

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES	:	
SECURITIES AND EXCHANGE COMMISSION	:	
450 Fifth Street, N.W.	:	
Washington, DC 20549,	:	
	:	
Plaintiff,	:	
	:	Civil Action No. 1:04CV01731
	:	
SOULFOOD CONCEPTS, INC.,	:	
	:	
and	:	
	:	
MARKOVA CAMPBELL,	:	
	:	
Defendants.	:	

COMPLAINT

Plaintiff United States Securities and Exchange Commission (“Commission”) alleges the following:

NATURE OF THE ACTION

1. Markova (“Mark”) Campbell (“Campbell”), President and Chief Executive Officer of Soulfood Concepts, Inc. (“Soulfood”), caused Soulfood to file materially false quarterly and annual reports with the Commission in 2002 and 2003. Campbell filed several reports with the Commission that purported to contain current financial statements. In fact, Campbell copied these financial statements from prior Commission filings and changed the applicable dates. In addition, Campbell also included a fictitious independent auditor’s report in Soulfood’s 2002 annual report and amended annual report. Campbell knew that the auditing firm named in the audit report

had not conducted an audit for fiscal year 2002 and had not authorized Campbell or Soulfood to include audit reports with Soulfood's filings.

2. By virtue of the acts alleged herein, the defendants, among other things, violated, or aided and abetted violations of, statutes and rules prohibiting fraud in the securities markets, requiring that financial information be accurately reported by public companies to the Commission and the public, and requiring corporate officers to certify the accuracy of a corporation's filings.

JURISDICTION

3. This Court has jurisdiction pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21 and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u and 78aa].

4. The Commission brings this action seeking a permanent injunction, civil penalties and an officer and director bar pursuant to Exchange Act Sections 21(d) and (e) [15 U.S.C. §§ 78u(d) and (e)].

5. The defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, or of the mails, or the facilities of a national securities exchange in connection with the acts, practices and courses of business alleged herein.

THE DEFENDANTS

6. Soulfood is a Delaware corporation based in New York, New York that owns and operates restaurants in New York and Chicago. Public trading in Soulfood's stock started in 1997 and Soulfood also became a reporting company with the

Commission in that year. Soulfood’s common stock is quoted in the “pink sheets,” and most recently traded at \$.02 per share.

7. Markova (“Mark”) Campbell (“Campbell”), age 43, resides in New York, New York, and has been the President and Chief Executive Officer of Soulfood since June 1999.

FACTS

False Financial Statements

8. Soulfood included false financial statements in the following four reports that it filed with the Commission in 2002 and 2003: Soulfood’s annual report for fiscal year 2002 (filed with the Commission on April 15, 2003 on Form 10-KSB), amended annual report for fiscal year 2002 (filed on May 7, 2003 on Form 10-KSB/A), quarterly report for the third quarter of 2002 (filed on November 19, 2002 on Form 10-QSB), and quarterly report for the first quarter of 2003 (filed on May 20, 2003). Each filing contained Campbell’s electronic signature.

9. Each of these filings contained financial statements that Campbell copied from a prior period’s filing and changed the date headings to make the statement appear to be current. For example, Soulfood’s 2002 and 2001 annual reports showed the following items on Soulfood’s balance sheet:

<u>2002 Filing</u>	December 31,		<u>2001 Filing</u>	December 31,	
	2002	2001		2001	2000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 4,236	\$ 83,360	\$ 4,236	\$ 83,360	
Accounts receivable	5,763	2,060	5,763	2,060	
Inventory	53,387	67,942	53,387	67,942	
Prepaid expenses and other current assets	23,586	22,586	23,586	22,586	
TOTAL CURRENT ASSETS	86,972	175,948	86,972	175,948	

10. Campbell caused Soulfood to file the four reports, each containing false financial statements, with the Commission. Campbell forwarded each of the documents by e-mail to a printing company that electronically files documents with the Commission for private parties, and instructed and authorized the printing company to file the documents with the Commission.

Unauthorized Auditor's Reports

11. Campbell included unauthorized independent auditor's reports in Soulfood's 2002 annual report and its 2002 amended annual report.

12. The audit reports purportedly were authored by Merdinger, Fruchter, Rosen & Company ("Merdinger"). However, Merdinger resigned as Soulfood's auditor prior to Soulfood's filing of its 2002 annual report and amended annual report, did not audit Soulfood's financial statements for fiscal year 2002, and did not authorize the audit reports contained in Soulfood's filings.

13. Campbell knew that Merdinger did not conduct an audit for fiscal year 2002 and did not authorize the filing of any auditor's reports in Soulfood's 2002 annual filings. Campbell nevertheless included fictitious auditor's reports in Soulfood's 2002 annual report and amended annual report.

14. The independent auditor's report that Soulfood included in its initial 2002 annual report referenced the years 2001 and 2000, and therefore did not match the dates in the financial statements included in that report. To "correct" this discrepancy, Campbell caused Soulfood to file an amended annual report, which included an auditor's report referencing the years 2002 and 2001.

15. In addition, Soulfood filed financial statements in its 10-QSB for the first quarter of 2003 that were not reviewed by Merdinger or any other auditing firm.

16. On July 17, 2003, Soulfood filed a current report on Form 8-K stating that Merdinger had not audited Soulfood's fiscal year 2002 financial statements, that Merdinger had not reviewed the financial statements contained in Soulfood's quarterly report for the first quarter of 2003, and that Soulfood should not have included the auditor's report contained in its 2002 annual filing. Campbell filed this 8-K with the Commission after Merdinger demanded that Soulfood take corrective action for filing the unauthorized auditor's report.

Campbell's False Certifications

17. Soulfood's 2002 amended annual report and its quarterly report for the first quarter of 2003 contained officer certifications required by the Sarbanes-Oxley Act of 2002. The certifications contained Campbell's electronic signatures and stated that he had reviewed the reports, that they did not contain any untrue statements of material fact and that the financial statements in the reports fairly presented Soulfood's financial condition.

18. These certifications were false; Campbell knew that both filings contained false financial statements and that the 2002 amended annual report also contained an unauthorized independent auditor's report.

FIRST CLAIM
(Against Soulfood and Campbell)

Violations of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)]
and Rule 10b-5 [17 C.F.R. § 240.10b-5] Promulgated Thereunder

19. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 18 above.
20. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit materially false or misleading statements or omissions in connection with the purchase or sale of any security. A person violates these provisions by intentionally or recklessly making material misstatements or omitting to state material information in Commission filings or in other statements disseminated to investors.
21. By reason of the foregoing, the defendants violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

SECOND CLAIM
(Against Soulfood)

Violations of Section 13(a) of the Exchange Act
[15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13
[17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13] Promulgated Thereunder

22. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 21 above.
23. Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder require issuers with securities registered under Section 12 of the Exchange Act to file annual and quarterly reports with the Commission and to keep this information current. The obligation to file such reports embodies the requirement that they be true and correct.

Exchange Act Rule 12b-20 further requires that such reports contain any additional information necessary to ensure that the required statements in the reports are not, under the circumstances, materially misleading. Information regarding the financial condition of a company is presumptively material. Item 310(b) of Regulation S-B requires that interim financial statements be reviewed by an independent auditor prior to filing.

24. By reason of the foregoing, Soulfood violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13] promulgated thereunder.

THIRD CLAIM
(Against Campbell)

Aiding and Abetting Violations of Section 13(a) of the Exchange Act
[15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13
[17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13] Promulgated Thereunder

25. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 24 above.

26. Section 20(e) of the Exchange Act [15 U.S.C. § 78t(e)] imposes liability on any person who knowingly or recklessly provides substantial assistance to another person in violation of the Exchange Act or any rule thereunder. Such a person is in violation to the same extent as the person to whom the assistance was provided.

27. By reason of the foregoing, Campbell aided and abetted Soulfood's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13] promulgated thereunder.

FOURTH CLAIM
(Against Campbell)

Violations of Rule 13a-14 of the Exchange Act [17 C.F.R. §§ 240.13a-14]

28. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 27 above.

29. Exchange Act Rule 13a-14 [17 C.F.R. §§ 240.13a-14] requires each principal executive officer of an issuer to include certain certifications in, among other filings, annual reports filed on Form 10-KSB and quarterly reports filed on Form 10-QSB. These certifications include: that the officer reviewed the report, that the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made not misleading, and that the financials statements and other financial information included in the report fairly present in all material respects the financial condition, results of operations and cash flows of the issuer.

30. Campbell was Soulfood's "principal executive officer," as that phrase is used in Rule 13a-14, during the relevant time period.

31. By reason of the foregoing, Campbell violated Rule 13a-14 [17 C.F.R. §§ 240.13a-14].

PRAYER FOR RELIEF

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

A. Granting a permanent injunction restraining and enjoining defendants Soulfood and Campbell from violating the statutory provisions set forth herein, and prohibiting Campbell permanently and unconditionally from acting as an officer or

director of any issuer which has securities registered under Section 12 of the Exchange Act or which is required to file reports under Section 15(d) of the Exchange Act;

B. Ordering Campbell to pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act, and

C. Granting such other relief as this Court may deem just and proper.

Respectfully submitted,

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