IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE COMMISSION, **Plaintiff,** **v.** **PETER WARREN and EXO-BRAIN, INC. (formerly E-BRAIN SOLUTIONS, LLC),** **Defendants.**	**CIVIL ACTION FILE NO. 1:04-CV-2403 (N.D. Ga.)**

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

The plaintiff, Securities and Exchange Commission ("Commission" or the "Plaintiff"), files this complaint (the "Complaint") and alleges the following:

SUMMARY

1. Plaintiff brings this action to enjoin violations of the federal securities laws by, and to obtain other relief from, Defendants Peter Warren ("Warren") and Exo-Brain, Inc. ("Exo-Brain"), formerly known as E-Brain Solutions, LLC. ("E-Brain LLC").

2. Defendants have fraudulently raised up to $12.4 million from investors in violation of the securities laws.

3. First, E-Brain LLC fraudulently offered and sold $4.38 million in securities in unregistered transactions in 2000 to

U. S. investors. Beginning January 2001 and continuing through May 15, 2001, the company raised $1.999 million from foreign investors in unregistered transactions. E-Brain LLC was merged into Exo-Brain on May 31, 2001.

4. Exo-Brain subsequently violated the registration provisions when, in August 2001, it offered up to $6.4 million of securities in sales integrated with the 2000-2001 E-Brain LLC sales. At that point, all sales ceased.

5. E-Brain LLC was, and Exo-Brain is controlled by Peter Warren.

6. In offering documents, Warren and E-Brain LLC falsely claimed to have developed a working prototype that could make computers more user-friendly. Warren and E-Brain LLC claimed that this prototype would enable a person to operate a computer with a voice command and in numerous foreign languages.

7. Later, Warren also represented that that the company had built a launch product or commercially available product. These representations were false. Additionally, Warren and E-Brain LLC misrepresented the company’s financial situation.

8. Warren authored the offering documents and directed the entire securities offering effort. Many of the investors were unsophisticated or not accredited investors. Warren conceded that he took no steps to investigate the financial condition of the

prospective investors and, that in practice, E-Brain LLC would accept funds from anyone.

9. Defendants Warren and Exo-Brain, by virtue of their conduct, directly or indirectly, have engaged and, unless enjoined, will engage in violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c) and 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. The Commission seeks permanent injunctions, an accounting, disgorgement and pre-judgment interest, and civil penalties against Warren and Exo-Brain, and an officer and director bar against Warren.

10. Warren, and Exo-Brain through Warren's efforts, acted with a high degree of scienter. Warren intentionally misrepresented the capabilities and developmental status of the technology, misrepresented the financial condition of the companies, and disregarded the warnings of legal counsel recommending against further efforts to raise investor funds.

JURISDICTION AND VENUE

11. The Commission brings this action pursuant to Sections 20(b), (c) and (d) of the Securities Act [15 U.S.C. §§ 77t(b)-(d)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)-(e)], to enjoin the Defendants from engaging in the

transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object, for an accounting, disgorgement of illegally obtained funds and other equitable relief, and for civil money penalties.

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

13. The Defendants, directly and indirectly, have made use of the mails, the means and instruments of transportation and communication in interstate commerce, and the means and instrumentalities of interstate commerce, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

14. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa], because certain of the transactions, acts, practices and courses of business constituting violations of the Securities Act and Exchange Act have occurred within the Northern District of Georgia. Among other things, E-Brain LLC, a Georgia limited liability company, directed that investor funds be wired to an Atlanta, Georgia bank. Furthermore, investors in the Northern District of Georgia

have been solicited to purchase, and have purchased, investments in E-Brain LLC by or through one or more of the Defendants.

THE DEFENDANTS

15. **Peter Warren**, age 59, was the president and chairman of the board of E-Brain LLC and in all respects controlled the limited liability company. He is currently the president and chairman of the board of Exo-Brain. He is a British national who resides in Cannes, France. He also maintains a residence in Chattanooga, Tennessee. Warren has had a varied employment background, which included representing corporations in Eastern Europe and occupying a senior position for fifteen years as director of worldwide membership recruitment for The Church of Scientology, a position he resigned in 1985.

16. **Exo-Brain, Inc**. ("Exo-Brain") was incorporated in Delaware in December 2000 as a wholly owned subsidiary of E-Brain Solutions, LLC ("E-Brain LLC"), located in Chattanooga, Tennessee, which had been organized as a Georgia limited liability company on August 13, 1999. On May 31, 2001, E-Brain LLC was merged with and into Exo-Brain, with Exo-Brain being the surviving entity. Each membership interest in E-Brain LLC was automatically converted into one share of common stock of Exo-Brain. Exo-Brain expressly assumed all of the assets and liabilities of its predecessor, E-Brain LLC. The merger, however,

did not involve any change in management, ownership or control and Exo-Brain continued in the same business as E-Brain LLC. Like E-Brain LLC, Exo-Brain is located in Chattanooga, Tennessee. Currently, the company has ceased operations. All employees have resigned.

FACTS

A. Background

17. Warren claimed in early offering materials distributed in 1999 and 2000, that he had developed computer technology that would make computers more user-friendly. The offering materials asserted that the technology "creates a computer you can talk to, a computer you can give orders to just as you would give them to person (sic). Not only can you give it orders-either with a keyboard or with Voice Recognition technology - but it will react and carry out the orders as you would expect a computer trained human to carry them out."

18. At about that time, Warren came to the United States and created E-Brain LLC, and filed provisional patent applications with the U.S. Patent Office to protect his purported technology; Warren never received any patents.

19. Warren returned to France and commenced efforts to launch the company and seek investment capital both in Europe and the United States. In December 1999, Warren prepared various

written descriptive documents about the products he planned to develop. He represented that the technology was adapted to a working prototype with voice recognition capabilities that could operate in several foreign languages.

20. In early 2000, while still in France, Warren raised an initial $500,000 from four European investors. Using the Internet, Warren published advertisements to attract and hire programmers both in Europe and the United States. In February 2000, Warren began to solicit U.S. investors. He also authorized several programmers that he had hired in the United States to start soliciting U.S. investors.

21. By February 2000, Warren had successfully hired about 20 programmers who resided in the United States and in a few foreign countries. In February 2000, Warren also hired a part-time corporate counsel to provide legal advice regarding intellectual property and employment contract issues.

22. Beginning on February 18, 2000 and continuing through mid-2001, Warren authored a series of weekly newsletters that described in detail the company’s activities. The newsletters typically discussed product development, personnel issues, marketing plans, and, in general, the company’s progress. The newsletters were sent to all employees as information updates and to motivate the employees to seek investors. Warren specifically

intended, requested and/or directed that his employees provide copies of the newsletters to potential investors.

23. The February 18, 2000 newsletter specifically discussed the need to sign up investors, and urged the programmers to contact potential investors and send them copies of newsletters. The February 28, 2000 newsletter stated that $1 million in potential investors had been achieved and commended one of the programmers for bringing in two potential investors for $180,000.

24. Shortly thereafter, Warren assembled several newsletters and numerous written descriptive documents Warren had authored, and prepared computer compact discs that contained all of this information plus all of the updated newsletters.

25. All this information was provided to prospective investors primarily by Warren, who approved all sales of membership interests.

26. Until the end of May 2000, Warren ran the company from his residence in France and communicated with employees primarily by e-mail. However, during the last weekend in May 2000, Warren convened a meeting in Atlanta, Georgia for the purpose of introducing all of the programmers and other employees to one another. After that meeting, Warren created an office for the company in Chattanooga, Tennessee where his chief software engineer lived.

B. Unregistered Offering and Sales to the General Public During Calendar Year 2000 Through May 15, 2001

27. From February 2000 through May 15, 2001, Warren and E-Brain LLC offered membership interests to an unknown number of potential offerees, and ultimately raised $6.4 million.

28. In 2000, more than 200 U.S. individuals in several states invested a total of $4.38 million to purchase membership interests varying in price from $.67 to $6 per membership interest.

29. Warren and E-Brain LLC solicited the U.S. investors by use of the Internet, face-to-face meetings between Warren and potential investors, meetings between U.S. employees and potential investors and by word of mouth.

30. From January 3, 2001 through May 15, 2001, foreign nationals purchased $1.999 million of membership interests.

31. All of the investors were to remain totally passive in the operation of the business and in fact had no role in the management of E-Brain LLC.

32. The organizational articles of the limited liability company filed with the state of Georgia provided that the first 50% of net profits were to be distributed to senior management and the Board of Directors and the remaining profits were to be distributed to the individual members in proportion to their investment.

33. Warren led investors to anticipate profits by making misrepresentations about the company's prospects and future. Among other things, Warren misrepresented financial information, made false representations about the capabilities of a voice activated working prototype and made false representations about the company's financial ability to build a launch product.

34. Warren and E-Brain LLC did not screen investors for investment experience or financial condition. Investors were required to sign a letter of intent to purchase membership interests. In the letter of intent, which was a form letter that Warren personally authored, the investor noted that he or she was aware of the risks of the investment.

35. The risks were never discussed with many investors and at least some investors never received any disclosure documents discussing risks. The letter of intent also included a boilerplate statement that the investor could afford the economic risk of the investment. However, E-Brain LLC and Warren did not require investors to disclose their financial condition or net worth.

36. Once the letter of intent was signed by the investor and returned to the E-Brain LLC office, Warren would approve the investment. In practice, however, any investor was allowed to invest, and investments in any amount, as made clear in an offering document dated February 22, 2000, were acceptable.

37. The initial offering spanned from February through March 2000. The E-Brain LLC offering documents used in this offering included various E-Brain LLC newsletters and a document dated December 10, 1999, signed by Warren. The December 10 document stated that the company sought between $1 and $2 million, at a cost per membership interest of $.67, which represented the lower and upper limits of the purported amount of funding necessary to successfully build and launch the final product.

38. According to a June 4, 2000 disclosure document, E-Brain LLC raised a total of $1,084,105 from U. S. investors in pledges to buy membership interests in E-Brain LLC. The actual total amount of money collected from the pledges is uncertain due to the company's poor record keeping.

39. In connection with the offering, Warren sent the newsletters and various documents describing the product to all E-Brain LLC employees located in the United States.

40. Warren instructed his employees to solicit their acquaintances to invest and to solicit friends of interested offerees. Warren controlled the entire offering program and was the source of information being provided to the public.

41. At the time of their investments, none of these investors in the initial offering period received any financial information concerning E-Brain LLC.

42. Propelled by the constant need for cash, the company made additional offerings to the public.

43. The additional offerings were as follows:

Offering No.	Beginning Date	Price	Proceeds Sought
2	June 4, 2000	$1.50 per interest	$900,000
3	July 2000	$3.00 per interest	$1,800,000
4	August 2000	$6.00 per interest	$600,000
5	September 2000	$3.00 per interest	$300,000
6	October 2000	$6.00 per interest	$600,000
			$4.2 million

44. In connection with the June 4, 2000 offering, Warren assembled a disclosure package that included an audited financial statement for the period beginning April 23, 2000 and ending May 31, 2000. The package also contained a history of the company, description of the product, anticipated future development of additional products, patent information and an operating agreement for the limited liability corporation.

45. This disclosure package was allegedly given to the June 2000 offerees and to those previous investors in the initial offering during February-March 2000 who had never received a disclosure package or any financial information. All subsequent

offerees during July through October 2000 also allegedly received this package of information.

46. The five-week April-May financial statement indicated that E-Brain LLC had total assets of $642,665 with a net loss of $43,888. E-Brain LLC also showed net expenses of $44,564 and interest income of $676. This was the only financial statement the investors received during calendar year 2000. The May 31, 2000 financial statement did not reflect the deteriorating financial condition of the company in subsequent months.

47. The company failed to update the financial condition as the offerings progressed after June 2000 to disclose the progressive financial deterioration, and did not otherwise disclose the changing financial information to investors.

48. In August 2000, the company's part-time legal counsel warned Warren that he should terminate any future efforts to raise investor funds, after having concluded that Warren and E-Brain LLC might have violated both state and federal securities laws in connection with the nationwide sale of membership interests since February 2000.

49. Warren ignored that warning and traveled to Michigan in order to raise additional investor funds. In a prearranged meeting, Warren spoke to a group of about 26 potential investors, some of whom invested with E-Brain LLC. Warren represented that the system would be operational soon and would be

“revolutionary.” Warren never inquired about the investors’ financial condition, and did not discuss any of the risks relating to the investment.

50. In early November 2000, the company’s part-time corporate counsel, again recognizing E-Brain LLC’s exposure to possible violations of the registration provisions and motivated by Warren’s rejection of his previous admonition from going to Michigan to sell membership units, retained new legal counsel to provide securities law advice.

51. Following a meeting with securities counsel in November 2000, Warren, on behalf of E-Brain LLC, returned $230,000 in checks in mid-December 2000 that it had received from several U.S investors but not deposited, noting in a transmittal letter that E-Brain LLC could not accept additional funds from U.S. investors.

52. Nevertheless, without the knowledge of securities counsel, who had just advised Warren to cease raising investor funds domestically, the company and Warren continued to raise funds in order to obtain needed operating capital. During the period January 3, 2001 through May 15, 2001, the company raised $1.99 million from foreign nationals. These offers and sales were not registered with the Commission. There was no offering document relating to this offering.

C. Offerings Purportedly Under Regulation S and Regulation D

53. On June 1, 2001, Exo-Brain, the successor corporation, commenced a new securities offering pursuant to provisions in Regulation S.

54. In the Regulation S offering, Exo-Brain offered 250,000 shares of common stock of Exo-Brain at $6 per share or $1.5 million. Offers were allowed to non-U.S. persons only. Exo-Brain raised at least $141,000 in that offering.

55. Exo-Brain admitted in the Regulation S offering document that, although U.S. sales of membership interests terminated in 2000, E-Brain LLC had raised the additional $1.99 million in sales of membership interests to foreign investors prior to Exo-Brain's Regulation S offering. The Regulation S offering document disclosed that the $4.38 million raised in 2000 and the $1.99 million raised in 2001 may not have been done in compliance with the registration provisions of the federal securities laws.

56. The Regulation S offering document also stated that Exo-Brain, the successor corporation, intended to make a rescission offer to all or some of those E-Brain LLC purchasers, which would create a liability of $6.4 million plus interest. It further stated that if all those offers were exercised, the company would not be able to continue in business. However, to

date, no registration statement for such a rescission offer has been filed with the Commission.

57. Exo-Brain's Regulation S offering document also provided some disclosure concerning the company's deteriorating financial condition. Exo-Brain disclosed that it had not generated any revenue from operations, and incurred substantial losses. It showed that for the period ending December 31, 2000, the company operated at a net loss of $6,083,425. The purported Regulation S offering document also disclosed substantial risks attendant to investing in a start-up company.

58. The Regulation S offering document further stated that: (1) the company needed substantial capital to fund its business; (2) market acceptance of the company's product was unproven; (3) the company had failed to complete development of its products and the product launch could be delayed; and (4) the products may contain defects or errors.

59. The Regulation S offering continued through August 2001, when Exo-Brain began offering stock to U.S. investors pursuant to Regulation D, using an offering circular similar to the one used for the Regulation S offering. It offered 4 million shares at $1.50 per share or $6 million. The private placement memorandum was prepared by securities counsel, and disclosed various risk factors including that operating capital was needed to run the business, that market acceptance of the company's

product was unproven, that the company had failed to complete development of its products, and that the product may contain defects.

60. The intention to make a registered rescission offer to investors in the limited liability company was repeated. Again, however, no registration statement was filed with the Commission. Exo-Brain raised up to $6 million in the Regulation D offering.

69. The investments offered by E-Brain LLC and Exo-Brain were securities, as that term is defined in Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. § 78c(a)(10)].

70. No registration statement was in effect, nor was a registration statement ever filed with the Commission, with respect to the securities sold by the Defendants.

D. All Offerings Of E-Brain LLC and Exo-Brain Should Be Integrated

71. All of E-Brain LLC's offerings from February 2000 through May 15, 2001 should be integrated because, in part, the offerings did not cease for more than a six month period of time and thus the safe harbor "window period" provision of Rule 502(a) is unavailable.

72. Furthermore, the sales of securities by E-Brain LLC all shared the same purpose—to fund the software development business controlled by Warren.

73. E-Brain LLC was involved in a single plan of financing, selling the same type of securities on virtually a continuous basis, and consideration was always the same—cash. The proceeds were used to fund daily operations of the company.

74. The Exo-Brain purported Regulation D offering in 2001 should be integrated with the prior offering of membership interests by E-Brain LLC in 2000 through May 15, 2001.

75. The purported Regulation D offering was part of the same plan of financing and sales occurred at or about the same period of time. In fact, the purported Regulation D offering commenced only two and one-half months after the final offering of E-Brain LLC's membership interests ended on May 15, 2001. Furthermore, the same type of consideration was received in the form of cash, and sales were made for the same general purpose, which was to fund software development.

76. The Regulation S offering should be integrated with the failed Regulation D offering because the Regulation D offering did not satisfy the requirements for any exemption thereunder. The Regulation S offering and the offering purportedly pursuant to Regulation D should also be integrated with the earlier offerings of E-Brain in 2000 and through May 15, 2001.

77. E-Brain LLC's and Exo-Brain's offerings should be integrated because common control existed over the issuers, there was a disregard for entity form, the two issuers engaged in the

same type of business and there was commingling of assets among the issuers.

78. When Exo-Brain was a wholly owned subsidiary of E-Brain LLC, Warren controlled both entities.

79. The two entities merged in May 2001, with Exo-Brain as the surviving entity which itself assumed E-Brain LLC’s business and assets. Warren was the driving force behind the business plan of both entities.

E. Materially False and Misleading Statements and Material Omissions

80. The defendants knowingly or with severe recklessness made misrepresentations and omissions of material facts to investors, including the following:

a) Misleading financial information

81. The only financial information that Warren and E-Brain LLC provided to investors in 2000 was an audited financial statement prepared as of May 31, 2000, and the results of operations and its cash flows for the period beginning April 23, 2000 through May 31, 2000.

82. Although the May 31, 2000 statement appears to accurately reflect that the company had sustained a $44,000 loss during that period, the statement only reflected the results of operation for the first month of the company's existence and before the company had even opened an office in Chattanooga.

83. Warren and E-Brain LLC to continued to disseminate the May 2000 financial statement throughout the rest of 2000. They failed to disclose that the company lost money at a considerately faster pace than depicted in the limited financial statements provided to investors.

84. As of December 31, 2000, E-Brain LLC reported a net loss of $6,083,425.

85. Revenues for 2000 totaling $25,225 were solely interest income. To fund its operation, E-Brain LLC had to seek investor funds six times in calendar 2000. The auditors also expressed substantial doubt concerning the company's ability to continue as a going concern.

86. Warren knew that the company was losing money at a much faster pace than the investors were led to believe. Warren and E-Brain LLC materially misrepresented the company's financial condition by continuing to use the May 31, 2000 financial statement throughout 2000.

b) False representations that a voice-activated working prototype that functioned in multiple languages existed

87. In a document dated December 10, 1999, which was given to offerees in February and March 2000 (the first offer to investors) and distributed to all subsequent offerees in a compact disc format, Warren falsely claimed in a section of the document entitled "Products," that a prototype had been developed to the point that the "prototype sends e-mails and faxes and browses the Internet, finds things and shows it can do simple accounting, all of which is done in response to orders given to it in any old English the user cares to use…." The document also falsely stated that the "prototype is multi-user… and speaks three languages—English, French and Norwegian…." The document also stated that "[our] working prototype is proof that my

technology can be implemented." In fact, no prototype with the above abilities had been developed.

88. In another offering document prepared in December 1999 and provided to investors, Warren falsely described the prototype's voice activation ability by asserting "Tell it: speak French and it will…." This document also stated that the E-Brain LLC technology "creates a computer you can talk to, a computer you can give orders to as you would give them to a person. Not only can you give it the orders—either with a keyboard or with Voice Recognition technology—but it will react and carry out the orders as you would expect a computer trained human to carry them out…." In another portion of that offering document, Warren claimed, "the prototype speaks English, French, German, Norwegian and Japanese…." In fact, no prototype with the above abilities had been developed.

89. Moreover, the June 4, 2000 offering document, which was the second offering to investors, clearly indicated that technology had reached an advanced stage of development by asserting that stated that a "working prototype built with the Company's technology is available to be tried upon request…" In fact, no prototype with the above abilities had been developed.

90. At the time the statements were made, the company had not developed a prototype with these capabilities and had not developed a prototype with such capability.

c) False representation that E-Brain LLC had adequate funds to build a launch product

91. A June 4, 2000 offering document falsely represented that "[i]n the First Offer to Investors, the Company raised adequate funds to build the Launch Products…." According to Warren, a "launch product" is a product that is ready for sale to the general public.

92. In reality, at the time the statement was made, adequate funding had not been raised to build a launch product. As discussed earlier, this offering document was mailed to all pre- June investors and to subsequent offerees that invested after June 4, 2000.

93. In fact, the company never developed a commercially available product and never derived any revenue from any product.

COUNT I--FRAUD
Violations of Section 17(a)(1) of the Securities Act
[15 U.S.C. § 77q(a)(1)]

94. Paragraphs 1 through 93 are hereby realleged and are incorporated herein by reference.

95. At various times from at least February 2000 through at least August 2001, Defendants Exo-Brain and Warren, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly,

employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

96. The Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

97. In engaging in such conduct, the Defendants acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

98. By reason of the foregoing, the Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II--FRAUD
Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

99. Paragraphs 1 through 93 are hereby realleged and are incorporated herein by reference.

100. At various times from at least February 2000 through August 2001 Defendants Warren and Exo-Brain, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a) obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary

in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

b) engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities,

all as more particularly described above.

101. By reason of the foregoing, the Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III--FRAUD
Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]

102. Paragraphs 1 through 93 are hereby realleged and are incorporated herein by reference.

103. At various times from at least February 2000 through at least August 2001, Defendants Warren and Exo-Brain, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

a) employed devices, schemes, and artifices to defraud;

b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements

made, in light of the circumstances under which they were made, not misleading; and

c) engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities,

all as more particularly described above.

104. The Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, the Defendants acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

105. By reason of the foregoing, the Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

COUNT IV--UNREGISTERED OFFERING OF SECURITIES
Violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]

106. Paragraphs 1 through 93 are hereby realleged and are incorporated herein by reference.

107. No registration statement has been filed or is in effect with the Commission pursuant to the Securities Act and no exemption from registration exists with respect to the E-Brain LLC or Exo-Brain scheme and transactions in such scheme described herein.

108. At various times from at least February 2000 through at least August 2001, the Defendants, directly and indirectly, have:

a. made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell the securities described herein, through the use or medium of any prospectus or otherwise, when a registration statement was not in effect as to such securities;

b. carried securities or caused such securities, as described herein, to be carried through the mails or in interstate commerce, by means or instruments of transportation, for the purpose of sale or for delivery after sale, when a registration statement was not in effect as to such securities; and

c. made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of any prospectus or otherwise, the securities described herein, without a registration statement having been filed as to such securities.

109. These acts include, but are not limited to, the activities described in paragraphs 1 through 93 of this Complaint.

110. By reason of the foregoing, Defendants Warren and Exo-Brain, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission respectfully prays for:

I.

Findings of Fact and Conclusions of Law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that the Defendants named herein committed the violations alleged herein.

II.

Permanent injunctions enjoining the Defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or

otherwise, and each of them, whether as principals or as aiders and abettors, from violating, directly or indirectly, Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

III.

An order requiring an accounting by the Defendants of the use of proceeds of the sales of the securities described in this Complaint, as well as the disgorgement of all ill-gotten gains or unjust enrichment.

IV.

An order directing the Defendants to pay prejudgment interest on the amount ordered to be disgorged, to effect the remedial purposes of the federal securities laws.

V.

The Commission seeks an order pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] imposing civil penalties against the Defendants.

VI.

Issue an Order 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)] permanently prohibiting defendant Warren from acting as an officer or director of any company that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. 78l] or that is required to file reports with the Commission pursuant to Section 15(d) of the Exchange Act [15 U.S.C. 78o(d)].

VII.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: _____, 2004.

Respectfully submitted,

_____
Edward G. Sullivan
Senior Trial Counsel
Georgia Bar No. 691140

Counsel for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
3475 Lenox Road, N.E., Suite 1000
Atlanta, Georgia 30326-1232
Telephone: (404) 842-7612
Fax: (404) 842-7633