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CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

STRATEGIC MANAGEMENT &
OPPORTUNITY CORPORATION;
ROBERT J. PRATT, and JEFFREY A.
BROMMER,

Defendants.

Case No. C08-197 JLR

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

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

JURISDICTION AND VENUE

1. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), 20(g), and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(b), 77t(d)(1), 77t(g) & 77v(a), and Sections 21(d)(1), 21(d)(2), 21(d)(3)(A), 21(d)(6)(A), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(1), 78u(d)(2), 78u(d)(3)(A), 78u(d)(6)(A),

COMPLAINT

1 78u(e) & 78aa. Defendants have, directly or indirectly, made use of the means or
2 instrumentalities of interstate commerce, of the mails, or of the facilities of a
3 national securities exchange, in connection with the transactions, acts, practices,
4 and courses of business alleged in this complaint. Venue is proper in this district
5 pursuant to Section 22(a) of the Securities Act, 15 U.S.C. § 77v(a), and Section 27
6 of the Exchange Act, 15 U.S.C. § 78aa, because certain of the transactions, acts,
7 practices, and courses of conduct constituting violations of the federal securities
8 laws occurred within, the defendants transact business in, and defendant Robert J.
9 Pratt resides in this district.

10 SUMMARY

11 2. This case involves a fraudulent “pump and dump” scheme to
12 manipulate the market for the stock of Strategic Management & Opportunity
13 Corporation (“SMPP”) by its chairman and CEO, Robert J. Pratt, and by Jeffrey A.
14 Brommer (collectively, the “Defendants”). SMPP and Pratt hired Brommer, who
15 previously was enjoined from violating antifraud provisions of the federal
16 securities laws, to help draft and distribute press releases.

17 3. From February to August 2004, SMPP and Pratt issued a series of
18 materially false and misleading press releases about the company’s business and its
19 capital raising efforts. By issuing false and misleading press releases and making
20 false and misleading statements, Defendants “pumped up” the price and volume of
21 SMPP stock. As a result of the Defendants’ fraudulent activities, the price of SMPP
22 stock increased from \$0.10 per share on February 2 to a high of \$4.50 on June 10.
23 While the market for SMPP stock was artificially inflated, Pratt and Brommer
24 “dumped” their own SMPP shares by selling them into the market for a total profit
25 of \$628,947 and \$24,916, respectively. Additionally, Pratt and SMPP improperly
26 distributed stock, which increased significantly the total number of SMPP’s
27 outstanding shares and thereby allowed Pratt, an affiliate of SMPP, to sell much
28 more stock than he otherwise would have been permitted to sell under the federal

1 securities laws.

2 4. By engaging in the conduct described in this Complaint, the
3 Defendants have violated, and unless enjoined will continue to violate, the
4 antifraud provisions of the Exchange Act, Section 10(b) of the Exchange Act, 15
5 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

6 5. By engaging in the conduct described in this Complaint, Pratt and
7 SMPP violated, and unless enjoined will continue to violate, the securities
8 registration provisions of the Securities Act, Sections 5(a) and 5(c) of the
9 Securities Act, 15 U.S.C. §§ 77e(a) & 77e(c).

10 6. By this Complaint, the Commission seeks permanent injunctions
11 against each of the Defendants. The Commission also seeks disgorgement with
12 prejudgment interest, civil penalties, and penny stock bars against Pratt and
13 Brommer, and an officer and director bar against Pratt.

14 **THE DEFENDANTS**

15 7. Strategic Management & Opportunity Corporation was incorporated
16 in Washington in December 1999 under the name SMO Multimedia Corp. and has
17 its principal place of business in Everson, Washington. In August 2004, the
18 company changed its name to Strategic Management & Opportunity Corporation.
19 SMPP has never registered an offering of securities under the Securities Act or a
20 class of securities under the Exchange Act. SMPP was purportedly in the business
21 of developing “way-finding” kiosk systems, which were to provide directions and
22 related information to patrons in airports and shopping malls.

23 8. Robert J. Pratt resides in Lynden, Washington. Pratt founded SMPP’s
24 predecessor, SMO Multimedia, in 1999. He is SMPP’s chairman and CEO.

25 9. Jeffrey A. Brommer resides in Jamestown, North Carolina. He is the
26 president and CEO of Investments 101, Ltd. (“Investments 101”), a defunct Illinois
27 corporation that provided investor relations services. In September 1999,
28 Brommer consented to entry of an injunction, payment of disgorgement,

1 prejudgment interest, a civil penalty, and an 18-month bar from associating with
2 any investment adviser in settlement of the Commission's complaint that he
3 fraudulently touted and then sold the shares of another over-the-counter issuer
4 without properly disclosing that he received shares and money from the issuer as
5 compensation. *See SEC v. Anita Carlisle dba Carlisle Communications, et al.*,
6 Civil Action No. W98CA352 (W.D. Tex. 1998); *In re Jeffrey Brommer*, 1999 SEC
7 LEXIS 2188 (Sept. 30, 1999).

8 **THE PUMP: SMPP ISSUED FALSE AND MISLEADING PRESS RELEASES**

9 10. From February to August 2004, SMPP issued nine materially false
10 and misleading press releases. These press releases falsely announced that SMPP
11 raised capital by selling 12.5 million restricted shares of its stock to each of four
12 entities: Learn Waterhouse, Incorporated; USA Group; Acosta Enterprises, Inc.;
13 and Hudson Management, Ltd. at share prices of \$0.10, \$0.75, \$1.00, and \$1.50,
14 respectively. SMPP's press releases also misrepresented the production and
15 distribution status of its way-finding kiosks. To further bolster its prospects,
16 SMPP also issued a press release announcing its retention of Brommer, portraying
17 him as a knowledgeable follower of SMPP. SMPP's stock price rose precipitously
18 with each announcement. In fact, SMPP did not have a market-ready product and
19 had received a mere \$1.25 million of the \$41.8 million capital touted in the press
20 releases.

21 **A. IN FEBRUARY AND MARCH, PRATT CAUSED SMPP TO ISSUE PRESS**
22 **RELEASES THAT FALSELY REPRESENTED THE AMOUNT OF FUNDING THAT**
23 **SMPP RECEIVED FROM LWI**

24 11. Between February 23 and March 23, 2004, SMPP issued four press
25 releases. The first two press releases announced financing and joint venture
26 agreements with Florida-based Learn Waterhouse Incorporated ("LWI"), a Texas
27 corporation. The remaining two press releases announced SMPP's participation in
28 other business development activities designed to promote its kiosk technology.

1 Pratt drafted and approved all four press releases.

2 12. During the four-week period between the announcements, SMPP's
3 stock price rose 73%, from \$0.52 on February 23 to \$0.90 on March 23.

4 13. The first press release, issued on February 23, announced that SMPP
5 had closed its "first round of financing" with LWI and falsely stated that SMPP
6 immediately would begin to manufacture and market its proprietary kiosk systems
7 to airports and shopping centers. In fact, SMPP had only one working prototype
8 and the company was several months, if not years, away from bringing its kiosk
9 systems to market. Further, SMPP had not conducted any substantial activities to
10 promote its technology. Pratt drafted and approved the February 23 press release.

11 14. The second press release, issued on March 8, announced that SMPP
12 had signed a joint venture agreement with LWI and claimed that LWI "has
13 possession of several new technologies that have immediate market value"
14 Contrary to these statements, LWI did not possess any "new technologies" of any
15 value whatsoever. Rather, LWI was nothing more than an elaborate Ponzi-like
16 scheme whose activities were restrained shortly thereafter by a U.S. District Court
17 Judge in October 2004. *SEC v. Learn Waterhouse, Inc., et al.*, Civil Action No.
18 04-CV-2037 W (LSP) (S.D. Cal. Oct. 13, 2004). Pratt drafted and approved the
19 March 8 press release.

20 15. The press release's statements about LWI's financing also were false
21 and misleading. LWI's subscription agreement required SMPP to issue stock to
22 LWI in four stages (for a total of 12.5 million shares) only when SMPP received
23 four corresponding payments from LWI (for a total of \$1.25 million). SMPP and
24 Pratt did not disclose in either the February 23 or March 8 press release that SMPP
25 issued all 12.5 million shares to LWI before LWI fulfilled all its reciprocal
26 contractual obligations to make corresponding payments. Specifically, as soon as
27 LWI made just one installment payment, Pratt directed SMPP's transfer agent to
28 issue three installments of shares to LWI with an effective date of February 20 – a

1 date three days before the first press release about the LWI funding agreement. By
2 the end of March, LWI had paid SMPP only \$115,000 of the \$1.25 million
3 subscription price, but SMPP had issued all 12.5 million shares to LWI.

4 **B. IN APRIL, PRATT AND BROMMER CAUSED SMPP TO ISSUE A PRESS**
5 **RELEASE ANNOUNCING THE HIRING OF BROMMER AND BROMMER MADE**
6 **FALSE REPRESENTATIONS TO INVESTORS**

7 16. On April 1, SMPP announced in a press release that SMPP had
8 retained Investments 101 to provide investor relations services. As part of the
9 services Brommer provided to SMPP, he helped Pratt with drafting and editing the
10 press releases. Brommer also posted all of the SMPP press releases described in
11 this Complaint on the Investments 101 website, and distributed the releases to
12 various wire services and an email distribution list of investors provided by SMPP.
13 He also responded orally to investor inquiries.

14 17. During the week of the announcement about the hiring of Brommer,
15 SMPP's stock price rose 9%, from \$0.90 on March 31 to \$0.98 on April 2.

16 18. The April 1 press release represented that Brommer had his own
17 independent basis for believing that SMPP had robust and legitimate funding
18 agreements. Specifically, the April 1 press release quotes Pratt as stating that
19 Brommer had been following SMPP for at least three years. Brommer also
20 represented that he could vouch for Pratt's business ethics.

21 19. These representations were false. Brommer did not conduct
22 independent research to verify the statements in the press releases or the
23 information provided orally by Pratt. Rather, Brommer believed that Pratt
24 "embellished" the SMPP press releases to "feed the investor base." Brommer
25 knew, or was reckless in not knowing, that these facts were material, and he did
26 not disclose them to investors.

27 20. Following the April 1 announcement of his retention by SMPP,
28 Brommer responded to investor inquiries by making statements and assurances

1 about SMPP, Pratt, and his own ability to provide investors with an objective
2 analysis of SMPP.

3 21. These representations also were false. Brommer was not objective.
4 Undisclosed to investors, SMPP agreed to pay Brommer 50,000 shares for six
5 months of investor relations services. These shares were the most significant
6 portion of his compensation. At the time Brommer entered into the agreement
7 with SMPP, 50,000 shares of SMPP were worth approximately \$46,500, or more
8 than two and one-half times the amount of his fees (\$16,800 paid over six months).
9 At the height of the pump, those 50,000 shares were worth approximately
10 \$225,000, or more than thirteen times the total amount of Brommer's fees.
11 Brommer knew, or was reckless in not knowing, that the nature and amount of his
12 compensation was material to his objectivity, and he did not disclose it to
13 investors.

14 22. Additionally, Brommer failed to disclose that he previously had been
15 enjoined in a Commission enforcement action alleging that he fraudulently touted
16 and scalped securities of another over-the-counter issuer, and that he was barred
17 for eighteen months from associating with an investment adviser. Brommer knew,
18 or was reckless in not knowing, that his prior injunction, his bar order, his potential
19 to profit from a positive market from the sale of SMPP stock, and his lack of an
20 independent basis for vouching for SMPP and Pratt were material to investors.

21 **C. IN MAY, PRATT CAUSED SMPP TO ISSUE A PRESS RELEASE FALSELY**
22 **ANNOUNCING THAT USA GROUP WOULD PROVIDE FUNDS TO SMPP**

23 23. On May 14, SMPP announced that SMPP had signed a \$9.3 million
24 financing agreement with USA Group, an entity based in Las Vegas, Nevada. In
25 the press release, SMPP quoted the president of USA Group as stating that his
26 company had assets under management and joint ventures valued at over \$50
27 billion. Pratt drafted and approved the May 14 press release.

1 24. Over the next two weeks, SMPP's stock price rose 30%, from \$1.45
2 on May 14 to \$1.88 on June 1.

3 25. The May 14 release regarding SMPP's agreement with USA Group
4 was materially false and misleading. Although USA Group was obligated to pay
5 SMPP \$9.37 million when the subscription agreement was signed on May 4, it had
6 not done so at the time of SMPP's May 14 announcement. Nonetheless, on May
7 11, three days before the press release was issued, Pratt instructed the transfer
8 agent to issue 12.5 million shares to USA Group, pursuant to the subscription
9 agreement. SMPP and Pratt did not disclose in the May 14 press release that
10 SMPP issued all 12.5 million shares provided for in the subscription agreement
11 even though USA Group failed to fulfill its reciprocal contractual obligation to pay
12 SMPP \$9.37 million for those shares. In fact, USA Group never paid SMPP any
13 funds at all.

14 26. Further, contrary to the statements in the release, USA Group did not
15 have any significant assets. Even though SMPP touted a \$9.3 million financing
16 agreement (and actually was overdue to receive those funds by May 14), Pratt
17 never examined USA Group's books and records or financial statements, never
18 visited the company's offices, and never independently confirmed the assets under
19 its management. In fact, USA Group operated out of an apartment building,
20 information that was readily available on the internet.

21 **D. IN JUNE, PRATT CAUSED SMPP TO ISSUE A PRESS RELEASE FALSELY**
22 **REPRESENTING THAT ACOSTA ENTERPRISES WOULD PROVIDE CASH**
23 **FINANCING TO SMPP**

24 27. On June 9, SMPP announced a \$12.5 million funding agreement with
25 Acosta Enterprises, Inc., a Texas corporation ("Acosta Enterprises") owned by
26 Arnulfo Acosta, an attorney and a defendant named in the Commission's action
27 against LWI. In the press release, SMPP and Pratt claimed that Acosta Enterprises
28 owned mortgage companies, a phosphate mine, a fluoride mine, a gold mine, a

1 titanium mine, and “various joint ventures.” The press release continued to make
2 the false and misleading statement that SMPP was “preparing to deploy” its kiosk
3 systems. Pratt drafted and approved the June 9 press release.

4 28. The next day, SMPP’s stock rose \$1.05, or 30%, reaching an all-time
5 high closing price of \$4.50 per share.

6 29. Like the prior press releases, the June 9 press release also omitted
7 material facts. When SMPP and Pratt touted the agreement on June 9, Acosta
8 Enterprises already was in breach of it. Although the agreement required Acosta
9 Enterprises to pay SMPP \$12.5 million when it was signed on May 24, it failed to
10 do so. In fact, Acosta Enterprises never paid SMPP any funds at all.

11 30. Moreover, although the press release stated SMPP would receive
12 \$12.5 million from Acosta Enterprises, SMPP and Pratt knew that Acosta
13 Enterprises never intended to provide cash financing. Specifically, Acosta
14 Enterprises told Pratt in May that it would fund SMPP using a “pre-funded, cash-
15 backed instrument GUARANTEED by a top-25 USA, Canada or West Europe
16 Bank to secure 100% of your investment funds.” In other words, Acosta
17 Enterprises was going to provide SMPP only with an interest in another venture.

18 31. Further, SMPP and Pratt conducted no due diligence to verify that
19 Acosta Enterprises owned the interests it claimed or that it had the wherewithal to
20 fund SMPP. Pratt never reviewed the company’s books and records or asked to
21 see its financial statements.

22 32. And, contrary to Pratt’s assertion that SMPP now had the necessary
23 financial backing to deploy its kiosks, SMPP’s financial situation was so
24 precarious that it did not have sufficient funds to meet its payroll and other fixed
25 expenses.

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1 **E. IN AUGUST, PRATT CAUSED SMPP TO ISSUE A PRESS RELEASE FALSELY**
2 **REPRESENTING THAT HUDSON MANAGEMENT WOULD PROVIDE FUNDING**
3 **TO SMPP**

4 33. On August 5, SMPP announced that it had signed an \$18.75 million
5 funding agreement with Hudson Management, Ltd. a firm located in British
6 Columbia, Canada ("Hudson Management") in exchange for 12.5 million restricted
7 shares priced at \$1.50 per share. The release described Hudson Management as a
8 "diversified asset management and holding company, operating world wide." Pratt
9 drafted and approved the August 5 press release.

10 34. SMPP's stock price rose 13% on August 5, closing up \$0.25 to \$2.20
11 per share.

12 35. The press release was materially false and misleading. By the time
13 the press release was issued on August 5, Hudson Management already was
14 required by its subscription agreement to pay SMPP \$18.75 million, but had failed
15 to do so. Three days prior to the press release, when Hudson Management failed to
16 make payment under the subscription agreement, it executed a promissory note in
17 which it promised to pay SMPP in six quarterly installments beginning in
18 September 2004. The promissory note, however, was secured by a bogus
19 instrument: a \$50 million "corporate letter of credit," maturing on August 26,
20 2006, in a \$2.2 billion Treasury Bond "strip" purportedly owned by an individual
21 named Ian Fleming. Rather than disclosing that Hudson Management executed a
22 promissory note, and had done so because it did not comply with its original
23 agreement, SMPP and Pratt touted the very agreement that had been breached three
24 days before. In fact, Hudson Management never paid SMPP any funds at all.

25 36. Further, SMPP and Pratt conducted no due diligence to verify that
26 Hudson Management owned the assets it claimed or that it had the wherewithal to
27 fund SMPP. Pratt never reviewed the company's books and records or asked to
28 see its financial statements.

1 **F. PRATT NEGOTIATED THE FUNDING AGREEMENTS AND DRAFTED THE**
2 **PRESS RELEASES**

3 37. Pratt negotiated the funding agreements with each of the four entities
4 described above and had sole responsibility for conducting due diligence on them
5 and their ability to meet their payment obligations.

6 38. Pratt knew, or was reckless in not knowing, that SMPP had received
7 only a fraction of the funding announced in the press releases about SMPP's
8 transactions with LWI, USA Group, Acosta Enterprises, and Hudson Management.
9 Pratt knew, or was reckless in not knowing, that SMPP nonetheless had issued
10 millions of shares to these four entities, in violation of the terms of the subscription
11 agreements.

12 39. Pratt knew, or was reckless in not knowing, that SMPP and Pratt
13 conducted no due diligence to verify that these entities owned the interests they
14 claimed or that they had the wherewithal to fund SMPP. Pratt knew, or was
15 reckless in not knowing, that neither he nor anyone from SMPP ever reviewed the
16 companies' books and records or asked to see their financial statements.

17 40. Further, Pratt knew, or was reckless in not knowing, that SMPP had
18 only one working prototype of the kiosk and was several months, if not years,
19 away from entering the marketplace.

20 41. These facts were material, and Pratt and SMPP failed to disclose them
21 in the press releases, all of which Pratt drafted and approved.

22 **G. PRATT IMPROPERLY INCREASED SMPP'S OUTSTANDING SHARES DURING**
23 **THE PUMP AND DIRECTED THAT SHARES BE ISSUED TO HIM**

24 42. Even though SMPP received few or none of the investment funds due
25 from the funding agreements, Pratt directed the company's stock transfer agent to
26 issue millions of restricted shares to the putative purchasers immediately.

27 43. Pratt was an "affiliate" of SMPP pursuant to 17 C.F.R. §
28 230.144(a)(1). Therefore, the sales-volume limitations of Securities Act Rule 144,

1 17 C.F.R. § 230.144, limited the amount of shares of SMPP that Pratt could sell in
2 any 90-day period to either: (1) up to 1% of the SMPP's total number of
3 outstanding shares; or (2) the average weekly reported trading volume in the
4 SMPP's securities during the four weeks before the sale by the affiliate. Because
5 Pratt's actions substantially increased the total number of outstanding shares of
6 SMPP stock, Pratt was able to sell much more stock than he otherwise would be
7 permitted to sell under the sales-volume limitations of Securities Act Rule 144, 17
8 C.F.R. § 230.144(e)(1).

9 44. On February 23, when SMPP made its false and misleading
10 announcement regarding the LWI deal, SMPP had approximately 7.0 million
11 shares outstanding. On or about March 1 and March 31, 2004, Pratt instructed
12 Interwest Transfer Company, Inc. of Salt Lake City, Utah, the transfer agent, to
13 issue a total of 12.5 million shares to LWI, even though SMPP had received only
14 \$115,000 of the \$1.25 million subscription price.

15 45. Similarly, on May 11, three days before the false and misleading press
16 release concerning the USA Group funding agreement, Pratt instructed SMPP's
17 transfer agent to issue all 12.5 million shares to USA Group and date them as of
18 May 5, even though USA Group had not met its obligation to pay for those shares.

19 46. Likewise, on June 7, two days before the false and misleading press
20 release announcing the funding agreement with Acosta Enterprises, Pratt instructed
21 the transfer agent to issue all 12.5 million shares to Acosta Enterprises
22 immediately, even though Acosta Enterprises had not met its obligation to pay for
23 those shares.

24 47. And, on October 11, Pratt instructed the transfer agent to issue to
25 Hudson Management 12.5 million shares, even though Hudson Management had
26 not met its obligation to pay for those shares.

27 48. As a result of Pratt's instructions to the transfer agent, by October 11,
28 the total number of SMPP's outstanding shares had risen to 64.8 million shares.

1 49. During the same time period, Pratt also increased his own stock
2 holdings in SMPP. On March 31, Pratt instructed the transfer agent to issue three
3 million shares to him. Pratt represented to the transfer agent that the shares were
4 authorized under a December 31, 2000 SMO Multimedia corporate resolution.

5 50. The SMO Multimedia corporate resolution, which Pratt alone had
6 signed, renewed automatically every year and allowed Pratt to receive stock
7 options (with a strike price of \$0.10 per share) as compensation in lieu of a salary.
8 SMPP's books and records do not reflect that Pratt exercised the options and paid
9 for the shares.

10 51. Pratt instructed the transfer agent to issue the shares in three, one-
11 million share certificates and back-date them to reflect issue dates of January 1,
12 2001, January 1, 2002, and January 1, 2003, respectively.

13 52. As a result of Pratt's improper instruction that the transfer agent issue
14 back-dated shares to him, Pratt owned more shares, and thus was able to sell more
15 shares, during the period when SMPP's stock price was at its height.

16 **THE DUMP: ILLICIT STOCK SALES AT ARTIFICIALLY-INFLATED PRICES**

17 53. Pratt sold over 320,000 shares into the artificially-inflated market and
18 earned profits of nearly \$629,000.

19 54. From March 26 through April 6 (after SMPP announced its purported
20 financing agreement and joint venture with LWI), Pratt sold 96,467 shares for a
21 gain of \$86,561.

22 55. From May 14 through June 1 (following SMPP's announcement of
23 the purported funding agreement with USA Group), Pratt sold another 39,941
24 shares for a gain of \$52,547.

25 56. From July 14 through August 5 (after SMPP announced the purported
26 funding agreements with Acosta Enterprises and Hudson Management), Pratt sold
27 183,750 shares for a gain of \$489,839.

1 57. As a result of Pratt's improper instructions to SMPP's transfer agent
2 to issue the shares to the four entities, Pratt was able to sell substantially more
3 shares of SMPP than he otherwise could in any 90-day period (while ostensibly
4 complying with the sales-volume limitations of Securities Act Rule 144, 17 C.F.R.
5 § 230.144(e)(1)).

6 58. During the time Pratt "dumped" his SMPP shares, the only current
7 public information about the company was in the false and misleading press
8 releases that Pratt had drafted and approved.

9 59. Moreover, the shares Pratt sold from July 14 through August 5 had
10 not been held for one year as required by Securities Act Rule 144. On July 16,
11 2004, when Pratt filed his Form 144 in connection with these trades, he falsely
12 represented that SMPP had issued the shares to him in 2002. In fact, SMPP issued
13 those shares to Pratt on March 31, 2004, purportedly as compensation for work
14 done in 2001.

15 60. Even though Pratt directed the transfer agent to back-date the
16 certificate for those shares to January 1, 2001, the holding period under Securities
17 Act Rule 144 did not commence until nearly three years later when the transfer
18 agent issued the shares. Thus, Pratt had held the shares that he sold in July and
19 August for only about four months, not for at least one year as required by Rule
20 144 and as he misrepresented in his filing to the Commission.

21 61. On June 14, Brommer sold 5,000 shares of SMPP for a gain of
22 \$24,916.

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1 attorneys, and those persons in active concert or participation with any of them,
2 who receive actual notice of the judgment by personal service or otherwise, and
3 each of them, from violating Section 10(b), 15 U.S.C. § 78j(b), of the Exchange
4 Act, and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

5 **IV.**

6 Order Pratt and Brommer to disgorge all ill-gotten gains from the illegal
7 conduct alleged herein, together with prejudgment interest thereon.

8 **V.**

9 Order Pratt to pay a civil penalty pursuant to Section 20(d) of the Securities
10 Act, 15 U.S.C. § 77t(d), and Pratt and Brommer to pay civil penalties pursuant to
11 Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

12 **VI.**

13 Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d),
14 permanently barring Pratt and Brommer from participating in any offering of
15 penny stock pursuant to Section 21(d)(6) of the Exchange Act, 15 U.S.C. §
16 78u(d)(6), and Pratt from participating in any offering of penny stock pursuant to
17 Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g).

18 **VII.**

19 Enter an order, pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C.
20 § 78u(d)(2), prohibiting Pratt from acting as an officer or director of any issuer that
21 has a class of securities registered pursuant to Section 12 of the Exchange Act, 15
22 U.S.C. § 781, or that is required to file reports pursuant to Section 15(d) of the
23 Exchange Act, 15 U.S.C. § 78o(d).

24 **VIII.**

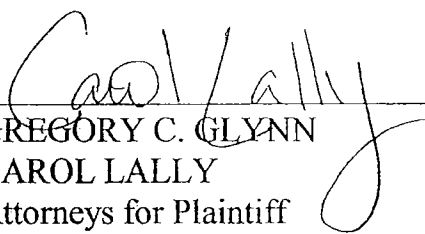
25 Retain jurisdiction of this action in accordance with the principles of equity
26 and the Federal Rules of Civil Procedure in order to implement and carry out the
27 terms of all orders and decrees that may be entered, or to entertain any suitable
28 application or motion for additional relief within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

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IX.

Grant such other and further relief as this Court may determine to be just and necessary.

DATED: February 4, 2008



GREGORY C. GLYNN
CAROL LALLY
Attorneys for Plaintiff
Securities and Exchange Commission