

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**HUMATECH, INC.,
DAVID G. WILLIAMS, and
JOHN D. ROTTWEILER,**

Defendants.

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

SUMMARY

1. This case involves accounting fraud and false public filings by Humatech, Inc. ("Humatech"), a fertilizer and animal-feed additive manufacturer formerly based in Houston, Texas, and its two principal officers.

2. In January and October of 2000, Humatech improperly recorded two sales totaling \$297,640 to Humatech Ltd., Humatech's United Kingdom distributor. Humatech Ltd. was surreptitiously controlled by David Williams, Humatech's chief executive officer, and John D. Rottweiler, Humatech's chief financial officer.

3. Williams and Rottweiler knew the purported sales to Humatech Ltd. were contingent on its resale of the product. Humatech Ltd. never re-sold the product, and consequently, Humatech never shipped the products to the United Kingdom.

4. Each of the sales by Humatech was recorded contrary to the provisions of Generally Accepted Accounting Principles ("GAAP").

5. As a result of improperly recording these sales, Humatech materially overstated its revenue and assets each quarter in fiscal years 2000, 2001 and 2002 and the initial two quarters of 2003. For example, the improperly recorded initial sale in the amount of \$277,640 represented 100% of the company's revenue for the third quarter of 2000, and the resulting account receivable was 63% of the Humatech's total assets.

6. To conceal the scheme and mislead the company's auditor, Williams deposited approximately \$100,000 into Humatech's bank account. Williams falsely characterized this deposit of funds as a partial payment from Humatech Ltd. for the initial contingent sale.

7. In the interest of protecting the public against false, misleading and incomplete financial disclosures by public companies, the Commission brings this action seeking a civil injunction against Humatech and a civil injunction, an accounting, civil money penalties, and officer-and-director bars against Williams and Rottweiler.

JURISDICTION AND VENUE

8. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act of 1933 ("Securities Act") and Section 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 77v(a) and 78aa].

9. Defendants have, directly and indirectly, made use of the means or instrumentalities of interstate commerce and/or the mails in connection with the transactions described in this Complaint.

10. Venue lies in this Court pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act [15 U.S.C. §§ 77v(a) and 78aa], because Humatech was

headquartered in Houston, Texas, at the time of the alleged conduct, and certain of the acts and transactions described in this Complaint took place in Houston.

DEFENDANTS

11. **Humatech** (trading symbol "HUMT") is an Illinois corporation formerly based in Houston, Texas, which manufactures fertilizer products and animal-feed additives. Since December 1999, its common stock has been registered under Section 12(g) of the Exchange Act and, from December 1999 through January 2003 (the "relevant period"), quoted on the OTC Bulletin Board, an electronic quotation service operated by the National Association of Securities Dealers. Since its inception, Humatech's financial liabilities have exceeded revenues.

12. **Williams**, age 54, is a resident of Katy, Texas, and the CEO and a director of Humatech (or its predecessor company) since 1996. Williams asserted his Fifth Amendment privilege against self-incrimination during the Commission's investigation, and on that basis refused to testify regarding his activities at Humatech.

13. **Rottweiler**, age 58, is a resident of Mesa, Arizona. Williams hired Rottweiler to serve as CFO of Humatech's predecessor company in 1996, and Rottweiler has since served continuously as secretary, chief financial officer, and a director. Rottweiler also asserted his Fifth Amendment privilege during the Commission's investigation, and on that basis refused to testify regarding his activities at Humatech.

OTHER RELEVANT PERSONS AND ENTITIES

14. **Humatech Ltd.** is a United Kingdom company incorporated by Williams, Rottweiler, and David B. Caney, a United Kingdom resident. Humatech Ltd. is the distributor of Humatech products in the United Kingdom. At all relevant times, Williams

and Rottweiler were directors on Humatech Ltd.'s three-member board, and Humatech owned 50% of Humatech Ltd.'s stock.

15. **Caney**, age 59, is a resident of Sandhurst, Kent, in the U.K. At all relevant times, Caney was the managing director of Humatech Ltd.

16. **Scott W. Hatfield**, age 48, is Texas-licensed CPA residing in Dallas, Texas. Hatfield audited Humatech's financial statements for the fiscal years 2000, 2001, and 2002. In April 2003, Hatfield resigned as Humatech's auditor. On October 6, 2003, Hatfield withdrew all of his audit reports for Humatech.

FACTS

The Formation of Humatech and Humatech Ltd.

17. Humatech was formed in April 1997 as a result of a reverse merger between an Illinois public shell corporation and International Humate Fertilizer Co., a private Nevada corporation owned and operated by Williams. Following the merger, the company changed its name to Humatech, and Williams became the company's president, CEO, and one of its two directors, the other being Rottweiler, Humatech's CFO. The company generated revenue in fiscal years 1998 and 1999—\$447,440 and \$157,524, respectively—primarily from sales of animal-feed additives to cattle farms in the United States. The domestic sales were insufficient to prevent Humatech from sustaining losses in each of these fiscal years. Consequently, Humatech sought to expand into overseas markets.

18. On November 19, 1998, following negotiations with Caney, Williams and Rottweiler formed Humatech Ltd. as a distributor of Humatech products in the U.K. As of November 19, 1998, Humatech owned 50% of Humatech Ltd.'s issued and outstanding

shares of stock. Caney owned 49% and the remaining 1% was retained by the incorporator service used to form Humatech Ltd.

The First Contingent Sale to Humatech Ltd.

19. On or about January 1, 2000, Caney placed an order on behalf of Humatech Ltd. for 320 tons of Promax pig-feed additive from Humatech for a purchase price of \$277,640. The terms of the agreement made payment of the purchase price and delivery of the product contingent on Humatech Ltd.'s ability to resell the product in the U.K.

20. At the time of the order, Caney instructed Williams and Rottweiler not to ship the product until he sold it to buyers in the U.K. In anticipation of receiving instructions to ship the product directly to third-party buyers in the U.K., Humatech manufactured 320 tons of Promax over the next three weeks and placed it on pallets in a segregated portion of Humatech's New Mexico production facility.

21. Humatech issued an invoice in the amount of \$277,640 to Humatech Ltd. on January 25, 2000, and thereafter awaited shipping instructions to U.K. purchasers. No shipping instructions came, as Humatech Ltd. failed to sell Promax in the U.K.

22. Williams knew that no Promax was sold, because he traveled to the U.K. during March 2000 and made numerous unsuccessful sales calls with Caney. Significantly, the futile sales trip occurred three weeks before Humatech filed its 3rd Quarter 2000 Form 10-QSB, which reflected the January 2000 Promax sale as 100% of the company's revenue for the quarter.

23. Humatech never shipped the January 2000 order, and Humatech Ltd. did not sell the Promax.

The Second Contingent Sale to Humatech Ltd.

24. On October 27, 2000, Humatech invoiced Humatech Ltd. \$20,000 for a sale of 20,000 liters of Maximize, a liquid plant fertilizer. Again, Humatech stored the product while Humatech Ltd. attempted to sell it to a U.K. buyer. Humatech never shipped the product or received payment.

Humatech Ltd.'s Partial Payments toward the January 2000 Promax Order

25. Despite not shipping the Promax product to Humatech Ltd., from May 2, 2000, to October 27, 2000, Humatech received five payments purportedly from Humatech Ltd. totaling \$147,141. All of these payments were applied toward the January 2000 Promax invoice in the amount of \$277,640, leaving a balance of \$130,499 owed as of the end of Humatech's second quarter of fiscal year 2001.

26. The majority of the payment total was not, in fact, paid by Humatech Ltd. In an attempt to deceive Humatech's auditor, at least \$99,800 came directly from Williams.

Humatech Improperly Inflated Its Revenue and Assets

27. On March 24, 2000, Humatech filed its first Commission report, a quarterly report on Form 10-QSB for the quarter ended January 31, 2000. Thereafter, Humatech filed quarterly reports on Form 10-QSB and annual reports on Form 10-KSB, as appropriate, for each quarterly and annual reporting period through the quarter ended October 31, 2002. Humatech overstated its revenue or assets or both in these reports, by recognizing revenue in violation of GAAP in connection with the two contingent Humatech Ltd. sales.

28. GAAP (as restated in Staff Accounting Bulletin No. 101) requires that, “revenue generally is realized or realizable and earned when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller’s price to the buyer is fixed or determinable, and (4) collectibility is reasonably assured.”

29. In both of the contingent sales transactions with Humatech Ltd., two of these criteria were not met—collectibility was never reasonably assured and delivery never occurred. Collectibility was not reasonably assured because payment was contingent upon Humatech Ltd. reselling the product to its customers in the U.K. Indeed, despite the sales efforts of Williams and Caney during the relevant period, Humatech Ltd. never sold any Promax. It likewise never sold the Maximize ordered in October 2000. And although partial payments were made toward the Promax order, over 68% of these payments were made by Williams.

30. In addition, neither the Promax order nor the Maximize order was delivered in the relevant period. Given the lack of delivery and collectibility, recognizing revenue on these transactions was improper under GAAP.

31. As a result of the improper revenue recognition, Humatech’s Commission reports for the quarterly and annual reporting periods from January 31, 2000, through October 31, 2002, each signed by Williams and Rottweiler, contained materially misstated financial statements as described in the table below:

Filing Type	Fiscal Period	Date Filed:	Revenue Overstatement:	Revenue Overstated by:	Assets Overstated by:
10-QSB	1/31/00	3/24/00	\$ 277,640	100%	62.9%
10-KSB	4/30/00	8/10/00	\$ 277,640	53.1%	42.0%
10-QSB	7/31/00	9/15/00	\$ 0	0%	32.1%
10-QSB	10/31/00	12/04/00	\$ 20,000	19.2%	24.3%
10-QSB	01/31/01	3/14/01	\$ 0	0%	27.5%
10-KSB	04/30/01	8/10/01	\$ 20,000	10.4%	32.0%
10-QSB	7/31/01	9/12/01	\$ 0	0%	35.7%
10-QSB	10/31/01	12/19/01	\$ 0	0%	37.1%
10-QSB	01/31/02	3/15/02	\$ 0	0%	23.4%
10-KSB	04/30/02	8/01/02	\$ 0	0%	29.6%
10-QSB	7/31/02	9/17/02	\$ 0	0%	20.7%
10-QSB	10/31/02	12/23/02	\$ 0	0%	26.7%

32. In addition, each of these reports failed to provide related-party disclosures required by GAAP in transactions between affiliates. Specifically, Humatech failed to disclose that Williams and Rottweiler controlled two-thirds of Humatech Ltd.'s board of directors and that Humatech owned 50% of Humatech Ltd.'s stock. The reports also failed to disclose that Humatech Ltd. had not taken delivery of the product and that the payment of the purchase price by Humatech Ltd. was contingent on resale.

33. In addition, all of the reports beginning with the Form 10-QSB for the period ended October 31, 2000, failed to disclose that Williams, not Humatech Ltd., had made at least \$99,800 in payments related to the Promax transaction.

34. Williams and Rottweiler certified the truthfulness and accuracy of the Forms 10-QSB for the quarters ended July 31, 2002, and October 31, 2002, as is required under the Exchange Act.

Williams and Rottweiler Lied to Humatech's Auditor

35. Hatfield audited the financial statements included in Humatech's Forms 10-KSB for the fiscal years 2000, 2001, and 2002. Williams and Rottweiler falsely represented to Hatfield that they had no control over Humatech Ltd. and that Humatech had no ownership interest in Humatech Ltd. Following each audit, Hatfield issued an unqualified audit report included in the Form 10-KSB, stating that the financial statements presented Humatech's financial condition fairly in all material respects.

36. For each audit, Williams and Rottweiler provided a representation letter to Hatfield, stating that Humatech's financial statements were prepared in accordance with GAAP. The representation letters indicated that all transactions with affiliates and related amounts receivable were properly recorded and disclosed in the financial statements.

37. Each of the representation letters was false. Williams and Rottweiler concealed from Hatfield the contingent nature of the two sales to Humatech Ltd., their control position on Humatech Ltd.'s board, and Humatech's ownership of 50% of Humatech Ltd.'s stock. Moreover, during the 2001 and 2002 audits, they concealed that Williams personally made at least 68% of the payments toward the initial contingent sale on behalf of Humatech Ltd.

38. Williams and Rottweiler also falsely represented to Hatfield that the transactions with Humatech Ltd. were completed transactions. Specifically, they falsely stated that Humatech Ltd. requested "bill-and-hold" status for the orders, an arrangement where ownership would have transferred to Humatech Ltd., while Humatech warehoused the product. Williams and Rottweiler further falsely represented that delivery would occur

within six months, and that Humatech had no performance obligations remaining on the orders.

Humatech's Misleading Restatements Filed in January 2003

39. On January 16, 2003, after learning of the Commission's investigation, Humatech issued a press release announcing its intention to restate its financial statements for all periods affected by the improper revenue recognition.

40. On February 13 and 24, 2003, Humatech issued restatements for each reporting period from January 31, 2000, through the quarter ended October 31, 2002. The restatements reduced revenue by \$277,640 in 2000 and by \$20,000 in 2001 and wrote off, or eliminated, assets pertaining to Humatech Ltd's supposed purchases in those periods. Likewise, the restatements wrote off related assets for fiscal 2002 and for the first and second quarters of fiscal 2003.

41. In its restatements, Humatech did not disclose that, from the outset, delivery of the product and payment of the purchase price was contingent upon resale by Humatech Ltd. Instead, the amended filings contained a footnote, misrepresenting the January 2000 transaction with Humatech Ltd., and falsely stating that an epidemic of foot-and-mouth disease in the U.K. prompted Humatech Ltd. to request bill-and-hold status for the unshipped Promax. The explanation read:

During January 2000, . . . the Company received orders from Humatech, Ltd. . . . Originally, the Company manufactured the ordered product, had billed for the product on a FOB-Houston, Texas basis, and were [sic] in the process of delivering our product to the Port of Houston, Texas for shipment and had shipped approximately \$37,000 of the product to Humatech, Ltd. when the United Kingdom (UK) was unexpectedly struck during our fiscal year ended April 30, 2001 with a foot and mouth disease epidemic. This unforeseen and unanticipated biological epidemic caused

Humatech, Ltd's end-user market demand for our product to be suspended. In order to preserve their manufactured product, Humatech, Ltd. requested, during Fiscal 2001, that the unshipped product be converted to a "bill and hold" status, and Humatech, Ltd. continued making sporadic, but periodic, cash payments on the billed but unshipped product. . . . Humatech, Ltd. cannot commit to a firm delivery schedule to continue to support the requirements for revenue recognition under a "bill and hold" transaction to Humatech, Ltd. Accordingly, the Company must retroactively restate the accompanying financial statements to recognize revenues from the various transactions with Humatech, Ltd. to an "as shipped" basis.

42. This disclosure was misleading for several reasons. First, Humatech did not ship any Promax to the U.K. as claimed. Second, Humatech's failure to deliver the Promax had nothing to do with a foot-and-mouth epidemic. Although, beginning in February 2001, an outbreak of foot-and-mouth disease decimated the cattle industry in the U.K., this epidemic began over a year *after* Humatech Ltd.'s January 2000 Promax order. Third, contrary to the footnote, the foot-and-mouth epidemic did not suspend demand for Promax in the U.K.—there was no demand in the U.K. before the outbreak. Finally, the footnote further attempts to justify the company's initial recording of the sales to Humatech Ltd. by stating the U.K. firm "continued to make periodic and sporadic payments on the billed but unshipped product." In fact, Williams, not Humatech Ltd., provided the majority of the funds.

43. Williams and Rottweiler, each of whom signed and certified the amended reports, were attempting to cover up their improper revenue-recognition scheme by blaming the failed transactions on the intervening foot-and-mouth epidemic. But given the contingent nature of the Humatech Ltd. transactions from inception, the transactions never met the requirements for revenue recognition under GAAP and thus never should have been recorded initially.

Humatech Filed Misleading Registration Statements

44. On June 8, September 24, October 30, and December 6 of 2001 and June 3, 2002, Humatech filed a Form S-8 registration statement, registering securities offerings totaling approximately 3.8 million shares. Each registration statement incorporated by reference the company's prior reports filed with the Commission as required by Form S-8. As of the date of the first S-8 filing, Humatech had already filed four quarterly and one annual report containing materially misleading financial statements as described above. Therefore, each of the Forms S-8 was materially misleading.

Humatech's Auditor Resigns

45. In April 2003, after Humatech's restatements were filed in February 2003, Rottweiler for the first time provided to Hatfield a copy of Humatech Ltd.'s financial statements. From these financial statements Hatfield first learned that Williams and Rottweiler had been on Humatech Ltd.'s board of directors since 1999.

46. On May 5, 2003, Hatfield sent a letter to Humatech's board, resigning as its auditor, citing "uncertainty of the most appropriate accounting treatment and disclosures" involving its transactions with Humatech Ltd. Humatech filed a Form 8-K disclosing Hatfield's resignation on May 12, 2003.

47. On October 6, 2003, Hatfield sent another letter to Humatech's board, withdrawing his audit reports for fiscal 2000, 2001, and 2002, including those for the restatements, stating that he had not known during his engagement that Williams and Rottweiler were on Humatech Ltd.'s board of directors.

FIRST CLAIM

Violations of Section 17(a) of the Securities Act

(Against Humatech, Williams, and Rottweiler)

48. Paragraphs 1 through 47 are realleged and incorporated by reference.

49. Defendants Humatech, Williams and Rottweiler, in connection with the offer or sale of securities, have: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which operate as a fraud or deceit upon purchasers, prospective purchasers, and other persons.

50. Defendants Humatech, Williams and Rottweiler, knowingly or recklessly engaged in the conduct described in this claim. Defendants were also negligent in their actions regarding the conduct described in this claim.

51. By reason of the foregoing, Humatech, Williams and Rottweiler, violated, and unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

SECOND CLAIM

Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

(Against Humatech, Williams, and Rottweiler)

52. Paragraphs 1 through 47 are realleged and incorporated by reference.

53. Defendants Humatech, Williams and Rottweiler, in connection with the purchase or sale of securities, have: (a) employed devices, schemes or artifices to

defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which operate as a fraud or deceit upon purchasers, prospective purchasers, and other persons.

54. Defendants Humatech, Williams and Rottweiler, knowingly or recklessly engaged in the conduct described in this claim.

55. By reason of the foregoing, Humatech, Williams and Rottweiler, 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].

THIRD CLAIM

Violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13

(Against Humatech)

56. Paragraphs 1 through 47 are realleged and incorporated by reference.

57. In relevant part, Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] requires issuers such as Humatech to file periodic reports with the Commission containing such information as the Commission prescribes by rule. Exchange Act Rule 13a-1 [17 C.F.R. § 240.13a-1] requires issuers to file annual reports, and Exchange Act Rule 13a-13 [17 C.F.R. § 240.13a-13] requires issuers to file quarterly reports. Under Exchange Act Rule 12b-20 [17 C.F.R. § 240.12b-20] the reports must contain, in addition to disclosures expressly required by statute and rules, such other information as is necessary to ensure that the statements made are not, under the circumstances, materially misleading.

58. By reason of the foregoing, Humatech violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-13].

FOURTH CLAIM

Aiding and Abetting Humatech's Violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 Thereunder

(Against Williams and Rottweiler)

59. Paragraphs 1 through 47 are realleged and incorporated by reference.

60. Based on the conduct alleged herein, Humatech 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-13].

61. Defendants Williams and Rottweiler, in the manner set forth above, knowingly provided substantial assistance to Humatech, as an issuer of a security registered pursuant to Section 12 of the Exchange Act, in its failing to file with the Commission, in accordance with rules and regulations the Commission has prescribed, information and documents required by the Commission to keep reasonably current the information and documents required to be included in or filed with an application or registration statement filed pursuant to Section 12 of the Exchange Act and annual reports and quarterly reports as the Commission has prescribed.

62. By reason of the foregoing, Williams and Rottweiler aided and abetted Humatech's violations of, and unless restrained and enjoined, will aid and abet further 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-13].

FIFTH CLAIM

Violations of Sections 13(b)(2) of the Exchange Act

(Against Humatech, Williams and Rottweiler)

63. Paragraphs 1 through 47 are realleged and incorporated by reference.

64. Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] requires all issuers to make and keep books, records, and accounts that, in reasonable detail, accurately and fairly reflect their transactions and dispositions of their assets.

65. Section 13(b)(2)(B) of the Exchange Act, [15 U.S.C. § 78m(b)(2)(B)] requires issuers to devise and maintain an adequate system of internal accounting controls.

66. Throughout the relevant period, Humatech did not maintain an adequate system of accounting controls. And due to the fraudulent overstatement of Humatech's revenues and assets as described above, Humatech's books, records, and accounts did not accurately and fairly reflect Humatech's transactions or the disposition of its assets during the relevant period.

67. As Humatech's principal officers during the relevant period, Williams and Rottweiler knowingly provided substantial assistance to Humatech in its failure to implement an adequate system of internal accounting controls and its failure to keep accurate books and records.

68. By reason of the foregoing, Humatech violated and is continuing to violate Section 13(b)(2) of the Exchange Act [15 U.S.C. § 78m(a)(3)] and Williams and Rottweiler aided and abetted Humatech's violation of this provision.

SIXTH CLAIM

Violations of Section 13(b)(5) of the Exchange Act and Rules 13b2-1 and 13b2-2 Thereunder

(Against Williams and Rottweiler)

69. Paragraphs 1 through 47 are realleged and incorporated by reference.

70. Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] prohibits any person from knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account required by Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)]. Rule 13b2-1 [17 C.F.R. § 240.13b2-1] prohibits any person from directly or indirectly falsifying or causing the falsification of any such books, records, or accounts. Rule 13(b)2-2 [17 C.F.R. § 240.13b2-2] prohibits a director or officer from making or causing to be made a materially false or misleading statement, or omitting material facts, in a statement to an auditor in connection with an audit or examination of an issuer, or the preparation or filing of any document or report required to be filed with the Commission.

71. Defendants Williams and Rottweiler, in the manner set forth above, knowingly circumvented Humatech's system of internal accounting controls and knowingly falsified books, records, or accounts described in Section 13(b)(2) of the Exchange Act.

72. Defendants Williams and Rottweiler, in the manner set forth above, made or caused to be made materially false statements, and omitted material facts, in statements to an auditor in connection with an audit of Humatech, and the preparation of financial statements required to be filed with the Commission.

73. By reason of the foregoing, Williams and Rottweiler violated, and unless enjoined, will continue to violate Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rules 13b2-1 and 13b2-2 [17 C.F.R. §§ 240.13b2-1 and 240.13b2-2].

SEVENTH CLAIM

Violations of Exchange Act Rule 13a-14

(Against Williams and Rottweiler)

74. Paragraphs 1 through 47 are realleged and incorporated by reference.

75. Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] requires companies filing reports with the Commission to file reports that do not contain untrue statements of material fact or omit material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading. Rule 13a-14 thereunder [17 C.F.R. § 240.13a-14], requires the principal executive officer and principal financial officer of the company to sign a certification that the report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances in which such statements were made, not misleading.

76. Defendants Williams and Rottweiler, in the manner set forth above, signed false certifications for Humatech's Forms 10-QSB for the quarters ended July 31, 2002, and October 31, 2002.

77. By reason of the foregoing, defendants Williams and Rottweiler violated Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14] in certifying the Forms 10-QSB for the quarters ended July 31, 2002, and October 31, 2002.

PRAYER FOR RELIEF

The Commission respectfully requests that the Court:

I.

Find that the defendants committed the alleged violations.

II.

Permanently restrain and enjoin defendants from violating, or aiding and abetting directly or indirectly, the provisions of law and rules alleged in the Complaint.

III.

Order that defendants Williams and Rottweiler disgorge all ill-gotten gains, including pre-judgment interest, resulting from their participation in the alleged conduct.

IV.

Order defendants Williams and Rottweiler to pay civil penalties pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] in the amount to be determined by the Court.

V.

Permanently bar defendants Williams and Rottweiler from serving as an officer or director of a publicly traded company pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)].

VI.

Order that defendants Williams and Rottweiler file an interlocutory accounting, under oath, detailing all salaries, bonuses, stock, or other compensation or other assets received, in any form or at any time, from Humatech or Humatech Ltd.

VII.

Order such other relief that is just or appropriate.

Respectfully submitted,



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