

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

SECURITIES AND EXCHANGE COMMISSION,)	
450 Fifth Street, N.W.)	
Washington, D.C. 20549-0911)	
)	
Plaintiff,)	
)	05 Civ. _____
v.)	
)	
KEVIN JAMES QUINN,)	
)	
Defendant.)	
)	

COMPLAINT

Plaintiff, Securities and Exchange Commission (“Commission”), alleges as follows:

PRELIMINARY STATEMENT

1. This case involves defendant Kevin James Quinn’s continued violations of two orders issued by the Securities and Exchange Commission, which: (1) permanently suspended Quinn from appearing or practicing before the Commission, and (2) barred Quinn from participating in an offering of penny stock. On September 14, 1999, the Commission issued an Order suspending Quinn from appearing or practicing before the Commission pursuant to Rule 102(e)(2) of its Rules of Practice. The Order was based upon the Commission’s findings that Quinn, an attorney admitted to the practice of law in California in 1969, had been suspended in 1993 and disbarred in 1997. On February 3, 2000, the Commission issued an Order barring Quinn from participating in an offering of penny stock. The Order was based upon the Commission’s finding that it was in the public interest that Quinn be barred from participating in an offering of penny stock

because Quinn had been permanently enjoined from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and Rule 10b-5 thereunder by the United States District Court for the Central District of California, based upon his fraudulent participation in a prior penny stock offering.

2. From approximately August 2004 to February 2005, Quinn appeared and/or practiced before the Commission and participated in a penny stock offerings by drafting securities filings and filing them with the Commission, and acting as agent, consultant and counsel for PHC Holdings (“PHC”), a Nevada corporation with its principal place of business in Florida, which was engaged in a penny stock offering. He also drafted and filed securities filings with the Commission on behalf of Bluetorch, Inc. and Cytation Corporation.

3. Unless Defendant is enjoined by this Court, Defendant will continue to engage in the acts and practices alleged herein.

4. By this action, the Commission seeks: (a) a preliminary injunction enjoining Quinn from violating the Commission Orders and Section 15(b)(6)(B)(i) of the Exchange Act; (b) permanent injunctive relief to enjoin Quinn from continuing violations of the Commission Orders and Section 15(b)(6)(B)(i) of the Exchange Act; (c) an order commanding future compliance with the Commission orders; (d) disgorgement of all ill-gotten gains based upon the conduct alleged herein, together with prejudgment interest; (e) civil fines and/or penalties; and (f) such further relief as the Court deems appropriate.

JURISDICTION AND VENUE

5. The Court has jurisdiction of this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

6. The Commission Orders that suspended Quinn from appearing or practicing before the Commission and barred him from participating in a penny stock offering were issued in the District of Columbia. Moreover, Quinn has drafted and prepared securities filings and filed them with the Commission in the District of Columbia.

DEFENDANT

7. Defendant Kevin James Quinn, 62, a disbarred California attorney, resides in Santa Monica, California, and has represented himself as counsel, agent and consultant for PHC Holdings (“PHC”), a corporation engaged in a penny stock offering.

FACTS

I. Defendant’s Disciplinary and Regulatory Background

8. Quinn was an attorney admitted to the practice of law in California in 1969. In 1993 he was suspended from the practice of law and he was disbarred in 1997.

9. On September 14, 1999, the Commission filed an injunctive action in federal district court against Quinn for violating anti-fraud and registration provisions of the federal securities laws, and simultaneously entered an Order suspending him from appearing or practicing before the Commission pursuant to Rule 102(e)(2) of its Rules of Practice. Commission Order of Suspension Pursuant to Rule 102(e)(2), dated September 14, 1999, *In the Matter of Kevin James Quinn, Respondent*, A.P. File No. 3-10013, (“102(e) Order”). The 102(e) Order was based upon the Commission’s findings that

Quinn, a former attorney admitted to the practice of law in California in 1969, had been suspended in 1993 and disbarred in 1997. Quinn's address contained in the 102(e) Order was listed as 122 Ocean Park Blvd. #411, Santa Monica, California.

10. On January 24, 2000, the Commission obtained a permanent injunction against Quinn for violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as well as a permanent injunction against Quinn serving as an officer or director of a public company. Securities and Exchange Commission v. Kevin James Quinn, Case No. 99-09325 ABC (ANx) (C.D. Cal.). Based upon the permanent anti-fraud injunction, the Commission entered an Order barring Quinn from participating in an offering of penny stock on February 3, 2000. Commission Order Instituting Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions, dated February 3, 2000, *In the Matter of Kevin James Quinn, Respondent*, A.P. File No. 3-10137 ("Penny Stock Order"). The Penny Stock Order was based upon the Commission's finding that it was in the public interest that Quinn be barred from participating in an offering of penny stock because Quinn had been permanently enjoined from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder by the United States District Court for the Central District of California, based upon his fraudulent participation in a prior penny stock offering.

II. Defendant's Violative Activities

11. On or about December 30, 2004, Malahat Energy Corporation ("Malahat Energy"), a publicly traded shell corporation, formally announced that it had undergone a

name change and become PHC Holdings (“PHC”). PHC is a penny stock, trading from a low of 4 cents per share on January 4, 2005 (its apparent first day of trading as PHC) to a high of 67 cents per share on January 19, 2005. It traded at 13 cents per share on February 23, 2005. PHC is quoted in the Pink Sheets as PHCD.PK. The "Pink Sheets" is an electronic quotation system that displays quotes from broker dealers for many over-the-counter (OTC) securities.

12. In or about December 2004, PHC took steps to become a business development company (“BDC”) under the Investment Company Act of 1940. On or about December 22, 2004, PHC filed an SEC Form N-54A, “Notification of Election to be Subject to Section 55 Through 65 of the Investment Company Act of 1940 Filed Pursuant to Section 54(a) of the Act,” to convert to a BDC. On that form, “Kevin J. Quinn” is listed as the agent for service of process. Quinn’s address for “service and process” is listed as PHC Holdings, Quinn & Associates, 122 Ocean Park Blvd., #411, Santa Monica, CA 90405, telephone (310) 392-2410.

13. On or about December 23, 2004, PHC filed an SEC Form 1-E, “Notification Under Regulation E,” which attached the offering circular for PHC’s offering of \$5 million in stock under the BDC rules, with the Commission. In that filing, “Kevin J. Quinn” is listed as “Counsel for Issuer.” The business address given on the cover page of PHC’s Form 1-E filing is 122 Ocean Park Blvd., Suite 411, Santa Monica, CA 90405. In addition, Quinn’s name appears as a contact person at the bottom of four press releases PHC issued in January and February 2005.

14. Quinn was familiar with PHC and Malahat Energy (its predecessor). He helped effectuate the name change of Malahat Energy to PHC, and helped them become a

business development company. Quinn provided services to PHC as “a consultant to the company.”

15. In addition, Quinn prepared documents and sometimes filed them with the Commission. Quinn filed SEC Forms 1-E and N-54A with the Commission on behalf of PHC. Quinn helped draft the offering circular for PHC, which was filed with the Commission as an exhibit to PHC’s Form N-54A. Quinn received cash as compensation for his services as a consultant to PHC. Quinn is also the custodian of records for PHC.

16. Quinn was involved in similar consulting arrangements with respect to several other issuers, including, but not limited to, Bluetorch, Inc. and Cytation Corporation. He prepared securities filings and filed them with the Commission on behalf of both Bluetorch and Cytation. For his services, Quinn received stock in Bluetorch and cash from Cytation.

17. Quinn is, in fact, the Kevin J. Quinn disbarred from the practice of law in California in 1997. Quinn was the subject of prior Commission actions, including the two Commission Orders referenced above. Quinn still lives at 122 Ocean Park Blvd., #411, Santa Monica, California.

FIRST CLAIM FOR RELIEF

Violation of a Commission Order

18. Paragraphs 1 through 17 are realleged and incorporated herein by reference.

19. Between on or about August 2004 and February 2005, Quinn appeared and/or practiced before the Commission by drafting and filing securities filings on behalf

of PHC Holdings, Bluetorch, Inc. and Cytation Corporation, which were, in fact, filed with the Commission.

20. By reason of the foregoing, Quinn directly violated, and unless immediately enjoined, will continue to violate the Commission Order of Suspension Pursuant to Rule 102(e)(2), dated September 14, 1999, *In the Matter of Kevin James Quinn, Respondent*, A.P. File No. 3-10013, suspending him from appearing or practicing before the Commission pursuant to Rule 102(e)(2) of the Commission's Rules of Practice.

SECOND CLAIM FOR RELIEF

**Violation of a Commission Order
and of Section 15(b)(6)(B)(i) of the
Exchange Act, 15 U.S.C. § 78o(6)(B)**

21. Paragraphs 1 through 20 are realleged and incorporated herein by reference.

22. Between on or about August 2004 and February 2005, Quinn participated in a penny stock offering by acting as a consultant, agent and/or counsel for PHC Holdings for the purpose of issuance or trading in a penny stock.

23. By reason of the foregoing, Quinn directly violated, and unless immediately enjoined, will continue to violate the Commission Order Instituting Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions, dated February 3, 2000, *In the Matter of Kevin James Quinn, Respondent*, A.P. File No. 3-10137, which bars him from participating in an offering of penny stock. By violating the Penny Stock Order, Quinn

has and will continue to violate Section 15(b)(6)(B)(i) of the Exchange Act, 15 U.S.C. § 78o(6)(B).

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court :

1. Issue findings of fact and conclusions of law that Quinn violated the Commission Orders and Section 15(b)(6)(B)(i) of the Exchange Act as alleged above.
2. Enter a final judgment: (a) permanently enjoining Quinn from, direct or indirect, continuing violations of the Commission Orders and Section 15(b)(6)(B)(i) of the Exchange Act; (b) ordering future compliance with Commission orders; (c) ordering disgorgement of all ill-gotten gains based upon his conduct alleged herein, together with prejudgment interest; and (d) ordering him to pay civil fines and/or penalties under Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).
3. Grant a preliminary injunction, pending entry of a final judgment, enjoining Quinn from, directly or indirectly, violating the Commission Orders and Section 15(b)(6)(B)(i) of the Exchange Act.
4. Retain jurisdiction over this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

5. Grant such other and further relief as this Court may determine to be just and necessary.

Dated: February 25, 2005

Washington, D.C.

Respectfully submitted,

/s/ Jane M.E. Peterson
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