

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

DEL GLOBAL TECHNOLOGIES CORP., INC.,
LEONARD A. TRUGMAN,
MICHAEL H. TABER,
DAVID ENGEL, SEYMOUR RUBIN, and
DAVID MICHAEL,

Defendants.

Civil Action No.

04-_____

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges:

SUMMARY

1. This case arises out of a widespread and pervasive accounting fraud at defendant Del Global Technologies Corp., Inc. ("Del") from at least 1997 through 2000. Acting through defendants Leonard A. Trugman ("Trugman"), Michael H. Taber ("Taber"), David Engel ("Engel"), Seymour Rubin ("Rubin") and David Michael ("Michael") (collectively, "Defendants"), among others, Del engaged in a fraudulent accounting scheme that involved the improper recognition of revenue on numerous transactions, the material overstatement of Del's assets and pre-tax income, and the falsification of accounting records and other information provided to Del's outside auditors. The scheme created the illusion that Del had fulfilled its goal of growing profitability when, in fact, the company was sustaining substantial losses.

2. By engaging in such conduct, defendants Del, Trugman, Taber, Engel, and Rubin violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)] and

Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act) [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5]. Defendant Del also violated Exchange Act Sections 13(a) [15 U.S.C. § 77m(a)], 13(b)(2)(A) [15 U.S.C. § 78m(b)(2)(A)], and 13(b)(2)(B) [15 U.S.C. § 78m(b)(2)(B)], and Exchange Act Rules 13a-1 [17 C.F.R. § 240.13a-1], 13a-13 [17 C.F.R. § 240.13a-13], and 12b-20 [17 C.F.R. § 240.12b-20]. Defendant Trugman aided and abetted Del’s violations and is responsible as a control person for those violations. Finally, defendants Trugman, Taber, Engel, Rubin, and Michael violated Exchange Act Section 13(b)(5) [15 U.S.C. § 78m(b)(5)], Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1], and Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

3. Unless enjoined, the defendants are likely to commit such violations in the future. They should be enjoined from doing so, ordered to disgorge any illicit gains they received as a result of their violations, and prejudgment interest thereon, and ordered to pay appropriate civil money penalties. In addition, defendants Trugman, Taber, Engel, Rubin, and Michael should be prohibited from acting as officers or directors of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports pursuant to Exchange Act Section 15(d) [15 U.S.C. § 78o(d)].

JURISDICTION

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

VENUE

5. Venue lies in this Court pursuant to Exchange Act Section 27 [15 U.S.C. § 78aa] and Securities Act Section 22(a) [15 U.S.C. § 77v(a)] because certain of the transactions, acts, practices and courses of conduct constituting violations of the federal securities laws occurred within this district.

DEFENDANTS

6. Del Global Technologies, Inc. is a New York corporation headquartered in Valhalla, New York. The company designs, manufactures and markets medical imaging and diagnostic systems, as well as power conversion and electronic noise suppression subsystems for medical and industrial applications.

7. During the relevant period, Del had five subsidiaries: Gendex Del Medical Imaging Corp. (“Gendex”), Bertan High Voltage Corp. (“Bertan”), RFI Corporation (“RFI”), Dynarad Corp. (“Dynarad”), and Del Power Conversion/Del Global Technologies Corp.

8. Del’s common stock was registered with the Commission pursuant to Exchange Act Section 12(g) and during the relevant period traded on the Nasdaq National Market. Nasdaq suspended trading in December 2000 after Del publicly disclosed its accounting problems and subsequently de-listed the stock. Del is currently quoted in the “pink sheets.”

9. Leonard A. Trugman, age 65, was Del’s Chairman of the Board, Chief Executive Officer and President from 1985 until he resigned on February 26, 2001. Trugman was Del’s largest shareholder during the relevant period.

10. Michael Taber, age 58, was Del’s Vice President of Finance, Secretary, and Chief Accounting Officer from January 1996 through August 1998 and Del’s Chief Financial Officer, Vice President of Finance and Secretary from September 1, 1998 until January 2001, when Del’s

board terminated his employment after an internal investigation of the conduct alleged herein. Taber was a certified public accountant (“CPA”) throughout the period.

11. David Engel, age 52, was Del’s Executive Vice President and Chief Financial Officer from January 1996 through August 1998 and President of Del Medical Systems Group from September 1, 1998 until January 2001, when Del’s board terminated his employment after an internal investigation of the conduct alleged herein.

12. David Michael, age 66, was a member of Del’s board of directors throughout the relevant period and was the chairman of Del’s audit committee in 2000. Michael is a CPA, a partner of the public accounting firm David Michael & Company, and is a director of two other publicly-traded companies, FRMO Corp. and MFC Development Corp.

13. On April 14, 1999, the Commission permanently barred Michael (and his accounting firm) from appearing or practicing as an accountant before it in connection with his actions in an unrelated financial fraud.

14. Seymour Rubin, age 73, was the President of RFI, a Del subsidiary, from 1990 to October 1999, a consultant to RFI and Del from November 1999 to February 2001, and a Vice President and Director of Del from 1990 until he resigned in January 2001.

FACTS

Improper Revenue Recognition

15. Del, through Trugman, Taber, Engel, and Rubin, materially overstated its reported revenues during the relevant period primarily by prematurely recording sales and by delaying the posting of customer returns, in contravention of generally accepted accounting principles (“GAAP”). Several examples of such conduct are described below.

Holding Quarters Open

16. Throughout the relevant period, on the orders of Trugman, each Del subsidiary held each interim fiscal quarter open (sometimes for weeks after the end of the quarter) in order to include revenue that should have been recognized in the following quarter. Taber, Engel, and Rubin ensured that the various subsidiaries carried out Trugman's orders. For example, for every interim fiscal quarter from 1997 through 1999, Rubin directed that the quarter be held open at RFI (his Del subsidiary), even after his controller questioned the practice.

17. By 2000, the practice had become so routine at all of the Del subsidiaries that, in one instance, after the close of the second quarter of Del's 2000 fiscal year, Trugman berated the controller of Del's Dynarad subsidiary and chastised her General Manager for closing the subsidiary's books on the last day of the quarter without Trugman's permission. To appease Trugman, the Dynarad controller was instructed to create a journal entry increasing sales by \$50,000 for the second quarter.

18. On Trugman's orders, each Del subsidiary (except RFI) also held each year-end fiscal quarter open (sometimes for weeks or months after the end of the fiscal year) throughout the relevant period in order to include revenue that should have been recognized in the following fiscal year. Taber and Engel ensured that the various subsidiaries carried out Trugman's orders.

Premature Shipment of Products to Third-Party Warehouses

19. SEC Staff Accounting Bulletin No. 101 ("SAB 101") and Statement of Financial Accounting Concept No. 5 ("SFAC 5") advise that revenue recognition is inappropriate before a customer takes title to and assumes the risk of ownership over a product.

20. Del subsidiaries, at the direction of Trugman and Engel, improperly recognized revenue by recording sales after shipping products to third-party storage warehouses months

before customers had agreed to take delivery of or assume the risks of ownership over the products. For example, near the end of Del's 2000 fiscal year, Trugman directed the General Manager of Gendex, Del's largest subsidiary, to ship approximately \$1,000,000 in manufactured products ordered by several customers to a third-party warehouse, even though the customers had not yet agreed to take delivery of the products. Although Engel was aware of the practice, he did nothing to stop it. By invoicing the items, Del recorded them as sales. Some of these products remained stored in third-party warehouses two years later. In another example of the same practice, Trugman ordered the General Manager of the Dynarad subsidiary to ship products off-site at the end of fiscal year 1999 so that Del could prematurely recognize revenue on the sales of the products. In a conference call at the time of the order, the Dynarad General Manager protested to Trugman that the products were not being shipped to a customer. Trugman nonetheless instructed that the product be shipped off-site. Del recorded sales for the products upon shipment to the off-site storage facility.

Recording Sales on Products Not Yet Manufactured

21. In contravention of GAAP, Del also improperly recognized revenue on sales of products ordered for shipment in later quarters, but not yet manufactured. For example, beginning in 1997 and continuing through fiscal year 2000, Trugman periodically instructed the General Manager at Del's Bertan subsidiary to record sales for items that were not yet completed and ready for shipment. In the last quarter of fiscal year 2000, Trugman similarly instructed the General Manager of Del's Gendex subsidiary to record sales for items that were not yet completed and ready for shipment. Trugman also periodically directed the administrative sales manager at Del's Power Conversion subsidiary to book sales deposits as revenue, even though

Trugman knew the product would not be manufactured until several months later, in the next fiscal period.

Overstatement of Revenue by Deferment of Credit Memos

22. Del also manipulated its revenue by delaying the internal posting of – and in some cases, never posting – customer credit memos, which resulted in the overstatement of the company’s reported revenue. For example, at the Gendex subsidiary in fiscal year 2000, Taber and the Gendex controller deferred credit memos at the end of each quarter by failing to report customer returns, which led to an overstatement of revenue and a \$500,000 backlog of credit memos at year end. To offset this backlog, in the last quarter of fiscal year 2000, Trugman instructed Gendex’s General Manager to improperly recognize revenue by prematurely shipping products to third-party warehouses and by invoicing products not yet manufactured. Engel was aware of the practice, but did nothing to stop it.

Overstatement of Assets and Pre-tax Income

23. Del materially overstated its assets on its balance sheets contained in its Annual Reports filed on Form 10-K and its Quarterly Reports filed on Form 10-Q by accounting for obsolete inventory at full value and by reporting fictitious inventory during the relevant periods. Taber directed employees to list obsolete inventory at full value and to overstate engineering work in process (“WIP”) values. One example of this practice occurred at Del’s Gendex subsidiary during fiscal year 1999, when Taber directed Gendex’s controller to generate phony inventory tags that resulted in the overstatement of Del’s inventory by \$1.8 million. Engel was aware of this practice, but did nothing to stop it. Del overstated inventory by more than \$13 million (or more than 30% of total reported inventory) from 1997 to 2000.

24. During the relevant period, at each fiscal year end, Del also overstated fixed assets and pre-tax income in its Annual Report filed on Form 10-K by falsely characterizing as capitalized projects certain costs that should have been characterized as expenses. This resulted in the understatement of expenses, the overstatement of pre-tax income, and the overstatement of the assets on Del's balance sheet in its Annual Report filed on Form 10-K. Trugman, Taber, and Engel directed the General Managers of several Del subsidiaries to artificially inflate the dollar values associated with capital projects (costs that can be recorded as an asset on the balance sheet, thereby helping the company avoid a significant charge to the income statement by spreading the costs over future periods) reported for fiscal year-end consolidations. In fiscal year 2000, Engel increased capital project values at one subsidiary with no basis under GAAP for doing so. At another subsidiary in the same fiscal year, Taber overstated capital project values by including certain employees' labor as capital project costs when, in fact, such employees no longer worked at Del and/or did not perform any work on capital projects.

Other Instances of Fraud

Misrepresentations Related to the Villa Sistemi Acquisition

25. In early 2000, Del acquired Villa Sistemi Medicali ("Villa"), a small Italian medical imaging company. Trugman insisted that the acquisition date be recorded "as of" April 3, 2000 – approximately one month prior to the close of Del's third quarter – so Del could include one month of Villa sales in its third quarter results and thereby meet its third quarter revenue targets. However, in its Form 10-Q filed for the third quarter of 2000, Del falsely claimed that its ten percent sales growth over the corresponding prior year's quarter was "primarily due to internal growth from existing operations". In reality, external growth in the

form of the added sales from the Villa acquisition caused the ten percent growth over the prior year.

The DRS Transaction

26. By the final quarter of Del's 2000 fiscal year, Del desperately needed additional revenue to meet its revenue targets. In June 2000, the General Manager of Del's RFI subsidiary told Taber about a cancellation by a customer named DRS and a \$50,000 cancellation charge that RFI had considered invoking to persuade DRS to complete its contract with Del. Taber arbitrarily insisted on a \$40,000 increase to the charge (bringing the total to \$90,000) though there was no basis in the contract or under GAAP for doing so. When the General Manager refused, Taber reassured him, stating that the charge was only to increase revenue for the quarter, that it would never be sent to the customer, and that it would be credited out the next quarter. RFI's controller then booked the \$90,000 charge as revenue during the fourth quarter of fiscal 2000 – even though DRS was never charged any amount for the cancellation – and reversed it the following quarter.

Defendants Conceal the Fraud from Del's Auditors

27. During the relevant period, the defendants used several tricks to conceal Del's fraudulent accounting practices from its auditors, Deloitte & Touche ("Deloitte"). Several Del subsidiaries, including Gendex, Bertan, Del Power and Dynarad, kept two sets of accounting records – one set for the auditors (with fake invoices or shipping documents) and one correct set – so that Del would not re-bill customers for payment prematurely. Del also generated phony shipping logs and testing documents that purported to show shipments in one quarter that were not actually shipped until later quarters, if at all. To avoid customer detection, Del altered the dates on the fake invoices to show the correct shipment date. Furthermore, because Del had

recognized revenue on shipments several months early, Taber directed Del employees to issue customer credit memos and to reissue invoices with later dates to “refresh” the accounts receivable ledger, which would have otherwise listed items that appeared long overdue, but were not actually late at all.

28. Near the end of Del’s 2000 fiscal year, Taber, in further contravention of GAAP, attempted to capitalize certain unrelated general expenses to the Villa acquisition, such as car leases, American Express bills, and outside accounting fees. Deloitte requested back-up documentation for these expenses. In response, Taber, with Rubin’s and Michael’s assistance, generated phony invoices stating that Rubin and Michael had performed work directly related to the Villa acquisition.

29. Specifically, in October 2000, Rubin submitted a phony bill to Del for \$49,563.71, backdated to March 15, 2000, for “[c]onsulting services for the Villa Medical acquisition.” In reality, Rubin had performed a *de minimus* amount of work on the Villa acquisition.

30. Similarly, in October 2000, Taber requested a bill from Michael, whose accounting firm prepared Del’s taxes, but was involved only minimally in the Villa acquisition. Michael, who knew or was reckless in not knowing that Taber was engaged in wrongdoing and would provide the invoice to Deloitte, provided Del with a fictitious invoice from his firm. Specifically, Michael took an invoice that Taber had drafted, redated it and added his firm’s letterhead.

31. Michael’s fabricated invoice, dated October 26, 2000, falsely represented that Michael’s firm had performed \$26,620 worth of accounting services for the year ended July 29, 2000, which “related to the Villa Medical acquisition.” The invoice, in reality, was based on a

prior invoice that Michael had sent to Del – for \$26,620.00 worth of tax work (completely unrelated to the Villa acquisition) – that Del had already paid.

32. Michael reviewed and signed the invoice prior to sending it to Taber and knew, or was reckless in not knowing, that it was false, did not relate to any work performed by his firm in connection with the Villa acquisition and had no legitimate purpose other than to mislead Deloitte in connection with its audit of Del.

The Scheme's Impact on Reported Results

33. Taken as a whole, Defendants' scheme created the illusion that Del was profitable and resulted in the overstatement of Del's reported pre-tax income by at least \$3.7 million (110%) in fiscal year 1997, \$5.2 million (161%) in fiscal year 1998, and \$7.9 million (466%) in fiscal year 1999. Similarly, Defendants' scheme allowed Del to maintain the illusion that its performance was on par with internal and external expectations in the first three quarters of fiscal year 2000, when in fact those expectations outpaced the company's actual performance by a wide margin.

False Public Filings and Disclosures

34. The material misstatements caused by Del's improper accounting appeared in Del's financial statements included in each of its periodic filings with the Commission during the relevant period. Indeed, without the knowledge and complicity of the personnel at the highest levels of the company, including defendants Trugman, Taber, Engel, and Rubin, the long-running fraudulent scheme could not have been perpetrated and hidden for such an extended period.

35. Trugman, as the Chairman of the Board, President, and CEO, had access to the adverse material non-public information regarding the company's performance, which he

received on a regular basis in the form of daily, weekly and monthly internal reports from each subsidiary, other internal corporate documents, conversations with various corporate officers and employees (including the other Defendants), and attendance at board meetings.

36. Trugman also exercised control over the content of the company's periodic reports filed with the Commission and reviewed and signed the documents prior to their issuance. He knew that adverse information was being concealed from the public and ignored his obligations to disseminate accurate information and to promptly correct any misleading information.

37. Taber, Engel, and Rubin likewise knew that adverse information was being concealed from the public and ignored their obligations to disseminate accurate information and to promptly correct any misleading information.

38. On December 11, 1996, March 11, 1997, and June 13, 1997, Del filed with the Commission its Quarterly Reports on Form 10-Q for the quarters ended November 2, 1996, February 1, 1997, and May 3, 1997, respectively ("1997 10-Qs"). The 1997 10-Qs contained unaudited financial statements in which Del materially misstated revenue, pre-tax income and earnings per share. By virtue of the conduct described above, Trugman, Taber, Engel, and Rubin knew or were reckless in not knowing that the 1997 10-Qs contained materially false and misleading statements, including overstatements of revenue and pre-tax income.

39. On November 14, 1997, Del filed with the Commission its Annual Report on Form 10-K for its fiscal year ended August 2, 1997 ("1997 10-K"). The 1997 10-K contained audited financial statements in which Del materially misstated revenue, pre-tax income and earnings per share for the fiscal year. By virtue of the conduct described above, Trugman, Taber

and Engel knew or were reckless in not knowing that the 1997 10-K contained materially false and misleading statements, including overstatements of revenue and pre-tax income.

40. On December 15, 1997, March 16, 1998, and June 15, 1998, Del filed with the Commission its Quarterly Reports on Form 10-Q for the quarters ended November 1, 1997, January 31, 1998, and May 2, 1998, respectively (“1998 10-Qs”). The 1998 10-Qs contained unaudited financial statements in which Del materially misstated revenue, pre-tax income and earnings per share. By virtue of the conduct described above, Trugman, Taber, Engel, and Rubin knew or were reckless in not knowing that the 1998 10-Qs contained materially false and misleading statements, including overstatements of revenue and pre-tax income.

41. On November 12, 1998, Del filed with the Commission its Annual Report on Form 10-K for its fiscal year ended August 1, 1998 (“1998 10-K”). The 1998 10-K contained audited financial statements in which Del materially misstated revenue, pre-tax income and earnings per share for the fiscal year. By virtue of the conduct described above, Trugman, Taber and Engel knew or were reckless in not knowing that the 1998 10-K contained materially false and misleading statements, including overstatements of revenue and pre-tax income.

42. On December 14, 1998, March 11, 1999, and June 10, 1999, Del filed with the Commission its Quarterly Reports on Form 10-Q for the quarters ended October 31, 1998, January 30, 1999, and May 1, 1999, respectively (“1999 10-Qs”). The 1999 10-Qs contained unaudited financial statements in which Del materially misstated revenue, pre-tax income and earnings per share. By virtue of the conduct described above, Trugman, Taber, Engel, and Rubin knew or were reckless in not knowing that the 1999 10-Qs contained materially false and misleading statements, including overstatements of revenue and pre-tax income.

43. On November 5, 1999, Del filed with the Commission its Annual Report on Form 10-K for its fiscal year ended July 31, 1999 (“1999 10-K”). The 1999 10-K contained audited financial statements in which Del materially misstated revenue, pre-tax income and earnings per share for the fiscal year. By virtue of the conduct described above, Trugman, Taber and Engel knew or were reckless in not knowing that the 1999 10-K contained materially false and misleading statements, including overstatements of revenue and pre-tax income.

44. On December 10, 1999, March 13, 2000, and June 19, 2000, Del filed with the Commission its Quarterly Reports on Form 10-Q for the quarters ended October 30, 1999, January 29, 2000, and April 29, 2000, respectively (“2000 10-Qs”). The 2000 10-Qs contained unaudited financial statements in which Del materially misstated revenue, pre-tax income and earnings per share. By virtue of the conduct described above, Trugman, Taber, Engel, and Rubin knew or were reckless in not knowing that the 2000 Form 10-Qs contained materially false and misleading statements, including overstatements of revenue and pre-tax income.

**FIRST CLAIM
(Securities Fraud)**

[Del, Trugman, Taber, Engel and Rubin]

45. Plaintiff realleges and incorporates by reference paragraphs 1 through 44 above.

46. As described above, defendants Del, Trugman, Taber, Engel, and Rubin engaged in securities fraud in violation of Securities Act Section 17(a) [15 U. S.C. § 77q(a)]. In addition, as described above, defendants Del, Trugman, Taber, Engel and Rubin engaged in securities fraud in violation of Exchange Act Section 10(b) [15 U. S. C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240. 10b-5].

**SECOND CLAIM
(Materially Misleading Public Filings)**

[Del]

47. Plaintiff realleges and incorporates by reference paragraphs 1 through 46 above.

48. As described above, defendant Del filed materially inaccurate annual reports on Form 10-K and quarterly reports on Form 10-Q in violation of Exchange Act Section 13(a) [15 U.S.C. § 78 m(a)] and Exchange Act Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. § 240.12b-20, 13a-1 and 13a-13].

**THIRD CLAIM
(Inaccurate Books and Records and Inadequate Internal Accounting Controls)**

[Del]

49. Plaintiff realleges and incorporates by reference paragraphs 1 through 48 above.

50. As described above, defendant Del failed to make and keep accurate books, records, and accounts, and failed to devise and maintain adequate internal accounting controls in violation of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)].

**FOURTH CLAIM
(Falsification of Books and Records and Circumvention of Internal Controls)**

[Trugman, Taber, Engel, Rubin and Michael]

51. Plaintiff realleges and incorporates by reference paragraphs 1 through 50 above.

52. As described above, defendants Trugman, Taber, Engel, Rubin, and Michael knowingly falsified Del's books and records and knowingly circumvented Del's internal accounting controls in violation of Exchange Act Section 13(b)(5) [15 U. S.C. § 78m(b)(5)] and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1].

**FIFTH CLAIM
(Misleading Auditors)**

[Trugman, Taber, Engel, Rubin and Michael]

53. Plaintiff realleges and incorporates by reference paragraphs 1 through 52 above.

54. As described above, defendants Trugman, Taber, Engel, Rubin, and Michael materially misled Del's auditors in violation of Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2].

**SIXTH CLAIM
(Aiding and Abetting Del's Violations)**

[Trugman]

55. Paragraphs 1 through 54 are realleged and incorporated by reference.

56. By engaging in the foregoing conduct, Trugman aided and abetted Del's violations of Exchange Act Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) and Exchange Act Rules 10b-5, 12b-20, 13a-1 and 13a-13.

**SEVENTH CLAIM
(Control Person Liability)**

[Trugman]

57. Plaintiff alleges and realleges and incorporates by reference paragraphs 1 through 56 above.

58. From 1997 through 2000, defendant Trugman was, directly or indirectly, a control person of Del for the purposes of Exchange Act Section 20(a) [15 U.S.C. 78t(a)].

59. As described above, from 1997 through 2000, Del violated Exchange Act Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) and Exchange Act Rules 10b-5, 12b-20, 13a-1 and 13a-13.

60. As a control person of Del during 1997 through 2000, defendant Trugman is jointly and severally liable with and to the same extent as Del for Del's violations of Exchange Act Section 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) and Exchange Act Rules 10b-5, 12b-20, 13a-1 and 13a-13 during this time period, as alleged above.

PRAYER FOR RELIEF

WHEREFORE, plaintiff respectfully requests that this Court:

- (a) permanently enjoin defendant Del from violating, directly or indirectly, Securities Act Section 17(a), Exchange Act Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) and Exchange Act Rules 10b-5, 12b-20, 13a-1 and 13a-13;
- (b) permanently enjoin defendants Trugman, Taber, Engel and Rubin from violating, directly or indirectly, Securities Act Section 17(a), Exchange Act Sections 10(b) and 13(b)(5), and Exchange Act Rules 10b-5, 13b2-1 and 13b2-2, and permanently enjoin Trugman from aiding and abetting violations of Exchange Act Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) and Exchange Act Rules 10b-5, 12b-20, 13a-1 and 13a-13;
- (c) permanently enjoin defendant Michael from violating, directly or indirectly, Exchange Act Section 13(b)(5) and Exchange Act Rules 13b2-1 and 13b2-2;
- (d) order defendants Del, Trugman, Taber, Engel and Rubin to disgorge, with prejudgment interest, all illicit monies received by virtue of the conduct alleged herein;
- (e) pursuant to Securities Act Section 20(a) [15 U.S.C. § 77t(a)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)], order defendants Del, Trugman, Taber, Engel, Rubin and Michael to pay civil money penalties;

- (f) pursuant to Securities Act Section 20(e) [15 U.S.C. § 77t(e)] and Exchange Act Section 21(d)(2) [15 U.S.C. § 78u(d)(2)], prohibit defendants Trugman, Taber, Engel and Rubin from acting as officers or directors of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports pursuant to Exchange Act Section 15(d) [15 U.S.C. § 78o(d)];
- (g) pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(5)], prohibit defendant Michael from acting as an officer or director of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports pursuant to Exchange Act Section 15(d) [15 U.S.C. § 78o(d)];
- (h) grant any equitable relief that may be appropriate or necessary for the benefit of investors pursuant to Exchange Act Section 21(d)(5) [15 U.S.C. § 78u(d)(2)]; and
- (i) grant such other relief as the Court may deem just and appropriate.

Dated: May 20, 2004

Respectfully submitted,

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