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9 UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
10 FRESNO DIVISION
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13 SECURITIES AND EXCHANGE COMMISSION,
14 Plaintiff,
15 v.
16 FACEPRINT GLOBAL SOLUTIONS, INC; and
PIERRE COTE,
17 Defendants.
18

Case No. 1:07-cv-01251-OWW-NEW
COMPLAINT

19 Plaintiff Securities and Exchange Commission (the "Commission") alleges:

20 **SUMMARY OF THE ACTION**

21 1. From December 2004 to May 2006, defendant Pierre Cote ("Cote") surreptitiously
22 sold millions of shares of FacePrint Global Solutions, Inc. ("FacePrint" or the "Company") stock in
23 an illicit scheme to finance a struggling penny-stock company he controlled. Cote, CEO of start-up
24 technology company FacePrint, located in Fresno, California, failed to provide investors with
25 required disclosures concerning \$1.5 million in stock sales, including that the proceeds of the sales
26 were to be used as critical financing for the Company's operations. In failing to file disclosure
27 documents called "registration statements" with the Commission before selling the stock, Cote and
28 Faceprint violated the securities laws.

DEFENDANTS

9. Defendant Pierre Cote, age 54, resides in Fresno, California. At all relevant times, Cote was FacePrint's CEO and President, and he has been the Chairman of its Board of Directors since early 2005. At all relevant times, Cote has owned more than 5% of FacePrint's shares.

10. Defendant FacePrint Global Solutions, Inc. is a Wyoming corporation located in Fresno, California. FacePrint incurred obligations to file with the Commission certain publicly available periodic reports under Section 15(d) of the Exchange Act on effectiveness of its initial registration statement on Commission Form SB-2 for an offering under the Securities Act, and has been reporting since June 2004. On March 22, 2006, FacePrint registered with the Commission a class of common stock under Section 12(g) of the Exchange Act. FacePrint's shares are quoted on the OTC Bulletin Board.

FACTUAL ALLEGATIONS

A. Defendants Transfer And Issue FacePrint Stock to Nominees Whose Accounts They Control

11. FacePrint holds itself out to the public as a start-up technology company attempting to develop facial recognition software called "EZ-FACE," which the company claims will be used by law enforcement officials to prevent crime and terrorism. FacePrint has yet to produce a final software product and has never sold any software. In its fiscal years ended March 31, 2005 and March 31, 2006, FacePrint reported only \$13,412 and \$253 in revenue, respectively, all from selling playing cards showing the faces of wanted criminals. For the same fiscal periods, FacePrint reported cash balances of \$0 and \$906, respectively.

12. Under Section 5 of the Securities Act, when public companies or the people who control those companies sell their securities to the public, a registration statement must be filed. A registration statement provides the public with full disclosure of all material facts about the offer or sale of securities, such as what the issuer will do with the funds raised, and who else is compensated in the offer and sale. Before Cote or FacePrint could legally sell FacePrint stock to the public, they were first required to file a registration statement with the Commission making those important public disclosures about the intended sales.

1 13. In order to raise money through stock sales while evading this registration
2 requirement, Defendants devised a scheme to sell FacePrint stock through third-party accounts, which
3 they secretly controlled. To carry out the scheme, Cote entered into arrangements to transfer
4 FacePrint shares to two acquaintances, after which Cote arranged to sell the stock and funnel the
5 money back to the company; the account holders were mere “nominees” of Cote.

6 14. The first nominee to receive shares was Starcy Sayaseng, then a 20-year-old
7 homemaker and the niece of Cote’s assistant. Between November 2004 and March 2005, Cote
8 opened accounts in Sayaseng’s name with three different brokers (over which he maintained trading
9 authority). In exchange, Cote promised to pay Sayaseng 10% of the proceeds of transactions he made
10 in the accounts. In late 2004, Cote began transferring FacePrint shares to Sayaseng’s accounts.

11 15. The second nominee in Cote’s scheme was Lyne Aquin, a FacePrint employee who
12 worked as the company’s graphics director at the time. On March 1, 2005, Cote and Aquin entered
13 into a written agreement whereby Aquin regularly sold FacePrint stock she received from Cote or
14 FacePrint and “lent” the proceeds to Cote. In exchange, Cote agreed to pay Aquin a fee of 5% of the
15 proceeds of stock sold as “interest.” In truth, the “loan” agreement was a sham designed by
16 Defendants to allow them to raise funds through the improper sales of stock through a nominee
17 account. Beginning in May 2005, Cote transferred FacePrint shares into Aquin’s online brokerage
18 account.

19 16. On August 10, 2005, FacePrint filed with the Commission its first registration
20 statement describing any stock sales by the Company, using Form S-8. This form provided facts
21 about who would supposedly receive the shares, but did not provide the full disclosure required in a
22 normal registration statement. Contrary to the purpose of the Form, which is for the registration of
23 securities to be issued by the company to its own employees or certain types of consultants, FacePrint
24 and Cote used the Form to disguise sales that they intended to make to the public to raise money for
25 the Company. In the Form S-8, FacePrint represented that it was issuing 2 million “S-8 shares” to
26 employees and consultants.

27 17. Form S-8 is a short-form document available to register the offer and sale of securities
28 to an issuer’s employees and consultants; it may be used under limited circumstances instead of more

1 detailed registration forms that require specific information about the issuer's business and financial
2 condition. Form S-8 may be used only if the employees or consultants receiving securities provide
3 bona fide services to the issuer, the services are not in connection with the offer or sale of securities in
4 a capital raising transaction, and the services do not directly or indirectly promote or maintain a
5 market for the registrant's securities. Form S-8 is not available to register offers and sales of
6 securities when the issuer controls or directs the resale of the securities in the public market; or the
7 issuer or its affiliates directly or indirectly receive a percentage of the proceeds from such resales. It
8 is also not available to register securities issued to persons who promote the company's stock.

9 18. On August 15, 2005, Cote arranged for Sayaseng to sign a consulting agreement
10 pursuant to which she was given 500,000 S-8 shares purportedly for services as a FacePrint office
11 manager. The consulting agreement, which Cote drafted, was a sham created as a mechanism for
12 FacePrint to issue Sayaseng more shares to resell to the public to raise cash for FacePrint. Sayaseng
13 never performed any services for FacePrint and never acted as an office manager for FacePrint.

14 19. In September 2005, Cote signed, and directed another FacePrint Board member (his
15 assistant) to sign a FacePrint Board of Directors resolution authorizing the issuance of 500,000 shares
16 to Sayaseng. The Board resolution falsely stated that "bona fide services were provided to the
17 company and the services were not in connection with the offer or sale of securities in a capital-
18 raising transaction and do not directly or indirectly promote or maintain a market for the registrants'
19 securities." Cote knew the bogus resolution was sent to FacePrint's stock transfer agent, and was
20 required for the stock transfer agent to issue shares to Sayaseng.

21 20. Thereafter, Cote periodically arranged for FacePrint to issue additional S-8 shares to
22 Sayaseng. In connection with each S-8 share issuance, Cote (or persons working at his direction)
23 signed identical false Board resolutions authorizing the shares, and FacePrint provided the Board
24 resolutions to the stock transfer agent. On January 12, 2006, FacePrint filed a registration statement
25 for an additional 3 million shares issued on Form S-8, which Defendants used in the same manner as
26 they used the S-8 shares issued pursuant to the August 2005 registration statement. In total, FacePrint
27 improperly issued 1,200,000 S-8 shares to Sayaseng from September 9, 2005 to February 9, 2006.
28

1 21. Similarly, Cote periodically arranged for FacePrint to issue S-8 shares to Aquin. In
2 connection with each S-8 share issuance to Aquin, Cote (and his assistant) signed false Board
3 resolutions authorizing the issuance, and FacePrint provided the Board resolutions to the stock
4 transfer agent. From September 16, 2005 to February 7, 2006, Cote arranged for FacePrint to
5 improperly issue 1,250,000 S-8 shares to Aquin.

6 **B. Cote Sells the Stock He Had Transferred to Sayaseng and Aquin and Funnels the**
7 **Proceeds Back to FacePrint.**

8 22. On December 7, 2004, Cote (or persons working at his direction) began selling the
9 shares that Cote had transferred to Sayaseng's brokerage accounts. After FacePrint issued Sayaseng
10 S-8 shares in September 2005, Cote also sold those to the public through Sayaseng's brokerage
11 accounts. Sayaseng did not place any orders for the sale of stock herself. Cote continued trading
12 shares in Sayaseng's accounts until May 2006. In total, Cote's sales of FacePrint shares to the public
13 through Sayaseng's brokerage accounts generated approximately \$765,000.

14 23. Cote transferred the proceeds from the sales in Sayaseng's brokerage accounts to
15 Sayaseng's bank account. Per Cote's instructions, Sayaseng then wrote checks to him personally (or,
16 on occasion, to FacePrint) for the full amount of the proceeds. For amounts paid directly to him, Cote
17 wrote checks to FacePrint as needed to fund its operations.

18 24. The FacePrint shares in Aquin's account were also sold and the funds funneled back to
19 FacePrint. Starting in May 2005, Cote and Aquin began liquidating Aquin's FacePrint shares through
20 her online brokerage account and transferring the proceeds to her bank account. Aquin then
21 transferred the funds to Cote, who advanced funds to FacePrint as needed for operations in the same
22 manner as he did with the proceeds he received from Sayaseng. Beginning in September 2005,
23 Aquin's S-8 shares were similarly sold to the public and the proceeds transferred back to Cote. In
24 total, sales of FacePrint stock through Aquin's account generated approximately \$710,000.

25 25. Cote timed some of his largest sell-offs to coincide with company press releases and
26 company-sponsored spam e-mail campaigns touting FacePrint stock. For example, on the heels of a
27 January 30, 2006 FacePrint press release, Cote sold 431,000 shares from the Sayaseng and Aquin
28

1 accounts to the public. This was also the first trading day following a January 28-29, 2006 company-
2 sponsored spam e-mail campaign.

3 26. From December 7, 2004 to May 23, 2006, Cote sold a total of 9,498,385 FacePrint
4 shares through the nominee accounts, which constituted approximately 26.5% of all sales of
5 FacePrint shares. Cote also purchased 889,468 FacePrint shares in the nominee accounts during this
6 period.

7 **C. FacePrint Illegally Issues S-8 Shares to Stock Promoters.**

8 27. To help prop up FacePrint's stock price during the period he was surreptitiously
9 dumping stock from the nominee accounts, Cote hired several stock promoters to tout FacePrint stock
10 by e-mail and other means.

11 28. Beginning in August 2005, to compensate the promoters, Cote arranged for FacePrint
12 to directly issue stock promoters S-8 shares. FacePrint issued at least 1.05 million S-8 shares directly
13 to stock promoters. Each issuance was authorized pursuant to a Board resolution falsely stating that
14 the promoters' services "do not directly or indirectly promote or maintain a market for the registrant's
15 securities." These Board authorizations were provided to FacePrint's stock transfer agent as
16 authorization to issue the shares to the promoters without trading restrictions. Cote also arranged for
17 Sayaseng and Aquin to transfer a portion of the S-8 shares he had issued them to the company's stock
18 promoters.

19 29. Cote knew that the promoters intended to immediately sell at least part of their shares
20 to the public, which they did. During the relevant period, stock promoters who received S-8 shares
21 either directly from the Company or from Cote's nominees sold at least 986,000 shares to the public,
22 netting sales proceeds of over \$150,000.

23 **D. Cote Fails To Disclose His Stock Ownership.**

24 30. Cote failed to report his holdings of FacePrint stock on Commission Schedule 13D,
25 including the shares held in the Sayaseng and Aquin accounts, which he was required to file as a
26 beneficial owner of more than 5% of FacePrint stock registered pursuant to Section 12 of the
27 Exchange Act [15 U.S.C. § 78f].
28

1 31. Cote failed to report his beneficial ownership and trading of shares in the Sayaseng
2 and Aquin accounts on Commission Forms 3 and 4, which are forms Cote was required to file as an
3 officer, director and beneficial owner of more than 10% of FacePrint stock registered pursuant to
4 Section 12 of the Exchange Act [15 U.S.C. § 78I].

5 **FIRST CLAIM FOR RELIEF**

6 **Violations of Securities Act Sections 5(a) and 5(c) by Defendants**

7 **[Securities Registration Violations]**

8 32. The Commission realleges and incorporates by reference paragraphs 1 through 31
9 above.

10 33. During the relevant period, Defendants, directly or indirectly, made use of the means
11 or instruments of transportation or communication in interstate commerce or of the mails to offer and
12 to sell securities through the use or medium of a prospectus or otherwise when no valid registration
13 statement had been filed or was in effect as to such offers and sales of such securities and no
14 exemption from registration was available.

15 34. Defendants engaged in or participated in the unlawful distribution of FacePrint stock
16 as described above.

17 35. By reason of the foregoing, Defendants, directly or indirectly, violated, and unless
18 enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a)
19 and 77e(c)].

20 **SECOND CLAIM FOR RELIEF**

21 **Violation of Exchange Act Regulation M, Rule 101, by Cote and Rule 102, by FacePrint**

22 **[Unlawful Activity in Connection with a Distribution of Securities]**

23 36. The Commission realleges and incorporates by reference paragraphs 1 through 31
24 above.

25 37. By issuing millions of shares to Sayaseng and Aquin, which were then distributed by
26 Cote to the public and engaging in special selling efforts and selling methods, FacePrint effected a
27 distribution of securities.
28

1 38. In connection with the distribution of securities effected by or on behalf of Defendants,
2 Cote and FacePrint, directly, or indirectly, bid for, purchased, or attempted to induce persons to bid
3 for or purchase, FacePrint securities during the restricted period.

4 39. By reason of the forgoing, Cote violated, and unless enjoined, will continue to violate,
5 Rule 101 of Regulation M of the Exchange Act [17 C.F.R. § 242.101].

6 40. By reason of the foregoing, FacePrint violated, and unless enjoined, will continue to
7 violate, Rule 102 of Regulation M of the Exchange Act [17 C.F.R. § 242.102].

8 **THIRD CLAIM FOR RELIEF**

9 **Violations of Exchange Act Sections 13(d) and Rules 13d-1 and 13d-2 by Cote**

10 **[Beneficial Ownership Reporting – Five Percent Owner]**

11 41. The Commission realleges and incorporates by reference Paragraphs 1 through 31
12 above.

13 42. Based on the conduct alleged above, Cote directly or indirectly, acquired the beneficial
14 ownership of more than 5% of FacePrint's common stock, but failed to file a Schedule 13D within 10
15 days, and to file an amendment when material changes occurred.

16 43. Cote violated and, unless restrained and enjoined, will continue to violate, Section
17 13(d) of the Exchange Act [15 U.S.C. § 78m(d)] and Rules 13d-1 and 13d-2 [17 C.F.R. §§ 240.13d-1
18 and 240.13d-2] thereunder.

19 **FOURTH CLAIM FOR RELIEF**

20 **Violations of Exchange Act Section 16(a) and Rule 16a-3 by Cote**

21 **[Beneficial Ownership Reporting – Officer, Director or Ten Percent Owner]**

22 44. The Commission realleges and incorporates by reference Paragraphs 1 through 31
23 above.

24 45. Based on the conduct alleged above, Cote, who was an officer, director, and beneficial
25 owners of more than ten percent of FacePrint common stock, failed to file periodic reports disclosing
26 his beneficial ownership of those securities and changes thereto.

27 46. Cote violated and, unless restrained and enjoined, will continue to violate, Section
28 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] and Rule 16a-3 [17 C.F.R. § 240.16a-3] thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

I.

Permanently enjoin Defendants from directly or indirectly violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)] thereunder;

II.

Permanently enjoin Cote from directly or indirectly violating Sections 13(d) and 16(a) of the Exchange Act [15 U.S.C. §§ 78m(d) and 78p(a)], Rules 13d-1, 13d-2 and 16a-3 thereunder [17 C.F.R. §§ 240.13d-1, 240.13d-2 and 240.16a-3] and Rule 101 of Regulation M thereunder [17 C.F.R. § 242.101]

III.

Permanently enjoin FacePrint from directly or indirectly violating Regulation M, Rule 102 of the Exchange Act [17 C.F.R. § 240.102];

IV.

Order Defendants to disgorge ill-gotten gains derived from the unlawful trading alleged herein, plus prejudgment interest;

V.

Order Defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)];

VI.

Impose a bar on defendant Cote from participating in an offering of penny stock pursuant to Securities Act Section 20(g) [15 U.S.C. § 77t(g)] and Exchange Act Section 21(d)(6) [15 U.S.C. § 78u(d)(6)]; and

VII.

Grant such other relief as this Court may deem just and appropriate.

Respectfully submitted,

Dated: August 30, 2007

/s/ Jeremy E. Pendrey

Jeremy E. Pendrey

Attorney for Plaintiff

SECURITIES AND EXCHANGE COMMISSION