



## SUMMARY

1. This action alleges a scheme, commonly known as a “pump and dump,” to defraud the public through the nationwide broadcasting of fraudulent voicemail messages touting the stocks of at least six small, thinly traded companies. In or about mid-July 2004, an Altamonte Springs, Florida-based promoter (“Promoter #1”) hired Defendant O’Grady through the entities he controls, Defendants Telephone Broadcast Company, LLC and Telephony Leasing Corporation, LLC (together “TBC”), to use their auto-dialing equipment to place calls nationwide, leaving hundreds of thousands of prerecorded messages promoting each of four thinly traded stocks and thousands of additional messages promoting each of two other thinly traded stocks. The prerecorded messages, supplied by Promoter #1, were intended by Promoter #1 and others known and unknown to deceive each recipient by making him believe the caller had dialed his number by mistake and that he was the unintended recipient of a “hot” stock tip meant for a friend of the caller. The messages were entirely fictitious and disseminated for the purpose of artificially inflating, or “pumping,” the trading volumes and share prices of the touted companies. The scheme was designed by Promoter #1 and others known and unknown so that several individuals, including a Longwood, Florida-based promoter (“Promoter #2”), Houston, Texas-based promoters and a Tampa, Florida-based broker-dealer could profit by “dumping” their shares at the fraudulently inflated prices. O’Grady profited by trading in three of the touted stocks. The calls broadcast by the Defendants accomplished their unlawful and fraudulent purpose. During the calling period of 26 days, the trading volume of the touted stocks was increased by approximately 1,500% in the aggregate and the share prices of the touted stocks were increased in the combined amount of approximately \$179 million in market capitalization.

## **JURISDICTION AND VENUE**

2. The SEC brings this action pursuant to authority conferred by Section 21(d) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78u(d)] seeking to permanently enjoin Defendants from engaging in the wrongful conduct alleged in this complaint. The SEC seeks a final judgment ordering Defendants to pay civil money penalties and other relief pursuant to Section 21(d) of the Exchange Act.

3. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. Defendants directly or indirectly, singly or in concert, have made use of the means or instrumentalities of transportation or communication in, or the instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

4. Venue lies in this district pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within the District of Columbia, including the dissemination of the false and misleading messages to the telephone answering machines of potential investors residing in the District of Columbia.

## **DEFENDANTS**

5. Michael O’Grady, age 38, is the co-founder and a controlling shareholder of Telephone Broadcast Company, LLC and is a resident of the State of Georgia.

6. Telephone Broadcast Company, LLC is a privately-held company incorporated under the laws of the State of Georgia with its principal place of business in Augusta, Georgia. The company sends prerecorded voice messages via telephone.

7. Telephony Leasing Corporation, LLC is a privately-held company affiliated with Telephone Broadcast Company, LLC and incorporated under the laws of the State of Georgia with its principal place of business in Augusta, Georgia. The company sends prerecorded voice messages via telephone.

### **RELEVANT ENTITIES**

8. American Multiplexer Corp. (“AMUT”) is and was, at all relevant times, a data distribution and compression provider incorporated under the laws of the State of North Carolina with its principal place of business in Sunnyvale, California. Until December 20, 2004, AMUT’s common stock was quoted in the Pink Sheets, a price quotation system primarily used for trading the securities of small corporations that do not meet the minimum listing requirements of a national securities exchange. It was quoted under the symbol AMUT until December 20, 2004, when the SEC revoked the registration of AMUT’s securities pursuant to Section 12(j) of the Exchange Act.

9. Donini, Inc. (“DNNI”) is and was, at all relevant times, a pizzeria franchise management company incorporated under the laws of the State of New Jersey with its principal place of business in Montreal, Canada. DNNI’s common stock is quoted on the OTC Bulletin Board, an electronic price quotation system primarily used for trading the securities of corporations that do not meet the minimum listing requirements of a national securities exchange. It is quoted under the symbol DNNI.

10. 5G Wireless Communications, Inc. (“FGWC”) is and was, at all relevant times, a wireless broadband retailer incorporated under the laws of the State of Nevada with its principal place of business in Marina Del Rey, California. FGWC’s common stock is quoted on the OTC Bulletin Board, an electronic price quotation system primarily used for trading the securities of

corporations that do not meet the minimum listing requirements of a national securities exchange. It is quoted under the symbol FGWC.

11. Innovative Food Holdings, Inc. (“IVFH”) is and was, at all relevant times, a restaurant supply distributor incorporated under the laws of the State of Florida with its principal place of business in Naples, Florida. IVFH common stock is quoted in the Pink Sheets, a price quotation system primarily used for trading the securities of small corporations that do not meet the minimum listing requirements of a national securities exchange. It is quoted under the symbol IVFH.

12. Maui General Store, Inc. (“MAUG”) is and was, at all relevant times, an Internet and mail-order catalog retailer incorporated under the laws of the State of New York with its principal place of business in Hana, Hawaii. MAUG’s common stock is quoted on the OTC Bulletin Board, an electronic price quotation system primarily used for trading the securities of corporations that do not meet the minimum listing requirements of a national securities exchange. It is quoted under the symbol MAUG.

13. Power3 Medical Products, Inc. (“PWRM”) is and was, at all relevant times, a specialty healthcare and biotechnology holding company incorporated under the laws of the State of New York with its principal place of business in The Woodlands, Texas. PWRM’s common stock is quoted on the OTC Bulletin Board, an electronic price quotation system primarily used for trading the securities of corporations that do not meet the minimum listing requirements of a national securities exchange. It is quoted under the symbol PWRM.

### **THE SCHEME TO DEFRAUD**

14. In or about mid-July 2004, Promoter #1 contacted Defendant O’Grady to engage TBC’s services to broadcast voicemail messages touting several stocks. Defendants O’Grady and TBC,

who are in the business of using auto-dialing computers to broadcast pre-recorded messages via telephone, agreed to broadcast the messages under certain terms set out by Promoter #1. The terms required that the messages never be sent to the same number twice, that the recorded tout only be played to an answering or voicemail system, and that knowledge of the voicemail campaign be kept to a minimum among TBC employees. O'Grady told TBC's lead technician of the requirements, instructed him to follow them, and referred to the campaign as "covert ops."

15. In or about July 25 through August 19, 2004, Defendants O'Grady and TBC broadcast fraudulent messages intended to deceive investors nationwide into believing that they had received an inside stock tip about MAUG, IVFH, FGWC, PWRM, DNNI and/or, AMUT. The messages were recorded over the phone by Promoter #1's wife, who made many of the calls in which she recorded the messages from the Altamonte Springs, Florida home she shares with Promoter #1.

16. On or about August 17, 2004, O'Grady discovered news of the fraudulent messages had spread on Internet message boards and websites and he listened for the first time to one of the voicemail messages. On or about August 18, 2004, after a conversation in which Promoter #1 requested that O'Grady destroy the prerecorded messages, O'Grady instructed TBC employees to delete the voicemail files from TBC's computer systems. Some of the TBC employees followed O'Grady's instructions, but soon after the destruction, at the request of Promoter #1, O'Grady instructed TBC staff to broadcast additional messages. Promoter #1's wife re-recorded previously deleted messages and TBC employees broadcast them as directed.

17. On or about August 19, 2004, O'Grady ordered TBC employees to stop broadcasting the messages and, after a conversation in which Promoter #1 asked that everything related to the voicemail campaign be deleted from TBC's computers, ordered TBC employees to delete any files related to the messages.

18. On or about August 31, 2004, while at a Gulfport, Mississippi casino, O'Grady received approximately \$40,000 cash from Promoter #1 who had hired him to broadcast the messages. Promoter #1 had received the cash in a blue duffel bag given to him at the casino that day by Promoter #2.

19. The fraudulent messages broadcast by O'Grady and TBC were part of a larger scheme to defraud by several Houston, Texas-based promoters, who, while the messages were being broadcast and with the assistance and coordination of a Tampa, Florida-based broker-dealer, sold approximately 1.4 million shares of one of the touted companies at fraudulently inflated prices, generating proceeds of at least \$4.5 million.

20. O'Grady, who profited by trading in three of the touted stocks, also suggested that three of his friends purchase IVFH, FGWC, MAUG and PWRM stock, guaranteeing each he would compensate them for any losses in exchange for half of the profits. O'Grady ultimately received approximately \$1,750 through this trading arrangement with his friends.

#### **The MAUG Fraudulent Messages**

21. On or about July 26, 27, 28, 29, August 1, 2, 3 and 6, 2004 and other dates unknown, in furtherance of the scheme to defraud, O'Grady and TBC broadcast a series of false and misleading messages provided by Promoter #1 and intended to deceive investors nationwide into believing that they had received an inside stock tip about MAUG, leaving the following or a substantially similar message on telephone answering machines across the country:

Hey Tracy, it's Debbie! I couldn't find your old number and Tammy said this was your new one – I hope it's the right one. Anyway, remember Evan, that hot stock exchange guy I'm dating? He gave my dad that stock tip on WLSF and it went from under a buck to like three bucks in two weeks and you were mad I didn't call you? Well I'm calling you now. This new company is supposed to be like the next Tommy Bahama and they're making some big news announcement this week. The stock symbol is MAUG. He said it's cheap now, like \$.50. Sorry I'm eating but I'm

starving. It's \$.50 now and it's going up to, like, 5 or 6 bucks this week, so get as much as you can. Call me on my cell – I'm still in Orlando. It's 407-XXX-XXXX. Dad and I are buying a bunch tomorrow and I already called Kelly and Ron, too. Anyway, I miss you. Give me a call. Bye.

22. The messages had their intended effect, increasing the trading volume and share price of MAUG stock. During the voicemail scheme to defraud, the price of MAUG's common stock, which had traded at \$.40 per share on July 23, 2004 with a trading volume of 7,125 shares, spiked to a high of \$1.15 per share with a trading volume of 615,010 shares on August 6, 2004, an increase in market capitalization of approximately \$100.1 million.

23. On or about July 28, 2004, O'Grady purchased 10,000 shares of MAUG at \$.68 per share and sold the shares on or about July 29, 2004 as the price spiked to \$.98 per share, realizing a \$3,001 profit.

#### **The IVFH Fraudulent Messages**

24. On or about August 4, 6, 8, 9, 10, 11 and 12, 2004 and other dates unknown, in furtherance of the scheme to defraud, O'Grady and TBC broadcast a series of false and misleading messages provided by Promoter #1 and intended to deceive investors nationwide into believing that they had received an inside stock tip about IVFH, leaving the following or a substantially similar message on telephone answering machines across the country:

Hey Pam, it's Renee. I lost your old number and Tammy said this was your new one – I hope it's the right one. Anyway, remember Scott, that hot stock exchange guy I'm dating? And remember when he gave my dad that stock tip in June on SMSI and it went from a buck to like five bucks in two weeks and you were mad because I didn't call you about it? Well I'm calling you now. There's this new company that just signed a big food deal with Emeril, you know, the TV chef, and they're making a big announcement this week. Anyway, the stock symbol is IVFH. He said it's cheap now, like \$0.25, but after this weekend it's going to be taking off, so get as much as you can. Call me on my cell phone, ok? I'm still in Orlando. It's 407-XXX-XXXX. And, uh, my Dad and I are gonna be buying a bunch and I called Kelly and Ron, too. Anyway, give me a call. I miss you. Bye.

25. The messages had their intended effect, increasing the trading volume and share price of IVFH stock. During the voicemail scheme to defraud, the price of IVFH's common stock, which had traded at \$.25 per share on August 4, 2004 with a trading volume of 80,500 shares, spiked to a high of \$.48 per share with a trading volume of 3,275,711 shares on August 13, 2004, an increase in market capitalization of approximately \$8.4 million.

26. On or about August 5, 2004, O'Grady purchased 10,000 shares of IVFH at \$.25 and 20,000 shares of IVFH at \$.26 per share. On or about August 9, 2004, O'Grady sold those 30,000 IVFH shares. On the following day, O'Grady purchased 10,000 additional IVFH shares at \$.37 per share. He sold those 10,000 shares the next day. In total, O'Grady realized a profit of \$3,769 trading IVFH shares.

#### **The FGWC Fraudulent Messages**

27. On or about August 12, 14 and 16, 2004 and other dates unknown, in furtherance of the scheme to defraud, O'Grady and TBC broadcast a series of false and misleading messages provided by Promoter #1 and intended to deceive investors nationwide into believing that they had received an inside stock tip about FGWC, leaving the following or a substantially similar message on telephone answering machines across the country:

Hey Patty, it's Lisa, um, I can't find that number you gave me and I asked Jessica and she said this was your new one so I hope it's the right one. Anyway, remember Matt, that hot stock exchange guy I'm dating, remember when he gave my dad that stock tip in June on SMSI and it went from a buck to like five bucks in two weeks. You were mad because I didn't call you about it, well, I'm calling you now 'cause there's this new company, it's some wireless internet provider, whatever that is, and someone may be trying to buy it or sell it; it's kind of confusing. But, anyway, it's going up big this week – some big internet deal—and the stock symbol is FGWC. He said it's open cheap, under 10 cents—sorry, I'm eating 'cause I'm starving—anyway, it's under 10 cents now, but it's going to a buck or so, so get as much as you can. Give me a call on my cell; I'm still in

New York. Uh, my dad and I are going to be buying a bunch, and I only told Sam and Ellen about it, besides you now, because it's kind of a secret. Anyways, call me or e-mail me. Love you, bye.

28. The messages had their intended effect, increasing the trading volume and share price of FGWC stock. During the voicemail scheme to defraud, the price and volume of FGWC's common stock, which had traded at \$.018 per share on August 11, 2004 with a trading volume of 783,043 shares, rose to a high of \$.029 per share with a trading volume of 20,412,952 shares on August 16, 2004, an increase in market capitalization of approximately \$3.4 million.

29. On or about August 12, 2004, O'Grady purchased 200,000 shares of FGWC at \$.02 per share and on August 16, 2004, O'Grady sold the shares as the price spiked, realizing an \$895 profit.

#### **The PWRM Fraudulent Messages**

30. On or about August 9, 11, 12, 13, 14, 15, 16, 17 and 18, 2004 and other dates unknown, in furtherance of the scheme to defraud, O'Grady and TBC broadcast a series of false and misleading messages provided by Promoter #1 and intended to deceive investors nationwide into believing that they had received an inside stock tip about PWRM, leaving the following or a substantially similar message on telephone answering machines across the country:

Hey Steph, it's Wendy. I looked for your old number and I couldn't find it but Brady says this is your new one I hope it's the right one. Anyway, remember Evan that hot stock exchange guy I'm dating—he gave my dad that hot stock tip in June on SMSI and it went from a buck to like five bucks in two weeks and you were mad because I didn't call you? Well, I'm calling you now. There's this new company that supposedly developed some zillion dollar cancer test thing and it's going to go up big this week—some patent thing, whatever that is. Anyway, the stock symbol is PWRM, and he says it's gonna open cheap, like \$2.50—I'm sorry, I'm eating 'cause I'm starving—it's \$2.50 now and it's going to take off after this weekend so get as much as you can. Call me on my cell phone, okay; I'm still in New York. Um, my dad and I are going to be buying a bunch

tomorrow and the only people I told is Sam and Ellen—it's kind of a secret. Okay, so give me a call or e-mail me. I love you. Bye.

31. The messages had their intended effect, increasing the trading volume and share price of PWRM's stock. During the voicemail scheme to defraud, the price and volume of PWRM's common stock, which had traded at \$2.52 per share with a trading volume of 766,628 shares on August 6, 2004, rose to a high of \$4.38 per share with a trading volume of 5,695,178 shares on August 17, 2004, an increase in market capitalization of approximately \$63.6 million.

### **The DNNI Fraudulent Messages**

32. On or about August 12, 13, 14 and 15, 2004 and other dates unknown, in furtherance of the scheme to defraud, O'Grady and TBC broadcast a series of false and misleading messages provided by Promoter #1 and intended to deceive investors nationwide into believing that they had received an inside stock tip about DNNI, leaving the following or a substantially similar message on telephone answering machines across the country:

Hey Jen, it's Tara. I couldn't find the number you gave me and Sandy said this was your new one, so I hope it is the right one. Anyway, remember Chet, that hot stock exchange guy I'm dating? Remember when he gave my Dad that stock tip in June on SMSI and it went from a buck to like five bucks in two weeks and you were mad because I didn't call you about it? Well I'm calling you now, because there is this new company and it's supposed to be like the next Carrabba's and it is going up big this week some big food deal. Anyway the stock symbol is DNNI and he said it opens cheap, like \$.20. I'm sorry I'm eating because I'm starving right now. It's \$.20 and it's going up to a couple of bucks or something, so get as much as you can. Call me on my cell, I'm still in New York. Um, my Dad and I are gonna be buying a bunch tomorrow and I only told Sam and Ellen about it because it is kind of a secret. Anyway, call me or email me. Love you, bye.

33. The messages had their intended effect, increasing the trading volume and share price of DNNI stock. During the voicemail scheme to defraud, the price and volume of DNNI's

common stock, which had traded at \$.10 per share on August 11, 2004 with a trading volume of 5,250 shares, spiked to a high of \$.30 per share with a trading volume of 3,179,152 shares on August 16, 2004, an increase in market capitalization of approximately \$2.4 million.

### **The AMUT Fraudulent Messages**

34. On or about August 17 and 18, 2004 and other dates unknown, in furtherance of the scheme to defraud, O'Grady and TBC broadcast a series of false and misleading messages provided by Promoter #1 and intended to deceive investors nationwide into believing that they had received an inside stock tip about AMUT, leaving the following or a substantially similar message on telephone answering machines across the country:

Hey Jen, it's Tiffany. I couldn't find that number you gave me, but Tina said this is your new one, so I hope I'm calling you at the right one. Anyway, remember Mike, that hot stock exchange guy I date sometimes? Remember when he gave my Dad that stock tip in March last year on TIWI - it was that internet phone/international phone thing - whatever it was. Anyway it went from like a buck to fifteen bucks and you were so mad at me because I didn't call you about it. Well, I'm calling you now because he just told me about this other company, and they're gonna be bought out next week or something, and they're gonna be making a big announcement about it. Anyway the stock symbol is AMUT and he said it is cheap now, like \$.10, but it is gonna be taking off this week, so go ahead and get as much as you can. Anyway, call me on my cell - I'm still in New York and its 917-XXX-XXXX. Um, my Dad and I are gonna be buying a whole bunch of it and I already told Tina and Bob about it too. I just wanted to let you know. Give me a call, ok? Miss you. Bye.

35. The messages had their intended effect, increasing the trading volume and share price of AMUT's common stock. During the voicemail scheme to defraud, the price and volume of AMUT's common stock, which had traded at \$.10 per share with a trading volume of 35,500 shares on August 16, 2004, rose to a high of \$.17 per share with a trading volume of 1,725,858 shares on August 19, 2004, an increase in market capitalization of approximately \$1.7 million.

**CLAIM FOR RELIEF**  
**(All Defendants)**  
**Violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder**

36. The Commission realleges and incorporates by reference herein the averments of paragraphs 1 through 35 of the Complaint.

37. Defendants have, by engaging in the conduct set forth above, directly or indirectly, by use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national security exchange, with intent to defraud or reckless disregard for the truth: (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 light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons, in connection with the purchase or sale of securities.

38. Defendants O'Grady, Telephone Broadcast Company, LLC, and Telephony Leasing Corporation, LLC, by engaging in the conduct set forth above, knowingly or with reckless disregard for the truth, 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].

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff SEC respectfully requests that this Court enter final judgments:

I. Permanently enjoining each of the Defendants, their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder;

II. Ordering Michael O'Grady to account for and disgorge his ill-gotten gains from the violative conduct alleged in this complaint, and to pay prejudgment interest thereon;

III. Ordering Michael O'Grady to pay the maximum civil monetary penalties pursuant to Section 21(d)(3) of the Exchange Act; and

IV. Granting such other and further relief as the Court deems appropriate.

Dated: WASHINGTON, DC

\_\_\_\_\_, 2005

By: \_\_\_\_\_

Alan M. Lieberman  
John Reed Stark (DC Bar # 425187)  
Thomas A. Sporkin (DC Bar # 444865)  
David C. Rice  
Andrea Bellaire  
Attorneys For Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
450 Fifth Street, NW  
Ninth Floor  
Washington, DC 20549-0911