

UNITED STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF FLORIDA  
CASE NO. \_\_\_\_\_-CIV \_\_\_\_\_

FILED by RGS D.C.  
SEP 08 2009  
STEVEN M. LARIMORE  
CLERK U. S. DIST. CT  
S. D. of FLA. - MIAMI

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

TIMOTHY J. HUFF

Defendant.

09-61419

CIV-UNGARO

MAGISTRATE JUDGE  
SIMONTON

COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC” or “Commission”) alleges as follows:

NATURE OF THE ACTION

1. This case involves a fraudulent scheme originated by the defendant, Timothy J. Huff (“Huff”), the former chief executive officer (“CEO”) of GlobeTel Communications, Corp. (“GlobeTel”) to fraudulently inflate GlobeTel’s revenue from in about May 2002 through in or about October 2004. Huff was assisted in his scheme by Thomas Y. Jimenez (“Jimenez”), the former chief financial officer (“CFO”) of GlobeTel.

2. Huff’s scheme involved the creation of millions of dollars in fake invoices that appeared to reflect transactions between GlobeTel and telecommunication (“telecom”) companies in Mexico, Brazil and the Philippines. These invoices, which were created by Jimenez at Huff’s direction, falsely created the appearance that GlobeTel was buying and selling telecom “minutes.” In reality, GlobeTel never bought or sold anything under those invoices.

When GlobeTel's auditors requested technical documents to confirm the transactions, Huff and Jimenez lied to the auditors and then created fake technical documents, known as call detail records ("CDRs"), to corroborate the fake invoices. When accounts receivable built up on GlobeTel's books as a result of the fake invoices, Huff and Jimenez created fictitious transactions to make the accounts receivable disappear.

3. As a direct result of Huff's scheme, GlobeTel issued periodic reports, registration statements and press releases that misled investors because they materially misstated GlobeTel's financial results for at least the period from the third quarter of 2002 through the end of 2004.

4. The SEC brings this action based upon violations of the securities law that Huff committed in furtherance of his scheme.

#### **JURISDICTION AND VENUE**

5. The Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa]. The defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, transactions, practices and courses of business alleged herein.

6. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa] because a substantial portion of the conduct alleged in this complaint occurred within the Southern District of Florida and the headquarters of GlobeTel Communications Corp. ("GlobeTel") is located in the district.

**DEFENDANT**

7. **Timothy M. Huff**, 42, presently has his primary residence in St. Louis, Missouri. From 2002 to 2007, Huff lived in Broward County, Florida. He was GlobeTel's chief executive officer ("CEO") and a director from April 2002 until September 2006, when he became the company's chief technology officer. As CEO, Huff oversaw the operations of the entire company. Huff left GlobeTel in March 2007, although he continued to function as a consultant to the company.

**ISSUER**

8. **GlobeTel Communications Corp.** ("GlobeTel"), which has changed its name to Sanswire Corp., is a Delaware corporation that was incorporated in July 2002, with a headquarters in Fort Lauderdale, Florida. Prior to July 2002, GlobeTel was a wholly owned subsidiary of American Diversified Group, Inc. ("ADGI"). Until February 2007, its headquarters were in Pembroke Pines, Florida. The common stock of GlobeTel was registered pursuant to Section 12(g) of the Exchange Act. Its shares traded on the Over-The-Counter Bulletin Board from 2002 to May 2005, traded on the American Stock Exchange ("AMEX") from in or about May 2005 until the AMEX delisted the company on October 11, 2006, and were listed over-the-counter on the Pink Sheets after that date.

9. GlobeTel purported to be in a number of businesses from 2002 to 2006, including the development of an airship to broadcast telecommunications to entire cities and the installation of \$600 million in wireless networks in Russia.

10. As part of its efforts to join the AMEX, GlobeTel initiated a 1 for 15 reverse stock split on May 23, 2005.

11. GlobeTel's independent auditor from 2002 through 2006 was Dohan & Co., a Miami firm that GlobeTel dismissed on January 4, 2007.

12. On November 2, 2007, the company filed a restated Form 10-KSB that reported revenue, expenses and profits for 2004. On December 5, 2007, the company filed a restated Form 10-K for 2005 in which the company included financial statements for 2004.

**ADDITIONAL GLOBETEL OFFICER**

13. **Thomas Y. Jimenez**, 48, has his primary residence in Broward County, Florida. He was chief financial officer ("CFO") of GlobeTel and its predecessor from October 1999 until April 2006, when he retired. As CFO, he oversaw all accounting functions and GlobeTel's financial reporting, including financial reports included in GlobeTel's filings with the Commission. Jimenez is a CPA licensed in New York, although his license has lapsed.

**A. GLOBETEL'S TELECOMMUNICATIONS BUSINESS**

14. Wholesale telecom companies make money by connecting people who want to make telephone calls or other electronic transmissions with companies whose networks have access to the location the customers wish to call. Using "switches" that are either large computer arrays or cable connections, wholesale telecom companies pay by the minute for the right to connect telephone calls to other companies' networks and sell that "termination" service to their customers. A wholesale telecom company's profit is based upon the spread between the price paid to the vendors who provide the termination service and the price it charges its customers for access to the termination service ("margin" or "gross profit").

15. In 2002, GlobeTel was engaged in the business of providing telecommunication ("telecom") services primarily involving Internet telephone services using Voice over Internet

Protocol (“VoIP”) equipment. GlobeTel claimed that it provided these services on an international basis through “hubs” in New York, New York, Jersey City, New Jersey, Miami, Florida, Los Angeles, California, and in foreign countries in which it did business. GlobeTel reported that in 2002 it had “virtual” networks serving customers in Venezuela, Australia, China, Brazil, the Philippines and Malaysia, and physical networks serving customers in Jamaica and Mexico.

16. In its 2002 Annual Report filed with the Commission in April 2003, GlobeTel claimed that its “strategic plan” was to install a worldwide VoIP network, consisting of regional centers or “hubs” strategically located around the world.

17. In its 2002 Annual Report, GlobeTel stated that in 2002 it had entered a service provider agreement with Trans Global Ventures, Inc., (“TGVI”), related to the operation of GlobeTel’s telecom network in Brazil. GlobeTel reported that TGVI had existing telecom networks in Brazil with a capacity of three million minutes per month. GlobeTel reported that beginning in July 2002, its Brazilian network was operating at or near its maximum capacity of four million minutes per month.

18. GlobeTel also stated in its 2002 Annual Report that in June 2002 it entered a memorandum of understanding with Qualnet Telecom, LLC (“Qualnet”) for a joint venture to build a VoIP telecom network in Mexico for call termination throughout the country with a capacity of eight million minutes per month. GlobeTel stated that later in 2002, it agreed that Qualnet would act as a service provider for GlobeTel’s VoIP telecom network in Mexico. GlobeTel reported that, because Qualnet had an established customer base in Mexico, its telecom network was operating near capacity within several weeks of being installed.

**B. HUFF AND JIMENEZ CREATED FAKE REVENUE IN ORDER TO SELL GLOBETEL STOCK**

19. In or about summer 2002, Huff approached Jimenez to discuss the revenue that GlobeTel was generating from its telecom business. At this time, GlobeTel's foreign telecom networks, including those in Mexico, Brazil and the Philippines were generating only a small amount of revenue. Huff was not satisfied with the revenue that was being generated by these networks and told Jimenez that he wanted GlobeTel to be able to report steadily-increasing revenue. Huff told Jimenez that he had told investment bankers about the growth of GlobeTel and that the company needed to recognize revenue to reflect the numbers that he had predicted for the investment bankers. Huff told Jimenez that they needed to show growth and revenue to get investors to put money into GlobeTel.

20. Jimenez devised a plan at Huff's direction to recognize more revenue in Mexico than GlobeTel was actually producing and offset it with minutes that GlobeTel had supposedly used. Jimenez showed his plan to Huff, and Huff agreed. At first, the plan was to create invoices for Mexico for only one or two quarters until the "real business would kick in." However, the real business did not "kick in," so Jimenez and Huff had to increase revenue because of the promises that Huff was making to investment bankers.

21. From in or about May 2002 through in or about October 2004, at or near the end of each quarter, Huff told Jimenez the total amount of revenue that Huff wanted GlobeTel to report. Huff also identified the companies for which Jimenez should create fake invoices. All the companies Huff identified were actual customers or vendors of GlobeTel in Mexico, Brazil or the Philippines.

22. From in or about May 2002 through in or about October 2004, Jimenez arbitrarily assigned a portion of the total amount of revenue Huff requested to GlobeTel's business in Mexico, Brazil and the Philippines. Once he had determined the amount of fake revenue to be attributed to each country, Jimenez created fake documents that appeared to be letters and/or invoices ("fake invoices") from GlobeTel to its customers and from vendors to GlobeTel. The fake invoices generated by Jimenez created the false appearance that GlobeTel was billing its customers and being billed by its vendors on a weekly basis.

23. All the invoices relating to Brazil, Mexico and the Philippines that Jimenez created from in or about May 2002 through in or about October 2004, were fake in that GlobeTel did not engage in the telecom purchases or sales described in the invoices.

**C. GLOBETEL RECORDED REVENUE AND COST OF GOODS AS A RESULT OF THE FAKE INVOICES CREATED BY HUFF AND JIMENEZ**

24. From in or about May 2002 through in or about October 2004, Jimenez made or caused to be made entries in GlobeTel's general ledger based upon the fake invoices he created at Huff's direction.

25. In 2002, Jimenez made entries in GlobeTel's general ledger indicating GlobeTel received revenue of about \$5.1 million from the operation of its telecom networks in Brazil and Mexico. This revenue, which accounted for approximately 44 percent of the total revenue recorded by GlobeTel in 2002, was based upon the fake documents Jimenez created at the direction of Huff.

26. In 2002, Jimenez also made entries in GlobeTel's general ledger indicating that GlobeTel had cost of goods sold of approximately \$3.5 million from the operation of its telecom

networks in Brazil and Mexico. These entries were based upon the fake documents Jimenez created at the direction of Huff.

27. In 2003, Jimenez made or caused to be made entries in GlobeTel's general ledger indicating GlobeTel received revenue of about \$10.6 million from the operation of its telecom networks in Brazil and Mexico. This revenue, which accounted for approximately 93 percent of the total revenue recorded by GlobeTel in 2003, was based upon the fake invoices Jimenez created at the direction of Huff.

28. In 2003, Jimenez also made entries in GlobeTel's general ledger indicating that GlobeTel had cost of goods sold of approximately \$7.5 million from the operation of its telecom networks in Brazil and Mexico. These entries were based upon the fake documents Jimenez created at the direction of Huff.

29. In 2004, Jimenez made or caused to be made entries in GlobeTel's general ledger indicating GlobeTel received revenue of about \$10 million from the operation of its telecom networks in Brazil, Mexico and the Philippines. This revenue, which accounted for approximately 35 percent of the total revenue recorded by GlobeTel in 2004, was based upon the fake invoices Jimenez created at the direction of Huff.

30. In 2004, Jimenez also made or caused to be made entries in GlobeTel's general ledger indicating that GlobeTel had cost of goods sold of approximately \$9.4 million from the operation of its telecom networks in Brazil, Mexico and the Philippines. These entries were based upon the fake documents Jimenez created at the direction of Huff.



31. In 2002, 2003 and 2004, the amount of revenue GlobeTel recorded as a result of the fake invoices Jimenez created exceeded the cost of goods sold GlobeTel recorded as a result of the invoices Jimenez created. Therefore, in 2002, 2003 and 2004, GlobeTel recorded in its general ledger a gross profit as a result of the operations of its telecom networks in Brazil, Mexico and Brazil. As a result of the entries Jimenez made in GlobeTel's general ledger relating to the operation of GlobeTel's telecom networks in Brazil, Mexico and the Philippines, GlobeTel recorded gross profits of approximately \$1.6 million in 2002, \$3 million in 2003 and \$444,000 in 2004.

32. In 2002, the fictitious revenue from the operation of GlobeTel's telecom networks in Brazil and Mexico accounted for approximately 32 percent of the gross profits GlobeTel reported, and in 2003, it accounted for 121 percent of the gross profits GlobeTel reported. In 2004, if GlobeTel had not reported the fictitious revenue from the operation of GlobeTel's telecom networks in Brazil, Mexico and the Philippines the gross loss GlobeTel reported would have increased from approximately \$191,000 to approximately \$635,000.

33. Huff knew or was reckless in not knowing that the fake invoices he directed Jimenez to create would be used by GlobeTel and its accountants to record revenue, cost of goods sold, accounts receivable, accounts payable and gross profit or loss in the company's books and records and, consequently, would be incorporated into GlobeTel's reports of revenue generated by the company.

**D. HUFF MISLEAD THEIR AUDITORS CONCERNING THE FAKE REVENUE**

34. From in about May 2002 through in or about October 2004, Jimenez provided the fake invoices he created at Huff's direction to GlobeTel's auditors when they requested them as

part of their reviews and audits of GlobeTel's financial statements. The auditors relied upon the invoices Jimenez provided in conducting their review and audit of GlobeTel's financial statements.

35. In 2003, as part of the audit of GlobeTel's 2002 annual report, GlobeTel's auditor requested CDRs to corroborate the invoices relating to GlobeTel's telecom business in Brazil and Mexico they had been provided. CDRs are technical documents that record information, such as the date, length, origin and destination for each telephone call. In this respect, a CDR is similar to a large telephone bill that documents all the telephone calls that are placed through a telecom switch.

36. GlobeTel could not produce CDRs for the fake invoices created by Jimenez because the telecom traffic the fake invoices represented was fictitious. However, Huff falsely stated to GlobeTel's auditor that GlobeTel did not have CDRs for the 2002 invoices because the data would be too large for GlobeTel to retain.

37. After the auditors requested CDRs, Huff directed Jimenez to contact an employee of GlobeTel whom Huff knew had software program that could be used to create documents that looked like actual CDRs using randomly-generated telephone numbers and other information. Huff directed Jimenez to contact the employee and obtain a copy of the computer program so they could create fake CDRs to support the fake invoices that Jimenez had created.

38. In or about August, 2003, Jimenez contacted the employee identified by Huff and obtained a copy of the computer program. However, Jimenez was unable to determine how to use the computer program to create fake CDRs. Therefore, for a period of time in 2003, Huff created the fake CDRs for the fake invoices that Jimenez created. At some point in 2003, Huff

instructed Jimenez how to use the CDR computer program and after that date, Jimenez created fake CDRs for the fake invoices he created at Huff's direction.

39. The fake CDRs created by both Huff and Jimenez were provided to GlobeTel's auditor in 2003, 2004, and 2005 as evidence to corroborate the fake invoices that Jimenez created. GlobeTel's auditors relied upon those fake CDRs during their review and audit of GlobeTel's financial statements for the years 2003 and 2004.

**E. HUFF INSTRUCTED JIMENEZ TO MAKE FALSE ENTRIES IN GLOBETEL'S GENERAL LEDGER TO MAKE IT APPEAR THAT CUSTOMERS WERE PAYING FOR THE FAKE TRANSACTIONS**

40. When revenue from the fake invoices was recorded on GlobeTel's books, in accordance with GAAP, an equivalent amount of accounts receivable was also recorded to reflect money owed to GlobeTel's subsidiaries by their customers. However, the revenue from the fake invoices was fictitious, so no one ever paid the accounts receivable attributable to the fake invoices and, as a result, millions of dollars of accounts receivables accumulated on GlobeTel's books each quarter. For example, on December 31, 2002, GlobeTel recorded over \$3 million in accounts receivable as a result of the operations of its telecom network in Mexico. On June 30, 2003, GlobeTel recorded approximately \$1.77 million in accounts receivable as a result of the operations of its telecom network in Mexico, and approximately \$1.72 million in accounts receivable as a result of the operations of its telecom network in Brazil.

41. GAAP requires a company to create a reserve for accounts receivable that may not be paid ("bad debt"). Also, if accounts receivable are deemed uncollectible, GAAP requires that they be written off and a charge be taken against the company's income for the amount of the bad debt which reduces the company's net profit or increases its net loss.

42. In order to avoid writing off accounts receivable attributable to the fictitious revenue from GlobeTel's telecom operations in Mexico, Brazil and the Philippines, Huff instructed Jimenez to make entries in the general ledger that falsely recorded payments by customers against those accounts receivable.

43. On one occasion, Huff deposited in GlobeTel's bank account \$300,000 that he received from a GlobeTel executive as an alleged investment in GlobeTel. Huff instructed Jimenez to make an entry in the general ledger that falsely recorded the \$300,000 as a payment by GlobeTel's customer in Brazil and reduced that company's accounts receivable. The \$300,000 was not a payment made by a GlobeTel customer or a payment from a third-party on behalf of a GlobeTel customer. Therefore, GAAP did not permit GlobeTel to apply the \$300,000 against the accounts receivable owed by any GlobeTel customer.

44. Between about May 2004 and about February 2005, Huff made six wire transfers totaling about \$980,500 into GlobeTel's bank account from a Suntrust account that he controlled. The Suntrust account was opened in the name of "GlobeTel Brazil LLC," using \$30,000 from GlobeTel, but was never used for business purposes. Although the \$980,500 were the proceeds of a stock-loan transaction entered into by Huff and other GlobeTel executives, Huff instructed Jimenez to make entries in the general ledger that falsely recorded the deposits as payments by GlobeTel's customer in Brazil and reduced the company's account's receivable. This money was not from payments by a GlobeTel customer or payments from a third-party on behalf of a GlobeTel customer. Therefore, GAAP did not permit GlobeTel to apply the \$980,500 against the accounts receivable owed by any GlobeTel customer. The transfers of money by Huff that were used to reduce GlobeTel's accounts receivable are as follows: \$50,000 on May 11, 2004;

\$55,000 on July 28, 2004, \$76,000 on July 30, 2004; \$44,500 on December 30, 2004; \$500,000 on December 29, 2004; and \$255,000 on February 15, 2005.

45. During the audits of the financial statements for 2002, 2003 and 2004, GlobeTel's auditors requested and relied upon management representation letters in which Huff certified that GlobeTel's financial statements are fairly presented in conformity with GAAP and that material transactions had been properly recorded in the accounting records underlying the financial statements. Those letters were all false because Huff knew that Jimenez was making entries that recorded the fake sales, fake purchases and the fake payments from customers.

**F. HUFF MADE FALSE STATEMENTS BY SIGNING PERIODIC STATEMENTS AND REGISTRATION STATEMENTS**

**1. HUFF SIGNED QUARTERLY AND ANNUAL REPORTS FROM NOVEMBER 2002 TO JUNE 2006 THAT OVERSTATED GLOBETEL'S REVENUE, EXPENSES AND PROFITS**

46. GlobeTel reported its 2002-04 financial results in the periodic reports filed for those periods. In addition, subsequent periodic reports included historical information so information about the 2002-04 transactions and financial reports were included in periodic filings (including amended filings) for 2005 and 2006.

47. As a direct result of Huff's and Jimenez's fraudulent scheme to create and report fictitious revenue related to Mexico, Brazil and the Philippines, GlobeTel's annual reports (including amended annual reports) for 2002, 2003, 2004 and 2005 and its quarterly reports for the fiscal quarters ended September 30, 2002 through September 30, 2005, contained materially false and misleading statements and disclosures.

48. The financial statements were false and misleading because they were created using GlobeTel’s general ledger, in which Jimenez had made entries based on fake documents and CDRs that he and Huff had created.

49. As a direct result of the 2002-04 scheme to create fictitious telecom revenue and the fake invoices and CDRs created by Huff and Jimenez at Huff’s direction, Huff materially misstated its revenue, cost of goods sold, gross profit or loss and net profit or loss for specific quarters or years during fiscal years 2002 through 2004. Substantially all the transactions reported from Mexico, Brazil and the Philippines were fake and should not have been reported. Thus, the financial statements in every filing materially overstated revenue and cost of goods and/or materially overstated gross margin or net income or understated gross loss and net loss.

50. The following chart describes the periodic reports filed by GlobeTel between November 2002 and June 2006 that contained material misstatements:

<b>DATE</b>	<b>FORM</b>	<b>PERIOD</b>
11/14/2002	10QSB	3Q 2002
3/23/2003	10QSB	2002
5/16/2003	10QSB	1Q 2003
8/19/2003	10QSB	2Q 2003
11/20/2003	10QSB	3Q 2003
		3Q 2002
4/27/2004	10KSB	2003
		2002
5/18/2004	10QSB	1Q 2004
		1Q 2003

DATE	FORM	PERIOD
8/16/2004	10QSB	2Q 2004
		2Q 2003
11/15/2004	10QSB	3Q 2004
		3Q 2003
3/31/2005	10KSB	2004
		2003
5/16/2005	10QSB	1Q 2004
8/12/2005	10Q	2Q 2004
11/14/2005	10Q	3Q 2004
3/31/2006	10K	2004
		2003
6/9/2006	10KSB/A	3004
		2003
6/9/2006	10K/A	2004
		2003

**2. HUFF SIGNED QUARTERLY AND ANNUAL REPORTS FROM NOVEMBER 2002 TO JUNE 2006 THAT MADE FALSE STATEMENTS ABOUT GLOBETEL'S BUSINESS AND PAYMENTS BY CUSTOMERS**

51. Huff signed each of the periodic filings listed in paragraph 50, which also contained false statements that GlobeTel's customers in Brazil, Mexico and the Philippines had paid GlobeTel's vendors.

52. In an annual report for fiscal year 2002 (Form 10-KSB), filed on April 23, 2003, GlobeTel stated:

- a. During 2002, the Company recognized revenue of \$1,976,135 and included cost of revenues of \$916,628 (substantially all of which was paid directly to third party suppliers by TGVI) in connection with the Brazil network; and
- b. During 2002, the company recognized revenue of \$3,198,502 and included in cost of revenues of \$2,674,552 (substantially all of which was paid directly to third-party suppliers by Qualnet), in connection with the Mexico network.

These statements were false in that there was no payment by anyone with respect to the revenue and cost of goods stated in the fake invoices created by Jimenez at Huff's direction.

53. In a quarterly report for the second quarter of 2003 (Form 10-QSB), filed on August 19, 2003, GlobeTel stated:

In connection with the Mexico network, \$1,371,680 and \$2,577,880 during the three months and six months ended June 30, 2003, respectively, was paid by our Mexico network customer directly to a local provider of network termination services, and, accordingly, the accounts receivable due from the customer was reduced by the same amounts.

This statement was false in that there was no payment by anyone with respect to the revenue and cost of goods stated in the fake invoices created by Jimenez at Huff's direction.

54. In an annual report for fiscal year 2003 (Form 10-KSB), filed on April 27, 2004, GlobeTel stated:

- a. In connection with the Brazil network, \$1,955,818 and \$916,629 during years ended December 31, 2003 and 2002 respectively, was paid by our Brazilian network customer directly to a local provider of network terminations services, and, accordingly, the accounts receivable due from the customer was reduced by the same amounts; and
- b. In connection with the Mexico network, \$5,609,939 and \$2,674,552 during the years ended December 31, 2003 and 2002, respectively, was paid by our Mexico network customer directly to a local provider of network termination services, and, accordingly, the accounts receivable due from the customer was reduced by the same amounts.



These statements were false in that there was no payment by anyone with respect to the revenue and cost of revenue stated in the fake invoices created by Jimenez at Huff's direction.

55. GlobeTel's annual report for 2004 (Form 10-KSB), filed March 31, 2005, amended annual report for 2004 (Form 10-KSB/A), filed June 9, 2006, annual report for 2005 (Form 10-K), filed on March 31, 2006, and amended annual report for 2005 (Form 10-K/A), filed June 9, 2006, all of which were signed by Huff, each stated that 36.5 percent of the companies revenue for 2004 "continued to be predominately from telecommunications minutes going through our Mexico, Philippines and Brazil networks through June 2004." These descriptions were false because Huff and Jimenez had fabricated the transactions and recorded revenue based upon fake documents.

56. GlobeTel's annual report for 2005 (Form 10-K), filed on March 31, 2006, and amended annual report for 2005 (Form 10-K/A), filed June 9, 2006, both of which were signed by Huff, stated that said that the company had written off more than \$1 million in accounts receivable deemed to be uncollectible in 2004 and had increased the company's allowance for doubtful accounts in 2005 by more than \$1 million. Both reports stated that the substantial portion of that allowance "relates to two of these three customers" in Mexico and Brazil. However, Huff and GlobeTel failed to disclose that the allowances related to fake transactions about which the customers were unaware and failed to disclose that Huff had avoided larger write-offs or allowances by causing GlobeTel to falsely report money transferred from his secret Suntrust account in 2004 and 2005 as to payments from the customer in Brazil.

**3. HUFF SIGNED REGISTRATION STATEMENTS FROM DECEMBER 2002 TO JULY 2004 THAT INCORPORATED FALSE STATEMENTS IN THE PERIODIC REPORTS**

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57. Between about May 2002 and October 2004, GlobeTel filed the following seven registrations statements with the Commission registering the sale of its common stock that were signed by Huff:

<b>Filing</b>	<b>Date</b>	<b>CEO Who Signed the Registration Statement</b>	<b>Number of Shares Registered</b>
Form S-8	Dec. 10, 2002	Huff	2,500,000
Form SB-2	Dec. 16, 2002	Huff	65,000,000
Form S-8	July 31, 2003	Huff	21,000,000
Form S-8	Oct. 15, 2003	Huff	5,650,000
Form S-8	Jan. 8, 2004	Huff	33,000,000
Form S-8	Feb. 17, 2004	Huff	9,100,000
Form S-8	July 22, 2004	Huff	24,666,190

58. These statements registered the sale of approximately 161 million shares of GlobeTel's common stock. All seven registration statements reported and/or incorporated by reference GlobeTel's overstated revenue and, therefore, contained materially false and misleading statements and disclosures.

**G. HUFF CAUSED GLOBETEL TO MAKE MATERIALLY FALSE AND MISLEADING STATEMENTS IN ITS FILINGS AND PRESS RELEASES**

59. Huff signed the periodic filings GlobeTel made from at least November 2002 through June 2006, as described in paragraph 50, and he certified that these filings did not contain any material misstatements or omit material information and that the reports fairly

presented in all material respects GlobeTel's financial condition and results of operations. Huff knew, or was reckless in not knowing, that these certifications were materially false and misleading with respect to the descriptions of GlobeTel's business in Mexico, Brazil and the Philippines.

60. When Huff signed the registration statements described in paragraph 57, he knew or was reckless in not knowing that they were materially false and misleading with respect to the descriptions of Globetel's business in Mexico, Brazil and the Philippines.

61. In addition, GlobeTel filed an amended annual report for 2004 on November 2, 2007 and an amended annual report for 2005 on December 5, 2007 that Huff did not sign. Those periodic reports also incorporated the 2004 Mexico, Brazil and Philippines revenue and expenses and therefore misstated the company's financial statements for 2004 and 2005.

62. As a direct result of the 2002-04 scheme to create fictitious telecom revenue and Huff's failure to disclose that he and Jimenez had created fake documents and CDRs at Huff's direction, GlobeTel misstated its revenue, cost of goods sold, net profit and assets during fiscal years 2002 through 2004 by millions of dollars. Consequently, GlobeTel misstated those items in its periodic filings and registration statements filed with the Commission and in press releases GlobeTel issued between November 2002 and December 2007.

63. Huff knew or was reckless in not knowing that the invoices and CDRs that he and Jimenez created were false and that the fictitious Mexican, Brazilian and Filipino purchases and sales they reported to GlobeTel would be recorded in GlobeTel's books and records and incorporated into the revenue, cost of goods sold, net profit or loss and assets reported in GlobeTel's periodic reports, registration statements and press releases.

64. Huff also knew that GlobeTel's accountants and auditors would rely upon the invoices to record the revenue and cost of goods sold and would rely upon the CDRs to confirm that the invoices were true. The auditors requested the CDRs from Huff and Jimenez as part of their review and auditing procedures.

65. In addition to its public filings, GlobeTel made materially false and misleading statements in every press release that announced the revenue numbers discussed above. For example, GlobeTel issued a press release on or about April 23, 2003 that stated

GlobeTel Communications Corp. (GTEL) GTEL, with the filing of its year 2002 Form 10-KSB, announced today that the company reported record revenues of \$11.69 million, up from \$3.38 million, in 2001.

66. The \$11.69 million in revenue GlobeTel reported in the April 23, 2003 press release was materially overstated because it was based, in part, upon the fake invoices created by Jimenez at Huff's direction.

**H. HUFF CAUSED GLOBETEL'S BOOKS AND RECORDS TO FAIL TO PROPERLY REFLECT THE COMPANY'S REVENUE, ACCOUNTS RECEIVABLE AND LIABILITIES**

67. GlobeTel's books, records and accounts failed to properly reflect the company's transactions including, but not limited to, the following:

(a) The fake invoices created by Jimenez, at Huff's direction indicating GlobeTel engaged in sales and purchases in Brazil, Mexico and the Philippines that, in reality, did not occur. Huff created or directed Jimenez to create the false invoices and CDRs and to submit them to GlobeTel's finance department knowing that they would cause GlobeTel to record revenue in its general ledger and financial statements.

(b) GlobeTel's general ledger falsely recorded that the accounts receivable from Brazil, Mexico and the Philippines had been paid or otherwise settled and that GlobeTel had either paid or otherwise settled its liabilities. Huff made or directed the improper general ledger entries that created those errors.

68. The books, records and accounts that were false include, but are not limited to, the fake invoices concerning Brazil, Mexico, and the Philippines, accounts in GlobeTel's general ledgers that reflect revenue, cost of goods sold, accounts receivable and liabilities, and GlobeTel's cash flow and balance sheets that summarize the information from the general ledgers.

**I. GLOBETEL PAID HUFF ABOUT \$4.9 MILLION, AND HE EXERCISED STOCK OPTIONS WORTH MORE THAN \$1.5 MILLION**

69. From 2002 to 2006, Huff received compensation from GlobeTel of about \$4.9 million and exercised stock options in 2004 and 2005 with a value of more than \$1.5 million dollars.

**FIRST CLAIM FOR RELIEF  
(Violations of Section 17(a) of the Securities Act)**

70. Paragraphs 1 through 69 are realleged and incorporated herein by reference.

71. As described above, Huff directly or indirectly, in the offer or sale of GlobeTel securities, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails, knowingly, recklessly or negligently:

(a) employed devices, schemes or artifices to defraud;

(b) obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers of GlobeTel securities.

72. The scheme of Huff included, among others, the following fraudulent acts, untrue statements of material fact and material omissions:

(a) From 2002 through 2004, Huff directed Jimenez to create fake invoices that appeared to record purchases and sales in Mexico, Brazil and the Philippines. During this same period Huff created or directed Jimenez to create fake CDRs to support the fake invoices. These allegations are described in the paragraphs in Sections A-E, above.

(b) From 2002 through 2004, Huff caused to be made entries in GlobeTel's general ledger based upon the fake invoices that caused GlobeTel to record and report material overstatements in revenue, cost of goods sold, accounts receivable, accounts payable, and net profit. These allegations are described in the paragraphs in Section C, above.

(c) From 2002 through 2007, Huff signed periodic reports and registration statements and caused GlobeTel to file other periodic reports that included the false financial statements and other false statements about how GlobeTel recorded revenue and whether GlobeTel's customers made payments directly to GlobeTel's vendors. These allegations are described in the paragraphs in Sections F & G, above.

(d) From 2002 through 2004, Huff caused to be made entries in GlobeTel's books and records that falsely reported that customers had paid the accounts receivable associated with the Mexico, Brazil and Philippines traffic. As part of this effort, Huff took money from a GlobeTel executive and transferred money from a bank account that he controlled and instructed Jimenez to make entries that did not properly record the transactions. These allegations are described in the paragraphs in Section E, above.

73. The fraudulent acts, untrue statements of material fact and material omissions of Huff directly or indirectly caused the following materially false and misleading statements of fact which operated, or would have operated, as a fraud or deceit upon purchasers of GlobeTel securities:

(a) Between November 2002 and December 2007, GlobeTel's annual reports for 2002 to 2005 and its quarterly reports for the fiscal quarters ended September 30, 2002, through September 2005 (including reports signed by Huff) and GlobeTel's press releases, contained materially false and misleading statements and disclosures, as described in the paragraphs in Section F & G, above.

(b) Between December 2002 and July 2004, GlobeTel filed registration statements with the Commission that registered the sale of approximately 161 million shares of GlobeTel stock. All of the registration statements (including statements signed by Huff) included and/or incorporated by reference the materially false and misleading statements concerning GlobeTel's revenue and cost of goods sold from GlobeTel's quarterly and annual reports. These allegations are described in Section F above.

74. By engaging in the conduct alleged, defendants Jimenez and Lynch violated, and unless enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

**SECOND CLAIM FOR RELIEF  
(Violations of Section 10(b) of the Exchange Act and Rule 10b-5)**

75. Paragraphs 1 through 74 are realleged and incorporated herein by reference.

76. As described above, Huff directly or indirectly, in connection with the purchase or sale of securities, by the use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, knowingly or recklessly:

(a) employed devices, schemes or artifices to defraud;

(b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

(c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons.

77. The scheme of Huff included, among others, the following fraudulent acts, untrue statements of material fact and material omissions:

(a) From 2002 through 2004, Huff directed Jimenez to create fake invoices that appeared to record purchases and sales in Mexico, Brazil and the Philippines. During this same period Huff created or directed Jimenez to create fake CDRs to support the fake invoices. These allegations are described in the paragraphs in Sections A-E, above.

(b) From 2002 through 2004, Huff caused to be made entries in GlobeTel's general ledger based upon the fake invoices that caused GlobeTel to record and report



material overstatements in revenue, cost of goods sold, accounts receivable, accounts payable, and net profit. These allegations are described in the paragraphs in Sections C, above.

(c) From 2002 through 2007, Huff signed periodic reports and registration statements and caused GlobeTel to file other periodic reports that included the false financial statements and other false statements about how GlobeTel recorded revenue and whether GlobeTel's customers made payments directly to GlobeTel's vendors. These allegations are described in the paragraphs in Sections F & G, above.

(d) From 2002 through 2004, Huff caused to be made entries in GlobeTel's books and records that falsely reported that customers had paid the accounts receivable associated with the Mexico, Brazil and Philippines traffic. As part of this effort, Huff took money from a GlobeTel executive and transferred money from a bank account that he controlled and instructed Jimenez to make entries that did not properly record the transactions. These allegations are described in the paragraphs in Section E, above.

78. The fraudulent acts, untrue statements of material fact and material omissions of Huff directly caused the following materially false and misleading statements of fact which operated, or would have operated, as a fraud or deceit upon purchasers of GlobeTel securities:

(a) Between November 2002 and December 2007, GlobeTel's annual reports for 2002 to 2005 and its quarterly reports for the fiscal quarters ended September 30, 2002, through September 2005 (including reports signed by Huff) and GlobeTel's press releases, contained materially false and misleading statements and disclosures, as described in the paragraphs in Section F & G, above.

(b) Between December 2002 and July 2004, GlobeTel filed registration statements with the Commission that registered the sale of approximately 161 million shares of GlobeTel stock. All of the registration statements (including statements signed by Huff) included and/or incorporated by reference the materially false and misleading statements concerning GlobeTel's revenue and cost of goods sold from GlobeTel's quarterly and annual reports. These allegations are described in Section F above.

79. By reason of the foregoing, Huff violated or aided and abetted GlobeTel's violations, and unless 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].

**THIRD CLAIM FOR RELIEF  
(Violation of Exchange Act Rule 13a-14)**

80. Paragraphs 1 through 79 are realleged and incorporated herein by reference.

81. Huff signed false certifications in 16 of GlobeTel's quarterly reports and four of GlobeTel's annual reports, including those listed in Section F(1). Among other things, Huff certified that he had reviewed each of these reports and, based on his knowledge, these reports, (i) did not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading and (ii) included financial statements and other financial information which fairly presented, in all material respects, GlobeTel's financial condition, results of operations and cash flows. These representations were false because Huff knew that the filings contained material misstatements and omissions, including those concerning the amount of

revenue and profit and about the business conducted by GlobeTel, as described in Sections A-G, above.

82. By reason of the foregoing, Huff violated Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14] and unless permanently enjoined will continue to violate this section.

**FOURTH CLAIM FOR RELIEF  
(Violation of Exchange Act Rule 13b2-2)**

83. Paragraphs 1 through 82 are realleged and incorporated herein by reference.

84. Huff, while CEO of GlobeTel, made and caused to be made materially false and misleading statements to GlobeTel's auditors during the audit of GlobeTel's financial statements and during the preparation of GlobeTel's periodic reports filed with the Commission. In part, he personally told the auditors untrue statements about CDRs, personally created fake CDRs that he knew the auditors would rely upon, and instructed Jimenez to create fake documents and CDRs upon which he knew the auditors would rely, as described in Section D.

85. Huff made or caused Jimenez to make materially false and misleading statements to GlobeTel's auditors during the audits of GlobeTel's financial statements as part of the preparation of GlobeTel's annual reports for 2002 to 2005 and its quarterly reports for the fiscal quarters ended September 30, 2002, through September 2005. Specifically, Huff made or caused Jimenez to make materially false and misleading statements concerning at least:

- (a) The amount of revenue, cost of goods and profit resulting from the operation of GlobeTel's telecom networks in Brazil, Mexico and the Philippines as described in Sections B and C;

(b) The validity of the invoices and CDRs provided to the auditors as proof of the revenue and cost of goods resulting from the operation of GlobeTel's telecom networks in Brazil, Mexico and the Philippines as described in Section D;

(c) The extent to which the accounts receivable resulting from the operation of GlobeTel's telecom networks in Brazil, Mexico and the Philippines were actually paid as described in Section E.

86. In addition, Huff signed management representation letters that he knew to be false in connection with the audits of 2002-05.

87. By reason of the foregoing, Huff violated Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2] and unless permanently enjoined will continue to violate this section.

**FIFTH CLAIM FOR RELIEF**  
**(Aiding and Abetting Violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13)**

88. Paragraphs 1 through 87 are realleged and incorporated herein by reference.

89. Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)] provides that any person that knowingly provides substantial assistance to another person in violation of a provision of the Exchange Act, or any rule or regulation thereunder, shall be deemed to be in violation of such provision to the same extent as the person to who such assistance is provided.

90. GlobeTel filed periodic reports with the SEC as described above that contained untrue statements of material fact or omitted to state material facts required to be stated therein or necessary to make the statements made not misleading. Those untrue statements or omitted material facts include the untrue statements concerning GlobeTel's revenue, cost of goods sold,

gross profit or loss, net profit or loss, and assets during 2002 through 2004 as described in Sections F-G:

91. Huff provided substantial assistance to GlobeTel's untrue statements, including those about revenue, cost of goods sold, net profit, and as described in the paragraphs A-G, above.

92. By reason of the foregoing, Huff aided and abetted GlobeTel's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, and 13a-13 thereunder [17 C.F.R §§ 240.12b-20, 240.13a-1, and 240.13a-13] in connection with the "off-net" transactions and the offsetting entries. Unless permanently enjoined, they will continue to violate those sections.

**SIXTH CLAIM FOR RELIEF  
(Aiding and Abetting Violations of Sections 13(b)(2)(A) & (B) of the Exchange Act)**

93. Paragraphs 1 through 92 are realleged and incorporated herein by reference.

94. Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)] provides that any person that knowingly provides substantial assistance to another person in violation of a provision of the Exchange Act, or any rule or regulation thereunder, shall be deemed to be in violation of such provision to the same extent as the person to who such assistance is provided.

95. From 2002 through 2004, GlobeTel failed to maintain adequate controls, and GlobeTel maintained false and misleading books and records that failed, in reasonable detail, to accurately and fairly reflect the transactions and dispositions of its assets as described in Section H, above. Those books and records include, but are not limited to, the fake documents that

Jimenez created and GlobeTel maintained, the fake CDRs, the general ledger, and all of the books and records used to create the materially-misleading financial statements.

96. As set forth in Sections A-H above, Huff substantially assisted GlobeTel's failure to fail to make and keep the required books and records and to devise and maintain adequate controls.

97. By reason of the foregoing, Huff aided and abetted GlobeTel's violations of Section 13(b)(2)(A) & (B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A) & (B)] and unless permanently enjoined will continue to violate those sections.

**SEVENTH CLAIM FOR RELIEF  
(Violation of Exchange Act Rule 13b2-1)**

98. Paragraphs 1 through 97 are realleged and incorporated herein by reference.

99. Huff falsified or caused Jimenez to falsify the books, records and accounts of GlobeTel. For example, Huff created false CDRs, caused Jimenez to create false CDRs, invoices and documents relating to Mexico, Brazil and the Philippines, and caused Jimenez to made false entries in GlobeTel's general ledger about sales and purchases in those countries and about payments by those customers.

100. By reason of the foregoing, Huff violated Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1] and unless permanently enjoined will continue to violate this section.

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court enter a judgment:

(a) permanently enjoining Huff, his agents, servants, employees, attorneys, and those in active concert or participation with them, who receive actual notice by personal service or

otherwise, from (i) violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; (ii) violating Section 10(b) of the Exchange Act [15 U.S.C §§ 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder; (iii) violating Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14]; (iv) violating Exchange Act Rule 13b2-1 [17 C.F.R. §§ 240.13b2-1]; (v) violating Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11 and 13a-13 promulgated thereunder [17 C.F.R. § 240.12b-20, 240.13a-1, 240.13a-11, 240.13a-13 and 240.13a-14]; and (vi) violating Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

(b) ordering Huff to disgorge all profits that resulted from violations of the federal securities, along with prejudgment interest;

(c) ordering Huff to pay civil money penalties pursuant to Section 24 of the Securities Act [15 U.S.C. § 77x] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

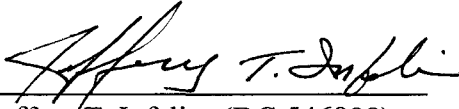
(d) permanently barring Huff from serving as an officer or director of a publicly traded company pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]; and

(e) granting such other relief as this Court may deem just and appropriate.

September 4, 2009

Of Counsel:  
Cheryl J. Scarboro

Respectfully submitted,



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Attorneys for Plaintiff,  
Securities and Exchange Commission



JS 44 (Rev. 2/08)

**CIVIL COVER SHEET**

**FILED by** RCS **D.C.**  
**SEP 08 2009**  
**STEVEN M. LARIMORE**  
**CLERK U. S. DIST. CT.**  
**S. D. OF FLA. - MIAMI**

The JS 44 civil cover sheet and the information contained herein shall not be placed nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.) **NOTICE: Attorneys MUST Indicate All Re-filed Cases Below**

**I. (a) PLAINTIFFS**  
**U.S. SECURITIES AND EXCHANGE COMMISSION**

**(b) County of Residence of First Listed Plaintiff**  
 (EXCEPT IN U.S. PLAINTIFF CASES)

**(c) Attorney's (Firm Name, Address, and Telephone Number)**  
 Jeffery T. Infelise, U.S. Securities and Exchange Commission  
 100 F Street, N.E., Washington, D.C. 20549-4010

**DEFENDANTS**  
**TIMOTHY J. HUFF**

**County of Residence of First Listed Defendant** West St. Louis County  
 (IN U.S. PLAINTIFF CASES ONLY)

**NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT LAND INVOLVED.**

**Attorneys (If Known)**  
 Kenny Nachwalter, P.A.

**(d) Check County Where Action Arose:**  MIAMI-DADE  MONROE  BROWARD  PALM BEACH  MARTIN  ST. LUCIE  VOLUPE  WINDWARD  OKEECHOBEE HIGHLANDS

**II. BASIS OF JURISDICTION** (Place an "X" in One Box Only)

1 U.S. Government Plaintiff

2 U.S. Government Defendant

3 Federal Question (U.S. Government Not a Party)

4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES** (Place an "X" in One Box for Plaintiff and One Box for Defendant)

(For Diversity Cases Only)

Citizen of This State	<input type="checkbox"/>	1	<input type="checkbox"/>	4
Citizen of Another State	<input type="checkbox"/>	2	<input type="checkbox"/>	5
Citizen or Subject of a Foreign Country	<input type="checkbox"/>	3	<input type="checkbox"/>	6

**MAGISTRATE JUDGE SIMON G. UNGARO**

**IV. NATURE OF SUIT** (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 610 Agriculture	<input type="checkbox"/> 422 Appeal 28 USC 158	<input type="checkbox"/> 400 State Reapportionment
<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 620 Other Food & Drug	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 410 Antitrust
<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	<b>PROPERTY RIGHTS</b>	<input type="checkbox"/> 430 Banks and Banking
<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 330 Federal Employers' Liability	<input type="checkbox"/> 630 Liquor Laws	<input type="checkbox"/> 820 Copyrights	<input type="checkbox"/> 450 Commerce
<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 340 Marine	<input type="checkbox"/> 640 R.R. & Truck	<input type="checkbox"/> 830 Patent	<input type="checkbox"/> 460 Deportation
<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 650 Airline Regs.	<input type="checkbox"/> 840 Trademark	<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations
<input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans)	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 660 Occupational Safety/Health	<b>SOCIAL SECURITY</b>	<input type="checkbox"/> 480 Consumer Credit
<input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits	<input type="checkbox"/> 355 Motor Vehicle Product Liability	<b>LABOR</b>	<input type="checkbox"/> 861 HIA (1395ff)	<input type="checkbox"/> 490 Cable/Sat TV
<input type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 710 Fair Labor Standards Act	<input type="checkbox"/> 862 Black Lung (923)	<input type="checkbox"/> 510 Selective Service
<input type="checkbox"/> 190 Other Contract	<b>PERSONAL INJURY</b>	<input type="checkbox"/> 720 Labor/Mgmt. Relations	<input type="checkbox"/> 863 DIWC/DIWW (405(g))	<input type="checkbox"/> 550 Securities/Commodities/Exchange
<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 362 Personal Injury - Med. Malpractice	<input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act	<input type="checkbox"/> 864 SSID Title XVI	<input type="checkbox"/> 580 Customer Challenge 12 USC 3410
<input type="checkbox"/> 196 Franchise	<input type="checkbox"/> 365 Personal Injury - Product Liability	<input type="checkbox"/> 740 Railway Labor Act	<input type="checkbox"/> 865 RSI (405(g))	<input type="checkbox"/> 590 Other Statutory Actions
<b>REAL PROPERTY</b>	<b>PERSONAL PROPERTY</b>	<input type="checkbox"/> 790 Other Labor Litigation	<b>FEDERAL TAX SUITS</b>	<input type="checkbox"/> 591 Agricultural Acts
<input type="checkbox"/> 210 Land Condemnation	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 791 Empl. Ret. Inc. Security Act	<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)	<input type="checkbox"/> 592 Economic Stabilization Act
<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 371 Truth in Lending	<b>IMMIGRATION</b>	<input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	<input type="checkbox"/> 593 Environmental Matters
<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 462 Naturalization Application		<input type="checkbox"/> 594 Energy Allocation Act
<input type="checkbox"/> 240 Tort to Land	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 463 Habeas Corpus-Alien Detainees		<input type="checkbox"/> 595 Freedom of Information Act
<input type="checkbox"/> 245 Tort Product Liability	<b>PRISONER PETITIONS</b>	<input type="checkbox"/> 465 Other Immigration Actions		<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice
<input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 510 Motions to Vacate Sentence			<input type="checkbox"/> 950 Constitutionality of State Statutes
	<input type="checkbox"/> 530 General Habeas Corpus			
	<input type="checkbox"/> 535 Death Penalty			
	<input type="checkbox"/> 540 Mandamus & Other			
	<input type="checkbox"/> 550 Civil Rights			
	<input type="checkbox"/> 555 Prison Condition			

**V. ORIGIN** (Place an "X" in One Box Only)

1 Original Proceeding

2 Removed from State Court

3 Re-filed- (see VI below)

4 Reinstated or Recopened

5 Transferred from another district (specify)

6 Multidistrict Litigation

7 Appeal to District Judge from Magistrate Judgment

**VI. RELATED/RE-FILED CASE(S).**

a) Re-filed Case  YES  NO

b) Related Cases  YES  NO

JUDGE Joan A. Lenard

DOCKET NUMBER 07 CV 61693

**VII. CAUSE OF ACTION**

Cite the U.S. Civil Statute under which you are filing and Write a Brief Statement of Cause (Do not cite jurisdictional statutes unless diversity):

15 U.S.C. § 77q(a), 15 U.S.C §§ 78j(b) and 78m(a), 17 C.F.R. § 240.10b-5, 17 C.F.R. § 240.13a-14 and 13b2-1

Violations of Securities Act of 1933 and Exchange Act of 1934

LENGTH OF TRIAL via 30 days estimated (for both sides to try entire case)

**VIII. REQUESTED IN COMPLAINT:**

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

**DEMAND \$**

**CHECK YES only if demanded in complaint:**

**JURY DEMAND:**  Yes  No

**ABOVE INFORMATION IS TRUE & CORRECT TO THE BEST OF MY KNOWLEDGE**

SIGNATURE OF ATTORNEY OF RECORD: Jeffery T. Infelise

DATE: 09/03/2009

FOR OFFICE USE ONLY: waived