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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. ROBERT J. BRADBURY, and DOLPHIN AND BRADBURY, INCORPORATED, Defendants, and MARGARET B. BRADBURY, Relief Defendant.	Civil Action No.: 06-cv-3435 JURY TRIAL DEMAND

COMPLAINT

Plaintiff, the Securities and Exchange Commission (the "Commission") alleges as follows:

SUMMARY

1. Four Pennsylvania school districts, suffering more than $11 million in losses, were among the principal victims of the fraudulent scheme described herein and perpetrated over a six-year period by their brokers, defendants Robert J. Bradbury ("Bradbury") and Dolphin and Bradbury, Incorporated ("D&B"), a registered broker-dealer controlled by Bradbury. From March 1999 through at least June 2004, defendant Bradbury, through defendant D&B, repeatedly sold to the Pennsylvania school districts a series of risky, short-term notes underwritten by D&B to finance a speculative golf course project in central Pennsylvania (the "Whitetail Notes"). At

no point did Bradbury or D&B ever disclose to their clients the material risks associated with these investments.

2. Furthermore, under the law of the Commonwealth of Pennsylvania, school districts are restricted to investing public funds solely in categories of conservative investments that did not include the Whitetail Notes. In addition, each of the school district's account opening documents at D&B indicates that their investment goals fall within the most conservative category. Consequently, the Whitetail Notes were both an illegitimate and an unsuitable investment for the four Pennsylvania school districts.

3. Ultimately, on September 1, 2004, the Hummelstown General Authority ("HGA"), the issuer of the last series of notes, defaulted on the payment of $14.165 million of principal of Whitetail Notes and $424,950 of interest at maturity. The HGA eventually sold the underlying golf course for a gross sales price of only $3.75 million.

4. Defendants exploited the trust the unsophisticated school districts conferred upon them, as well as the school districts' reliance upon the defendants' professed expertise, to purchase unsuitable and illegitimate investments for their accounts.

5. Moreover, although the relevant school district accounts held at D&B were nominally labeled "non-discretionary," Bradbury exercised de facto discretion over the purchase and sale of securities held in those accounts. Furthermore, in the exercise of this de facto discretion, Bradbury developed a practice of buying and selling securities on behalf of the school districts without first discussing the transactions with any school district representatives. Bradbury also failed to engage in any substantive discussions with any school district

representatives concerning the purchase or sale of the Whitetail Notes and failed to disclose to any school district representatives any of the risks involved in the purchase of such notes.

6. D&B and Bradbury sold the Whitetail Notes to the school districts because the defendants had no other place to put the securities.

7. The Defendants also hid the identity of the investing school districts from the public authorities that issued the Whitetail Notes. On more than one occasion, Bradbury fraudulently certified that D&B was selling Whitetail Notes solely to "accredited investors within the meaning of Rule 501(a) of Regulation D, 17 C.F.R. §230.501(a) and/or to investors that possessed "such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment."

8. In a further effort to hide the identities of the true owners of the Whitetail Notes, Bradbury fraudulently certified in December 2002 that D&B owned at least 25% of the outstanding Whitetail Notes; and, in 2003 and 2004, Bradbury repeatedly executed false documents that asserted that D&B either owned, or was the owner's representative of, $12,045,000 of Whitetail Notes.

9. To maintain the facade that the Whitetail Notes were marketable investments, Bradbury, through D&B, from time to time repurchased the Whitetail Notes from investors at a price of par -- that is to say at a price equal to 100% of the original principal amount of the Whitetail Notes. Bradbury, through D&B, would then resell the relevant Whitetail Notes to other unsuspecting Pennsylvania school districts, thereby avoiding losses to D&B of over $3.5 million.

10. In August 2002, shortly after receiving Commission subpoenas in an unrelated investigation and in an effort to hinder the Commission and other creditors, including the four

school districts, Bradbury commenced transferring millions of dollars of assets -- without consideration -- to his wife, relief defendant Margaret B. Bradbury. These assets included, among other things, his primary residence in Chester County, Pennsylvania, a vacation home in Georgia, cash, investments, and automobiles.

11. By engaging in the conduct described in this Complaint, defendant Bradbury has violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a); Sections 10(b) and 15B(c) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78j(b) and 78o-4(c); Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder; and Municipal Securities Rulemaking Board "MSRB") Rule G-17. Further, by engaging in the conduct described in this Complaint, defendant Bradbury has aided, abetted, and caused violations by D&B of Sections 15(c)(2), 15B(c)(1) and 17(a) of the Exchange Act, 15 U.S.C. §§ 78o(c), 78o-4(c)(1), and 78q(a); and Rules 15c2-12, 17a-3, and 17a-4, 17 C.F.R. §§ 240.15c2-12, 240.17a-3 and 240.17a-4, thereunder.

12. By engaging in the conduct described in this Complaint, defendant D&B has violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act, Sections 10(b), 15(c)(2), 15B(c)(1) and 17(a) of the Exchange Act, Rules 10b-5, 15c2-12,17a-3, and 17a-4, thereunder; and MSRB Rule G-17.

13. By engaging in the conduct described in the Complaint concerning the fraudulent transfer of assets to his wife, Bradbury violated the Pennsylvania Uniform Fraudulent Transfer Act, 12 Pa. C.S. § 5101 *et seq.*, and/or the Georgia Uniform Fraudulent Transfer Act, Ga Code § 18-2-70 *et seq.*

JURISDICTION AND VENUE

14. The Commission brings this action pursuant to the authority conferred upon it by Section 20 of the Securities Act, 15 U.S.C. § 77t, and Sections 21(d) and (e) of the Exchange Act, 15 U.S.C. §§ 78u(d) and (e), to enjoin such acts, transactions, practices and courses of business, to obtain disgorgement and civil penalties, and for other appropriate relief. The Commission also seeks an order barring Bradbury from acting as an officer or director of any issuer that has a class of securities registered under Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), pursuant to Section 20(e) of the Securities Act, 15 U.S.C. §77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2).

15. Each of the Whitetail Notes is a security within the meaning of Section 2(1) of the Securities Act, 15 U.S.C. § 77(b)(1), and Section 3(a)(10) of the Exchange Act, 15 U.S.C. §78c(a)(10).

16. This Court has jurisdiction over this action pursuant to Sections 21(d)(5) and 22(a) of the Securities Act, 15 U.S.C. § 78u(d)(5) and § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C. § 78aa. This Court also has supplemental jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367.

17. Certain of the acts, transactions, practices and courses of business constituting the violations alleged herein occurred, and certain of the offers or sales took place, within the Eastern District of Pennsylvania and elsewhere, and were effected, directly or indirectly, by making use of the means and instruments of transportation and communication in interstate commerce, or of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a

national securities exchange.

DEFENDANTS

18. Defendant Bradbury, who is 59 years old, resides in Chester County, Pennsylvania. During the relevant time period, he was chairman, chief operating officer and 38% owner of D&B. Moreover, since 1997, Bradbury effectively controlled D&B within the meaning of Section 20 of the Exchange Act.

a. Bradbury has approximately 37 years of experience in the underwriting of municipal bonds and related broker-dealer activities. Bradbury has also held a municipal securities principal license (also known as a Series 53 license) issued by the National Association of Securities Dealers, Inc. ("NASD") since 1980.

b. During the relevant time period, Bradbury was the investment banker at D&B responsible for the underwriting of the Whitetail Notes and the primary contact person at D&B for each of the relevant school districts.

c. From 1992 to 2003, Bradbury also served on the Board of Directors of First Financial Bank ("FFB") and its publicly-held parent corporation, Chester Valley Bancorp, Inc. ("CVAL"); from 2001 to 2003, he served as secretary to both entities.

19. Defendant D&B is broker-dealer that specializes in the underwriting of municipal securities and has been registered with the Commission since 1986 -- the same year it was organized as a corporation under the laws of the Commonwealth of Pennsylvania. D&B's principal place of business is Philadelphia, Pennsylvania.

a. D&B was originally founded in 1940 as a partnership led by Leo Dolphin under the name of Dolphin and Company. After Leo Dolphin died in 1962, the partnership was

renamed Dolphin and Bradbury and run by Jack Dolphin (Leo Dolphin's son) and John Bradbury (defendant Bradbury's father). The partnership reorganized itself as a corporation in 1986.

b. D&B has held itself out to prospective issuers as perennially among the top five underwriters of bonds issued in Pennsylvania and as having acted as the managing underwriter and investment banker on 1,774 separate issues totaling over $13.5 billion principal amount of bonds.

c. D&B has managed the underwriting of at least 1,049 general obligation issues for school districts within the Commonwealth of Pennsylvania for projects totaling over $8.2 billion.

d. D&B has also provided investment banking services, including advice and investment of bond proceeds to municipal clients for over 50 years. In 2001, D& B invested approximately $300 million for a variety of school districts, municipalities, and authorities.

20. Relief Defendant Margaret Bradbury, who is 61 years old and currently resides with Bradbury in Chester County, Pennsylvania, is named as a relief defendant herein because of the various fraudulent transfers of assets to her by or on behalf of Bradbury. With one limited exception, where she earned approximately $8,400, during her marriage to Bradbury, Margaret Bradbury has not worked outside the home.

OTHER RELEVANT ENTITIES

21. Boyertown Area School District ("Boyertown") is a public school district located primarily in Berks County, Pennsylvania, organized and existing under the Pennsylvania Public School Code of 1949, as amended (the "School Code"), 24 P.S. § 1-101 *et seq.*, and governed by an elected board of nine directors. Boyertown's principal office is located in Boyertown,

Pennsylvania.

22. Dauphin County General Authority ("DCGA") is a public body incorporated by the County of Dauphin pursuant to the Pennsylvania Municipality Authorities Act (the "Authorities Act"), 53 Pa. C.S. § 5601, *et seq.*, and governed by a five person board appointed by the Dauphin County commissioners. In 1998 and 1999, DCGA issued five separate series of short-term notes totaling $7.5 million to finance the construction of the Whitetail golf course. Each of the notes was underwritten by D&B.

23. FFB is a small, Pennsylvania-chartered bank with its principal offices in Downingtown, Pennsylvania, and during the relevant time period, was a wholly-owned subsidiary of CVAL. FFB acted as Trustee for most of the series of Whitetail Notes.

24. HGA is a public body incorporated in 1998 by the Borough of Hummelstown, Dauphin County, Pennsylvania, pursuant to the Authorities Act, and governed by a five-person board appointed by the Hummelstown Borough Council. HGA purchased the partially completed Whitetail golf course from the DCGA in December 1999. From late 1999 through 2001, HGA issued on five separate occasions short-term notes, totaling $26.315 million to finance or refinance the construction of the Whitetail golf course, each underwritten by D&B.

25. North Penn School District ("North Penn") is a public school district located in Montgomery County, Pennsylvania, organized and existing under the School Code and governed by an elected board of nine directors. North Penn's principal office is located in Lansdale, Pennsylvania.

26. Perkiomen Valley School District ("Perkiomen") is a public school district located in Montgomery County, Pennsylvania, organized and existing under the School Code and

governed by an elected board of nine directors. Perkiomen's principal office is located in Collegeville, Pennsylvania.

27. Red Lion Area School District ("Red Lion") is a public school district located in York County, Pennsylvania, organized and existing under the School Code and governed by an elected board of nine directors. Red Lion's principal office is located in Red Lion, Pennsylvania.

THE DEFENDANTS' FRAUD

Legitimate Investments for Pennsylvania School Districts

28. Pennsylvania school districts from time to time borrow money to finance various capital projects, including, but not limited to, the construction of new school buildings and the renovation of existing school facilities. Frequently, Pennsylvania school districts borrow needed funds through the issuance and sale of publicly-offered bonds underwritten by registered broker-dealers, such as D&B. The issuance of bonds by Pennsylvania school districts is generally governed by the Local Government Unit Debt Act (the "Debt Act"), 53 Pa. C.S. §§ 8001-8271.

29. Capital projects undertaken by Pennsylvania school districts often take years to complete. Consequently, the proceeds of bonds issued by Pennsylvania school districts to finance capital projects are commonly held by the relevant school district in one or more construction funds and temporarily invested by or on behalf of the school district, pending the ultimate expenditure of those funds on the relevant capital project.

30. The investment of Pennsylvania school districts funds is generally governed by the School Code and/or the Debt Act.

31. In particular, during all times relevant to this Complaint, Section 440.1(c) of the School Code, 24 P.S. § 4-440.1(c), limited authorized investments to:

a. United States Treasury bills;

b. Short-term obligations of the United States Government or its agencies or instrumentalities;

c. Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or the National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository;

d. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America;

e. Obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth;

f. Obligations of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; and

g. Shares of an investment company registered under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 *et seq.*), whose shares are registered under the Securities Act of 1933 (48 Stat. 74, 15 U.S.C. § 77a *et seq.*); provided, that the following requirements are met:

i. Only investments of that company are in the authorized investments for school district funds listed in clauses (i) through (iv) and repurchase agreements fully collateralized by such investments;

ii. The investment company is managed so as to maintain its shares at a constant net asset value in accordance with 17 CFR 270 2a-7 (relating to money market funds); and

iii. The investment company is rated in the highest category by a nationally recognized rating agency.

32. The notes at issue were obligations issued by DCGA and HGA, entities organized under the Authorities Act. As such, the notes could have been legitimate investments under the School Code if and only if such obligations were backed by the full faith and credit of the Commonwealth of Pennsylvania or one of its political subdivisions.

33. However, none of the notes issued by either the DCGA or HGA to finance the Whitetail project was ever backed by the full faith and credit of the Commonwealth or any of its political subdivisions. Consequently, none of the notes issued to finance the Whitetail project ever constituted an authorized investment for Pennsylvania school districts under the School Code.

34. Section 8224(b) of the Debt Act provides, among other things, that money subject to the Debt Act shall, to the extent practicable and reasonable, be invested in any securities in which the Commonwealth may, at the time of investment, invest moneys of the Commonwealth.

35. Furthermore, the Commonwealth is permitted to invest in obligations of Pennsylvania municipal authorities if, among other prerequisites, for the period of five fiscal years immediately preceding the date of acquisition of the obligation, the income of such authority available for fixed charges has averaged not less than one and one-fifth times its average annual fixed charges of such obligations over the life of such obligations (72 P.S.

§ 3603(8)(i)) or if the obligations have a credit rating of "Prime One" from Moody's Credit Service or the equivalent from Standard and Poor's or Fitch's Rating Services (72 P.S. § 301.1(g)).

36. The HGA never generated income available for fixed charges sufficient to satisfy the prerequisites set forth at 72 P.S. § 3603(8)(i), and none of the notes issued by either the DCGA or the HGA to finance the Whitetail project was ever assigned a credit rating. Consequently, none of the notes issued to finance the Whitetail project ever constituted authorized investments for Pennsylvania school districts under the Debt Act.

37. Both D&B and Bradbury held themselves out as being knowledgeable as to what constituted legitimate investments under Pennsylvania law for Pennsylvania school districts.

38. In late 1997, Bradbury sent Boyertown and other clients a letter responding to concerns raised about the safety of their investments. In that letter, Bradbury reassured the school districts that the investments selected by D&B met the requirements of permissible investments.

39. Commencing in late 1999 or early 2000 and continuing through at least the fall of 2004, D&B maintained a website at www.dolphinbradbury.com. The content of that website was largely derived from a public finance booklet previously used by defendants to market D&B.

40. Since at least May 2000, a page on D&B's website entitled "Bond Proceeds Investment" has claimed that defendants' investment objective was to maximize the highest rate of return consistent with safety of principal for the investment of bond proceeds. Further, the website asserted that one of the benefits of dealing with D&B was compliance with guidelines of statutes and regulations governing municipal investments. Another of its website pages, labeled

"Investment Advisor," averred that D&B was a registered Investment Advisor, providing advice on the selection and investment of public funds for municipalities in Pennsylvania. The website also proclaimed that one of the benefits of hiring D&B as an investment advisor was compliance with statutes and regulations governing municipal investments.

41. Bradbury and D&B knew, or were reckless in not knowing, that under the relevant state law the Whitetail Notes were illegitimate and unsuitable investments for Pennsylvania school districts.

42. Defendants sold the Whitetail Notes to the Pennsylvania school districts – without their knowledge – because they had no other place to put the securities.

D&B's and Bradbury's Relationship with Boyertown

43. D&B started its tenure as an underwriter for Boyertown in the mid-1960's through the efforts of Bradbury's father. By the mid-1980's, Bradbury had become D&B's primary contact person for Boyertown. D&B was investing bond proceeds for Boyertown by the early 1990s. During all times relevant to this Complaint, Bradbury was the only individual at D&B who discussed investments with representatives of Boyertown.

44. Defendants established a fiduciary or similar relationship of trust and confidence with Boyertown with respect to investments, largely through the school district's various representatives, particularly its Business Manager, who from 1974 to 2002 was Warren Moser, and its Assistant Business Manager, who from 1991 to 2002 was Alan Baxter.

45. Neither Moser nor Baxter had much personal experience with purchasing or evaluating securities. Indeed, Moser had never purchased a stock, bond, option, or future; nor had he ever held a brokerage account. Similarly, Baxter had minimal personal experience in

purchasing investments and had never evaluated the merits and risks of an investment. Rather, both Moser and Baxter believed that D&B and Bradbury possessed the requisite expertise to select appropriate investments for Boyertown and trusted and relied upon them to exercise that expertise on Boyertown's behalf.

46. Bradbury treated Boyertown's accounts at D&B as if they were discretionary accounts, making the vast majority -- if not all -- of the investment decisions on Boyertown's behalf. Bradbury would typically buy and sell securities for Boyertown without first discussing those investments with any Boyertown representatives. Nevertheless, in violation of the Commission's regulations concerning the books and records of broker-dealers, 17 C.F.R. § 240.17a-3(a)(7), the order tickets maintained by D&B for the purchase or sale of securities with Boyertown failed to designate or note in any fashion that such purchases and sales were entered pursuant to the exercise by Bradbury of discretionary authority.

47. Account opening documents used by D&B assigned to Boyertown the most conservative of the listed investment category codes.

48. In September 1998, Bradbury assured Boyertown's Business Manager in writing that he would invest funds in securities as outlined in Section 440.1 of the School Code and that Boyertown's Debt Service Fund had been invested in direct obligations or guaranteed obligations of the United States.

D&B's and Bradbury's Relationship with Perkiomen

49. Perkiomen's investment banking relationship with D&B commenced no later than 1983. Moreover, D&B underwrote every Perkiomen bond issue from at least 1983 through 2004.

50. Defendants established a fiduciary or similar relationship of trust and confidence with Perkiomen with respect to investments, largely through the school district's various representatives, particularly its current Business Manager, James Weaver. In September 2001, when Weaver arrived at the school district, Bradbury was already in charge of making investments and had gained the trust and confidence of the school district. Moreover, Bradbury not only served as Perkiomen's primary contact for investments at D&B, but he also served as Perkiomen's only financial advisor.

51. Weaver had limited personal experience in purchasing or evaluating securities. Rather, he believed that D&B and Bradbury possessed the requisite expertise to select appropriate investments for Perkiomen and trusted and relied upon them to exercise that expertise on Perkiomen's behalf.

52. Bradbury never discussed with any Perkiomen representative the purchase or sale of any investment prior to its trade and made all investment decisions on Perkiomen's behalf. Perkiomen representatives would simply call or e-mail D&B when the school district needed money from any of its accounts with D&B, setting forth when and in what amount money was needed.

53. Bradbury treated Perkiomen's accounts at D&B as if they were discretionary accounts, making all investment decisions on Perkiomen's behalf. Bradbury routinely bought and sold securities on behalf of Perkiomen without first discussing those investments with any of Perkiomen representatives. Nevertheless, in violation of the Commission's regulations concerning the books and records of broker-dealers, the order tickets maintained by D&B for the purchase or sale of securities with Perkiomen failed to designate or note in any fashion that such

purchases and sales were entered pursuant to the exercise by Bradbury of discretionary authority.

54. Account opening documents used by D&B assigned to Perkiomen the most conservative of the listed investment category codes.

D&B's and Bradbury's Relationship with Red Lion

55. D&B served as underwriter to Red Lion from at least 1978 through 2004. Red Lion's current business manager, Terry Robinson, started in that position in 1993, and worked exclusively with Bradbury from 1993 through 2004 in connection with both the issuance of bonds and the investment of the school district's construction funds.

56. Defendants established a fiduciary or similar relationship of trust and confidence with Red Lion with respect to investments, largely through the school district's various representatives, particularly Robinson. Robinson never questioned any of the investments made by Bradbury on Red Lion's behalf or suggested any investments to Bradbury. Nor did Robinson ever discussed specific investments with Bradbury or anyone else at D&B. Indeed, Robinson would give Bradbury his best guess as to when the school district would need funds and deferred to Bradbury with respect to the actual purchase and sale of investments.

57. Robinson had limited personal experience in purchasing or evaluating securities. Rather, Robinson believed that D&B and Bradbury possessed the requisite expertise to select appropriate investments for Red Lion and trusted and relied upon them to exercise that expertise on Red Lion's behalf.

58. Bradbury treated Red Lion's accounts at D&B as if they were discretionary accounts, making all investment decisions on Red Lion's behalf. Bradbury routinely bought and sold securities on behalf of Red Lion without first discussing those investments with any Red

Lion representatives. Nevertheless, in violation of the Commission's regulations concerning the books and records of broker-dealers, the order tickets maintained by D&B for the purchase or sale of securities with Red Lion failed to designate or note in any fashion that such purchases and sales were entered pursuant to the exercise by Bradbury of discretionary authority.

59. Account opening documents used by D&B assigned to Red Lion the most conservative of the listed investment category codes.

D&B's and Bradbury's Relationship with North Penn

60. D&B, through Bradbury, served as underwriter to North Penn from 1996 through 2004.

61. Defendants established a fiduciary or similar relationship of trust and confidence with North Penn with respect to investments, largely through the school district's various representatives, particularly its current business manager, Dennis Michael Frist. Frist's tenure as North Penn's business manager began in 2000. At that time, it was common practice for Bradbury to liquidate or reinvest construction funds on behalf of North Penn without consulting the school district. In the normal course of business, North Penn would initially learn of investment decisions made by Bradbury on its behalf when they received confirmations or monthly statements from D&B. No one at North Penn ever questioned Bradbury's investment decisions or asked for additional information about any particular investment.

62. In 2003, Bradbury reviewed and commented on a draft North Penn investment policy that, among other items, emphasized as objectives the legality and safety of all investments.

63. Frist had limited personal experience in purchasing or evaluating securities. Indeed, Frist had never purchased an individual stock or bond before becoming North Penn's business manager. Rather, Frist believed that D&B and Bradbury possessed the requisite expertise to select appropriate investments for North Penn and trusted and relied upon them to exercise that expertise on North Penn's behalf.

64. Bradbury treated North Penn's accounts at D&B as if they were discretionary, making all investment decisions on North Penn's behalf. Bradbury routinely bought and sold securities on behalf of North Penn without first discussing those investments with any North Penn representatives. Nevertheless, in violation of the Commission's regulations concerning the books and records of broker-dealers, the order tickets maintained by D&B for the purchase or sale of securities with North Penn's failed to designate or note in any fashion that such purchases and sales were entered pursuant to the exercise by Bradbury of discretionary authority.

65. Account opening documents used by D&B assigned to North Penn the most conservative of the listed investment category codes.

THE WHITETAIL PROJECT

66. In the mid-1990s, an existing ski area known as Whitetail, located in Franklin County, Pennsylvania, near the Maryland border, developed plans to expand into a four season resort that would include an adjacent 18-hole golf course, conference center, overnight lodging and residential development. By early 1998, the DCGA agreed to purchase, develop, and maintain the golf course portion of the envisioned resort, including acquiring the necessary land and paying the associated design and construction costs (the "Whitetail Project").

67. In February 1998, the DCGA issued $2.4 million of unrated short term notes to

finance preliminary costs associated with the Whitetail Project, including land acquisition and design fees (the "1998 Notes"). The 1998 Notes were secured solely by a pledge of any revenues to be generated by the Whitetail Project, as well as proceeds resulting from any permanent financing of the Whitetail Project. In the opinion of DCGA's financial advisor, the 1998 Notes were "junk" bonds that would be difficult to sell to investors, due to the lack of revenues and speculative nature of the underlying project.

68. D&B served as underwriter of the 1998 Notes; Bradbury was DCGA's primary contact person at D&B concerning the sale of the 1998 Notes and served as the investment banker for the transaction. By December 1998, D&B had resold $2.35 million of the 1998 Notes to FFB.

69. When the 1998 Notes were sold, Bradbury was not only a director of both FFB and its parent corporation, CVAL, but he was also CVAL's second-largest individual shareholder. Moreover, when D&B sold the 1998 Notes to FFB, Bradbury had discretionary authority for certain portions of that bank's investment portfolio. Consequently, Bradbury made the investment decision to purchase the 1998 Notes on behalf of FFB without engaging in substantive discussions on this issue with any other FFB director, officer or employee.

70. In 1998, FFB's senior management began to question Bradbury's purchase and sale of securities on behalf of the bank.

71. Thereafter, in March 1999, D&B repurchased from FFB $2.15 million of the 1998 Notes and immediately sold them to Boyertown. Bradbury was the individual at D&B responsible for this sale of $2.15 million of 1998 Notes to Boyertown. Thus, with respect to these transactions, Bradbury made the decision:

a. on D&B's behalf to purchase the notes from FFB;

b. on D&B's behalf to sell the notes to Boyertown; and

c. on Boyertown's behalf to purchase the notes.

72. On or about March 1999, Bradbury mentioned to Boyertown's Assistant Business Manager that Boyertown was the partial owner of a golf course. Bradbury, however, failed to disclose any of the material risks involved in purchasing the 1998 Notes. In particular, Bradbury failed to disclose that:

a. The 1998 Notes were not backed by the full faith and credit of the Commonwealth of Pennsylvania or any of its political subdivisions and, thus, were not legitimate investments for Pennsylvania school districts;

b. The golf course had not been completed; and

c. The 1998 Notes were unrated.

73. No official statement, private placement memorandum, or other written disclosure document was ever prepared or provided to Boyertown in connection with the 1998 Notes.

74. Bradbury's March 1999 sale of $2.15 million of 1998 Notes to Boyertown took place approximately six months after Bradbury had assured Boyertown in writing that he would only invest Boyertown funds in securities as outlined in Section 440.1 of the School Code.

75. In 1999, DCGA issued four additional series of unrated, short-term notes to finance the ongoing costs of constructing the Whitetail Project. Each of these four note issues were underwritten by D&B, and Bradbury served as the investment banker with respect to each transaction:

a. DCGA issued $600,000 of Whitetail Notes dated June 1, 1999, which

D&B resold to FFB.

b. DCGA issued $1.5 million of Whitetail Golf Course Revenue Bond Anticipation Notes, Series A of 1999, dated June 25, 1999, which D&B promptly resold to Boyertown. Bradbury was the individual at D&B responsible for the sale of $1.5 million Series A Notes to Boyertown in June 1999. Thus, Bradbury made the decision on D&B's behalf to sell the notes to Boyertown and the decision on Boyertown's behalf to purchase the notes from D&B.

c. DCGA also issued $1.5 million of short-term Whitetail Golf Course Revenue Bond Anticipation Notes, Series B of 1999, dated July 27, 1999, which D&B promptly resold to Red Lion. Bradbury was the individual at D&B responsible for the sale of $1.5 million Series B Notes to Red Lion in July 1999. Thus, Bradbury made the decision on D&B's behalf to sell the notes to Red Lion and the decision on Red Lion's behalf to purchase the notes from D&B.

d. Finally, DCGA issued $1.5 million of Whitetail Golf Course Revenue Bond Anticipation Notes, Series C of 1999, dated October 7, 1999, which D&B promptly resold to Boyertown. Bradbury was the individual at D&B responsible for the sale of the $1.5 million Series C Notes to Boyertown in October 1999. Thus, Bradbury made the decision on D&B's behalf to sell the notes to Boyertown and the decision on Boyertown's behalf to purchase the notes from D&B.

76. D&B anticipated collecting $31,500 in underwriting fees for the aforementioned series of DCGA 1999 Whitetail Notes; however, because D&B elected to sell these notes below par, the defendants realized $20,250 in underwriting fees.

77. Prior to the sale of the aforementioned 1999 Whitetail Notes to the school

districts, Bradbury failed to disclose to them any information concerning the risks associated therewith. More specifically, Bradbury failed to engage in any substantive discussions with any Boyertown representatives about the merits or risks of Boyertown's investment in either DCGA's $1.5 million Series A Notes in June 1999 or DCGA's $1.5 million Series C Notes in October 1999. Similarly, Bradbury failed to engage in any substantive discussions with any Red Lion representatives about the merits or risks of Red Lion's investment in the $1.5 million Series B Notes in July 1999. Furthermore, no official statement, private placement memorandum or other written disclosure document was ever prepared or provided to the school districts in connection with any of these notes.

THE HGA

78. In late 1998, questions arose as to whether it was appropriate for DCGA to be involved in projects that competed with private enterprise. In response to those questions, the Dauphin County Commissioners directed DCGA to extricate itself, to the extent possible, from any projects located outside of Dauphin County -- including the Whitetail Project. In late 1999, the DCGA sold the Whitetail Project to the HGA.

79. More specifically, in December 1999, the HGA issued $8.5 million of short-term notes, maturing on September 1, 2001, to finance the acquisition of the Whitetail Project from DCGA (the "1999 HGA Notes"). The DCGA, in turn, utilized the sale proceeds to pay the principal of and interest on the 1998 Notes and each of the four series of notes it issued in 1999 for the Whitetail Project.

80. Like the prior notes, the 1999 HGA Notes were secured solely by a pledge of any revenues to be generated by the Whitetail Project, as well as the proceeds resulting from any

permanent financing of the Whitetail Project.

81. D&B acted as underwriter of the 1999 HGA Notes and agreed to an underwriter's discount of $59,500. Bradbury was the investment banker for the transaction and HGA's primary contact at D&B.

82. On or about December 15, 1999, D&B resold (on a when, as, and if issued basis) $5.75 million of the 1999 HGA Notes to Boyertown, $1.5 million of the 1999 HGA Notes to Red Lion, and the remaining $1.25 million of 1999 HGA Notes to FFB at a price below par; consequently, D&B's revenue from the sale of the aforementioned notes totaled $49,062.50.

83. Bradbury was the individual at D&B responsible for the sale of the 1999 HGA Notes to Boyertown and Red Lion. Thus, Bradbury made the decision on D&B's behalf to sell the notes to Boyertown and Red Lion and the decision on behalf of Boyertown and Red Lion to purchase the notes from D&B.

84. Bradbury failed to engage in any substantive discussions with any representatives of Boyertown, Red Lion, or FFB about the merits or risks of investing in the 1999 HGA Notes, and, in particular, failed to disclose that:

a. the 1999 HGA Notes were not backed by the full faith and credit of the Commonwealth of Pennsylvania or any of its political subdivision and, thus, were not a legitimate investment for Pennsylvania school districts;

b. the golf course was not completed; and

c. the 1999 HGA Notes were unrated.

85. No official statement, private placement memorandum or other written disclosure document was ever prepared or provided to any purchasers in connection with the 1999 HGA

Notes.

86. On or about December 23, 1999, Bradbury, on behalf of D&B, executed a closing certificate entitled "Underwriter's Certificate as to Limited Placement Exemption" in connection with the settlement on the HGA's 1999 Notes. This closing certificate claimed that the issuance and sale of the 1999 HGA Notes complied with the "limited placement exemption" contained in subsection (d)(1)(i) of the Exchange Act Rule 15c2-12. Under this regulation, underwriters of municipal securities are generally required to obtain and review an official statement or other disclosure document with respect to the municipal securities being offered, unless the offering is legitimately entitled to one or more exemptions, including, but not limited to, the "limited placement exemption."

87. In particular, on or about December 23, 1999, Bradbury, on behalf of D&B, fraudulently certified that the 1999 HGA Notes were "being sold to not more than thirty-five (35) persons, each of whom the Underwriter reasonably believes: (A) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment; and (B) is not purchasing for more than one account or with a view to distributing the securities."

88. Bradbury's execution of this "Underwriter's Certificate as to Limited Placement Exemption" on D&B's behalf in December 1999 was a prerequisite to issuing the 1999 HGA Notes without a disclosure document. If Bradbury had not executed this certificate, then D&B would have been required under the Commission's Rule 15c2-12 and MSRB Rule G-32, to obtain, review, and distribute to prospective investors an extensive disclosure document. Any such disclosure document would have described the various material risk factors associated with

purchasing the 1999 HGA Notes and would have provided notice to Boyertown and Red Lion that the 1999 HGA Notes were an unsuitable, as well as an illegitimate, investment.

89. Bradbury and D&B knew, or were reckless in not knowing, that, in December 1999, neither Boyertown nor Red Lion had such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment. Accordingly, Bradbury and D&B knew, or were reckless in not knowing, in December 1999, that the 1999 Notes were not entitled to the "limited placement exemption" to the Commission's Rule 15c2-12.

90. By fraudulently executing the "Underwriter's Certificate as to Limited Placement Exemption" on behalf of D&B in December 1999, Bradbury was able to conceal from the HGA the fact that the school districts were the purchasers of the 1999 Notes.

TWO FAILED ATTEMPTS TO FINANCE WHITETAIL ON A PERMANENT BASIS

91. In 2000, the HGA attempted to finance permanently the Whitetail Project. D&B, on behalf of the HGA, publicly offered $15,905,000 aggregate principal amount of long-term, fixed-rate bonds, secured solely by revenues to be generated by the Whitetail Project. Had D&B been successful in underwriting the proposed 2000 Bond issue, it anticipated being paid $556,675.

92. Because of the speculative nature of the 2000 Bond issue and the difficulty associated with selling such a risky security, the aforementioned anticipated underwriter's discount of $556,675 constituted approximately four times the amount of a more traditional underwriter's discount.

93. Two sets of Preliminary Official Statements, each dated April 14, 2000,

describing the proposed 2000 Bond issue and the Whitetail Project, were printed and distributed to potential investors – which did not include any of the Pennsylvania school districts. Bradbury was the investment banker at D&B for the proposed 2000 Bond issue. He personally reviewed the 2000 Preliminary Official Statements and was comfortable with the disclosure contained therein.

94. Portions of the cover page of each 2000 Preliminary Official Statement were highlighted through the use of all capital letters and/or bold print. One such highlighted portion of the cover page emphasized that the proposed 2000 Bonds were "**SUBJECT TO SIGNIFICANT INVESTMENT RISK**" and referred readers to a four-page section of the 2000 Preliminary Official Statements entitled "Bondholders Risks." Included among these significant investment risks was the fact that the golf course had yet to open. The 2000 Preliminary Official Statements also disclosed that the projected revenues derived from the operation of the golf course would not be sufficient to pay the principal of and interest on the proposed 2000 Bonds. Rather, repayment of the proposed 2000 Bonds also depended upon the sale of surplus land and fees paid from the development by third parties of neighboring residential housing units, which, in turn, depended upon the construction of water and sewer services.

95. Although several high-yield mutual funds initially indicated some interest in investing in the project, D&B was unable to market the proposed 2000 Bond issue successfully.

96. Thus, during the last seven months of 2000, the HGA issued three separate series of short-term notes totaling $3.65 million to finance the Whitetail Project, each underwritten by D&B and each secured solely by a pledge of any revenues to be generated by the Whitetail Project, as well as the proceeds resulting from any permanent financing of the Whitetail Project.

a. On or about June 1, 2000, the HGA issued Whitetail Project Revenue Bond Anticipation Notes, Series of 2000, in the aggregate principal amount of $500,000, which were resold by D&B to FFB.

b. On or about July 26, 2000, the HGA issued Whitetail Project Revenue Bond Anticipation Notes, Series A of 2000, in the aggregate principal amount of $1,000,000, which were resold by D&B to Boyertown. Bradbury was the individual at D&B responsible for the sale of the Series A of 2000 Notes to Boyertown. Thus, Bradbury made the decision on D&B's behalf to sell the notes to Boyertown and the decision on Boyertown's behalf to purchase the notes from D&B.

c. On or about December 19, 2000, the HGA issued Whitetail Project Revenue Bond Anticipation Notes, Series B of 2000, n the aggregate principal amount of $2.150 million, which were resold by D&B to Boyertown. Bradbury was the individual at D&B responsible for the sale of the Series B of 2000 Notes to Boyertown. Thus, Bradbury made the decision on D&B's behalf to sell the notes to Boyertown and the decision on Boyertown's behalf to purchase the notes from D&B.

97. No official statement, private placement memorandum, or other written disclosure document was ever prepared in connection with any of the three series of notes issued by the HGA in 2000; nor did Bradbury ever provide any Pennsylvania school district with any official statement, private placement memorandum or other written disclosure document with respect to any of the three series of notes issued by the HGA in 2000 to any purchasers. Further, Bradbury failed to engage in any substantive discussions with any Boyertown representative about the merits or risks of Boyertown's investment in any of the series of notes issued by the HGA in

2000.

98. On or about April 2001, the Whitetail golf course opened to the public and started to generate revenues.

99. Thereafter, in 2001, the HGA again attempted to finance the Whitetail Project on a permanent basis. D&B, on HGA's behalf, offered to prospective investors $14.6 million aggregate principal amount of long-term, fixed-rate bonds -- again secured solely by revenues to be generated by the Whitetail Project.

100. Two sets of Preliminary Official Statements, each dated April 24, 2001, and describing the proposed 2001 Bond issue and the Whitetail Project, were printed and distributed to potential investors – which did not include any Pennsylvania school districts. Bradbury was the investment banker at D&B for the proposed 2001 Bond issue. He personally reviewed the 2001 Preliminary Official Statements and was comfortable with the disclosure contained therein.

101. The cover page to the 2001 Preliminary Official Statements again highlighted the significant investment risk associated with purchasing the proposed 2001 Bonds. The 2001 Preliminary Official Statements also made clear in its "Bondholders Risks" section that the projected revenues derived from operating the golf course would not be sufficient to meet HGA's rate covenant for the 2001 Bonds. Rather, meeting the rate covenant for the proposed 2001 Bonds also depended on the sale of surplus land and fees paid from the development by third parties of neighboring residential housing units, which, in turn, depended on the construction of water and sewer service.

102. In addition, according to the 2001 Preliminary Official Statements, the proposed 2001 Bond issue could be offered and resold only to accredited investors within the meaning of

Rule 501(a) of the Securities Act, 17 CFR § 230.501(a). The cover page of the 2001 Preliminary Official Statements highlighted this restriction, and Appendix D thereto set forth in detail the definition of accredited investor. Bradbury participated in the decision to limit the sale of the 2001 Bonds to accredited investors and agreed to this restriction.

103. Although several high-yield mutual funds initially indicated some interest, D&B once again was unable to market bonds that would permanently finance the Whitetail Project. The HGA learned of this second failure to finance permanently the Whitetail Project at its meeting on July 26, 2001. At that meeting, HGA's financial advisor told HGA that prospective investors were concerned that the golf course was not currently meeting its revenue projections and concerned about the timing of the construction of water and sewer facilities, as well as a proposed convention center.

104. This second failure to finance the Whitetail Project on a permanent basis disappointed and concerned the HGA, in part, because the majority of its Whitetail Notes were scheduled to mature on September 1, 2001, and because the HGA was incapable of repaying this debt on its own. Absent a quick refinancing of the existing Whitetail Notes on or before September 1, 2001, the HGA would be forced to declare a default.

105. To avoid a September 1, 2001 default, the HGA, on or about August 31, 2001, issued -- and D&B underwrote -- three series of Whitetail Notes totaling $14.165 million in principal amount and maturing on September 1, 2004 (the "2001 Notes"). The proceeds from the sale of these notes were then used to refinance all of HGA's pre-existing Whitetail Notes. Again, the 2001 Notes were secured solely by a pledge of any revenues to be generated by the Whitetail Project, as well as the proceeds resulting from any permanent financing of the Whitetail Project.

106. On or about August 10, 2001, D&B resold (on a when, as and if issued basis) $9.49 million of the 2001 Notes to Boyertown; $2.5 million of the 2001 Notes to FFB; $2.055 million of the 2001 Notes to Red Lion; and $120,000 of the 2001 Notes to North Penn. Bradbury was the individual at D&B responsible for these sales of the 2001 Notes to Boyertown, Red Lion and North Penn. Thus, Bradbury made the decision on D&B's behalf to sell the notes to Boyertown, Red Lion, and North Penn and the decision on behalf of Boyertown, Red Lion, and North Penn to purchase the notes from D&B.

107. No official statement, private placement memorandum or other written disclosure document was ever prepared in connection with the 2001 Notes; nor did Bradbury provide any official statement, private placement memorandum or other written disclosure document to Boyertown, Red Lion, or North Penn with respect to the sale of the 2001 Notes.

108. Bradbury once again failed to engage in any substantive discussions with any representatives of Boyertown, FFB, Red Lion, or North Penn about the merits or risks of investing in the 2001 Notes. In particular, Bradbury and D&B failed to disclose that:

a. the 2001 Notes were not backed by the full faith and credit of the Commonwealth of Pennsylvania or any of its political subdivisions and, thus, were not legitimate investments for Pennsylvania school districts;

b. at least two previous efforts to finance permanently the Whitetail Project had failed;

c. during its first year of operations the golf course had not met revenue projections; and

d. the 2001 Notes were unrated.

109. Counsel for the HGA included in the legal documentation for the 2001 Notes the same sale restrictions as had been contemplated for the 2001 Bonds. Consequently, the 2001 Notes could be offered and resold only to accredited investors within the meaning of Rule 501(a) of the Securities Act. Furthermore, the printed 2001 Note certificates contained a legend describing this restriction.

110. On or about August 31, 2001, Bradbury, on behalf of D&B, fraudulently executed a closing certificate entitled "Underwriter's Certificate as to Accredited Investor Offering and Limited Placement Exemption" in connection with the settlement on the HGA's 2001 Notes. Among other matters, this closing certificate claimed that the issuance and sale of the 2001 Notes complied with the "limited placement exemption" contained in subsection (d)(1)(i) of the Commission's Rule 15c2-12. In particular, Bradbury, on behalf of D&B, fraudulently certified that the 2001 Notes were "being sold to not more than thirty-five (35) persons, each of whom the Underwriter reasonably believes: (A) has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the prospective investment; and (B) is not purchasing for more than one account or with a view to distributing the securities." In addition, Bradbury, on behalf of D&B, fraudulently certified in this closing certificate that the 2001 Notes were being offered only to accredited investors as defined in Rule 501(a).

111. Bradbury's execution of this "Underwriter's Certificate as to Accredited Investor Offering and Limited Placement Exemption" on behalf of D&B in August 2001 was a prerequisite to issuing the 2001 Notes without a disclosure document. If Bradbury had not executed this certificate, then under the Commission's Rule 15c2-12 and MSRB Rule G-32,

D&B would have been required to obtain, review, and distribute to prospective investors an extensive disclosure document. Any such disclosure document would have necessarily described the various material risk factors associated with investing in the 2001 Notes and would have provided notice to Boyertown, Red Lion and North Penn that the 2001 Notes were, among other things, an unsuitable as well as an illegitimate investment.

112. Bradbury and D&B knew, or were reckless in not knowing, in August 2001 that none of the school districts to which they sold the 2001 Notes (i.e. Boyertown, Red Lion, or North Penn) had such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the prospective investment. Furthermore, Bradbury and D&B knew, or were reckless in not knowing, in August 2001, that the 2001 Notes were not entitled to the "limited placement exemption" to the Commission's Rule 15c2-12. Moreover, Bradbury and D&B knew, or were reckless in not knowing, in August 2001, that none of the school districts to which they sold the 2001 Notes (i.e. Boyertown, Red Lion, or North Penn) constituted an accredited investor as defined in Rule 501(a).

113. By executing this "Underwriter's Certificate as to Accredited Investor Offering and Limited Placement Exemption" on behalf of D&B, in August 2001, Bradbury was able to conceal from the HGA the fact that the school districts were the purchasers of the 2001 Notes.

114. During the fall of 2001, the HGA became concerned that the Whitetail golf course was being mismanaged by the private management company retained to operate it. HGA's concern centered around the fact that the management company expected the golf course to end 2001 with an operating loss of approximately $330,000 and also anticipated an operating loss for 2002 of $315,000.

115. The HGA's financial advisor specifically advised Bradbury of HGA's concerns about the management of the golf course and sought his assistance in connection therewith. Consequently, in November 2001, Bradbury approved a letter on D&B letterhead and addressed to HGA that expressed a concern over these operating losses and supported a suggestion that the management agreement be terminated. Bradbury's daughter, a registered representative that worked with Bradbury at D&B, signed Bradbury's name to this letter on her father's behalf and mailed it.

116. During the fall of 2001, Bradbury also received increasing pressure from FFB senior management to repurchase from FFB various non-rated municipal securities the defendants had previously sold to the bank -- including, but not limited to, the 2001 Notes. FFB's desire to rid its investment portfolio of non-rated municipal securities was, in part, an effort to prepare for a Federal Deposit Insurance Corporation ("FDIC") examination scheduled for late 2001. FFB's senior management anticipated that the FDIC's review of the non-rated municipal securities in its portfolio would produce negative criticism.

117. The FFB continued to pressure the defendants to find purchasers for the non-rated securities contained in the bank's investment portfolio:

a. On or about October 30, 2001, the Executive Committee of FFB's Board of Directors met with Bradbury. The sole purpose of this meeting was to review Bradbury's efforts to find buyers for various non-rated municipal securities that the defendants had previously sold to the bank.

b. In addition, during the fall of 2001, FFB's Chief Financial Officer repeatedly asked Bradbury for information concerning various non-rated municipal securities

then held in FFB's investment portfolio, including, but not limited to, the 2001 Notes; and

c. Moreover, FFB's President asked Bradbury to attend a meeting with FDIC examiners on the afternoon of Friday, December 28, 2001, to answer various questions concerning the non-rated municipal securities in FFB's investment portfolio.

118. On or about 10:04 a.m., on December 28, 2001, D&B repurchased from FFB its entire $2.5 million holding in the 2001 Notes, thereby eliminating any need for the FDIC examiners to review FFB's file on HGA and also allowing Bradbury to avoid answering any questions about these notes that the FDIC examiners might raise later that same day. Bradbury was the individual at D&B responsible for the purchase of the 2001 Notes from FFB on or about December 28, 2001.

119. However, in order to avoid the near certain losses that would result if Bradbury's fraudulent scheme were to collapse, Bradbury and D&B could not retain ownership of any of the 2001 Notes. Consequently, D&B simultaneously resold $1.5 million of the 2001 Notes repurchased from FFB to Perkiomen and $1.0 million of the repurchased 2001 Notes to North Penn. Bradbury was the individual at D&B responsible for these sales of the 2001 Notes to Perkiomen and North Penn. Thus, with respect to these transactions, Bradbury made the decision:

a. on D&B's behalf to purchase the notes from FFB;

b. on D&B's behalf to sell the notes to Boyertown; and

c. on Perkiomen's and North Penn's behalf to purchase the notes.

120. Bradbury failed to engage in any substantive discussions with any representatives of Perkiomen or North Penn about the merits or risks associated with their purchases of the 2001

Notes on or about December 28, 2001. In particular, Bradbury failed to disclose to the school districts that:

a. The 2001 Notes were not backed by the full faith and credit of the Commonwealth of Pennsylvania or any of its political subdivisions and, thus, were not legitimate investments for Pennsylvania school districts;

b. At least two previous efforts to permanently finance the Whitetail Project had failed;

c. The golf course had not meet revenue projections during its first year of operation;

d. The golf course was expected to generate operating losses during its second year of operations; and

e. The 2001 Notes were unrated;

121. During the fall of 2002, after a second year of operating losses at the Whitetail golf course, the HGA redoubled its efforts to terminate the existing management agreement. HGA's financial advisor asked Bradbury to assist in this effort. In particular, the HGA asked Bradbury to obtain written directions from the owners of not less than 25% of the 2001 Notes. The directions were to be addressed to FFB, in its capacity as trustee for the 2001 Notes, and was intended to force the Trustee to declare the 2001 Notes in default and terminate the management agreement.

122. On or about December 19, 2002, HGA's financial advisor sent Bradbury an e-mail to follow up on a discussion they had that morning. Attached to the e-mail was a draft of the Noteholders letter, which the financial advisor asked Bradbury to put on D&B letterhead, to

execute and to then forward to the Trustee. This December 19, 2002 e-mail stated that Bradbury's execution of the attached Noteholders letter was "predicated on the fact that Dolphin & Bradbury or you hold more than 25 percent of the notes."

123. Bradbury responded to the aforementioned e-mail by fraudulently executing the Noteholders letter on behalf of D&B and faxing it to the Trustee. That December 19, 2002 letter, entitled "Registered Owner Letter of Request to Trustee," represented to the Trustee that D&B was the registered owner of not less than 25% of the 2001 Notes; noted that the golf course did not have sufficient revenues to pay operating revenues or debt service during 2002; and requested the Trustee to remedy HGA's failure to observe its covenants under the trust indenture by terminating the management agreement.

124. Neither the December 19, 2002 e-mail to Bradbury from the HGA's financial advisor nor the executed "Registered Owner Letter of Request to Trustee" was retained in the files of D&B.

125. Bradbury knew, or was reckless in not knowing, that, in December 2002, D&B did not own any portion of the 2001 Notes. To the contrary, Bradbury knew, or was reckless in not knowing that, in December 2002, all of the 2001 Notes were owned by Boyertown, Red Lion, Perkiomen and North Penn. By fraudulently executing the Noteholders letter in December 2002, Bradbury was able to conceal from the HGA the fact that the school districts were the purchasers of the 2001 Notes. Moreover, by no later than December 2002, Bradbury had actual knowledge that the golf course was not generating sufficient revenues to pay operating expenses or debt service.

126. In January 2003, the Trustee dutifully declared the 2001 Notes to be in default and

terminated the management agreement. By virtue of the default, the relevant trust officer at FFB also refused to disburse any funds held by the Trustee without first obtaining explicit directions and indemnity from 2001 Noteholders. In early February 2003, the trust officer discussed with Bradbury what percentage of the 2001 Notes were held by D&B, and drafted a direction and indemnity letter for Bradbury's signature, which asserted that D&B owned precisely $12,045,000 of the 2001 Notes.

127. On or about February 5, 2003, Bradbury fraudulently executed a direction and indemnity letter directing the trust officer to transfer funds, and faxed that letter to the trust officer for the 2001 Notes. This February 5, 2003 direction and indemnity letter explicitly stated that the direction to transfer funds was made "[a]s the Owners of $12,045,000 principal amount of the above-referenced Notes."

128. Bradbury knew or, was reckless in not knowing, that, on or about February 5, 2003, D&B did not own any portion of the 2001 Notes. To the contrary, Bradbury knew, or was reckless in not knowing, that, on or about February 5, 2003, all of the 2001 Notes were owned by Boyertown, Red Lion, Perkiomen and North Penn. By fraudulently executing the direction and indemnity letter to the Trustee in February 2003, Bradbury was able to conceal from the Trustee the fact that the school districts were the purchasers of the 2001 Notes.

129. From March 2003 through May 2004, the trust officer repeatedly requested and obtained from Bradbury at least ten similar direction and indemnity letters -- each of which Bradbury fraudulently executed on behalf of D&B. In at least nine of these subsequent direction and indemnity letters, Bradbury changed the language so that he was representing that D&B was the "owners representative" of $12,045,000 principal amount of the 2001 Notes. By fraudulently

executing these subsequent direction and indemnity letters to the Trustee, Bradbury was able to conceal from the Trustee the fact that the school districts were the purchasers of the 2001 Notes.

130. Only one of the eleven executed direction and indemnity letters, dated May 27, 2004, was retained in the files of D&B. The other ten directions and indemnity letters executed by Bradbury were not retained.

131. Until September 1, 2003, all interest payments on the 2001 Notes had been capitalized, which is to say the funds needed to pay interest on the 2001 Notes had been included as part of the $14.165 million borrowed in 2001. However, the HGA was expected to pay the $424,950 of interest on the 2001 Notes due September 1, 2003, from operating revenues of the golf course. On or about August 7, 2003, Bradbury learned from the HGA's financial advisor that the course had not generated sufficient revenues to make either the September 1, 2003 or March 1, 2004 interest payments. According to the HGA's financial advisor, the resulting "gap" was at least $825,000. On or about August 29, 2003, D&B lent $850,000 on a subordinated basis to the HGA so that the HGA could make the necessary interest payments. Bradbury executed all of the necessary documents on behalf of D&B for this subordinated loan. Consequently, by no later than August 7, 2003, Bradbury had actual knowledge that the Whitetail golf course operation was so poor that it could not even generate enough surplus revenues to pay interest on the 2001 Notes.

132. In 2003 and 2004, many of the school districts holding the 2001 Notes needed to liquidate investments in order to pay construction invoices. In order to maintain the façade that the 2001 Notes were marketable investments and to further his fraudulent scheme, Bradbury, through D&B, repeatedly repurchased the 2001 Notes from the relevant school districts as needed to provide funds to those school districts. However, in order to avoid the near certain losses that

would result once Bradbury's fraudulent scheme collapsed, Bradbury and D&B had to avoid holding on to any 2001 Notes. Consequently, Bradbury, through D&B, would resell the relevant 2001 Notes to other school districts that did not immediately need funds.

133. In particular, on or about February 10, 2003, Perkiomen made a routine request to D&B to liquidate $1.356 million of investments, in order to have sufficient funds to pay submitted construction invoices. To meet this request, Bradbury purchased on behalf of D&B $575,000 of the 2001 Notes held by Perkiomen. Bradbury, through D&B, immediately resold $450,000 of the 2001 Notes, which at that point were in default, to Red Lion. Thus, Bradbury made the decision:

a. on D&B's behalf to purchase the notes from Perkiomen;

b. on D&B's behalf to sell the notes to Red Lion; and

c. on Red Lion's behalf to purchase the notes from D&B.

134. On or about January 21, 2004, in order to satisfy similar requests from North Penn, Bradbury, through D&B, repurchased the notes from North Penn and sold $195,000 of 2001 Notes to Red Lion. Thus, Bradbury made the decision:

a. on D&B's behalf to purchase the notes from North Penn;

b. on D&B's behalf to sell the notes to Red Lion; and

c. on Red Lion's behalf to purchase the notes from D&B.

135. Similarly, on or about April 22, 2004, Bradbury through D&B sold $100,000 of the 2001 Notes to Boyertown in order to satisfy a liquidation request made by North Penn, and on or about June 22, 2004, Bradbury through D&B sold another $160,000 to Boyertown, again to satisfy a liquidation request by North Penn. Thus, Bradbury made the decision:

a. on D&B's behalf to purchase the notes from North Penn;

b. on D&B's behalf to sell the notes to Boyertown; and

c. on Boyertown's behalf to purchase the notes from D&B.

136. From December 2001 through June 2004, Bradbury through D&B avoided losses of at least $3.53 million that would have resulted had either Bradbury or D&B held on to repurchased 2001 Notes.

137. On or about September 1, 2004, the HGA defaulted on the payment of $14.165 million of principal of the 2001 Notes that matured on September 1, 2004, and also defaulted on the payment of $424,950 of interest on the 2001 Notes due on that same day.

138. On or about April 2006, the HGA sold the Whitetail golf course for a gross sales price of $3.75 million.

139. The fraudulent scheme described in this Complaint allowed D&B to remain open and to maintain a securities business from at least 2001 through 2004. Bradbury also was the direct beneficiary of this fraudulent scheme because he received from D&B, from 2001 through 2004, at least $1.295 million in salary, bonuses, and shareholder distributions and dividends.

Fraudulent Transfers to Margaret Bradbury

140. In March 2002, D&B received from the Commission a subpoena for documents in connection with an unrelated investigation into Bradbury's and D&B's activities concerning the marketing of over $75 million of municipal bonds for a project in Harrisburg known as Forum Place issued by the DCGA in July 1998 ("Forum Place"). Bradbury responded to this Commission subpoena on or about March 27, 2002. On or about July 18, 2002, the Commission staff also issued a subpoena to Bradbury requiring his presence for two days of investigative testimony in September 2002 regarding Forum Place.

141. By late July 2002, Bradbury had existing legal liabilities with respect to his conduct concerning Forum Place and in connection with his conduct concerning the Whitetail Notes. The Commission subpoenas provided Bradbury with notice of one or more probable legal actions against him. On April 26, 2004, the Commission issued an order instituting administrative proceedings in connection with Forum Place against, among others, Bradbury and D&B.

142. On or about August 1, 2002, Bradbury executed a deed transferring ownership of real property, known as Rabbit Ridge Farm, located at 1601 Pocopson Road in Pennsbury Township, Chester County, Pennsylvania, from his name to the name of his wife Margaret Bradbury. Based on an investigation of public records, the Commission is informed and believes that this transfer was recorded in the Chester County Recorder of Deeds Office on August 9, 2002. Bradbury did not receive anything of value in exchange for this transfer other than nominal consideration in the amount of $1. Bradbury claims that Rabbit Ridge Farm constitutes his primary residence. Bradbury also continues to pay for the property taxes and utilities associated with Rabbit Ridge Farm.

143. In late April 2002, Bradbury valued Rabbit Ridge Farm at $2.25 million.

144. Further, during the calendar year 2003, Bradbury caused at least $287,000.00 checks or wire transfers in his name -- which represented distributions or returns on investments or assets in Bradbury's name to be deposited in accounts solely held in the name of his wife. No consideration was given with respect to the transfers of assets. In particular, the following checks, made payable to Bradbury, were deposited in accounts held by Margaret Bradbury:

a. On or about June 17, 2003, Bradbury caused a $96,785 check representing

dividends from his ownership of D&B ;

b. D&B payroll checks, made payable to Bradbury, totaling over $61,800;

c. Two checks totaling $58,500 from Storage House Industrial Park;

d. A $5,000 check from Mower Meadows Properties;

e. Another $919.20 check from Mower Meadows Limited Partnership I;

f. One $1,890.20 check from Bohemia Bay Yacht Harbour LLC ;

g. Four checks totaling $1,564.11 from Brandy Partners; and

h. Three checks totaling $687.52 from Guilford Properties LLC; and

i. On or about March 11, 2003 and April 17, 2003, Bradbury also wrote two checks from an account he controlled in the amounts of $25,000 and $35,000, respectively, to his wife.

145. In addition, on or about February 18, 2003, Bradbury transferred without consideration three municipal securities with an aggregate face amount of $130,000 and a then-current market value of $108,412 from his name to the name of his wife Margaret Bradbury.

146. Bradbury also transferred -- for no consideration -- from his name to the name of his wife four automobiles, the value of which exceeded at least $82,600:

a. On or about July 29, 2003, Bradbury transferred to his wife ownership of a 1998 Mercedes 500 SL.

b. He also transferred a 1999 Chevy pickup truck and a 2001 BMW X5 SUV to his wife for no consideration. In late April 2002, Bradbury valued the three aforementioned automobiles at $40,000.

c. On or about July 2004, Bradbury registered in his wife's name a Porsche

Boxster that he had won for making a "hole in one" at the Fieldstone Golf Club located in Centerville, Delaware. On information and belief, the manufacturer's then suggested retail price for this car was at least $42,600.00. Bradbury gave the Porsche Boxer to his wife for no consideration and registered the care in her name.

147. Similarly, during calendar year 2004, Bradbury caused D&B payroll checks totaling over $83,433 and made payable to him to be deposited in accounts in the name of Margaret Bradbury.

148. In addition, during 2004, Bradbury caused various checks or wire transfers in his name that represented distributions or returns on investments or assets in Bradbury's name to be deposited in accounts held solely in the name of Margaret Bradbury. These transfers, totaled at least $35,974 of funds and were made without consideration, included

a. One check in the amount of $29,334 from Brandy Partners;

b. Two checks totaling $5,000 from The Storage House Industrial Park;

c. A check in the amount of $900 from Bohemia Bay Yacht Harbour LLC;

d. One check in the amount of $343.76 from Guilford Properties LLC; and

e. Two checks totaling $396.33 from "Chester."

149. Bradbury also wrote five checks from an account he controlled in the aggregate amount of $334,000 to his wife Margaret Bradbury; there was no consideration given for the checks:

a. On January 21, 2004, he wrote a $5,000 check to his wife;

b. On April 28, 2004, he wrote a $14,000 check to his wife;

c. On July 29, 2004, he wrote a $15,000 check to his wife;

d. On October 15, 2004, he wrote a $75,000 check to his wife; and

e. On October 20, 2004, he wrote a $225,000 check to his wife

150. In total, during calendar year 2004, Bradbury transferred in excess of $450,000 of funds to his wife – for no consideration whatsoever.

151. On or about October 28, 2004, Bradbury executed a deed transferring ownership of a vacation house located at 136 Seven Oaks Way, Eatonton, Georgia 31024 from his name to the name of his wife, Margaret Bradbury. Based on an investigation of public records, the Commission is informed and believes that this transfer was recorded with the Putnam County Clerk's office on November 2, 2004. Bradbury did not receive anything other than nominal consideration in the amount of $10 in exchange for this transfer. Furthermore, on information and belief, Bradbury continues to possess and enjoy the use of this property, which he valued in late April 2002, at $950,000. Bradbury also continues to pay for the property taxes and utilities associated with the Georgia vacation house.

152. During calendar year 2005, Bradbury continued to transfer or caused to be transferred his assets to his wife. In total, during 2005 Bradbury caused at least $515,000 of funds in his name to be transferred to his wife without consideration, including:

a. D&B payroll checks totaling over $50,700.00,

b. Two checks totaling $170,059.00 from The Storage Bin;

c. A $65,000 check from "Beattie and Bradbury";

d. Two checks totaling $32,659 from "South Route 1 and 202 Partnership" ;

e. Two checks totaling $23,748.44 from Brandy Partners;

f. Two checks totaling $8,333.34 from "Lake Union Capital Partners, LLC";

g. A $2,915 check from Mower Meadows Limited Partnership I;

h. A $1,980.00 check from Bohemia Bay Yacht Harbour, LLC;

i. A $50,000 check written on an account controlled by Bradbury;

j. A joint federal tax refund for the year 2004 in the amount of $89,832 was deposited in an account in Margaret Bradbury's name, even though, on information and belief, Margaret Bradbury contributed less than $305 of the joint federal income tax withheld and estimated federal income tax payments for the year 2004, and none of the losses in the year 2004 that justified the tax refund were attributable to her; and

k. A check in the amount of $20,000 from Allora Capital LLC, representing repayment of a loan that Bradbury made to Allora Capital; this check was made payable to Margaret Bradbury representing repayment of a loan to Allora Capital made by Bradbury.

153. Furthermore, during calendar year 2005, Bradbury transferred to his wife his entire interest in several entities. No consideration was given in exchange for these transfers, which included:

a. On or about January 1, 2005, the transfer of his 30% interest in Mower Meadows, LLC, a Pennsylvania limited liability company, and his 26.66% interest in Mower Meadows Limited Partnership I, a Pennsylvania limited partnership, into the name of his wife Margaret Bradbury. In late April 2002, Bradbury had valued his interest in Mower Meadows at $600,000; and

b. On or about June 24, 2005, the transfer of his 16.71% partnership interest in Chadds Ford Ventures, a Pennsylvania general partnership, which, at a minimum, had a value at the time of approximately $150,000.

154. In aggregate, as set forth above in Paragraphs 142 through 153 of the Complaint, since August 1, 2002 Bradbury has transferred without consideration to his wife Margaret Bradbury assets worth at least $5.41 million.

155. In late April 2002 Bradbury claimed that, exclusive of his retirement funds, he owned assets with a value of at least $7 million. In contrast, as of late September, 2005 Bradbury claimed that, exclusive of his retirement funds, he owned assets with a value of roughly $200,000.

156. Plaintiff is informed and believes that Bradbury's transfer of at least $5.41 million of assets to his wife Margaret as set forth in this Complaint was made with the intent to hinder, delay or defraud Bradbury's creditors, including, but not limited to, the Commission, Boyertown, Perkiomen, Red Lion and North Penn.

157. Bradbury and his wife Margaret jointly maintained possession and control of the property and assets after the transfers, particularly the two homes and the automobiles. Bradbury continues to reside at Rabbit Ridge Farm and continues to claim it as his primary residence.

158. In August 2002, Bradbury began to transfer his assets after receipt of Commission investigative subpoenas, which put Bradbury on notice of a probable legal action against him. Bradbury continued to make these transfers to his wife after the Commission's investigation culminated in the April 26, 2004 filing of an order instituting public administrative and cease-and-desist proceedings.

159. In addition, the transfers occurred when Bradbury knew of and was directly involved in the fraudulent scheme described in this Complaint.

160. The transfer of assets in excess of $5.41 million left Bradbury insolvent due to pending litigation, threat of litigation, and other debts.

FIRST CLAIM FOR RELIEF

(Fraud against School Districts)

Violations of Section 17(a) of the Securities Act,

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

161. The Commission realleges and incorporates by reference each and every allegation set forth in Paragraphs 1 through 160 of the Complaint, as if the same were fully set forth herein.

162. Defendants D&B and Bradbury knew or was reckless in not knowing that the Whitetail Notes were not suitable investments for Boyertown, North Penn, Perkiomen or Red Lion, in light of their investment objectives and financial circumstances. Further, Bradbury through D&B knowingly or recklessly recommended and sold the unsuitable Whitetail Notes to Boyertown, North Penn, Perkiomen, and Red Lion.

163. Defendants D&B and Bradbury knew or was reckless in not knowing that the Whitetail Notes were not legal investments under the law of the Commonwealth of Pennsylvania for Boyertown, North Penn, Perkiomen, or Red Lion.

164. Bradbury and D&B had actual knowledge of material information concerning the risks of purchasing the Whitetail Notes that they knowingly or recklessly failed to disclose to representatives of the purchasers of the Whitetail Notes, namely Boyertown, North Penn, Perkiomen and Red Lion at the time of, and in connection with, the sale of the Whitetail Notes to those purchasers.

165. In connection with efforts to conceal the fraudulent scheme concerning the

Whitetail Notes, Bradbury, on behalf of D&B, knowingly or recklessly executed documents addressed to the Trustee for the Whitetail Notes that contained untrue statements of material facts.

166. From at least March 1999 and continuing at least through June 2004, defendants Bradbury and D&B knowingly or recklessly, in connection with the offer, purchase or sale of securities, directly and indirectly, by the use of the means or instruments of transportation or communication in interstate commerce, or the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange:

a. employed devices, schemes or artifices to defraud;

b. obtained money or property by means of, or made, untrue statements of material facts, or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

c. engaged in acts, transactions, practices, or courses of business which operated as a fraud or deceit upon offerees, purchasers and prospective purchasers of securities.

167. By reason of the foregoing, defendants Bradbury and D&B violated Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); and Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b); and Rule 10b-5, 17 C.F.R. § 240.10b5 thereunder.

SECOND CLAIM FOR RELIEF

Fraud against the HGA

Violations of Section 17(a) of the Securities Act,

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

168. The Commission realleges and incorporates by reference each and every allegation set forth in Paragraphs 1 through 160 of the Complaint, as if the same were fully set

forth herein.

169. Bradbury, on behalf of D&B, knowingly or recklessly executed documents in connection with the purchase by D&B of the Whitetail Notes from the HGA that contained untrue statements of material facts.

170. From at least December 1999 and continuing at least through June 2004, defendants Bradbury and D&B knowingly or recklessly, in connection with the offer, purchase or sale of securities, directly and indirectly, by the use of the means or instruments of transportation or communication in interstate commerce, or the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange:

a. employed devices, schemes or artifices to defraud;

b. obtained money or property by means of, or made, untrue statements of material facts, or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and

c. engaged in acts, transactions, practices, or courses of business which operated as a fraud or deceit upon offerees, purchasers and prospective purchasers of securities.

171. By reason of the foregoing, defendants Bradbury and D&B violated Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); and Section 10(b) of the Exchange Act; 15 U.S.C. § 78j(b); and Rule 10b-5, 17 C.F.R. § 240.10b5 thereunder.

THIRD CLAIM FOR RELIEF

Violations of Section 15(c)(2) of the Exchange

Act and Rule 15c2-12 thereunder

172. The Commission realleges and incorporates by reference each and every allegation set forth in Paragraphs 1 through 160 of the Complaint, as if the same were fully set

forth herein.

173. The 1999 Notes and 2001 Notes issued by the HGA each constituted "municipal securities" within the meaning of Section 3(a)(29) of the Exchange Act, 15 U.S.C. § 78c(a)(29).

174. On or about December 1999 and August 2001, D&B acted as the underwriter in primary offerings of municipal securities with an aggregate principal amount of $1,000,000 or more, which is to say the 1999 Notes and the 2001 Notes.

175. Bradbury was the individual at D&B responsible for the firm's compliance with Rule 15c2-12, 17 C.F.R. § 240.15c2-12, in connection with the Whitetail Notes.

176. D&B, acting as the underwriter, purchased the 1999 Notes and the 2001 Notes from the HGA without first obtaining and reviewing any official statement that the HGA, as issuer of those municipal securities, had deemed final as of its date, and no exemption from such requirement was available.

177. Neither Bradbury nor D&B reasonably believed that the school districts, Boyertown, North Penn, Perkiomen, or Red Lion, had such knowledge and experience in financial and business matters that they were capable of evaluating the merits and risks of investing in the Whitetail Notes, and therefore the "private placement exemption," set forth in Rule 15c2-12(d)(1)(i), was not applicable.

178. From at least December 1999 through August 2001 defendant D&B knowingly or recklessly, by use of the mails or any means or instrumentality of interstate commerce, effected transactions in, or induced or attempted to induce, the purchase or sale of, municipal securities, in connection with which D&B engaged in fraudulent, deceptive, or manipulative acts or practices, or made a fictitious quotation.

179. By reason of the foregoing, D&B violated Section 15(c)(2) of the Exchange Act, 15 U.S.C. § 78o(c)(2), and Rule 15c2-12 thereunder, 17 C.F.R. § 240.15c2-12, and Bradbury aided, abetted, and caused D&B's violations of Section 15(c)(2) of the Exchange Act, 15 U.S.C. § 78o(c)(2), and Rule 15c2-12 thereunder, 17 C.F.R. § 240.15c2-12.

FOURTH CLAIM FOR RELIEF

Violations of MSRB Rule G-17 and

Section 15B(c)(1) of the Exchange Act

180. The Commission realleges and incorporates by reference each and every allegation set forth in Paragraphs 1 through 160 of the Complaint, as if the same were fully set forth herein.

181. The 1999 Notes and 2001 Notes issued by the HGA each constituted "municipal securities" within the meaning of Section 3(a)(29) of the Exchange Act [15 U.S.C. § 78c(a)(29)].

182. Bradbury is an associated person of D&B, and therefore by virtue of MSRB Rule D-11 is included within the meaning of the terms "broker" and dealer" in MSRB rule G-17.

183. In the conduct of its municipal securities activities from at least March 1999 and continuing through at least June 2004, D&B did not deal fairly with the HGA, Boyertown, North Penn, Perkiomen or Red Lion, and engaged in deceptive, dishonest, or unfair practices.

184. In the conduct of his municipal securities activities from at least March 1999 and continuing through at least June 2004, Bradbury did not deal fairly with the HGA, Boyertown, North Penn, Perkiomen or Red Lion, and engaged in deceptive, dishonest, or unfair practices.

185. From at least March 1999 and continuing through at least June 2004, D&B made use of the mails or any means or instrumentality of interstate commerce to effect transactions in, or to induce or attempt to induce, the purchase or sale of, municipal securities in contravention of

rules of the Municipal Securities Rulemaking Board.

186. By reason of the foregoing, Bradbury and D&B each violated Municipal Securities Rulemaking Board rule G-17, D&B violated Section 15B(c)(1) of the Exchange Act, 15 U.S.C. § 78o-4(c)(1), and Bradbury aided, abetted and caused D&B's violations of Section 15B(c)(1) of the Exchange Act, 15 U.S.C. § 78o-4(c)(1).

FIFTH CLAIM FOR RELIEF

Violations of Section 17(a) of the Exchange Act

and Rules 17a-3 and 17a-4

187. The Commission realleges and incorporates by reference each and every allegation set forth in Paragraphs 1 through 160 of the Complaint, as if the same were fully set forth herein.

188. The order or trade tickets maintained by D&B for the sale of the Whitetail Notes with Boyertown, North Penn, Perkiomen, or Red Lion failed to designate or note in any fashion that such purchases and sales were entered pursuant to the exercise by Bradbury of discretionary authority.

189. Bradbury was the individual within D&B responsible for the sales of the Whitetail Notes with Boyertown, North Penn, Perkiomen and Red Lion, and he frequently completed in his own handwriting significant portions of the relevant order or trade tickets.

190. D&B did not preserve for a period of not less than three years, originals of all communications received and copies of all communications sent by D&B (including inter-office memoranda and communications) relating to its business as such. In particular Bradbury did not retain the December 19, 2002 e-mail to him from the HGA's financial advisor, the "Registered Owner Letter of Request to Trustee" he executed on December 19, 2002, or ten out of the eleven

direction and indemnity letters Bradbury executed and sent to the trust officer for the 2001 Notes.

191. D&B failed to make and keep for prescribed periods such records, furnish such copies thereof, and make and disseminate such reports as the Commission, by rule, prescribed as necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.

192. In violation of the Commission's regulations concerning the books and records of broker-dealers, the order tickets maintained by D&B for the purchase or sale of securities with Boyertown failed to designate or note in any fashion that such purchases and sales were entered pursuant to the exercise by Bradbury of discretionary authority.

193. By reason of the foregoing, D&B violated Section 17(a)(1) of the Exchange Act, 15 U.S.C. § 78q(a)(1), and Rules 17a-3(a)(6) and 17a-4(b)(4) thereunder, 17 C.F.R. § 240.17a-3(a)(6) and §240.17a-4(b)(4), respectively; and Bradbury aided, abetted, and caused D&B's violations of Section 17(a)(1) of the Exchange Act and Rules 17a-3(a)(6) and 17a-4(b)(4) thereunder.

SIXTH CLAIM FOR RELIEF

Violations of the Pennsylvania Uniform Fraudulent Transfer Act

194. The Commission realleges and incorporates by reference each and every allegation set forth in Paragraphs 1 through 160 of the Complaint, as if the same were fully set forth herein.

195. The Commission Boyertown, Perkiomen, Red Lion, and North Penn are among Bradbury's creditors.

196. Under Pennsylvania law, there exists the presumption of fraud in cases of

interspousal transfers of assets for nominal consideration.

197. Bradbury's transfer of at least $5.41 million of assets to an insider, his wife Margaret, as set forth above, was made with actual intent to hinder, delay or defraud creditors, including the Commission, Boyertown, Perkiomen, Red Lion, and North Penn, in violation Section 5104 (a)(1) of the Pennsylvania Uniform Fraudulent Transfer Act.

198. In the alternative, Bradbury's transfers of at least $5.41 million of assets to his wife Margaret were made without receiving reasonable equivalent value in exchange for the transfers and:

a. Bradbury was engaged in a business or transaction for which his remaining assets were unreasonably small in relation to the business or transaction; or

b. Bradbury believed or reasonably should have believed that he would incur, debts beyond Bradbury's ability to pay as they became due, in violation Section 5104(a)(2) of the Pennsylvania Uniform Fraudulent Transfer Act.

199. Furthermore, one or more of Bradbury's aforementioned transfers of assets to his wife violates Section 5105 of the Pennsylvania Uniform Fraudulent Transfer Act. The Commission's claims against Bradbury arose before one or more of the transfers; Bradbury made all of the transfers without receiving reasonably equivalent value in exchange for them; and Bradbury was insolvent at the time of the aforementioned transfers or became insolvent as a result thereof.

SEVENTH CLAIM FOR RELIEF

Violation of the Georgia Uniform Fraudulent Transfer Act

200. The Commission realleges and incorporates by reference each and every

allegation set forth in Paragraphs 1 through 160 of the Complaint, as if the same were fully set forth herein.

201. Bradbury's transfer of his Georgia vacation home to an insider, his wife Margaret, as set forth above, was made with the actual intent to hinder, delay or defraud his creditors, including the Commission and other creditors, including Boyertown, Perkiomen, Red Lion, and North Penn in violation of the Section 18-2-74 of the Georgia Uniform Fraudulent Transfer Act.

202. In the alternative, Bradbury's transfer of his Georgia vacation house to an insider, his wife Margaret, also violates Section 18-2-74 (a)(2) of the Georgia Uniform Fraudulent Transfer Act. Said transfer was made without receiving reasonable equivalent value in exchange therefore; and

a. Bradbury was engaged in a business or transaction for which his remaining assets were unreasonably small in relation to the business or transaction; or

b. Bradbury believed or reasonably should have believed that he would incur, debts beyond Bradbury's ability to pay, as they became due.

203. Furthermore, Bradbury's transfer of his Georgia vacation house to an insider, his wife Margaret, as set forth above, violates Section 18-2-75(a) of the Georgia Uniform Fraudulent Transfer Act. The Commission's claim against Bradbury arose before he transferred his Georgia vacation house to his wife without receiving reasonably equivalent value in exchange therefore, and Bradbury was insolvent at the time of the aforementioned transfer or became insolvent as a result thereof.

WHEREFORE, the Commission respectfully requests that this Court:

I.

Find that Defendants Bradbury and D&B committed the violations alleged in this Complaint;

II.

Permanently restrain and enjoin defendant Bradbury and his agents, officers, servants, employees, attorneys, and those persons in active concert or participation with him who receive actual notice of the injunction by personal service or otherwise, directly or indirectly, singly or in concert, from violating Section 17(a) of the Securities Act; Section 10(b) of the Exchange Act; Rule 10b-5 thereunder; Municipal Securities Rulemaking Board rule G-17; or from aiding, abetting, or causing violations of Sections 15(c)(2), 15B(c)(1), and 17(a) of the Exchange Act;

III.

Permanently restrain and enjoin defendant D&B and its agents, officers, servants, employees, attorneys, and those persons in active concert or participation with it who receive actual notice of the injunction by personal service or otherwise, directly or indirectly, singly or in concert, from violating Section 17(a) of the Securities Act; Sections 10(b), 15(c)(2), 15B(c)(1), and 17(a) of the Exchange Act and Rules 10b-5, 15c2-12, 17a-3 and 17a-4 thereunder; and Municipal Securities Rulemaking Board rule G-17;

IV.

Order defendants Bradbury and D&B, on a joint and several basis, to disgorge any and all ill-gotten gains or avoided losses, together with prejudgment interest, derived from the activities set forth in this Complaint;

V.

Order defendants Bradbury and D&B to pay civil penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act in an amount to be determined by the Court;

VI.

Grant an order requiring that each and every fraudulent transfer of assets by Bradbury to his wife Margaret Bradbury, described in this Complaint be set aside and avoided, or that the equivalent value be transferred back, in accordance with the Pennsylvania Uniform Fraudulent Transfer Act and/or the Georgia Uniform Fraudulent Transfers Act.

VII.

Grant an order requiring that the real estate known as Rabbit Ridge Farm, located at 1601 Pocopson Road in Pennsbury Township, Chester County, Pennsylvania and the real estate located at 136 Seven Oaks Way, Eatonton, in Putnam County, Georgia each be re-conveyed to Bradbury or that the equivalent value be transferred back;

VIII.

Grant an order requiring that the 30% interest in Mower Meadows, LLC; the 26.66% interest in Mower Meadows Limited Partnership I.; and the 16.71% partnership interest in Chadds Ford Ventures be transferred back to Bradbury or that the equivalent value be transferred back.

IX.

Permanently bar Bradbury from acting as an officer or director of any public company, pursuant to Section 21(d)(2) of the Exchange Act;

X.

Accord the Commission a trial by jury on all issues so triable; and

XI.

Retain jurisdiction of 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.

XII.

Grant such other and further relief as the Court may deem just and appropriate.

Respectfully submitted,

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