UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,		
Plaintiff,		
v.	CIVIL ACTION FILE NO.	1:06 –CV-1354 GBL/TRJ
INTERNATIONAL FIDUCIARY CORP., S.A., DANIEL ERIC BYER, MALCOLM CAMERON BOYD STEVENSON, and PRESTON DAVID PINKETT II		
Defendants.		
TERRY MARTIN, CD2E, INC., WINCHELL CORPORATION, M&M TECHNOLOGIES ROBERT LOWREY, SZE COAST OPERATING CORP. and		
Relief Defendants.		

FIRST AMENDED COMPLAINT

Plaintiff Securities & Exchange Commission ("the Commission") for its First Amended Complaint against Daniel Eric Byer, ("Byer"), Malcolm Cameron Boyd Stevenson ("Stevenson"), Preston David Pinkett II ("Pinkett"), and International Fiduciary Corp., S.A. ("IFC"), (collectively, the "defendants"), alleges as follows:

INTRODUCTION

1. Since at least April 2004, defendants engaged in a Ponzi scheme in which they raised at least $40 million from at least 140 investors by offering contracts to participate in an investment program that purported to generate returns through sophisticated trading in debt obligations,including "1st Tier Medium Term Bank Notes." In fact, the trading in these instruments did not exist and returns to investors came largely from their own initial investments in a classic pyramid scheme.

2. Defendants offered and sold minimum $100,000 investment contracts to share in returns from an "asset growth program" that promised to trade in "1st Tier Medium-Term Bank Notes." Investors were told that their money would be deposited into one of three banks, either United Bank, in Arlington, Virginia, Banco Bilbao Vizcaya Argentaria ("BBVA") or Great Florida Bank ("GFB"), both located in Miami, Florida. The defendants told investors that their money would remain in a segregated account, controlled by the investor, and that said account would "remain in full equity value or greater than full equity value." Investors were promised a rate of return that varied between 4% and 6% per month, with some investors being promised as much as 10% per month.

3. No market for trading in instruments such as "1st Tier Medium-Term Bank Notes" at rates of return promised by the defendants exists. Investment programs based upon trading in these notes are designed generally, and were designed by the defendants in this instance, for fraudulent purposes. The defendants have engaged in a fraud upon investors, because they either knew, or were reckless in not knowing, that trading in instruments such as "1st Ttier Medium Term Bank Notes" never took place, that the promised returns came from other investors' contributions and not from any trading in bank notes, and that there was no guarantee insuring against risk of loss.

4. The defendants did not use the investors' money to finance the purchase of "1st Tier-Medium-Term Notes." Instead, investors' money was transferred from the individual accounts established and maintained for the investors to large, commingled accounts controlled only by the defendants. From these accounts, defendants wired money to banks and entities unrelated to the purported investment program. Pinkett, Stevenson and Byer transferred at least $12 million of these investor funds to themselves and at least $1.9 million to the relief defendants, Terry Martin, CD2E, Inc., Winchell Corporation, M&M Technologies, Robert Lowrey and SZE Coast Operating Corp. (collectively "Relief

violations, but holds or controls funds that represent fruits of violations committed by the defendants which are the subject of this Amended Complaint.

THE NATURE OF THE FRAUDULENT OFFERING

22. The defendants have been offering and selling securities in the form of investment contracts to the general public. The defendants have offered and sold, and are continuing to offer and sell, these securities through the use of the telephone, the mails and other means and instruments of interstate commerce.

23. Each investment contract offered and sold by the defendants constitutes a "security" pursuant to Section 2(1) of the Securities Act of 1933 (15 U.S.C. §77b(l)) and Section 3(a)(10) of the Securities Exchange Act of 1934 (15 U.S.C. § 78c(a)(10)). The money provided to the defendants is consideration for a contract, transaction or scheme whereby the investors make an investment of money in a common enterprise offered, sold and/or promoted by the defendants with the expectation of profits through the efforts of others.

24. From at least April 2004, the defendants have been marketing investments in an "asset-growth program" in which individuals or entities invest funds with the defendants in order to participate in returns from a program that trades in instruments such as "1st Tier Medium-Term Bank Notes." Investors were falsely told their money would be pooled and used as collateral to finance the purchase of "1st Tier Medium-Term Bank Notes." Investors were falsely told that they would be paid a rate of return on a pro rata basis generated from profits from the bond trading activities of a "bond trader" associated with IFC who purchased and sold the "1st Tier Medium-Term Notes."

25. Investors were falsely told, orally and through written offering documents that their investments with the defendants would remain owned by the investors in segregated accounts under their control. Investors were also led to believe that their investments in defendant IFC would be used only as collateral for trades done by the "bond trader" and

therefore would remain in insured bank accounts.

26. The defendants solicited the investors to invest in these arrangements with defendant IFC by executing agreements.

27. Investors were told that the minimum investment in the scheme is $100,000, and to date at least $40 million has been invested in the scheme with one or more of the defendants.

28. Investor funds have not been used to finance trading in bank or other instruments as represented to investors. In addition, investors' funds have not been maintained under their control in segregated accounts. Rather, investors' funds were transferred by defendant Pinkett to commingled accounts controlled only by the defendants and used for other purposes.

29. Fraudulent schemes that purport to offer investments in fictitious securities and financial instruments (including medium-term bank notes or MTNs), sometimes referred to as "prime bank instruments," that are allegedly sold by the world's leading banks or "prime banks" have proliferated over the past ten years. Such "prime bank" investment schemes are fraudulent and "prime bank instruments" do not exist.

30. From at least April 2004 to the present, one or more of the defendants made these representations to investors orally, and then followed up by having the investors execute a three-page contract on IFC letterhead. One version of the contract bore the subject line: "Asset Growth Program" and in certain instances referred to an introduction made by Byer or another finder. Pinkett and Stevenson executed the contract as authorized signatories of IFC. The contract repeated the false claims about a trading program involving "1st Tier Medium-Term Bank Notes" and about segregated investor bank accounts. Pinkett and Stevenson prepared the documents intending that the documents be used to solicit the investments into IFC.

31. Between July 2005 and November 2006, Byer solicited numerous clients to invest in the IFC trading program through the making of the representations described in paragraphs 24

54. Defendants, and each of them, by engaging in the conduct described in paragraphs 1 through 31 above, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce or the mails, offered to sell securities in the form of investment contracts or, directly or indirectly, or carried such securities to be carried through the mails or in interstate commerce, for the purpose of sale or delivery after sale.

55. No registration statement has been filed with the Commission or has been in effect with respect to these securities.

56. By reason of the foregoing, the defendants, directly or indirectly violated, and unless enjoined will continue to violate Section 5(c) of the Securities Act of 1933 (15 U.S.C. §§ 77e(c)).

for additional relief within the jurisdiction of this Court.

Dated: Washington, D.C.
April 9, 2007

Respectfully submitted,

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