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U.S. DISTRICT COURT
NORTHERN DIST. OF TX.
FT WORTH DIVISION

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CLERK OF COURT

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

US GLOBAL NANOSPACE, INC.,
JOHN D. ROBINSON, and
JULIE E. SEAMAN,

Defendants.

Civil Action No.

4-06CV-680-Y

COMPLAINT

Plaintiff Securities and Exchange Commission (“Plaintiff” or “Commission”) files this *Complaint* against US Global Nanospace, Inc., John D. Robinson and Julie E. Seaman (collectively, “Defendants”), and alleges as follows:

I. Summary

1. This matter involves violations of the federal securities laws by US Global Nanospace, Inc. (“USGN”), a developmental stage “penny stock” company, and two former principal officers, John D. Robinson (“Robinson”) and Julie E. Seaman (“Seaman”) from about March 2003 through about January 2004 (the “Relevant Period”). During the Relevant Period, in violation of the anti-fraud provisions of the federal securities laws, Robinson authorized USGN to issue five press releases which contained materially misleading statements about the company’s supposed development and seemingly imminent sale of several products intended for defense and homeland security applications, including a reinforced cockpit door for use in commercial airliners. During

the Relevant Period, the company's common stock, which was quoted on the Over the Counter Bulletin Board ("OTC BB") and the Pink Sheets, rose in price from \$0.10 or less to more than \$1.22 per share on an average daily volume of approximately 1 million shares.

2. Also during the Relevant Period, Robinson and Seaman collectively sold approximately 3.1 million shares of USGN common stock into the market for total proceeds of approximately \$1.4 million, \$500,000 of which they provided to USGN to fund its operations. USGN issued the stock to Robinson and Seaman in lieu of salary and pursuant to an offering to its employees (including Robinson and Seaman) of up to 15 million shares under its Amended and Restated 2002 Stock Plan, which was registered with the Commission on a Form S-8\A registration statement. Thereafter Robinson and Seaman publicly offered and sold shares received under the Stock Plan, including pursuant to several Form S-8 registration statements filed with the Commission that purported to register their re-sale of shares. Their offers and sales violated the registration provisions of the federal securities laws, as Form S-8 cannot be used to register offers and sales of securities in which the issuer directly or indirectly receives the offering proceeds.

3. By reason of these activities, Defendant Robison violated Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c)] 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]; and Defendants USGN and Seaman violated Sections 5(a) and 5(c) of the Securities Act. The Commission, in the interest of protecting the public from any further violative activity, brings this action against Defendants seeking permanent injunctive relief, and against Defendants Robinson

and Seaman disgorgement of illicit profits, plus accrued prejudgment interest and civil monetary penalties. The Commission also seeks an order against Defendant Robinson imposing an officer and director bar.

II. Jurisdiction

4. This Court has jurisdiction over this action 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]. Defendants have, directly and indirectly, made use of the means or instrumentalities of interstate commerce and/or the mails in connection with the transactions described in this *Complaint*.

5. 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 acts and transactions described herein took place in the Northern District of Texas.

III. Defendants

6. US Global Nanospace, Inc. is a Delaware corporation based in Arlington, Texas, which has claimed to develop various defense and homeland security products. USGN files reports with the Commission pursuant to its registration of its common stock under Section 12(g) of the Exchange Act.

7. John D. Robinson, 52, of Alvarado, Texas, was USGN's Chief Executive Officer ("CEO") and chairman of its board of directors and its majority shareholder, starting in or about July 2002. Robinson resigned his CEO position on or about August 3, 2005 and his director position on or about December 8, 2005. Robinson presently owns more than 30% of USGN's outstanding common stock.

8. Julie E. Seaman, 46, of Alvarado and Granbury, Texas, is currently a member of USGN'S board of directors and formerly was USGN's CFO from July 2002 until her resignation on or about January 7, 2006. She has been married to Robinson since on or about March 13, 2004.

IV. Statement of Facts

A. Misleading Press Releases

9. During the Relevant Period, USGN described itself as a development-stage nanotechnology company that identified, developed and commercialized products incorporating nanofibers for military and homeland security applications. Robinson was principally responsible for USGN's day-to-day business affairs, including overseeing product development and testing, and sales negotiations. Robinson also prepared and/or authorized USGN's press releases regarding various products, including a reinforced airline cockpit door, a gun turret and armor panels for military vehicles.

1. Guardian Cockpit Door

10. After the terrorist attacks on September 11, 2001, the Federal Aviation Administration ("FAA") began requiring the installation of reinforced cockpit doors on all passenger aircraft. USGN developed a reinforced cockpit door called the Guardian Anti-Ballistic Cockpit Door (the "Guardian Door"), which incorporated G-Lam, a USGN product that the company described as an "anti-ballistic nanofiber material."

11. Before USGN could sell the Guardian Door for installation on any model of American-registered aircraft USGN had to receive a Supplemental Type Certificate ("STC") from the FAA on each model of aircraft for which USGN would sell the Guardian Door. To obtain an STC, USGN had to first submit an STC application and certification

plan to the FAA, and then attend a “kick off” meeting on the application to finalize the revisions typically required for approval of the plan. Once the FAA approved the plan, USGN had to secure FAA approvals regarding design compliance—that the cockpit door design complied with FAA regulations, and that the installed door and its components conformed to the FAA-approved design.

12. USGN filed a total of five STC applications with the FAA for the installation of the Guardian Door on various models of aircraft, including a Boeing 737 and an Airbus A-320. Only the first of these applications, USGN’s Boeing 737 STC application filed in the FAA’s Fort Worth, Texas office, ever made it past the preliminary stages of the FAA review and approval processes. That application was cancelled after USGN’s door failed a mandatory ballistics test on April 17, 2002 in which nine out of twelve projectiles penetrated the door.

13. USGN continued to attempt to develop the Guardian Door after the ballistics failure of April 17, 2002, and obtained independent laboratory test results showing that the armor in the door prevented penetration by handgun and rifle bullets. USGN and Robinson, however, issued two misleading press releases regarding the attempts to develop and sell the door. The first release, on March 4, 2003, announced that the Guardian Door “has been installed on an Airbus A-320 (“A-320”) as part of the final phase of the FAA STC process.” At the time of the release, however, USGN was not in the “final phase” of its FAA certification process. The release failed to disclose that as of March 4, USGN representatives had only attended the initial “kick-off” meeting with the FAA on the Airbus 320 STC application, and that USGN had not successfully completed any part of the compliance or conformity phases on the application. Moreover, the release

failed to disclose that the Guardian Door installation referenced in the release was not witnessed or conducted by the FAA and was not part of USGN's STC application process.

14. On April 25, 2003, USGN and Robinson issued a press release announcing that the company had "received new orders totaling \$1,440,500 for 38 of the Company's Guardian Cockpit Security Doors." The press release further stated: "The new orders include doors for El Al Israel Airlines' Boeing 737, 747, 757 and 767 fleets." This was a significant announcement for the company, since USGN had generated no revenues in the previous two fiscal years. In fact, however, USGN had not received orders to purchase the Guardian Door. The company had merely entered into non-binding letters of intent with Aer Lingus Airlines ("Aer Lingus") and El Al Israel Airlines ("El Al"), both of which contemplated the subsequent signing of a sales agreement (which never occurred) by which the airlines would actually order doors. The April 25th release did not disclose that any order to purchase the Guardian Door was contingent upon the negotiation of final purchase agreements and also upon the issuance of FAA STCs for the Guardian Door.

15. Robinson was aware or reckless in not knowing that neither El Al nor Aer Lingus had entered into any purchase agreement. Robinson knew the details of USGN's dealings with Aer Lingus, and he had personally negotiated the El Al letter of intent. He also learned that only one day after the April 25th release, Aer Lingus announced it would order its doors from other manufacturers. Robinson was also aware or reckless in not knowing that a supposed copy of the El Al letter of intent, given to USGN's counsel and later to the staff of the Commission, as supposed justification for the claims of Guardian Door "orders" in the April 25th release, had been altered to delete non-binding language

in the original letter of intent and to insert language to the opposite effect. Robinson did not cause USGN to correct the misleading April 25th press release until July 11, 2003, when USGN filed a Form 10-KSB with the Commission, which disclosed that the anticipated sales of the Guardian Door to El Al and Aer Lingus had not occurred. USGN has never sold a Guardian Door or produced it on any commercial basis.

2. SAG Turret

16. The war in Iraq emphasized the need to armor military transport vehicles, such as HUMVEEs. In general, before the U.S. military procures such armor it conducts a multi-faceted analysis, which includes threat characterization, ballistics and blast tests, and fitting tests. The same analysis usually occurs, *albeit* on an abbreviated basis, when an individual military unit seeks to purchase smaller amounts of equipment for its troops, under now discontinued programs that would have allowed small U.S. military units to purchase directly a relatively limited amount of equipment before the usual testing by procurement authorities.

17. In response to these U.S. military needs, USGN attempted to develop various military armor products. As USGN's CEO, Robinson represented USGN before product suppliers and manufacturers, and before representatives of the U.S. military and other potential purchasers, with respect to USGN's attempts to develop and sell armor products.

18. In or about late 2002, USGN developed a new product using its G-Lam armor, called the SAG ("Save A Gunner") Turret, which USGN described as a shielded gun turret affording light-weight, easily-installed anti-ballistic protection for a HUMVEE turret gunner. On July 14, 2003, Robinson authorized USGN to issue a press release in

which USGN claimed that the U.S. government was “allocating a National Stock Number (NSN) to the [SAG] turret so unit procurement can commence by the various Armed Forces to reduce turret personnel losses.”

19. The Pentagon’s Defense Logistics Agency assigns NSNs to items that are repeatedly bought, stocked, stored, issued, and used throughout the military services and the federal supply system. The receipt of a NSN indicates that the military has evaluated the product, determined its price, physical specifications and performance characteristics, and decided to procure it on a regular, standardized basis.

20. From on or about July 14, 2003 to the present, no military or government agency was allocating, attempting to allocate or did in fact allocate an NSN to the SAG Turret. Moreover, the July 14th press release failed to disclose that no military or government agency had tested the SAG Turret or determined to purchase it on a regular, standardized basis.

3. Armored Panels

21. On November 20, 2003, Robinson authorized USGN to issue a press release announcing that another of its products, the Guardian Antiballistic Replacement Door Skin (“GARDS”) was “available for shipment to authorized agencies and deployed units.” The release described the GARDS as “lightweight and flexible antiballistic panels” for insertion in military vehicles, including in HUMVEE doors, to protect against “small arms fire, projectiles, fragmentation and shrapnel.”

22. The November 20, 2003 release failed to disclose that the GARDS had not undergone the prerequisite testing for any large-scale military procurement and that USGN had not received any orders for sale of the GARDS.

23. On December 9, 2003, Robinson authorized USGN to issue a press release that included the statement that another USGN product, the Blast-X panel, “had been approved for use in up-armoring HUMVEEs and other military and security vehicles.” In an earlier March 7, 2003 release, USGN described the Blast-X panels as lightweight, flat or conformable panels, designed to reduce the risk of death or injury from terrorist bombings or other explosions, by containing and mitigating explosive shock waves and fragments.

24. The December 9, 2006 press release failed to disclose that no United States government agency, including the Department of Defense or the Department of Homeland Security, has approved the Blast-X panel for armoring military and security vehicles.

B. Market Reaction

25. On March 3, 2003, the day before the March 4th press release regarding the installation of the Guardian Door on the A-320, USGN’s common stock closed at \$0.25, on a volume of 54,000 shares. On the day of the release, the closing price increased to \$0.33 and the volume increased to 137,800.

26. On April 24, 2003 the day before the April 25th release announcing the purported receipt of orders to purchase the Guardian Door, USGN’s stock closed at \$0.09, on volume of 58,000 shares. After the April 25th release, however, the volume increased dramatically, reaching approximately 1.8 million shares on April 25 and approximately 1.4 million on May 1, while the price remained in the approximate \$0.07 to \$0.09 range.

27. The trading day before the July 14, 2003 release announcing the assignment of an NSN to the SAG Turret, USGN’s stock closed at \$0.28, on a volume of 610,200 shares. On July 14, 2003, the day of the release, the volume reached 1.1 million shares, to close at \$0.33.

28. On November 20, 2003, when Robinson had USGN issue the release announcing the GARDS panels were ready for shipment, USGN's stock closed at \$0.55, on a volume of about 5.2 million shares. Thereafter, including at the time of the December 9, 2003 release regarding the purported approval of the Blast-X panel, USGN shares traded in multi-million volumes, including a volume of over 8 million shares on December 9, 2003, and for prices of as high as \$1.22 a share.

C. Stock sales by USGN, Robinson and Seaman

29. In April 2003, USGN filed a Form S-8VA registration statement by which it registered an offering of up to 15 million shares under its Amended and Restated 2002 Stock Plan. Since the company had only minimal cash, it compensated all its employees, including Robinson and Seaman, with stock offered under the plan. From April 2003 to January 2004, USGN, Robinson and Seaman offered and sold approximately 3.1 million shares of USGN common stock received under the plan in public offerings, including through Form S-8 registration statements filed with the Commission on or about July 16, 2003, July 29, 2003, October 8, 2003 and December 22, 2003, by which USGN purported to register the re-sale by Seaman and Robinson of USGN stock that they had received under the Stock Plan. Robinson and Seaman made their sales into the over-the-counter market through a broker-dealer registered with the Commission.

30. From these stock sales, Robinson received gross proceeds of about \$951,320, from which he remitted as much as \$421,437 to USGN. Seaman received gross proceeds of about \$323,330, from which she remitted as much as \$91,000 to USGN. USGN applied the approximate \$500,000 received from Robinson and Seaman to general operating expenses (other than employee compensation). Form S-8 is not

available to register offers and sales of securities in which the issuer directly or indirectly receives the sales proceeds, and attempted registrations on Form S-8 of offers and sales of securities which raise capital for the issuer are invalid. USGN, Robinson and Seaman therefore directly or indirectly conducted public offerings that were not registered under the Securities Act and which were not exempt from registration.

IV. Claims

First Claim **Violations of Section 10(b) of the Exchange Act and Rule 10b-5 by** **Defendant Robinson**

31. Plaintiff Commission repeats and incorporates paragraphs 1 through 30 of this Complaint by reference as if set forth *verbatim*.

32. Defendant Robinson, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails has: (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 operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

33. As a part of and in furtherance of his scheme, Defendant Robinson, directly and indirectly, prepared, disseminated or used press releases, which contained untrue statements of material facts and misrepresentations of material facts, and which 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, including, but not limited to, those set forth in Paragraphs 1 through 30 above.

34. Defendant Robinson made these misrepresentations and omissions knowingly or with severe recklessness.

35. By reason of the foregoing, Defendant Robinson 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].

Second Claim
Violations of Section 5(a) and 5(c) of the Securities Act

36. Plaintiff Commission repeats and incorporates paragraphs 1 through 30 of this Complaint by reference as if set forth *verbatim*.

37. Defendants USGN, Robinson and Seaman, directly or indirectly, singly and in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and have been, directly and indirectly: (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise; (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

38. As alleged in paragraphs 1 through 30, USGN, Robinson and Seaman, directly and indirectly, offered and sold the common stock of USGN through a medium of interstate commerce, a broker dealer registered with the Commission. These sales

were used to raise capital for USGN. Therefore, the attempted registration of these public offers and sales with Form S-8 registration statements was ineffective, as Form S-8 registration statements cannot be used for offerings that raise capital for the issuer.

39. 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)].

V. Relief Requested

The Commission respectfully requests that this Court enter a judgment:

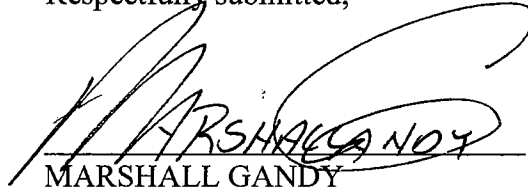
- (a) permanently enjoining Defendant Robinson from violating Sections 5(a) and 5(c) of the Securities Act, and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;
- (b) permanently enjoining Defendants USGN and Seaman from violating Sections 5(a) and 5(c) of the Securities Act;
- (c) ordering Defendants Robinson and Seaman to disgorge an amount equal to the funds and benefits they obtained illegally as a result of the violations alleged herein, plus prejudgment interest on that amount;
- (d) ordering Defendant Robinson to pay civil penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act for his violations of the federal securities laws as alleged herein;
- (e) ordering Defendant Seaman to pay civil penalties pursuant to Section 20(d) of the Securities Act for her violations of the federal securities laws as alleged herein;

(f) pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act, ordering that Defendant Robinson be permanently prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act; and

(g) granting such other relief as this Court may deem just and appropriate.

Dated: September 26, 2006.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'MARSHALL GANDY', is written over a horizontal line. The signature is stylized and cursive.

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