

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. _____ - Civ ()

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ANTHONY FARERI
and FARERI FINANCIAL SERVICES, INC.
d/b/a AMERIFINANCIAL,

Defendants,

and

ANTHONY FARERI & ASSOCIATES, INC.

Relief Defendant.

09-80360

CIV-MARRA

MAGISTRATE JUDGE
JOHNSON

FILED by _____ D.C.
INTAKE

MAR - 3 2009

STEVEN M. LARIMORE
CLERK U.S. DIST. CT.
S.D. OF FLA. MIAMI

COMPLAINT

Plaintiff United States Securities and Exchange Commission (the "Commission") alleges:

SUMMARY

1. In 2004 and 2005, defendant Anthony Fareri, a then Florida-based securities broker, defrauded his customers of more than \$4.7 million by purchasing and otherwise acquiring for their accounts worthless shares of two shell companies as part of a fraudulent scheme to manipulate the companies' stock. As part of this scheme, Fareri received secret kickbacks totaling more than \$1 million. By this conduct, Fareri and defendant Fareri Financial Services, Inc. d/b/a Amerifinancial ("FFS") violated the antifraud provisions of the United States securities laws, 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 Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)]. By its conduct as a broker-dealer, FFS also violated Section 15(c)(1) of the Exchange Act [15 U.S.C. § 78o(c)(1)].

2. The two shell companies used in the fraud, American Financial Holdings Inc. (trading symbol AFHJ) and Secure Solutions Holdings, Inc. (trading symbol SSLX), traded on the Over-the-Counter Market (the “OTC market”) and were quoted on the Pink Sheets. Fareri worked together with a Florida investor, Paul Harary, to create an artificial market for the two stocks. Fareri, who founded and operated FFS, a Boca Raton broker-dealer, created the demand for the stocks by purchasing them for FFS’ customers, while Harary controlled the supply of the shares and sold them. Fareri and Harary manipulated the price of AFHJ and SSLX using pre-arranged, matched orders to move up the price of these securities and to create the illusion of market demand and independent value that, in reality, did not exist. In so doing, Fareri generated the volume necessary to allow Harary to sell his shares for value and to profit at the expense of Fareri’s customers. As a result, FFS customers were left with worthless shares of the two shell companies.

3. A majority of Fareri’s customers were over the age of 65, including many in their 70s and 80s who relied exclusively on him for investment advice. Many of those who lost money on AFHJ and SSLX had limited investment experience and trusted Fareri to properly invest their money in accordance with their conservative risk tolerance and investment objectives. Fareri knowingly abused this trust and enriched himself at his customers’ expense.

JURISDICTION AND VENUE

4. This action is filed under Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. Venue is proper because certain of the acts complained of took place in this district.

DEFENDANTS

5. Anthony Fareri, age 43, of Lighthouse Point, Florida, was a licensed registered securities representative and securities principal during the relevant period, possessing NASD series 7, 24, and 63 licenses. Fareri was the President and CEO of FFS.

6. FFS was a broker-dealer, incorporated in Florida. During the relevant time period, it was a member of the NASD and registered with the Commission. During the relevant time period, approximately 65 percent of FFS' customers were over 65 years of age.

RELIEF DEFENDANT

7. Anthony Fareri & Associates, Inc. ("AFAI") was a Florida corporation. Fareri was the company's President. AFAI is not alleged to have engaged in any federal securities law violations, but holds or controls funds that represent fruits of violations committed by defendants.

OTHER PARTIES

8. Paul Harary, age 44, of Boca Raton, Florida, was a private investor. On September 24, 2007, the Commission filed a settled lawsuit against Harary for his role in the AFHJ and SSLX schemes. Harary consented to a final judgment that permanently enjoined him from violating the antifraud and securities registration provisions of the federal securities laws and directed him to pay approximately \$4 million in disgorgement and prejudgment interest.

Harary also pleaded guilty to conspiracy to commit mail and wire fraud in a parallel criminal action brought in the United States District Court for the District of Columbia.

9. Douglas Zemsky, age 45, of Hallendale, Florida, was a private investor who was also in the business of acquiring, "cleaning up," and reselling shell companies. The Commission's September 24, 2007 settled lawsuit also named Zemsky for his role in the AFHJ and SSLX schemes. Zemsky consented to a final judgment that permanently enjoined him from violating the antifraud and securities registration provisions of the federal securities laws and directed him to pay approximately \$97,000 in disgorgement and prejudgment interest. Zemsky also pleaded guilty to conspiracy to commit mail and wire fraud in a parallel criminal action brought in the United States District Court for the District of Columbia.

RELEVANT COMPANIES

10. AFHJ was a Delaware corporation formerly named California Cyber Design, Inc. ("CCDI") that had traded on the OTC market and was quoted on the Pink Sheets. For months prior to August 2004, CCDI had not actively traded and had no assets or operations. In August 2004, an individual working with a Texas lawyer falsely identified himself to Delaware's Secretary of State's Office as an officer or director of CCDI, paid the company's past-due fees and taxes, and changed its name to AFHJ. Thereafter, AFHJ traded on the OTC market and was quoted on the Pink Sheets. At all relevant times, AFHJ was a shell company with no assets or operations.

11. SSLX was a Nevada corporation formerly named JRW & Associates, Inc. ("JRWA") that had traded on the OTC market and was quoted on the Pink Sheets. For months prior to April 2005, JRWA had not actively traded and had no assets or operations. In April 2005, another individual working with the Texas lawyer signed resolutions that unilaterally

named herself JRWA's sole officer and director and changed the company's name to SSLX. Thereafter, SSLX traded on the OTC market and was quoted on the Pink Sheets. At all relevant times, SSLX was a shell company with no assets or operations.

FACTS

I. *The AFHJ Scheme*

A. *Fareri Seeks to Acquire a Shell Company*

12. In late 2003 or early 2004, Fareri decided to set up and operate FFS as his own brokerage. Harary invested at least \$5,000 in FFS and, in return, received approximately a ten percent (10%) equity interest, which he held in his wife's name. From May 2004 through August 2005, Harary and Fareri communicated frequently about FFS and their plans for it.

13. On June 10, 2004, FFS began to operate as a registered broker-dealer.

14. By the summer of 2004, Harary and Fareri had decided to merge FFS into a Pink Sheet shell company so that FFS' stock would publicly trade on the OTC market.

15. Harary, who had been involved in several other shell company transactions, took the lead in locating a suitable merger partner for FFS. Instead of putting up the funds themselves to purchase the shell company, Fareri and Harary decided to raise the funds from FFS' customers. Accordingly, in the summer of 2004, Fareri raised approximately \$810,000 by selling FFS stock to his customers through a private placement.

16. After Fareri raised these funds, Harary asked his long-time friend and associate, Douglas Zemsky, to locate a Pink Sheet shell that was for sale. Zemsky and a partner then paid a Texas lawyer to acquire the AFHJ shell, which the partnership later sold to Fareri or FFS for \$225,000.

B. Fareri Gains Control of AFHJ and Harary Gains Control of Almost all of AFHJ's Unrestricted Stock

17. On September 22, 2004, Zemsky's partner and Fareri, on behalf of AFHJ and FFS respectively, entered into an agreement to merge FFS into AFHJ, contingent on NASD approval. This merger, if approved, would have resulted in FFS becoming a publicly-traded company. At Fareri's direction, Zemsky's partner arranged for the transfer agent to issue 15 million restricted AFHJ shares to Fareri. Additionally, nearly all of the unrestricted AFHJ stock was reissued to Harary's nominees. After these transactions, Harary controlled more than 99 percent of the outstanding unrestricted AFHJ stock.

18. Harary then transferred some of the newly-issued unrestricted AFHJ shares into a brokerage account in the name of Strategic Asset Management, Inc. ("SAM Inc."), which he controlled.

C. Fareri and Harary Create an Artificial Market for AFHJ's Stock as a Way to Transfer Wealth from FFS Customers to Fareri and Harary

19. Even before Fareri had applied to the NASD for approval to merge FFS into AFHJ, Fareri and Harary worked together to create an artificial market for AFHJ's stock. Fareri generated demand for the stock by placing orders through his customers' accounts, and Harary met this demand by selling shares through his SAM Inc. nominee account. As a result, Harary reaped illegal stock-trading profits at the expense of the FFS customers, and later kicked back a portion of those profits to Fareri.

20. Prior to September 23, 2004, AFHJ had been an inactive stock not trading at all for the preceding five months. AFHJ also had no assets or operations.

21. Nevertheless, on September 23, 2004, Fareri began purchasing AFHJ stock for his customers' accounts on the OTC market. Fareri continued to purchase AFHJ for his customers'

accounts throughout the rest of 2004 and into 2005. Fareri ordered most of these purchases without his customers' knowledge or prior authorization.

22. While Fareri was using his customers' accounts to purchase AFHJ stock, Harary was selling the stock on the OTC market through his SAM Inc. account.

23. There were virtually no other retail participants in the AFHJ market other than Harary's SAM Inc. account and Fareri's customers. Harary and Fareri were in constant communication during this time period, speaking almost daily.

24. Fareri and Harary manipulated the price of AFHJ stock using pre-arranged matched orders. When Fareri posted a bid to purchase AFHJ stock for his customers, he called Harary. Harary took the calls while sitting at his computer terminal that was equipped with a NASDAQ service that provided real-time access to market makers' quotations in OTC Bulletin Board securities. Fareri then told Harary that he had placed a bid, and asked if Harary saw it on the screen. Harary then found Fareri's bid, and sold shares of AFHJ that he controlled to meet it.

25. Fareri and Harary used their matched orders to move up the price of AFHJ and create the illusion of market demand and independent value for AFHJ shares.

26. Within ten days, Fareri's and Harary's matched orders had moved AFHJ's price from \$2.05 to more than \$7 per share. Within ten more days of trading, the price had risen to over \$8.00. Thereafter, the price fluctuated between \$7.00 and \$9.00 before falling back to a low of \$0.70. All this time, the company had no assets or operations.

D. Fareri Purchases Shares of AFHJ With Customer Funds

27. Fareri made these pre-arranged purchases of AFHJ stock between September 24, 2004 and August 12, 2005 using funds held in at least 19 FFS customer accounts.

28. A majority of Fareri's customers were over the age of 65, and had no interest in risky or speculative investments. Most of Fareri's customers relied exclusively on him for investment advice and to manage their accounts; however, Fareri did not have explicit trading authority over the majority of his customers' accounts.

29. Fareri did not discuss the suitability of AFHJ stock with his customers, nor did he provide them with information about the number of shares outstanding, its trading history, or the company's lack of assets and operations. Likewise, Fareri did not tell his customers that Harary, who, through his wife, was a significant shareholder of FFS, had orchestrated the acquisition of AFHJ and owned almost all of its unrestricted shares.

30. FFS falsely documented many of its customers' purchases of AFHJ stock as "unsolicited" orders. In fact, FFS' customers did not initiate these purchases. These customers also did not understand that AFHJ was a shell company with no assets or operations.

31. One FFS customer, age 84, is a retired widow who opened an account with FFS using the money she received due to her son's death in the World Trade Center on September 11, 2001. She had very limited investment experience and completely relied on Fareri to properly invest her money in accordance with her risk tolerance and investment objectives, which were medium risk and medium income producing. Fareri made seven purchases of AFHJ for this customer's account, which resulted in over \$79,000 in losses. She did not approve these purchases in advance and never called or met with Fareri to place an order for AFHJ stock.

32. Another FFS customer, age 76, is a retired widow who needed the income generated by her FFS accounts to supplement her income. She had no investment experience and relied on Fareri to invest her money in accordance with her investment objectives after her husband's death. In her account-opening documents these objectives were stated to be moderate

risk exposure with long-term growth. However, without this customer's consent, a January 2005 account update form changed her objectives to high risk and short-term growth. Fareri made numerous purchases of AFHJ (and later SSLX) for her account without her prior authorization. Through these purchases, she lost almost \$116,000.

33. Between September 23, 2004 and August 12, 2005, FFS customers lost more than \$680,000 in value from OTC market purchases of AFHJ stock. Harary sold over \$700,000 worth of AFHJ and funneled to Fareri his share of these proceeds through a series of undisclosed kickbacks.

E. Fareri Swaps the Private Placement Investors' Stake in FFS for Worthless Shares of AFHJ

34. When Fareri originally decided to merge FFS with the Pink Sheet shell AFHJ, he convinced his customers who had previously purchased FFS private placement shares to exchange those FFS shares for restricted shares of AFHJ.

35. On October 8, 2004, two weeks after the proposed merger of FFS into AFHJ was announced in a press release, FFS submitted an application to the NASD for approval of the merger.

36. On November 12, 2004, FFS withdrew its application after discussions with NASD. Because it had not received NASD approval, FFS could not complete the announced merger with AFHJ. As a result, AFHJ would remain an empty shell with no value. Fareri understood this fact.

37. Nevertheless, on November 15, 2004, Fareri proceeded to swap his customers' FFS private placement shares for worthless AFHJ shares. He ordered the transfer agent to reissue to the FFS private placement investors certain restricted AFHJ shares that had been previously issued in his name.

38. At the time that he sent the instructions to the transfer agent, Fareri knew but failed to inform the FFS private placement investors that FFS would not be merging with AFHJ and that AFHJ remained an entity with no assets or operations.

39. When the private placement investors received the restricted AFHJ shares, their equity stake in FFS was cancelled, leaving them with an equity stake in a shell company with no assets, operations, or even a business plan.

II. *Secure Solutions Holdings, Inc. (SSLX)*

A. Another Publicly-Traded Company Without Assets or Operations is Used to Manipulate the Market

40. In early 2005, events were set in motion that led to the illegal takeover of another inactive shell company and the creation of an artificial market through which Fareri sold shares to his customers at inflated prices.

41. The next shell company deal was to be a “cookie cutter” of the AFHJ manipulation. On April 19, 2005, the same Texas lawyer, on behalf of another inactive shell company renamed Secure Solutions Holdings, Inc., instructed a transfer agent to issue a total of 4 million unrestricted SSLX shares to Harary’s and Zemsky’s nominees. Another 75,000 shares were issued to the Texas lawyer as his compensation for the sale of the shell company.

B. Use of Matched Orders to Pay the Texas Lawyer and Commence Trading in SSLX Stock

42. On April 22, 2005, the Texas lawyer placed an order on the OTC market to sell his 75,000 shares of SSLX stock for \$2 per share. As agreed upon, the Texas lawyer’s entire block of 75,000 shares was sold for approximately \$150,000. That same day, Fareri caused FFS customer accounts to purchase 66,000 of the 75,000 shares for approximately \$2 per share.

43. Harary's SAM Inc. account purchased another 4,500 shares. Together, Fareri and Harary caused the purchase of more than 90 percent of the Texas lawyer's shares. The 75,000 shares were the only SSLX shares sold that day other than those traded by intermediary brokers.

C. Fareri and Harary Create an Artificial Market for SSLX's Stock as a Way to Once Again Transfer Wealth from Fareri's Customers to Fareri and Harary

44. Throughout the spring and summer of 2005, Fareri used FFS customers' accounts to purchase large quantities of SSLX stock on the OTC market. Fareri often used an FFS proprietary account to purchase blocks of SSLX stock and then resold the stock to his customers. Between April 22 and August 12, 2005, Fareri's customers' accounts purchased approximately 75 percent of all SSLX shares purchased by retail accounts, at a cost of more than \$3.1 million.

45. Between April 22 and August 12, 2005, Harary dominated the supply side of the SSLX market. During this timeframe, his sales comprised approximately 80 percent of all SSLX shares sold by retail accounts. Fareri's customers ultimately purchased most of this stock. Harary reaped over \$3.6 million in proceeds from his sales of SSLX stock.

46. Fareri and Harary manipulated the price of SSLX stock (as they had with AFHJ) using pre-arranged, matched orders. Following the practice they had used with AFHJ, as Fareri posted bids to purchase SSLX stock for his customers, Fareri called Harary, who then sold SSLX shares that he controlled to meet those bids. These matched orders manipulated the price of SSLX stock by creating the illusion of market demand and independent value for SSLX shares that did not exist.

47. Within one week of the Texas lawyer's pre-arranged \$2-per-share trades, the price of SSLX rose to \$3 per share; within another month, the price climbed to more than \$5 per share. The price continued to rapidly escalate, eventually surpassing \$9 per share - more than a 450

percent increase in less than three months. The price fell back to \$0 once the fraudulent scheme concluded.

48. Harary and Fareri were in constant communication during this period of time and were both aware that their combined trading manipulated the market for SSLX stock. Harary again reaped illegal stock-trading profits at the expense of FFS' customers, and later kicked back a portion of those profits to Fareri.

D. Fareri Purchases SSLX Stock With Customer Funds

49. Between April 22, 2005 and August 12, 2005, at least 58 FFS customers' accounts purchased SSLX from the open market. Fareri ordered the majority of those purchases without his customers' knowledge or authorization.

50. Fareri failed to conduct any formal due diligence on SSLX before purchasing the SSLX stock for his customers' accounts. Fareri did not conduct a quantitative analysis of the stock.

51. One FFS customer, age 86, is a retired widow who lost her husband in April 2005. Fareri tried to justify his unauthorized purchase of SSLX for her account by falsely representing to her that SSLX paid a five percent (5%) dividend. Although she repeatedly asked Fareri to sell down her position in SSLX, he refused to do so. Ultimately, Fareri used nearly \$520,000 from this FFS customer's account to purchase SSLX.

52. Fareri falsely told another FFS customer that SSLX was an "IPO" – an initial public offering. This FFS customer obtained a mortgage and an equity line of credit on his home in order to fund his family's brokerage accounts at FFS. The FFS customer lost more than \$317,000 from purchases of AFHJ and SSLX stock.

E. The SEC Suspends Trading in SSLX Stock

53. Due to Fareri's and Harary's manipulative trading, on July 8, 2005, SSLX hit a high price of \$9.00 per share. That day, the Commission staff received a complaint that alerted it to the SSLX manipulation.

54. The Commission staff commenced an expedited investigation into the circumstances surrounding the unusual trading in SSLX. On July 15, 2005, the Commission ordered SSLX's trading suspended for ten business days.

III. Customer Losses

55. Fareri's customers suffered substantial financial losses due to the fraudulent conduct discussed above. Between September 23, 2004 and August 12, 2005, Fareri's customers lost approximately \$3,175,000 from purchases of SSLX and approximately \$683,000 from purchases of AFHJ.

56. FFS customers also lost approximately \$685,000 from purchases of FFS' stock through the private placement, which was swapped for worthless AFHJ restricted stock.

57. Including commissions, Fareri's customers lost approximately \$4,703,000 from this illicit activity.

58. Other investors who purchased SSLX on the open market, but who were not FFS customers, also lost money through Fareri's manipulation of the share price of SSLX.

IV. Total Profits From the Scheme

59. Harary gained over \$4.4 million on sales of his AFHJ and SSLX stock, including approximately \$3,858,000 from sales to Fareri's customers.

60. Fareri received a series of undisclosed kickbacks from Harary that totaled more than \$1 million.

61. Of that amount, Fareri received cash kickbacks exceeding \$240,000.

62. In addition to these cash handoffs, Harary paid Fareri kickbacks totaling \$820,000 in checks. These kickbacks were comprised of: (a) checks written by Harary's wife totaling \$300,000 to AFAI; and (b) checks totaling \$520,000, drawn on a Harary nominee account, to AFAI. These checks were drawn on two of the bank accounts that received (or would receive) proceeds from Harary's sales of SSLX stock. AFAI had no legitimate claim to these funds.

63. Harary and Fareri tried to disguise the \$820,000 in checks as payments for Harary's purchase of 170,000 restricted shares of AFHJ from Fareri. No legitimate reason existed to pay \$820,000 for 170,000 AFHJ shares, which comprised a small percentage of the company's total equity. At the time of these purported "share transactions," in May and June 2005, AFHJ still had no assets or operations. Furthermore, less than a year earlier, Fareri or FFS had purchased the entire AFHJ shell company for only \$225,000.

64. Fareri gained approximately \$685,000 on sales of FFS stock through the FFS private placement.

65. Fareri also received more than \$160,000 in commissions and/or markups for placing his customers' AFHJ and SSLX purchase orders.

V. Defendants' State of Mind

66. Fareri and FFS knowingly engaged in a scheme to defraud FFS customers by creating an artificial market for the AFHJ and SSLX securities. Fareri also knowingly entered into pre-arranged, matched orders to manipulate upward the share price of AFHJ and SSLX stock.

FIRST CLAIM FOR RELIEF
Securities Fraud
Violations of Exchange Act Section 10(b) and Rule 10b-5
(Against Fareri and FFS)

67. Paragraphs 1 through 66 are realleged and incorporated by reference.

68. As described above, Fareri and FFS acting knowingly or recklessly, directly or indirectly, in connection with the purchase or sale of a security, by use of means or instrumentalities of interstate commerce, of the mails, or the facilities of a national securities exchange:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

69. By engaging in the foregoing conduct, Fareri and FFS 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].

SECOND CLAIM FOR RELIEF
Securities Fraud
Violations of Securities Act Section 17(a)
(Against Fareri and FFS)

70. Paragraphs 1 through 66 are realleged and incorporated by reference.

71. As described above, Fareri and FFS acting knowingly, recklessly, or negligently in the offer or sale of securities, by use of means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- a. employed devices, schemes, or artifices to defraud;

b. obtained money or property by means of untrue statements of a material fact or 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; or

c. engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon the purchaser.

72. By engaging in the foregoing conduct, Fareri and FFS violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM FOR RELIEF
Securities Fraud
Violations of Exchange Act Section 15(c)(1)
(Against FFS)

73. Paragraphs 1 through 66 are realleged and incorporated by reference.

74. As described above, FFS, while operating as a registered broker-dealer, by use of means or instruments of transportation or communication in interstate commerce or by use of the mails, has effected a transaction in, or induced or attempted to induce the purchase or sale of a security, by means of a manipulative, deceptive, or other fraudulent device or contrivance by:

a. making untrue statements of material facts and/or omissions to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; or

b. engaging in transactions, practices, or courses of business which operated as a fraud or deceit upon purchasers or prospective purchasers of such securities.

75. By engaging in the foregoing conduct FFS violated Section 15(c)(1) of the Exchange Act [15 U.S.C. § 78o(c)(1)].

FOURTH CLAIM FOR RELIEF
Constructive Trust
(Relief Defendant AFAI)

76. Paragraphs 1 through 66 are realleged and incorporated by reference.

77. As described above, Relief Defendant AFAI received illegally obtained funds from Harary and as to which it had no legitimate claim. These monies and other items of value derived directly or indirectly from Fareri's illegal conduct.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court issue an order:

A. permanently enjoining Fareri and FFS, pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], from violating, directly or indirectly, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)], Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5];

B. permanently enjoining FFS, pursuant to Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], from violating, directly or indirectly, 15(c)(1) of the Exchange Act [15 U.S.C. § 78o(c)(1)];

C. ordering Fareri and FFS to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

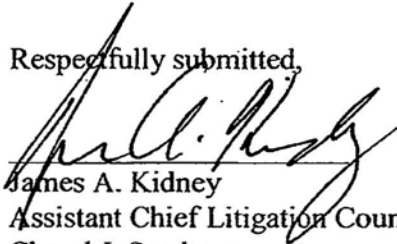
D. ordering Fareri and FFS jointly and severally to disgorge, with prejudgment interest, the total illegal proceeds from the fraud;

E. ordering AFAI, as constructive trustee of illegally obtained funds as a result of Fareri's conduct described above, to return those funds as to which it has no legitimate claim;

F. permanently enjoining Fareri from directly or indirectly participating in an offering of penny stock, as defined by Rule 3a51-1 under the Exchange Act [17 C.F.R. § 240.3a51-1], pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)];

G. granting such other relief as the Court deems just or appropriate; and retaining jurisdiction of this action in order to implement and carry out the terms of this order.

Respectfully submitted,



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