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CENTRAL DISTRICT OF CALIF.
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12
13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA

15 SECURITIES AND EXCHANGE
16 COMMISSION,

17 Plaintiff,

18 vs.

19 GLOBAL MATERIALS & SERVICES,
INC. f/k/a AMERICAN FIRE
20 RETARDANT CORP., STEPHEN F.
OWENS, ASMAC FINANCIAL, INC.,
21 EDIFY CAPITAL GROUP, INC., ERIC
KO and WILLIAM WOO,

22 Defendants,

23 and

24 FLINN SPRINGS INN, INC.,

25 Relief Defendant.
26
27
28

SACV08-881 DOC (RNBx)

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

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

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C.
6 §§ 77t(b), 77t(d)(1) and 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of
7 the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78u(d)(1),
8 78u(d)(3)(A), 78u(e) and 78aa. Defendants, directly or indirectly, made use of the
9 means or instrumentalities of interstate commerce, the mails or the facilities of a
10 national securities exchange in connection with the transactions, acts, practices and
11 courses of business alleged in this Complaint.

12 2. Venue is proper in this Court pursuant to Section 22(a) of the
13 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
14 § 78aa, because certain of the transactions, acts, practices and courses of conduct
15 constituting violations of the federal securities laws occurred within this district.
16 Defendants Eric Ko (“Ko”) and William Woo (“Woo”) reside and transact
17 business in this district; defendants ASMAC Financial, Inc. (“ASMAC”) and Edify
18 Capital Group (“Edify”) are located and transact business in this district; and
19 defendants Global Material & Services Inc. (“Global Materials”) and Stephen F.
20 Owens (“Owens”), and relief defendant Flinn Springs Inn, Inc. (“Flinn Springs”),
21 also transact business in this district or transacted business in this district during
22 the time period relevant to this Complaint.

23 **SUMMARY**

24 3. This action involves multiple schemes to raise millions of dollars for
25 Global Materials and Owens, Global Materials’ President, Chief Operating Officer
26 (“COO”) and Director, through the abuse of Form S-8 registration statements in
27 violation of the registration and anti-fraud provisions of the federal securities laws.
28

1 4. In two fraud schemes occurring between October 2002 and February
2 2005, Owens directed Global Materials to issue shares of common stock registered
3 on Form S-8 to so-called consultants, including ASMAC, Edify, Ko and Woo,
4 supposedly as compensation for consulting services they provided to the company.
5 In fact, the consultants did not perform any consulting services in exchange for the
6 S-8 shares they received. Upon receiving the S-8 shares, these sham consultants
7 sold the shares through their brokerage accounts to the public and routed most of
8 the sale proceeds back to Owens, either directly or through companies owned or
9 operated by him. The sham consultants kept the remainder of the sale proceeds for
10 themselves. Over the course of both schemes, the sham consultants collectively
11 sold shares of Global Materials stock for approximately \$2,726,000 in cash and
12 Owens pocketed at least \$1,738,000 of that amount.

13 5. In addition to the sham consultant schemes, from September 2002
14 through April 2005, Global Materials abused Form S-8 by selling billions of shares
15 of Form S-8 stock to the public in an unregistered securities offering disguised as an
16 employee stock option program. Global Materials improperly registered the shares
17 underlying the stock options on Form S-8 and then received the bulk of the sales
18 proceeds as payment for the exercise price of the options. As designed and
19 implemented, Global Materials' employee stock option program actually functioned
20 as a public offering in which the company used its employees as conduits to the
21 market and raised over \$11 million in capital without complying with the registration
22 requirements of the Securities Act.

23 6. Through the activities alleged in this Complaint, all of the defendants,
24 directly or indirectly, engaged in and, unless enjoined, will continue to engage in
25 transactions, acts, practices or courses of business which violate Sections 5(a) and
26 5(c) of the Securities Act, 15 U.S.C. §§77e(a) and (c); Global Materials and Owens
27 engaged in and, unless enjoined, will continue to engage in transactions, acts,
28 practices or courses of business which violate Section 17(a) of the Securities Act,

1 15 U.S.C. § 77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b),
2 and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5; and ASMAC, Edify, Ko and
3 Woo have and, unless enjoined, will continue to aid and abet violations of Section
4 10(b) of the Exchange Act and Rule 10b-5 thereunder.

5 7. The Commission seeks to permanently enjoin the defendants from
6 engaging in the wrongful conduct alleged in this Complaint, and also seeks other
7 relief, including disgorgement of ill-gotten gains together with prejudgment
8 interest from the defendants and relief defendant, and civil money penalties. With
9 respect to Owens, the Commission also seeks orders prohibiting him from
10 participating in any offering of penny stock and barring him from serving as an
11 officer or director of any public company.

12 DEFENDANTS

13 8. **Global Materials** is a Florida corporation with its principal place of
14 business in Santee, California. During the relevant time, the company sold fire
15 retardant chemicals and services. Global Materials was a reporting company under
16 Section 13 of the Securities Act, 15 U.S.C. § 78m. Its common stock was
17 registered with the Commission under Section 12(g) of the Exchange Act, 15
18 U.S.C. § 78l, was listed on the OTC Bulletin Board, and was a “penny stock”
19 within the meaning of Section 3(a)(51) of the Exchange Act, 15 U.S.C.
20 § 78c(a)(51), and Rule 3a51-1 thereunder, 17 C.F.R. § 240.3a51-1. On May 11,
21 2006, Global Materials terminated its registration of common stock by filing a
22 Form 15 with the Commission.

23 9. **Owens**, age 48, is a resident of Lafayette, Louisiana. During the
24 relevant time, Owens was the President, Chief Operating Officer (“COO”) and
25 Director of Global Materials. Until the end of 2003, Owens also served as the
26 Chief Financial Officer. He resigned his positions with Global Materials in May
27 2005.

28

1 claimed that the Consulting Plan provided a means for it to issue shares of
2 common stock as compensation to individuals who performed work as consultants
3 to the company.

4 17. In order to carry out the Consulting Plan, Global Materials registered
5 shares of its common stock on Form S-8. Form S-8 may be used to register
6 securities for issuance to consultants or advisors only if (i) the consultants are
7 natural persons; (ii) they provide *bona fide* services to the registrant; and (iii) the
8 services are not in connection with the offer or sale of securities in a capital raising
9 transaction, and do not directly or indirectly promote or maintain a market for the
10 registrant's securities.

11 18. Between September 2002 and October 2004, Global Materials filed
12 twenty-four Form S-8s with the Commission and registered a total of
13 8,195,000,000 shares of S-8 stock for use in the Consulting Plan. The following
14 table summarizes Global Materials' Form S-8 filings relating to the Consulting
15 Plan:

	S-8 Filing	# of Shares
#	Date	Registered
1	9/24/2002	24,000,000
2	12/3/2002	20,000,000
3	12/27/2002	30,000,000
4	1/30/2003	50,000,000
5	3/17/2003	90,000,000
6	4/9/2003	104,000,000
7	4/11/2003	104,000,000
8	4/14/2003	104,000,000
9	4/24/2003	197,000,000
10	4/25/2003	197,000,000
11	4/29/2003	15,000,000

	S-8 Filing	# of Shares
#	Date	Registered
12	5/22/2003	200,000,000
13	6/25/2003	570,000,000
14	8/29/2003	200,000,000
15	10/15/2003	995,000,000
16	12/5/2003	295,000,000
17	1/12/2004	400,000,000
18	3/2/2004	400,000,000
19	5/28/2004	400,000,000
20	7/7/2004	400,000,000
21	7/30/2004	400,000,000
22	8/25/2004	500,000,000
23	10/5/2004	500,000,000
24	10/15/2004	2,000,000,000
	Total:	8,195,000,000

19. Attached to each Form S-8 filed by Global Materials was a copy of the current version of the written Consulting Plan document that described the terms on which shares would be issued to consultants.

20. The Consulting Plan documents, which were identical in all material respects during the relevant time period, represented that the purpose of the Consulting Plan was to compensate consultants for services performed.

21. The Consulting Plan stated that it would, enable [Global Materials] to promote the interests of the Company and its stockholders by attracting and retaining non-employee Directors and Consultants capable of furthering the future success by aligning their economic interests more closely with those of the Company

1 stockholders, by paying their retainer or fees in the form of shares of
2 the Company's common stock.

3 22. The Form S-8s and Consulting Plan documents that Global Materials
4 filed with the Commission were signed by Owens in his capacity as the President,
5 COO, Director and, for a time, Chief Financial Officer of Global Materials.

6 23. Owens also controlled the implementation of the Consulting Plan at
7 Global Materials. Among other things, Owens was the sole decision-maker with
8 respect to awarding Form S-8 shares to consultants, signed the internal corporate
9 documents evidencing the share awards, and was the primary contact with the
10 consultants.

11 24. Despite their repeated representations in Commission filings that the
12 purpose of the Consulting Plan was to compensate non-employee directors and
13 consultants for *bona fide* services, Global Materials and Owens actually used the
14 Consulting Plan as a way to raise cash from unsuspecting shareholders for Owens'
15 personal use, including supporting his other business ventures.

16 B. The First Scheme

17 25. In a series of transactions between October 2002 and July 2003,
18 Owens directed Global Materials to issue Form S-8 shares to Woo, Ko and two
19 other individuals. Woo subsequently assigned a portion of the shares he received
20 to ASMAC and Edify. Ko assigned all of the shares he received to Edify, and the
21 other two individual consultants each assigned a portion of the shares they received
22 to Edify.

23 26. None of the so-called consultants that received Form S-8 shares from
24 Global Materials performed any consulting services to Global Materials in
25 exchange for their shares.

26 27. After receiving the Form S-8 shares, Woo, ASMAC, Edify and the
27 two other individual consultants sold the shares on the market through their
28 accounts at Finance 500, Inc., a broker-dealer firm located in Irvine, California.

1 Between October 16, 2002 and July 3, 2003, Woo liquidated approximately
2 200,800,000 shares of Global Materials stock; ASMAC liquidated approximately
3 69,000,000 shares; Edify liquidated approximately 34,500,000 shares; and the
4 other two individual sham consultants liquidated approximately 159,300,000 and
5 143,000,000 shares, respectively.

6 28. Collectively, the sham consultants received approximately \$1,459,726
7 through the sale of Global Materials S-8 stock as part of the first scheme. The
8 sham consultants collectively transferred approximately \$939,179, or 64%, of
9 those sale proceeds from their brokerage accounts to a bank account held by Edify.

10 29. Edify, under the direction of Ko, used the money from the sale of
11 Global Materials' S-8 shares to fund forty-eight cashier checks totaling \$1,066,000
12 that were ultimately deposited into Owens' personal bank account.

13 30. The \$939,179 that came from the stock sales by the sham consultants
14 represented 48% of the total money deposited into Owens' personal bank account
15 during the relevant time. Owens used this account to pay personal expenses,
16 including \$80,500 to Las Vegas casinos.

17 31. Owens also used funds from the same personal bank account to loan
18 \$357,150 in cash to Global Materials and to pay at least \$96,399 worth of Global
19 Materials' expenses. These cash infusions from Owens to Global Materials were
20 treated as loans on the company's internal books and records, and from time to
21 time the company made payments to Owens on the outstanding loan balance.
22 From May 2001 through April 2006, Owens loaned Global Materials
23 approximately \$5.3 million, part of which he funded with the cash received from
24 the sale of S-8 stock by the consultants. As of April 2006, Global Materials had
25 repaid Owens \$5.1 million.

26 C. The Second Scheme

27 32. The second scheme involving Form S-8 share awards to sham
28 consultants took place from March 2004 through February 2005. During this time

1 period, Owens directed Global Materials to issue Form S-8 shares to Woo and
2 another individual consultant. Woo subsequently assigned a portion of the shares
3 he received to ASMAC and the other consultant assigned a portion of the shares he
4 received to Everprime.

5 33. After receiving the S-8 stock, Woo, ASMAC, Everprime and the other
6 individual consultant sold the shares on the market through their brokerage
7 accounts at Finance 500. Woo liquidated approximately 86,500,000 shares of
8 Global Materials' S-8 stock; ASMAC liquidated approximately 496,629,000
9 shares; Everprime liquidated approximately 426,500,000 shares; and the other
10 individual sham consultant liquidated approximately 90,000,000 shares.

11 34. Collectively, the sham consultants received approximately \$1,266,300
12 through the sale of Global Materials S-8 stock as part of the second scheme. Of
13 that amount, approximately \$798,902, or 63%, was routed directly or indirectly to
14 Edify's bank account. Edify, under the direction of Ko, then used this money to
15 partially fund \$1,765,000 transferred to Flinn Springs and another company owned
16 and operated by Owens.

17 35. As a result of the two schemes detailed above, the sham consultants
18 collectively liquidated shares of Global Materials S-8 stock totaling approximately
19 \$2,726,026 and Owens pocketed at least \$1,738,081 of that amount.

20 36. Global Materials and Owens never disclosed in the company's public
21 filings or elsewhere that Global Materials was issuing S-8 stock to sham
22 consultants who were not performing any actual consulting services beyond selling
23 the stock on the market and routing the majority of the sale proceeds back to
24 Owens.

25 37. As demonstrated by the conduct alleged above, the Form S-8
26 registration statements and Consulting Plan documents filed by Global Materials
27 and signed by Owens were false and misleading because they (i) misrepresented
28 that the purpose of the Consulting Plan was to attract, retain and compensate

1 consultants for *bona fide* services, and (ii) omitted material facts by failing to
2 disclose that the Consulting Plan was being used as a way for Global Materials and
3 Owens to sell the company's stock to the public for Owens' personal benefit.

4 38. Furthermore, there were no valid registration statements in effect with
5 respect to the Form S-8 shares issued by Global Materials to the consultants. Form
6 S-8 cannot be used to register stock issued to consultants unless the consultants
7 provide *bona fide* services that are not in connection with the offer or sale of
8 securities in a capital-raising transaction and do not directly or indirectly promote
9 or maintain a market for the registrant's securities.

10 39. Woo, ASMAC, Edify, Ko, Everprime and the two other individual
11 consultants who received Form S-8 shares from Global Materials did not provide
12 *bona fide* consulting services in exchange for the stock. As a result, the S-8 stock
13 issued to the sham consultants was not properly registered on Form S-8, and no
14 other registration statement or exemption applied to the sale of that stock.

15 **II. Global Materials' Improper Use Of The ESIP Program To Raise** 16 **Capital.**

17 40. In addition to the sham consultant scheme, beginning in September
18 2002, Global Materials also abused Form S-8 to raise capital for the company
19 through an employee stock option program. The employee stock option program
20 was adopted pursuant to plan documents titled Employee Stock Incentive Plans
21 ("ESIPs").

22 41. Global Materials registered the shares underlying the stock options for
23 its ESIP program on Form S-8s filed with the Commission. Attached to each Form
24 S-8 was a copy of the current version of the ESIP document.

25 42. Global Materials filed its first Form S-8 on September 24, 2002 but
26 did not start issuing options until the second quarter of 2003. The following table
27 summarizes Global Materials' Form S-8 filings under the program:
28

	S-8 Filing	# of Shares
#	Date	Registered
1	9/24/2002	1,000,000
2	4/29/2003	200,000,000
3	5/22/2003	15,000,000
4	6/25/2003	10,000,000
5	8/29/2003	395,000,000
6	10/15/2003	595,000,000
7	12/5/2003	700,000,000
8	1/12/2004	800,000,000
9	3/2/2004	800,000,000
10	5/28/2004	600,000,000
11	7/7/2004	600,000,000
12	7/30/2004	1,600,000,000
13	8/25/2004	2,000,000,000
14	10/5/2004	2,500,000,000
15	10/15/2004	2,500,000,000
	Total	13,316,000,000

43. Registrants may use Form S-8 to register securities issued to compensate employees and consultants for *bona fide* services not connected with the offer or sale of securities. Because of the compensatory purpose and the presumed familiarity of employees and consultants with the registrant's business, Form S-8's disclosure requirements are abbreviated as compared to statements registering shares used to raise capital.

44. As designed and implemented, however, Global Materials' ESIP program actually functioned as a public offering in which the company used its employees as conduits to the market so that it could raise capital.

1 45. Global Materials' ESIP program had several features that, taken
2 together, virtually guaranteed that employees would exercise the options and
3 simultaneously sell the underlying shares to the public at or near the time the
4 options were granted:

5 a. First, the exercise price for the options hinged on the market
6 value of Global Materials' stock at the time of exercise (versus the date of
7 grant). Global Materials set the exercise price at a high percentage, typically
8 90%, of the proceeds received from the sale of shares underlying the options.
9 This ensured that the options were immediately "in the money" – that is, the
10 exercise price would always be less than the market price whenever the
11 options were exercised – and that Global Materials, not the employee, would
12 receive most of the benefit from an increase in stock price after the time of
13 grant.

14 b. Second, the options vested immediately, meaning that there was
15 no waiting period after the options were granted or any other condition that
16 needed to be met before the options could be exercised.

17 c. Third, a cashless method was used to exercise the options,
18 meaning that the exercise price was remitted to Global Materials from the
19 sales proceeds of the shares underlying the options.

20 46. Under the ESIP program, Global Materials and all of its employees
21 that participated in the program had brokerage accounts at Finance 500.

22 47. When Finance 500 opened the accounts for the employees, it typically
23 obtained standing orders or other instructions from the employees that the options
24 should be exercised immediately after grant.

25 48. Also, Finance 500 required the employees to fill out and have
26 notarized multiple blank authorizations in advance of Global Materials granting
27 any options. Global Materials collected and forwarded these authorizations to the
28 broker-dealer as part of setting up the ESIP program. The authorizations gave the

1 broker-dealer authority to (i) sell the shares underlying any options granted by
2 Global Material and (ii) exercise the options using the sales proceeds from the
3 underlying shares to pay the exercise price.

4 49. When Global Materials granted options, it sent Finance 500 share
5 certificates representing the number of Form S-8 shares underlying the options
6 granted. Upon receipt of the certificates, Finance 500 relied on the employees'
7 standing orders and authorizations to sell the shares underlying the options to the
8 public. It then calculated the exercise price for the options at 90% of the sales
9 price of the shares and routed the exercise price proceeds to Global Materials'
10 account and the remainder, minus fees, to the employees' accounts.

11 50. The employees received relatively modest amounts of money under
12 the program compared to Global Materials (less than 10% of the sale proceeds
13 after brokerage fees and costs were deducted). Accordingly, the programs
14 provided little practical incentive for the employees to work to increase Global
15 Materials' stock price because the employee share of the sales proceeds was
16 always limited to a small percentage.

17 51. In contrast to the employees, Global Materials received amounts from
18 the payment of the exercise price that greatly exceeded its revenues. Global
19 Materials relied on these ESIP proceeds to fund its otherwise failing businesses.

20 52. The ESIP program's design (*i.e.*, the high-percentage exercise price
21 that was always "in the money," the immediate vesting and the use of the cashless
22 exercise method that allowed exercise without any payment by the employees up-
23 front) – combined with the standing orders to exercise immediately– all but
24 guaranteed that the shares underlying the options were sold to the public nearly
25 immediately upon the options' grant.

26 53. By virtue of the program's design and implementation, Global
27 Materials controlled the timing of sales to the public through the timing of its
28 option grants and received the vast majority of the sale proceeds. Therefore,

1 Global Materials was able to anticipate receipt of ESIP proceeds shortly after
2 granting options.

3 54. Global Materials issued options to employees frequently, as many as
4 five times in a given month.

5 55. In some cases, the employees were not notified of an option grant
6 until after they received their portions of the sale proceeds from the underlying
7 shares.

8 56. The ESIP program resulted in billions of shares of Global Materials
9 stock being sold to the public, which severely diluted the ownership interests of
10 existing shareholders.

11 57. Before the company began to issue Form S-8 shares under its ESIP
12 program, Global Materials had 855 million shares of common stock outstanding.
13 Its daily trading volume was in the tens of millions and its stock price was at tenths
14 of a cent. By August 2003, daily trading volumes were regularly in the hundreds
15 of millions and the stock began to trade regularly at hundredths of a cent.

16 58. Global Materials was in poor financial condition when it implemented
17 the ESIP program. In 2002, it had revenues of \$1.03 million and a net loss of \$5.8
18 million. The ESIP program, which provided proceeds greatly exceeding its
19 revenues, enabled Global Materials to fund its operations despite its failing
20 business:

Year	Revenues	ESIP Proceeds
2003	\$1,170,000	\$4,412,666
2004	\$712,000	\$6,586,961
2005 (first 4 mos.)	n/a	\$232,798

21
22
23
24
25
26 59. Global Materials operated at a loss throughout the ESIP program, and
27 the company used the ESIP proceeds to pay down debt, fund operations and
28 acquire assets.

1 60. Global Materials acknowledged in its filings with the Commission
2 that it used its ESIP program to raise capital. For example, in its Form 10-Q for
3 the quarterly period ended June 30, 2004, Global Materials stated:

4 Cash flow provided from financing activities was \$4,775,453 for the
5 six months ended June 30, 2004. This was mainly from proceeds
6 received from officers and employees for stock options exercised
7 during this period. A majority of the proceeds were used for working
8 capital

9 61. Because Form S-8 cannot be used to raise capital, no registration
10 statements were in effect or filed as to the shares issued under the ESIP programs.

11 62. Global Materials continued to issue options under the ESIP program
12 until at least the end of April 2005, when Owens ended the program.

13 **FIRST CLAIM FOR RELIEF**

14 **Unregistered Offer and Sale of Securities**

15 **Violations of Section 5(a) and 5(c) of the Securities Act**

16 **(Against All Defendants)**

17 63. Paragraphs 1 through 62 are realleged and incorporated by reference
18 herein.

19 64. The defendants, and each of them, by engaging in the conduct
20 described above, directly or indirectly, made use of means or instruments of
21 transportation or communication in interstate commerce or of the mails, to offer to
22 sell or to sell securities, or to carry or cause such securities to be carried through
23 the mails or in interstate commerce for the purpose of sale or for delivery after
24 sale.

25 65. No registration statements have been filed with the Commission or
26 have been in effect with respect to any of the offerings alleged herein.

1 untrue statements of material fact and have omitted to state material facts
2 necessary in order to make the statements made, in light of the circumstances
3 under which they were made, not misleading; and have engaged in acts, practices
4 and courses of business which have operated as a fraud and deceit upon purchasers
5 and sellers of such securities.

6 78. Global Materials and Owens engaged in the conduct alleged herein
7 knowingly or with reckless disregard for the truth.

8 79. By reason of the foregoing, Global Materials and Owens violated
9 Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder,
10 17 C.F.R. § 240.10b-5.

11 **FIFTH CLAIM FOR RELIEF**

12 **Aiding and Abetting Fraud**

13 **Aiding and Abetting Violations of Section 10(b) of**
14 **the Exchange Act and Rule 10b-5 Thereunder**
15 **(Against ASMAC, Edify, Ko and Woo)**

16 80. Paragraphs 1 through 62 and 76 through 79 are realleged and
17 incorporated by reference herein.

18 81. By engaging in the conduct alleged above, defendants ASMAC,
19 Edify, Ko and Woo knowingly or recklessly provided substantial assistance to
20 Global Materials and Owens in their violations of Section 10(b) of the Exchange
21 Act and Rule 10b-5 thereunder.

22 82. By engaging in the conduct alleged above, ASMAC, Edify, Ko and
23 Woo aided and abetted violations of Section 10(b) of the Exchange Act, 15 U.S.C.
24 § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

1 **PRAYER FOR RELIEF**

2 WHEREFORE, the Commission respectfully requests that the Court:

3 **I.**

4 Find that the defendants committed the violations charged and alleged
5 herein.

6 **II.**

7 Issue orders, in a form consistent with Rule 65(d) of the Federal Rules of
8 Civil Procedure, permanently enjoining the defendants as follows:

9 A. all defendants and their officers, agents, servants, employees,
10 attorneys and those persons in active concert or participation with them who
11 receive actual notice of the order or judgment, by personal service or otherwise,
12 and each of them, from directly or indirectly violating Sections 5(a) and 5(c) of the
13 Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c);

14 B. defendants Global Materials and Owens, and their officers, agents,
15 servants, employees, attorneys and those persons in active concert or participation
16 with them who receive actual notice of the order or judgment by personal service
17 or otherwise, and each of them, from, directly or indirectly, violating Section 17(a)
18 of the Securities Act, 15 U.S.C. § 77q(a), and Section 10(b) of the Exchange Act,
19 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-
20 5; and

21 C. defendants ASMAC, Edify, Ko and Woo, and their agents, attorneys,
22 and all persons in active concert or participation with them who receive actual
23 notice of the order or judgment by personal service or otherwise, and each of them,
24 from aiding and abetting violations of Section 10(b) of the Exchange Act, 15
25 U.S.C. § 78(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

26 **III.**

27 Order all defendants and relief defendant Flinn Springs to disgorge all ill-
28 gotten gains that they received as a result of the acts and courses of conduct

1 complained of herein, together with prejudgment interest thereon.

2 **IV.**

3 Order all defendants, with the exception of Global Materials, to pay civil
4 penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and
5 Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

6 **V.**

7 Issue an order permanently prohibiting defendant Owens from participating
8 in any offering of penny stock pursuant to Section 20 of the Securities Act, 15
9 U.S.C. § 77t, and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

10 **VI.**

11 Issue an order permanently barring defendant Owens from serving as an
12 officer or director of any public company pursuant to Section 20 of the Securities
13 Act, 15 U.S.C. § 77t, and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

14 **VII.**

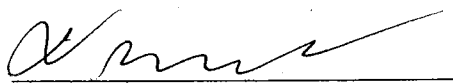
15 Retain jurisdiction of this action in accordance with the principles of equity
16 and the Federal Rules of Civil Procedure in order to implement and carry out the
17 terms of all orders and decrees that may be entered or to entertain any suitable
18 application or motion for additional relief within the jurisdiction of this Court.

19 **VIII.**

20 Grant such other and further relief as the Court may determine to be just and
21 necessary.

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23 DATED: August 6, 2008

Respectfully submitted,

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26 David J. Van Havermaat
27 Attorney for Plaintiff
28 Securities and Exchange Commission