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17  
18 **UNITED STATES DISTRICT COURT**  
19 **CENTRAL DISTRICT OF CALIFORNIA**  
20

21 **SECURITIES AND EXCHANGE**  
22 **COMMISSION,**

23 **Plaintiff,**

24 **vs.**

25 **PROVISION OPERATION SYSTEMS,**  
26 **INC., ROBERT T. FLETCHER III,**  
27 **RICHARD C. HILL, JAMES W. STOCK,**  
28 **AND LAWRENCE D. MORRIS**

**Defendants.**

Case No.:

**COMPLAINT FOR VIOLATIONS**  
**OF THE FEDERAL SECURITIES**  
**LAWS**

## SUMMARY OF THE ACTION

1  
2           1.     This action arises out of Defendant Robert Thomas Fletcher III's  
3 ("Fletcher") fraudulent operation and management of Defendant ProVision  
4 Operation Systems, Inc. ("ProVision"), a development-stage company which  
5 purportedly offered real estate and business seminars, and also purportedly operated  
6 businesses involving yachts, land development, and the mining and processing of a  
7 mineral called "humate." In reality, Fletcher used ProVision to raise money in order  
8 to finance his lifestyle, along with the lifestyles of others in ProVision's  
9 management.  
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11  
12           2.     From August 2003 until at least January 2005, Fletcher and ProVision  
13 fraudulently raised millions of dollars from individuals who purchased shares of the  
14 company's stock. During this time period, ProVision and Fletcher fraudulently  
15 promoted the company in oral presentations, promotional materials and on  
16 ProVision's publicly accessible websites.  
17

18           3.     ProVision and Fletcher made materially false or misleading statements  
19 regarding the use of investors' funds. They raised money from investors for a  
20 particular business purpose and then used the funds for other unrelated purposes.  
21 For example, Fletcher used investors' funds for his personal expenses, jewelry,  
22 clothing, and gambling. Moreover, Fletcher and ProVision raised money by falsely  
23 claiming to own or control, or have the ability to acquire, certain assets, such as  
24 humate, yachts and real property.  
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1           4.     While raising funds, ProVision and Fletcher fraudulently represented  
2 that the company was successful and expanding. They also made materially false or  
3 misleading statements about ProVision's financial condition. They further knew that  
4 because ProVision was not operating its business as they represented, they could not  
5 provide investors with the returns promised.  
6

7           5.     In addition, ProVision, Fletcher and Defendant Lawrence Dean Morris  
8 ("Morris"), a salesman who offered and sold ProVision's stock, conducted an  
9 unregistered offering of ProVision's common stock without any valid exemption  
10 from the registration requirements of the federal securities laws. In connection with  
11 this offering, Morris received transaction-based compensation from ProVision and  
12 Fletcher for selling ProVision stock, without being registered as a broker.  
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15           6.     ProVision and Fletcher hired Defendant Richard Charner Hill ("Hill"),  
16 ProVision's "Stock Education Consultant," and Defendant James Warren Stock  
17 ("Stock"), an owner of an investor relations company, to promote, or solicit  
18 investments in, ProVision's stock and other investment opportunities. Hill made  
19 materially false or misleading statements about ProVision's future financial  
20 condition. Hill and Stock failed to disclose that they were compensated to promote  
21 the company.  
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25           7.     By engaging in the conduct described in this Complaint: ProVision,  
26 Fletcher, Hill and Stock violated Section 10(b) of the Securities Exchange Act of  
27 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17  
28

1 C.F.R. § 240.10b-5]; ProVision, Fletcher and Hill violated Section 17(a) of the  
2 Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)]; Stock violated  
3 Section 17(b) of the Securities Act [15 U.S.C. § 77q(b)]; ProVision, Fletcher and  
4 Morris violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e(a),  
5 77e(c)]; and Morris violated Section 15(a) of the Exchange Act [78 U.S.C. § 78o(a)].

7 8. Unless enjoined by this Court, these defendants will continue to engage  
8 in acts, practices and courses of business that violate the provisions of the federal  
9 securities laws named above.  
10

11 9. Accordingly, the Commission seeks an order: (1) enjoining each of the  
12 defendants from, directly or indirectly, violating the provisions of the federal  
13 securities laws named above; (2) requiring ProVision, Fletcher and Morris to  
14 disgorge, along with prejudgment interest, all ill-gotten gains they obtained as a  
15 result of their actions; (3) requiring Stock to disgorge his shares of ProVision; (4)  
16 requiring ProVision, Fletcher, Stock and Morris to pay civil money penalties; (5)  
17 permanently barring Fletcher, Hill, Stock and Morris from participating in an  
18 offering of a penny stock; (6) permanently barring Fletcher from serving as an  
19 officer and director of any public company; and (7) requiring Fletcher to account for  
20 his current financial condition.  
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#### 25 JURISDICTION AND VENUE

26 10. This Court has jurisdiction over this action pursuant to Sections  
27 20(d)(1) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d)(1) and 77v(a)] and  
28

1 Sections 21(d)(3), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d)(3), 78u(e)  
2 and 78aa]. Defendants, directly or indirectly, have made use of the means or  
3 instrumentalities of interstate commerce, or of the mails, in connection with the acts,  
4 transactions, practices and courses of business alleged in this Complaint.  
5

6 11. Venue in this District is proper pursuant to Section 22(a) of the  
7 Securities Act [15 U.S.C. §77v(a)] and Section 27 of the Exchange Act [15 U.S.C.  
8 §78aa] because multiple defendants were located in the Central District of California  
9 and acts or transactions constituting federal securities law violations occurred within  
10 the Central District of California.  
11

### 12 DEFENDANTS

13  
14 12. Defendant ProVision is a Nevada corporation that has its current  
15 principal place of business is Newport Beach, CA. During the relevant period,  
16 ProVision purported to provide continuing education and support to investors  
17 through seminars and workshops focusing on real estate investing, stock investing  
18 and other wealth-building strategies. ProVision's common stock is quoted on the  
19 Pink Sheets. During all relevant times, ProVision's stock was a "penny stock"  
20 within the meaning of Section 3(a)(51) of the Exchange Act [15 U.S.C. § 78c(a)(51)]  
21 and Rule 3a51-1 thereunder [17 C.F.R. § 240.3a51-1].  
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25 13. Defendant Fletcher, whose last known residence was in Pompano  
26 Beach, FL, was the chief executive officer, chairman and president of ProVision and  
27 the president, secretary and treasurer of its nine wholly-owned subsidiaries. He  
28

1 founded and operated ProVision from approximately July 2003 until March 2005,  
2 when the Board of Directors removed him as the company's president, chief  
3 executive officer and chairman.  
4

5 14. Defendant Hill, a Seattle, WA resident, was hired as ProVision's "Stock  
6 Education Consultant." In October 2003, Hill contracted with Fletcher and  
7 ProVision to promote the company, compare ProVision's growth potential and  
8 future success to that of Microsoft, Corp. ("Microsoft"), and speak at ProVision  
9 meetings and seminars nationwide with current and prospective investors to  
10 encourage them to invest in ProVision's stock.  
11  
12

13 15. Defendant Morris, a Boca Raton, FL resident, was a "Vice President of  
14 Marketing" for ProVision. Pursuant to an agreement he entered into with ProVision  
15 and Fletcher, Morris offered and sold ProVision's stock and other investment  
16 opportunities and received transaction-based commissions for such activities.  
17

18 16. Defendant Stock, a Lemmon, SD resident, is self-employed and is the  
19 president of Stock Enterprises, Inc., a company engaged in financial  
20 communications, promotion and investor relations for development-stage companies.  
21 Pursuant to a contract he entered into with Fletcher and ProVision, he published and  
22 disseminated newsletters promoting ProVision.  
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1 **BACKGROUND**

2 **I. FACTS**

3 **A. ProVision and Fletcher Made Materially False or Misleading**  
4 **Statements Regarding ProVision's Business Operations**

5 **i. Investors' Funds**

6 17. The Commission hereby incorporates by reference and re-alleges  
7  
8 paragraphs 1 through 16.

9 18. ProVision and Fletcher raised money from investors representing it  
10 would be used to finance ProVision's business operations. These representations  
11 were materially false or misleading because ProVision and Fletcher knew, or were  
12 reckless in not knowing, that they used, or would use, a significant portion of the  
13 money raised from investors to pay for purposes other than those represented,  
14 including financing Fletcher's personal expenses and lifestyle and paying for other  
15 unrelated purposes. For example, Fletcher spent tens of thousands of dollars of  
16 investors' funds on clothing and jewelry.  
17  
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19

20 19. Basically, Fletcher lived off of the money he personally took from  
21 ProVision's bank accounts, which he treated as his own personal accounts.  
22

23 **ii. Success Centers**

24 20. The Commission hereby incorporates by reference and re-alleges  
25 paragraphs 1 through 19.  
26

27 21. ProVision and Fletcher promoted the company as primarily being  
28 involved in the real estate seminar business, which taught seminar attendees how to

1 buy and sell real estate for a quick profit. ProVision distinguished itself from other  
2 real estate seminar businesses by claiming that ProVision provided participants with  
3 continuous local support, training and coaching through its regional offices called  
4 "Success Centers."  
5

6 22. ProVision and Fletcher represented to investors that the company had  
7 Success Centers in both the United States, as well as in "over 200 countries."  
8

9 Fletcher also told prospective investors that ProVision planned to continue to grow  
10 both domestically and internationally. Further, as a means of promoting ProVision  
11 and encouraging prospective investors to buy ProVision stock, the company and  
12 Fletcher offered investors an opportunity to operate a Success Center through the  
13 purchase of a franchise license.  
14

15 23. Throughout 2003 and 2004, ProVision and Fletcher induced these  
16 prospective Success Center investors to buy ProVision stock by making materially  
17 false or misleading statements during public meetings, in press releases, on the  
18 company's websites, and through published promotional materials. Specifically,  
19 ProVision's and Fletcher's statements regarding the number of operating Success  
20 Centers and about the expansion plans for its Success Centers were false and  
21 misleading because the company and Fletcher knew, or were reckless in not  
22 knowing, that ProVision was neither operating the number of Success Centers as  
23 claimed nor did it have the means to expand as represented.  
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1                    **iii. Yachts**

2                    24. The Commission hereby incorporates by reference and re-alleges  
3 paragraphs 1 through 23.

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5                    25. As another means of promoting ProVision and encouraging investments  
6 in the company, ProVision and Fletcher offered prospective investors the  
7 opportunity to invest in profit-sharing arrangements for four yachts ProVision  
8 purported to own. ProVision never completed the purchase of three of the four  
9 yachts the company purported to own and, as a result, lost its down payments as well  
10 as whatever rights it had to use the yachts or conduct its purported yacht operations.  
11

12  
13                    26. Throughout 2003 and 2004, ProVision and Fletcher induced these  
14 prospective yacht investors to buy ProVision's stock by making materially false or  
15 misleading statements during public meetings, on the company's websites, and  
16 through published promotional materials. Specifically, ProVision's and Fletcher's  
17 statements regarding ProVision's ownership of the yachts and its yacht operations,  
18 were materially false and misleading because the company and Fletcher knew, or  
19 were reckless in not knowing, that the company did not own or control three of the  
20 four yachts and thus could not conduct the profit-generating business on the yachts  
21 as represented.  
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1                    **iv.    Debt Arrangements**

2                    27.    The Commission hereby incorporates by reference and re-alleges  
3 paragraphs 1 through 26.

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5                    28.    As another means of promoting ProVision and encouraging investments  
6 in the company, ProVision and Fletcher also raised money by obtaining loans from  
7 investors pursuant to arrangements called “city sponsorships” and “credit  
8 leveraging” and through promissory notes. ProVision and Fletcher claimed that  
9 money borrowed from these creditor-investors was beneficial to ProVision because  
10 it would be used to fund and conduct seminars across the country and for other  
11 purposes to expand ProVision’s business. ProVision often failed to repay the  
12 principal and interest on such loans or give investors the returns on their investments  
13 as promised.

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16                    29.    Throughout 2003 and 2004, ProVision and Fletcher induced these  
17 prospective creditor-investors to buy ProVision’s stock by making materially false or  
18 misleading statements during public meetings, on the company’s websites, and  
19 through published promotional materials. Specifically, ProVision’s and Fletcher’s  
20 statements about the amount of money ProVision would return to them, and the  
21 investors’ likelihood to profit from such investments, were materially false and  
22 misleading because the company and Fletcher knew, or were reckless in not  
23 knowing, that ProVision could not provide prospective investors the promised profits  
24 or returns on these investments. In fact, ProVision continued to sell these loan  
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1 agreements even as it was unable to pay the interest and principal on earlier loan  
2 agreements.

3 v. **Land Development**

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5 30. The Commission hereby incorporates by reference and re-alleges  
6 paragraphs 1 through 29.

7  
8 31. As another means of promoting ProVision and encouraging investments  
9 in the company, ProVision, acting through its subsidiary, ProVision Land  
10 Development, and Fletcher, offered or sold parcels of an 86-acre area of land in  
11 Texas to be developed for residential housing. ProVision and Fletcher also raised  
12 money for the project by offering and selling promissory notes that promised to pay  
13 investors a 20% return on their investment, along with the principal amount loaned.  
14

15 32. ProVision and Fletcher claimed that ProVision Land Development and a  
16 partner were constructing houses on 80 lots, which would earn a \$25,000 profit for  
17 each house and a \$25,000 profit for each lot, for a total profit potential of  
18 \$4,000,000. ProVision and Fletcher further stated that ten partners who invested  
19 between \$50,000 and \$100,000 would receive a 20% return on their investment  
20 within six months.  
21

22  
23 33. ProVision and Fletcher did not have the right to sell interests in all of  
24 the 80 acres to investors or give investors the right to acquire or invest in this land,  
25 as they claimed. ProVision only made a partial payment of \$67,000 towards  
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1 acquiring title to the first 20 acres of the land. At most, ProVision only had the right  
2 to sell interests in these 20 acres.

3           34. ProVision and Fletcher used some of the money raised for ProVision  
4 Land Development for other, unrelated purposes, including paying for massages, as  
5 well as the rent and living expenses of one of ProVision's sales trainers in Chicago.  
6 ProVision also co-mingled and transferred money from ProVision Land  
7 Development's bank account into other ProVision bank accounts.  
8  
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10           35. Throughout 2004, ProVision and Fletcher induced these prospective  
11 land development investors to buy ProVision's stock by making materially false or  
12 misleading statements during public meetings, in press releases, on the company's  
13 websites, and through published promotional materials. Specifically, ProVision's  
14 and Fletcher's statements regarding the amount of land ProVision owned or  
15 controlled, the use of investor funds, and the amount of profit ProVision and its  
16 investors could earn on the project and their return on investment were materially  
17 false and misleading because the company and Fletcher knew, or were reckless in  
18 not knowing, that ProVision did not own the land as claimed, did not have the ability  
19 to sell the interests it did and was co-mingling and misusing the investors' money.  
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1           **B. ProVision and Fletcher Made Materially False or Misleading**  
2           **Statements Regarding ProVision's Financial Condition**

3           **i. ProVision's Alleged Ownership of Humate**

4           36. The Commission hereby incorporates by reference and re-alleges  
5 paragraphs 1 through 35.

6           37. Around September 2004, ProVision and Fletcher made an agreement  
7 with an individual ("Seller") to exchange 10,000,000 shares of ProVision's restricted  
8 stock for 3,274,000 tons of a substance called "humate" located on property  
9 ("Ranch") in Brewster County, Texas.  
10

11           38. Seller did not have the right to sell the humate to ProVision because he  
12 did not own the land or the humate located on the land.  
13

14           39. From about September 2004 to January 2005, ProVision and Fletcher  
15 repeatedly told investors that the company had acquired this "asset."  
16

17           40. ProVision and Fletcher knew, or were reckless in not knowing, that  
18 Seller did not have the right to sell humate from the Ranch to ProVision. At the time  
19 of the transaction, and afterwards, ProVision and Fletcher did nothing to determine if  
20 Seller actually owned the land or humate on the Ranch. On October 25, 2004,  
21 ProVision, represented by Fletcher, and Seller entered into another contract in which  
22 they acknowledged that Seller did not yet own the humate, land or surface estate.  
23 Around January 2005, ProVision and Fletcher abandoned a project to drill on the  
24 land to obtain a sample of humate to be used in a new evaluation because they  
25 realized that Seller still did not own the land or surface estate. Fletcher also admitted  
26  
27  
28

1 that Seller did not own the humate, land or surface estate to various investors at a  
2 meeting around January 2005.

3 41. From approximately September 2004 until January 2005, in meetings  
4 with investors across the country, Fletcher made materially false or misleading  
5 statements that the company acquired and controlled humate, even though he knew,  
6 or was reckless in not knowing, that ProVision had not acquired such humate. Since  
7 approximately September 2004, ProVision has been making materially false or  
8 misleading statements that the company acquired and controlled humate, even  
9 though it knew, or was reckless in not knowing, that it had not acquired such  
10 humate.  
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14 42. ProVision and Fletcher grossly overvalued the humate ProVision  
15 purportedly acquired from Seller at \$137,000,000. Under Generally Accepted  
16 Accounting Principles, Financial Accounting Standards No. 141, paragraph 6,  
17 because there was no readily-definable fair market value for humate, ProVision  
18 should have valued the humate it allegedly acquired at the fair market value of the  
19 10,000,000 restricted shares it exchanged for the humate. At the time, 10,000,000  
20 shares of ProVision's stock would have been worth \$5,000,000 maximum, based on  
21 ProVision's then market value. Thus, because ProVision exchanged restricted stock,  
22 worth, at most, \$5,000,000, for the humate it claimed to purchase, it should have  
23 valued the humate, at most, at \$5,000,000. As a result, ProVision and Fletcher made  
24 materially false or misleading statements in press releases, promotional materials,  
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1 and in meetings with investors across the country about the value of the humate  
2 ProVision purported to own.

3 43. From approximately September until January 2005, in meetings with  
4 investors across the country, ProVision and Fletcher also falsely claimed the  
5 company could produce humate into products called "fulvic acid" and "humic acid,"  
6 which they claimed ProVision could sell for a profit, generating billions of dollars in  
7 revenue, when they knew ProVision did not have the funds or equipment to process  
8 and distribute the humate by-products.

9 44. ProVision and Fletcher made materially false or misleading statements  
10 about the company's ability to produce and sell by-products of the humate it  
11 allegedly owned, the value of that humate, the potential profits the company would  
12 realize, and the amount of revenue it would earn from its humate operations.

13 **ii. ProVision's Future Financial Condition**

14 45. The Commission hereby incorporates by reference and re-alleges  
15 paragraphs 1 through 44.

16 46. ProVision, Fletcher and Hill fraudulently compared ProVision to  
17 Microsoft in promotional materials and at meetings or seminars with current or  
18 prospective investors. To make investors believe that ProVision would become a  
19 successful, global company, they noted that Microsoft started off just like ProVision.

20 47. ProVision contracted to pay Hill, who claimed to know Microsoft  
21 management personally, to compare ProVision to Microsoft. Hill indicated that he  
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1 believed ProVision could even be bigger than Microsoft. Hill also asserted that  
2 ProVision had the positioning in the seminar industry to bring about a major change  
3 in that industry, just as Microsoft did in the computer industry.  
4

5 48. ProVision and Fletcher also compared ProVision to Microsoft in  
6 promotional materials and at meetings or seminars with current or prospective  
7 investors, indicating that ProVision was likely to have the same success that  
8 Microsoft did.  
9

10 49. In meetings with investors in late 2004, Fletcher also predicted that  
11 ProVision would conduct similar stock splits and that its stock would increase in  
12 value, just as Microsoft's stock price did.  
13

14 50. In December 2004, in a phone conference with investors, Fletcher also  
15 stated that ProVision planned to be "qualified" for NASDAQ or the New York Stock  
16 Exchange by July 2007, which would allow ProVision's stock to trade from a range  
17 of \$8 to \$200 per share.  
18

19 51. Throughout 2004, Hill made numerous predictions and projections  
20 about ProVision's future stock price to investors, stating that ProVision's stock  
21 could increase to various prices, ranging from \$20 to \$1,000 per share.  
22

23 52. Fletcher also made numerous representations projecting that ProVision  
24 would be a multi-billion dollar company. In one meeting with investors in late 2004,  
25 Fletcher stated that ProVision believed that its stock, "according to [ProVision's]  
26 consultants," would go up to \$1,000 in 10 years, making him and others of  
27  
28



1 ProVision's management and investors billionaires. In a telephone conference with  
2 investors in December 2004, Fletcher claimed that ProVision's stock would reach \$8  
3 per share, giving ProVision a market cap of a billion dollars. At another meeting  
4 around December 2004 or early 2005, Fletcher claimed that ProVision's was about  
5 to sign a billion dollar contract relating to humate and that ProVision's stock price  
6 could increase to at least \$50 per share once the company began to process humate.  
7  
8 At another meeting with investors in late 2004, Fletcher claimed that ProVision was  
9 "building a multi-billion dollar company" based on projected increases in its stock  
10 price.  
11  
12

13 53. ProVision, Fletcher and Hill knew, or were reckless in not knowing, that  
14 their claims about ProVision's financial future were materially false or misleading  
15 because they knew, or were reckless in not knowing, that such predictions were  
16 baseless considering ProVision's current financial situation, failure to generate  
17 significant revenue or amounts of cash flow from its operations, and because of the  
18 way Fletcher was mismanaging the company.  
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21 **iii. Revenue**

22 54. The Commission hereby incorporates by reference and re-alleges  
23 paragraphs 1 through 53.  
24

25 55. ProVision represented in an August 2004 letter to investors that it had "a  
26 monthly revenue stream of one million dollars approaching 2 million monthly."  
27 ProVision, in a September 2004 document sent to at least one investor, highlighted  
28

1 its achievements since incorporation, stating that the company “has monthly revenue  
2 of \$500,000 to \$1.5 million.” Contrary to this representation, company accounting  
3 records show that ProVision had approximately \$1,000,000 in revenue for all of  
4 2004.  
5

6 .56. ProVision made materially false or misleading statements regarding the  
7 amount of revenue the company earned because it knew, or was reckless in not  
8 knowing, that the company’s business operations were not generating significant  
9 revenue, especially because the few Success Centers that were functioning earned  
10 little money, if any, and because ProVision did not earn significant money, if any,  
11 from its yacht business, its land deal in Texas or its humate operations.  
12  
13

14 **C. Stock and Hill Made Materially False or Misleading Statements**  
15 **about their Compensation and Independent Analysis of ProVision**

16 **i. Richard Hill**

17 .57. The Commission hereby incorporates by reference and re-alleges  
18 paragraphs 1 through 56.  
19

20 .58. In October 2003, Hill contracted with ProVision and Fletcher to  
21 promote ProVision to investors. In exchange, ProVision and Fletcher agreed to pay  
22 Hill a salary of \$10,000 per month, and agreed to give him 2,025,000 shares.  
23

24 .59. Hill did not disclose to investors that he was under contract to be  
25 compensated by ProVision to promote the company. On the contrary, he held  
26 himself out to investors as an independent investor of ProVision, who was sharing  
27 his independent beliefs about the company and its future.  
28

1           60. During at least one meeting with investors, Hill denied receiving any  
2 money from ProVision to promote the company.

3           61. Hill's statements to investors were materially false or misleading  
4 because Hill gave the false impression that he was not under contract, or that his  
5 opinions were independent or unbiased, while he was performing such services for  
6 compensation, pursuant to his contract with ProVision.  
7

8  
9           **ii. James Stock**

10           62. The Commission hereby incorporates by reference and re-alleges  
11 paragraphs 1 through 61.  
12

13           63. In October 2003, Stock contracted with ProVision and Fletcher to  
14 promote ProVision to investors. In exchange, ProVision and Fletcher agreed to pay  
15 Stock 250,000 shares of ProVision's stock.  
16

17           64. In the July 2004 issue of his investment newsletter, called "James  
18 Stock's Stock Tips" ("Stock Tips"), Stock included a disclaimer that stated,  
19 "Compensation has not been paid for this or any other PR or Investor Relations-  
20 related effort as of 7-17-2004."  
21

22           65. Stock claimed that he included this disclaimer to indicate to ProVision  
23 and Fletcher that he had not yet received the shares contractually owed to him for his  
24 services.  
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1           66. In any event, the language of the disclaimer was materially false or  
2 misleading because it gave the false impression that Stock was not under contract  
3 even though he published the newsletter pursuant to his contract with ProVision.  
4

5           67. The July 2004 issue of Stock Tips was also materially false or  
6 misleading because Stock gave the false impression that his analysis of ProVision  
7 was based on his own, independent research. Specifically, the July 2004 issue of  
8 Stock Tips contends that Stock performed “due diligence” on ProVision, having  
9 “personally met with [management] many times...including several seminars” and  
10 that some of his opinions on ProVision were “based on interviews with  
11 [management].” On the contrary, Stock received almost all of the information in the  
12 newsletter from Fletcher and merely published the information without  
13 independently verifying it.  
14  
15

16           68. By failing to disclose that he was due compensation for publishing the  
17 July 2004 issue of Stock Tips, Stock published, gave publicity to, or circulated a  
18 communication which, though not purporting to offer a security for sale, described  
19 such security for a consideration received or to be received, directly or indirectly,  
20 from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether  
21 past or prospective, of such consideration and the amount thereof.  
22  
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25           **D. ProVision, Fletcher and Morris Conducted an Unregistered**  
26           **Offering of Securities**

27           69. The Commission hereby incorporates by reference and re-alleges  
28 paragraphs 1 through 68.

1           70. From late 2003 to at least January 2005, ProVision, Fletcher and Morris  
2 continuously raised money by offering and selling ProVision's stock to investors as  
3 part of a single plan to finance the company.  
4

5           71. ProVision, Fletcher and Morris primarily offered and sold ProVision's  
6 stock through a purported private placement from August 2003 until, at least, July  
7 2004 to accredited and non-accredited investors. They offered or sold ProVision's  
8 stock at meetings or seminars whose attendees came in response to advertisements in  
9 newspapers or local magazines. ProVision, Fletcher and Morris did not provide  
10 information regarding the company's financial condition to these investors, who  
11 could not obtain that information by themselves, even when they asked for such  
12 information.  
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15           72. Along with selling stock directly to investors, ProVision, Fletcher and  
16 Morris offered shares as an incentive to investors in ProVision's opportunities or as  
17 an "equity kicker" along with its "investment opportunities," including its Success  
18 Centers, land deal, yacht club, city sponsorships, and the various loan arrangements.  
19 In addition, ProVision and Fletcher often offered more shares of ProVision's stock to  
20 investors to whom ProVision already owed money from other investments as  
21 payment in kind.  
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25           73. ProVision, Fletcher and Morris offered or sold securities in the form of  
26 ProVision's stock through the use of the telephone, the mails, and other means of  
27 interstate commerce.  
28

1           74. ProVision's stock constitutes a "security" pursuant to Section 2(a)(1) of  
2 the Securities Act [15 U.S.C. § 77b(a)(1)].

3           75. Neither ProVision, Fletcher, nor Morris filed a registration statement  
4 with the Commission for any ProVision securities, and no registration statement was  
5 in effect with respect to ProVision's stock.  
6

7           **E. Morris Acted as an Unregistered Broker in Connection with the**  
8           **Offer or Sale of ProVision's Securities**

9           76. The Commission hereby incorporates by reference and re-alleges  
10 paragraphs 1 through 75.  
11

12           77. ProVision and Fletcher contracted with Morris to pay him commission-  
13 based compensation to offer or sell ProVision's securities. Pursuant to this contract,  
14 from approximately October 2003, until at least September 2004, Morris actively  
15 sought out and solicited prospective investors to purchase ProVision's stock or  
16 invest in its other investment opportunities. Morris offered and sold ProVision's  
17 stock to investors and solicited and referred investors to Fletcher, who then closed  
18 the sale. Morris received nearly \$540,000 in commissions from ProVision.  
19  
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21           78. Morris was not registered with the Commission as a broker-dealer or  
22 affiliated with a registered broker-dealer, nor did he qualify for any exemptions from  
23 the broker-dealer registration requirement.  
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**FIRST CLAIM FOR RELIEF**

**Violations of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5  
(Defendants ProVision, Fletcher, Hill and Stock)**

79. The Commission hereby incorporates by reference and re-alleges paragraphs 1 through 78.

80. By engaging in the conduct described above, defendants ProVision, Fletcher, Hill and Stock directly or indirectly, by use of the means or instruments of interstate commerce, or of the mails, or of a facility of a national securities exchange, knowingly or recklessly: (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of a material fact or omitted to state a material fact, 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, transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of securities.

81. By reason of the foregoing, defendants ProVision, Fletcher, Hill and Stock each violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

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**SECOND CLAIM FOR RELIEF**

**Violations of Section 17(a) of the Securities Act  
(Defendants ProVision, Fletcher and Hill)**

82. The Commission hereby incorporates by reference and re-alleges paragraphs 1 through 81.

83. By engaging in the conduct described above defendants ProVision, Fletcher and Hill, directly or indirectly, knowingly, recklessly, or negligently, in the offer or sale of ProVision's securities, by use of means or instruments of transportation or communication in interstate commerce or by use of the mails: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of 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 transactions, practices or courses of business which operated or would have operated as a fraud or deceit upon purchasers of ProVision's securities.

84. By reason of the foregoing, defendants ProVision, Fletcher and Hill each violated Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

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**THIRD CLAIM FOR RELIEF**

**Violations of Section 17(b) of the Securities Act  
(Defendant Stock)**

85. The Commission hereby incorporates by reference and re-alleges paragraphs 1 through 84.



1 86. As described above, defendant Stock, by use of means or instruments of  
2 transportation or communication in interstate commerce or by the use of the mails,  
3 published, gave publicity to, or circulated a notice, circular, advertisement,  
4 newspaper, article, letter, investment service, or communication which, though not  
5 purporting to offer a security for sale, described such security for a consideration  
6 received or to be received, directly or indirectly, from an issuer, underwriter, or  
7 dealer, without fully disclosing the receipt, whether past or prospective, of such  
8 consideration and the amount thereof.  
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11 87. By reason of the foregoing, defendant Stock violated Section 17(b) of  
12 the Exchange Act [15 U.S.C. § 77q(b)].  
13

14 **FOURTH CLAIM FOR RELIEF**

15 **Violations of Sections 5(a) and 5(c) of the Securities Act**  
16 **(Defendants ProVision, Fletcher and Morris)**

17 88. The Commission hereby incorporates by reference and re-alleges  
18 paragraphs 1 through 87.  
19

20 89. By engaging in the conduct described above, defendants ProVision,  
21 Fletcher and Morris, directly or indirectly, singly and in concert: (a) made use of the  
22 means or instruments of transportation or communication in interstate commerce or  
23 of the mails to sell securities, through the use or medium of a prospectus or  
24 otherwise; (b) carried securities or caused such securities to be carried through the  
25 mails or in interstate commerce, by any means or instruments of transportation, for  
26 the purpose of sale or for delivery after sale; and (c) made use of the means or  
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1 instruments of transportation or communication in interstate commerce or of the  
2 mails to offer to sell or offer to buy securities, through the use or medium of any  
3 prospectus or otherwise.  
4

5 90. No registration statement was filed or was in effect with the  
6 Commission pursuant to the Securities Act, and no exemption from registration  
7 exists with respect to the offerings described herein.  
8

9 91. By reason of the foregoing, defendants ProVision, Fletcher and Morris  
10 violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and  
11 77e(c)].  
12

### 13 **FIFTH CLAIM FOR RELIEF**

#### 14 **Violations of Section 15(a) of the Exchange Act** 15 **(Defendant Morris)**

16 92. The Commission hereby incorporates by reference and re-alleges  
17 paragraphs 1 through 91.  
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19 93. By engaging in the conduct described above, defendant Morris, directly  
20 or indirectly, made use of the mails or means or instrumentalities of interstate  
21 commerce to effect transactions in, or to induce or attempt to induce, the purchase or  
22 sale of securities, without being registered as a broker in accordance with Section  
23 15(b) of the Exchange Act [15 U.S.C. § 78o(b)].  
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25 94. By reason of the foregoing, defendant Morris violated Section 15(a) of  
26 the Exchange Act [15 U.S.C. § 78o(a)].  
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1 **PRAYER FOR RELIEF**

2 WHEREFORE, the Commission respectfully requests that this Court enter a  
3 judgment:  
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5 **I.**

6 A. Permanently enjoining defendants ProVision, Fletcher, Hill, Stock and  
7 their officers, agents, servants, employees, and attorneys, and those persons in active  
8 concert or participation with any of them, who receive actual notice of the order or  
9 judgment by personal service or otherwise, and each of them, from further violations  
10 of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R.  
11 § 240.10b-5] thereunder;  
12

13 B. Permanently enjoining defendants ProVision, Fletcher, Hill and their  
14 officers, agents, servants, employees, and attorneys, and those persons in active  
15 concert or participation with any of them, who receive actual notice of the order or  
16 judgment by personal service or otherwise, and each of them, from further violations  
17 of Sections 17(a) of the Securities Act [15 U.S.C. § 77q(a)];  
18

19 C. Permanently enjoining defendant Stock and his officers, agents,  
20 servants, employees, and attorneys, and those persons in active concert or  
21 participation with any of them, who receive actual notice of the order or judgment by  
22 personal service or otherwise, and each of them, from further violations of Section  
23 17(b) of the Securities Act [15 U.S.C. §§ 77q(b)];  
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1 D. Permanently enjoining defendants ProVision, Fletcher, Morris and their  
2 officers, agents, servants, employees, and attorneys, and those persons in active  
3 concert or participation with any of them, who receive actual notice of the order or  
4 judgment by personal service or otherwise, and each of them, from further violations  
5 of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c)]; and  
6

7 E. Permanently enjoining defendant Morris and his officers, agents,  
8 servants, employees, and attorneys, and those persons in active concert or  
9 participation with any of them, who receive actual notice of the order or judgment by  
10 personal service or otherwise, and each of them, from further violations of Section  
11 15(a) of the Exchange Act [15 U.S.C. § 78o(a)];  
12  
13

14 **II.**

15 Permanently barring defendants Fletcher, Hill, Stock and Morris from any  
16 future participation in the offering of any penny stock, as defined by Section  
17 3(a)(51)(A) of the Exchange Act [15 U.S.C. § 78c(a)(51)] and Rule 3a51-1 [17  
18 C.F.R. § 240.3a51-1] thereunder, including engaging in activities with a broker,  
19 dealer, or issuer for purposes of issuing, trading or inducing or attempting to induce  
20 the purchase or sale of any penny stock, pursuant to Section 20(g) of the Securities  
21 Act [15 U.S.C. § 77t(g)] and Section 21(d)(6) of the Exchange Act [15 U.S.C. §  
22 78u(d)(6)] and the Court's equitable powers;  
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1 **III.**

2 Ordering defendants ProVision, Fletcher and Morris to disgorge all profits or  
3 proceeds they have received as a result of their conduct as described in this  
4 Complaint, plus prejudgment interest thereon;  
5

6 **IV.**

7 Ordering defendant Stock to disgorge the 250,000 shares of ProVision he  
8 received as a result of his conduct, as described in this Complaint;  
9

10 **V.**

11 Ordering defendants ProVision, Fletcher, Morris and Stock to pay appropriate  
12 civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C.  
13 §77t(d)] and Section 21(d) [15 U.S.C. § 78u(d)(3)] of the Exchange Act;  
14

15 **VI.**

16 Permanently barring Fletcher, pursuant to Section 20(e) of the Securities Act  
17 [15 U.S.C. §77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C.  
18 § 78u(d)(2)], from acting as an officer or director of any issuer that has a class of  
19 securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or  
20 that is required to file reports pursuant to Section 15(d) of the Exchange Act [15  
21 U.S.C. § 78o(d)];  
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VII.

Ordering defendant Fletcher to prepare a sworn accounting of the purpose, disposition, and present location of all the money he obtained from ProVision during the period July 30, 2003 through March 31, 2005;

VIII.

Retaining jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court; and

IX.

Granting such other relief as the Court deems just or appropriate.

Plaintiff demands a trial by jury.

Dated: September 25, 2007

Respectfully submitted,



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