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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

ALBERT J. RASCH, JR.,
KATHLEEN R. NOVINGER,
SANDRA B. MASINO, AND 144
OPINIONS, INC.,

Defendants.

Civil Action No.

1 09-CV-1190

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

The plaintiff, Securities and Exchange Commission ("Commission") files its complaint against Sandra B. Masino ("Masino"), 144 Opinions, Inc. ("144 Opinions"), Albert J. Rasch, Jr. ("Rasch") and Kathleen R. Novinger ("Novinger") (collectively "Defendants" or "the defendants"), and alleges that:

1. This action concerns a legal "opinion mill" which fraudulently facilitated the sale of securities in violation of the registration provisions of the federal securities laws. During 2007, Masino, who is not an attorney, and her company 144 Opinions, prepared, and Rasch and Novinger, both attorneys,

executed, at least a series of 24 legal opinion letters concerning the removal of restrictive legends on certificates representing more than 22 million shares of Mobile Ready Entertainment Corp. (“Mobile Ready”). In preparing and/or executing the 24 legal opinions concerning Mobile Ready (the “Mobile Ready Legal Opinions”), the defendants made materially false and misleading statements which were contained therein, cited to non-existent documents and misrepresented critical facts with no reasonable basis.

2. For each of the Mobile Ready Legal Opinions, rendered by Rasch and Novinger, Masino and 144 Opinions obtained relevant information from the shareholders, drafted the Mobile Ready Legal Opinions, and acted as an advocate on behalf of the shareholders in dealing with the broker-dealers and transfer agent in question. Masino and 144 Opinions made further false statements of fact to the transfer agent in an effort to advocate for the removal of the restrictive legends on the respective shares of Mobile Ready at issue.

3. The false and misleading statements drafted by Masino and 144 Opinions and thereafter rendered by Rasch and Novinger, induced the transfer agent for Mobile Ready to remove the restrictive legends and permit the sale of

more than 22 million shares of Mobile Ready in violation of the registration provision of the federal securities laws.

4. Rasch, Novinger, Masino and 144 Opinions knew, or were severely reckless in not knowing, that the Mobile Ready Legal Opinions contained false and misleading statements concerning, among other things, the origin of the securities at issue, the existence of adequate public information concerning Mobile Ready, the existence of agreements between Mobile Ready and the relevant shareholders, and the applicability of Rule 144 promulgated under the Securities Act of 1933 (the "Securities Act") to the restricted shares identified in each of the Mobile Ready Legal Opinions.

5. Through their conduct, Defendants, directly or indirectly, engaged in acts, practices, and courses of business which have constituted and will constitute violations of Sections 5(a), 5(c) and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

6. Defendants, unless enjoined by this Court, will continue to engage in the acts, practices, and courses of business alleged herein, and in acts, practices and courses of business of similar purport and object.

JURISDICTION AND VENUE

7. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Section 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)], to enjoin Defendants from engaging in the transactions, acts, practices, and courses of business alleged in this complaint, and transactions, acts, practices, and courses of business of similar purport and object, civil money penalties, penny stock bars, and other equitable relief. Disgorgement of illegally obtained funds together with prejudgment interest thereon is sought from defendants Rasch and Masino.

8. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Section 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)].

9. Defendants, directly and indirectly, made use of the mails, the means and instruments of transportation and communication in interstate commerce and

the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

10. Certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act and Exchange Act occurred in the Northern District of Georgia, including, but not limited to:

- (a) Mobile Ready's principal place of business is located within the Northern District of Georgia;
- (b) Certain of the Mobile Ready Legal Opinions were prepared for persons residing within the Northern District of Georgia;
- (c) Shares opined on by Defendants were sold by persons residing within the Northern District of Georgia;
- (d) Masino and 144 Opinions directed communications regarding the Mobile Ready Legal Opinions to persons residing within the Northern District of Georgia; and
- (e) Defendants accepted payments for services in connection with the Mobile Ready Legal Opinions that originated from within the Northern District of Georgia.

11. Defendants, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and courses of business alleged in this complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

THE DEFENDANTS

12. **Albert J. Rasch, Jr.**, age 63, is a resident of Costa Mesa, California, and is the sole partner and owner of the Law Firm of Albert J. Rasch and Associates (“Rasch and Associates”). Rasch’s legal practice focuses primarily on estate planning, corporate formation, taxes and probate work. Rasch has been formally banned from providing legal opinions by Pink OTC Markets, Inc. (the “Pink Sheets”), a private electronic inter-dealer quotation and trading system used in the over-the-counter securities market.

13. **Kathleen R. Novinger**, age 38, is a resident of Cypress, California, and is the sole associate at Rasch and Associates, where she has practiced for nine years. Novinger’s practice focuses on corporate formation, estate planning and a limited amount of securities work involving Securities Act Rules 144 and 504.

14. **Sandra B. Masino**, age 46, is a resident of Costa Mesa, California and is the sole owner and employee of 144 Opinions. Masino is not an attorney.

15. **144 Opinions, Inc.** is an administratively dissolved California corporation, headquartered in Newport Beach, California. Masino is the sole owner and employee of 144 Opinions. 144 Opinions provided restricted stock services, primarily to shareholders seeking to obtain exemptions under Rule 144. 144 Opinions primary business presence was the internet site www.144opinions.com. 144 Opinions has been formally banned from providing legal opinions by Pink Sheets.

RELATED PERSONS AND ENTITY

16. **Mobile Ready Entertainment Corp.** is a Delaware corporation, headquartered in Alpharetta, Georgia, that claims to market software applications for mobile devices. Mobile Ready is a non-reporting, publicly-traded company that was previously quoted on the Pink Sheets under the symbol "MRDY." In July 2008, the Commission filed a civil injunctive action against Mobile Ready, alleging Mobile Ready issued materially false and misleading press releases in connection with a "pump-and-dump" scheme conducted by Mobile Ready's

corporate officers. See SEC v. Mobile Ready Entertainment Corp., et. al, Case No. 1:08-CV-2263 (N.D. Ga., Jul 14, 2008).

17. **Michael H. Magolnick**, age 38, is a resident of Cumming, Georgia, and was co-chief executive officer of Mobile Ready from December 2006 through December 2007. From March through November 2007, while residing within the Northern District of Georgia, Magolnick obtained multiple legal opinion letters from the Defendants, enabling him to dump more than two million restricted shares of Mobile Ready for approximately \$70,000 in profits. In July 2008, the Commission filed a civil injunctive action against Magolnick, alleging antifraud and registration violations for his involvement in the Mobile Ready “pump-and-dump” scheme. See SEC v. Mobile Ready Entertainment Corp., et. al, Case No. 1:08-CV-2263 (N.D. Ga., Jul 14, 2008).

18. **Craig A. Mora**, age 38, is currently a resident of Royal Palm Beach, Florida, and is the current chief executive officer and chairman of Mobile Ready. During all times relevant to facts described herein, Mora was a resident of the Northern District of Georgia. From March through November 2007, Mora obtained multiple legal opinion letters from the Defendants, enabling him to dump

more than two million restricted shares of Mobile Ready for approximately \$70,000 in profits. In July 2008, the Commission filed a civil injunctive action against Mora, alleging antifraud and registration violations for his involvement in the Mobile Ready “pump-and-dump” scheme. See SEC v. Mobile Ready Entertainment Corp., et. al, Case No. 1:08-CV-2263 (N.D. Ga., Jul 14, 2008).

FACTS

A. Defendants Operated a “Legal Opinion Mill”

19. 144 Opinions promoted itself on its website during 2007 and 2008 as a “Restricted Stock Service,” offering “same-day/next-day turn around” for the provision of legal opinion letters relating to the removal of restrictive legends on unregistered securities. Masino, who founded the company, is the sole owner and lone employee of 144 Opinions.

20. Masino was typically contacted by shareholders seeking assistance in selling restricted securities. Masino provided what was essentially “one-stop shopping” for those seeking a Rule 144 legal opinion. Masino worked directly with Rasch and Associates along with the shareholder’s broker-dealer and the

issuer's transfer agent, to obtain all necessary paperwork and smooth the process of selling restricted stock.

21. Typically, Masino collected copies of the stock certificates in question along with a series of written representations from the shareholder regarding the application of Rule 144 as well as a completed Form 144. The shareholder's written representations regarding Rule 144 generally included information regarding whether the shareholder was an affiliate of the issuer, the period of time the shareholder had held the shares, and whether the shareholder was aware of any nonpublic information concerning the issuer.

22. Once Masino had the basic information she needed (shareholder name, issuer name, number of shares, certificate number, date of acquisition of shares), she entered the information into a database. The database then form-filled into a legal opinion letter template that she prepared with Rasch. Masino worked exclusively with Rasch and Associates since 2003.

23. As soon as the legal opinion letter template was prepared, Masino electronically delivered the draft to Rasch along with the paperwork she obtained related to the opinion (copy of certificates, written shareholder representations,

Form 144). The entire process for Masino typically took between 30 minutes to a few hours.

24. Once Rasch received the draft legal opinion letter prepared by Masino, either he or his lone associate, Novinger, reviewed the opinion letter along with the supporting documentation to ensure that the certificate numbers, names and dates were correctly reflected. Rasch or Novinger then independently made the decision whether or not to render the opinion.

25. Rasch and Novinger typically did not directly communicate with the shareholder customers.

26. Rasch or Novinger would review the documents provided by Masino, determine whether to render the opinion, and would return it to Masino and 144 Opinions, who then forwarded it to the transfer agent and broker-dealer.

27. For 144 Opinions' services, Masino charged customers \$295 per legal opinion. At the end of each month, Rasch and Associates invoiced 144 Opinions for its executed legal opinions and was paid \$45 per legal opinion.

28. During calendar year 2007, 144 Opinions prepared drafts of 933 legal opinion letters, an average of 78 legal opinion letters per month. In February and

March 2007, the time period in which the bulk of the Mobile Ready Legal Opinions were issued, 144 Opinions prepared an average of 102 legal opinions drafts per month. From January through April 2008, 144 Opinions prepared 379 legal opinion letter drafts, an average of 95 opinion letters per month, providing a total of 1,312 legal opinion letters prepared by Masino and 144 Opinions and rendered by Rasch or Novinger from 2007 through the first four months of 2008.

B. Formal Ban from Providing Legal Opinions by Pink Sheets

29. In March of 2006, Pink Sheets determined that multiple unregistered securities offerings were being facilitated on its exchange services through fraudulent application of Regulation D and Securities Act Rules 144 and 504. In reviewing these fraudulent and unregistered offerings, Pink Sheets recognized that a significant portion of the legal opinions supporting these unregistered offerings were being provided by nine attorneys. Included in this identification were Rasch and, even though it was not a law firm, 144 Opinions.

30. Pink Sheets sent correspondence to Rasch and 144 Opinions indicating that, in connection with requests to begin publishing quotes for the shares of certain issuers, Pink Sheets would no longer accept their legal opinions.

31. Pink Sheet's March 2006 correspondence to Rasch and 144 Opinions describing the reason for their being banned as follows:

We recently reviewed several opinions received from you in connection with requests to quote certain securities on the Pink Sheets.... The disclosure of issuer information on the Pink Sheets News Service in some cases was on its face inadequate, incomplete, doubtful or confusing. The manifest deficiencies of this information flatly contradicted your opinion that adequate, current, publicly available information regarding the issuer and its securities is posted on the Pink Sheets News Service. These weaknesses also suggest that you did not bother to read the materials submitted by the issuer and therefore failed to perform the work necessary to confirm the adequacy and accuracy of the posted disclosure.

32. Defendants each reviewed the March 2006 correspondence from Pink Sheets, which specifically put all Defendants on actual notice that representations regarding the adequacy of current public information within legal opinions in which Masino and 144 Opinions obtained the relevant information and were thereafter executed by Rasch and Associates were not supportable and were contradicted by plainly available fact.

33. Later correspondence from Pink Sheets to Rasch in July 2007 made clear that opinions prepared by Rasch, Masino and 144 Opinions had been utilized

to “conduct a notorious fraud involving the sale of worthless securities to gullible investors.”

34. Despite being advised multiple times by Pink Sheets that their legal opinions were contradicted by available fact and were being utilized in connection with fraudulent schemes, Rasch and 144 Opinions made no relevant changes to their policies or procedures for issuing legal opinions.

C. The Mobile Ready “Pump-and-Dump”

35. Prior to their involvement together at Mobile Ready, Magolnick and Mora had been working at Complete Identity, Inc. (“Complete Identity”), a corporate branding services provider that they took public through a reverse merger with an existing Pink Sheets shell company in August 2005.

36. In September 2005, following the Complete Identity reverse merger, Magolnick and Mora began issuing shares of Complete Identity to themselves and to friends, family, and persons who provided start-up capital. Complete Identity never registered any of the offerings from which Magolnick and Mora issued shares and each of the relevant certificates bore legends plainly designating them as restricted securities.

37. In December 2006, Magolnick and Mora provided 480,000 shares of Complete Identity to Mobile Ready's then existing directors in exchange for complete corporate control of Mobile Ready. Mora and Magolnick then merged Complete Identity into Mobile Ready and individually assumed all of Mobile Ready's director and corporate officer positions, eventually serving as co-chief executive officers and chairmen.

38. Following the completion of the merger of Complete Identity into Mobile Ready in December 2006, for which there had been no shareholder approval process, Mobile Ready announced that existing shareholders of Complete Identity could exchange their shares for shares of Mobile Ready on a 1:1 basis.

39. In January 2007, shortly after assuming control of Mobile Ready, Magolnick and Mora began issuing a series of press releases that contained baseless projections of future revenue, misleading overstatements of business relationships and product development, and identified contracts for future business that did not exist. These false and misleading press releases, issued between January and July 2007, materially impacted the market for Mobile Ready shares.

Following certain of the more egregiously false press releases, daily trading volume increased by more than 500% and Mobile Ready's per share price increased by more than 50%.

40. During the time period Magolnick and Mora caused Mobile Ready to issue these fraudulent press releases, they, along with the friends, family and early investors who had been issued and then exchanged Complete Identity shares for Mobile Ready shares, began selling their holdings into the public market. Magolnick and Mora each individually sold more than 2 million restricted shares of Mobile Ready, while their friends, family and early investors were responsible for the illegal sale of more than 18 million restricted shares of Mobile Ready into the public market.

D. Defendants Make Multiple False and Misleading Statements in the Mobile Ready Legal Opinions, Enabling the Mobile Ready "Pump-and-Dump"

41. In early 2007, Magolnick and Mora began efforts to sell the restricted shares of Mobile Ready they held. As Mobile Ready was a non-reporting company then quoted on the Pink Sheets, transfer agent industry standards, as well

as the specific internal procedures at Mobile Ready's transfer agent, required that there be a legal opinion supporting the sale of restricted shares of Mobile Ready.

42. In March 2007, in order to obtain the requisite legal opinions to support their planned sales of restricted shares of Mobile Ready, Magolnick and Mora contacted Masino and 144 Opinions.

43. Masino and 144 Opinions obtained the following documents from Magolnick and Mora's broker-dealer: (1) copies of the relevant share certificates, all dated between December 2006 and February 2007; (2) generic Rule 144 representations provided by their broker-dealer and executed by Magolnick and Mora; and (3) Forms 144 executed by Magolnick and Mora.

44. Masino and 144 Opinions thereafter prepared and forwarded draft legal opinions for Magolnick and Mora, along with copies of the share certificates and related documents to Rasch for review and issuance.

45. Rasch received the share certificates and related documents and immediately executed the legal opinion letters for Magolnick and Mora drafted by Masino and 144 Opinions, dated March 23, 2007, that supported the application of

Rule 144 to their planned sale of shares of Mobile Ready (the “Affiliate Legal Opinions”).

46. Rasch had had no communications with Magolnick or Mora as of the date he rendered the Affiliate Legal Opinions.

47. The Affiliate Legal Opinions were thereafter returned to Masino and 144 Opinions, who directed them to Mobile Ready’s transfer agent.

48. The Affiliate Legal Opinions, drafted by Masino and rendered by Rasch, claimed that “This opinion is based on, but not limited to... 2. Information obtained from the Securities and Exchange’s [sic] Electronic Data Gathering and Retrieval System.”

49. In fact, Mobile Ready, a non-reporting company, had never filed documents with the Commission as of the date of Affiliate Legal Opinions. The statement that information obtained from the Commission’s Electronic Data Gathering, Analysis, and Retrieval system (“EDGAR”) was a source for the representations in the Affiliate Legal Opinions wrongly suggested that information regarding Mobile Ready, Magolnick and Mora’s status could somehow be verified with the Commission – when it plainly could not. Masino and 144 Opinions

included this statement in the Affiliate Legal Opinions, even though they knew Mobile Ready was a non-reporting company without information on file with EDGAR. Rasch rendered the Affiliate Legal Opinions without bothering to check EDGAR and therefore falsely represented that the legal opinion he rendered was somehow based on information obtained from EDGAR.

50. The Affiliate Legal Opinions, drafted by Masino and rendered by Rasch, claimed that based on the sources of information set forth therein: “The Seller acquired the Shares in a private transaction. The Shares tack back to an agreement with the Issuer effective 10/05/2005.... The Seller has beneficially owned the shares to be sold since that time and thus the Seller has held the Shares for a period of at least one year.... Adequate public information existed for this company or is available on demand from various market makers.”

51. The foregoing statements of fact were false. First, the Mobile Ready shares in question were acquired in February 2007, as a result of new issuances that Magolnick and Mora made to themselves. Masino and 144 Opinions had no basis to represent that “[t]he shares tack back to an agreement with the Issuer effective 10/05/2005.” An original acquisition date of October 2005 was

identified within Forms 144 provided by Magolnick and Mora, but there were no references of any kind to the agreements cited to by Masino and 144 Opinions. No person represented to Masino and 144 Opinions that such agreements existed and Masino and 144 Opinions had never seen any such agreement, which in fact did not exist. Moreover, the certificates for the shares at issue were dated February 2007 and Mobile Ready did not even exist in its current form as of October 2005 – the date of the nonexistent agreements.

52. Adequate current public information for the purposes of Securities Act Rule 144 is defined as either a reporting company current for the past year in its filing requirements with the Commission, or, for a non-reporting company such as Mobile Ready, certain information as specified under Exchange Act Rule 15c2-11. Contrary to Rasch, Masino and 144 Opinions' statements, adequate current public information for Mobile Ready did not exist at the time of Affiliate Legal Opinions, or at any other point in time.

53. Specific examples of the lack of adequate current public information concerning Mobile Ready, a non-reporting company, include that Mobile Ready had: (a) never created, let alone distributed to market makers or made publicly

available, a balance sheet, profit and loss, or retained earnings statement (as specified under Exchange Act Rule 15c2-11(a)(5)(xii)); (b) never accurately disclosed the nature of its business and the products and services it offered (as specified under Rule 15c2-11(a)(5)(vii), (ix)); and (c) failed to provide accurate information regarding the total number of shares outstanding (as specified under Rule 15c2-11(a)(5)(vi)).

54. Although Defendants were all aware of Pink Sheets' warning regarding misrepresentations concerning the adequacy of current public information, Rasch, Masino and 144 Opinions continued making similar statements in the Affiliate Legal Opinions, without doing anything to confirm their accuracy. At the time the Affiliate Legal Opinions were drafted by Masino and 144 Opinions and executed by Rasch, no one had represented to Rasch, Masino or 144 Opinions that adequate current public information for Mobile Ready existed and neither Rasch, Masino nor 144 Opinions had conducted any inquiry or research of any kind to support their representation that such adequate current public information existed. 144 Opinions and Masino, with no relevant representation from any person, wrongly assumed that there were market makers

for Mobile Ready's securities and that they had access to adequate current public information.

55. The Affiliate Legal Opinions, drafted by Masino and rendered by Rasch, stated that: "It is my opinion the Shares may be sold under Rule 144."

56. Based upon information in their possession or readily accessible, the defendants knew or recklessly failed to note that the ultimate legal conclusion, that "the Shares may be sold under Rule 144," was incorrect. The one year necessary holding period was directly contradicted by the dates on the available share certificates and was not impacted by the dates provided on Magolnick and Mora's Forms 144. The purported holding period claimed by Rasch, Masino and 144 Opinions was changed to relate to purported agreements that they had never seen nor had any reasonable basis to believe actually existed.

57. Upon receipt of the Affiliate Legal Opinions, Mobile Ready's transfer agent contacted Rasch to confirm whether adequate current public information in fact existed for Mobile Ready. Rasch referred the transfer agent to Masino and 144 Opinions. Masino, with no reasonable basis, represented that adequate current public information existed.

58. Masino and 144 Opinions further represented to Mobile Ready's transfer agent, again without any reasonable basis, that current financial information was available on demand from Mobile Ready.

59. In addition to the two Affiliate Legal Opinions dated March 23, 2007, 144 Opinions prepared and Rasch and Associates rendered an additional 22 separate legal opinions for non-affiliates of Mobile Ready between February 16 and October 11, 2007 (the "Non-Affiliate Legal Opinions").

60. Of these 22 Non-Affiliate Legal Opinions, all drafted by Masino and 144 Opinions, Novinger reviewed and executed 20 of the opinions, while Rasch reviewed and executed an additional two.

61. Each of the Non-Affiliate Legal Opinions represented that relevant shares could be sold under Rule 144 – when the safe harbor provided by Rule 144 was not applicable given the facts.

62. Each of these opinions also made material misstatements of fact, similar to those within the Affiliate Legal Opinions. Specifically, many of the Non-Affiliate Legal Opinions represented that: (1) they were based in part of information obtained from EDGAR – which they could not have been because

Mobile Ready had no information filed on EDGAR at this point in time; and (2) adequate current public information existed for Mobile Ready – when it plainly did not.

63. As with the Affiliate Legal Opinions, the Non-Affiliate Legal Opinions also represented that the shareholders had owned the shares for a long enough period of time to satisfy the one year holding period. Although the share certificates clearly bore dates well within the past year, Masino and 144 Opinions drafted, and Rasch or Novinger rendered, the Non-Affiliate Legal Opinions, stating that each of the shareholders had satisfied the one year holding requirement, referencing agreements with the issuer or similar occurrences more than a year prior to the date of the legal opinion so as to colorably allow for tacking (adding time during which shares were held by others to the current owners holding period). Defendants had never seen any such agreements and had no reasonable basis to believe they existed – and in fact they did not.

64. Several of the Non-Affiliate Legal Opinions contained further false and misleading statements regarding the tacking status. For example, an opinion rendered by Rasch on March 16, 2007 states “the [s]eller acquired the [s]hares in a

private transaction. The [s]hares tack back to an original restriction date of 12/14/2006.” This statement on its face represents that the requisite one year holding period had not been satisfied and, thus, that there could be no applicable safe harbor pursuant to Rule 144. Yet, Masino and 144 Opinions drafted the opinion letter and forwarded it to Rasch, who either seeking to deceive the transfer agent or acting in an extremely reckless manner by failing to even read the relevant opinion before him, executed it and wrongly opined that the shares could be sold without registration pursuant to Rule 144.

65. Additional unrelated false and misleading statements are found within the Non-Affiliate Legal Opinions. For example, multiple opinions for the benefit of different persons, drafted by Masino and 144 Opinions and rendered by Novinger on February 28, 2007, identify the same certificate number – 5087. Masino, 144 Opinions and Novinger therefore either misrepresented the certificate number in question in an effort to deceive the transfer agent or were so extremely reckless in drafting and executing the Non-Affiliate Legal Opinions that they neglected to read the copies of the actual certificates provided to them by the shareholders.

66. The Mobile Ready Legal Opinions supported the unregistered sale into the public market of more than 22 million restricted shares of Mobile Ready. On those days in which shareholders who had obtained legal opinions from 144 Opinions and Rasch and Associates sold restricted shares of Mobile Ready into the public market, these sales accounted for, on average, 41% of the trading day's total activity. Moreover, on 15 separate days between February 28, 2007 and January 18, 2008, these sales of restricted shares by Magolnick, Mora, and their friends, family and early investors pursuant to the Mobile Ready Legal Opinions accounted for more than 90% of the trading day's total activity.

COUNT I — FRAUD

Violations of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]

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

68. On multiple instances, from between at least February through November 2007, Defendants, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed

devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

69. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

70. While engaging in the course of conduct described above, Defendants acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

71. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT II — FRAUD

Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

72. Paragraphs 1 through 66 are hereby realleged and are incorporated herein by reference.

73. On multiple instances, from between at least February through November 2007, Defendants, in the offer and sale of the securities described herein,

by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

- (a) obtained money and property by means of untrue statements of material fact and omissions 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
- (b) engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

74. By reason of the foregoing, Defendants, directly and indirectly, have violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT III — FRAUD

**Violations of Section 10(b) of the Exchange Act [15 U.S.C. § 77j(b)]
and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]**

75. Paragraphs 1 through 66 are hereby realleged and are incorporated herein by reference.

76. On multiple instances, from between at least February through November 2007, Defendants, in connection with the purchase and sale of securities described herein, by use of the means or instrumentalities of interstate commerce or by use of the mails, or of any facility of any national securities exchange, directly and indirectly:

- (a) employed devices, schemes, and 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 would and did operate as a fraud and deceit upon other persons, as more particularly described above.

77. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes, and artifices to defraud, made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices, and courses of business. In engaging in such conduct, Defendants acted with scienter, that is, with an intent to deceive, manipulate, or defraud or with a severe reckless disregard for the truth.

78. By reason of the foregoing, Defendants directly and indirectly violated, and unless permanently restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 77j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

COUNT IV — UNREGISTERED OFFERING OF SECURITIES

Violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]

79. Paragraphs 1 through 66 are hereby realleged and are incorporated herein by reference.

80. No registration statement has been filed or is in effect with the Commission pursuant to the Securities Act and no exemption from registration exists with respect to the transactions described herein.

81. On multiple, from between at least February through November 2007,

Defendants:

- (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;
- (b) carried securities or caused such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale; and
- (c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy securities, through the use or medium of any prospectus or otherwise,

without a registration statement having been filed with the Commission as to such securities.

82. By reason of the foregoing, Defendants, directly and indirectly, singly and in concert, have violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission respectfully prays for:

I.

Finding of Fact and Conclusions of Law pursuant to Rule 52 of the Federal Rules of Civil Procedure, finding that the Defendants named herein committed the violations alleged herein.

II.

Permanent injunctions enjoining Defendants, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, from violating, directly or indirectly, Sections 5 and 17(a) of the Securities Act [15 U.S.C. §§ 77e and 77q(a)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] promulgated thereunder.

III.

An order requiring Rasch and Masino to disgorge all of the ill-gotten gains or unjust enrichment with prejudgment interest thereon, they received from their misconduct to affect the remedial purposes of the federal securities laws.

IV.

An order pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C. §§ 78u and 78u-1] imposing civil penalties against Rasch, Novinger and Masino.

V.

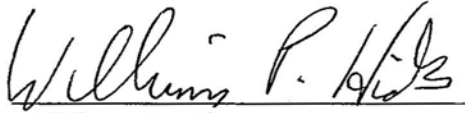
An order permanently prohibiting Defendants from participating in any offering of penny stock pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

VI.

Such other and further relief as this Court may deem just, equitable, and appropriate in connection with the enforcement of the federal securities laws and for the protection of investors.

Dated: May 5, 2009.

Respectfully submitted,



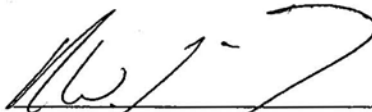
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