

JUDGE DANIELS

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

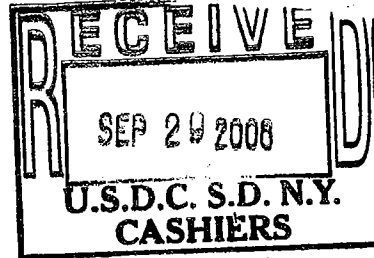
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

STEVEN WEVODAU,

Defendant.



08 Civ. \_\_\_\_ (\_\_\_\_)

COMPLAINT

Plaintiff Securities and Exchange Commission, for its complaint against defendant Steven Wevodau, alleges as follows:

**PRELIMINARY STATEMENT**

1. This action arises out of improper accounting practices at The BISYS Group, Inc. (“BISYS”), at the time a leading provider of financial products and support services. Largely as a result of fraudulent or otherwise improper accounting practices in the company’s Insurance Services division (“Insurance Services”), BISYS’s reported income for fiscal years 2001 through 2003 was overstated by approximately \$180 million.

2. Until March 2002, Wevodau was the senior financial official of the business unit that included Insurance Services. Intent on meeting quarterly and annual earnings targets,

Wevodau repeatedly caused BISYS to overstate earnings and create the false appearance that it was achieving its income or revenue goals.

3. From at least July 2000 until at least March 2002, Wevodau was responsible for a variety of fraudulent or otherwise improper accounting practices that materially overstated BISYS's income and revenue in the company's reported financial results. Specifically, Wevodau caused the company to: (1) engage in improper acquisition accounting by recording as revenue to BISYS the bonus commission income that was already earned but not recorded by a company BISYS had acquired; (2) create inflated and unsupported renewal and bonus commission receivables; (3) create inflated and unsupported receivables for commissions on the sale of "419" products; and (4) improperly eliminate expenses to boost income or record revenue solely to meet quarterly revenue projections.

4. These accounting practices substantially inflated BISYS's operating results for the quarters ended September 30, 2000 and December 31, 2000, and for the fiscal years ended June 30, 2001 and 2002. The improper accounting for renewal commissions that Wevodau instituted continued after he left the company in 2002, and the unsupported commission receivables recorded before and after he left BISYS made up a substantial portion of the revenue that was written off when BISYS restated its financials in 2004 and 2006.

5. As a result of the conduct described in this Complaint, Wevodau, directly and indirectly, violated Sections 10(b) and 13(b)(5) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rules 10b-5, 13b2-1, and 13b2-2 thereunder, and is liable, pursuant to Section 20(e) of the Exchange Act, as an aider and abettor of BISYS's violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13 thereunder.

## JURISDICTION

6. The Commission brings this action pursuant to the authority conferred upon it by Section 21(d)(1) of the Exchange Act, 15 U.S.C. § 78u(d)(1), and seeks to restrain and enjoin the defendant from engaging in the acts and practices alleged herein. The Commission also seeks an order (a) directing Wevodau to disgorge the ill-gotten gains received as a result of his violative conduct, plus pre-judgment interest; (b) directing him to pay civil penalties pursuant to Section 21A of the Exchange Act; (c) barring him from serving as an officer-and-director, pursuant to Section 21(d)(2) of the Exchange Act; and (d) granting such other relief as the court deems appropriate.

7. This Court has subject matter jurisdiction over this action pursuant to Sections 21(d)(2), 21(d)(3), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d)(2), 78u(d)(3), 78u(e), and 78aa.

8. Wevodau, directly and indirectly, made use of the means or instruments of transportation or communication in, or the means or instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged in this complaint, including in the Southern District of New York where BISYS was headquartered.

## THE DEFENDANT

9. Steven Wevodau, age 43, resides in Mechanicsburg, Pennsylvania. From June 1996 to March 2002, Wevodau served as vice president of finance for BISYS's Insurance and Education Services group.

## BACKGROUND

10. BISYS was, during the relevant period, a publicly-held Delaware corporation headquartered in New York, N.Y. Its securities were registered pursuant to Section 12(b) of the Exchange Act and its common stock traded on the New York Stock Exchange. The company's fiscal year ended on June 30<sup>th</sup>. On May 23, 2007, on the basis of conduct alleged in this complaint and additional improper accounting, BISYS was the subject of a settled Commission enforcement action charging it with violations of the financial reporting, books-and-records, and internal control provisions of the Exchange Act, SEC v. The BISYS Group, Inc., 07 Civ. 4010 (RJS)(S.D.N.Y.). On August 1, 2007, BISYS was acquired by Citigroup, Inc.

11. During the relevant period, directly and through wholly-owned subsidiaries, BISYS provided products and support services to financial institutions such as insurance companies, banks and mutual funds. At the time, BISYS was divided into three business groups: (1) Insurance and Education Services; (2) Investment Services; and (3) Information Services. Insurance Services essentially acted as an insurance broker, and its revenues consisted primarily of commissions on the sale or renewal of insurance policies. Through Insurance Services, BISYS was the nation's largest independent distributor of life insurance. It acted as an insurance broker and provided support services to brokers who sold term, fixed and variable life, long-term care, disability and annuity products.

12. During the relevant period, Insurance Services' management and finance department, including Wevodau, was located in Harrisburg, Pennsylvania, and BISYS's corporate finance department, except for its chief financial officer, was located in Columbus, Ohio. The chief financial officer, to whom Wevodau reported, was located at the company's headquarters in New York.

13. As a result of its improper accounting practices, BISYS filed annual and quarterly reports with the Commission that materially misstated its results for the years ended June 30, 2001, 2002, and 2003, the interim quarters during each of those fiscal years, and the quarters ended September 30, and December 31, 2003. These misstated results were also reflected in annual reports to shareholders, press releases, private offering memoranda, registration statements the company filed with the Commission in connection with its issuance of convertible notes, and offering documents for stock and options issued in connection with acquisitions.

14. On August 10, 2004, BISYS filed a restatement in a Form 10-K/A and two Forms 10-Q/A. In total, the restatement included approximately \$103.7 million of adjustments, of which \$95.2 million pertained to fiscal years 2001 through 2003. (The remaining \$8.5 million consisted of a \$10.6 million write-off of receivables pertaining to the period before July 1, 2000, offset by a \$2.1 million increase in commission income for the six months ended December 31, 2003.) The 2004 restatement concerned only Insurance Services. On April 26, 2006, BISYS filed a second restatement, restating its previously reported financial results for the fiscal years ended June 30, 2004 and 2003. The second restatement, which affected nearly every division of the company, included an additional \$23.3 million of items in Insurance Services for fiscal years 2001 through 2003.

#### **BISYS'S RAPID GROWTH WAS THE RESULT OF IMPROPER ACCOUNTING**

15. From 2000 through 2003, BISYS reported tremendous growth, consistently reporting profitable quarters and record earnings. This growth was driven in large part by Insurance Services, which the company described to analysts as its "fastest growing and highest margin business." As a percentage of the company's total revenues, the revenues produced by Insurance Services increased from 15.7% (\$89.8 million) in fiscal year 2000 to 25.2% in fiscal

year 2002 (\$218.2 million) and 25.5% (\$244.8 million) in fiscal year 2003. In fact, however, a material portion of Insurance Services' growth was illusory and much of it was the result of intentional efforts to meet earnings and revenue targets and clear deviations from Generally Accepted Accounting Principles ("GAAP").

16. The improper accounting practices at BISYS were the product of a corporate culture focused on making numbers and showing growth. During the relevant period, BISYS's senior management was focused on meeting aggressive, short-term earnings projections, and Insurance Services was under pressure to contribute. Wevodau responded to the pressure by encouraging and often directing personnel in Insurance Services' finance department ("finance department personnel") to meet earnings or revenue targets by applying a variety of improper accounting practices. These practices were designed to increase reported income, by increasing revenue or reducing expenses, or in some cases were designed solely to meet revenue projections and did not affect reported income.

17. These improper accounting practices authorized by Wevodau achieved the desired result: Insurance Services was the major driver of BISYS's reported growth and ability to meet Wall Street expectations. Without the division's improper accounting practices, BISYS's reported earnings would have fallen short of Wall Street expectations.

18. Wevodau and finance department personnel engaged in the following fraudulent or otherwise improper accounting practices: (1) improper acquisition accounting – the recording as revenue to BISYS of bonus commission income that had been earned but not recorded by an acquired company; (2) the creation of inflated and unsupported renewal and bonus commission receivables; (3) the creation of inflated and unsupported commission receivables on the sale of a

particular insurance product, “419 plans;” and (4) the elimination of expenses to boost income and recording of revenue to meet quarterly revenue projections.

### **THE IMPROPER ACCOUNTING FOR THE ASCENSUS ACQUISITION**

19. In July 2000, BISYS acquired Ascensus, a privately-held insurance company. Ascensus used the accrual method of accounting and thus, for commissions earned, had already recorded revenue on its income statement and the associated receivables on its balance sheet. As a result of the due diligence BISYS performed for the acquisition, Wevodau learned that Ascensus’s final balance sheet understated receivables by over \$4 million because Ascensus had earned but failed to record in its income statements over \$4 million of bonus commission revenue pertaining to fiscal 1999 and 2000. Bonus commissions are additional commissions on the sale of insurance, based on the achievement of certain sales targets.

20. Wevodau, assisted by finance department personnel, failed to record this additional income as an asset on Ascensus’s balance sheet at the time of the acquisition, as required by GAAP. Instead, at Wevodau’s direction, following the acquisition, BISYS booked Ascensus’s unrecorded bonus revenue over a period of several months in two quarters, recording over \$4 million of revenue for BISYS between August and December 2000. Wevodau knew or was reckless in not knowing that this accounting failed to comply with GAAP and improperly inflated the company’s reported results, but he nonetheless caused the company to account for the revenue in this manner.

21. As a result, for the quarter ended September 30, 2000, BISYS improperly recorded \$3.2 million in revenue related to the bonus commission income earned by Ascensus, which resulted in the overstatement of income before taxes by approximately 18%. (Because BISYS recorded revenue on a net basis, the company deducted the amount it owed and paid out

to the agents when calculating the revenue number.) In addition, the company was able to report earnings per share (“EPS”) of \$0.22, exceeding analysts’ expectations (excluding merger charges) by \$0.01. Without the fraudulent accounting for the revenue attributable to the Ascensus bonus commission income, EPS would have been \$0.19 and fallen short of analysts’ expectations.

22. For the quarter ended December 31, 2000, the improper accounting for Ascensus’s unrecorded bonus inflated BISYS’s revenue by \$1.2 million, which resulted in its overstatement of income before taxes by approximately 4%.

23. On January 22, 2001, BISYS issued an earnings release for the quarter, announcing “Record Revenues Up 22%” from the same quarter the previous year. The company reported \$0.32 EPS for the quarter just ended, matching analysts’ mean and median expectations. Insurance Services was the driving force behind this apparent improvement, with an announced segment increase of \$17.9 million or 81.4%. Without the improper accounting for Ascensus’s unrecorded bonus, BISYS’s results for the quarter would have fallen short of analysts’ expectations by \$0.01. When the company restated, the income attributable to the bonus commissions earned by Ascensus represented approximately 60% of the acquisition income restated for fiscal year 2001.

24. Wevodau used the Ascensus acquisition to improperly boost income in another way, on another occasion. In June 2001, nearly a year after the acquisition and the last month of fiscal 2001, BISYS became aware that a company called Quotesmith claimed that it was owed monies by Ascensus. Over the next six months, BISYS investigated the matter and reached a settlement with Quotesmith requiring BISYS to pay Quotesmith \$551,000, which BISYS recorded as an expense for fiscal year 2002. Most of the \$551,000 -- \$462,000 -- pertained to



policies placed after the Ascensus acquisition and accordingly was properly recorded as BISYS's expense.

25. In January 2002, in order to meet earnings targets, Wevodau directed finance department personnel to capitalize the expense of the Quotesmith settlement as goodwill from the Ascensus acquisition, thereby reducing BISYS's expenses, under the purported rationale that a liability for these payments should have been recorded at the acquisition date. Wevodau knew or recklessly disregarded that there was no basis to reduce expenses which had been incurred after the acquisition. Wevodau further directed that the expenses be reduced by an additional \$256,000, an amount that Ascensus had booked and paid to Quotesmith prior to the acquisition and for which BISYS had incurred no liability or expense. As a result, BISYS reduced expenses by an additional \$256,000. Wevodau knew or recklessly disregarded that there was no basis to reduce expenses by this amount.

26. In total, Wevodau's actions improperly reduced BISYS's expenses by \$718,000 with a corresponding increase to goodwill.

27. To achieve the desired accounting, at Wevodau's request and with his knowledge, finance department personnel lied to BISYS's controller, telling the controller that BISYS had paid the entire \$807,000 to Quotesmith, when in fact Wevodau knew or recklessly disregarded that Ascensus had paid \$256,000 of that amount, and BISYS had neither incurred nor paid this \$256,000 expense.

**WEVODAU INFLATED BISYS'S EARNINGS BY  
SETTING OR INCREASING FORMULAS FOR ESTIMATING RENEWAL  
AND BONUS COMMISSIONS**

28. Wevodau also inflated Insurance Services' revenue and earnings by using unsupported estimates to accrue for bonus commissions and commissions on renewal policies.

This practice had the effect of overstating the company's pre-tax income for fiscal 2001 by \$13.8 million or 11% and for first half of fiscal 2002 by \$7.8 million or 11.8%. These amounts were a significant part of the eventual restatements.

29. Insurance Services' primary source of revenue was commissions earned on the sale of life insurance products. BISYS received insurance commissions from insurance carriers, generally net of any commissions due the selling agent. The company recorded commission revenue when the policies were placed or renewed.

30. BISYS earned three types of insurance commissions: first-year commissions, renewal commissions, and bonus commissions. First-year commissions are commissions earned on the initial sale of insurance policies. Renewal commissions are commissions earned on policies renewed in the second year and thereafter. Most of the bonus commissions BISYS received were additional commissions on the initial sale of insurance policies, based on total business for the year.

31. BISYS's accrual for renewal commissions was based on an estimate, because the revenue was deemed earned when the policy was renewed but the company's information systems did not allow it to track when policies were renewed. The company therefore adopted a modified accrual basis of accounting, using estimates to record revenue from renewal commissions.

32. To arrive at its estimate, Insurance Services applied a formula to its incoming cash flow for renewal commissions. Beginning in 2001, Wevodau arbitrarily directed that the accrual estimate be based on six months of trailing cash flow, a metric for which he had no reasonable basis.

33. As a result of the improper accrual estimates, renewal revenue was overstated by \$4.5 million in fiscal year 2001. When BISYS restated, it concluded that the estimate could properly be based on no more than 2.9 months of trailing cash flow, and it wrote off approximately \$8.1 million in renewal commission receivables, representing 70% of the \$11.6 million renewal receivables balance at December 31, 2001.

34. Wevodau also caused BISYS to overstate its income by directing that the company accrue for bonus commissions at rates that were clearly inconsistent with GAAP.

35. The bonus rate increased during the year as production thresholds – generally either placed policies or paid premiums – were reached. For example, the carrier might pay a 25% bonus if production exceeded \$10 million in premiums and increase the rate to 30% if production exceeded \$20 million. The increase to 30% would be retroactively applied so all production would receive the 30% rate.

36. Wevodau directed that the Insurance Division calculate its expected bonus commissions based on its prior performance with each carrier, rather than the actual status of its current production. In other words, he directed that bonus commissions be accrued at the rate BISYS would be entitled to if it achieved the prior year's production with the carrier, rather than the rate it was entitled to based on the production to date for the current year. He did so over the objections of finance department personnel, who told him that this method of accruing for bonus commissions was fundamentally wrong.

37. Wevodau's method of accruing for bonus commissions was clearly inconsistent with GAAP, and it was inconsistent with BISYS's revenue recognition policy. Under GAAP, revenue may not be recognized until it is earned, and revenues such as commissions are considered to have been earned "when the entity has substantially accomplished what it must do

to be entitled to the benefits represented by the revenues.” See FASB Concepts Statement No. 5, Recognition and Measurement in Financial Statement of Business Enterprises, Paragraph 83.b. Under BISYS’s revenue recognition policy, “revenue recognition occur[ed] at the moment the client accepts the policy.” Under GAAP and this policy, the higher bonus commission rate was not earned until the current year’s production level justified that rate.

38. Wevodau knew or recklessly disregarded that this methodology for accruing bonus commissions was improper and significantly overstated those revenues. Moreover, on some occasions, Wevodau directed finance department personnel to increase the bonus receivables at the end of the quarter in amounts that were not based on any rationale, solely to meet earnings targets.

39. This accounting treatment, along with other improper accounting for bonuses, resulted in the overstatement of the company’s bonus revenue by \$9.3 million in fiscal 2001, \$2.6 million in the first quarter of fiscal 2002 and \$2.7 million in the second quarter of 2002. When the company restated in 2004, it wrote off \$17.0 million in bonus commission receivables, or 71%, of the \$23.9 million bonus receivables balance at December 31, 2001.

**WEVODAU IMPROPERLY INCREASED THE RATE AT WHICH BISYS ACCRUED FOR COMMISSIONS ON “419” PLANS**

40. Among Insurance Services’ products were products marketed to companies seeking to qualify for tax benefits under Internal Revenue Code Sections 419 and 419A (“419 plans”). BISYS earned as income a percentage of the total premium charged by the insurance carrier on the sale of 419 plans. Wevodau and finance department personnel inflated Insurance Services’ revenue – and BISYS’s net income – for the second quarter of fiscal year 2002 by increasing the rate at which the company accrued commissions on the sale of 419 plans.

41. Historically, BISYS accrued as revenue 5% of the carriers' total sales of 419 and 419A products. In December 2001, aware that BISYS was falling short of quarterly income and revenue projections, Wevodau arranged for Insurance Services to double its accrual for 419 plan commissions, increasing it from 5% to 10% of premium, and resulting in the recording an additional \$1.15 million in revenue for November 2001. At the end of December 2001, Wevodau arranged for BISYS to book an additional \$1.5 million in revenue in that month by directing that the 419 accrual rate be further increased to 15%. This accrual increase also was unsupported. There was no basis for Wevodau's November and December increases in the 419 commission accrual rate. Wevodau knew or recklessly disregarded that the additional revenue should not have been recorded.

42. The inflated 419 revenue accrual estimates resulted in an overstatement of pre-tax earnings for the quarter ended December 31, 2001, of \$2.65 million and an overstatement of EPS of \$0.03, respectively. The corresponding inflated receivable of \$2.65 million was never collected and was written off when the BISYS restated its financial results.

**TO MEET INCOME OR REVENUE PROJECTIONS, WEVODAU IMPROPERLY  
ELIMINATED EXPENSES OR RECORDED REVENUE**

43. Wevodau also inflated BISYS's earnings by improperly reducing expenses. During the quarter ended December 21, 2001 (the second quarter of fiscal 2002), BISYS incurred approximately \$1.1 million of expenses owed to insurance carriers. Wevodau ordered that the entry be reversed. The amounts were moved out of expenses and put into receivables, even though no support existed for such an action. This removal of a legitimate expense inflated BISYS's income by almost \$1.1 million and inflated EPS by \$0.01 for the quarter ended December 31, 2001.

44. Together, the inflation of 419 revenue and the elimination of expenses increased BISYS's pre-tax earnings and EPS for the quarter ended December 31, 2001 by \$ 3.7 million and \$0.04, respectively. On January 22, 2002, BISYS announced net income of \$26.4 million or \$0.43 per diluted share for the quarter. The \$0.43 EPS was one cent ahead of analyst expectations. In the quarterly earnings announcement on January 22, 2002, BISYS boasted, "Our three divisions met the growth targets that we outlined in our previous quarter and we achieved margin expansion across the board. . . . Insurance and Education Services again recorded the highest growth in revenues and margins. . . ."

45. In some instances, Wevodau directed finance department personnel to record revenue solely to meet revenue projections, directing them to make unsupported revenue entries and offsetting expense adjustments, entries that were promptly reversed after BISYS announced its inflated revenues.

46. When the monthly preliminary analyses of financial results he prepared for senior management showed that Insurance Services results were below expectations, Wevodau directed finance department personnel to record more revenue. On occasion, even when BISYS had reached a quarterly earnings target but fell short of revenue goals, Wevodau directed finance department personnel to record a revenue entry with an offsetting expense accrual.

47. For example, in January 2001, for the sole purpose of increasing revenue for the quarter ended December 31, 2000, which was falling short of Wall Street expectations, Wevodau directed finance department personnel to record \$1 million of renewal commission income while creating an offsetting expense accrual in the same amount. Simultaneously, Wevodau directed that the entries be reversed effective the next month, reducing revenue and increasing expenses for the next quarter. The company reported revenue of \$168.3 million for the quarter – more

than it would have without the improper entry. These reported results narrowly missed at least three analysts' revenue expectations; without the improper entry, the revenue miss would have been wider.

48. Wevodau knew or recklessly disregarded that the accounting practices described above were improper and would mislead investors. He knew or recklessly disregarded that the accounting was inconsistent with GAAP and designed it to boost Insurance Services' and BISYS's numbers.

49. On the basis of BISYS's misstated financial results, Wevodau received ill-gotten gains, comprised of earnings-based incentive compensation and proceeds he received from the sale of BISYS stock at inflated prices.

#### **FIRST CLAIM FOR RELIEF**

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

50. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 49, above.

51. Wevodau, in connection with the purchase and sale of securities, directly or indirectly, by the use of the means and instrumentalities of interstate commerce or of the mails, has employed devices, schemes and artifices to defraud; has made untrue statements of material of material fact and has 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 has engaged in acts, practices and courses of business which have operated or would operate as a fraud and deceit upon investors. By reasons of the foregoing, Wevodau 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].

## **SECOND CLAIM FOR RELIEF**

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

52. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 49, above.

53. Wevodau knowingly circumvented or knowingly failed to implement a system of internal accounting controls or knowingly falsified BISYS's books, records, or accounts, and he directly or indirectly falsified or caused to be falsified BISYS's books, records, or accounts. By reasons of the foregoing, Wevodau violated Sections 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. §§ 240.13b.2-1 and 240.13b.2-2].

## **THIRD CLAIM FOR RELIEF**

**(Aiding and abetting violations of Sections 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-13)**

54. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 49, above.

55. As described above, BISYS filed annual, current and quarterly reports with the Commission that materially misstated its results for the years ended June 30, 2001 and 2002 and the interim quarters during each of those fiscal years.

56. As described above, BISYS failed to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflected the transactions and dispositions of its assets, and failed to maintain a system of internal accounting controls that permitted the preparation of financial statements in conformity with GAAP.

57. BISYS violated Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13].



58. Wevodau, by reasons of the foregoing, knowingly aided and abetted BISYS's violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B)] and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13].

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that this Court:

1. Enter a Final Judgment:
  - a. permanently restraining and enjoining defendant Wevodau from violating Sections 10(b) and 13(b)(5) of the Exchange Act [15 U.S.C. § 78j(b) and 15 U.S.C. § 78m(b)(5)] and Rules 10b-5, 13b2-1 and 13b2-2 [17 C.F.R. § 240.10b-5, 17 C.F.R. §§ 240.13b2-1 and 240.13b2-2]; and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a), 78m(b)(2)(A) and 78m(b)(2)(B) and Rules 12b-20, 13a-1 and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1 and 240.13a-13];
  - b. directing defendant Wevodau to disgorge ill-gotten gains from the conduct alleged in this Complaint, together with prejudgment interest thereon;
  - c. directing defendant Wevodau to pay civil monetary penalties pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), for the violations alleged herein;
  - d. prohibiting Wevodau, pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d); and
2. Grant such other and further relief as the Court deems appropriate.

Dated: September 29, 2008  
New York, New York

Respectfully Submitted,



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