

ORIGINAL

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

FILED IN CLERK'S OFFICE
U.S.D.C. - Atlanta

DEC 20 2010

JAMES N. HATTEN, Clerk
By: *[Signature]*
Deputy Clerk

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

KENNETH W. BURNT,
PERIMETER WEALTH
FINANCIAL SERVICES, INC. and
KSB FINANCIAL, INC.

Defendants.

Civil Action No.

WSD

1:10-cv-4121

COMPLAINT FOR EMERGENCY INJUNCTIVE AND OTHER RELIEF

Plaintiff, Securities and Exchange Commission ("Commission"), alleges that:

OVERVIEW

1. From September 2009 through the present, defendant Kenneth W. Burnt ("Burnt"), through two entities which he controls, Perimeter Wealth Financial Services, Inc. ("Perimeter Wealth") and KSB Financial, Inc. ("KSB"), raised approximately \$4.5 million from more than 20 investors.
2. Burnt raised these funds through an unregistered offering of interests in a covered-call equities trading program.

3. Burnt represented to investors that: (1) investment returns were guaranteed to be 8%, 10% or 12% per annum depending on the investor; (2) Burnt would not be paid any funds for his investing services unless investors were earning their promised annualized returns; and (3) any shortfalls to the guaranteed returns or principal losses would be contractually covered by a reserve account funded by Burnt.

4. Burnt omitted to disclose to investors that his reserve account consisted of only \$1,000 and that he had begun directly drawing on investor funds for personal and business expenses prior to their earning the minimum guaranteed amounts.

5. Burnt further believed that his trading models would only generate the net profits he promised if he had at least \$10 to \$12 million under management, which he knew he did not have.

6. Burnt's covered call program has lost approximately 15 percent, primarily attributable to the approximately \$286,000 in withdrawals Burnt made from investor accounts to cover professional and personal expenses

VIOLATIONS

7. Defendants Burnt and Perimeter Financial have engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices

that constitute and will constitute violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§’s 77e(a), 77e(c) and 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. 80b-6(1) (2) and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

8. Defendant KSB has engaged, and unless restrained and enjoined by this Court, will continue to engage in acts and practices that constitute and will constitute violations of 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] and Sections 206(1) and 206(2) of the Advisers [15 U.S.C. 80b-6(1) and (2)]

JURISDICTION AND VENUE

9. The Commission brings this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)] and Sections 209 and 214 of the Advisers Act [15 U.S.C. 80b-9, 80b-14] , to enjoin the defendants from engaging in the transactions, acts, practices, and courses of business alleged in this

complaint, and transactions, acts, practices, and courses of business of similar purport and object, for civil penalties and for other equitable relief.

10. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa] and Section 214 of the Advisers Act [15 U.S.C. 80b-14]

11. Defendants, directly and indirectly, made use of the mails, the means and instruments of transportation and communication in interstate commerce and the means and instrumentalities of interstate commerce in connection with the transactions, acts, practices, and courses of business alleged in this complaint.

12. Certain of the transactions, acts, practices, and courses of business constituting violations of the Securities Act, the Exchange Act and the Advisers Act occurred in the Northern District of Georgia. In addition, Defendant Burnt resides in the Northern District of Georgia. Defendants Perimeter Wealth and KSB have their principal places of business in the Northern District of Georgia.

13. Defendants Burnt, Perimeter Wealth and KSB, unless restrained and enjoined by this Court, will continue to engage in the transactions, acts, practices, and

courses of business alleged in this complaint, and in transactions, acts, practices, and courses of business of similar purport and object.

THE DEFENDANTS

14. **Kenneth W. Burnt**, age 69, is a resident of Buford, Georgia. Burnt is the CEO and CFO of Perimeter Wealth and the CFO of KSB.

15. **Perimeter Wealth** is a Georgia corporation organized in 2009, with its principal place of business in Atlanta, Georgia. Burnt is its sole shareholder.

16. **KSB** is a Georgia corporation organized in 2009 with its principal place of business in Buford, Georgia. Burnt's wife serves as CEO of the company.

FACTS

17. This matter involves a fraudulent offering of unregistered securities, in the form of a covered-call trading program.

18. A covered-call trading program is an options strategy whereby an investor holds a long position in a security and writes (sells) call options on that same security in an attempt to generate increased income from the security. This strategy is often employed when an investor has a short-term neutral view on the security and for this reason holds the security long and simultaneously holds a short position via the option to generate income from the option premium.

19. From approximately September 2009 until July 2010, Burnt, through Perimeter Wealth, KSB and others, offered investors the opportunity to invest in his covered-call trading program through “free lunch” style seminars, mass mailings and a full page advertisement in a local newspaper.

20. Burnt spoke to prospective investors at the seminars and in meetings with individual prospects.

21. Individuals who invested in the program signed written agreements with Perimeter Wealth. Burnt executed the agreements on behalf of Perimeter Wealth.

22. Burnt represented to investors that 100% of their investment funds would be placed into a securities account “to be used to purchase high quality undervalued and income equities” that would “generate revenues from the trading of covered-calls.”

23. The agreements varied somewhat from investor to investor. Burnt offered some investors guaranteed annual returns of 8% on their initial invested principal regardless of actual trading performance. He offered others 10% or 12%. In the agreements, these returns were alternatively designated at various points as 2% to 3% quarterly.

24. Pursuant to the agreements, Burnt, as president of Perimeter Wealth, further promised to return 100% of the original investment at the expiration of the agreement, which typically had 2 or 3 year defined terms.

25. The agreements further provided and Burnt personally promised that “the client is paid first” and then Perimeter Wealth is paid “any amount earned” over the guaranteed quarterly returns.

26. Several of the executed agreements, but not all, provided for the establishment of a surplus account where Perimeter Wealth would place a designated percentage, identified in various of the agreements at between 12% and 20% of Perimeter Wealth’s quarterly profits, “to be used to supplement client’s quarterly distributions” in the event the client’s account earned less than the guaranteed percentage in any quarter.

27. Typically, the agreements represented that the investment funds would be placed into individual securities accounts in the name of the underlying investor, with trading, check writing and withdrawal authority provided to Burnt and Perimeter Wealth.

28. Several agreements for other, primarily smaller investors, provided that investor funds would be pooled into a “joint securities account” in the name of

Perimeter Wealth, over which, again, Burnt and Perimeter Wealth would have complete control.

29. The agreements provided that Burnt and Perimeter Wealth were to be paid on a quarterly basis, based upon the amount of income earned in the accounts which exceeded the quarterly return promised to the investors.

30. Burnt sent quarterly invoices to investors identifying the purported profits he claimed he was entitled to, and would then directly withdraw such funds to Perimeter Wealth, primarily through checks and wire transfers.

31. However, in the event that trading performance did not result in the guaranteed quarterly returns promised to investors, Burnt nevertheless invoices and withdraws funds from investor accounts on the theory that if he generates gross proceeds from the sale of call options during the quarter that exceeded 2% of an investor's initial principal, Burnt and Perimeter Wealth are entitled to withdraw these amounts from investor principal, irrespective of the actual performance of the trading strategy during the relevant quarter.

32. Burnt's interpretation contradicts the plain meaning of the agreements and the understanding of several investors.

33. As a consequence of Burnt's quarterly withdrawal of cash from investor accounts on the basis of gross options sales proceeds in excess of 2% of the original investor principal, investor funds have suffered net equalized losses of approximately 15%.

34. Burnt and Perimeter Wealth withdrew at least \$286,000 which they utilized for both business and personal expenses.

35. On at least two occasions, Burnt has withdrawn investor proceeds in the amount of \$20,000 total, with no known basis, denominating such withdrawals only as "loans."

36. Before offering the Perimeter Wealth covered-call program to investors, Burnt developed a defined business plan for the program which Burnt understood, assuming it successfully functioned as contemplated, required investor proceeds under management of between \$10 to \$12 million in order to achieve the return Burnt promised to investors, to be able to return the principal investments at the expiration of the agreements and to cover business and operating expenses of Perimeter Wealth.

37. Burnt failed to disclose to investors the minimum investor proceeds under management that he believed were necessary for the covered-call program to function as represented to investors.

38. Of the \$4.5 million initially raised in connection with the Perimeter Wealth covered-call program, approximately \$1.4 million remains under management and subject to Burnt's complete control and approximately \$2.1 million remains subject to his trading control.

39. At Burnt's request in order for him to avoid sharing commissions with a salesman, two investors, representing approximately \$2.1 million, transferred their funds invested with Burnt and Perimeter Wealth to accounts controlled by Burnt and KSB.¹

40. Burnt made identical representations in describing the KSB denominated accounts to investors as he had done originally with Perimeter Wealth.

Burnt's Misrepresentations

41. Burnt represented to investors that: (1) investment returns were guaranteed to be 8%, 10% or 12% per annum; (2) Burnt would not be paid any

¹ For one of the KSB investor accounts, representing approximately \$2 million, Burnt has trading authority but does not have the authority to directly withdraw funds.

funds for his investing services unless investors were reaching their 8%, 10% or 12% annual returns; and (3) any shortfalls to the guaranteed returns or principal losses would be covered by a reserve account funded by Burnt.

42. Burnt knew these representations were false in that, even if his trading performance was sufficient, Burnt omitted to disclose to investors that his business model, as he believed it would function, could only work as promised if Burnt had assets under management of at least \$10 to \$12 million.

43. Burnt further omitted to disclose that his reserve account had only \$1,000 in it and that he was therefore incapable of repaying investors their initial investment principal.

44. Moreover, Burnt omitted to disclose to investors that he was drawing on investor funds for personal and business expenses prior to their earning the minimum guaranteed amounts.

45. Burnt also failed to disclose to investors that he had withdrawn funds from client accounts which he denominated as “loans” to Perimeter Wealth.

46. There has been no registration statement filed with the Commission with respect to the offering of these securities.

COUNT I—UNREGISTERED OFFERING OF SECURITIES

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

47. Paragraphs 1 through 46 are hereby realleged and are incorporated herein by reference.

48. No registration statement has been filed or is in effect with the Commission pursuant to the Securities Act and no exemption from registration exists with respect to the investments Burnt offered to investors.

49. From as early as September 2009 through July 2010, defendants Burnt and Perimeter Wealth, singly and in concert, have:

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

offer to buy securities, through the use or medium of any prospectus or otherwise,

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

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

COUNT II—FRAUD

**Violations of Section 17(a)(1) of the Securities Act
[15 U.S.C. § 77q(a)(1)]**

51. Paragraphs 1 through 46 are hereby realleged and are incorporated herein by reference.

52. Defendants Burnt and Perimeter Wealth, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

53. Defendants Burnt and Perimeter Wealth knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

54. While engaging in the course of conduct described above, defendants Burnt and Perimeter Wealth acted with scienter, that is, with an intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

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

COUNT III—FRAUD

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

56. Paragraphs 1 through 46 are hereby realleged and are incorporated herein by reference.

57. Defendants Burnt and Perimeter Wealth, in the offer and sale of the securities described herein, by use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly:

a. obtained money and property by means of untrue statements of material fact and omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

b. engaged in transactions, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities,

all as more particularly described above.

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

COUNT IV—FRAUD

Violations of 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]

59. Paragraphs 1 through 46 are hereby realleged and are incorporated herein by reference.

60. Defendants Burnt, Perimeter Wealth and KSB, in connection with the purchase and sale of securities described herein, by the use of the means and instrumentalities of interstate commerce and by use of the mails, directly and indirectly:

- a. employed devices, schemes, and artifices to defraud;
- b. made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and
- c. engaged in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the purchasers of such securities, all as more particularly described above.

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

62. By reason of the foregoing, defendants Burnt, Perimeter Wealth and KSB, directly and indirectly, have violated and, unless enjoined, will continue to violate 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].

COUNT V—FRAUD

**Violations of Section 206(1) of the Advisers Act
[15 U.S.C. § 80b-6(1)]**

63. Paragraphs 1 through 46 are hereby realleged and are incorporated herein by reference.

64. From at least September 2009 through July 2010, defendants Burnt, Perimeter Wealth and KSB, acting as investment advisers, using the mails and the means and instrumentalities of interstate commerce, directly and indirectly, employed devices, schemes and artifices to defraud one or more advisory clients and/or prospective clients.

65. Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud. In engaging in such conduct, Defendants acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.

66. By reason of the foregoing, Defendants, directly and indirectly, has violated, and, unless enjoined, Defendants will continue to violate Section 206(1) of the Advisers Act [15 U.S.C. § 80b-6(1)].

COUNT VI—FRAUD
Violations of Section 206(2) of the Advisers Act
[15 U.S.C. § 80b-6(2)]

67. Paragraphs 1 through 46 are hereby realleged and are incorporated herein by reference.

68. From at least September 2009 through July 2010, defendants Burnt, Perimeter Wealth and KSB, acting as investment advisers, by the use of the mails and the means and instrumentalities of interstate commerce, directly and indirectly, engaged in transactions, practices, and courses of business which would and did operate as a fraud and deceit on one or more advisory clients and/or prospective clients.

69. By reason of the foregoing, defendants Burnt, Perimeter Wealth and KSB , directly and indirectly, have violated and, unless enjoined, will continue to violate Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)]

COUNT VII—FRAUD
Violations of Section 206(4) of the Advisers Act
and Rule 206(4)-8 thereunder
[15 U.S.C. § 80b-6(4) and 17 C.F.R. § 275.206(4)-8]

70. Paragraphs 1 through 46 are hereby realleged and are incorporated herein by reference.

71. From at least September 2009 through July 2010, defendant Burnt and Perimeter Wealth, in connection with the purchase and sale of pooled investment vehicles described herein:

- a. made untrue statements of material facts and/or omitted to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, and
- b. engaged in acts, practices, and courses of business that was fraudulent, deceptive, and/or manipulative, all as more particularly described above.

72. Defendants Burnt and Perimeter Wealth knowingly, intentionally, and/or recklessly made untrue statements of material facts and omitted to state material facts, and engaged in fraudulent acts, practices and courses of business. In engaging in such conduct, Defendants acted with scienter, that is, with an intent

to deceive, manipulate or defraud or with a severely reckless disregard for the truth.

73. By reason of the foregoing, Defendants Burnt and Perimeter Wealth, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Commission respectfully prays for:

I.

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

II.

A temporary restraining order, preliminary and permanent injunctions enjoining the defendants Burnt and Perimeter Wealth, their officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, from violating, directly or

indirectly, Sections 5(a), 5(c), and 17(a) of the Securities Act [15 U.S.C. §§'s 77e(a), 77e(c) and 77q(a)], 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] and Sections 206(1), 206(2) and 206(4) of the Advisers Act [15 U.S.C. 80b-6(1), (2) and (4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

III.

A temporary restraining order, preliminary and permanent injunctions enjoining the defendant KSB, its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of the order of injunction, by personal service or otherwise, and each of them, from violating, directly or indirectly, 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] and Sections 206(1) and 206(2) of the Advisers [15 U.S.C. 80b-6(1) and (2)].

IV.

An order requiring an accounting of the use of proceeds of the sales of the securities described in this Complaint and the disgorgement by defendants of all ill-gotten gains or unjust enrichment with prejudgment interest, to effect the remedial

purposes of the federal securities laws, and an order freezing the assets and preserving documents of the defendants, to preserve the status quo.

V.

An order pursuant to Section 20(d) of the Securities Act [15 U.S.C. 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. 78u(d)(3)] and Section 209(e) of the Advisers Act [15 U.S.C. 80b-9(e)] imposing civil penalties against defendants.


VI.

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

Dated: December 20, 2010.

Respectfully submitted,

/s/ M. Graham Loomis
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Georgia Bar No. 457868
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The JS44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form is required for the use of the Clerk of Court for the purpose of initiating the civil docket record. (SEE INSTRUCTIONS ATTACHED)

I. (a) PLAINTIFF(S)

Securities and Exchange Commission

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF (EXCEPT IN U.S. PLAINTIFF CASES)

DEFENDANT(S)

Kenneth W. Burnt, Perimeter Wealth Financial Services, Inc. and KSB Financial, Inc.

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED

(c) ATTORNEYS (FIRM NAME, ADDRESS, TELEPHONE NUMBER, AND E-MAIL ADDRESS)

Alex Rue
Securities and Exchange Commission
Atlanta Regional Office
3475 Lenox Road, N.E., Suite 500
Atlanta, Georgia 30326-1232
Telephone No. (404) 842-7616, E-mail: ruea@sec.gov

ATTORNEYS (IF KNOWN)

WSD

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. GOVERNMENT PLAINTIFF
2 U.S. GOVERNMENT DEFENDANT
3 FEDERAL QUESTION (U.S. GOVERNMENT NOT A PARTY)
4 DIVERSITY (INDICATE CITIZENSHIP OF PARTIES IN ITEM III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT) (FOR DIVERSITY CASES ONLY)

- PLF DEF PLF DEF
1 1 CITIZEN OF THIS STATE 4 4 INCORPORATED OR PRINCIPAL PLACE OF BUSINESS IN THIS STATE
2 2 CITIZEN OF ANOTHER STATE 5 5 INCORPORATED AND PRINCIPAL PLACE OF BUSINESS IN ANOTHER STATE
3 3 CITIZEN OR SUBJECT OF A FOREIGN COUNTRY 6 6 FOREIGN NATION

IV. ORIGIN (PLACE AN "X" IN ONE BOX ONLY)

- 1 ORIGINAL PROCEEDING
2 REMOVED FROM STATE COURT
3 REMANDED FROM APPELLATE COURT
4 REINSTATED OR REOPENED
5 TRANSFERRED FROM ANOTHER DISTRICT (Specify District)
6 MULTIDISTRICT LITIGATION
7 APPEAL TO DISTRICT JUDGE FROM MAGISTRATE JUDGE JUDGMENT

V. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE - DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY)

Defendants have engaged in acts and practices that constitute violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§77e(a), 77e(c) and 77q(a)], Section 10(b) of the Securities and Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10(b)-5 thereunder [17 C.F.R. §240.10b-5].

(IF COMPLEX, CHECK REASON BELOW)

- 1. Unusually large number of parties.
2. Unusually large number of claims or defenses.
3. Factual issues are exceptionally complex
4. Greater than normal volume of evidence.
5. Extended discovery period is needed.
6. Problems locating or preserving evidence
7. Pending parallel investigations or actions by government.
8. Multiple use of experts.
9. Need for discovery outside United States boundaries.
10. Existence of highly technical issues and proof.

CONTINUED ON REVERSE

FOR OFFICE USE ONLY

RECEIPT # AMOUNT \$ APPLYING IFP MAG. JUDGE (IFP)
JUDGE MAG. JUDGE (Referral) NATURE OF SUIT CAUSE OF ACTION

850 15:0077

VI. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

CONTRACT - "0" MONTHS DISCOVERY TRACK

- 150 RECOVERY OF OVERPAYMENT & ENFORCEMENT OF JUDGMENT
- 152 RECOVERY OF DEFAULTED STUDENT LOANS (Excl. Veterans)
- 153 RECOVERY OF OVERPAYMENT OF VETERAN'S BENEFITS

CONTRACT - "4" MONTHS DISCOVERY TRACK

- 110 INSURANCE
- 120 MARINE
- 130 MILLER ACT
- 140 NEGOTIABLE INSTRUMENT
- 151 MEDICARE ACT
- 160 STOCKHOLDERS' SUITS
- 190 OTHER CONTRACT
- 195 CONTRACT PRODUCT LIABILITY
- 196 FRANCHISE

REAL PROPERTY - "4" MONTHS DISCOVERY TRACK

- 210 LAND CONDEMNATION
- 220 FORECLOSURE
- 230 RENT LEASE & EJECTMENT
- 240 TORTS TO LAND
- 245 TORT PRODUCT LIABILITY
- 290 ALL OTHER REAL PROPERTY

TORTS - PERSONAL INJURY - "4" MONTHS DISCOVERY TRACK

- 310 AIRPLANE
- 315 AIRPLANE PRODUCT LIABILITY
- 320 ASSAULT, LIBEL & SLANDER
- 330 FEDERAL EMPLOYERS' LIABILITY
- 340 MARINE
- 345 MARINE PRODUCT LIABILITY
- 350 MOTOR VEHICLE
- 355 MOTOR VEHICLE PRODUCT LIABILITY
- 360 OTHER PERSONAL INJURY
- 362 PERSONAL INJURY - MEDICAL MALPRACTICE
- 365 PERSONAL INJURY - PRODUCT LIABILITY
- 368 ASBESTOS PERSONAL INJURY PRODUCT LIABILITY

TORTS - PERSONAL PROPERTY - "4" MONTHS DISCOVERY TRACK

- 370 OTHER FRAUD
- 371 TRUTH IN LENDING
- 380 OTHER PERSONAL PROPERTY DAMAGE
- 385 PROPERTY DAMAGE PRODUCT LIABILITY

BANKRUPTCY - "0" MONTHS DISCOVERY TRACK

- 422 APPEAL 28 USC 158
- 423 WITHDRAWAL 28 USC 157

CIVIL RIGHTS - "4" MONTHS DISCOVERY TRACK

- 441 VOTING
- 442 EMPLOYMENT
- 443 HOUSING/ ACCOMMODATIONS
- 444 WELFARE
- 440 OTHER CIVIL RIGHTS
- 445 AMERICANS with DISABILITIES - Employment
- 446 AMERICANS with DISABILITIES - Other

IMMIGRATION - "0" MONTHS DISCOVERY TRACK

- 462 NATURALIZATION APPLICATION
- 463 HABEAS CORPUS- Alien Detainee
- 465 OTHER IMMIGRATION ACTIONS

PRISONER PETITIONS - "0" MONTHS DISCOVERY TRACK

- 510 MOTIONS TO VACATE SENTENCE
- 530 HABEAS CORPUS
- 535 HABEAS CORPUS DEATH PENALTY
- 540 MANDAMUS & OTHER
- 550 CIVIL RIGHTS - Filed Pro se
- 555 PRISON CONDITION(S) - Filed Pro se

PRISONER PETITIONS - "4" MONTHS DISCOVERY TRACK

- 550 CIVIL RIGHTS - Filed by Counsel
- 555 PRISON CONDITION(S) - Filed by Counsel

FORFEITURE/PENALTY - "4" MONTHS DISCOVERY TRACK

- 610 AGRICULTURE
- 620 FOOD & DRUG
- 625 DRUG RELATED SEIZURE OF PROPERTY 21 USC 881
- 630 LIQUOR LAWS
- 640 R.R. & TRUCK
- 650 AIRLINE REGS.
- 660 OCCUPATIONAL SAFETY / HEALTH
- 690 OTHER

LABOR - "4" MONTHS DISCOVERY TRACK

- 710 FAIR LABOR STANDARDS ACT
- 720 LABOR/MGMT. RELATIONS
- 730 LABOR/MGMT. REPORTING & DISCLOSURE ACT
- 740 RAILWAY LABOR ACT
- 790 OTHER LABOR LITIGATION
- 791 EMPL. RET. INC. SECURITY ACT

PROPERTY RIGHTS - "4" MONTHS DISCOVERY TRACK

- 820 COPYRIGHTS
- 840 TRADEMARK

PROPERTY RIGHTS - "8" MONTHS DISCOVERY TRACK

- 830 PATENT

SOCIAL SECURITY - "0" MONTHS DISCOVERY TRACK

- 861 HIA (1395ff)
- 862 BLACK LUNG (923)
- 863 DIWC (405(g))
- 863 DIWW (405(g))
- 864 SSID TITLE XVI
- 865 RSI (405(g))

FEDERAL TAX SUITS - "4" MONTHS DISCOVERY TRACK

- 870 TAXES (U.S. Plaintiff or Defendant)
- 871 IRS - THIRD PARTY 26 USC 7609

OTHER STATUTES - "4" MONTHS DISCOVERY TRACK

- 400 STATE REAPPORTIONMENT
- 430 BANKS AND BANKING
- 450 COMMERCE/ICC RATES/ETC.
- 460 DEPORTATION
- 470 RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS
- 480 CONSUMER CREDIT
- 490 CABLE/SATELLITE TV
- 810 SELECTIVE SERVICE
- 875 CUSTOMER CHALLENGE 12 USC 3410
- 891 AGRICULTURAL ACTS
- 892 ECONOMIC STABILIZATION ACT
- 893 ENVIRONMENTAL MATTERS
- 894 ENERGY ALLOCATION ACT
- 895 FREEDOM OF INFORMATION ACT
- 900 APPEAL OF FEE DETERMINATION UNDER EQUAL ACCESS TO JUSTICE
- 950 CONSTITUTIONALITY OF STATE STATUTES
- 890 OTHER STATUTORY ACTIONS

OTHER STATUTES - "8" MONTHS DISCOVERY TRACK

- 410 ANTITRUST
- 850 SECURITIES / COMMODITIES / EXCHANGE

OTHER STATUTES - "0" MONTHS DISCOVERY TRACK

- ARBITRATION (Confirm / Vacate / Order / Modify)

(Note: Mark underlying Nature of Suit as well)

*** PLEASE NOTE DISCOVERY TRACK FOR EACH CASE TYPE. SEE LOCAL RULE 26.3**

VII. REQUESTED IN COMPLAINT:

CHECK IF CLASS ACTION UNDER F.R.Civ.P. 23 DEMAND \$ _____

JURY DEMAND YES NO (CHECK YES ONLY IF DEMANDED IN COMPLAINT)

VIII. RELATED/REFILED CASE(S) IF ANY

JUDGE _____ DOCKET NO. _____

CIVIL CASES ARE DEEMED RELATED IF THE PENDING CASE INVOLVES: (CHECK APPROPRIATE BOX)

- 1. PROPERTY INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- 2. SAME ISSUE OF FACT OR ARISES OUT OF THE SAME EVENT OR TRANSACTION INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- 3. VALIDITY OR INFRINGEMENT OF THE SAME PATENT, COPYRIGHT OR TRADEMARK INCLUDED IN AN EARLIER NUMBERED PENDING SUIT.
- 4. APPEALS ARISING OUT OF THE SAME BANKRUPTCY CASE AND ANY CASE RELATED THERETO WHICH HAVE BEEN DECIDED BY THE SAME BANKRUPTCY JUDGE.
- 5. REPETITIVE CASES FILED BY PRO SE LITIGANTS.
- 6. COMPANION OR RELATED CASE TO CASE(S) BEING SIMULTANEOUSLY FILED (INCLUDE ABBREVIATED STYLE OF OTHER CASE(S)):
- 7. EITHER SAME OR ALL OF THE PARTIES AND ISSUES IN THIS CASE WERE PREVIOUSLY INVOLVED IN CASE NO. _____, WHICH WAS DISMISSED. This case IS IS NOT (check one box) SUBSTANTIALLY THE SAME CASE.

SIGNATURE OF ATTORNEY OF RECORD _____

DATE 12/20/2010