UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

PATRICK A. GROTTO,
MARK B. LEFFERS, and
JON M. BLOODWORTH,

Defendants.

05 CV 5880

05 Civ. ( )

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges the following:

NATURE OF THE ACTION

1. This case involves fraud in connection with the June 2000 initial public offering ("IPO") by busybox.com, Inc. At the time of the fraudulent IPO, defendant Patrick A. Grotto was chief executive officer and chairman of Busybox's board of directors, defendant Mark B. Leffers was chief financial officer, and defendant Jon M. Bloodworth was general counsel and a director. The defendants knowingly or recklessly participated in the fraud, together with Thomas T. Prousalis, Jr., Busybox's outside counsel, and Robert T. Kirk, Jr., the president of Busybox's underwriter, Barron Chase Securities, Inc.

2. From early 1999 until its bankruptcy filing in July 2001, Busybox generated virtually no revenues and annually incurred substantial operating losses. In 1998, the company had total revenues of $1,170,022 and an operating profit of $7,000. In 1999, the company had total revenues of $351,161 and an operating loss of $6,866,556. For the nine month period ending September 30, 2000, Busybox reported total revenue of $85,569 and posted an operating

loss of over $4.6 million. At certain times in 1999 and 2000 prior to the close of the IPO, Busybox was not even able to make payroll. As a result, the defendants knew that Busybox would not survive and they would not receive their accrued salaries and bonuses or other ongoing financial benefits from the company, without the proceeds from the IPO.

3. The scheme to close the IPO arose when Barron Chase, which had agreed to raise approximately $12.8 million for Busybox, purportedly could not sell all of the IPO securities to bona fide investors. After learning from Prousalis and Kirk that Barron Chase was having difficulty selling the IPO securities, the defendants knowingly or recklessly participated in a fraudulent scheme to complete the offering. As part of the fraudulent closing, the defendants and five other Busybox insiders agreed personally to purchase unsold IPO securities with unearned and undisclosed "bonuses" that they arranged for the company to pay to themselves. The defendants also agreed to pay Prousalis an inflated legal fee using IPO securities. As a result, the defendants, Prousalis and the other Busybox insiders acquired almost 20 percent of the securities sold in the IPO, securities worth $2.5 million, without using any of their personal funds.

4. The Busybox registration statement and prospectus were materially false and misleading in their discussions of, among other things, the nature and expenses of the underwriting, the plan of distribution, the amount and use of proceeds, the compensation of executives, and the extent of insider ownership of Busybox. (i) the actual nature of Barron Chase's underwriting agreement; (ii) that the defendants would be acquiring company stock in order to close the IPO; (iii) the company would be paying out substantial unearned "bonuses" to compensate Busybox insiders for purchasing the stock; (iv) the company would be paying outside counsel in company stock in order the close the IPO; (v) outside counsel's legal fees were

contingent upon the closing of the IPO and would be significantly more than the estimated $375,000; (vi) the net IPO proceeds available to the company would be reduced by $2.1 million; and (vii) the net IPO proceeds would be further reduced by $2.8 million due to planned but undisclosed expenditures within seven days of the IPO closing.

5. By intimately participating in the preparation of the Busybox registration statement, the defendants knew or were reckless in not knowing that the registration statement was materially false and misleading. Nevertheless, the defendants signed the registration statement in their capacities as officers and directors of Busybox, filed it with the Commission knowing it would be distributed to numerous actual and potential investors. Furthermore, on June 30, 2005, the date defendants and others received nearly 20% of the IPO securities, the defendants certified, among other things, that: (i) the registration statement and prospectus were truthful in all material respects; and (ii) there had been no event or development that would have a material adverse effect on the information set forth in the registration statement and prospectus.

6. Beyond using their positions as officers and directors to obtain hundreds of thousands of dollars worth of Busybox securities, the defendants also used the IPO proceeds to directly benefit themselves. Ignoring the company's consistently poor financial performance and rapidly declining revenues, within 24 hours of receiving the secretly reduced IPO proceeds, the defendants caused the company to pay themselves over $375,000. By September 30, 2000, a mere 3 months after the close of the IPO, the defendants had arranged for the company to pay themselves over $500,000 in IPO proceeds. By December 2000, less than six months after the close of the IPO, the defendants had caused the company to pay themselves approximately

$670,000 from the IPO proceeds and all but $200,000 of the proceeds of the IPO had been dissipated.

7. By knowingly, recklessly, or negligently engaging in the conduct described herein, the defendants, directly or indirectly, violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] and Sections 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].

JURISDICTION

8. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], and Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(1), 78u(e), 78aa, and 78u-1)].

9. The defendants, directly or indirectly, made use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged herein.

10. Unless restrained and enjoined, the defendants will continue to engage in the transactions, acts, practices and courses of business alleged herein, or in the transactions, acts, practices and courses or business of similar purport and object. The Commission seeks an order permanently enjoining the defendants from future violations, and directing disgorgement of their ill-gotten gains and other relief, pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d)(1) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)(1) and 78u(e)]. The Commission also brings this action for an award of 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)]. Lastly, the Commission seeks 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)], prohibiting the defendants from acting as officers or directors of any issuer that has a class of securities registered pursuant to Sections 12 or 15(d) of the Exchange Act.

DEFENDANTS

11. Patrick A. Grotto, age 53, is a resident of New York, New York and was chairman and chief executive officer of Busybox from December 1998 to November 2000.

12. Mark B. Leffers, age 40, is a resident of Queenstown, Maryland and was the chief financial officer, treasurer and controller of Busybox from March 1999 to November 2000.

13. Jon M. Bloodworth, age 44, is a resident of Sante Fe, New Mexico and is an attorney licensed to practice in California. Bloodworth was vice president, general counsel, secretary and a director of Busybox from 1995 to 2001.

RELATED ENTITIES AND INDIVIDUALS

14. Busybox was a Delaware corporation that was headquartered in Century City, California. Busybox sold still photographs, film footage and video over the Internet. Following the IPO, Busybox's securities traded on the NASDAQ Small Cap Market, a nation-wide electronic trading system. Busybox filed a Chapter 7 bankruptcy petition in the Central District of California on July 30, 2001 and is now defunct.

15. Barron Chase was a Colorado corporation and a broker-dealer with its headquarters and principal place of business in Boca Raton, Florida, and other offices in New York, California, and elsewhere. One of Barron Chase's primary business activities was providing investment banking services to corporations seeking to raise money from the public.

16. Robert T. Kirk, Jr., was president and majority owner of Barron Chase Securities, Inc., the lead managing underwriter for the Busybox IPO.

17. Thomas T. Prousalis, Jr., was a lawyer licensed to practice in Washington, DC and was securities counsel to Busybox.

FACTS

Background

18. In 1998, the officers and directors of Busybox decided that the company should attempt to raise funds by selling securities to the public. Towards this end, in or about December 1998, Busybox officers, including Bloodworth, met with Grotto and Prousalis in New York City. Grotto was a businessman who claimed to have experience with start-up and media companies and Prousalis was a Washington, D.C. attorney who purportedly had served as securities counsel for several small companies that had gone public. Shortly after this meeting, Busybox hired Grotto to be its chairman and CEO and, at Grotto's direction, Busybox retained Prousalis to serve as its outside securities counsel. In addition, Busybox hired Leffers, a former colleague of Grotto's, as its CFO. Under Busybox's new management, Bloodworth stayed on as general counsel and director.

19. The retainer agreement between Prousalis and Busybox, dated December 9, 1998, required Busybox to make payments to Prousalis only if Busybox raised funds through the sale of securities in a private placement or a public offering. Upon the close of an IPO or a private placement offering, the retainer agreement required Busybox to pay Prousalis $375,000 or 7.5 percent of the gross proceeds of the offering, whichever was greater, plus expenses. In 1999 and 2000, Busybox completed three private placement offerings of stock and debt. In each case,

Busybox paid Prousalis a fee of 7.5 percent of the amount raised. Prior to executing the retainer agreement with Prousalis, Bloodworth and Grotto were forewarned by counsel from a disinterested law firm that the proposed legal fee was excessive and its contingent nature created an undue incentive for Prousalis not to be an objective securities adviser to Busybox.

20. In or about April 1999, Busybox and Barron Chase executed a letter of intent for the firm to serve as the lead managing underwriter for an IPO of Busybox securities. The letter of intent and draft underwriting agreement called for Barron Chase to purchase the entire IPO – an arrangement known as a "firm commitment" underwriting. A firm commitment underwriting obligated Barron Chase to buy all of the shares in the offering, regardless of whether it was able to resell those shares to bona fide investors. The final underwriting agreement was not executed until after the Commission declared the registration statement effective on June 26, 2000. In the final agreement, Barron Chase agreed to buy all of the securities issued in the Busybox IPO at an underwriter's discount of 9 percent and Busybox agreed to pay Barron Chase a further "expense allowance " of 3 percent of the gross proceeds. Prior to executing the letter of intent and underwriting agreement with Barron Chase, Bloodworth was advised by legal counsel from a disinterested law firm that the underwriting firm "was regarded as a boiler room shop."

Registration Statement

21. Registration statements filed with the Commission are public documents and are available for review at the Commission's offices, on the Commission's web site, and through commercial web sites. Under the federal securities laws and regulations, registration statements for IPOs are required to fully and accurately describe and disclose, among other things: (i) the company issuing the securities, its business operations, its assets, liabilities and recent financial

results, and its future business plans; (ii) the plan of distribution of the IPO securities, that is, how much money will be raised, how the securities will be sold, and to whom, and the expenses of the distribution; (iii) how the issuer plans to spend the IPO proceeds; and (iv) the identity of the issuers' management, and management's compensation and ownership interests. Since companies engaged in an IPO are, by definition, new to the investing public, the registration statement is in many cases the only source of information available to investors about the company.

22. In connection with its IPO, Busybox prepared and filed with the Commission a registration statement. The original version of the registration statement was filed on June 19, 1999 and was followed by seven amendments. The eighth and final version of the registration statement was filed with the Commission on or about May 23, 2000. The final registration statement was distributed to investors and copies of the Registration statement were also provided to the National Association of Securities Dealers, the Standard & Poors stock rating service and the Depository Trust Company in New York City. The defendants all participated in reviewing and editing the registration statement and its amendments. They also signed the registration statement and all the amendments in their capacities as officers and directors of Busybox.

23. According to the final version of the Registration statement:

a. Busybox offered to sell to the public 2,500,000 shares of common stock at $5.00 per share, and 2,500,000 warrants to purchase an additional share of common stock at $.125 per warrant.

b. The total amount to be raised, before deducting expenses incurred in connection with the IPO, such as underwriting and other fees was $12,812,500.

c. Barron Chase, the underwriter, agreed to purchase "all of the securities offered" at $4.55 per share and $.11375 per warrant; the difference between these prices and the prices paid by the investing public represented Barron Chase's 9 percent selling commission.

d. Included among the expenses to be paid from the proceeds of the IPO were "Legal Fees and Expenses," which were "estimated" to be $375,000.

e. The amount that Busybox expected to receive, after deducting the underwriter's fee and other IPO related expenses was $10,431,250.

f. Busybox intended to use the Net Proceeds as follows:

Category of Usage	Amount	Percent
Operations and Development	$1,500,000	14.38
Capital Equipment	$1,500,000	14.38
Marketing and Sales	$1,000,000	9.59
Web Site Development	$1,000,000	9.59
Mergers and Acquisitions	$750,000	7.19
Working Capital	$1,931,250	18.51
Repayment of Promissory Notes	$2,750,000	26.36
Total:	$10,431,250	100.00

Fraudulent Closing of the IPO

24. In or about mid to late June 2000, Prousalis informed the defendants that Barron Chase was approximately $2.5 million short of selling out the IPO and that the firm was unlikely to sell out the IPO to bona fide investors by the effective date of the Busybox registration statement. Rather than cancel or revise the offering, the defendants agreed to participate in a fraudulent scheme to close the IPO. Pursuant to the scheme, the Busybox insiders purchased IPO securities using undisclosed payments from the company styled as "bonuses," and Prousalis received his inflated legal fee in IPO securities. Barron Chase financed these transactions and the defendants caused Busybox to repay the firm out of its IPO proceeds. Neither Prousalis nor any of

the other insiders, including the defendants, spent any of their own money on the IPO securities they received. The defendants knew or were reckless in not knowing that the registration statement did not disclose the existence of these unearned bonuses, that these bonuses would be used to purchase IPO securities, that these bonuses were necessary to close the IPO and that IPO proceeds would be used to fund these transactions.

25. On June 19, 2000, in order to facilitate the scheme to close the IPO, Prousalis and the defendants opened cash brokerage accounts at Barron Chase with Kirk as the registered representative for each account. The other insiders who received stock in the IPO were also directed to open accounts with Kirk. These accounts were opened solely for the purpose of accepting IPO securities pursuant to the scheme. In fact, at no time, did Prousalis, the defendants or the other insiders ever deposit any personal funds into these accounts.

26. On June 26, 2000, the Busybox registration statement was declared effective by the Commission and Busybox and Barron Chase executed an underwriting agreement. On June 27, 2000, the Busybox IPO took place and its securities were listed on the NASDAQ Smallcap Market and became available for trading on the open market. Barron Chase representatives sold IPO securities to bona fide investors in New York, California, the District of Columbia and elsewhere.

27. On June 27, 2000, pursuant to the fraudulent scheme, 488,000 IPO common shares, and an equal number of warrants, were secretly allocated to the Barron Chase accounts of the defendants, Prousalis, and the other Busybox insiders. These shares amounted to approximately 20 percent of all the securities offered in the IPO. The insiders received securities valued at $1,245,375 in the aggregate. Prousalis received securities valued at $1,255,625.

Barron Chase accounted for the transactions on its books and records as "purchases." Since Prousalis and the insiders had not deposited any funds into their Barron Chase accounts, the accounts initially reflected large negative balances equal to the value of the securities allocated. For example, on June 30, 2000 (the trade settlement date for the IPO allocations made on June 27, 2000), Grotto's Barron Chase account reflected a purchase of 60,000 common Busybox shares and 60,000 warrants, for a total price of $307,500 and, since no funds had been deposited into the account, a negative balance of $307,500 existed. The Barron Chase accounts of Leffers, Bloodworth and the other insiders reflected similar activity that day.

28. As part of the scheme, Prousalis received a grossly inflated legal fee in the form of IPO securities that was larger than what he was entitled to receive under his retainer agreement with Busybox and was more than three times the estimated legal fee disclosed in the registration statement. According to the terms of his retainer agreement with Busybox, Prousalis was entitled to a fee of $960,937.50 (7.5 ½ % of the Gross Proceeds), plus expenses. In fact, and pursuant to the fraudulent scheme, on June 26, 2000, Prousalis submitted a bill to Busybox for $1,255,625.00 for his legal services -- approximately $880,000 more than was disclosed in the Registration Statement. Despite their knowledge that Prousalis's retainer agreement and receipt of Prousalis's legal bill before the IPO commenced, the defendants knew or were reckless in not knowing that the registration statement falsely represented that the legal fees and expenses of the IPO were estimated to be only $375,000. In addition, the defendants knew or were reckless in not knowing that the registration statement did not disclose how Prousalis's fee would be financed, or the fact that it would be paid for using IPO securities.

29. On or around June 30, 2000, Grotto and Bloodworth continued to further the fraudulent scheme by causing Busybox's board of directors to instruct Barron Chase's clearing agent, FISERV Correspondent Services, Inc., to divert $2,388,250 from the IPO proceeds and to deliver those funds not to Busybox, as disclosed in the registration statement, but directly to the Barron Chase accounts of the defendants, Prousalis, and the other Busybox insiders.

30. FISERV complied with the instructions of Busybox. In closing the IPO, FISERV first aggregated the credits of Barron Chase on its books to purchase the IPO securities from Busybox. The IPO securities were then distributed to Barron Chase's customer accounts– including Prousalis, the defendants and the other insiders. Prior to delivering the IPO proceeds to Busybox, FISERV then made a series of journal entries that transferred $2,388,250 from the IPO proceeds to the accounts of Prousalis and the insiders. These journal entry transfers bypassed Busybox altogether and paid for the IPO securities that had been allocated to Prousalis and the Busybox insiders thereby bringing their account balances to zero.

31. On July 3, 2000, FISERV closed the IPO on its books and distributed the proceeds. After deducting undisclosed expenses and payments, the net proceeds of the IPO were approximately $6 million. FISERV wired this amount to Busybox's corporate bank account.

32. In addition, as a part of the overall scheme, on July 3, 2000, Barron Chase loaned $112,750 in cash to two additional Busybox employees in order to fund their allocation of IPO securities. These funds were transferred from a Barron Chase non-customer account to the accounts of these two Busybox officers and were used to pay for the securities allocated to them in the IPO. On or about July 7, 2000, Busybox repaid this loan from Barron Chase, using IPO proceeds which it had received on July 3, 2000.

33. The journal entries that diverted $2,388,250 from the IPO proceeds due Busybox on July 3, 2000 and the repayment of the $112,750 loan on July 7, 2000, reduced the overall IPO proceeds available to Busybox by $2,501,000. Since the Registration statement did not disclose that Busybox insiders would be receiving bonuses from IPO proceeds or that Prousalis would be receiving an inflated fee from IPO proceeds, the scheme used $2,126,000 in a manner that was not disclosed to the public. This figure reflects the secret bonuses given to the insiders ($1,245,375) plus the undisclosed amount of Prousalis's legal fees and expenses ($880,625).

34. As previously noted, the actual net IPO proceeds wired to Busybox by FISERV after closing was approximately $6 million. In the week following the IPO closing, Busybox spent almost 50 percent of that money – approximately $2.9 million – on items that were not disclosed in the registration statement. Specifically, Busybox did not disclose its intention to use IPO proceeds to satisfy numerous trade payables that accrued prior to the close of the IPO, and to pay accrued salary and bonus to various Busybox employees, including the payments made to the defendants. In addition, on July 10, 2000, Busybox made an undisclosed payment of $1.15 million in IPO proceeds to an advertising firm retained by Busybox in 1999, to settle a breach of contract lawsuit. This payment alone represented almost ten percent of the net IPO proceeds as stated in the registration statement.

35. Busybox quickly spent the proceeds raised in the IPO. By September 30, 2000, the company had cash of less than $1.2 million. Grotto left the company in November 2000, when it ran out of cash. Leffers left shortly thereafter. The company's last periodic Commission filing was a Form 10-QSB for the period ended September 30, 2000. In July 2001, Busybox filed a Chapter 7 bankruptcy petition in the U.S. District Court for the Central District of California.

Misrepresentations and Omissions in the Registration Statement

36. Each of the defendants substantially participated in the preparation of the Busybox registration statement which they knew or were reckless in not knowing was materially false and misleading. Nevertheless, they attested to the registration statement's accuracy by signing it and causing it to be distributed to investors. In addition, the defendants recruited other Busybox insiders to participate in the fraudulent scheme to close the IPO. Leffers concocted a formula to divide up the unsold IPO shares among the insiders participating in the scheme. As members of the board of directors Grotto and Bloodworth voted to approve the filing of the Registration statement and caused the Busybox board to approve the payment of undisclosed and unearned bonuses to themselves and the other insiders who received IPO securities. Even after the distribution of the registration statement, but before the IPO closed, the defendants falsely certified that there had been no material changes that would effect the accuracy of the offering documents.

37. By creating, signing and distributing the Busybox registration statement, the defendants made materially false and misleading statements and omissions to investors with regard to the nature of the underwriting. The defendants falsely stated in the registration statement that Barron Chase was underwriting the Busybox IPO on a firm commitment basis when they knew, or were reckless in not knowing that, because the fraudulent scheme called for some of the offering proceeds to be used to purchase securities Barron Chase was unable to sell to bono fide investors and unwilling to purchase, Barron Chase would not in fact be conducting the underwriting on a "firm commitment" basis.

38. By creating, signing and distributing the Busybox registration statement, the defendants made materially false and misleading statements and omissions to investors with regard to the amount of funds the IPO would raise for the company. The defendants knowingly or recklessly failed to disclose that: (1) the defendants, Prousalis and the other insiders would receive approximately 20 percent of the stock and warrants offered in the IPO; and (2) by diverting offering proceeds from Busybox to pay for their securities, the net proceeds available to the company upon completion of the IPO would be approximately $2.1 million less than the amount disclosed in the registration statement.

39. By creating, signing and distributing the Busybox registration statement, the defendants made materially false and misleading statements and omissions to investors with regard to how the company planned to spend the money raised by the IPO. The defendants falsely stated that Busybox intended to spend the funds raised by the IPO for a number of specific purposes at stated amounts, when they knew, or were reckless in not knowing that, after the $2.1 million diversion of IPO proceeds for unearned bonuses and inflated legal fees and the $2.9 million undisclosed but planned expenditures immediately following the closing of the IPO, Busybox could never fund the legitimate business activities outlined in the registration statement at anywhere near the amounts stated.

40. By creating, signing and distributing the Busybox registration statement, the defendants made materially false and misleading statements and omissions to investors with regard to the compensation of themselves as Busybox officers and directors. The defendants knowingly or recklessly failed to disclose in the registration statement that unearned bonuses,

amounting to approximately 10 percent of the net IPO proceeds, would be paid to Busybox insiders as part of the scheme to complete the IPO.

41. By creating, signing and distributing the Busybox registration statement, the defendants made materially false and misleading statements and omissions to investors with regard to the percentage of Busybox owned by the company's officers and directors. The defendants knowingly or recklessly failed to disclose in the registration statement the significant increase in insider ownership of Busybox caused by the allocation of approximately 10 percent of the IPO to eight Busybox insiders.

42. By creating, signing and distributing the Busybox registration statement, the defendants knowingly or recklessly made materially false and misleading statements and omissions to investors with regard to the IPO legal fees and associated expenses. The defendants knowingly or recklessly stated falsely that, among the expenses to be incurred by Busybox in connection with the IPO, and to be paid from the proceeds of the IPO, were "Legal Fees and Expenses," estimated to be $375,000. The defendants knew, or were reckless in not knowing, that Prousalis was entitled to a much larger fee pursuant to his retainer agreement with Busybox, and that Prousalis had in fact submitted a bill to Busybox, prior to the distribution of the Registration statement to investors for $1,255,625 and that Busybox would pay this bill using IPO securities.

CLAIMS

First Claim–Violations of Securities Act Section 17(a) of the Securities Act

43. Plaintiff repeats and realleges Paragraphs 1 through 42 above.

44. Defendants, in the offer or sale of securities, by the use of means or instrumentalities of interstate commerce or by the 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 material fact or omissions to state material facts necessary in order to make the statements made, not misleading; or (c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon other persons, including purchasers of Busybox securities.

45. In connection with the above described acts or omissions, the defendants acted knowingly, recklessly or negligently.

46. By reason of the conduct described herein, the defendants have violated Section 17(a) of Securities Act [15 U.S.C. § 77q(a)] by offering and selling securities based upon false and misleading statements or omissions of material facts.

Second Claim–Violations of Exchange Act Section 10(b) and Rule 10b-5 thereunder

47. Plaintiff repeats and realleges Paragraphs 1 through 46 above.

48. Defendants, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, or by the use of the mails, directly or indirectly, (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of 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 which operated or would operate as a fraud or deceit upon other persons, including purchasers and sellers of Busybox securities.

49. In connection with the above described acts or omissions, the defendants acted knowingly or recklessly.

50. By reason of the conduct described herein, the defendants have 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] by selling securities based upon the false and misleading statement or omissions of material facts.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court enter final judgments against the defendants:

(a) permanently enjoining the defendants from, directly or indirectly, violating Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and 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];

(b) ordering the defendants to disgorge all ill-gotten gains, together with prejudgement interest pursuant to Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Sections 21(d)(1) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)(1) and 78u(e)];

(c) ordering them 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) Under 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)], prohibiting the defendants from serving as officers or directors of a company with a class of securities registered pursuant to Sections 12 or 15(d) of the Exchange Act ; and

(e) granting such further relief as this Court deems just and proper.

Respectfully Submitted,

Robert B. Blackburn (RB 1545)

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