

20 1. This Court has jurisdiction over this action pursuant to
21 Sections 20(b) and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.
22 §§ 77t(b) and 77v(a)] and Sections 21(e) and 27 of the Securities Exchange Act of
23 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(e) and 78aa]. The defendant, directly or
24 indirectly, made use of the means and instrumentalities of interstate commerce, or of
25 the mails, in connection with the acts, practices and courses of business alleged in this
26 Complaint.
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1 **II. SUMMARY OF ALLEGATIONS**

2 2. This matter involves a secret scheme to profit from stock
3 recommendations posted on an Internet website that purported to offer “unbiased”
4 investment advice. The defendant, Nicholas A. Czuczko, traded in stocks that he
5 recommended on his website, www.thestockster.com (the “Stockster” website). The
6 site became popular within a short time after going on-line in mid-December 2005,
7 largely due to Czuczko’s Internet advertising campaign that drove web traffic to the
8 site. Czuczko netted large profits by buying shares of the stocks prior to his
9 recommendations on the Stockster site and then quickly selling the shares into the
10 rising market that the site created. The Stockster site, which claimed to be the website
11 of an “independent research company,” did not disclose that Czuczko intended to sell
12 his shares once the price increased. Furthermore, the site did not inform Internet
13 visitors when Czuczko actually began to sell his shares. From the site’s inception in
14 mid-December 2005, Czuczko made more than \$2.7 million by selling the Stockster
15 site’s recommended stocks.

16 3. Among the companies that Czuczko touted on the Internet was
17 Epic Media, Inc. (“Epic Media”). Czuczko is Epic Media’s Chief Executive Officer
18 and Chief Financial Officer, its Treasurer, and the Chairman of the company’s Board
19 of Directors. Czuczko did not inform Internet visitors that he was affiliated with Epic
20 Media at the time that he recommended the purchase of the company’s shares, nor did
21 he file the requisite forms with the Commission to disclose his trades in the company’s
22 shares publicly.

23 4. The Commission seeks preliminary and permanent injunctions
24 against Czuczko to prevent him from continuing to engage in securities fraud. The
25 Commission also seeks an order requiring Czuczko to disgorge his ill-gotten gains and
26 to pay a civil penalty. Finally, the Commission requests that the Court enjoin Czuczko
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1 from participating in offers of “penny stocks” and to bar him from serving as an
2 officer or director of a publicly-traded company.

3 **III. THE DEFENDANT**

4 5. **Nicholas A. Czuczko**, age 34, lives in Beverly Hills, California.
5 Since at least February 2004, Czuczko has served as Chief Executive Officer and
6 Chief Financial Officer of Epic Media, Inc. Czuczko has also served as the Treasurer
7 and the Chairman of Epic Media’s Board of Directors. Czuczko beneficially owns
8 approximately 58 percent of Epic Media’s common stock.

9 **IV. RELATED PARTIES**

10 6. **Epic Media, Inc.** (“Epic Media”) is incorporated under the laws of
11 California and has its principal place of business in Los Angeles, California. Epic
12 Media is a development stage company with plans to publish lifestyle magazines for
13 men and women, as well as to produce television shows and launch an Internet
14 “portal.” Epic Media files reports with the Commission pursuant to Section 13 of the
15 Exchange Act. According to the company’s amended annual report, filed with the
16 Commission on Form 10-KSB/A on or about March 13, 2006, Epic Media had no
17 revenue for the fiscal year ending November 30, 2005. Shares of the company’s
18 common stock are registered with the Commission pursuant to Section 12(g) of the
19 Exchange Act and are quoted on the Pink Sheets under the symbol “EPMI.” At all
20 times relevant to this action, the company’s common stock was considered a “penny
21 stock,” as defined in Section 3(a)(51) of the Exchange Act [15 U.S.C. § 78c(a)(51)]
22 and Rule 3a51-1 thereunder [17 C.F.R. § 240.3a51-1].

23 7. **Nicholas Czuczko** (“Czuczko, Sr.”), age 59, lives in Los Angeles.
24 Czuczko, Sr. is the father of defendant Czuczko and beneficially owns approximately
25 22 percent of Epic Media’s common stock. As described below, Czuczko, Sr. traded
26 in many of the stocks that his son recommended on the Stockster website.

1 8. **John Yeung**, age 34, lives in Los Angeles. Since about January
2 2006, Yeung has served as Epic Media’s Chief Operating Officer and as a member of
3 Epic Media’s board of directors. As described below, Yeung traded in many of the
4 stocks that Czuczko recommended on the Stockster website.

5 **V. CONDUCT THAT VIOLATED THE SECURITIES LAWS**

6 **A. The Stockster Website**

7 9. Defendant Czuczko registered for the Internet domain name
8 www.thestockster.com on or about December 11, 2005. To avoid public association
9 with the Stockster website, Czuczko registered for the domain name through a service
10 that shielded his name from publicly accessible registration information. Czuczko
11 first uploaded content to the Stockster site on or about December 15, 2005, and
12 continued to upload content to the site daily (and often more frequently) through
13 March 30, 2006.

14 10. Czuczko designed the Stockster website, which was free to all
15 visitors on the Internet, to appear as if it presented objective investment advice. A
16 description on the front page of the website claimed that site “helps investors win at
17 investing on the merits of radically original thinking and an unbeatable track record of
18 picking stocks with huge potential.” Czuczko uploaded daily stock recommendations
19 to the website, touting each pick as a “mega bonus buy.” Czuczko posted only “buy,”
20 not “sell,” recommendations on the site, and never switched from a buy
21 recommendation to a sell recommendation on a particular stock. An example of the
22 front page of the Stockster website, as it appeared on or about March 3, 2006, is
23 attached to the Complaint as Appendix No. 1 and is incorporated by reference.

24 11. For each stock recommendation on the Stockster website, Czuczko
25 included the current share price and a misleading “target price.” The target prices,
26 which were always significantly higher than the current trading prices, gave the
27 misleading impression that the operator of the Stockster website had conducted a
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1 financial analysis of the recommended stock. In fact, Czuczko had no reasonable
2 basis for the target prices and included the target prices primarily as a signal to
3 Internet visitors that the recommended stocks picks were a good buy at the current
4 (lower) price.

5 12. To bolster the Stockster website's stock picking credibility further,
6 Czuczko posted the following false statement on the site: "We've brought you MSFT,
7 GOOG, SIRI, CMGI, JDSU, and others you've made a killing on." This assertion was
8 false because at no point did Czuczko recommend the purchase of shares of Microsoft
9 Corp., Google Inc., Sirius Satellite Radio Inc., CMGI, Inc., or JDS Uniphase Corp.—all
10 well-established companies that would be recognized by potential investors and Internet
11 visitors—on the Stockster site. Most of the stocks recommended on the Stockster site
12 from December 15, 2005, to March 30, 2006, were little known and thinly-traded
13 "penny stocks," as defined in Section 3(a)(51) of the Exchange Act [15 U.S.C.
14 § 78c(a)(51)] and Rule 3a51-1 thereunder [17 C.F.R. § 240.3a51-1].

15 13. Along with its stock picks and the target prices, Czuczko included
16 the following statement on the front page of the Stockster website: "Disclosure: We
17 Own Shares." A link at the bottom of the front page led visitors to the site's
18 "disclaimer." The disclaimer misleadingly described the Stockster site as an
19 "independent research company" that "publishes unbiased research." Contrary to this
20 assertion, Czuczko's recommendations were biased in favor of stocks in which he held
21 an interest and planned to profit from undisclosed near-term sales. An example of the
22 Stockster website's disclaimer, as it appeared between December 15, 2005, and
23 March 30, 2006, is attached to the Complaint as Appendix No. 2 and is incorporated
24 by reference.

25 14. The disclaimer also included the following misleading statement:
26 "Officers, directors, and employees of The Stockster or the financial analysts
27 mentioned, and members of their families **may hold a position[] and may, from time**
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1 **to time, trade** in these securities for their own accounts. Affiliates of The Stockster
2 own positions in all of the featured companies and **may buy or sell said companies** at
3 anytime without notification.” (Emphasis added.) This statement was misleading
4 because Czuczko, who posted the recommendation and disclaimer, actually owned
5 shares of the recommended stocks and, at the time he posted the “mega bonus buy”
6 recommendations, had a present intent to sell his shares for profit as soon as the
7 recommendations led to an increase in the price of the shares. Internet visitors were
8 unable to inquire into the publisher of the Stockster website’s trading practices because
9 Czuczko did not identify himself or the Stockster’s “officers, directors, and
10 employees” or its “affiliates” on the site.

11 15. Czuczko paid for a sustained Internet advertising campaign to
12 promote the Stockster website. Advertisements for the Stockster site appeared across
13 the worldwide web. Czuczko paid an on-line advertising agency to place Stockster
14 ads on popular financial websites, including Marketwatch.com, TheStreet.com, and
15 The Wall Street Journal Online. Czuczko also paid Google and Yahoo! to show
16 Stockster advertisements in response to certain search queries, like “stocks” and
17 “investment advice.” In total, from about December 15, 2005, through March 30,
18 2006, Czuczko spent approximately \$1.15 million for Stockster advertisements on the
19 Internet.

20 16. By early 2006, the Stockster website began attracting a relatively
21 large number of visitors. The share price of the Stockster site’s picks usually rose as
22 buyers, following the site’s recommendations, entered the market to purchase shares
23 of the recommended stocks. Similarly, trading volume in a stock recommended on the
24 Stockster site typically spiked after the pick was posted on the site. The trading
25 volume and share price of stocks recommended on the Stockster site typically declined
26 when the Stockster site ended its recommendation of a stock and selected a new stock
27 as its “mega bonus buy.”
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1 17. For example, Czuczko recommended the purchase of shares of
2 MediaBay, Inc. on the Stockster website between February 28 and March 8, 2006. On
3 the first day that the stock was recommended on the Stockster site, February 28, the
4 price of MediaBay shares rose 44 percent (\$0.31 per share) on trading volume of
5 3,827,069 shares (compared to 193,119 shares on average in the 20-day period prior to
6 the Stockster site's recommendation). By contrast, the first day after Czuczko ended
7 his recommendation of the stock on the Stockster site, March 9, the price of shares of
8 MediaBay fell 10 percent (\$0.13 per share) on trading volume that was less than 45
9 percent of the average volume from February 28 to March 8, 2006.

10 18. Czuczko made substantial and frequent trades in the stocks that he
11 recommended on the Stockster website. Czuczko typically bought shares of the
12 recommended stocks shortly before he posted the pick on the Stockster website. On
13 the occasions when Czuczko bought shares on the same day that he posted the
14 recommendation, he placed his orders either before he posted the "mega bonus buy"
15 recommendation or soon after, so that he was able to obtain a lower price that did not
16 reflect the increased price resulting from the Stockster site's recommendation.
17 Czuczko typically began selling his shares at the same time that he continued to
18 recommend the stock to others on the Stockster website. Even after he began selling
19 his shares, he did not change the recommendation on the Stockster site from a "buy"
20 to a "sell" recommendation. Between December 15, 2005, and March 30, 2006,
21 Czuczko made at least \$2.7 million in profits from selling stocks that he recommended
22 on the Stockster site.

23 19. Defendant Czuczko's father, Czuczko, Sr., also bought and sold
24 shares of the stocks recommended on the Stockster website. Czuczko, Sr. usually
25 bought shares early on the first day that a stock pick appeared on the Stockster site.
26 By buying early, Czuczko, Sr. was able to purchase shares at a lower price that did not
27 yet reflect the inflation that resulted from the Stockster site's recommendation.
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1 Czuczko, Sr. typically began selling his shares of the recommended stock while his
2 son recommended the stock to others on the Stockster website and before his son
3 posted a “mega bonus buy” recommendation for the next stock, which would usually
4 lead to declining prices of the prior stock pick. Between December 15, 2005, and
5 March 30, 2006, Czuczko, Sr. made at least \$365,000 in profits from selling stocks
6 that his son recommended on the Stockster site. From these profits, Czuczko, Sr.
7 transferred at least \$290,000 to a bank account used by his son to pay for the Stockster
8 site’s Internet advertising campaign. As evidenced by the coordinated stock trading
9 and by the transfer of funds to his bank account, defendant Czuczko knew of (or was
10 extremely reckless in disregarding) his father’s purchases and sales of shares of the
11 stocks that he recommended on the Stockster site.

12 20. Between about January 30 and March 30, 2006, Epic Media’s
13 Chief Operating Officer, John Yeung, bought and sold shares of the stocks
14 recommended on the Stockster website. Czuczko frequently told Yeung about an
15 upcoming stock recommendation before posting it on the Stockster site. By receiving
16 the advance notice of the recommendation, Yeung was usually able to buy shares early
17 on the first day that a stock pick appeared on the Stockster site. Yeung was thus able
18 to purchase shares at a lower price that did not yet reflect the inflation that resulted
19 from the Stockster site’s recommendation. Yeung typically began selling his shares of
20 the recommended stock while Czuczko recommended the stock to others on the
21 Stockster website and before Czuczko posted the next stock recommendation, which
22 would usually lead to declining prices of the prior stock pick. Yeung made at least
23 \$175,000 in profits from selling stocks that Czuczko recommended on the Stockster
24 site. As evidenced by his advance notice to Yeung of the Stockster site’s
25 recommendations, Czuczko knew of (or was extremely reckless in disregarding)
26 Yeung’s purchases and sales of shares of the stocks that he recommended on the
27 Stockster site.

1 21. From December 15, 2005, through March 30, 2006, Czuczko
2 recommended approximately 60 stocks as “mega bonus buys” on the Stockster
3 website. Attached as Appendix No. 3 to the Complaint, and incorporated by
4 reference, is a chart showing the stocks recommended by Czuczko on the Stockster
5 website in late February and March 2006, the dates when Czuczko posted each stock’s
6 “mega bonus buy” recommendation, and the dates when Czuczko, Czuczko, Sr., and
7 Yeung first began selling their shares in the recommended stocks.

8 22. From December 15, 2005, to March 30, 2006, when posting a stock
9 recommendation, Czuczko did not disclose his intent to sell his shares into the rising
10 market that resulted from the recommendation. Similarly, Czuczko did not disclose
11 his stock trading practices on the Stockster website, nor did he disclose his father’s or
12 Yeung’s stock trading practices. Despite Czuczko’s, Czuczko, Sr.’s, and Yeung’s
13 active trading in the recommended stocks, the Stockster site’s disclaimer consistently
14 stated only that the site’s unidentified “officers, directors, and employees” and
15 “affiliates” “may” trade in the recommended stocks. As a consequence, the Stockster
16 site provided no warning to investors that the publisher of the website (and the
17 publisher’s father and business colleague) actually intended—and actually made it a
18 regular practice—to sell the stocks that were recommended on the site.

19 23. Czuczko’s failure to disclose his intent to sell his shares, and his
20 failure to disclose his, Czuczko, Sr.’s, and Yeung’s actual sales materially misled
21 those Internet visitors who bought shares of the recommended stocks in based upon
22 the site’s representations that it had a record of providing “unbiased” investment
23 advice. Czuczko, Czuczko, Sr., and Yeung thus were able to turn a quick profit at the
24 expense of the investors who followed the site’s advice.

1 **B. The Predecessor to the Stockster Website:**
2 **Stockesteem.com**

3 24. Prior to posting stock recommendations on the Stockster website,
4 Czuczko carried out a similar scheme on a predecessor site. Czuczko registered for
5 the Internet domain name www.stockesteem.com (the “Stockesteem” website) on or
6 about December 8, 2005. To avoid association with the Stockesteem website,
7 Czuczko registered for the site’s domain name through a service that shielded his
8 name from publicly accessible registration information. Czuczko uploaded content to
9 the Stockesteem website between about December 8, 2005, and about December 15,
10 2005, when he switched to the Stockster site.

11 25. The design of the Stockesteem website was nearly identical to that
12 of the later Stockster site. The same photograph appeared on the site, which, like the
13 later Stockster site, offered stock recommendations. Czuczko posted the following
14 false statement on the Stockesteem site: “Stock Esteem . . . [has] an unbeatable track
15 record over the years that [has] included: MSFT, JDSU, SIRI, AAPL, GOOG, CSCO,
16 and CMGI.” This assertion was false because at no point did Czuczko recommend the
17 purchase of shares of Microsoft Corp., JDS Uniphase Corp., Sirius Satellite Radio Inc.,
18 Apple Computer, Google Inc., Cisco Systems, Inc., or CMGI, Inc.—all well-established
19 companies that would be recognized by potential investors and Internet visitors—on the
20 Stockesteem site. Most of the stocks recommended on the Stockesteem site from
21 December 8 to December 15, 2005, were little known and thinly-traded “penny
22 stocks,” as defined in Section 3(a)(51) of the Exchange Act [15 U.S.C. § 78c(a)(51)]
23 and Rule 3a51-1 thereunder [17 C.F.R. § 240.3a51-1].

24 26. Also like the later Stockster site, the Stockesteem website was free
25 to all visitors on the Internet. Czuczko uploaded daily stock recommendations on the
26 Stockesteem site, posting only “buy,” not “sell,” recommendations. Czuczko never
27 switched from a buy recommendation to a sell recommendation on a particular stock.
28 For each stock recommendation on the Stockesteem site, Czuczko included the current

1 share price and a misleading “target price.” The target prices, which were always
2 significantly higher than the current trading prices, gave the misleading impression
3 that the operator of the Stockesteem site had conducted a financial analysis of the
4 recommended stock. In fact, Czuczko had no reasonable basis for the target prices
5 and included the target prices primarily as a signal to Internet visitors that the
6 recommended stocks picks were a good buy at the current (lower) price.

7 27. On or about December 12, 2005, Czuczko recommended the
8 purchase of Epic Media stock as a “mega bonus buy” on the Stockesteem website. At
9 the time of Czuczko’s recommendation, Epic Media was considered a “penny stock”
10 as defined in Section 3(a)(51) of the Exchange Act [15 U.S.C. § 78c(a)(51)] and
11 Rule 3a51-1 thereunder [17 C.F.R. § 240.3a51-1].

12 28. Czuczko did not inform Internet visitors to the Stockesteem
13 website that he was an officer and director of Epic Media, nor did he disclose that he
14 owned approximately 58 percent of the company’s outstanding shares. Czuczko’s
15 target price for Epic Media stock, as posted on the Stockesteem site, was \$4.00 per
16 share—more than \$3.50 per share higher than the current trading price. Czuczko had
17 no reasonable basis for the Epic Media target price, which he intended as an
18 inducement to Internet visitors to buy the stock. The price of Epic Media’s shares
19 rose nearly 36 percent following the recommendation on the Stockesteem site, closing
20 at \$0.57 per share on December 12. Similarly, trading in Epic Media’s shares was
21 more than three times the average volume of the 20 trading days prior to the
22 recommendation on the site.

23 29. Between December 8 and December 13, 2005—at about the
24 same time he recommended the stock on the Stockesteem site—Czuczko bought and
25 sold approximately 52,000 shares of Epic Media stock on the open market. Czuczko’s
26 net profits from the trading totaled approximately \$2,000. At the time that he posted
27 the Epic Media recommendation on the Stockesteem site, Czuczko did not disclose his
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1 present intent to sell his shares into the rising price that resulted from the
2 recommendation. Czuczko did not change his “mega bonus buy” recommendation to
3 a “sell” recommendation on the Stockesteem site and did not inform Internet visitors
4 that he was selling his shares.

5 30. As an officer and director of Epic Media, and as an owner of more
6 than 10 percent of Epic Media’s outstanding common stock, Czuczko was required to
7 disclose his trades in Epic Media stock publicly by filing Forms 4 and 5 with the
8 Commission. Czuczko did not file Forms 4 to disclose his purchases and sales of Epic
9 Media stock between December 8 and December 13, 2005, when he recommended the
10 stock on the Stockesteem website. Similarly, Czuczko did not file Forms 4 to disclose
11 other purchases and sales of Epic Media stock between July 2005 and March 2006.
12 Following the end of Epic Media’s fiscal year on November 30, 2005, Czuczko did
13 not file a Form 5 to disclose his previously undisclosed trades in Epic Media stock
14 during the year.

15 **FIRST CLAIM**

16 **Violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5** 17 **(Securities Fraud)**

18 31. Paragraphs 1 through 30 are re-alleged and incorporated by
19 reference.

20 32. Beginning December 8, 2005, and continuing thereafter, defendant
21 Czuczko, directly or indirectly, in connection with the purchase or sale of securities,
22 by the use of the means and instrumentalities of interstate commerce, by use of the
23 mails, or by use of a facility of the national securities exchanges, and with scienter:
24 (a) employed devices, schemes, or artifices to defraud; (b) obtained money or property
25 by means of untrue statements of material fact or omitting to state material facts
26 necessary in order to make the statements made, in the light of the circumstances
27 under which they were made, not misleading; and (c) engaged in transactions,
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1 practices, or courses of business which operated or would operate as a fraud or deceit
2 upon purchasers of securities.

3 33. Defendant Czuczko, by such conduct, violated Section 10(b) of the
4 Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]
5 and, unless enjoined, will continue to engage in such violations.

6 **SECOND CLAIM**

7 **Violation of 15 U.S.C. § 77q(a)**
8 **(Securities Fraud)**

9 34. Paragraphs 1 through 30 are re-alleged and incorporated by
10 reference.

11 35. Beginning on or about December 8, 2005, and continuing
12 thereafter, defendant Czuczko, directly or indirectly, in the offer or sale of securities,
13 by the use of the means and instruments of transportation and communication in
14 interstate commerce, and by use of the mails: (a) with scienter, employed devices,
15 schemes, or artifices to defraud; (b) obtained money or property by means of untrue
16 statements of material fact or omitting to state material facts necessary in order to
17 make the statements made, in the light of the circumstances under which they were
18 made, not misleading; and (c) engaged in transactions, practices, or courses of
19 business which operated or would operate as a fraud or deceit upon purchasers of
20 securities.

21 36. Defendant Czuczko, by such conduct, violated Section 17(a) of the
22 Securities Act [15 U.S.C. § 77q(a)] and, unless enjoined, will continue to engage in
23 such violations.

1 **THIRD CLAIM**

2 **Violation of 15 U.S.C. § 78p(a) and 17 C.F.R. § 240.16a-3**
3 **(Failure to File Notices of Stock Transactions)**

4 37. Paragraphs 1 through 30 are re-alleged and incorporated by
5 reference.

6 38. In 2005 and 2006, defendant Czuczko was an officer and director
7 of Epic Media and, directly or indirectly, a beneficial owner of more than ten percent
8 of Epic Media common stock.

9 39. From about July 2005 through March 2006, defendant Czuczko
10 failed to file statements accurately reflecting changes in his beneficial ownership of
11 Epic Media common stock and annual statements accurately reflecting his beneficial
12 ownership of Epic Media common stock.

13 40. Defendant Czuczko, by such conduct, violated Section 16(a) of the
14 Exchange Act and Rule 16a-3 thereunder [15 U.S.C. § 78p(a) and 17 C.F.R.
15 § 240.16a-3] and, unless enjoined, will continue to engage in such violations.

16 **RELIEF REQUESTED**

17 The Commission respectfully requests that the Court:

18 **A.**

19 Enjoin defendant from engaging in future conduct in violation of 15 U.S.C.
20 § 77q(a), 15 U.S.C. § 78j(b), 15 U.S.C. § 78p(a), 17 C.F.R. § 240.10b-5, and
21 17 C.F.R. § 240.16a-3.

22 **B.**

23 Order defendant to disgorge all benefits that he obtained from his violations of
24 the securities laws, with prejudgment interest.
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C.

Order defendant to pay a civil penalty 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)].

D.

Prohibit defendant from acting as an officer or director of an issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or required to file reports pursuant to Section 15 of the Exchange Act [15 U.S.C. § 78o].

E.

Pursuant to Section 21(d)(6) of the Exchange Act [15 U.S.C. § 78u(d)(6)], prohibit defendant from participating in any offering of penny stock.

Dated: July 31, 2006



Robert L. Tashjian
Attorney for Plaintiff
Securities and Exchange Commission

Appendix No. 1

Example of the Front Page of the Stockster Website

The Stockster® helps investors win at investing on the merits of radically original thinking and an unbeatable track record of picking stocks with huge potential. We're here for you with commonsense, the big ideas, and a little inspiration to turn your portfolio into a monster performer. We've brought you MSFT, GOOG, SIRI, CMGI, JDSU, and others you've made a killing on! If it doesn't make commonsense, it makes nosense to us or you. **Bookmark this page NOW for updated picks!**



At **The Stockster®**, we're focusing solely on undervalued Nasdaq stocks that we feel will return potential profits of 500%+ in 1 to 3 weeks.

We called MBAY's IR guy and he confirmed the news we're expecting will come out Mon. or Tues! HUGE move UP !!!!

Our Short-term target price for MBAY is \$3.95

MBAY is set for Breakout! Enjoy!

Great quarter to come with MBAY's deal with MSN News

There is 1 HOT Stock to Buy Right Now!!! = MBAY

Nasdaq Bonus Alert! = MediaBay

Website = www.MediaBay.com

Ticker Symbol = MBAY

Feb 28th Pick Price = \$0.70

Current Price = \$1.30 +85%

Target Price = \$3.95

52 Week High = \$5.64

Market Cap. = 7.5 Million

Industry: Mobile Phone Content, AudioBooks

Partnerships: MSN, XM & Sirrus, Real Networks, Loudeye

Disclosure: We Own Shares

Recommendation: MEGA BONUS BUY

Disclaimer

Appendix No. 2

The Stockster Website's Disclaimer

DISCLAIMER:

The Stockster publishes unbiased research and has never been paid a fee by a company or an affiliate of a company to be featured on www.TheStockster.com.

The Stockster is an independent research company. This is not an offer to buy or sell securities. Information or opinions in this report are presented solely for informative purposes, and are not intended nor should they be construed as investment advice.

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Appendix No. 3

Chart of Certain Stock Recommendations on the Stockster Website

	Stockster Website Recommendations		Stock Sales		
	First Day Posted	Last Day Posted	Defendant Czuczko	Czuczko, Sr.	John Yeung
Infinium Labs, Inc.	02/24/06	03/01/06	02/24/06	02/24/06	02/24/06
MediaBay, Inc.	02/28/06	03/08/06	02/28/06	03/01/06	02/28/06
Grant Life Sciences, Inc.	03/07/06	03/07/06	03/07/06	03/07/06	03/07/06
GoldSpring, Inc.	03/08/06	03/09/06	03/08/06	03/09/06	—
Med-Design Corp.	03/09/06	03/14/06	03/10/06	03/15/06	03/10/06
Ameri-Resource Techs. Inc.	03/14/06	03/14/06	03/14/06	03/15/06	—
Veridium Corp.	03/14/06	03/14/06	03/14/06	03/14/06	—
Paradigm Medical Indus., Inc.	03/15/06	03/15/06	03/15/06	—	—
Systems Evolution Inc.	03/15/06	03/17/06	03/15/06	03/15/06	03/15/06
Targeted Genetics Corp.	03/17/06	03/17/06	03/20/06	03/20/06	03/17/06
Sontra Medical Corp.	03/20/06	03/20/06	03/21/06	03/21/06	03/21/06
China Wireless Comms., Inc.	03/22/06	03/22/06	03/22/06	03/22/06	03/22/06
Nanoscience Techs., Inc.	03/23/06	03/28/06	03/27/06	03/28/06	03/27/06
Gulf Coast Oil & Gas, Inc.	03/24/06	03/28/06	03/28/06	03/28/06	—
Med Gen Inc.	03/29/06	03/30/06	03/29/06	03/29/06	03/29/06
ID-Confirm, Inc.	03/30/06	03/30/06	03/30/06	—	—
Cape Systems Group, Inc.	03/30/06	03/30/06	03/30/06	—	—

Note: Czuczko posted only “buy,” not “sell,” recommendations for the identified stocks on the Stockster website. The first two columns identify the dates on or about which Czuczko posted the recommendations on the Stockster website. The three columns on the right indicate the dates on or about which Czuczko, Czuczko, Sr., and Yeung first began selling their shares after Czuczko posted the stock recommendations on the Stockster site.