

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA**

**CASE NO. 6:05-CV-1880-ORL-3-KRS**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

v.

**ROANOKE TECHNOLOGY CORP.,  
DAVID L. SMITH, JR.,  
THOMAS L. BOJADZIJEV and  
BARRETT R. CLARK,**

**Defendants,**

**SUSSEX AVENUE PARTNERS LLC,**

**Relief Defendant.**

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**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission alleges and states as follows:

**INTRODUCTION**

1. Beginning in 2003 and continuing through September 2004, David L. Smith, Jr., the Chief Executive Officer and president of Roanoke Technology Corp., published misleading news releases touting the company's growth that increased the liquidity of Roanoke's stock. At the same time, Smith used bogus consultants to funnel more than \$4 million in illicit stock proceeds back into his private coffers, all in violation of the registration, anti-fraud, and reporting provisions of the federal securities laws.

2. To help execute his kickback scheme, Smith garnered the assistance of two purported consultants, Thomas L. Bojadzijevev and Barrett R. Clark, to whom he issued stock ("S-8 stock") pursuant to false Form S-8 registration statements. The Form S-8 registration

statements provide that an issuer may only issue S-8 stock to consultants in exchange for *bona fide* services and not in connection with a capital-raising transaction. Contrary to the requirements of Form S-8 registration statements, Bojadzijeve and Clark provided little or no *bona fide* consulting services to Roanoke. Instead, Bojadzijeve and Clark liquidated their stock, kept a portion of the sales proceeds, and returned more than \$4 million of the remaining sales proceeds to Smith under the guise of personal loan agreements.

3. The Commission brings this action to enjoin the Defendants from committing further violations of the registration, reporting and anti-fraud provisions of the federal securities laws. Unless restrained and enjoined, these securities law violators will likely engage in future violations of the federal securities laws, defraud the investing public, and place investor funds at serious risk of diversion and theft.

#### **DEFENDANTS**

4. Roanoke is a Florida corporation formed in December 1997, with its principal office in Rocky Mount, North Carolina. Roanoke purportedly assists other companies in enhancing their internet web site presence by improving a site's search engine result ranking.

5. Smith resides in Roanoke Rapids, North Carolina. Smith has served as Roanoke's Chairman, Chief Executive Officer, and President since 1998.

6. Bojadzijeve resides in Orlando, Florida, and is a self-employed consultant. According to Form S-8 registration statements filed with the Commission, Bojadzijeve provided consulting services to Roanoke in exchange for S-8 stock.

7. Clark resides in San Diego, California, and serves as the managing director of a consulting firm known as Sussex Avenue Partners LLC. From October 1984 to June 2001, Clark was associated as a registered representative with various registered broker-dealers. According

to Form S-8 registration statements filed with the Commission, Clark also provided consulting services to Roanoke in exchange for S-8 stock.

### **RELIEF DEFENDANT**

8. Relief Defendant Sussex is a Nevada limited liability company with its principal office in Carlsbad, California. Sussex purports to provide consulting services to companies regarding business development, marketing, shareholder communications, and financing. During the fraudulent scheme alleged in this Complaint, Clark transferred the proceeds from his sale of Roanoke S-8 stock to Sussex, which then forwarded a portion of these proceeds to Smith.

### **JURISDICTION AND VENUE**

9. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a); and Sections 21(d), 21(e) and 27 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d), 78u(e) and 78aa.

10. Jurisdiction and venue are proper in the Middle District of Florida because many of the Defendants’ acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Middle District of Florida.

11. In addition, Roanoke is a Florida corporation that conducts business in the Middle District of Florida, with whom Clark entered into six consulting agreement. Also, Bojadzijevev resides and transacts business in the Middle District of Florida.

12. The Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business set forth in this Complaint.

## **THE FRADULENT SCHEME**

### **I. Roanoke And Smith's Sham Transactions With Bojadzije**

13. In November 2003, having never met Bojadzije in person and possessing only minimal background information about him, Roanoke, under Smith's direction, retained Bojadzije as a purported consultant to the company.

14. From November 2003 through July 2004, Roanoke issued 950 million shares of S-8 stock to Bojadzije as payment for his alleged services. Roanoke issued these shares pursuant to Form S-8 registration statements filed on November 21, 2003, December 31, 2003, and March 26, 2004, for 300 million, 400 million and 250 million shares, respectively. Bojadzije received the shares in block increments of 50 million shares.

15. The instructions that accompany Form S-8 registration statements only allow S-8 stock to be issued to consultants in exchange for *bona fide* services, and not in connection with a capital-raising transaction. Moreover, Commission Releases clearly explain that a Form S-8 registration statement is not available to register offers and sales of securities to consultants where, by prearrangement or otherwise, the issuer or a promoter controls or directs the resale of the securities in the public market or the issuer or its affiliates directly or indirectly receive a percentage of the proceeds from such resales. The character of the service provided determines whether a Form S-8 registration statement is available to consultants and advisors. Consultants who provide investor relations or shareholder communications services are excluded, because of the promotional nature of their service.

16. Smith signed all of the Form S-8 registration statements on behalf of Roanoke. These statements falsely represented that the shares were issued to Bojadzije as compensation for "consulting" services.

17. While Roanoke was issuing shares to Bojadzijeve, Smith repeatedly misled Roanoke's transfer agent, Interwest Transfer Agent Co., Inc., stating in correspondence that the shares were issued neither for promoting or maintaining a market for the company's stock nor in connection with a capital-raising transaction.

18. To further the ruse that Bojadzijeve was providing consulting services to Roanoke, Smith entered into two agreements with Bojadzijeve in November and December 2003. According to the agreements, Bojadzijeve would provide the company with services including those concerning "management, marketing, consulting, strategic planning, corporate organization and structure."

19. In reality, Bojadzijeve failed to provide little if any *bona fide* services to Roanoke. In various communications with his stock broker in December 2003, Bojadzijeve claimed he received shares of Roanoke in exchange for providing money to the company, and not for any consulting services. In fact, Bojadzijeve's sole "service" to the company was to funnel profits he had received from selling shares of Roanoke stock to Smith.

20. Upon receipt of Roanoke's stock, Bojadzijeve immediately sold the stock and returned a substantial portion of the sales proceeds back to Smith. Bojadzijeve's monthly brokerage account statements for the period from November 2003 to July 2004 reflect hundreds of transactions showing that following receipt of Roanoke S-8 stock, Bojadzijeve: 1) sold the shares within days of receipt; 2) wired the proceeds to his bank accounts; and 3) then wired funds from his bank accounts into a personal bank account that Smith maintained. After Bojadzijeve wired Smith his kickback of the profits, Roanoke would then issue another 50 million shares of S-8 stock to Bojadzijeve.

21. To disguise the fraudulent transactions, Bojadzijeve and Smith concocted a sham promissory note, pursuant to which Bojadzijeve purportedly agreed to loan Smith \$5 million. The promissory note, which is not notarized, is dated just nine days after Bojadzijeve entered into his first “consulting” agreement with Roanoke.

22. From November 2003 through July 2004, Bojadzijeve received more than \$6.3 million from the sale of his 950 million shares of Roanoke S-8 stock. He then transferred more than \$3.7 million of these proceeds to Smith under the guise of loan installments on the \$5 million loan.

23. Smith used the money Bojadzijeve sent to him to make personal investments in the stock market, satisfy personal debts, start construction on a house, and invest in a tree farm.

24. In addition to concealing the kickbacks to Smith, Bojadzijeve also failed to report his Roanoke stock holdings as required under federal reporting requirements. Roanoke had approximately 650 million shares outstanding when it issued the 300 million shares to Bojadzijeve through the November 21, 2003 Form S-8 registration statement, and slightly more than 1 billion shares outstanding when it issued Bojadzijeve the 400 million shares through the December 31, 2003 Form S-8 registration statement. Under the Form S-8 registration statements, Bojadzijeve was to receive approximately 46% of Roanoke’s outstanding shares in November 2003 and 40% of its outstanding shares in December 2003.

25. Bojadzijeve’s holdings should have been publicly reported under federal securities laws. Section 13(d) of the Exchange Act and Rule 13d-1 thereunder require any person who acquires more than 5% of a company's class of stock registered under Section 12 of the Exchange Act to notify the issuer and the Commission within 10 days of the acquisition. In addition, Exchange Act Rule 13d-2 requires the person to notify the issuer and the Commission

of any material increases or decreases in the percentage of beneficial ownership through an amended Schedule 13D. Similarly, Section 16(a) of the Exchange Act requires beneficial owners of more than 10% of any class of any equity security registered under Section 12 of the Exchange Act, and the officers and directors of the issuer of any such security, to file a statement with the Commission by the effective date of a registration statement filed under Section 12, or within 10 days of becoming an insider. The statement must report the amount of all equity securities beneficially owned.

26. To evade these reporting requirements, Smith and Bojadzijevev devised a scheme whereby Roanoke would issue the S-8 stock to Bojadzijevev in blocks of 50 million shares. Nevertheless, even though the stock was given in block increments, there were instances where Bojadzijevev's holdings of Roanoke shares triggered federal reporting requirements. For example, when Roanoke issued the first 50 million share block of S-8 stock to Bojadzijevev on November 21, 2003, Bojadzijevev's holdings comprised of approximately 16% of Roanoke's outstanding stock. When Roanoke issued Bojadzijevev's second 50 million share block of S-8 stock on December 3, 2003, Bojadzijevev's holdings still comprised of approximately 14% of Roanoke's outstanding stock.

27. Despite triggering the federal reporting requirements, Bojadzijevev did not file any registration statements with the Commission declaring his stock holdings.

28. Based on their efforts to conceal the transactions, and their knowledge that the S-8 stock was not being paid for *bona fide* services, Roanoke, Smith and Bojadzijevev knew or were reckless in not knowing they were participating in a fraudulent S-8 scheme.

## **II. Material Misrepresentations and Omissions in Connection with Bojadzjev's Sale of Roanoke Stock**

29. From December 2003 through September 2004, Roanoke issued approximately ten false and misleading press releases, approximately one each month, concerning the company's growth in its client base.

30. As a result, there was increased liquidity in Roanoke stock. Bojadzjev then sold a significant portion of his Roanoke S-8 stock into the market, timing his sales to occur within days after the issuance of a press release.

31. Smith was responsible for reviewing Roanoke's press releases prior to the company issuing them. Bojadzjev spoke with Smith and discussed the timing of Roanoke's issuing the finalized press releases to the public and the press releases' content.

32. Typical of the company's press releases during this time was the company's August 3, 2004 press release, which noted:

Roanoke Technology Corp. Announces  
July 2004 Recorded an Increase of Another 19 Clients

Roanoke Technology Corp. (OTCBB:RNKE) announced that it has continued its steady growth for the year by signing on another 19 clients during July 2004. This has increased the total clients that finalized contracts with the company to an impressive 188 for the first seven months of 2004.

33. Each of the approximately ten sham press releases similarly falsely touted increases in Roanoke's client base. True and correct copies of these releases are attached as Exhibit A and incorporated as part of the Complaint.

34. These press releases were false because Roanoke had no basis for claiming "growth" in its clientele. In fact, Roanoke had not been tracking the actual number of clients that the company serviced, and even conceded in a September 1, 2004 press release that references



made to numbers of clients in previous press releases “have not been strictly correct.” The press release explained that Roanoke’s previous press releases actually referred to “sales units” and “inadvertently” treated “sales units” as “number of clients.”

35. Smith testified that a “sales unit” is calculated according to the amount of commissions paid to Roanoke’s sales force, with one “sales unit” ranging in value from \$2,000 to \$2,500. The calculation of a “sales unit” never factored in client numbers.

36. Roanoke and Smith either knew at the time of the issuance of the press releases, or were reckless in not knowing, that the representations relating to client numbers were false, as they were aware that Roanoke did not track the number of clients the company serviced or the growth in the numbers of clients. Indeed, in testimony Smith acknowledged sales units were not commensurate with numbers of clients. As Smith reviewed the press releases before they were made public, he knew or should have known such representations as to client growth were incorrect and unsubstantiated.

37. In addition to Bojadzijeve’s stock sales coinciding with the false press releases, four instant-message communications between Bojadzijeve and his broker, dated November 25, December 10, December 11, and December 12, 2003 reveal that Bojadzijeve timed his S-8 stock sales to occur the same day as the press releases were made public to take advantage of increased trading volume in Roanoke stock.

38. From his pre-release conversations with Smith, and his review of the press releases, Bojadzijeve knew when and what news the company planned to release before such news was publicly disseminated, and used such information to facilitate the liquidation of his Roanoke S-8 stock.

39. For example, on December 10, 2003, Bojadzijeve notified his broker in an instant message about upcoming news relating to Roanoke and informed him that another 50 million share certificate of Roanoke stock should be arriving at the firm soon. On the following day, Bojadzijeve confirmed the issuance of the press release, and instructed his broker to sell 50,000 shares of Roanoke at \$0.0105 and to call him if there were additional interested buyers.

### **III. Roanoke and Smith's Sham Transactions With Clark**

40. Clark's colleagues introduced him to Smith during a telephone conference in early 2003 when Clark began forming his own consulting firm, Sussex. In subsequent conversations, Clark and Smith discussed possible consulting arrangements with Roanoke.

41. From February 2003 through March 2004, Roanoke issued 187 million shares of Roanoke stock to Clark through seven Form S-8 registration statements.

42. Smith signed all of the Form S-8 registration statements on behalf of Roanoke. The statements falsely represented that the shares were issued to Clark as compensation for "consulting" services.

43. While Roanoke was issuing shares to Clark, Smith repeatedly misled Interwest by stating in correspondence that these shares were issued neither for the purpose of promoting or maintaining a market for the company's stock nor in connection with a capital-raising transaction.

44. To create the fiction that Clark was providing consulting services to Roanoke, Smith entered into a number of written agreements with him. The agreements provided that Clark would provide the company with services "concerning management of sales and marketing resources, consulting, strategic planning, corporate organization and structure, financial matters in connection with the operation of the businesses of the Company, expansion of

services, acquisitions and business opportunities, and shall review and advise the Company regarding its and his overall progress, needs, and condition.”

45. Clark, however, provided little if any *bona fide* services to Roanoke. The services Clark provided to the company were primarily shareholder communication services, specifically fielding investor related calls, which are prohibited activities under a Form S-8 registration statement, and were intended to mask Smith and Clark’s primary intent to liquidate Roanoke shares for their mutual gain.

46. Clark’s monthly brokerage account statements reflect hundreds of transactions in the period between February 2003 and October 2004, that show within days after receiving Roanoke S-8 stock, Clark: 1) sold the shares; 2) wired the sales proceeds to his and Sussex’s bank accounts; and 3) then wired funds from those bank accounts to Smith’s bank account or provided Smith with a cashier’s check.

47. To cover-up the portion of the S-8 stock sales proceeds Clark and Sussex were sending to Smith, Clark had Sussex enter into six sham promissory notes with Smith pursuant to which Sussex agreed to loan various sums to Smith. The promissory notes, which were executed between September 30, 2003 and May 26, 2004, total \$416,500 in loans.

48. From September 2003 to October 2004, Clark raised more than \$1.5 million from selling his Roanoke S-8 stock, and the liquidation of Roanoke S-8 stock issued to his girlfriend and to a Sussex employee named Randall Hicks. In twenty-one separate transfers from May 2003 through July 2004, Clark and Sussex gradually sent \$645,450 to Smith under the guise of the loan installments. Clark kept approximately \$850,000 in illicit proceeds in various Sussex accounts. Sussex has no legitimate claim to any portion of the ill-gotten funds.

49. Smith has admitted that he used the money Clark and Sussex funneled to him to “increase [his] cash on hand,” so he could invest in a tree farm.

50. Similar to Bojadzjev, Smith issued Clark’s S-8 stock in twelve-block increments. In addition, Smith and Clark implemented a scheme under which Roanoke issued stock to Clark’s girlfriend and Hicks, so that Clark would not have to report any of his Roanoke holdings. Clark’s girlfriend provided no services whatsoever to Roanoke, and Hicks only fielded investor calls. Under this scheme, Clark’s girlfriend received 50 million Roanoke shares and Hicks received 60 million Roanoke shares.

51. Despite these devices, there were, in fact, various instances in which Clark’s holdings of Roanoke’s shares triggered federal reporting requirements, because they exceeded five percent, and in at least one instance, ten percent, of Roanoke’s outstanding shares. Specifically, in February 2003, Clark received 7 million shares constituting 6.7 percent of Roanoke’s outstanding stock. Again in April 2003, Clark received 14 million shares constituting 10 percent of Roanoke’s outstanding stock.

52. Despite triggering the federal reporting requirements, Clark never filed any registration statements with the Commission declaring his stock holdings, in violation of the reporting requirements.

53. Based on Smith and Clark’s efforts to conceal the transactions, Clark’s use of his girlfriend and Hicks as straw men consultants, and Smith and Clark’s knowledge that the S-8 stock was not being paid for *bona fide* services, Roanoke, Smith and Clark knew or were reckless in not knowing they were participating in a fraudulent S-8 scheme.

**IV. Misleading Statements In Quarterly Reports  
Relating To Roanoke's Transactions With Bojadzjev and Clark**

54. Roanoke's 2004 quarterly reports for periods ending January 31, April 30, and July 30, 2004 reiterate to investors the fiction that Roanoke paid Bojadzjev and Clark for legitimate services. For example, under the Stockholders' Equity section in each of its 2004 quarterly reports, Roanoke claimed:

On November 19, 2003 the Company entered into a consulting agreement with Tom Bojadzjev. As compensation, the Company issued 300,000,000 common shares for a value of \$1,650,000, or \$.0055 per share . . . . During the term of this Agreement, Consultant shall provide advice to, undertake for and consult with the Company concerning management, marketing, consulting, strategic planning, corporate organization and structure, financial matters in connection with the operation of the businesses of the Company, expansion of services, acquisitions and business opportunities, and shall review and advise the Company regarding its overall progress, needs and condition.

55. In reality, Bojadzjev provided none of these services. Roanoke repeatedly misrepresented that Bojadzjev provided *bona fide* services to the company and failed to disclose to investors that Roanoke issued S-8 stock to Bojadzjev to perpetuate a fraudulent S-8 scheme.

56. Roanoke made similar statements with regard to Clark's consulting agreements with the company in its quarterly reports. Roanoke repeatedly misrepresented that Clark provided *bona fide* services to the company, and failed to disclose to investors that Roanoke issued S-8 stock to Clark for the fraudulent S-8 scheme.

57. Smith was responsible for and certified Roanoke's quarterly reports as Roanoke's sole executive and financial officer. Therefore, Smith and Roanoke knew or were reckless in not knowing that the representations in the quarterly reports were false and misleading.

## **V. Roanoke's Improper Use Of S-8 Stock To Settle A Lawsuit**

58. On August 22, 2002, Roanoke improperly issued two million shares of S-8 stock to settle a lawsuit. (*Oyster Software Inc. v. Forms Processing Inc.*, No. C-00-0742-JCS, N.D. Calif.).

59. The lawsuit involved an action against a Roanoke client for copyright infringement, and included Roanoke as a third party. To satisfy a settlement agreement, Roanoke filed a Form S-8 registration statement noting "Shares Issued for Settlement Agreement and Mutual Release," then tendered two million shares of S-8 stock as well as \$20,000 and stock options to an individual named Barry Bhangoo and Bhangoo's company, Oyster Software, Inc.

60. Neither Bhangoo nor Oyster Software provided any services to Roanoke or was employed or affiliated with Roanoke in any manner.

61. Such a settlement was improper, as S-8 stock is reserved for compensating others in exchange for *bona fide* services. Roanoke and Smith, as Roanoke's sole executive and financial officer, knew or were reckless in not knowing that issuing S-8 stock to Bhangoo and Oyster Software, to settle a lawsuit was improper.

## **VI. Smith's Failure To Comply With Federal Reporting Requirements**

62. In January 2001, Smith filed a Schedule 13D and Form 3 noting that he beneficially owned 6,853,732 shares of Roanoke stock (approximately 46 percents of Roanoke's outstanding stock) as of the filing date. Since that time, on multiple occasions, Smith's Roanoke stock holdings have fluctuated from stock sales and stock compensation, triggering reportable events under Schedule 13D and Forms 4 or 5 regarding how much stock he holds.

63. Smith admitted in sworn testimony that the company continuously issues stock to him to ensure that his holdings are "over the fifty percent mark," so that he can maintain his

majority control over the company. Smith also admitted that on various occasions since January 2001 that he was compensated with stock, and that he has traded Roanoke stock.

64. Despite these fluctuations in his holdings, Smith has never reported these changes in his beneficial ownership of Roanoke stock. In addition, Smith has never filed an Amended Schedule 13D or Forms 4 or 5.

## **CLAIMS FOR RELIEF**

### **COUNT I**

#### **SALE OF UNREGISTERED SECURITIES IN VIOLATION OF SECTIONS 5(a) AND 5(c) OF THE SECURITIES ACT (AGAINST ALL DEFENDANTS)**

65. The Commission repeats and realleges paragraphs 1 through 64 of this Complaint.

66. The Defendants directly and indirectly, and notwithstanding that there was no applicable exemption: a) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statements was in effect; b) for the purpose of sale or delivery after sale, carried and/or caused to be carried through the mails or in interstate commerce, by means or instruments of transportation, securities as to which no registration statements was in effect; and c) made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

67. No valid registration statement was filed or in effect with the Commission pursuant to the Securities Act and no exemption from registration exists with respect to the securities and transactions described in this Complaint.

68. By reason of the foregoing, the Defendants directly and indirectly, have violated, and unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

## **COUNT II**

### **FRAUD IN VIOLATION OF SECTION 17(a)(1) OF THE SECURITIES ACT (AGAINST ALL DEFENDANTS)**

69. The Commission repeats and realleges paragraphs 1 through 64 of this Complaint.

70. The Defendants directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, have knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

71. By reason of the foregoing, the Defendants directly and indirectly, have violated and unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

## **COUNT III**

### **FRAUD IN VIOLATION OF SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5 PROMULGATED THEREUNDER (AGAINST ALL DEFENDANTS)**

72. The Commission repeats and realleges paragraphs 1 through 64 of its Complaint.

73. The Defendants have directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of the securities, as described in this Complaint, knowingly, willfully or recklessly; 1) employed devices, schemes or artifices to defraud; 2) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the



circumstances under which they were made, not misleading; and/or 3) engaged in acts, practices and courses of business which have operated as a fraud upon the purchasers of such securities.

74. By reasons of the foregoing, the Defendants have directly or indirectly violated, and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

#### **COUNT IV**

##### **REPORTING FAILURES IN VIOLATION OF SECTIONS 13(d) AND 16(a) OF THE EXCHANGE ACT AND RULES 13d-1, 13d-2 AND 16a-3 PROMULGATED THEREUNDER (AGAINST SMITH, BOJADZIJEV AND CLARK)**

75. The Commission repeats and realleges paragraphs 1 through 64 of its Complaint.

76. Section 13(d) of the Exchange Act and Rule 13d-1 thereunder require that any person that acquires more than 5% of a company's class of stock registered under Section 12 of the Exchange Act must notify the issuer and the Commission within 10 days of the acquisition. Exchange Act Rule 13d-2 requires that the person notify the issuer and the Commission of any material increases or decreases in the percentage of beneficial ownership through an amended Schedule 13D.

77. Similar to Section 13(d), Section 16(a) of the Exchange Act requires beneficial owners of over 10% of any class of any equity security registered under Section 12 of the Exchange Act, and the officers and directors of the issuer of any such security, (collectively, “insiders”) to file a statement with the Commission by the effective date of a registration statement filed under Section 12, or within 10 days of becoming an insider, reporting the amount of all equity securities beneficially owned. It also requires insiders to file statements of any changes in ownership within ten days after the close of each calendar month. Rule 16a-3

provides that an initial statement by an insider must be made on a Form 3 and subsequent statements of changes are to be made on a Form 4 or a Form 5.

78. Since Smith filed a Form 3 and Schedule 13D on January 16, 2001, he: 1) has been a Roanoke insider; and 2) has failed to file a Form 4, Form 5, or an amended Schedule 13D with the Commission disclosing material changes in his beneficial ownership.

79. From November 2003, Defendant Bojadzije: 1) was a Roanoke insider; 2) failed to disclose his beneficial ownership of stock upon his initial receipt of Roanoke shares; and 3) failed to file appropriate documents with the Commission disclosing material changes in his beneficial ownership.

80. From February 2003, Defendant Clark: 1) was a Roanoke insider; 2) failed to disclose his beneficial ownership of stock upon his initial receipt of Roanoke shares; and 3) failed to file appropriate documents with the Commission disclosing material changes in his beneficial ownership.

81. By reason of the foregoing, Smith violated and, unless enjoined, will continue to violate Sections 13(d) and 16(a) of the Exchange Act, 15 U.S.C. §§ 78m(d) and 78p(a), and Rules 13d-2 and 16a-3 thereunder, 17 C.F.R. 240.13d-2, 16a-3.

82. By reason of the foregoing, Bojadzije and Clark violated and, unless enjoined, will continue to violate Sections 13(d) and 16(a) of the Exchange Act, 15 U.S.C. §§ 78m(d) and 78p(a), and Rules 13d-1, 13d-2 and 16a-3 thereunder, 17 C.F.R. 240.13d-1, 13d-2, 16a-3.

## **COUNT V**

### **REPORTING FAILURES IN VIOLATION OF SECTION 13(a) OF THE EXCHANGE ACT AND RULES 12b-20 AND 13a-13 PROMULGATED THEREUNDER (AGAINST ROANOKE AND SMITH)**

83. The Commission repeats and realleges paragraphs 1 through 64 of its Complaint.

84. Section 13(a) of the Exchange Act requires all issuers whose securities are registered with the Commission pursuant to Section 12 of the Exchange Act to file with the Commission periodic reports containing such information as the Commission shall prescribe by its rules and regulations. Pursuant to Section 13(a), the Commission has promulgated Rule 13a-13, which requires issuers to file with the Commission quarterly reports. In addition, Rule 12b-20 requires that such reports contain any information necessary to ensure that the required statements in the reports are not, under the circumstances, materially misleading.

85. Roanoke violated Section 13(a) of the Exchange Act and Rules 12b-20 and 13a-13 thereunder by filing materially misleading statements in its quarterly reports regarding Bojadzijeve's and Clark's purported services to the company. Furthermore, Roanoke omitted to state in its periodic reports that it was issuing S-8 stock to Bojadzijeve and Clark for the purpose of raising capital for Smith.

86. Smith aided and abetted Roanoke's violations of Section 13(a) of the Exchange Act, and Rules 12b-20 and 13a-13 thereunder, because he knowingly provided substantial assistance in the commission of Roanoke's violations. As Roanoke's sole executive and financial officer, Smith was responsible for the Roanoke quarterly reports that contained materially misleading statements regarding Bojadzijeve's and Clark's purported services to the company and omissions relating to the S-8 scheme. In spite of this, Smith personally certified that he had reviewed the quarterly reports and that these filings did not contain any untrue statement of a material fact or omit to state a material fact. In signing these quarterly reports, Smith acted with knowledge or recklessness and thereby knowingly provided substantial assistance to Roanoke in violation of Section 13(a) of the Exchange Act, 15 U.S.C. §§ 78m(a), and Rules 12b-20 and 13a-13 thereunder, 17 C.F.R. 240.12b-20, 13a-13

87. By reason of the foregoing, Roanoke violated and Smith aided and abetted Roanoke's violations of Section 13(a) of the Exchange Act, 15 U.S.C. §§ 78m(a), and Rules 12b-20 and 13a-13 thereunder, 17 C.F.R. 240.12b-20, 13a-13.

**COUNT VI**

**VIOLATIONS OF THE CERTIFICATION  
REQUIREMENTS OF THE SARBANES-OXLEY ACT  
(AGAINST SMITH)**

88. The Commission repeats and realleges paragraphs 1 through 64 of its Complaint.

89. Section 302 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), which amended the Exchange Act requirements for public company filing reports, including periodic reports, under Sections 13(a) or 15(d) of the Exchange Act, provides that the Commission shall, by rule, require the principal executive officers and principal financial officers to certify each annual or quarterly report filed with the Commission. 15 U.S.C. § 7241(a) (Section 302 of the Sarbanes-Oxley). Rule 13a-14 of the Exchange Act governs the certification disclosure requirements pursuant to Section 302 of Sarbanes-Oxley, and provides that the principal executive officer or signing officer must certify, among other things, that he has reviewed the company's Form 10-K or Form 10-Q report and based on his knowledge, the report does not omit or misstate a material fact.

90. Smith violated Rule 13a-14 of the Exchange Act when he certified Roanoke's quarterly reports. Smith knew that Roanoke's filings did not comply with the reporting requirements of the Exchange Act because the filings contained misrepresentations about the services that Bojadzijeve and Clark were purportedly providing to Roanoke. Also, Smith knew that Roanoke's filings omitted material facts relating to the issuance of S-8 stock to Bojadzijeve and Clark as part of a fraudulent scheme.

91. By reason of the foregoing, Smith violated Rule 13a-14, 17 C.F.R. 240.13a-14.

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court:

**I.**

**Permanent Injunction**

Issue a Permanent Injunction, restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c); Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); Section 10(b) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b); Sections 13(d) and 16(a) and Rules 13d-1, 13d-2 and 16a-3 of the Exchange Act, 15 U.S.C. §§ 78m(d) and 78p(a); Section 13(a) and Rules 12b-20, 13a-13, and 13a-14 of the Exchange Act, 15 U.S.C. §§ 78m(a); as indicated above.

**II.**

**Disgorgement**

Issue an Order directing the Defendants and the Relief Defendant to disgorge all profits or proceeds that they have received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest.

**III.**

**Penalties**

Issue an Order directing all Defendants to pay civil money 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).

**IV.**

**Penny Stock Bar**

Issue an Order, pursuant to Section 603 of the Sarbanes-Oxley Act of 2002 [Public Law No. 107-204, 116 Stat. 745 (July 30, 2002)], and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6), permanently barring Smith, Bojadzijeve, and Clark from participating in an offering of penny stock.

**V.**

**Officer & Director Bar**

Issue an Order pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), barring Smith from serving as an officer or director of any issuer required to file reports with the Commission pursuant to Sections 12(b), 12(d) or 15(d) of the Exchange Act, 15 U.S.C. § 781(b) and (g), and § 78o(d).

**VI.**

**Further Relief**

Grant such other and further relief as may be necessary and appropriate.

**VII.**

**Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application of motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

December 20, 2005

By: \_\_\_\_\_

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