

UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
ORLANDO DIVISION

CASE NO. 6:07-CV-0608-ORL-22-DAB

SECURITIES AND EXCHANGE COMMISSION,	)
	)
Plaintiff,	)
v.	)
	)
AQUACELL BATTERIES, INC. and	)
MICHAEL J. NASTE,	)
	)
Defendants,	)
	)
AQUACELL BATTERIES FLORIDA, INC.,	)
ETERENERGY, INC.,	)
GAMING SOFTWARE, INC.	)
(f/k/a BET-NET ENTERPRISES, INC.),	)
GAMING SOFTWARE INTERNATIONAL,	)
GODFATHER'S, INC.,	)
MIGHTY MUSCLE CARS, INC., and	)
HOLLYWOOD MOVIE HAIR PRODUCTS, INC.	)
	)
Relief Defendants.	)
	)

U.S. DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA  
ORLANDO, FLORIDA

2007 APR 12 AM 10:52

FILED

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission alleges:

**I. INTRODUCTION**

1. The Commission brings this action to enjoin Aquacell Batteries, Inc. ("Aquacell" or "the Company") and Michael J. Naste (collectively "Defendants") from continuing to defraud investors through the sale of Aquacell's securities in violation of the antifraud and registration provisions of the federal securities laws.

2. From at least May 2002 to the present, Aquacell and Naste, the Company's principal and Chief Executive Officer, have raised more than \$4.7 million from at least 35 unsophisticated and unaccredited investors by offering and selling unregistered securities in the form of Stock Purchase and Loan Agreements or Investment Agreements in which they promise lucrative returns up to 50%, ostensibly generated by the supposedly imminent licensing of Aquacell's new energy technologies and allegedly revolutionary products.

3. In connection with the offer and sale of Aquacell's securities, the Defendants have made numerous material misrepresentations and omissions to investors. The Defendants claim to have an experienced and successful management team and a highly-qualified staff of scientists and engineers. The Defendants also claim they have developed a new energy source, called Eternergy, which they insist will replace oil, gas, coal and other sources of energy within 15 years. The Defendants also profess to have developed other breakthrough products including a fire retardant gel, an additive that extends gas mileage by hundreds of miles, and a fraud-proof credit card, among others. Naste and Aquacell represent the Company is financially sound with extremely lucrative licensing and development opportunities.

4. All of these claims are patently false. Aquacell has no management team or employees other than Naste, and no patents, licenses, contracts or products. Additionally, the Defendants have failed to disclose to investors that the state of Pennsylvania issued cease-and-desist orders and a bar against them for state securities violations.

5. Contrary to the Defendants' representations to investors that they will use investors' money to expand the Company's research and development facility and bring

non-exempt offer and sale of Aquacell securities in Pennsylvania (“C&D Order”). On May 17, 2006, the Pennsylvania Securities Commission rescinded the C&D Order and replaced it with a one-year bar (“Bar Order”), barring Aquacell from offering or selling its securities in Pennsylvania, among other things.

8. Naste, 54, resides in New Smyrna Beach, Florida, is the founder and CEO of Aquacell, and an officer or principal controlling seven companies through which he has diverted investor funds, and which the Commission names as Relief Defendants in this action. As part of the C&D Order and subsequent Bar Order, the Pennsylvania Securities Commission also ordered Naste to cease and desist from offering Aquacell securities in Pennsylvania, and later barred Naste from acting as a promoter, officer or director of an issuer offering or selling securities in Pennsylvania for one year. Naste has never been registered with the Commission in any capacity.

#### **B. Relief Defendants**

9. Aquacell Batteries Florida, Inc. is a privately held Florida company incorporated in October 2005, with its principal place of business in New Smyrna Beach, Florida. Naste is the company’s president and has signature authority over its bank account. Since its incorporation, it has received more than \$31,000 in investor funds directly from Aquacell.

10. Eternergy, Inc. is a privately held Nevada company incorporated in April 2002, with a registered office in Las Vegas, Nevada. Naste is the company’s president and has signature authority over its bank account. Since its incorporation, it has received more than \$402,000 in investor funds directly from Aquacell.

11. Gaming Software, Inc., f.k.a. Bet-Net Enterprises, Inc., is an unincorporated privately held company formerly incorporated in Nevada in December 1995. Naste is the company's treasurer and one of its directors, and has signature authority over its bank account. Since its inception, it has received more than \$103,000 in investor funds directly from Aquacell.

12. Gaming Software International is a privately held Nevada company incorporated in June 1998, with a registered office in Las Vegas, Nevada. Naste is the company's secretary and one of its directors. Since its incorporation, it has received more than \$114,000 in investor funds directly from Aquacell.

13. Godfather's, Inc. is a privately held Florida company incorporated in June 2004, with a registered office in New Smyrna Beach, Florida. Naste is the company's CEO, and has signature authority over its bank account. Since its incorporation, it has received more than \$53,000 in investor funds directly from Aquacell

14. Mighty Muscle Cars, Inc. is a privately held Florida company incorporated in July 2004, with its principal place of business in New Smyrna Beach, Florida. Naste is the company's CEO and has signature authority over its bank account. Since its incorporation, it has received more than \$42,500 in investor funds directly from Aquacell.

15. Hollywood Movie Hair Products, Inc. is an unincorporated, privately held company founded by Naste in December 2003, with its principal place of business in New Smyrna Beach, Florida. Naste is the company's president and has signature authority over its bank account. Since its inception, it has received more than \$81,000 in investor funds directly from Aquacell.

### **III. JURISDICTION AND VENUE**

16. The Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d), and 77v(a); and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

17. This Court has personal jurisdiction over the Defendants, and venue is proper in the Middle District of Florida because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the Middle District of Florida. In addition, Aquacell's principal place of business is in the Middle District of Florida, and Naste resides in the Middle District of Florida.

18. In connection with the conduct alleged in this Complaint, the Defendants, directly and indirectly, singly or in concert with others, have made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

### **IV. THE DEFENDANTS' FRAUDULENT OFFERING**

#### **A. Aquacell's Alleged Business**

19. Aquacell purports to be in the business of researching and developing alternative technologies and products. The Defendants, through Aquacell's website, and in materials provided to and conversations with prospective investors, claim to have developed a new energy source known as Eternergy that will change the power industry over the next fifteen years. Aquacell has echoed this claim in an on-line energy forum in which it stated that Eternergy "will revolutionize the world" and "will, over a period of 15 to 20 years, REPLACE oil, gas, coal, nuclear power, and other earth damaging sources of energy."

20. The Defendants have also represented to prospective investors that, in addition to its Eternergy battery, Aquacell's team of scientists and engineers are working on other products intended for release in the near future, including a highly oxygenated water product that strengthens a consumer's immune system ("Turbo3"); a fire retardant gel or spray, ("Neverburn"); a hydrogen cartridge that can increase a car's gas mileage by two hundred miles per tank ("GasXtender"); a replacement for platinum ("Platinum Replacement"); an automobile that runs for months on Eternergy technology ("Eternergy Automobile"); an insect repellent ("Mega-Repel"); and a completely fraud-resistant credit card ("Plastic Genius").

21. The Defendants have also represented to prospective investors that established companies such as Duracell and Dell have expressed interest in licensing Aquacell's battery products. They have told investors other prominent companies have expressed interest in Aquacell's so-called revolutionary products, with each potential license worth millions of dollars.

### **B. Overview of the Fraudulent Investment and Offering**

22. The Defendants have been offering investments in Aquacell to the general public since at least May 2002 through Aquacell's website and Naste personally. Naste is responsible for creating and approving all materials posted on Aquacell's websites.

23. According to various versions of its website over the past three years, Aquacell "is seeking to secure minimum funding of \$10,000,000 from interested individuals with the vision to see the enormous potential of [Aquacell's] new alternative technology" and "offers generous rewards to those who qualify."

24. The terms of Aquacell's offering vary somewhat from investor to investor, but are usually memorialized in a Stock Purchase and Loan Agreement or Investment Agreement created by Naste and pursuant to which, in return for a loan, Aquacell usually offers investors common stock, along with repayment of principal plus up to a 50 % return occurring within time periods ranging from approximately one to thirty months. Under one version of the agreement, in February 2005, Naste promised an investor 625 shares of Aquacell stock for loaning \$800,000 to Aquacell, without describing loan terms. Naste told another prospective investor she would get stock in Aquacell and her investment of \$13,000 could become \$50,000.

25. Naste solicits investors primarily through Aquacell's website, which has a "contact us" feature inviting interested viewers to contact Aquacell by clicking on an e-mail link. When an interested individual clicks on the link, it directs the prospective investor to one of Naste's e-mail addresses. Naste then personally solicits the potential investor. Naste has also directly solicited prospective investors and referred the investors to the website during his pitch.

26. Before January 2007, anyone with a computer and Internet access could access the website. Since then, the website has required a password, but at least two individuals the Commission contacted obtained the password to the new website. Thus, the restriction on the website is illusory and the Defendants are still conducting a general solicitation.

27. Since the commencement of the offering, the Defendants have raised more than \$4.7 million from at least 35 largely unsophisticated investors nationwide through the

offer and sale of Aquacell's securities. The Defendants have made no attempt to find out whether Aquacell's investors were "qualified" or "accredited" in any way.

### **C. Fraudulent Misrepresentations and Omissions**

28. In connection with Aquacell's unregistered offering of investments, the Defendants have made numerous material misrepresentations and omissions regarding Aquacell's management team and operations, its purported revolutionary products, its assets and acquisitions, the existence of imminent licensing agreements with well-known companies, its financial future, the use of investor funds, and the Defendants' regulatory history.

#### **1. Management Team and Operations**

29. Many of the Defendants' misstatements and omissions concern Aquacell's management and operations. The Defendants claim Naste has owned and operated many successful business ventures over the past thirty years.

30. In one on-line posting, Naste boasted he "owned and operated many multi-million dollar corporations" and "made MANY millions of dollars developing, operating, and improving companies." Aquacell's website also describes Naste as having "been involved in many successful business ventures over the last 30 years," and having "developed" among other successful products, "The Pocket Web, Plastic Genius, The Smart Phone, and many computer programs used on the internet today."

31. Naste's biography on Aquacell's website describes him as having obtained a Bachelor's degree in business administration from Michigan State University and a Bachelor's degree in international business from Pace University.



32. In truth, Naste has never been associated with a single financially successful business venture, and the Defendants have never developed even one working prototype of any purported invention.

33. Furthermore, the only college degree Naste has ever earned is an Associate's degree from the New York Technical College where he majored in Graphics Technology. Although Aquacell's website represents that Naste obtained degrees from Michigan State University and Pace University, the only diplomas he has produced related to these statements are for fictional schools named Paice University and Michigan University, which he obtained from online diploma mills as something called "life degrees."

34. Naste has also fabricated an entire management team and company operations structure. Aquacell claims to have an experienced and successful management team composed of leaders in their fields, including:

- a President (Defendant Naste's brother), whose "Hard work, Loyalty, Honesty, and Dedication has [*sic*] brought success to [him] throughout his 25 years of business administrations;"
- a Vice President of Engineering "who has put together an engineering background that is priceless, which will be a tremendous asset to our organization;"
- a Vice President of Operations "who has proved to be a leader in the industry, using his experience and knowledge to maximize a companies [*sic*] bottom line;"
- a Vice President of Marketing who "took a 28 thousand dollar business and built it into the largest distributor of solar heating products in the country;"
- a Systems Engineer who "comes to our team with 20 years of technical engineering skills;" and
- a Communications Specialist who "[a]s a member of our team ... will bring experience in the data communications field that will be essential to many of our energy products."

35. None of the individuals represented to be President, Vice President of Marketing, Systems Engineer, and Communications Specialist have any current relationship with Aquacell, and none have ever provided any services to Naste or Aquacell. Others, including the individual listed as Vice President of Operations, only planned on joining Aquacell in the future. No one listed on the website as being on the management team, other than Naste, has ever been an employee of Aquacell.

36. On the website and in offering materials, the Defendants also claim Aquacell has a highly-qualified team of scientists and engineers who are working on several revolutionary, alternative energy projects.

37. These claims are also utterly false. Aquacell's sole "engineer" works out of his house, has no engineering degree and no engineering experience, and is only a graduate of a technical school where he studied tool design. The only thing this individual has ever done for Aquacell involved a failed attempt to create a crude battery, for which Naste paid him \$20,000. Aquacell's "team of scientists" consists of a flight instructor with no scientific background who performed consulting services in late 2006, and a part-time consultant who resides in Canada and lacks any scientific background or degree.

38. The Defendants' representation that Aquacell has owned a research and development facility since as early as November 2004 is also false. Aquacell did not own any type of facility until May 19, 2006. The facility, which consists of a few offices and some virtually unused machinery, is used solely to seduce potential investors into believing that Aquacell's operations are real. Naste gives tours of this alleged research and development facility to prospective investors.

**2. No Revolutionary Products Are Under Development**

39. The Defendants' misstatements and omissions also concern Aquacell's products. Aquacell's premier product is supposedly a new energy source known as Eternergy. Aquacell claims to have already created an everlasting, 100 % environmentally safe and recyclable common battery that uses Eternergy technology and runs on water.

40. The Defendants also have represented to prospective investors they have created specialty batteries for use in cell phones, camcorders, and laptops and in various fields, including transportation, home, industrial, medical, homeland security, weapons, and communications. Naste represented to at least one potential investor that one of Aquacell's battery prototypes has already run non-stop for six years. Naste has given demonstrations of the Eternergy technology to potential investors either personally or in a video, during which Naste displays several Styrofoam cups of water supposedly generating an electric current and also shows investors a clock he claims has been running non-stop on an Eternergy battery for six years.

41. As discussed above in Paragraph 20, Aquacell also claims to have developed a number of other revolutionary products, including Neverburn, the GasXtender, a car powered by Eternergy technology, and an insect repellent.

42. The Defendants do not possess any form of alternative energy technology. First, Naste's explanations of the Eternergy technology's creation to prospective investors are contradictory. He told some prospective investors he bought the technology from a now-deported Iranian scientist, but told others he created the technology himself.

43. Second, Aquacell has used minimal investor funds, if any, on research and development of any technology or product, and has no working prototypes. With no revenue, scientists, or engineers, and a bogus research and development facility used only for show, it is impossible for Aquacell to have developed any of the technologies or products listed on its website and touted by Naste.

44. By Naste's own admission, Aquacell's batteries require at least another full year of research and development before they can be marketed. According to Aquacell's "Chief Engineer," Aquacell's only prototype battery never worked in a cell phone and is not functional.

45. Although the website refers to these products as existing breakthroughs, by Naste's own admission "Neverburn" still needs millions of dollars in funding and months before Aquacell could market it. The GasXtender still needs \$3 to \$5 million of additional funding and then would require eight to ten months of research before being marketable. Finally, none of the products touted on Aquacell's website will be ready to market for at least another six months.

### **3. Assets and Acquisitions**

46. The Defendants also misrepresent Aquacell's assets and acquisitions. Aquacell's website claims Naste has invested approximately \$6 million of his own money to develop and perfect the Eternergy technology, a claim Naste also repeated to prospective investors. In fact, most of the \$6 million Naste claims to have invested constitutes what Naste calls his own sweat equity through unspecified time he claims he spent working on

Aquacell matters, and he cannot identify any individual paid to develop Aquacell products with his own money.

47. In November 2004, Aquacell's website also announced the Company had purchased an engineering firm and a parts manufacturer and stated these acquisitions "will be huge assets to [Aquacell's] corporate portfolio." Aquacell actually paid only \$100,000, a fourth of the agreed-upon purchase price, as a deposit. The entity was not an engineering company but a product and tool-design company. Similarly, although Aquacell purchased machinery from a parts manufacturer, it never acquired the entity itself.

#### **4. No Imminent Licensing Agreements**

48. The Defendants have also misrepresented Aquacell's potential for entering into lucrative licensing agreements. Aquacell claims on its website, as does Naste to prospective investors, that several prominent companies, including Duracell and Dell, have expressed interest in licensing Aquacell's various products. Naste also told one investor a pacemaker company had expressed strong interest in Aquacell's battery product. During meetings with investors and potential investors, Naste has held up a stack of "letters of intent" he claimed to be from various prominent companies.

49. In addition, Naste posted on Aquacell's website a list of potential licensing contracts for the Eternergy technology, which includes companies such as Duracell, Toshiba, Black & Decker, Cannon, Dell, IBM, and Exxon, as well as a range of likely licensing contract sales prices, from \$200 million to \$550 million per agreement. The website states that many of these companies have expressed interest in Aquacell's alternative technologies.

Aquacell's website also states that other applications of its technologies can produce another \$2 billion in revenues to Aquacell.

50. Naste simply made up the sales and revenue figures projected on the website. In reality, Aquacell has never had a single revenue-generating contract and not a single licensing agreement appears imminent. Naste has provided no support for Aquacell's claim that any of the above-listed companies posted on Aquacell's website want to license Aquacell's products.

51. Naste never mentioned to potential investors there was a risk that Aquacell would not secure a single licensing agreement. Although Aquacell's 2006 website contains a section called "risk factors," it only addresses the "competitive response" to Aquacell's technology and states there "is little chance that the major battery manufacturing companies will decide to slash prices based on the entry of AQUACELL into the market. For one reason, they could never manufacture acid batteries as inexpensively as our alternative energy batteries. As such no competitive response is expected from these major players that would negatively impact the position of AQUACELL in the industry."

### **5. Fraudulent Financial Projections**

52. Aquacell and Naste have made fraudulent financial projections of Aquacell's profitability based upon the non-existent licensing agreements. Since at least June 2004, Naste posted on Aquacell's website various versions of an Aquacell Business Plan containing financial statements filled with bogus financial projections. Naste created and approved those Business Plans and has directly sent one to at least one prospective investor.

53. Each version of the Business Plan includes a “Five Year Financial Plan,” a “Five Year Cash Flow and Profit” and a “Balance Sheet Summary,” reflecting millions of dollars in assets, sales, revenues, and profits.

54. For example, as late as October 2005, Aquacell’s Business Plan predicted total sales of \$10 million in 2005 and pre-tax net profit of more than \$5.5 million, reflecting identical after-tax profits, despite Aquacell having no finished product and no sales. Further, without providing any basis for its outlandish claim, Aquacell projected sales of \$287.5 million in 2006 and \$647 million in 2007. Aquacell also stated in this business plan that “[d]ividends paid to shareholders will total over \$1.0 Billion for the first 5 years.”

55. In its October 2005 Business Plan, Aquacell also included a “Balance Sheet Summary,” which depicted Aquacell as having nearly \$15 million in cash in 2005, its first year of operation, and projecting total current assets to grow from \$302 million in 2005 to more than \$960 million by 2009. In a more recent version, posted on the website on May 30, 2006, Aquacell’s total current assets were still listed in the millions, with more than \$120 million projected for year end 2006.

56. Naste knowingly based these projections upon the Company’s illusory licensing agreements which never materialized and which Naste had no basis to expect. Naste simply fabricated Aquacell’s expected licensing revenue, based on nothing but his imagination. Aquacell has no licensing agreements, has no products that could be the basis for licensing agreements, lacks even a working prototype for any such product, and has had no discussions with any of the established companies described in its website or Naste’s statements to investors that could reasonably indicate a real possibility of a licensing

agreement. As such, all the projections set forth in the Business Plans were completely baseless.

### **6. Misuse and Misappropriation of Investor Funds**

57. Naste has also misused and misappropriated investor funds. He has told prospective investors Aquacell will use their investment to pay the Company's operating costs, including a new research and development facility, researching and developing products, and manufacturing prototypes to be marketed to battery companies.

58. Instead, Naste has diverted millions in investor money to fund his lavish lifestyle, including the purchase of collectible automobiles, real estate, and a yacht, and has diverted funds to family members. Naste is a gambler and spends as much as \$60,000 a year on various lotteries.

59. Naste has used Aquacell's account as his own personal piggy bank. He has repeatedly withdrawn cash from Aquacell's account, as much as \$741,000 in the past four years, and spent at least \$327,000 of investor funds on cars, a boat, travel, credit card bills, and insurance.

60. Naste transferred at least \$599,000 directly from Aquacell's account to his children. He has paid at least \$314,000 to his wife and at least \$62,000 to his girlfriend from the same account.

61. Naste also has diverted at least \$950,000 to accounts he controls, including \$827,000 to accounts in the names of the Relief Defendants. Naste also has one offshore account in the Bahamas, and records show he has deposited at least one check drawn from Aquacell and payable to himself into that account.



### **7. Past Regulatory History**

62. The Defendants have failed to disclose to investors and prospective investors that in July 2005, the Pennsylvania Securities Commission ordered them to cease and desist, and subsequently barred them, from selling unregistered securities in Pennsylvania. Naste never told potential investors about either the C&D Order or the Bar Order against him and Aquacell. Aquacell's website has made no reference to either order.

## **V. CLAIMS FOR RELIEF**

### **COUNT I**

#### **Sales of Unregistered Securities in Violation of Sections 5(a) and 5(c) of the Securities Act**

63. The Commission repeats and realleges paragraphs 1 through 62 of its Complaint.

64. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this Complaint, and no exemption from registration exists with respect to the securities and transactions described in this Complaint.

65. Starting no later than May 2002, the Defendants, directly and indirectly, have been: (a) making 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) carrying securities or causing 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 delivery after sale; or (c) making 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 through the use or medium of any prospectus or otherwise, without a registration statement having been filed or being in effect with the Commission as to such securities.

66. By reason of the foregoing, the Defendants have violated, and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

## **COUNT II**

### **Fraud in Violation of Section 17(a)(1) of the Securities Act**

67. The Commission repeats and realleges paragraphs 1 through 62 of its Complaint.

68. Starting no later than May 2002, the Defendants directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, have been knowingly, willfully or recklessly employing devices, schemes or artifices to defraud.

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

## **COUNT III**

### **Fraud in Violation of Sections 17(a)(2) and 17(a)(3) of the Securities Act**

70. The Commission repeats and realleges paragraphs 1 through 62 of its Complaint.

71. Starting no later than May 2002, the Defendants, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce

and by the use of the mails, in the offer or sale of securities, have been: (a) obtaining money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

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

#### **COUNT IV**

##### **Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

73. The Commission repeats and realleges paragraphs 1 through 62 of its Complaint.

74. Starting no later than May 2002, the Defendants, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, have been knowingly, willfully or recklessly: (a) employing devices, schemes or artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaging in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

75. By reason of the foregoing, the Defendants have directly or indirectly 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, 17 C.F.R. § 240.10b-5.

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court:

**I.**

**Declaratory Relief**

Declare, determine and find that the Defendants have committed the violations of the federal securities laws alleged herein.

**II.**

**Temporary Restraining Order, Preliminary Injunction and Permanent Injunction**

Issue a Temporary Restraining Order, a Preliminary Injunction and a Permanent Injunction, restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Sections 5(a), 5(c), and 17(a) of the Securities Act, and Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, as indicated above.

**III.**

**Asset Freeze and Sworn Accountings**

Issue an Order freezing the assets of all Defendants and Relief Defendants until further Order of the Court and requiring the Defendants and Relief Defendants to file with this Court sworn written accountings.

and by the use of the mails, in the offer or sale of securities, have been: (a) obtaining money or property by means of untrue statements of material facts and omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaging in transactions, practices and courses of business which are now operating and will operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

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

#### **COUNT IV**

##### **Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder**

73. The Commission repeats and realleges paragraphs 1 through 62 of its Complaint.

74. Starting no later than May 2002, the Defendants, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, have been knowingly, willfully or recklessly: (a) employing devices, schemes or artifices to defraud; (b) making untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaging in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

IV.

**Appointment of a Receiver**

Issue an Order appointing a receiver over all assets held in the name of the Defendants and Relief Defendants to (1) preserve the status quo; (2) ascertain the financial condition of each of the Defendants and Relief Defendants; (3) prevent further dissipation of the property and assets of each of the Defendants and Relief Defendants to prevent loss, damage and injury to investors; (4) preserve the books, records and documents of each of the Defendants and Relief Defendants; and (5) be available to respond to investor inquiries.

V.

**Records Preservation**

Issue an Order requiring the Defendants to preserve any records related to the subject matter of this lawsuit that are in their custody or possession or subject to their control.

VI.

**Disgorgement**

Issue an Order directing the Defendants to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

VII.

**Penalties**

Issue an Order directing the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

**VIII.**

**Repatriation of Investor Proceeds**

Issue an Order requiring the Defendants to take such steps as necessary to repatriate to the territory of the United States all funds and assets of investors described in the Commission's Complaint in this action which are held by them or are under their direct or indirect control, and deposit such funds into the registry of the United States District Court for the Middle District of Florida, and provide the Commission and the Court a written description of the funds and assets repatriated.

**IX.**

**Further Relief**

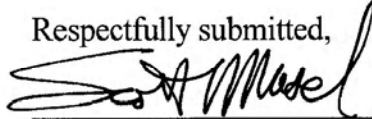
Grant such other and further relief as may be necessary and appropriate.

**X.**

**Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

April 12, 2007

Respectfully submitted,  
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