

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

RAYMOND L. BURKE,

Defendant.

Docket No.

Plaintiff Securities and Exchange Commission (“Commission”), for its complaint, alleges as follows:

SUMMARY

- 1) This is an insider trading case. In April and May 2004, Raymond L. Burke bought shares of Caye Chapel Inc., a public shell company, while aware of material nonpublic information regarding a possible reverse merger between Caye Chapel and OncBio Inc., a private operating company.
- 2) After Caye Chapel announced publicly that it had entered into an agreement to acquire OncBio, the price of Caye Chapel shares increased substantially, resulting in unrealized trading profits for Burke of \$4,320.
- 3) As a result of this conduct, Burke, directly and indirectly, has engaged in and unless restrained and enjoined by this Court will in the future engage in, transactions, acts, practices, and courses of business that violate Section 10(b) of the Securities Exchange

Act of 1934 as amended (“Exchange Act”) [15 U.S.C. §§ 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §§ 240.10b-5].

- 4) The Commission brings this action pursuant to the authority conferred upon it by Section 21(d) and (e) of the Exchange Act [15 U.S.C. § 78u(d) and (e)], seeking a Permanent Injunction restraining and enjoining Burke from the alleged violations and granting other equitable relief.
- 5) The Commission also seeks an order requiring Burke to pay a civil penalty pursuant to Section 21A of the Exchange Act [15 U.S.C. Section § 78u-1], and requiring him to disgorge ill-gotten gains, including prejudgment interest.

JURISDICTION AND VENUE

- 6) This Court has jurisdiction over this action pursuant to Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(e) and 78aa]. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].
- 7) In connection with the transactions, acts, practices, and courses of business described in this Complaint, Burke, directly and indirectly, has made use of the means or instrumentalities of interstate commerce, of the mails, and/or of the means and instruments of transportation or communication in interstate commerce.
- 8) Burke resides in this district. Moreover, certain of the transactions, acts, practices and courses of business constituting the violations of law alleged herein occurred within this district.

DEFENDANT

- 9) Raymond L. Burke, age 62, resides in Rye, New York. Since 1998, Burke has been the president of a New Jersey-based merchant bank and financial services firm. In that

capacity, Burke, among other things, locates dormant public companies with which private operating companies can effect reverse mergers.

RELEVANT ENTITY

10) OncBio Inc. (f/k/a Caye Chapel Inc.) is a Nevada corporation with its principal offices located in New York, New York. Prior to May 20, 2004, OncBio, which was then known as Caye Chapel, was a shell corporation based in Salt Lake City, Utah and traded on the Pink Sheets (a service of the National Quotation Bureau). On May 20, 2004, Caye Chapel effected a reverse merger with OncBio, a private Delaware corporation purportedly engaged in the development and commercialization of therapies and treatments to fight cancer. After the reverse merger, Caye Chapel changed its name to OncBio. OncBio's common stock is not registered and the company does not file periodic reports with the Commission. OncBio's stock is quoted on the Pink Sheets.

FACTUAL ALLEGATIONS

- 11) In late February or early March 2004, OncBio's president called Burke and asked him to locate a dormant public company with which a private operating company could merge.
- 12) OncBio's president expected Burke to refrain from disclosing information about the possible merger to third parties and, based on his prior dealings with OncBio's president since 2000, Burke understood he should keep that information confidential.
- 13) OncBio's president gave Burke information about a possible merger solely for corporate purposes, i.e., so that Burke could locate a public shell company with which OncBio could merge.
- 14) Burke contacted a lawyer in Salt Lake City, Utah, who identified a dormant public company, Caye Chapel.

- 15) On March 23, 2004, the lawyer faxed Burke a fact sheet about Caye Chapel. The fact sheet contained information such as shares outstanding, shares authorized, float, the identity of the transfer agent, assets and liabilities, and offering price.
- 16) Burke immediately reviewed the fax sheet and faxed that information to OncBio's president. Burke also provided OncBio's president and the lawyer with the other's contact information. Burke instructed the lawyer to deal directly with OncBio's president, and OncBio's president told Burke that he would call the lawyer.
- 17) Burke did not provide OncBio's president with information about any other dormant public companies at that time.
- 18) Between April 30 and May 7, 2004, Burke purchased 60,000 shares of Caye Chapel stock at \$.008 per share, for an aggregate cost basis of \$480. Burke purchased the Caye Chapel stock, in significant part, because he believed that there was a "50/50" chance that his introduction of OncBio's president and the Salt Lake City lawyer would lead to a merger involving Caye Chapel.
- 19) Burke did not disclose to OncBio's president his intent to purchase Caye Chapel stock.
- 20) On May 12, 2004, Caye Chapel announced publicly that it had signed an agreement to acquire 100 percent of the issued and outstanding stock of OncBio. On the day of that announcement, the price of Caye Chapel stock closed at \$.08 per share, 40 times the previous trading day's closing price of \$.002 per share, and the trading volume of Caye Chapel stock was nearly 30 times the average trading volume for the ten preceding trading days.
- 21) The price increase resulted in unrealized trading profits for Burke of \$4,320 based on the \$.08 per share closing stock price.

CLAIM FOR RELIEF

Violation of Section 10(b) of the Exchange Act and Rule 10b-5
(15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5)

- 22) Paragraphs 1 through 21 are hereby re-alleged and incorporated by reference.
- 23) Burke purchased Caye Chapel securities, on the basis of material nonpublic information about those securities, in breach of a duty of trust or confidence that was owed directly, indirectly, or derivatively, to the issuer of those securities or the shareholders of that issuer, or to any other person who was the source of the material non-public information.
- 24) Burke directly and indirectly, with scienter, in connection with the purchase of Caye Chapel securities, by use of any means or instrumentalities of interstate commerce or by use of the mails, employed a device, scheme, or artifice to defraud; or engaged in an act, practice, or course of business which operated as a fraud or deceit upon the purchasers or sellers of such securities.
- 25) By reason of the foregoing, Burke violated and unless restrained and enjoined will violate Section 10(b) of the Exchange Act and Rule 10b-5.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court:

- a) Find that Burke committed the violation alleged;
- b) Enter a Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining Burke from violating, directly or indirectly, each of the provisions of law and rules alleged in this complaint;
- c) Order that Burke disgorge all ill-gotten gains, including pre-judgment interest, resulting from the violation alleged herein;
- d) Order Burke to pay a civil penalty pursuant to Section 21A of the Exchange Act; and

e) Grant such other relief as this Court may deem just or appropriate.

Respectfully submitted September 1, 2005.

Robert B. Blackburn, Esq. (RB 1545)
Local Counsel
Securities and Exchange Commission
3 World Financial Center, Room 4300
New York, NY 10281-1022
EMail: BlackburnR@SEC.GOV
212.336.1050 (Phone)
212.336.1317 (Facsimile)

Susie Youn
Jeffrey R. Thomas
Attorneys for the Plaintiff
Securities and Exchange Commission
1801 California Street, Suite 1500
Denver, CO 80202
303.844.1080 (Phone)
303.844.1068 (Facsimile)