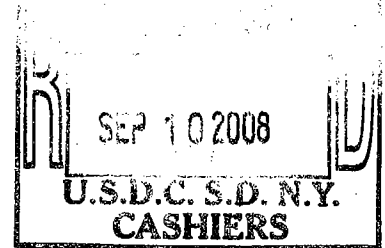


'08 CIV 7893

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRUCE L. GROSSMAN and JONATHAN R. CURSHEN,

Defendants.

08 Civ. _____

COMPLAINT

PRELIMINARY STATEMENT

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendants Bruce L. Grossman ("Grossman") and Jonathan R. Curshen ("Curshen") (collectively, the "Defendants"), alleges as follows:

1. Two stock promoters, Grossman and Curshen, engaged in a fraudulent scheme to manipulate the market for the common stock of Industrial Biotechnology, Corp. ("IBOT"), by bribing registered representatives ("RRs") to purchase IBOT common stock in customer accounts over which the RRs had trading discretion. More specifically, in approximately June 2008, Defendants entered into an agreement with an individual ("Individual A"), whom they believed

represented a group of RRs with trading discretion over the accounts of wealthy customers. The Defendants promised to pay a 25% kickback to Individual A and the RRs he represented in exchange for the RRs' buying of up to \$3 million in IBOT stock through their customers' accounts. Unbeknownst to the Defendants, Individual A actually was an FBI agent posing as a stock promoter.

2. From June 27 to July 2, 2008; in accordance with the illicit arrangement, Defendants instructed Individual A to submit orders to buy IBOT stock, and gave Individual A detailed instructions concerning the size, price and timing of those orders, and concerning which market makers to contact for execution. In this way, the Defendants were able to insure that all, or almost all, of individual A's purchase orders were matched with the Defendants' sell orders at prices the Defendants predetermined. Between June 27 and July 2, 2008, at the Defendants' instruction, Individual A caused the purchase of approximately 85,000 shares of IBOT stock for a total of approximately \$76,000. Thereafter, the Defendants paid Individual A bribes of almost \$19,000 for those purchases.

VIOLATIONS

3. By virtue of their conduct, the Defendants violated Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

JURISDICTION AND VENUE

4. The Commission brings this action pursuant to the authority conferred upon it by

Section 20(b) of the Securities Act, 15 U.S.C. § 77t(b), and Section 21(d) of the Exchange Act, 15 U.S.C. §§ 78u(d), seeking permanently to enjoin the Defendants from engaging in the acts, practices and courses of business alleged in this Complaint. The Commission also seeks a final judgment ordering the Defendants to disgorge their ill-gotten gains, if any, with prejudgment interest thereon. The Commission seeks a judgment ordering the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). The Commission also seeks an order prohibiting the Defendants from participating in an offering of penny stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6).

5. This Court has jurisdiction of this action pursuant to Sections 20(d) and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(d) and 77v(a), and Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa.

6. Venue in this District is proper pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa, because certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within this District. For example, the purchases of IBOT stock for which the Defendants paid kickbacks were made in New York City.

7. The Defendants, directly or indirectly, have made use of the means or instruments of transportation or communication in interstate commerce, or of a means or instrumentality of

interstate commerce, or of the mails, or of the facilities of a national securities exchange, in connection with the transactions, acts, practices and courses of business alleged in this Complaint.

DEFENDANTS

8. **Bruce L. Grossman**, age 50, is a stock promoter and lives in Maitland, Florida.
9. **Jonathan R. Curshen**, age 43, is a stock promoter and lives in Sarasota, Florida.

RELEVANT ENTITY

10. **IBOT** is a Washington corporation with its offices located in Sarasota, Florida. IBOT's stock began trading publicly on August 10, 2005 and is quoted on the Pink Sheets. As of July 17, 2008, the company purportedly had 38,023,000 shares outstanding, 10,241,000 of which were unrestricted. IBOT's securities are not registered with the Commission.

FACTS

A. Background

11. IBOT, a development stage company, purports to provide products, services and technologies based on the use of renewable resources as an alternative to petroleum.
12. According to an issuer information and disclosure statement that IBOT filed on July 7, 2008 with Pink Sheets, LLC, IBOT has an accumulated deficit of \$2,667,662.
13. IBOT common stock qualifies as a penny stock as it does not meet any of the exceptions from the definition of penny stock contained in Rule 3a51-1 of the Exchange Act.

B. Grossman and Curshen Entered into an Illicit Arrangement

14. From at least June to August, 2008, Individual A represented himself to the Defendants as a person who controlled a group of RRs with discretion over the accounts of wealthy customers.

15. In April 2008, Curshen and Grossman had a discussion with Individual A concerning Individual A arranging for RRs to purchase stock in the discretionary accounts of wealthy customers in exchange for a kickback.

16. Curshen and Grossman told Individual A that they would look for an appropriate stock to have purchased through Individual A.

17. On June 20, 2008, Grossman offered Individual A a 25% kickback in exchange for the purchase of \$1-2 million of IBOT common stock.

18. Grossman agreed to complete an initial test transaction during which Individual A would purchase \$75,000 of IBOT stock.

19. Grossman also agreed to conceal the kickback from investors.

20. From June 27 to July 2, 2008, in accordance with the agreement, Grossman instructed Individual A to submit orders to buy an aggregate of 85,000 shares of IBOT stock for an aggregate purchase price of \$76,050.

21. In order to ensure that Individual A's buy orders were matched with the Defendants' sell orders, Grossman gave precise instructions to Individual A concerning the size, price and timing of the buy orders, as well as which market makers to contact in order to obtain

execution.

22. As a result of Grossman's coordination of trading, all or almost all of Individual A's purchase orders for IBOT stock were matched against the Defendants' sell orders at prices Grossman prearranged.

23. On July 2, 2008, Curshen wired \$19,000 to Individual A as a 25% kickback for the IBOT stock purchases.

24. On July 22, 2008, Curshen asked Individual A to purchase an additional \$2-3 million of IBOT stock over three to four months in exchange for a 25% kickback.

25. Curshen agreed to conceal the kickback payments from investors.

26. On August 12, 2008, Grossman and Curshen again asked Individual A to purchase IBOT stock in exchange for a kickback.

FIRST CLAIM FOR RELIEF

Violations of Section 17(a) of the Securities Act

27. The Commission realleges and incorporates paragraphs 1 through 26 by reference as if fully set forth herein.

28. The Defendants, directly or indirectly, singly or in concert, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce, or by the use of the mails, (a) have employed, are employing, or are about to employ, devices, schemes, or artifices to defraud; (b) have obtained money or property by means of, or have otherwise made untrue statements of material fact, or have omitted to state material facts necessary in order to make statements made, in light of the circumstances under

which they were made, not misleading; and/or (c) have engaged, are engaging, or are about to engage in transactions, practices, or courses of business which operate, operated, or would operate as a fraud or deceit upon the purchasers of securities.

29. The Defendants knowingly or recklessly paid kickbacks in order to facilitate matched trading in IBOT common stock with the intent of manipulating the market for IBOT stock for the Defendants' unlawful benefit.

30. By reason of the foregoing, the Defendants, singly or in concert, directly or indirectly, have violated, are violating, and unless enjoined will again violate, Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

SECOND CLAIM FOR RELIEF

Violations of Section 10(b) of the Exchange Act and Rule 10b-5

31. Paragraphs 1 through 30 are hereby realleged and incorporated by reference.

32. The Defendants, directly and indirectly, singly or in concert, in connection with the purchase and sale of securities, by use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange: (a) have employed, are employing, or are about to employ, devices, schemes, or artifices to defraud; (b) have made, are making, or are about to make untrue statements of material fact, or have omitted, are omitting, or are about to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) have engaged, are engaging, or are about to engage in acts, practices, or courses of business which operate, operated, or would operate as a fraud or deceit upon other persons.

33. The Defendants knowingly or recklessly paid kickbacks in order to facilitate matched trading in IBOT common stock with the intent of manipulating the market for IBOT stock for the Defendants' unlawful benefit.

34. By reason of the foregoing, the Defendants, singly or in concert, directly or indirectly, have violated, are violating, and unless enjoined will again violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. §240.10b-5.

RELIEF REQUESTED

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

I.

Permanently enjoining the Defendants from violating Section 17(a) of the Securities Act, 15 U.S.C. §77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b), and Rule 10b-5, 17 C.F.R. §§ 240.10b-5.

II.

Ordering the Defendants to disgorge their ill-gotten gains, if any, plus prejudgment interest.

III.

Imposing civil money penalties upon the Defendants pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

IV.

Prohibiting the Defendants from participating in any offering of penny stock pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d)(6) of the Exchange Act, 15 U.S.C. § 78u(d)(6).

V.

Granting such other and further relief as the Court may deem just and proper.

Dated: September 10, 2008
New York, New York



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