

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. : 08-61517-CIV-GOLD/MCALILEY

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
v.)
)
VIDEO WITHOUT BOUNDARIES, INC.)
(d/b/a CHINA LOGISTICS GROUP, INC.),)
VERNON JEFFREY HARRELL,)
DAVID J. AUBEL,)
)
Defendants.)
)

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges:

I. INTRODUCTION

1. This case concerns an accounting fraud scheme at Video Without Boundaries, Inc. (“Video”) and a “pump and dump” of Video’s securities. From at least April 2003 to November 2005, Video, at the direction of its sole officer and director, Vernon Jeffrey Harrell, filed annual and quarterly reports with the Commission that, among other things, materially overstated the company’s revenues and assets and understated its net losses. Harrell falsely certified numerous annual and quarterly reports Video filed with the Commission that he knew, or was severely reckless in not knowing, contained material misstatements and omissions.

2. Moreover, from November 2003 to September 2006, Harrell and David J. Aubel, Video’s largest shareholder and creditor, issued a series of false and misleading press releases announcing its acquisition of another company, the availability of large credit facilities, and an international operating subsidiary. Taking advantage of Video’s artificially inflated stock price,

Aubel dumped millions of shares of Video stock, acquired at a steep discount from Video, into the market in unregistered transactions.

3. Defendant Video has engaged in and, unless restrained and enjoined by the Court, will continue to engage in acts and practices that constitute violations of Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77e(a) and 77e(c); Sections 10(b), 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B); and Rules 10b-5, 12b-20, 13a-1, and 13a-13 promulgated under the Exchange Act, 17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, and 240.13a-1.

4. Defendant Harrell has engaged in and, unless restrained and enjoined by the Court, will continue to engage in acts and practices that constitute violations of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c); Sections 10(b), 13(b)(5), 13(d), and 16(a) of the Exchange Act, 15 U.S.C. §§ 78j(b), 78m(b)(5), 78m(d), and 78p(a); and Rules 10b-5, 13a-14, 13b2-1, 13d-1, 13d-2, and 16a-3 promulgated under the Exchange Act, 17 C.F.R. §§ 240.10b-5, 240.13a-14, 240.13b2-1, 240.13d-1, 240.13d-2, and 240.16a-3; and aiding and abetting violations of Section 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B); and Rules 12b-20, 13a-1, and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-1.

5. Defendant Aubel has engaged in and, unless restrained and enjoined by the Court, will continue to engage in acts and practices that constitute violations of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c); Sections 10(b), 13(d), and 16(a) of the Exchange Act, 15 U.S.C. §§ 78j(b), 78m(d), and 78p(a); and Rules 10b-5, 13d-1, 13d-2, and 16a-3 promulgated under the Exchange Act, 17 C.F.R. §§ 240.10b-5, 240.13d-1, 240.13d-2, and

240.16a-3; and aiding and abetting violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

II. JURISDICTION AND VENUE

6. 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.

7. 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. Harrell and Aubel reside in, and Video's principal office was located in, the Southern District of Florida.

8. Each of the Defendants, directly and indirectly, has made use, in the United States, of the means or instrumentalities of interstate commerce, the means or instruments of transportation or communication in interstate commerce, and/or the mails, in connection with the acts, practices, and courses of business set forth in this complaint.

III. DEFENDANTS

9. Video was an electronics company incorporated in Florida in 1999 with its principal place of business in Ft. Lauderdale, Florida. Video changed its name to MediaREADY, Inc. in August 2006 and to China Logistics Group, Inc., in April 2008. The company's common stock is registered with the Commission pursuant to Section 12(g) of the Exchange Act. From May 2000 to December 2004, and again since January 2006, Video's common stock was traded on the Over The Counter Bulletin Board. From December 2004 to January 2006, Video's common stock was traded on the Pink Sheets. Video's common stock was quoted under the symbol VDWB

from November 2001 to August 2006, and under the symbol MRED from August 2006 to March 2008. Since March, it has been quoted under the symbol CHLO.

10. Harrell, 43, resides in Ft. Lauderdale, Florida. From December 1999 to June 28, 2008, Harrell served as Video's Chairman of the Board, President, CEO, Secretary, and Principal Financial and Accounting Officer. On June 28, 2008, he appointed an employee of a recently-acquired Video subsidiary as Video's Chairman of the Board and CEO, and on July 22, 2008, Harrell resigned from the Board and as President.

11. Aubel, 50, resides in Plantation, Florida. At certain times since at least 2002, Aubel has owned more than 15% of Video's common stock, either directly or through entities he controls.

IV. VIDEO AND ITS PRINCIPALS

12. From 1999, Video offered products and services focusing on consumer electronics. From December 1999 to June 2008, as Video's sole officer and director, Harrell was responsible for the day-to-day operations of the company. Among other things, he supervised Video's five employees, maintained its books and records, prepared and signed all of Video's periodic filings and certifications, and sought funding for the company.

13. Harrell obtained most of Video's funding from Aubel. In addition, although Aubel did not hold any formal title or position at Video, he played a role in interviewing and selecting Harrell to serve as Video's sole officer.

14. From at least 2002, Aubel funded most of Video's operations and approved most business decisions that involved cash outlays. Aubel has participated in many of Video's major management decisions. Additionally, Aubel helped negotiate important business ventures for Video, including Video's attempted acquisition of Graphics Distribution, Inc., a Wisconsin-based

distributor of electronics/products. Even as recently as March 2008, Aubel was involved in negotiating an agreement for Video to acquire a Chinese company.

V. VIDEO'S ACCOUNTING SCHEME

15. Harrell maintained Video's books and records, created its financial statements, and prepared and signed all the related certifications under the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") as both the principal executive officer and principal financial and accounting officer.

16. As described below, Harrell engaged in fraudulent accounting practices and caused Video to file annual and quarterly reports that contained numerous departures from generally accepted accounting principles ("GAAP"). Specifically, Video's Forms 10-KSB for 2002 and 2003 and its Forms 10-QSB for all quarters of 2004 materially overstated Video's revenues, improperly accounted for a failed acquisition, and materially understated net losses.

A. Video's Improper Revenue Recognition in 2002

17. In May 2002, Video signed a consulting agreement to provide services to Cornerstone Entertainment Inc., an entertainment company, in exchange for 650,000 shares of Cornerstone stock. Although Video received the Cornerstone shares, it never provided any services to Cornerstone.

18. Nonetheless, in its 2002 Form 10-KSB, Video improperly reported \$325,000 in revenue for services it never provided to Cornerstone, contrary to GAAP and in contradiction of its 2002 Form 10-KSB revenue disclosure that "Service revenue is recognized when the services are performed." The reported \$325,000 of service revenue from Cornerstone represented 98% of Video's reported revenue for 2002.

19. Moreover, in its annual and quarterly filings from 2002 through the third quarter of 2004, Video reported a \$114,000 stock dividend of Cornerstone shares to Video shareholders even though Video never issued such a dividend. In addition, Video continued to record the Cornerstone stock as an investment (initially valued at \$325,000 but reduced to \$211,000 by the recording of the \$114,000 dividend distribution) in 2002 and 2003 quarterly filings through the third quarter of 2003.

20. Video did not reverse these baseless entries until it filed its amended 2002 Form 10-KSB in June 2005.

B. Video's Improper Revenue Recognition in 2003

21. Graphics, a distributor of Video's products since 2003, is in the business of developing, selling, and distributing electronic products. Video and Graphics had an informal understanding under which Video could ship its products to Graphics's warehouse, but Graphics was not obligated to pay for them until it sold them to third parties. Video used this arrangement with Graphics to inflate its revenue in 2003.

22. In its 2003 Form 10-KSB, almost 99% of Video's reported revenue – \$189,000 of about \$191,000 – was based on Video's purported sales to Graphics. In fact, Video did not sell any merchandise to Graphics in 2003. Contrary to GAAP, Video inflated its revenue by fraudulently recognizing products shipped to Graphics for potential sale as actually having been sold.

C. Video's Improper Accounting of the Purported Graphics Acquisition

23. Aubel and Harrell met with Graphics's president in June 2004 to discuss Video's interest in acquiring Graphics, and eventually entered into a letter of intent. In August 2004, the parties executed a stock purchase agreement under which Video agreed to pay Graphics's

president \$1.5 million in three installments (\$350,000, \$500,000, and \$650,000), and issue him one million shares of Video's restricted common stock, in exchange for all of Graphics's common stock. Under the stock purchase agreement, Video also agreed to collateralize Graphics's line of credit with Royal American Bank.

24. Video paid Graphics's president the first installment due under the stock purchase agreement, \$350,000, in August 2004. Video, however, failed to make the second installment payment of \$500,000, due by September 2004, or any other payment. Video also failed to meet the other outstanding conditions under the stock purchase agreement. It did not issue one million shares of restricted common stock to Graphics's president or collateralize Graphics's line of credit. Accordingly, Video never completed the purchase of Graphics.

25. Although Video never completed the Graphics acquisition – the stock purchase agreement was not even executed until August 2004 – Video improperly reported the Graphics acquisition and combined Graphics's financial results with its own for the quarters ended June 30, 2004 and September 30, 2004. Video's accounting of the acquisition was improper under GAAP because Video never completed its acquisition and, therefore, never had effective control over Graphics. Nevertheless, Harrell caused Video to file Forms 10-QSB for the second and third quarters of 2004 that falsely reported revenue of about \$1 million and \$3.7 million, respectively, by combining the financial results of Graphics and Video.

26. In reality, as revealed when Video restated these quarters' financial statements in October and November 2005, Video had no revenue during the second and third quarters of 2004. Video did not disclose it had failed to satisfy the terms of the Graphics acquisition agreement until June 2005, when it filed an amended 2002 Form 10-KSB.

D. Video's Undisclosed Related-Party Transactions with Aibel

27. Video failed to disclose in its periodic reports that Aibel was a related party, even though he was Video's largest creditor and shareholder and was involved in some of Video's most important management decisions. For every year from 2003 through 2006, Aibel received more than half of all shares Video issued and was involved in many of Video's important management decisions. In 2002 and 2003, as part of an oral consulting agreement, Video, through Harrell, recorded consulting fees to Aibel of \$10,000 a month on its internal books and records. Harrell knew, or was severely reckless in not knowing, Aibel was a related party when he recorded these fees.

28. Video also failed to disclose that the majority of Video's sales and accounts receivable in 2006 were based on an order for consumer electronics by Convergen, Inc., an entity Aibel controlled and had incorporated a day prior to the order being placed. In light of the significance of the order placed by Convergen and Aibel's relationship with Video, Harrell was at minimum severely reckless, prior to filing Video's annual financial statement for 2006, if he did not know that Aibel owned or controlled Convergen, Inc. Irrespective, Video failed to disclose that the transaction with Convergen, Inc. was a related party transaction.

E. Video's Inadequate System of Internal Accounting Controls

29. Video's lack of adequate policies and procedures created conditions that facilitated numerous GAAP departures in annual and quarterly reports it filed with the Commission. Harrell failed to devise, implement, and maintain an adequate system of internal accounting controls at Video. Moreover, Harrell, who recorded all business transactions on Video's books and records, failed to maintain complete records or preserve their integrity. Harrell knew, or was severely

reckless in not knowing, internal control weaknesses existed at Video and he failed to take adequate steps to rectify them.

30. For example, Video did not have invoices or adequate documentation to support the revenue it recognized during 2002 and 2003. Video also failed to maintain a written agreement for the consulting services Aubel provided. Further, Video did not keep complete records or preserve the integrity of the records it maintained for expenses paid by Aubel for which he sought reimbursement. Also, Harrell failed to account correctly for the acquisition of Graphics and could not explain why he accounted for it as he did. Harrell was responsible for the misstatements in the accounting records because he maintained Video's general ledger, journals, and its financial statements.

F. Video's Restatement of its Financial Statements

31. In February 2005, Video retained a new auditor for approximately five months who determined it could not rely on the 2002 and 2003 audits. As a result, Video restated its financial statements for the year ended December 31, 2002 in June 2005.

32. In July 2005, Video dismissed its new auditor following a disagreement about whether Video had acquired Graphics, and retained yet another auditor who identified additional accounting errors. Consequently, Video restated its financial statements for the year ended December 31, 2002 again in September 2005. Video restated its financial statements for the year ended December 31, 2003 in September 2005. Video also restated its 2004 quarterly financial statements in October and November 2005. As is evident from these restatements, Video's accounting fraud had created material misstatements of Video's revenues, net losses, and total assets, as shown in the following table:

Period Ended	Filing Type	Revenues			Net Loss			Total Assets		
		Originally Reported	As Restated	% Misstated	Originally Reported	As Restated	% Misstated	Originally Reported	As Restated	% Misstated
12/31/02	10-KSB	\$330,621	\$5,621	5,782%	\$(923,076)	\$(1,054,702)	12%	\$394,545	\$104,888	276%
12/31/03	10-KSB	\$190,770	\$1,770	10,678%	\$(1,262,302)	\$(1,870,252)	33%	\$874,877	\$519,673	68%
3 Mos. Ended 03/31/04	10-QSB	\$86,563	\$2,553	3,291%	\$(183,408)	\$(509,589)	64%	\$1,821,912	\$1,287,736	41%
3 Mos. Ended 06/30/04	10-QSB	\$919,461	\$0	N/A	\$(277,540)	\$(960,186)	71%	\$3,800,064	\$444,021	756%
3 Mos. Ended 09/30/04	10-QSB	\$2,751,450	\$0	N/A	\$(258,696)	\$(1,201,013)	78%	\$4,649,702	\$303,741	1,431%

**VI. DEFENDANTS CIRCUMVENTED REGISTRATION REQUIREMENTS AND
AUBEL DUMPED MILLIONS OF SHARES OF VIDEO STOCK**

33. From at least January 2002 through December 2005, Aubel had an undisclosed agreement with Video under which he converted debt Video owed to him to stock under extremely favorable terms. Specifically, Harrell signed stock issuance resolutions that allowed Aubel to convert outstanding debt to millions of shares of Video stock at only one cent per share, a discount of up to 99% off the market price. Harrell did not memorialize the debt conversion agreement in writing until December 2005, and only then at the insistence of Video's new auditors. Harrell also signed promissory notes on behalf of Video memorializing, in part, amounts the company owed Aubel for his work as a consultant.

34. Video did not disclose to the public either the terms of Aubel's favorable conversion of debt to stock or the terms of the promissory notes until Video filed its 2004 Form 10-KSB in December 2005. Moreover, in its Forms 10-QSB for the second and third quarters of 2005 and the first three quarters of 2006, Video falsely represented that Aubel's conversion rate increased in the third quarter of 2005 to 20% of the market price. According to stock issuance

resolutions Harrell signed, however, this statement was false because the conversion price remained at one cent per share through at least October 2006.

35. In 2006 alone, Aubel converted outstanding debt to 23.7 million shares of Video stock, representing about 99% of all shares Video issued that year. As illustrated below, from 2002 through year-end 2006, Aubel received over approximately 92.3 million shares out of Video's approximately 110 million shares outstanding:

Year-end	Approximate number of shares of Video stock Aubel received in debt to stock conversions	Video outstanding shares at year end	% of total number of shares Aubel received to shares Video issued during year	% of number of shares Aubel received to shares outstanding at year end
2002	28,000	119,087	24%	24%
2003	9,120,000	15,448,747	59%	59%
2004	28,250,000	53,119,126	75%	53%
2005	32,100,000	86,166,626	97%	37%
2006	23,700,000	110,011,626	99%	22%

36. Video issued restricted common stock to Aubel that was not freely tradable. Harrell, however, signed a corporate resolution for each conversion, falsely representing that Video should have issued the shares granted through each resolution to Aubel more than two years earlier. These fraudulent resolutions allowed Aubel to remove the restrictive legend and immediately sell the shares he received.

37. Video issued many of these shares to corporate shells Aubel controlled to conceal Aubel's ownership interest. Over the course of three years, Aubel reaped millions of dollars through the sale of these shares.

VII. VIDEO'S MISLEADING PRESS RELEASES

38. From at least November 2003 through September 2006, Video issued a series of misleading press releases announcing its acquisition of Graphics, the availability of large credit facilities, and an international operating subsidiary. Harrell and Aubel were both directly

involved in the preparation of these false press releases and collaborated in the review, approval, and publication of them. Harrell reviewed and approved all press releases, and Aubel edited or reviewed most of them. Aubel sent all press releases to the publishers, paid for their distribution with his credit card and, in some of the press releases, was listed as Video's contact person.

39. In addition, Aubel hired an investor relations specialist to create press releases for Video and spoke to him weekly regarding the company's press releases. Aubel instructed the investor relations specialist in 2004 to prepare press releases based on language Aubel provided him, including several of the false press releases discussed below.

A. Video's Misleading Press Releases Concerning the Acquisition of Graphics

40. Prior to the market opening on August 16, 2004, Video issued a press release stating it had completed its acquisition of Graphics and would operate this entity as its wholly-owned subsidiary. Harrell knew Video had not completed the purchase of Graphics on that date because, among other things, Video had not yet paid (and never would pay) \$1.15 million still due to Graphics's president under the purchase agreement. Aubel, who helped negotiate the stock purchase agreement and funded all of Video's operations, also knew, or was severely reckless in not knowing, Video had not made the payments required under the agreement to complete the acquisition.

41. In thirty separate press releases from November 2004 to February 2005, Video repeated the false claim that Graphics was its wholly-owned subsidiary. Video also issued two press releases on March 31, 2005, stating that its 2004 Form 10-KSB would include consolidated results based on the acquisition of Graphics. Video waited until June 2005 to disclose in its amended 2002 Form 10-KSB that it had defaulted under the terms of its stock purchase agreement with Graphics.

**B. Video's Misleading Press Releases Concerning
A Trade Credit Facility and Line of Credit**

42. Prior to the market opening on November 12, 2003, Video issued a press release announcing it had expanded its trade credit facilities with Lung Hwa Electronics Co. Ltd. ("Lung"), a consumer electronics manufacturer, to more than \$10 million. On February 5, 2004, Video issued another press release stating it had \$10 million in trade credit facilities, including a new line of credit from Lung.

43. These press releases were false. Although Lung had a contract with Video to manufacture Video's products, Harrell and Aubel knew Lung only was offering Video a trade credit facility if Video purchased a certain volume of equipment. However, Video never satisfied Lung's purchase requirements and, as a result, never secured a trade credit facility from Lung.

44. On February 7, 2005, Video issued a press release announcing it had secured a \$2.5 million credit line from Royal American Bank, a Graphics creditor. This press release was false. Although Graphics had a \$2.5 million line of credit from Royal American Bank, the bank only agreed to extend that line to Video if the company provided collateral satisfactory to the bank and paid the remaining \$1.15 million of the purchase price owed to Graphics's president.

45. In October 2004, Harrell and Aubel attended a meeting at Royal American Bank where Harrell acknowledged in writing Video had no ability to request loan advances from the bank until it satisfied these conditions. Because Video never satisfied these conditions, the bank never extended the credit line to Video.

C. Video's Misleading Press Releases Concerning an International Subsidiary

46. On September 6, 2006, Video issued a press release announcing the hiring of a chairman for a newly created subsidiary, MediaREADY Latin America, Inc. Video stated the chairman and "his team consist of seasoned veterans ... are already proving their ability to land

new accounts, distribution and partnerships for [Video] in the region.”

47. This press release was false. In fact, Video never appointed anyone chairman of this entity, which had no employees, operations, revenues, or offices.

48. Prior to the market opening on September 27, 2006, Video issued a press release stating MediaREADY Latin America had received a \$1 million order for consumer electronics goods.

49. This press release was misleading. Video did receive an order from Convergen. Aubel, however, owned this entity, which he incorporated just one day prior to the issuance of the press release. Video failed to disclose that its \$1 million transaction was with a related party.

VIII. HARREL'S AND AUBEL'S FAILURE TO DISCLOSE THEIR BENEFICIAL OWNERSHIP

50. The federal securities laws require any person who is the beneficial owner of more than ten percent of a class of a registered equity security to file a statement with the Commission within ten days of acquiring such ownership, and within ten days of each calendar month thereafter during which there has been a change in such ownership. These disclosures are made by filing a Form 3 for initial statements of beneficial ownership, a Form 4 for statements of changes in beneficial ownership, and a Form 5 at the end of each year in which the filing person continues to have beneficial ownership of ten percent of the equity shares.

51. The federal securities laws also require the beneficial owner of more than five percent of the security to file a Schedule 13D with the Commission no later than ten business days after the person acquires the ownership. Schedule 13D requires disclosure of, among other things: (1) the identity of the acquirer, including beneficial owners; (2) a description of the purpose(s) of the acquisition; and (3) the interest of all persons making the filing, including those acting together as a group.

52. From January 31, 2002 until May 2007, Harrell failed to file Forms 3, 4, and 5, or a Schedule 13D even though, at various times, he owned more than 10% of Video's outstanding shares. On January 31, 2003, Harrell's ownership interest represented as much as 39.7% of Video's outstanding shares. However, Harrell did not file a Form 3 disclosing his stock ownership until May 2007.

53. Harrell received shareholders' lists from Video's transfer agent for nearly every month from 2002 to 2006 and reviewed these shareholders' lists to determine ownership positions at least quarterly.

54. Aubel, directly or indirectly, owned more than 15% of Video's outstanding shares as early as January 31, 2002. His ownership interest decreased to 12.5% on February 28, 2002, and to 10% on June 30, 2002. It increased to more than 13.1% on January 31, 2003, and to nearly 18% on March 31, 2003. Due to the large number of shares Aubel received through his debt conversions, his ownership of Video stock remained above 10% on at least five occasions from April 2003 through January 31, 2004. Nevertheless, Aubel failed to file any Form 3, 4, or 5, or Schedule 13D during the relevant time period.

CLAIMS FOR RELIEF

COUNT I

Video, Harrell, and Aubel Violated Sections 5(a) and 5(c) of the Securities Act

55. The Commission repeats and realleges paragraphs 1 through 54 of its complaint.

56. 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.

57. From at least November 2003 through December 2006, Defendants Video, Harrell, and Aubel, directly and indirectly: (a) made 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) carried securities or caused 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) 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, without a registration statement having been filed or being in effect with the Commission as to such securities.

58. By reason of the foregoing, Video, Harrell, and Aubel, 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

Video, Harrell, and Aubel Violated Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

59. The Commission repeats and realleges paragraphs 1 through 54 of its complaint

60. From at least April 2003 to September 2006, Video, Harrell, Aubel, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of securities, as described herein, have knowingly, willfully, or recklessly: (i) employed devices, schemes or artifices to defraud; (ii) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (iii)

engaged in acts, practices and courses of business which have operated, are now operating and will continue to operate as a fraud upon the purchasers of such securities.

61. By reason of the foregoing, Video, Harrell, and Aubel, directly and 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 thereunder, 17 C.F.R. § 240.10b-5.

COUNT III

Aubel Aided and Abetted Video's Violations of Sections 10(b) of the Exchange Act and Rule 10b-5 Thereunder

62. The Commission repeats and realleges paragraphs 1 through 54 of its complaint.

63. From at least November 2003 through September 2006, Video, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of securities, as described herein, knowingly, willfully, or recklessly: (i) employed devices, schemes or artifices to defraud; (ii) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and/or (iii) engaged in acts, practices and courses of business which have operated, are now operating and will continue to operate as a fraud upon the purchasers of such securities.

64. By reason of the foregoing, Video violated 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.

65. Aubel knowingly or recklessly provided substantial assistance to Video in connection with its 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.

66. By reason of the foregoing, under Section 20(e) of the Exchange Act, Aibel thereby aided and abetted Video's 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.

COUNT IV

Video Violated Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 Thereunder, and Harrell Aided and Abetted These Violations

67. The Commission repeats and realleges paragraphs 1 through 54 of its complain.

68. Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder require issuers with registered securities to file annual and quarterly reports with the Commission that accurately reflect the issuer's financial performance and provide other information to the public. Exchange Act Rule 12b-20 further requires the inclusion of any additional material information that is necessary to make the required statements, in light of the circumstances under which they were made, not misleading.

69. By virtue of the conduct described in this complaint, Video violated Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-1, in connection with its Forms 10-KSB for 2002 and 2003 and Forms 10-QSB for all quarters of 2004.

70. By virtue of the conduct described in this complaint, Harrell aided and abetted Video's violations of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-1.

COUNT V

Harrell Violated Exchange Act Rule 13a-14

71. The Commission repeats and realleges paragraphs 1 through 54 of its complaint.

72. Rule 13a-14 of the Exchange Act, 17 C.F.R. § 240.13a-14, requires that each annual and quarterly report on Forms 10-Q and 10-K include a certification by the issuer's principal executive and financial officers certifying that, to the best of the certifying officer's knowledge, the report contains no material misstatements or omissions, as set forth under Section 302 of the Sarbanes-Oxley Act, 15 U.S.C. § 7241.

73. Harrell, as Video's certifying official, in periodic filings on Forms 10-KSB and 10-QSB filed with the Commission, falsely certified that to the best of his knowledge there were no untrue statements of material fact or omission of a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

74. By virtue of the conduct described in this complaint, Harrell directly or indirectly violated Rule 13a-14 of the Exchange Act, 17 C.F.R. § 240.13a-14.

COUNT VI

Video violated sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Harrell Aided and Abetted These Violations

75. The Commission repeats and realleges paragraphs 1 through 54 of its complaint.

76. Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b), requires each issuer of registered securities to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the business of the issuer. Section 13(b)(2)(B) of the Exchange Act requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that, among other things, transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain the accountability of assets.

77. By virtue of the conduct described in this complaint, Video falsified its books, records, and accounts, and therefore directly and indirectly, violated Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

78. By virtue of the conduct described in this complaint, Video failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that, among other things, transactions were recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain the accountability of assets, and therefore directly and indirectly, violated Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B).

79. By virtue of the conduct described in this complaint, Harrell aided and abetted Video's violations of Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), and Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(B).

COUNT VII

Harrell Violated Section 13(b)(5) of the Exchange Act and Rule 13b2-1 Thereunder

80. The Commission repeats and realleges paragraphs 1 through 54 of its complaint.

81. Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b), prohibits any person from knowingly falsifying such books, records, or accounts or from knowingly circumventing such a system of internal accounting controls. Rule 13b2-1 of the Exchange Act, 17 C.F.R. § 240.13b2-1, prohibits any person from falsifying or causing the falsification of any book, record, or account subject to Section 13(b)(2)(A).

82. Harrell failed to devise or maintain a system of internal controls at Video between 2003 and 2005. He further intentionally falsified Video's books and records, materially overstating its revenue and understating its losses through a number of accounting schemes, as

discussed above. By virtue of the conduct described in this complaint, Harrell violated Section 13(b)(5) of the Exchange Act and Rule 13b2-1 thereunder.

COUNT VIII

Harrell and Aibel Violated Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-Thereunder

83. The Commission repeats and realleges paragraphs 1 through 54 of its complaint.

84. Section 13(d) of the Exchange Act, 15 U.S.C. § 78m(d), and Rule 13d-1 thereunder, 17 C.F.R. § 240.13d-1, require a person, group, or entity that has acquired, directly or indirectly, beneficial ownership of more than 5% of a class of a registered equity security to file a statement, specifically, Schedule 13D, with the Commission disclosing the acquirer's identity and the purpose of the acquisition. Under Section 13(d)(2), 15 U.S.C. § 78m(d), and Rule 13d-2 thereunder, 17 C.F.R. § 240.13d-2, persons, groups, or entities obligated to file a Schedule 13D must file a statement or an amended Schedule 13D with the Commission disclosing any material change in their beneficial ownership of such security. Rule 13d-2(a), 17 C.F.R. § 240.13d-2, provides that any acquisition or disposition of one percent or more of any class of securities constitutes a "material" change in the beneficial ownership of such security. Moreover, Section 13(d) requires any person who is the beneficial owner of more than ten percent of a class of a registered equity security to file a statement with the Commission within ten days of acquiring such ownership, and within ten days of each calendar month thereafter during which there has been a change in such ownership. These disclosures are made by filing a Form 3 for initial statements of beneficial ownership, a Form 4 for statements of changes in beneficial ownership, and a Form 5 at the end of each year in which the filing person continues to have beneficial ownership of ten percent of the equity shares.

85. From 1999 to June 2008, as Video's sole officer and director, Harrell owned more than 10% of Video's outstanding shares. Aubel also owned, directly and indirectly, more than 10% of Video's outstanding shares on at least five occasions from April 2003 through January 2004.

86. Nevertheless, Harrell and Aubel each failed to file a Schedule 13D or Form 3 reporting their initial beneficial positions, or amended Schedule 13D and Forms 4 and 5, disclosing material changes in their beneficial ownership of Video's outstanding stock.

87. By reason of the foregoing, Harrell and Aubel violated Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder.

COUNT IX

Harrell and Aubel Violated Section 16(a) of the Exchange Act and Rule 16a-3 Thereunder

88. The Commission repeats and realleges paragraphs 1 through 54 of its complaint.

89. Section 16(a) of the Exchange Act, 15 U.S.C. § 78p, requires that beneficial owners of more than 10% of any class of any equity security registered under Section 12 of the Exchange Act and the officers and directors of the issuer of any such security (collectively, "insiders") file a statement with the Commission by the effective date of a registration statement filed under Section 12, or within 10 days of becoming an insider, reporting the amount of all equity securities beneficially owned. It also requires insiders to file statements of changes in ownership within ten days after the close of each calendar month if there have been changes in their ownership during the month. Rule 16a-3 under Section 16(a), 17 C.F.R. § 240.16a-3, provides that an initial statement by insiders must be made on a Form 3 and subsequent statements of changes are to be made on a Form 4 or a Form 5.

90. From 1999 to June 2008, as Video's sole officer and director, Harrell qualified as an insider. In addition, he owned more than 10% of Video's outstanding shares. Aubel also owned, directly and indirectly, more than 10% of Video's outstanding shares on at least five occasions from April 2003 through January 2004.

91. By virtue of the conduct described above, Harrell and Aubel failed to file with the Commission: (1) Forms 4 for statements of changes in beneficial ownership of their Video stock; and (2) Forms 5 at the end of each year in which they continued to have beneficial ownership of ten percent of their Video equity shares.

92. By reason of the foregoing, Harrell and Aubel violated Section 16(a) of the Exchange Act, 15 U.S.C. § 78p(a), and Rule 16a-3, 17 C.F.R. § 240.16a-3, thereunder.

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.

Permanent Injunctive Relief

Issue permanent injunctions, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining: (1) Defendants Video, Harrell, and Aubel, their agents, sales agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from directly or indirectly violating Sections 5(a) and 5(c) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; (2) Defendants Harrell and Aubel,

their agents, sales agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from directly or indirectly violating Sections 13(d) and 16(a) of the Exchange Act and Rules 13d-1, 13d-2, and 16a-3, thereunder; (3) Defendant Video, its agents, sales agents, servants, employees, attorneys, and all persons in active concert or participation with it, and each of them, from directly or indirectly violating Sections Section13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder; (4) Defendant Harrell, his agents, sales agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, from directly or indirectly violating Sections 13(b)(5) of the Exchange Act and Rules 13a-14 and 13b2-1 thereunder, and aiding and abetting Video's violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder; and (5) Defendant Aubel, his agents, sales agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, from directly or indirectly aiding and abetting Video's violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

III.

Disgorgement

Issue an order directing Defendants Video and Aubel to disgorge all ill-gotten profits or proceeds that they have received as a result of the acts and/or courses of conduct alleged in this complaint with prejudgment interest.

IV.

Penalties

Issue an order directing Defendants Harrell and Aubel 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. § 78(d)(3).

V.

Penny Stock Bar

Issue an order barring Defendants Harrell and Aubel 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.

VI.

Officer and Director Bar

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), barring Defendant Harrell from serving as an officer or director of a public company.

VII.

Further Relief

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

VIII.

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 may hereby be

entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

September 24, 2008

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