

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

FILED BY _____
2007 SEP -5 PM 2: 04

CASE NO.:

CLARENCE MADDOX
CLERK U.S. DIST. CT.
S.D. OF FL.-MIAMI

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
)
HOMELAND COMMUNICATIONS)
CORPORATION, FRANCES M. LABARRE,)
AND JOSEPH YURKIN,)
Defendants,)
)
OAK TREE ESCROW CORPORATION,)
LUNA PAZZA, INC., SMR ACQUISITIONS, INC.,)
SMRDEVELOPMENT.COM, INC., AND)
GLOBAL SURVEY CORPORATION,)
)
Relief Defendants.)
)

07-80802
CIV-MARRA
MAGISTRATE JUDGE
JOHNSON

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. The Commission brings this action to enjoin Homeland Communications Corporation, Frances M. LaBarre and Joseph Yurkin from continuing to defraud investors through the ongoing sale of unregistered securities in violation of the antifraud and registration provisions of the federal securities laws.

2. From at least May 2005 to the present, Homeland, a purported wireless communications company; LaBarre, the Company's sole officer and director; and Yurkin, the Company's vice-president of investor relations, have raised at least \$1.13 million from approximately 93 investors nationwide by offering and selling unregistered securities in the form of units consisting of at least one share of Homeland's common stock and one warrant.

3. In connection with the offer and sale of Homeland's securities, the Defendants are making numerous material misrepresentations and omissions to investors through the Homeland website, telemarketers, and a private placement memorandum ("PPM"), including bogus promises of an initial public offering ("IPO").

4. The Defendants also falsely represent they will spend investor proceeds on marketing, obtaining additional Federal Communications Commission ("FCC") licenses, and acquiring a privately-held New Hampshire telecommunications company.

5. All of these claims are patently false. Homeland has never filed a registration statement with the Commission or made any other attempt to go public. Homeland has no FCC licenses or pending FCC license applications, and has not acquired the New Hampshire company. Additionally, the Defendants have failed to disclose that contemporaneous with the Defendants' offering of Homeland securities, Pennsylvania and Texas issued cease-and-desist orders against Homeland to stop selling its unregistered securities in those states.

6. Contrary to the Defendants' representations to investors about how they will spend the money, Labarre is misappropriating investors' funds, and has funneled nearly \$2 million to her family members and the Relief Defendants, which are companies LaBarre and her family control.

7. Through their conduct, the Defendants each are violating Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77e(a), 77e(c), and 77q(a); and Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5. Based on the ongoing nature of their violations and the scienter the Defendants have demonstrated through their willful and wanton disregard for the federal securities laws, the Defendants have shown they will continue to violate the law unless the Court grants the injunctive and other relief the Commission seeks.

II. DEFENDANTS AND RELIEF DEFENDANTS

A. Defendants

8. Homeland is a Delaware corporation incorporated in March 2005 with its principal places of business in Deerfield Beach, Florida. Homeland purports to be in the business of building and operating local wireless communication facilities. Homeland has never registered with the Commission any offering of securities under the Securities Act or any class of securities under the Exchange Act. On September 7, 2005, the Pennsylvania Securities Commission issued a cease-and-desist order to halt the unregistered offer and sale of Homeland securities in Pennsylvania (“Pennsylvania C&D Order”). The order was reissued on October 18, 2005. On October 12, 2006, the Texas State Securities Board issued a cease-and-desist order to halt the unregistered offer and sale of Homeland securities in Texas (“Texas C&D Order”).

9. Frances M. LaBarre, 74, also known as F.M. LaBarre, resides in Boca Raton, Florida, and is the sole officer and director of Homeland. She is also the sole officer and director of SMR Acquisitions, Inc., a company to which she has diverted investor funds, and which the Commission names as a Relief Defendant in this action. Pursuant to the Pennsylvania C&D Order and the Texas C&D Order, LaBarre has been ordered to cease and desist from offering unregistered Homeland securities in Pennsylvania and Texas. Additionally, on October 12, 2004, the Kansas Securities Commission issued an order directing LaBarre to cease and desist from offering for sale any unregistered security in Kansas, barring LaBarre from association with any broker-dealer or investment advisor registered in the Kansas and fining her \$5,000 (“Kansas C&D Order”). LaBarre has never been registered with the Commission in any capacity.

10. Yurkin, 47, resides in Boca Raton, Florida, and is identified as Homeland’s vice-president of Investor Relations. As part of the Texas C&D Order, the Texas Securities Board also

ordered Yurkin to cease and desist from offering unregistered securities in Texas, from acting as a securities dealer or agent in Texas, and from engaging in any fraud in connection with the offer for sale of any security in Texas. Yurkin has never been registered with the Commission in any capacity.

B. Relief Defendants

11. Oak Tree Escrow Corporation is a privately held Florida company incorporated in January 2004, with its principal place of business in Boca Raton, Florida. Oak Tree's bank account at Bank of America serves as Homeland's purported escrow account. The Defendants instruct prospective Homeland investors to send a check or wire-transfer to the Oak Tree account. Michele and Donald LaBarre, who is Frances LaBarre's husband, are the sole officers and directors of Oak Tree, and have signature authority over the bank account. Since August 1, 2005, approximately \$2.54 million has been deposited into its account, of which approximately \$1.13 million represents Homeland investor funds. The Defendants have diverted approximately \$1.9 million from the Oak Tree account to the Relief Defendants and LaBarre family members.

12. Luna Pazzo, Inc. is a privately held Florida corporation formed in September 2004. The company operates as a restaurant and is located in Boca Raton, Florida. Michele LaBarre is the sole officer and director of Luna Pazzo. Luna Pazzo has received approximately \$598,500 from Oak Tree's bank account.

13. SMRDevelopment.com, Inc. is a privately-held Delaware corporation formed in November 1999. Donald and Michele LaBarre are the company's sole officers and directors. SMR Development has received approximately \$730,625 from Oak Tree's bank account.

14. SMR Acquisitions, Inc is a privately-held Florida corporation formed in December 1999. Frances LaBarre is the company's sole officer and director. SMR Acquisitions has received approximately \$256,750 from Oak Tree's bank account.

15. Global Survey Corporation is a privately-held Florida corporation formed in December 2000. Global Survey has received approximately \$122,100 from Oak Tree's bank account.

III. JURISDICTION AND VENUE

16. The 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 Section 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

17. This Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida, because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Southern District of Florida. In addition, Homeland's principal place of business is in the Southern District of Florida, and Labarre and Yurkin both reside in the Southern District of Florida.

18. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

IV. THE DEFENDANTS' FRAUDULENT OFFERING

A. Homeland's Purported Business

19. Homeland's website touts the Company as "a pioneer in wireless communications" with "millions of potential customers nationwide."

20. The Defendants tell prospective investors that Homeland's objective is to acquire appreciable FCC-licensed assets and build a recurring revenue stream on new and existing FCC holdings, as well as purchase additional specialized mobile radio ("SMR") licenses in strategic areas with the view towards reselling the licenses for a profit.

21. The Defendants also claim to be organized to enter into the SMR business. The Homeland PPM represents to potential investors the Company has more than 6,000 radios in stock, a large supply of GPS receivers, and 220 MHz licenses in at least seven markets. The PPM also states Homeland will use existing two-way radio businesses and Nextel dealers to market its products, and will give away existing radio equipment to entice customers to sign a two-year service contract at \$20 to \$30 a month. The PPM represents to potential investors Homeland has the capacity to place 8,000 subscriber units at \$25 per unit per month to generate an annual revenue stream of \$2.4 million.

B. Solicitation of Investors

22. The Defendants have been offering and selling units in Homeland to the general public since at least May 2005 through Homeland's website, the PPM and other written materials, and telemarketers.

23. The terms of Homeland's offering are usually memorialized in the PPM, pursuant to which each unit consists of at least one Homeland common stock and one warrant, priced at \$1.00 each. According to the PPM, Homeland seeks to raise \$5 million. The website lists the minimum investment as \$10,000.

24. The Homeland website invites viewers to submit contact information to "learn how you can be part of a ground floor opportunity to invest in Wireless Technology." The

website has a “contact us” feature and a “free investor package” link inviting interested viewers to provide their contact information.

25. Additionally, Yurkin and other telemarketers representing Homeland place telephone calls to prospective investors to tell them about Homeland’s securities offering and offer to mail written materials. Yurkin and others at Homeland sometimes lead potential investors to believe they have passed a preliminary screening and are qualified despite their age.

26. Defendants then disseminate to these prospective investors written materials that generally include a PPM, an informational brochure, a subscription agreement, an investor questionnaire, and wire-transfer instructions.

27. Once the telemarketers persuade a prospective investor to purchase units of Homeland, they then instruct the investor to send a wire transfer payable to a bank account held in the name of Oak Tree.

28. After they send funds to the Oak Tree account, investors receive a so-called stock certificate signed by F. M. LaBarre, representing their purported ownership interest in Homeland. Investors also receive a stockholder letter from F. M. LaBarre that touts Homeland’s acquisition of certain companies, the Company’s goal of going public, and its active pursuit of additional licenses in major markets such as Miami, Dallas, and Las Vegas.

29. Since the commencement of the offering, the Defendants have raised approximately \$1.13 million from around 93 investors nationwide.

C. Fraudulent Misrepresentations and Omissions in the Homeland Offering

30. In connection with Homeland’s unregistered offering, the Defendants are making numerous material misrepresentations and omissions about: (1) promises of an upcoming IPO; (2) the involvement of well-known investment banks; (3) the use of investor funds; (4)

Homeland's assets and acquisitions; (5) the existence of FCC licenses; and (6) Homeland's regulatory history.

**1. False Promises of an Initial Public Offering And
The Involvement Of Well-Known Investment Banks**

31. Homeland's website advertises it is "making available a pre IPO offer" and "investors can look back at what others have made by investing in Microsoft and Google before they went public."

32. In addition, when Yurkin distributes the PPM to potential investors, he tells them Homeland is going public. Yurkin on at least one occasion sent a copy of Homeland's Form D filing to a prospective investor with a cover sheet indicating Homeland had filed an "SEC Registration" with the Commission.

33. The Homeland website creates a sense of urgency to entice investors by representing Homeland will sell shares of pre-IPO shares "for a limited time." Additionally, the PPM states Homeland intends to file a registration statement with the Commission, leading investors to believe a public offering is imminent.

34. Yurkin and other telemarketers also lead investors to believe Homeland's IPO is imminent. For example, in an effort to persuade an investor to purchase an additional 5,000 shares, a Homeland telemarketer told the investor in July 2007 that Homeland was going into a "quiet period" because the Company's IPO would take place in a matter of weeks.

35. Yurkin tells prospective investors Homeland will be going public within a certain period of time and at a specific price that varies wildly from sales pitch to sales pitch. For example, in November 2006, Yurkin told one prospective investor Homeland would conduct the IPO in six to eight months and predicted the value of the IPO stock would be \$12.00 to \$15.00 a share. In December 2006, however, Yurkin told another investor Homeland's IPO would take

place in four months. In January 2007, Yurkin told a third prospect that Homeland would go public at \$9.00 to \$12.00 a share, and reach \$30.00 a share by the end of 2007.

36. Additionally, the Defendants represent to prospective investors that well-known brokerage firms such as JP Morgan Chase will handle underwriting for the IPO.

37. These representations are utterly false. Homeland has never filed or attempted to file a registration statement with the Commission necessary for an IPO, and an IPO is not imminent. JP Morgan Chase has never had any investment banking relationship with the Defendants and has not agreed to underwrite an IPO for Homeland.

2. Misuse of Investor Proceeds

38. The Defendants are also misusing and misappropriating Homeland investor funds deposited in the Oak Tree bank account.

39. Homeland's offering materials represent to prospective investors that Homeland would spend \$1.25 million of the \$5 million raised on marketing, approximately \$1.97 million to acquire additional licenses, and \$1.4 million to acquire Highland Communications LLC, a privately-held New Hampshire telecommunications company.

40. Instead, the Defendants have diverted at least \$1.9 million of the \$2.4 million deposited in the Oak Tree bank account to LaBarre's family members and the Relief Defendants, which are companies LaBarre and her family own or control. Michele and Donald LaBarre have signature authority over the Oak Tree bank account.

41. Approximately \$598,500 of the approximately \$2.54 million deposited in the account has been sent to Luna Pazzo, Michele LaBarre's restaurant.

42. Approximately \$730,625 has been sent to SMR Development, where Michele and Donald LaBarre serve as the sole officers and directors.

43. Approximately \$256,750 has been sent to SMR Acquisitions, where Frances LaBarre serves as the sole officer and director.

44. Approximately \$122,100 has been sent to Global Survey.

45. Finally, approximately \$128,500 has been sent to an account belonging to Frances, Donald or Michele LaBarre, and at least \$51,400 has been sent to an account belonging to Michele or Frances LaBarre.

46. Although the Defendants have represented they would spend \$1.4 million to acquire Highland, Homeland has not acquired Highland, and Highland has received only approximately \$27,000.

3. False Statements Regarding Homeland's Assets And Acquisitions

47. The Defendants' misrepresentations also concern Homeland's assets and purported acquisition of Highland.

48. Homeland's PPM represents Homeland has acquired Highland and will operate the business as a wholly-owned subsidiary. The PPM also states Homeland has 6,000 radios and has obtained licenses in seven strategic markets as part of the acquisition.

49. Yurkin and the other telemarketers tell potential investors that Homeland acquired Highland and is consolidating Highland's FCC licenses.

50. In letters to stockholders dated September 2006, Homeland claims it has begun acquiring Highland, which will serve as Homeland's operating company.

51. The offering materials disseminated to investors contain "Profit & Loss" statements for Highland, as well as an accounts receivable transactions list and a partnership income tax return statement.

52. Homeland's representations about its acquisition of Highland are patently false. Highland's public records filed with the State of New Hampshire do not reflect any change of ownership as of January 24, 2007. Furthermore, Highland's organizer and sole manager has stated that Homeland had not acquired Highland and there is no signed contract in place.

4. False Statements Regarding FCC Licenses

53. The Defendants also misrepresent Homeland's ownership of FCC licenses. They lead prospective investors to believe Homeland owns FCC licenses in at least Kentucky and New York City. One telemarketer told a prospective investor Homeland operates in 21 markets and Yurkin specified Houston, Chicago, Miami, Cincinnati and Atlanta.

54. However, an online search of the FCC's Universal Licensing System in August 2007 indicates no licenses, applications for licenses, or archived licenses held in the name of Homeland or Frances LaBarre.

5. Homeland's Regulatory History

55. The Defendants are failing to disclose to prospective investors the September 7, 2005 Pennsylvania C&D Order against Homeland and LaBarre, and the October 2006 Texas C&D Order against Homeland, LaBarre, and Yurkin, halting the sale of Homeland's unregistered securities in those states.

56. Neither Yurkin nor the Homeland telemarketers tell potential investors about the C&D Orders against Homeland. Homeland's website makes no reference to these orders.

COUNT I

Sales of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act

57. The Commission repeats and realleges paragraphs 1 through 56 of its Complaint.

58. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this Complaint, and no exemption from registration exists with respect to the securities and transactions described in this Complaint.

59. Beginning in May 2005, the Defendants, directly and indirectly, have been: (a) making use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise; (b) carrying securities or causing such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or (c) making 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, without a registration statement having been filed or being in effect with the Commission as to such securities.

60. By reason of the foregoing, the Defendants 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).

COUNT II

Fraud in Violation of Section 17(a)(1) of the Securities Act

61. The Commission repeats and realleges paragraphs 1 through 56 of its Complaint.

62. Beginning in May 2005, the Defendants directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, have been knowingly, willfully or recklessly employing devices, schemes or artifices to defraud.

63. 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).

COUNT III

Fraud in Violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act

64. The Commission repeats and realleges paragraphs 1 through 56 of its Complaint.

65. Beginning in May 2005, the Defendants, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, in the offer or sale of securities, have been: (a) obtaining money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

66. 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 IV

Fraud in Violation of Section 10(b) and Rule 10b-5 of the Exchange Act

67. The Commission repeats and realleges paragraphs 1 through 56 of its Complaint.

68. Beginning in May 2005, the Defendants, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, have been knowingly, willfully or recklessly: (a) employing

devices, schemes or artifices to defraud; (b) making untrue statements of material facts and omitting 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; or (c) engaging in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

69. By reason of the foregoing, the Defendants have directly or indirectly 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, 17 C.F.R. § 240.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that the Defendants have committed the violations of the federal securities laws alleged herein.

II.

Temporary Restraining Order, Preliminary Injunction and Permanent Injunction

Issue a Temporary Restraining Order, a Preliminary Injunction and a Permanent Injunction, restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, and Section 10(b) and Rule 10b-5 of the Exchange Act, as indicated above.

III.

Asset Freeze and Sworn Accountings

Issue an Order freezing the assets of all Defendants and Relief Defendants until further Order of the Court and requiring the Defendants and Relief Defendants to file with this Court sworn written accountings.

IV.

Appointment of a Receiver

Issue an Order appointing a receiver over all assets held in the name of Defendant Homeland and all Relief Defendants to: (1) preserve the status quo, (2) ascertain the financial condition of each of these Defendants, (3) prevent further dissipation of the property and assets of each of these Defendants to prevent loss, damage and injury to investors, (4) preserve the books, records and documents of each of these Defendants, and (5) be available to respond to investor inquiries.

V.

Records Preservation

Issue an Order requiring the Defendants and Relief Defendants to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

VI.

Disgorgement

Issue an Order directing the Defendants and Relief Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VII.

Penalties

Issue an Order directing all Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

VIII.

Penny Stock Bar

Issue an order barring Defendants Frances M. LaBarre and Joseph Yurkin from participating in any offering of penny stock, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), for the violations alleged herein.

IX.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

X.

Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

September 5, 2007

Respectfully submitted,

By:



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