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19 **UNITED STATES DISTRICT COURT**  
20 **CENTRAL DISTRICT OF CALIFORNIA**

21 SECURITIES AND EXCHANGE  
22 COMMISSION,

23 Plaintiff,

24 v.

25 DREW S. LEVIN, NOEL CRONIN,  
26 and MICHAEL MACCHIARELLA,

27 Defendants.

Case No.

**COMPLAINT FOR VIOLATIONS  
OF THE FEDERAL SECURITIES  
LAWS**

28 Plaintiff Securities and Exchange Commission (the “Commission”) for its  
Complaint alleges as follows:

**JURISDICTION AND VENUE**

1. The Court has jurisdiction over this action pursuant to Sections 21(d),  
21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C.  
§§ 78u(d) and (e), and 78aa].

2. Venue lies in this district pursuant to Section 27 of the Exchange Act

1 [15 U.S.C. § 78aa] because certain acts or transactions constituting the violations  
2 occurred within the Central District of California.

3 3. In connection with the acts, practices, and courses of business alleged  
4 herein, Drew S. Levin, Noel Cronin, and Michael Macchiarella, directly or  
5 indirectly, made use of the means and instruments of transportation and  
6 communication in interstate commerce, and of the mails.

7 4. Levin, Cronin, and Macchiarella, unless restrained and enjoined by  
8 this Court, will continue to engage in transactions, acts, practices, and courses of  
9 business as set forth in this Complaint or in similar illegal acts and practices.

### 10 **SUMMARY**

11 5. This action involves a financial fraud designed to falsely inflate the  
12 revenue and income of Team Communications Group, Inc. (“Team”). Team was a  
13 publicly-traded company based in Los Angeles, California and was involved in the  
14 film and television industry. Team’s fraudulent scheme took place from  
15 approximately 1999 through 2001.

16 6. Levin, Team’s former Chief Executive Officer and Chairman of the  
17 Board, was the architect of the scheme and personally oversaw and directed its  
18 execution. Levin’s scheme was accomplished with the assistance of, among  
19 others, Cronin and Macchiarella. During the relevant time period, Cronin was the  
20 head of Team’s United Kingdom subsidiary, known as Team Dandelion, and  
21 Macchiarella purportedly owned a film distribution company, which was not  
22 affiliated with Team.

23 7. There were two major components of the fraudulent scheme. The first  
24 component involved improperly accounting for “circular” sales transactions  
25 between Team and certain other companies, including companies controlled by  
26 Cronin.

27 8. The second component of the scheme involved non-binding,  
28 “minimum-guarantee” distribution contracts. Pursuant to these contracts, Team

1 improperly recognized minimum-guaranteed revenue (specified in the terms of the  
2 contracts) even though the counter parties were assured that the minimum-  
3 guarantee numbers would not be enforced. In fact, in most or all cases, the  
4 minimum-guarantee contractual obligations were voided by undisclosed side-letter  
5 agreements.

6 9. The fraudulent scheme resulted in material misstatements and  
7 omissions in Team's periodic reports filed with the Commission and other public  
8 statements related to the company's fiscal years 1999 and 2000 (Team's fiscal year  
9 ended on 12/31). For example, the circular and minimum-guarantee transactions  
10 caused Team to report in its filings with the Commission materially misstated  
11 revenue, income, and assets for the periods ended 12/31/1999, 3/31/2000,  
12 6/30/2000 and 9/30/2000.

13 10. By knowingly or recklessly engaging in the acts alleged in this  
14 Complaint, Levin, Cronin, and Macchiarella violated, or aided and abetted,  
15 violations of the antifraud, reporting, books and records, internal controls, and  
16 lying-to-auditors provisions of the federal securities laws.

17 11. Unless enjoined by this Court, it is likely that Levin, Cronin, and  
18 Macchiarella will continue to engage in such violative conduct. Therefore, the  
19 Commission seeks this Court's injunction against future violations, officer and  
20 director bars (Levin and Cronin), as well as disgorgement of unjust enrichment  
21 (Levin and Macchiarella), prejudgment interest (Levin and Macchiarella), and  
22 statutory civil penalties (Levin and Macchiarella) as described in its claims for  
23 relief.

#### 24 **THE DEFENDANTS**

25 12. Drew S. Levin, age 51, was the Chief Executive Officer and Chairman  
26 of the Board of Team Communications Group, Inc. from approximately 1997 until  
27 the company announced his resignation on February 12, 2001. Levin resides in  
28 metropolitan Los Angeles, California and was an experienced executive in the film

1 and television industry. As more specifically alleged below, Levin knew, or was  
2 reckless in not knowing, that certain revenue reported by the company was  
3 fictitious and that certain periodic public filings and other public statements were  
4 materially false and misleading.

5 13. Noel Cronin, age 57, resides in the United Kingdom. He was the head  
6 of Team Dandelion, which was a subsidiary of Team based in the United  
7 Kingdom. Cronin previously was the majority owner of Dandelion Distribution,  
8 Ltd., a private film distribution company acquired by Team in approximately the  
9 fall of 1999. After Team's accounting problems surfaced in late 2000, Levin  
10 terminated Cronin's employment.

11 14. Michael Macchiarella, age 53, is a resident of Granada Hills,  
12 California. Macchiarella was at various times involved in film distribution and  
13 sales. He is now a real estate agent.

#### 14 **OTHER RELEVANT ENTITIES**

15 15. Team Communications Group, Inc. is a California corporation  
16 headquartered in Los Angeles, California. Team conducted business in the United  
17 States, as well as in the United Kingdom (through its subsidiary Team Dandelion)  
18 and Germany (through its subsidiary Team Entertainment Germany GmbH). The  
19 company produced and distributed movies and television shows. It was a publicly-  
20 held company with securities registered with the Commission pursuant to Section  
21 12(g) of the Exchange Act. Team's shares traded on the NASDAQ until the  
22 company was de-listed after the disclosure of the accounting fraud.

23 16. Renown Pictures, Ltd. ("Renown") is a private film production  
24 company based in the United Kingdom. Cronin had an ownership interest in  
25 Renown.

26 17. String of Pearls, Plc. ("SOP") is a private film production company  
27 based in the United Kingdom. Cronin had an ownership interest in SOP.

28 18. Accelerated Distribution, Inc. ("Accelerated") is a private film

1 distribution company based in Granada Hills, California. Macchiarella had an  
2 ownership interest in Accelerated.

### 3 **THE FRAUDULENT SCHEME**

#### 4 **I. THE CIRCULAR PAYMENT TRANSACTIONS**

5 19. A portion of Team's business involved the purchase of older movie  
6 titles, usually packaged as "film libraries," which it then licensed for distribution.  
7 In 1999 and 2000, Team set in motion the first component of its scheme -- the  
8 circular transactions -- by engaging in a series of fraudulent purchase and sales  
9 transactions (which resulted in increased revenue and income) using its film  
10 libraries.

11 20. There were two basic chains of fraudulent purchase and sales  
12 transactions, described in detail below, related to the Prestige and Marquee film  
13 libraries. The fraudulent transactions, however, followed the same pattern. Levin  
14 would negotiate, or direct others to negotiate, the purchase of a film library (often  
15 at an inflated price) and then enter into subsequent sham sales contracts to sell film  
16 rights to related or friendly third parties. The payments under the bogus "sales"  
17 contracts were offset by Team's execution of additional sham "purchase" contracts  
18 with the same related or friendly third parties. The counter parties agreed to use  
19 the money received from Team under the phony "purchase" contracts to pay Team  
20 under the phony "sales" contracts.

#### 21 **A. The Prestige Library Transactions**

##### 22 **1. The Prestige Library-Renown Transactions**

23 21. In approximately June of 1999, the first series of fraudulent circular  
24 transactions were set in motion. On or about June 25, 1999, Levin directed the  
25 \$2.2 million purchase of a library of older film titles, referred to as the "Prestige  
26 Library," by Team. Soon thereafter, on or about June 28, 1999, Levin caused  
27 Team to enter into another contract in which Team sold certain rights to the  
28 Prestige Library to Renown, the Cronin-controlled company, for \$3.3 million (the

1 “Prestige Library Contract”). This was a sham transaction.

2 22. Renown lacked the financial resources to make its payments under the  
3 Prestige Library Contract and therefore; Levin devised a scheme to “fund”  
4 Renown’s payments. Levin and Cronin carried out this scheme by executing a  
5 second contract purportedly between Team and DD Video, another film  
6 distribution company based in the United Kingdom. Under this contract, Team  
7 supposedly bought the rights to an additional film library owned by DD Video,  
8 known as the “Victory Library,” for \$3.4 million (the “Victory Library Contract”).  
9 The Victory Library Contract, however, was a fabrication.

10 23. The Victory Library Contract was executed with neither the  
11 knowledge nor consent of DD Video. What purported to be the signature of an  
12 authorized representative of DD Video was in reality the forged signature of an  
13 imaginary person. Cronin signed the contract on behalf of DD Video using the  
14 pseudonym “B. Smith.” There never was, nor is there now, an employee or officer  
15 of DD Video named B. Smith. The Victory Library Contract was created at the  
16 direction and/or with the knowledge of Levin.

17 24. The payments made by Team to DD Video under the Victory Library  
18 Contract closely “match” the corresponding payments made by Renown to Team  
19 under the Prestige Library Contract. The table below details the matched circular  
20 payments under the Victory Library Contract and the Prestige Library Contract:  
21

Team Payments to DD Video (Victory Library Contract)		Renown Payments to Team (Prestige Library Contract)	
Date	Amount	Date	Amount
8/12/1999	\$450,000	8/18/1999	\$400,000
10/15/1999	\$737,000	10/15/1999	\$725,000
3/13/2000	\$1,475,000	3/28/2000	\$1,450,000

22  
23  
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27  
28 Based on his discussions with Levin, Cronin intercepted payments made by Team  
under the Victory Library Contract and returned these funds to Team disguised as

1 payments made by Renown under the Prestige Library Contract.

2 **2. The Prestige Library-String of Pearls Transactions**

3 25. In the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 1999, Levin continued to make sham  
4 sales of the Prestige Library. Rights to the Prestige Library were sold by Team to  
5 SOP. Like Renown, Cronin also had an ownership interest in SOP.

6 26. Purportedly on or about September 10, 1999, SOP entered into a  
7 \$5.375 million contract to purchase rights to the Prestige Library from Team (the  
8 “SOP-Team Contract”). On or about November 11, 1999, SOP made its first  
9 scheduled contract payment of \$200,000 to Team. No further contract payments,  
10 however, were made by SOP until approximately March 10, 2000.

11 27. By March of 2000, Team’s independent auditors, in connection with  
12 the 1999 year-end audit, repeated their concerns (first raised during their review for  
13 the 3<sup>rd</sup> quarter of 1999 ) about the collectability of certain outstanding receivables,  
14 including the SOP receivable which stood in excess of \$5 million. The auditors  
15 advised Team that unless SOP made substantial payments on the receivable, they  
16 would question the substance of the transaction. Levin was aware of the foregoing  
17 concerns. On or about March 10, 2000, SOP finally made a payment of \$2 million  
18 under the SOP-Team Contract. The source of this payment, however, was another  
19 bogus film library transaction engineered by Team.

20 28. Levin instructed Cronin to purchase an Italian language film library,  
21 known as the “J&M Library,” on behalf of SOP from an independent film  
22 distributor. In a contract back dated to December 1999 (pursuant to Levin’s  
23 instructions), SOP agreed to pay the film distributor \$500,000 for the J&M  
24 Library.

25 29. On or about March 1, 2000, Team -- again at Levin’s direction --  
26 entered into a contract to purchase the same J&M Library from SOP for \$2.5  
27 million (the “Team-SOP Contract”). Team then, on or about March 1<sup>st</sup>, wired \$2.5  
28 million to SOP purportedly as payment pursuant to the Team-SOP Contract and

1 also simultaneously instructed SOP to immediately pay Team \$2 million under the  
2 SOP-Team Contract.

3 30. SOP complied with these instructions and used the remaining  
4 \$500,000 to actually pay for the J&M Library. Accordingly, in this ruse designed  
5 to deceive the auditors, Levin successfully funded the \$500,000 purchase of the  
6 J&M Library and applied the remaining \$2 million to the outstanding SOP-Team  
7 Contract receivable via a circular payment.

### 8 **3. The Prestige Library-Anastasia Transaction**

9 31. Levin concocted one more sham Prestige Library transaction in the 4<sup>th</sup>  
10 quarter of 1999. Purportedly on or about December 15, 1999, Team entered into a  
11 contract to sell rights to the Prestige Library to Anastasia Productions TV, a  
12 Canadian company, for approximately \$4.3 million (the “Anastasia-Team  
13 Contract”). Anastasia made no payments on this contract in 1999. The auditors, in  
14 connection with the 1999 year-end audit raised concerns about the collectability of  
15 the \$4.3 million Anastasia receivable. Levin was aware of the auditors’ concerns.  
16 In response, Levin engineered another web of sham transactions using a different  
17 film library, the “Marquee Library,” to satisfy payment of the Anastasia receivable.  
18 On or about April 3, 2000, the Anastasia receivable was paid in full by a wire from  
19 Hickey & Browne -- a fictional entity -- marked “for the benefit of Anastasia.”

### 20 **B. The Marquee Library Transactions**

#### 21 **1. Levin’s Handwritten Fraudulent “Plan”**

22 32. As set forth above, Levin was aware that Team’s auditors had raised  
23 concerns about the lack of payment on several large sales contracts. In or about  
24 the spring of 2000, Levin formulated a detailed scheme to: (1) “fund” payments of  
25 outstanding receivables arising from previously recorded bogus sales of the  
26 Prestige Library and other film libraries; (2) inflate Team’s revenues; and (3)  
27 support additional sham transactions. In or about March of 2000, Levin scripted  
28 each element of the scheme in a one-page handwritten document (the “Plan”),



1 which he gave to Cronin so that Cronin would properly execute his role in the  
2 fraud. By June of 2000, the essence of the “Plan” was accomplished.

3 33. The Plan was executed by inflating the purchase price of yet another  
4 film library. In or about February and March of 2000, Levin participated in  
5 Team’s negotiation to purchase a library of older films from a partnership named  
6 Marquee Entertainment. This older film library was marketed as the “Marquee  
7 Library.” In approximately April of 2000, in a deal valued at approximately \$1.2  
8 million, Marquee Entertainment sold the Marquee Library to Team (the “Team-  
9 Marquee Contract”).

10 34. Several days after the execution of the \$1.2 million Team-Marquee  
11 Contract, Team redrafted it and substituted Renown, the private entity controlled  
12 by Cronin, as the buyer of the Marquee Library in place of Team (the “Renown-  
13 Marquee Contract”). All other material terms of the original Team-Marquee  
14 Contract remained unchanged. For example, Team did not change the contract to  
15 reflect that Renown was a United Kingdom entity with no U.S. offices. Instead,  
16 the contract incorrectly identified Renown as a California corporation with a Los  
17 Angeles address (which in fact was Team’s address). Although Renown was  
18 purportedly the purchaser under the Renown-Marquee Contract, Team still directly  
19 paid Marquee Entertainment under the payment schedule.

20 35. Renown then purportedly sold the Marquee Library to Hickey &  
21 Browne. There was no contemporaneous documentation supporting this  
22 transaction. In fact, Hickey & Browne is a fictitious entity. John Hickey is one of  
23 Cronin’s friends who agreed to allow his bank accounts to be used to route  
24 payments to and from Team in exchange for a small fee. “Browne” is the maiden  
25 name of John Hickey’s spouse.

26 36. Levin was involved with, or aware of, the drafting of another sham  
27 contract whereby Team “bought” for \$8.1 million the same Marquee Library from  
28 Hickey & Browne (the “Team-Hickey Contract”). Levin also authorized, drafted

1 and/or issued a press release which described Team’s acquisition of the Marquee  
2 Library, identified some of the better known movie titles, and disclosed the  
3 purported \$8.1 million purchase price.

4 **2. The Anastasia and Visual 80 Circular Payments**

5 37. With the fraudulent contracts in place, Levin initiated Team’s planned  
6 circle of payments by causing Team to wire \$5.7 million to Team Dandelion.  
7 Team Dandelion then, on or about March 30, 2000, made a \$4.3 million payment  
8 to the fictitious Hickey & Browne entity under the Team-Hickey Contract. (Team  
9 was also still making payments under the purported Renown-Marquee Contract,  
10 albeit a contract to which it was not a party, for the same Marquee Library.) Next,  
11 on or about April 3, 2000, John Hickey, per instructions from Cronin, wired \$4.285  
12 million to Team “for the benefit of Anastasia.” Prior to this payment, Anastasia  
13 had not made any payments on the \$4.3 million Anastasia-Team Contract.

14 38. Levin also set in motion another series of fraudulent transactions  
15 involving a company called Visual 80. Visual 80, like Anastasia, was another  
16 Canadian entity in the film business. The foundation for the Visual 80 series of  
17 transactions was a \$2.6 million contract, purportedly signed by Visual 80 on or  
18 about December 17, 1999, to purchase a Team production called “Destination  
19 Style” (the “Visual 80-Team Contract”). On or about March 27, 2000, a Bahamian  
20 company called Infusion Capital wired \$1.15 million to Visual 80. Infusion  
21 Capital was controlled by associates of Levin who also were paid to act as  
22 investor-relations consultants for Team. On or about March 30, 2000, Visual 80  
23 then wired a \$1.15 million payment to Team under the Visual 80-Team Contract.

24 39. On or about March 31, 2000, for no apparent business purpose,  
25 Team Dandelion also wired \$1.3 million, most of the remaining balance from the  
26 original \$5.7 million Team wire transfer, to Renown. On or about April 5, 2000,  
27 Renown then wired \$1.3 million to Visual 80. On approximately the same day  
28 (April 5<sup>th</sup>) that Visual 80 received the \$1.3 million from Renown, Visual 80 sent a

1 \$1.25 million payment to Team under the Visual 80-Team Contract. Prior to the  
2 March and April wire transfers, Visual 80 had not paid any portion of the \$2.6  
3 million owed to Team under the Visual 80-Team Contract.

4 40. Levin subsequently caused Infusion Capital to be repaid the money  
5 that it had advanced to Visual 80. On or about May 31, 2000, Team wired Hickey  
6 & Browne \$1.2 million. Hickey & Browne then wired \$1.2 million to Infusion  
7 Capital. There was no pretext for this payment. Levin personally instructed Team  
8 Dandelion staff to make the Infusion Capital payment and also instructed them to  
9 falsely represent to a U.S. bank that they were authorized agents of John Hickey.

10 **II. THE NON-BINDING MINIMUM-GUARANTEES SALES**  
11 **CONTRACTS**

12 41. Most or substantially all of Team's reported revenues for the 2<sup>nd</sup> and  
13 3<sup>rd</sup> quarters of 2000 were based on minimum-guarantee distribution contracts.  
14 Under these contracts, Team licensed rights to various film libraries owned by it to  
15 third parties. The majority of these licensing contracts had side-letter agreements,  
16 which gave the third-party distributor the unilateral right to cancel the contract.  
17 The side-letter agreements were not disclosed to Team's auditors.

18 42. In each contract with an undisclosed side-letter agreement, the side  
19 letter was signed at the same time or shortly after the execution of the principal  
20 contract. Levin directed Cronin and others to negotiate these fraudulent  
21 distribution contracts. All of these inflated contracts were without economic  
22 substance -- no payments were ever made on any of these contracts and each was  
23 later restated by the company. The following chart summarizes the relevant  
24 contracts:

Contract	Amount	Quarter
Indigo	\$1,940,000	Second Quarter
SafriSync	\$1,450,000	Second Quarter
Mizlou	\$2,000,000	Second Quarter
SafriSync	\$800,000	Second Quarter
Doljac	\$500,000	Second Quarter

Contract	Amount	Quarter
Sixth Street	\$1,450,000	Second Quarter
Sixth Street	\$800,000	Second Quarter
Safrisyn	\$600,000	Third Quarter
Indigo	\$2,000,000	Third Quarter
Accelerated Distribution	\$2,000,000	Third Quarter
Mystic Productions	\$4,900,000	Third Quarter
VO Entertainment	\$3,500,000	Third Quarter

43. Levin originally wanted Cronin to have only the main agreement in writing, with the understanding that the “minimum guarantee” would not be enforced. Most or all of the third-party distributors, however, were unwilling to proceed without a written side-letter agreement. Cronin and others told Levin on several separate occasions about the written side-letter agreements, and Levin approved the deals. The auditors, however, remained unaware of the side-letter agreements.

44. Some of the distribution contracts from the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2000 were in reality negotiated and signed in the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2000, but were back dated to the preceding quarters. (Levin even instructed a Team Dandelion sales executive to choose back dates close to the end of quarters, but admonished him not to use weekend dates or to use the same date for each contract.) No significant payments or sales of the licensed product were made by any third-party distributor under the minimum-guarantee contracts.

**The Macchiarella Minimum-Guarantee Contract**

45. Macchiarella was one of the independent film distributors who had entered into a minimum-guarantee contract with Team. In or about the fall of 2000, Macchiarella, using the trade name Accelerated Distribution, signed a minimum-guarantee distribution contract. The contract was executed in the 4<sup>th</sup>

1 quarter of 2000, but back dated to the 3<sup>rd</sup> quarter. The minimum-guarantee term of  
2 the contract required Accelerated to pay \$2 million to Team within one year.  
3 Team recorded as revenue the entire \$2 million minimum guarantee in the 3<sup>rd</sup>  
4 quarter of 2000. At or about the same time he negotiated the main agreement,  
5 Macchiarella also negotiated a side-letter agreement, which gave him the unilateral  
6 and absolute right to cancel the contract.

7 46. At some point near or after the execution of this minimum-guarantee  
8 distribution contract, Levin and Macchiarella also represented to Team's auditors  
9 that Accelerated had a net worth of \$7 million, \$3 million in cash, \$3 million in  
10 accounts receivable, and an inventory worth \$1 million. In reality, however,  
11 Accelerated had no assets other than at most a few hundred dollars in cash. In or  
12 about December of 2000, Macchiarella exercised his right to cancel the distribution  
13 contract.

14 47. On or about January 5, 2001, at Levin's request, Macchiarella signed  
15 a letter drafted by Team which contained false statements regarding the financial  
16 condition of Accelerated, the substance of the contract between Team and  
17 Accelerated, and the timing of the issuance of the side-letter agreement. The  
18 January 5<sup>th</sup> letter was forwarded by Team to its auditors.

19 48. At about the same time as he signed the above-referenced January 5<sup>th</sup>  
20 letter, Macchiarella traveled to Florida to have a lunch meeting with one of Levin's  
21 business associates. At that meeting, Macchiarella signed a purported consulting  
22 contract and received a check for \$25,000. Macchiarella, however, never  
23 performed any consulting services.

### 24 **III. LEVIN'S UNJUST ENRICHMENT**

25 49. Levin was unjustly enriched in two ways by the fraudulent scheme  
26 described above. First, he received compensation to which he was not entitled. At  
27 a minimum, Levin was not entitled to any performance-based compensation  
28 because the performance on which it was based was merely an illusion created by

1 his fraudulent behavior. Levin also acted contrary to the interests of, and caused  
2 irreparable harm to, Team. Levin therefore was not entitled to any salary or other  
3 compensation from Team.

4 50. Second, Levin pledged Team stock as collateral for a loan prior the  
5 discovery of his fraud. Levin subsequently defaulted on that loan and the lender  
6 was left with only worthless Team stock as collateral. In effect, Levin sold his  
7 stock to the lender.

## 8 CLAIMS FOR RELIEF

### 9 FIRST CLAIM

10 Violations of Section 10(b) of the  
11 Exchange Act and Exchange Act Rule 10b-5  
12 [Fraud In Connection with the Purchase or Sale of Securities]

13 51. Paragraphs 1 through 50 are realleged and incorporated by reference  
14 herein.

15 52. Levin, Cronin, and Macchiarella, by engaging in the conduct  
16 described above, directly or indirectly, by use of the means or instruments of  
17 transportation or communication in interstate commerce, or by use of the mails, or  
18 of any facility of any national securities exchange, in connection with the purchase  
19 or sale of securities: (a) employed devices, schemes, or artifices to defraud, (b)  
20 made untrue statements of material facts or omitted to state material facts  
21 necessary in order to make the statements made, in the light of the circumstances  
22 under which they were made, not misleading, or (c) engaged in acts, practices, or  
23 courses of business which operate or would operate as a fraud or deceit upon any  
24 person.

25 53. By reason of the foregoing, Levin, Cronin and Macchiarella violated  
26 Section 10(b) of the Exchange Act and Rule 10b-5 thereunder [15 U.S.C. § 78j(b)  
27 and 17 C.F.R. § 240.10b-5].

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1 **SECOND CLAIM**

2 Violations of Section 13(b)(5) of the Exchange Act and  
3 Exchange Act Rule 13b2-1 and Aiding and Abetting Violations  
4 of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act  
5 [Record Keeping and Internal Controls]

6 54. Paragraphs 1 through 53 are realleged and incorporated by reference.

7 55. Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder [15  
8 U.S.C. § 78m(b)(5) and 17 C.F.R. § 240.13b2-1], prohibit, among other things,  
9 circumvention of internal accounting controls, and falsification of corporate books,  
10 records and accounts.

11 56. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)]  
12 requires public companies to make and keep books, records, and accounts which,  
13 in reasonable detail, accurately and fairly reflect the company's transactions and  
14 dispositions of its assets. Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §  
15 78m(b)(2)(B)] requires public companies to devise and maintain a system of  
16 internal accounting controls sufficient to provide reasonable assurances that the  
17 company's transactions were recorded as necessary to permit preparation of  
18 financial statements conforming with Generally Accepted Accounting Principles.

19 57. By reason of the foregoing, Levin, Cronin, and Macchiarella violated  
20 Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder. As described  
21 above, Team violated the books and records and internal accounting controls  
22 provisions of the federal securities laws and Levin, Cronin, and Macchiarella  
23 knowingly and substantially assisted in the commission of those violations. In so  
24 doing, Levin, Cronin, and Macchiarella aided and abetted Team's violations of  
25 Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

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1 **THIRD CLAIM**

2 Aiding and Abetting Violations of Section 13(a) of the  
3 Exchange Act and Exchange Act Rules 13a-1 and 13a-13  
4 [Reporting Violations]

5 58. Paragraphs 1 through 57 are realleged and incorporated by reference.

6 59. Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13  
7 thereunder [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.13a-1 and 240.13a-13]  
8 require every issuer of a registered security to file reports with the Commission  
9 that accurately reflect the issuer's financial performance and provide other true and  
10 accurate information to the public.

11 60. By reason of the foregoing, Levin, Cronin, and Macchiarella aided  
12 and abetted violations of Section 13(a) of the Exchange Act and Rules 13a-1 and  
13 13a-13 thereunder.

14 **FOURTH CLAIM**

15 Violations of Exchange Act Rule 13b2-2  
16 [Misleading Auditors]

17 61. Paragraphs 1 through 60 are realleged and incorporated by reference  
18 herein.

19 62. Exchange Act Rule 13b2-2 [17 C.F.R. § 240.13b2-2], in general,  
20 prohibits officers and directors of a public company from making materially false  
21 statements or omissions of material fact to an accountant in connection with an  
22 audit of the company's financial statements, or in connection with the preparation  
23 of any document to be filed with the Commission.

24 63. By engaging in the conduct described above, Levin, Cronin, and  
25 Macchiarella, directly or indirectly, made or caused to be made false and  
26 misleading statements or omitted or caused others to omit to state material facts  
27 necessary in order to make statements made, in light of the circumstances under  
28 which such statements were made, not misleading to Team's auditors in



1 connection with audits and examinations of Team’s required financial statements  
2 and in connection with the preparation and filing of documents and reports  
3 required to be filed with the Commission.

4 64. By reason of the foregoing, Levin and Cronin violated Exchange Act  
5 Rule 13b2-2.

6 65. By reason of the foregoing, Macchiarella aided and abetted violations  
7 of Exchange Act Rule 13b2-2.

8 **RELIEF REQUESTED**

9 WHEREFORE, the Commission respectfully requests that this Court enter  
10 an Order:

11 A. permanently restraining and enjoining Levin, Cronin, and  
12 Macchiarella from violating Sections 10(b) and 13(b)(5) of the Exchange Act [15  
13 U.S.C. § 78j(b) and 15 U.S.C. § 78m(b)(5)] and Rules 10b-5 and 13b2-1  
14 thereunder [17 C.F.R. §§ 240.10b-5 and 240.13b2-1] and from aiding and abetting  
15 violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15  
16 U.S.C. § 78m(a), 15 U.S.C. § 78m(b)(2)(A) and 15 U.S.C. § 78m(b)(2)(B)] and  
17 Rules 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.13a-1 and 240.13a-13];

18 B. permanently restraining and enjoining Levin and Cronin from  
19 violating Exchange Act Rule 13b2-2 [17 C.F.R. §240.13b2-2] and permanently  
20 restraining and enjoining Macchiarella from aiding and abetting violations of  
21 Exchange Act Rule 13b2-2;

22 C. prohibiting Levin and Cronin from acting as officers or directors of  
23 any issuer that has a class of securities registered pursuant to Section 12 of the  
24 Exchange Act or that is required to file reports pursuant to Section 15(d) of the  
25 Exchange Act, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. §  
26 78u(d)(2)];

27 D. requiring Levin and Macchiarella to pay disgorgement of all unlawful  
28 gains and prejudgment interest;

1 E. imposing civil monetary penalties on Levin and Macchiarella pursuant  
2 to Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)]; and

3 F. granting such other and additional relief as the Court may deem just  
4 and appropriate.

5 Dated: April 4, 2005

6 Washington, D.C.

7 Respectfully submitted,

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