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18 **UNITED STATES DISTRICT COURT**  
19 **FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

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21 **SECURITIES AND EXCHANGE COMMISSION,** :  
22 **Plaintiff,** :  
23 **- v. -** :  
24 **PLATFORMS WIRELESS INTERNATIONAL** :  
25 **CORP., WILLIAM C. MARTIN, CHARLES B.** :  
26 **NELSON, ROBERT D. PERRY, FRANCOIS M.** :  
27 **DRAPER, And VICTOR L. ZILLER,** :

28 **Defendants.** :  
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**Civ. Action No.**  
  
**COMPLAINT**  
**and DEMAND FOR**  
**JURY TRIAL**

1 Plaintiff, the United States Securities and Exchange Commission, alleges as follows:

2 INTRODUCTION

3 1. Platforms Wireless International Corp, also known as Platforms International Corp.  
4 (“Platforms”), is a penny-stock corporation purportedly involved in providing wireless  
5 communications through airplane or blimp-based transmission equipment. Platforms has never  
6 had any revenues, income or customers, and has never created a product that is commercially  
7 viable, or that even exists. As of the date of this complaint, Platforms has approximately  
8 500,000,000 outstanding shares of stock.  
9

10 2. During 2000 and 2001, Platforms’ officers and directors, the above-named individual  
11 Defendants, created the false impression that Platforms offered a commercially-viable product  
12 and possessed actual lucrative contracts with purchasers. Through a series of false press releases  
13 and false marketing newsletters, they initially claimed that Platforms possessed a product that  
14 used airplanes to carry wireless communications transmission equipment in order to facilitate  
15 wireless communications. Platforms never created such a product, and never possessed the  
16 capacity to create such a product, either through loans, working capital, or supply contracts.  
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18 3. These fraudulent press releases and newsletters either inflated or slowed the decline  
19 of Platforms’ stock price, and the Defendants profited from this fraud.  
20

21 4. Later, Platforms shifted its approach and claimed that it possessed a product that used  
22 blimps to carry wireless communications transmission equipment to provide wireless service.  
23 As with the airplane, Platforms never created such a product, and never possessed the capacity to  
24 create such a product.

25 5. These fraudulent press releases and newsletters either inflated or slowed the decline  
26 of Platforms’ stock price, and the Defendants profited from this fraud.  
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1 March 3, 2000, for failure to meet reporting requirements. It was later traded on the Pink Sheets,  
2 operated by The Pink Sheets, L.L.C.

3 12. William C. Martin, a.k.a. William Mercado, is a Peruvian citizen permanently  
4 residing in the United States. He has been Chairman and Chief Executive Officer of Platforms  
5 since March 2000. Prior to that time he served as a paid marketing consultant to Platforms and  
6 performed other functions.

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8 13. Charles B. Nelson is a resident of Rancho Mirage, California. He was at all times  
9 pertinent to this complaint the Chief Financial Officer of Platforms and a member of the Board  
10 of Directors.

11 14. Robert D. Perry is a resident of Portland, Oregon. He was at all times pertinent to  
12 this complaint the President of Platforms. From November of 1998 through December of 1999  
13 he was Vice President of Marketing and Sales at Platforms.

14  
15 15. Francois M. Draper is a Canadian citizen who has maintained an apartment in La  
16 Jolla, California. He was Executive Vice President, Chief Operating Officer (“COO”), and Chief  
17 Technical Officer (“CTO”) of Platforms from June 2000, through July 2001.

18 16. Victor L. Ziller is a Brazilian and Italian citizen residing in Missouri. He was at all  
19 times pertinent to this complaint a Vice President for Platforms.

20 RELATED PARTIES

21  
22 17. InterMedia Marketing Company, a.k.a. InterMedia Video Marketing Company or  
23 InterMedia Company (collectively “InterMedia”), was, at all times pertinent to this complaint, a  
24 company wholly-owned and controlled by William Martin.

1 18. DRTV Unit Investment Trust was, at all times pertinent to this complaint, a  
2 California-based investment trust that sold “units,” consisting of multiple stocks and/or warrants,  
3 to investors.

4 19. Benefit Consultants was, at all times pertinent to this complaint, an unincorporated  
5 California entity affiliated with Charles Nelson.

6 20. Forrest Walworth Brown was the General Counsel of Platforms. He died in June of  
7  
8 2002.

9 21. Focus Partners, L.L.C., is an investor relations company headquartered in New York,  
10 New York. Focus Partners assisted Platforms in drafting and issuing press releases during all  
11 times pertinent to this complaint.

## 12 GENERAL ALLEGATIONS

### 13 Platforms is Created

14 22. In July of 1996, amended articles of incorporation were filed in Oklahoma to change  
15 the name of a penny-stock company called Flight Dynamics, Inc., to Platforms International  
16 Corporation. Platforms purported to have several products in development including the  
17 Airborne Relay Communications (“ARC”) system.  
18

19 23. Platforms claimed that the ARC system was an unmanned fixed-wing airplane that  
20 would fly up to 60,000 feet over a city and would receive and transmit wireless communications.  
21 Neither Flight Dynamics nor Platforms ever developed, constructed or sold the fixed-wing plane  
22 version of the ARC system, and neither company ever possessed any customers, sales or  
23 revenues associated with the fixed-wing plane version of the ARC system.  
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Platforms Officers And Directors

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2           24. By July of 1997, William C. Martin began consulting with Platforms either as an  
3 individual or through his wholly-owned company, InterMedia. Between July 30, 1998, and  
4 January 5, 2000, Martin and/or InterMedia received at least 2.4 million shares of Platforms for  
5 the marketing strategy services Martin claims to have provided. Martin sold these shares for  
6 approximately \$1,500,000.  
7

8           25. On January 1, 2000, Martin became Platforms' Chief Executive Officer. For his  
9 services, he was to receive a base salary of \$300,000 and 5,500,000 shares of Platforms' stock at  
10 the end of a six-month term.

11           26. In March 2000, Martin became Chairman of the Board of Platforms.

12           27. By early 2000, the following men held the following positions at Platforms: Martin  
13 was Chairman and Chief Executive Officer, Charles B. Nelson was the Chief Financial Officer,  
14 Robert D. Perry was President, and Victor L. Ziller was a Vice President.  
15

16           28. By mid-2000, Francois M. Draper became the Executive Vice President, Chief  
17 Operating Officer and Chief Technical Officer.

The Fraudulent Scheme

A.     The Defendants Prepare To Sell

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20           29. On May 11, 2000, Martin, on behalf of Platforms, entered into a written agreement  
21 with DRTV Unit Investment Trust that caused DRTV to pay Platforms cash in exchange for  
22 shares and warrants. DRTV possessed the right to buy up to three \$250,000 blocks, each  
23 consisting of one million shares, and warrants for four million additional shares; Platforms  
24 retained the right to decrease the strike price or accelerate the expiration date on these warrants.  
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1 30. In a May 12, 2000 newsletter to investors, issued in an effort to encourage DRTV  
2 investors to vote to accept the written agreement between DRTV and Platforms, DRTV told  
3 investors that “[c]urrently they [Platforms] have a contract with Brazil to service the country.  
4 The contract will be announced shortly. Platforms expects their stock to increase greatly.” As  
5 described below, by issuing fraudulent and/or misleading statements, the Defendants profited  
6 from this transaction with DRTV.

7  
8 B. Platforms’ Early Fraudulent Conduct

9 31. In a May 15, 2000, press release, Platforms announced “a landmark, \$330 million  
10 contract award from Americhel S.A.” Platforms claimed that it would provide up to five “. . .  
11 payload-equipped ARC System mission aircraft, and overall project and technology management  
12 resources.” The press release touted the contract as conditioned only upon a successful  
13 demonstration in Brazil.

14  
15 32. Platforms never possessed an ARC system, the necessary hardware or airplanes, the  
16 money to acquire them (the “contract” did not provide incremental funding), or agreements with  
17 suppliers to provide them. Thus, it was not in a position to perform pursuant to this purported  
18 contract. This information was not disclosed in the press release, making the press release  
19 materially false and/or misleading. Defendants knew, or were reckless in not knowing, that the  
20 press release was fraudulent.

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22 33. In addition, the Americhel “contract” was not a binding contract. The purported  
23 contract provided that, even if Platforms successfully performed a demonstration, “Americhel, at  
24 its sole discretion, can elect to cancel its participation in the ARC System project.” In addition,  
25 rather than provide up to \$300,000,000 to Platforms, the purported agreement provided that  
26 “[a]ll Platforms’ fees and charges for the ARC System and related services shall be negotiated  
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1 according to the specific requirements of each ARC System Installation.” Finally, the  
2 agreement required that “baseline terms and conditions and other responsibilities, rights and  
3 obligations of the Parties . . . shall be defined, negotiated, and finalized no later than June 15,  
4 2000.” No such agreement was ever finalized. Thus, there existed no agreement or contract.  
5 The press release did not disclose this information, which made Platforms’ announcement of a  
6 contract award materially false and/or misleading. Defendants knew, or were reckless in not  
7 knowing, that the press release was fraudulent.  
8

9 34. Typically, Platforms’ process for the drafting, editing and issuing of a press release  
10 involved an initial draft by its investor relations firm, Focus Partners, and then reviewing and  
11 editing by Martin and any other Defendants quoted in the release, or with responsibility over  
12 subject matter in the release. Each of the individual Defendants is quoted in the press releases.  
13 None of the Defendants ever made any effort to correct any of the false and misleading press  
14 releases.  
15

16 35. For several months, Platforms continued to make similar claims regarding the  
17 Americhel “contract.” For example, in a June 21, 2000 press release, Draper stated that “[o]ur  
18 contract with Americhel . . . gives us a First-to-Market jump on the competition.” Other press  
19 releases and DRTV newsletters touted similar materially false and/or misleading claims.  
20 Platforms’ officers and directors knew or were reckless in not knowing that these press releases  
21 were materially false and/or misleading.  
22

23 36. Following the May 15, 2000 press release, Platforms’ stock jumped from \$.48 per  
24 share on May 11, to a high, on May 16, 2000, of \$.79 per share. On May 17, 2000, DRTV paid  
25 Platforms \$250,000 and, almost immediately thereafter, Platforms paid Martin’s InterMedia  
26 company \$200,000. On July 6, 2000, DRTV again paid Platforms \$250,000. On August 8,  
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1 2000, Platforms, at Nelson's direction, issued approximately two million shares to DRTV's  
2 investors.

### 3 C. Platforms Shifts Tactics And Dumps More Stock

4 37. In an August 23, 2000 press release, Platforms announced that it had abandoned the  
5 airplane-based ARC System and, instead, offered a blimp-based ("ZeroGravity AeroStructure")  
6 wireless communications platform. Through quotes from Martin, Perry, and Draper, the release  
7 characterized Platforms as currently possessing this new technology, and having available five  
8 different types of blimp-based platforms.  
9

10 38. For example, Martin was quoted as stating that Platforms was "pleased to announce  
11 negotiations and program logistics for the implementation and deployment of our new family of  
12 airborne wireless communications infrastructures have been completed." Perry was quoted as  
13 claiming that "[t]he new family of ARC System Airborne ZeroGravity AeroStructures consists  
14 of state-of-the-art Aerostat Airships and a combination of Aerostat Airships and High-altitude,  
15 Fixed Wing Support aircraft . . . ."  
16

17 39. The press release touted a family of existing blimps that "provide uninterrupted  
18 wireless communications service coverage [that] is comprised of FIVE (5) System models." It  
19 then detailed five different models ranging from temporary, cost-effective systems, to  
20 permanent, full-coverage systems.  
21

22 40. Platforms never possessed any such blimp-based wireless communications platform.  
23 In fact, at that time Platforms never possessed any hardware, planes or blimps, and that all it  
24 possessed was "the description and definition of how it would operate." Yet Platforms' press  
25 release touted the existence of a family of five blimps, which was materially false and/or  
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1 misleading. Defendants knew, or were reckless in not knowing, that the press release was  
2 fraudulent.

3 41. In early August 2000, Platforms began pressuring investors who acquired Platforms  
4 warrants through the DRVT transactions to exercise their warrants. Platforms exerted pressure  
5 by using the “carrot” of reducing the exercise price of these warrants, and the “stick” of  
6 accelerating the expiration date. Many investors exercised their warrants. In DRTV newsletters  
7 personally edited by Martin, Platforms used the same fraudulent pitch employed in the August  
8 23, 2000 press release, and made other false claims.

10 42. Platforms instructed checks be payable to Platforms and, in all, collected  
11 approximately \$709,888. Platforms, however, never received these monies. Instead, the checks  
12 were deposited in accounts owned by Corporate Solutions Group, Inc., an entity purported to be  
13 controlled by DRTV. After retaining approximately one-third of the money, Corporate Solutions  
14 Group funneled the rest of this money into bank accounts controlled by Martin or another  
15 Corporate Solutions Group account.

17 D. Platforms Creates The False Impression Of Legitimacy

18 43. By the summer of 2000, Platforms needed to keep its stock price high to earn just  
19 enough working capital to continue to support its fraudulent stock-dumping scheme. To that  
20 end, it approached Composite Optics, Inc. (“COI”), a *bona fide* composite company, to help it  
21 perform a demonstration of the ARC system in Brazil.

23 44. COI’s price for preparing the antenna payload part of the ARC system was almost  
24 \$1.6 million. In June of 2000, Martin authorized work worth up to \$200,000 toward the  
25 demonstration. However, Platforms lacked the financial ability to follow this project through to  
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1 the Brazilian demonstration: as of June 30, 2000, the Platforms bank account balance was less  
2 than \$3,5000, and it possessed no funding source.

3 45. Despite its inability to fund the COI venture, Platforms touted its existence in a  
4 September 6, 2000 press release. It announced to investors “a strategic alliance with . . . [COI]  
5 for the commercial manufacturing of ARC System Airborne Wireless communications payloads  
6 and antennas. . . .” According to COI, however, a “strategic alliance” never existed. Indeed,  
7 Platforms’ second progress payment check bounced, temporarily halting any progress. Thus,  
8 Platforms’ September 6, 2000, press release was materially false and/or misleading, and  
9 Defendants knew, or were reckless in not knowing, that the press release was fraudulent.  
10

11 E. Platforms Illegally Distributes Unregistered Stock

12 46. In the fall of 2000, the Defendants continued to manipulate Platforms’ stock price and  
13 capitalize upon that fraud. In a September 19, 2000 press release, Draper claimed “excellent”  
14 progress upon the ARC system, and that its “performance capabilities are surpassing  
15 expectations.” Further, Martin claimed that Platforms had revised its “sales and marketing  
16 projections to \$1 billion in ARC System contracts by the end of FYI June 30, 2001.” However,  
17 little or no further progress had been made upon the ARC system, and Platforms had no  
18 reasonable expectation of contracts in the one billion dollar range within nine months – at that  
19 point, it did not possess a single binding contract. These claims were materially false and/or  
20 misleading, and Defendants knew, or were reckless in not knowing, that the statements were  
21 fraudulent.  
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24 47. Four days later, on September 25, 2000, Platforms directed its transfer agent,  
25 Corporate Stock Transfer, to issue twelve million shares of unrestricted stock. The request,  
26 drafted by Forrest Walworth Brown, Platforms’ general counsel at the time, stated that the stock  
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1 had been “beneficially owned” by Martin’s company, InterMedia, but never issued to it. It  
2 claimed no transferee was an affiliate of the company, yet directed nine million shares to Benefit  
3 Consultants, an entity associated with Nelson, one million to Draper, one million to Platforms’  
4 purported website manager, 500,000 to Platforms’ press release consulting company, and  
5 500,000 to Defendant Perry’s wife, Karen Perry.

6  
7 48. The proceeds from the Benefits Consultants shares were distributed to Platforms,  
8 Nelson, Brown (Platforms’ General Counsel), Perry, and Nelson Wong (Platforms’ comptroller).

9 49. Draper deposited his shares in a Canadian brokerage account and gradually sold  
10 them. Draper distributed part of the proceeds of those sales to Perry.

11 50. Finally, in January 2001, Platforms began a renewed effort to market and sell shares  
12 directly to investors using materially false and/or misleading sales practices. This scheme, using  
13 a Private Placement Memorandum, made essentially the same claims that appeared in the press  
14 releases touting a functioning ARC system and the existence of lucrative contracts. Defendants  
15 knew, or were reckless in not knowing, that these claims were fraudulent. This private  
16 placement scheme raised approximately \$1,650,000. Platforms and various contractors and  
17 salespeople shared the proceeds.

18  
19 F. Platforms’ Final Push For Cash

20  
21 51. In the winter of 2000 and spring of 2001, Platforms’ officers and directors continued  
22 their attempt to paint Platforms as a legitimate company in order to bolster their fraudulent stock  
23 trading scheme. To that end, they began talks with Worldwide Aeros Corporation for the  
24 purchase of a blimp. A December 4, 2000 “letter of engagement,” signed by Draper, purportedly  
25 is evidence of Platforms’ attempts to acquire the blimp, yet that letter fails identify any specifics  
26 such as price. In addition, it requires that the “details . . . will be mutually agreed to in a formal  
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1 Contract Agreement to be signed on or prior to December 30, 2000.” No such agreement was  
2 ever reached.

3 52. Despite the absence of a contract, in a February 2, 2001 press release, Platforms  
4 announced a “Strategic Partnership Contract with Worldwide Aeros Corp.” for a blimp to “carry  
5 the ARC System Airborne Communications Payload in the Amerigel System demonstration  
6 scheduled to take place in Brazil in the second quarter of 2001.” Because no contract existed,  
7 this statement was materially false and/or misleading, and Defendants knew, or were reckless in  
8 not knowing, that the statement was fraudulent.

9  
10 53. Three days later, on February 5, 2001, Platforms’ attorney, Brown, sent another letter  
11 to Platforms’ transfer agent directing that 5.45 million additional shares be issued to the Benefit  
12 Consultants’ account (the Nelson company) at the Travis Morgan brokerage firm. The letter also  
13 directed that Draper be issued an additional two million shares, which Draper then deposited in  
14 his Canadian brokerage account. To foster the sales of these shares, Platforms continued to  
15 make fraudulent and/or misleading statements about its contracts and capabilities. Defendants  
16 knew, or were reckless in not knowing, that the statements were fraudulent.

17  
18 54. On March 5, 2001, Platforms issued a press release touting a “demonstration” bearing  
19 the caption: “Floating Three Miles Above Ground, Platforms Wireless International’s New  
20 Airborne Relay Communications Systems Proves to Bring Affordable and Flexible Wireless  
21 Voice & Data to Rural Markets.” The press release continued, “Floating like a massive World  
22 War II barrage balloon with an underbelly bulge large enough to hold nearly 1500-pounds worth  
23 of antennas and sophisticated communications hardware, the new [ARC System] is poised to be  
24 the future communications infrastructure platform for cellular and wireless data.” It claimed that  
25 “[t]his demonstration today proved that the ARC System payload is fully capable of handling up  
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1 to 500,000 cellular subscribers . . . .” Martin was quoted as claiming that the ARC System “is  
2 housed in a 150-foot long ‘Zeppelin-like’ airship that is tethered to a fixed ground control  
3 station.” Platforms’ press release further claimed that “[f]irst commercial orders are expected to  
4 take place this year from foreign countries, such as Brazil.”

5           55. The Defendants knew, or were reckless in not knowing, that the press release was  
6 materially false and/or misleading in several ways. First, it created the impression that the  
7 demonstration involved a tethered helium blimp floating above the ground. It did not. Instead, it  
8 featured a crane hoisting antennas about 20 feet above the ground.

9           56. Next, it suggested that the demonstration proved the capability of handling one-half  
10 of one million cellular calls. It did not. Instead, it showed, at most, that it could transmit a  
11 single simulated call down a short fiber-optic cable.

12           57. Additionally, it created the impression that the system would be commercially  
13 operable in the coming twelve months in several countries. It would not. Instead, Platforms did  
14 not possess a single airship, and had no financial means or contracts to obtain one. Additionally,  
15 it did not possess a single binding contract with a purchaser – the June 15, 2000 deadline to  
16 reach a binding agreement with Americel had long-since expired without an agreement. Thus,  
17 the statement was materially false and/or misleading.

18           58. The purported demonstration was held in San Diego, California, not Brazil. It  
19 consisted of antennae suspended by a crane above a stage. A single electronic signal was sent to  
20 the antennae, “processed,” and wired down a fiber optic cable. The result was a jagged line  
21 appearing upon a computer screen. Although the demonstration was held in a chamber meant to  
22 mimic distance between the signal’s origination and the antennae, it did not involve an actual  
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1 cellular call, and certainly not multiple calls, it did not involve a blimp, and it did not involve a  
2 15,000-long fiber optic cable.

3 59. A similarly materially false and/or misleading press release was issued on March 8,  
4 2001. In that press release, Draper was quoted as claiming “[t]his System is ready to go into  
5 commercial service in the state of Goias [Brazil], and has been configured to service up to  
6 125,000 subscribers.” Martin also claimed the ARC System’s communications capability to be  
7 “fully operational and ready for commercial delivery.” Again, as the Defendants knew, or were  
8 reckless in not knowing, the statements were untrue as none of Platforms’ circumstances had  
9 changed.  
10

11 60. During the period that Platforms was issuing these false and/or misleading press  
12 releases, the Benefits Consultants shares issued pursuant to Platforms’ February 5, 2001  
13 direction continued to be gradually sold for the benefit of several Defendants, and Draper  
14 continued to gradually sell his shares and share the proceeds with Perry.  
15

16 G. The Scheme Comes Undone

17 61. In May of 2001, Platforms attempted to register its stock with the Commission. Its  
18 Form 10-SB submission contained many of the same materially false and/or misleading  
19 statements described above. After it was informed by Commission staff that the staff was  
20 considering seeking authorization from the Commission to institute administrative proceedings  
21 to deny the registration, Platforms withdrew its registration application.  
22

23 62. Upon information and belief, Platforms never conducted a demonstration of the ARC  
24 System in Brazil. In addition, according to statements appearing on Platforms’ website, it has  
25 yet to obtain a single ratified contract for the ARC System, and has never delivered an ARC  
26 System. Despite this, it continues to tout its fictitious ARC system product on its website.  
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1 63. Upon information and belief, approximately 500,000,000 shares of Platforms are  
2 outstanding. Defendants collectively possess approximately 250,000,000 of those shares.

3 FIRST CLAIM

4 OFFER AND SALE OF UNREGISTERED SECURITIES  
5 (Violations of Section 5(a) and (c) of the Securities Act  
6 Against Defendants Platforms, Martin and Draper)

7 64. Paragraphs 1 through 63 are realleged and incorporated by reference.

8 65. As set forth more fully above, Defendants, directly or indirectly, by use of the means  
9 or instrumentalities of interstate commerce or by use of the mails and of the facilities of a  
10 national securities exchange, knowingly and recklessly sold, carried or caused to be sold or  
11 carried unregistered securities.

12 66. By reason of the foregoing, Defendants have violated Section 5(a) and (c) of the  
13 Securities Act of 1933 [Title 15 U.S.C. §§ 77(e)(a) and (c)].

14 SECOND CLAIM

15 FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES  
16 (Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants)

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

18 68. As set forth more fully above, Defendants, directly or indirectly, by use of the means  
19 or instrumentalities of interstate commerce or by use of the mails and of the facilities of a  
20 national securities exchange, knowingly and recklessly, in connection with the purchase or sale  
21 of securities, have: a) employed devices, schemes, or artifices to defraud; b) have made untrue  
22 statements of material facts or omitted material facts necessary in order to make the statements  
23 made, in light of the circumstances under which they were made, not misleading; or c) have  
24 engaged in acts, practices, or courses of business which operate or would operate as a fraud or  
25 deceit upon any person.  
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Dated: October 19, 2004

Respectfully Submitted,

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Dated: October 20, 2004

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