

charge of investing proprietary funds in PIPE transactions. The capital for the investments came from SG and was invested and traded through SG Cowen accounts. During 2001, Pollet routinely sold short the publicly traded securities of PIPE issuers prior to the close of such issuers' PIPE transaction in which SG Cowen was investing or contemplating investing.

2. In several instances, Pollet's short selling was contrary to specific representations in securities purchase agreements ("SPAs") that no short selling would take place or had taken place and that the PIPE shares were being purchased with investment intent. Pollet's pre-close short selling also constituted unlawful insider trading. On six occasions, Pollet obtained information about the upcoming PIPE transaction pursuant to a confidentiality agreement with the PIPE issuer and, therefore, owed such issuer a duty of trust or confidence, which he breached when he sold short the issuer's stock prior to the close of the PIPE transaction. On four additional occasions, SG Cowen served as the PIPE issuer's investment banker and, as such, was a temporary insider that owed a fiduciary duty to the issuer, which duty Pollet breached when he sold short the issuer's stock prior to the close of the PIPE transaction. The trading took place in an SG Cowen proprietary account, allowing SG Cowen to lock in over \$4 million in profits, in addition to other profits from the trading.

3. In particular, Pollet's illicit trading related to the securities of eleven issuers that engaged in, or contemplated engaging in, PIPE financings in which SG Cowen actually invested or considered investing. These issuers are: The viaLink Company ("viaLink"), Computer Motion Inc. ("Computer Motion"), Daleen Technologies, Inc. ("Daleen"), Hollywood Media Corp. ("Hollywood Media"), SangStat Medical Corporation ("SangStat"), EntreMed, Inc. ("EntreMed"), DMC Stratex Networks, Inc. ("DMC Stratex"), Sorrento Networks, Inc. ("Sorrento"), Aradigm Corporation ("Aradigm"), HealthExtras, Inc. ("HealthExtras"), and

Proxim, Inc. (“Proxim”) (collectively, the “Issuers”). At the time of the conduct, the common stock of each of the Issuers was registered with the Commission pursuant to Section 12(g) of the Exchange Act, and traded on the NASDAQ National Market, with the exception of viaLink’s common stock, which traded on the NASDAQ Small Capitalization Market. Each of the Issuers contemplated a PIPE financing, and most, in fact, entered into a PIPE transaction representing significant percentages of the subject issuer’s market capitalization.

4. By virtue of the foregoing conduct, Pollet has engaged in acts, practices, transactions and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

NATURE OF THE PROCEEDINGS AND THE RELIEF SOUGHT

5. The Commission brings this action pursuant to authority conferred by Section 20(d)(1) of the Securities Act, 15 U.S.C. § 77t(d)(1), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), seeking a judgment: (a) permanently enjoining Pollet from engaging in the types of acts, practices, transactions and courses of business described herein; (b) ordering Pollet to disgorge illicit profits plus pre-judgment interest thereon; (c) imposing civil penalties against Pollet, pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21A of the Exchange Act, 15 U.S.C. § 78u-1; and (d) imposing such other relief as the Court may deem just and proper.

STATUTES AND RULES ALLEGED TO HAVE BEEN VIOLATED

6. Pollet has engaged in, and, unless enjoined and restrained, will again engage in acts, practices, transactions and courses of business that constitute violations of Section 17(a) of

the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

JURISDICTION AND VENUE

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

8. Venue lies in this Court pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa. Certain of the acts, practices, transactions and courses of business alleged herein occurred within the Eastern District of New York. Moreover, during the relevant time period, Pollet maintained a residence in Suffolk County, New York.

9. Pollet, directly or indirectly, has made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, and/or the mails, in connection with the acts, practices, transactions and courses of business alleged herein.

DEFENDANT

10. Pollet, age 40, is a resident of Switzerland. He was a managing director for SG Cowen in charge of the Reg. D Desk from 1999 until his termination in late 2001. During the period at issue, Pollet held Series 7, 8, and 55 licenses.

FACTS

PIPE Transactions

11. PIPEs are private investments in public equities. Issuers sometimes utilize the PIPE market when more traditional means of financings, such as secondary offerings, are impracticable. PIPE securities are issued pursuant to Section 4(2) of the Securities Act, which provides an exemption from registration for a non-public offering by an issuer. At the closing of a PIPE transaction, PIPE investors receive restricted securities. The PIPE agreement generally requires the issuer to file a registration statement to register the securities issued in the PIPE transaction (or in the case of convertible securities, the underlying securities) within a specified period, usually 30 or 60 days, and to have it declared effective by the Commission, typically within 60 to 120 days after the close. In other words, PIPE investors are required to wait a certain period of time before they can freely trade the securities received in the PIPE transaction. PIPE transactions often contain price discounts or other concessions, such as warrants, to compensate for the temporary illiquidity of the investment.

12. PIPE financings are generally not announced publicly until after the transaction closes. A PIPE financing generally tends to have a dilutive effect on the issuer's stock price as more shares of its stock become available in the marketplace. Each of the Issuers considered their PIPE transaction to be a significant event for the company.

SG Cowen's PIPE Investments

13. SG Cowen invested proprietary funds in PIPE transactions through SG Cowen's Reg. D Desk, which was headed by Pollet. There was only one other employee on this desk, who reported to Pollet. Pollet, in turn, reported directly to the managing director who headed SG Cowen's Equity Derivatives Group ("EDG") in the United States.

14. In order to invest firm capital in PIPEs, Pollet needed approval from his direct supervisor, and from one of the co-heads of the global EDG in Paris. The investment process typically involved Pollet and his assistant engaging in initial talks with senior management of the issuer and then signing a term sheet, following which they would send a credit report on the issuer, called an Issuer Line Application (“ILA”), to Paris for review and ultimate approval.

15. Besides making PIPE investments and trading in the securities of the PIPE Issuers, the Reg. D Desk engaged in no other type of trading.

16. For four of the PIPE transactions – Sorrento, Aradigm, HealthExtras, and Proxim – in addition to being an investor, SG Cowen also served as the Issuer’s investment banker. SG Cowen’s Private Equity Group (“PEG”) provided the investment banking services, and the managing director of the PEG regularly consulted with Pollet in connection with those services.

Pollet’s Trading Practices Relating to PIPE Transactions

17. Starting in 2001, Pollet’s trading practice relating to PIPEs fell into a general pattern: Pollet would start to sell short an Issuer’s common stock in varying quantities when he first learned that the Issuer was contemplating a PIPE financing in which Pollet was interested in investing on SG Cowen’s behalf. Such short selling would begin prior to the close of the PIPE transaction and, in all but one case, before the transaction had been made public. Pollet would generally continue to sell short the stock of the Issuer after the close, but prior to the registration of the securities issued in the PIPE transaction. Pollet immediately covered any short positions he had taken in an Issuer if he learned that such Issuer’s contemplated PIPE transaction was not going to close, or that it was a transaction in which SG Cowen was not going to participate.

18. This trading pattern followed a model that called for SG Cowen to ultimately have a short position equal to its long position in the PIPE securities acquired, which was

referred to as a “hedge.” The aim was to achieve this “hedge” in 6-9 months, but in any event as soon as possible. Initially, Pollet disclosed the hedging strategy in the ILAs sent to company officials in Paris, but he omitted any mention of a pre-close short sale position from the ILAs after a senior SG official in Paris expressed astonishment that Pollet had sold short an Issuer’s stock prior to the close of a PIPE transaction.

19. Pollet’s trading failed to comply with an SG Cowen policy that prohibited trading in a PIPE issuer’s securities for 30 days following the close of a PIPE transaction (the “30-day Policy”). This policy was designed to demonstrate investment intent by requiring SG Cowen to assume the full market risk associated with acquiring PIPE securities for at least 30 days. Pollet complied with this policy – at least in letter, if not in spirit – in the first two transactions that closed in 2001, viaLink and Computer Motion. In those two transactions, however, Pollet accumulated a substantial *pre-close* short position in each of those Issuers. Following the Computer Motion transaction, Pollet sought a modification of the 30-day Policy, but the policy remained in place. Nevertheless, following the Computer Motion PIPE, Pollet began short selling Issuers’ stock immediately after the close of the PIPE (in addition to his pre-close shorting) in violation of the 30-day Policy.

20. Pollet’s trading was conducted through SG Cowen accounts, and was done for the benefit of SG Cowen and its parent, SG.

21. As a result of Pollet’s short selling, SG Cowen locked in over \$4 million in profits, and made additional trading profits on its investments. SG Cowen invested a fixed amount and received in exchange an amount of securities that was determined based on the average share price of the Issuer’s stock over a certain number of days – ranging from five days to twenty days – leading up to the close of the transaction (“Average Price”). The PIPE shares

were priced at a percentage of the Average Price, ranging from 85 percent to 115 percent. In most deals, SG Cowen also received warrants to purchase additional stock, and in the convertible transactions, it received dividend or interest payments. In the transactions where SG Cowen received PIPE shares at a discount to the Average Price, its short selling allowed it to “lock in” the spread between the price at which it sold short the stock of the Issuer and the discounted PIPE share price. In the PIPE transactions structured as convertibles and priced at a premium to the Average Price, SG Cowen’s short selling allowed it to reduce substantially the risk relating to the underlying convertible security it purchased in the transaction, without any adverse effect on its ability to trade the warrants included in those transactions, and collect the periodic interest and dividend payments.

Pollet’s Trading Violated Representations Made to Issuers

22. In three transactions – viaLink, Computer Motion, and Sorrento – SG Cowen falsely represented in the SPA that SG Cowen had not traded or sold short the Issuer’s stock prior to the close of the transaction, when, in fact, in each transaction Pollet, on behalf of SG Cowen, had accumulated a significant short position in the stock of the Issuer prior to the close of the transaction. Pollet signed the SPAs containing these misrepresentations.

23. For example, in the Computer Motion SPA, SG Cowen represented that it “has not purchased, sold or entered into any put option, short position or similar arrangement with respect to the Common Stock, and will not, for so long as it owns any Common Shares, Warrants or Warrant Shares, purchase, sell or enter into any such put option, short position or similar arrangement in any manner that violates the provisions of the Securities Act or the Exchange Act.” As of February 16, 2001, however, when Pollet signed the Computer Motion SPA, Pollet had accumulated for SG Cowen’s account a short position in Computer Motion’s common stock

of 106,242 shares, worth approximately \$600,000, or 15 percent of SG Cowen's \$4 million investment in Computer Motion.

24. In addition, SG Cowen also falsely represented in the SPAs of five PIPE transactions -- viaLink, Computer Motion, SangStat, Sorrento, and HealthExtras -- that SG Cowen was acquiring the PIPE securities for investment purposes, and not with a view towards distribution. Pollet signed each of the SPA's containing these misrepresentations.

25. The investment intent representations were misleading and false because, by selling short an Issuer's publicly traded common stock prior to the registration of the resale of the PIPE securities received in the transaction, Pollet ensured that SG Cowen was effectively transferring to the general investing public the risk inherent in holding the restricted PIPE securities, and thus was divesting itself of any entrepreneurial risk normally associated with owning equity securities in a company. Thus, SG Cowen lacked investment intent in acquiring the PIPE securities, at least to the extent it sold short the publicly traded securities of a PIPE Issuer prior to registration of the PIPE securities.

Pollet Engaged in Insider Trading in Connection with Ten PIPE Transactions

26. Pollet sold short the Issuer's stock prior to the close of PIPE deals while in possession of material non-public information and in breach of a duty of trust or confidence in ten transactions. In each of those transactions, the fact that the Issuer was planning or was about to undertake a PIPE transaction was itself material non-public information.

27. In four transactions -- Sorrento, Aradigm, HealthExtras, and Proxim -- SG Cowen served as the Issuer's investment banker. In each of those transactions, SG Cowen entered into a standard retention agreement where it agreed to keep material, non-public information learned from the Issuer confidential. SG Cowen owed a fiduciary duty to each of these Issuers because it

was acting as their investment banker, and Pollet, acting on SG Cowen's behalf, breached those fiduciary duties by selling short those Issuers' publicly traded common stock. Pollet knew that SG Cowen was acting as investment banker for Sorrento, Aradigm, HealthExtras, and Proxim.

28. Moreover in at least two of the four PIPE transactions discussed in paragraph 27, the managing director of the PEG provided information to Pollet that further highlighted the confidential nature of the deal. For example, in the Aradigm and HealthExtras PIPEs, Pollet was shown a slide during management's presentations stating that the recipient agreed to keep the contemplation of the PIPE confidential. Regardless, Pollet began to sell short each of these Issuers' common stock after learning of the contemplated PIPE transaction.

29. With respect to six other transactions – Daleen, Hollywood Media, EntreMed, DMC Stratex, Computer Motion, and Sangstat – Pollet understood the information about the upcoming or contemplated PIPE transaction was material and non-public, and in several instances expressly agreed to keep the transactions confidential. For example, during a conference call with EntreMed's VP of Finance, Pollet orally agreed to keep the EntreMed transaction confidential. Similarly, at a management presentation given by Hollywood Media, Pollet orally agreed to keep confidential all of the materials and information disclosed during the presentation, including the fact that Hollywood Media was doing the PIPE. After Pollet began selling short Computer Motion's stock, he was provided with a term sheet that contained a clause, stating that “[t]he purchaser and the Issuer and its affiliates agree to refrain from any transactions in [Computer Motion's] stock during the period from acceptance of these terms to the closing date.” Pollet continued to sell short Computer Motion stock after receiving this term sheet. Similarly, SangStat's management sent Pollet a term sheet that had been negotiated between the company and a lead investor containing a confidentiality provision which stated:

“All parties agree to keep this financing proposal and all conversations and exchanged information strictly confidential.” After receiving this term sheet, Pollet began to sell short SangStat’s common stock, and by the time the financing closed and was publicly announced, he had accumulated a short position of 39,300 shares in SangStat’s stock.

Pollet Knew His Trading Was Illicit

30. Pollet knew that his trading was illicit. SG Cowen routinely tapes its traders’ conversations. In some of these taped conversations, Pollet clearly expressed his belief that the contemplation of a PIPE transaction is material, non-public information that should not be traded upon, and his understanding that PIPE transactions are confidential matters. For example:

- (a) On July 11, 2001, a PIPE placement agent called Pollet to introduce himself. This placement agent told Pollet that his biggest concern was that he did not want investors in a syndicate who trade just before and right after a transaction, to which Pollet responded, “but it’s illegal.” Pollet continued, “I think it’s very clear cut, . . . in private placement there is the word ‘private,’ so it means it’s non-public information which means if you’re trading in the stock while you’re contemplating doing [an] investment, you know, in a private offering, it’s not legal.” Pollet also told this placement agent that it is not SG Cowen’s policy to trade in advance of a PIPE transaction.
- (b) In another conversation Pollet admonished his assistant for discussing a contemplated deal with another equity derivatives trader. Specifically, Pollet said:

oh and by the way, just to reemphasize, umm, just to play it safe, you should not discuss any transaction we

are doing with anyone, you know that, right? You should not. . . . It's not public information; you are distributing, you know, confidential non-public information. He can talk to his girlfriend about it for all I know, then word gets around and eventually one day it will get back in our face In all seriousness, you should keep the information confidential, they are confidential information, I mean there is a reason why they issue booklets and each booklet there is a number on it **I know what you're going to say, 'if it is confidential then we should not trade into the stock,' wise guy, wise ass.** (emphasis added)

- (c) In yet another call, in which Pollet was discussing a potential PIPE transaction with another investor, Pollet was asked for the name of the company, and he responded by saying, "let me tell you everything about the company, and then, and then see if, 'cause this is non-public information, so I - I don't know if . . . if you want me to give you that I'll give you the name I don't have a problem with that, but I don't know if, uh - I don't want to impair your ability to, uh - to trade into the stock if you choose not to, uh, be interested in that." Pollet then proceeded to describe the company in general terms without disclosing its name.

31. Pollet also attempted to conceal his trading activity from SG officials in Paris, from the managing director of the PEG, and from the Issuers.

- (a) The ILAs that the Reg. D Desk was required to prepare in order to obtain investment approval included a section titled "Business Plan" that discussed how much of the PIPE investment would be hedged in the future, and the stock borrowing capacity available at SG Cowen and elsewhere. Initially, Pollet disclosed in the ILAs the amount of the Issuer's stock that he had already sold short. In February 2001, Pollet's

assistant sent to Paris for approval an ILA concerning the viaLink transaction that disclosed Pollet's pre-close short selling activity in viaLink's stock. An SG analyst in Paris responded by e-mail that said, in part, "He [a co-head of the global EDG] was very astonished that you already borrowed and sold shared (sic) on [viaLink] before getting the final agreement from management and also during a period of time you were closely in touch with [viaLink's] management." Following receipt of this email, Pollet instructed his assistant to omit from future ILAs actual pre-close short positions Pollet had taken and the assistant complied with Pollet's instruction. Also, going forward, Pollet and his assistant no longer disclosed the actual short positions Pollet had taken in Issuers during conference calls with SG officials in Paris. For example, in a conference call with SG officials in Paris concerning the Sorrento PIPE, Pollet expressed his belief that two co-investors were short-selling the Issuer's stock, but he failed to disclose that he too had started to sell short the Issuer's stock, and had entered into an equity swap arrangement that would allow him to sell short even more shares of the Issuer.

- (b) Pollet also attempted to conceal his pre-close short selling activity from the managing director of the PEG. For example, at one point, in connection with the HealthExtras PIPE, this managing director complained to Pollet that some people in the investor group had sold short the Issuer's stock prior to the close, but, he went on to tell Pollet, "I know you did not." In response, Pollet, who had in fact already sold short,

mumbled, “um huh.” Also, in a taped conversation on July 18, 2001, this managing director told Pollet that he was going to stop by Pollet’s desk to discuss the Sorrento PIPE. Immediately after that call, Pollet said to his assistant, “[The managing director of the PEG] is coming down here in a sec – sec . . . chat with me. Make sure your screen is off. Make sure you don’t leave – you know – make sure – just – keep it – he doesn’t see that you’re shorting.”

- (c) Finally, Pollet attempted to conceal his pre-close short selling activity from placement agents handling the PIPEs. For the transactions where SG Cowen was acting as the Issuer’s investment banker, Pollet asked SG Cowen’s traders to avoid sending his short sale orders through SG Cowen’s brokers. For example, minutes after learning of the HealthExtras PIPE from a member of the PEG, Pollet called SG Cowen’s trading desk and instructed them to sell short shares of HealthExtras. He instructed the trader to submit the orders to “everybody but, uh, Cowen.” The next day, he called the trading desk to place an order to sell short additional shares of HealthExtras stock. Speaking to a different trader this time, he said, “just a reminder, on the HLEX, uh, do not go to Cowen on this. Cowen is a market maker, but do not go to, I don’t want Cowen to see this.”
- Similarly, when selling short the shares of Daleen ahead of its PIPE’s close, Pollet requested that his orders not be sent to the brokerage arm of the entity acting as Daleen’s placement agent.

32. Pollet also failed to comply with legal advice he sought and received from his regular outside counsel concerning pre-close short selling of a PIPE issuer's securities. In or around January 2001, Pollet was advised not to engage in pre-close short selling. Yet, in direct contravention of such legal advice, Pollet engaged in pre-close short selling in all ten PIPE transactions – viaLink, Computer Motion, Hollywood Media, SangStat, Sorrento, HealthExtras, Aradigm, EntreMed, DMC Stratex, and Proxim – that followed. Pollet also shopped for a more favorable opinion, and, in July 2001 – after 6 of the 11 PIPE transactions at issue had already closed – he received a qualified opinion that selling short was permissible in certain limited circumstances. Adherence to the language of this second opinion, however, would have precluded the trading in which Pollet actually engaged.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 (Misrepresentations)

33. The Commission repeats and re-alleges the allegations contained in paragraphs 1 through 32 by reference as if fully set forth herein.

34. Pollet, directly or indirectly, knowingly, or recklessly, by use of the means or instruments of transportation or communication in, and the means or instrumentalities of, interstate commerce, or by the use of the mails, in the offer or sale, and in connection with the purchase or sale, of securities:

- (a) employed devices, schemes or artifices to defraud;
- (b) made untrue statements of material fact, or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

- (c) engaged in acts, practices, transactions and courses of business which operated or would operate as a fraud or deceit upon the issuers who engaged in PIPE transactions in which SG Cowen invested.

35. As part of and in furtherance of this violative conduct, as alleged above, Pollet, directly or indirectly, made misrepresentations or omissions of material facts, in connection with the purchase of securities in six PIPE transactions, including, but not limited to:

- (a) in three PIPE transactions -- viaLink, Computer Motion, and Sorrento -- Pollet signed SPAs that falsely represented that SG Cowen had not engaged in any transactions in the Issuer's securities prior to the close of the transaction when in fact Pollet had engaged in extensive short selling of the Issuer's securities; and
- (b) in six PIPE transactions -- viaLink, Computer Motion, Sorrento, Sangstat, and Healthextras -- Pollet signed SPAs that falsely represented that SG Cowen was acquiring the PIPE securities with investment intent, when in fact Pollet's short selling had effectively divested SG Cowen of entrepreneurial risk, an essential component of equity investment.

36. The misrepresentations and omissions made by Pollet, more fully described above, were material.

37. Pollet knew, or was reckless in not knowing, that these material misrepresentations and omissions, more fully described above, were false or misleading.

38. The misrepresentations and omission were made in the offer or sale and in connection with the purchase or sale of securities.

39. By reason of the foregoing, Pollet, directly or indirectly, singly or in concert, violated Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

SECOND CLAIM FOR RELIEF

**Violation of Section 17(a) of the Securities Act and Section 10(b)
of the Exchange Act and Rule 10b-5
(Insider Trading)**

40. The Commission re-alleges and incorporates by reference paragraphs 1 through 39, as though fully set forth herein.

41. As more fully described in paragraphs 27 through 30, above, Pollet directly and indirectly, knowingly or recklessly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase of Sorrento, Aradigm, HealthExtras, Proxim, Daleen, Hollywood Media, EntreMed, DMC Stratex, Computer Motion, and SangStat securities:

- (a) employed devices, schemes, and/or artifices to defraud;
- (b) made untrue statements of material fact, 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; and
- (c) engaged in transactions, acts, practices and courses of business, which operated as a fraud or deceit upon Sorrento, Aradigm, HealthExtras, Proxim, Daleen, Hollywood Media, EntreMed, DMC Stratex, Computer Motion and SangStat, the sellers and buyers of the above-named securities, and other persons.

42. As part of and in furtherance of this violative conduct, Pollet breached a fiduciary or other similar duty arising out of a relationship of trust and confidence with Sorrento, Aradigm, HealthExtras, and Proxim.

43. Pollet knew, or acted in reckless disregard of the fact that he, as an agent for SG Cowen, was breaching a fiduciary or other similar duty arising out of a relationship of trust and confidence, by trading on the basis of material non-public confidential information that he was privy to because SG Cowen was providing investment banking services to Sorrento, Aradigm, HealthExtras, and Proxim.

44. When Pollet made or directed the sales described in paragraph 26, above, he knew, or acted in reckless disregard of the fact, that the information he possessed was non-public.

45. As part of and in furtherance of this violative conduct, Pollet, while in possession of material, non-public information concerning plans by Daleen, Hollywood Media, EntreMed, DMC Stratex, Computer Motion, and SangStat to do a PIPE financing, sold securities of each of these Issuers.

46. When Pollet sold, or directed others to sell, securities of Daleen, Hollywood Media, EntreMed, DMC Stratex, Computer Motion, and SangStat, as described in paragraphs 29 through 30, above, Pollet knew, or acted in reckless disregard of the fact, that the information he had received concerning plans by each such Issuer to do a PIPE financing was non-public and had been communicated to him as a result of a fiduciary or other similar duty arising out of a relationship of trust and confidence.

47. By reason of the foregoing, Pollet violated, and unless permanently enjoined, will again violate Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder.

RELIEF SOUGHT

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

I.

Permanently enjoining Pollet from violating Section 17(a) of the Securities Act, 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.

II.

Ordering Pollet to disgorge the full amount of his ill-gotten gains from the violative conduct alleged in this Complaint, plus pre-judgment interest.

III.

Ordering Pollet to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21A of the Exchange Act, 15 U.S.C. § 78u-1.

IV.

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

Dated: New York, New York
April 21, 2005

Mark K. Schonfeld (MS-2798)

Attorney for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
Northeast Regional Office
3 World Financial Center, Room 4300
New York, New York 10281
(212) 336-1020

Of Counsel:

David Rosenfeld
David A. Markowitz
Sanjay Wadhwa
James Kasmarcik