

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 01-7874-CIV-HURLEY/LYNCH

REC'D by _____ D.C.

DEC 13 2002

CLARENCE MADDOX
CLERK U.S. DIST. CT.
S.D. OF FLA. - W.P.B.

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
v.)
)
PAUL R. JOHNSON,)
JOHN COOK,)
EMANUELE CARDACI, and)
SCOTT SCHOENBAUER,)
)
Defendants,)
)
J & J MANAGEMENT CONSULTING,)
A/K/A 1287769 ONTARIO INC., and)
CATERINA JOHNSON,)
)
Relief Defendants.)
)

FIRST AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission ("SEC" or "Commission") alleges and states as follows:

I. INTRODUCTION

1. The Commission brings this action to enjoin and restrain Defendants from violating the federal securities laws in connection with the fraudulent offer and sale of unregistered securities issued by Link Express Delivery Solutions, Inc. ("Link" or the "Company"), a now defunct South Florida package delivery company. Commencing in October 1997 through March 2000, Defendants Paul R. Johnson ("Johnson"), John Cook ("Cook"), Emanuele Cardaci ("Cardaci"), and Scott Schoenbauer ("Schoenbauer")(collectively "Defendants") fraudulently raised more than \$15.5 million from nearly 400 Link investors nationwide.

2. As part of the fraudulent scheme, Defendants provided investors and potential investors with false and misleading offering documents and made material misrepresentations and omissions to investors concerning, among other things, the use of investor funds, Link's projected revenues and anticipated returns, Johnson's business experience, and Johnson's control over Argus Securities, Inc. ("Argus"), a broker-dealer that sold certain Link securities.

3. Johnson stole at least \$2.3 million of Link investor funds. Among other things, Johnson used those investor funds to purchase Argus, to support family and friends, and to live a lavish lifestyle, replete with limousines, bodyguards and a personal valet. He disguised his misappropriation primarily through payments to J & J Management Consulting ("J & J"), a Canadian consulting firm controlled by his mother, Caterina Johnson.

4. In addition, Johnson fraudulently sold his own unregistered Link stock and raised about \$3.4 million. Johnson commingled the proceeds of his personal stock sales with Link investor funds and continued his spending spree, using at least \$3 million of the commingled funds for non-Link purposes, such as leasing and renovating a South Beach nightclub.

DEFENDANTS

5. Johnson, age 30, is a Canadian citizen who resides in South Florida. Johnson founded Link and was its president, chief executive officer, and majority shareholder.

6. Cook, age 31, resides in Aventura, Florida. During at least part of the relevant period, Cook was the president and sole shareholder of Argus, a broker-dealer headquartered in New Port Richey, Florida, which acted as the sole private placement agent for one of Link's offerings. Cook directly sold Link's securities from at least November 1997 to March 1999.

7. Cardaci, age 30, resides in Boca Raton, Florida. Cardaci directly sold Link securities from at least July 1998 to May 1999.

8. Schoenbauer, age 32, resides in Ft. Lauderdale, Florida. Schoenbauer directly sold Link securities from at least December 1997 to June 1999.

RELIEF DEFENDANTS

9. Relief Defendant J & J, a/k/a 1287769 Ontario Inc., is a Canadian corporation, formed in Windsor, Ontario in July 1998. J & J is owned by Caterina Johnson, and maintains its principal offices at her residence located at 9099 Riverside Drive East, Suite 1321E, Windsor, Ontario, Canada, N8S4P9. J & J maintains two bank accounts into which at least \$1.2 million in investor funds were deposited.

10. Relief Defendant Caterina Johnson, age 51, is a Canadian citizen who resides in Delray Beach, Florida, on a seasonal basis. Caterina Johnson is J & J's president and Johnson's mother. Caterina Johnson's Canadian residence is 9099 Riverside Drive East, Suite 1321E, Windsor, Ontario, Canada, N8S4P9. Caterina Johnson maintains two bank accounts into which at least \$472,000 in investor funds was deposited.

JURISDICTION AND VENUE

11. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(b), 77t(d) and 77v(a), and Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d), 78u(e) and 78aa. These provisions authorize the Commission to seek injunctive relief from the federal district courts and the imposition of civil money penalties for violations of the federal securities laws.

12. Venue is appropriate in the Southern District of Florida. Certain of the acts and transactions constituting violations of the Securities Act and the Exchange Act have occurred within the Southern District of Florida. Link's headquarters were located in the Southern District

of Florida, and Defendants Johnson, Cook, Cardaci, and Schoenbauer reside in the Southern District of Florida. Defendants have engaged in many of the acts and practices complained of herein within the Southern District of Florida.

13. At all relevant times, Relief Defendants J & J and Caterina Johnson conducted business within the State of Florida. The actions of J & J and Caterina Johnson alleged herein arose from their business activities in the State of Florida.

14. Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, practices, and courses of business complained of herein.

THE FRAUDULENT SCHEME

15. Link was a Delaware corporation formed in October 1997, and headquartered, at various times, in Deerfield Beach and in Ft. Lauderdale, Florida. Johnson created Link to provide express package delivery services to commercial and individual accounts and compete with package delivery companies such as United Parcel Service and Federal Express. Link ceased its operations in March 2000, and was administratively dissolved by the Florida Secretary of State in September 2000 for failing to maintain its corporate filings.

I. LINK'S SALE OF SECURITIES

16. Between about October 1997 and March 2000, Link conducted a five overlapping fraudulent private placement offerings. Those offerings raised over \$15.5 million from unsuspecting investors. The offerings were part of a single plan of financing, involved the same class of securities, were made at or about the same time and were for the same general purposes.

17. Potential investors were solicited to invest in the Link offerings by registered representatives and sales agents hired by Johnson and Cook.

18. The solicitations and sales of Link's convertible debenture offering from April 1999 to February 2000 was handled exclusively by Argus, the broker-dealer purportedly owned by Cook and controlled by Johnson.

19. Johnson also directly solicited prospects to invest in Link and frequently closed sales.

20. Link offered and sold its securities to nearly 400 accredited investors and at least 37 non-accredited investors. Link took no steps to confirm independently that the investors were indeed accredited.

21. The Link offerings are securities as defined by Section 2(1) of the Securities Act, 15 U.S.C. § 77b(1), and Section 3(a)(10) of the Exchange Act, 15 U.S.C. § 78c(10). Link's offerings were never registered with the Commission, and are not exempt from registration. Link's securities have never been listed on any exchange and the Company has never filed periodic reports with the Commission.

A. Link's First Offering from October 1997 through February 1999

22. Link launched its first securities offering in October 1997. The offering consisted of an unknown number of shares of its Series A Convertible Preferred Stock ("Series A"), at a price of \$1.50 per share which could be converted immediately into common stock. Link's offering materials consisted of a business plan, dated 1997. Link sold more than 300,000 shares of Series A stock and raised approximately \$500,000. The offering closed in February 1999.

B. Link's Second Offering from March 1998 through January 2000

23. Link commenced a second offering in March 1998 for 1.2 million units of Series B Convertible Preferred Stock ("Series B"), at a price of \$3.50 per unit. Each unit consisted of one

share of Series B stock and one common stock purchase option. The Series B preferred shares could be converted immediately into common stock. Link distributed two Private Placement Memoranda ("PPMs") dated March 19, 1998 and November 20, 1998, respectively, in connection with this offering. Link raised approximately \$7 million through this offering, which closed in January 2000.

C. Link's Third Offering from April 1999 through January 2000

24. Link's third offering in April 1999 consisted of 300,000 shares of Series C Convertible Preferred Stock, which were immediately convertible to common stock, at a price of \$10 per share. Link utilized a PPM dated April 12, 1999. This offering was limited to Link employees, certain trade partners, and others. Link raised \$120,000 from this offering, which closed in January 2000.

D. Link's Fourth Offering from April 1999 through February 2000

25. Link also offered, as its fourth offering, 6,000 Series A Convertible Debentures in April 1999, at a price of \$10,000 per debenture. Each debenture was immediately convertible to shares of Link's common stock at a conversion price of \$10 per share. This offering was offered and sold exclusively through Argus, the broker-dealer purportedly owned by Cook and controlled by Johnson. A PPM, dated April 12, 1999, was provided to prospective and actual investors. Link raised approximately \$5.1 million from this offering, which closed in February 2000.

E. Link's Fifth Offering from November 1999 through March 2000

26. Link began its fifth and final offering in November 1999. It consisted of 200,000 units, comprised of one share of common stock and three common stock purchase warrants, at a price of \$9.50 per unit. Link distributed a PPM, dated December 1, 1999, in connection with this offering. Link raised approximately \$2.8 million through this offering, which closed in March 2000.

II. JOHNSON'S SALE OF HIS PERSONAL LINK STOCK

27. In the midst of his fraudulent scheme, Johnson also offered his personal Link stock for sale to unsuspecting investors. Johnson used Link sales agents and Argus brokers to sell his stock in an unregistered offering between June 1999 and February 2000. Johnson raised about \$3.4 million from the sale of his personal Link stock.

III. MATERIAL MISREPRESENTATIONS AND OMISSIONS

28. Defendants provided prospective and existing investors with PPMs that contained numerous material misrepresentations and omissions concerning the use of investor proceeds, Link's projected revenues and anticipated returns, Johnson's business experience, and his control over Argus.

A. Use of Investor Proceeds

29. The Link PPMs stated that Link would use investor funds for business purposes relating to its delivery service operations, including transportation and sorting equipment, facilities, software development, and other operational costs. Most of the PPMs also falsely claimed investor funds would be used to pay J & J for consulting services provided by Johnson, certain Canadian consultants, and "investment bankers." In contrast to Link's representations, Johnson misappropriated at least \$2.3 million of Link's offering proceeds for his own personal use. Johnson also commingled the \$3.4 million that was raised from the sale of his personal Link stock with the proceeds from the Link offerings and then proceeded to spend at least \$3 million of the commingled funds.

(1) Johnson's Misappropriation of Link Investor Proceeds from October 1997 to June 1999

30. The Link PPMs stated that Johnson received no compensation from Link but was paid a consulting fee equal to his travel and living expenses by J&J in amounts ranging between \$30,000 and \$50,000 per year.

31. Between October 1997 and June 1999, Johnson misappropriated at least \$2.3 million in Link investor proceeds. Of that amount, he funneled about \$477,000 to his mother, Caterina Johnson, and used another \$595,000 to purchase Argus. Johnson also directed various Link employees to make cash withdrawals totaling some \$225,000, which he used to fund his nights out at expensive nightclubs. He made other personal purchases totaling approximately \$220,000, spent approximately \$278,000 on gambling, \$74,000 on personal travel, and \$25,000 at strip clubs. In addition to living the high life, Johnson used approximately \$147,000 in investor funds as a down payment on his waterfront home, invested about \$245,000 in the stock market, and spent about \$50,000 supporting his former and current girlfriends and their children.

(2) Johnson's Commingling of the Proceeds from His Personal Link Stock Sales with Link Investor Funds from June 1999 to February 2000

32. Between June 1999 and February 2000, Johnson used Link sales agents, including Argus brokers, to sell about \$3.4 million of his unregistered personal Link stock to investors across the country.

33. Johnson commingled the proceeds of his personal stock sales with Link investor funds and continued his spending spree, using at least \$3 million of the commingled funds for non-Link expenditures. For example, Johnson used \$700,000 of the commingled funds to lease and renovate a South Beach nightclub and spent another \$110,000 to acquire a publicly held company,

now known as Etravelserve, and a related travel agency. He diverted approximately \$750,000 funds to his mother and withdrew \$1.2 million in cash.

B. Johnson's Control of Argus

34. Johnson, through Cook, used \$595,000 in Link investor funds to purchase Argus. Cook was the purported owner and President of Argus. In reality, however, Johnson controlled Argus. Johnson orchestrated this arrangement because he was advised by legal counsel that he would have to disclose to Link investors that he owned Argus if he purchased it directly.

35. Beginning in March of 1999, Argus acted as the sole private placement agent with respect to Link's convertible debenture offering.

36. Link attached a copy of Argus' commitment letter to sell the securities to the convertible debenture offering's PPM, thereby implying that Argus was a completely separate and independent entity and providing Link's offering with an imprimatur of legitimacy. In essence, Johnson used Cook and Argus to support a fiction of broker independence, and to promote an image that Link securities were a viable investment.

37. Johnson and Cook failed to disclose to Link investors that Johnson actually controlled Argus.

C. Link's Projected Revenues and Anticipated Returns

38. Link projected revenues of over \$1.6 million in its 1997 Business Plan when it began operations. Link's revenues, however, did not meet those projections. According to Link's unaudited financial statement for the nine months ending September 30, 1999, Link's total revenues were only \$752,862, of which it collected only \$254,000. Nonetheless, Link's PPMs, which were distributed to prospective and actual investors, continued to state that Link would earn extraordinary revenues. For example, Link's PPM, dated December 1, 1999, projected that its

revenues would be in excess of \$14.8 million in the first quarter of 2000, and over \$178 million by the last quarter of 2002. These projections were baseless because Link was a start-up company with minimal collectible revenues.

D. Johnson's Business Experience

39. Link's offering materials also misleadingly touted Johnson's business experience and suggested that he had relevant experience in the delivery service industry. Specifically, the Link PPMs stated that Johnson had served as the president of RDS Delivery Company ("RDS") in Detroit, Michigan, and executive vice president of Adams Industrial Material Handling, Inc. ("Adams") in London, Ontario. RDS was in actuality a fast-food pick-up service that Johnson operated which delivered meals for Kentucky Fried Chicken and McDonalds franchises in Canada and Michigan. Moreover, Johnson was only a bookkeeper at the company called "Adams" and he was never, as claimed in Link's PPMs, its executive vice president. Furthermore, the name of the company was not Adams Material Handling, Inc., but Adams Industrial Forklifts, Inc., and had nothing to do with the delivery service industry.

IV. ROLE OF THE SALES AGENTS

40. Link's securities were sold by sales agents and brokers hired by Johnson and others.

41. Cook, Cardaci, and Schoenbauer were among the top-producing brokers for the Link offerings.

42. Cook, Cardaci and Schoenbauer received commissions of between 8 and 11% of the total amount invested by their clients in Link. Cook, Cardaci and Schoenbauer earned \$155,000, \$180,000 and \$80,000, respectively, in sales commissions.

43. Cook, Cardaci, and Schoenbauer, at Johnson's direction, made the initial contacts with clients that they believed would be interested in purchasing Link's securities. They would provide

the prospective investor with relevant background on the delivery service industry, explain why Link offered a viable business plan that could thrive in the industry, and provided information regarding the background of Johnson and Link's other officers.

44. Cook, Cardaci, and Schoenbauer would have copies of the PPMs forwarded to prospective investors, and called to confirm that the prospective investor had received the package.

45. Cook, Cardaci, and Schoenbauer arranged telephone conference calls with Johnson to discuss the securities offerings with prospective investors in detail.

46. As Link grew, Cook, Cardaci, and Schoenbauer were added to Link's payroll. Cook was hired in June 1998 and handled investor relations. Schoenbauer joined the Company in April 1999 and fielded investor calls and opened new sales accounts. Cardaci succeeded Cook in investor relations in May 1999 (after Cook became affiliated with Argus), and was named director of that department. All three continued to solicit investors and collect commissions on their sales while they were working for the Company. Cook even continued to sell Link offerings after attending a meeting of Link employees and investors who questioned shortfalls between the amounts being raised by Link sales agents and the amount of investor funds actually received by the company.

47. Cook recruited and supervised registered representatives who sold Link securities after he became associated with Argus.

V. LINK'S DEMISE

48. Link continued to raise funds from investors between March 1999 and October 1999, but by October, Link was experiencing a severe cash flow problem. Link's financial woes were due in large part to Johnson's misappropriation of investor funds, which were virtually its only source of operating capital. Link was unable to meet its payroll, and the Company began bouncing

so many checks that its bank accounts were closed. By February 2000, Link was extremely short of capital, and began laying off workers and curtailing its operations. Link defaulted on its rent payments and was eventually evicted from its headquarters. Link ceased operating completely by March 2000.

COUNT I
(Johnson, Cook, Cardaci, and Schoenbauer)

SALES OF UNREGISTERED SECURITIES IN VIOLATION OF
SECTIONS 5(A) AND 5(C) OF THE SECURITIES ACT
(Link's Offerings)

49. The Commission repeats and realleges paragraphs 1 through 48 of its Complaint.

50. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described herein.

51. From a date unknown, but from at least October 1997 through March 2000, Defendants Johnson, Cook, Cardaci, and Schoenbauer, directly and indirectly, have:

- (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;
- (b) carried securities or caused such securities, as described herein, 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; and/or
- (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 through the use or medium of any prospectus or otherwise, as described herein,

without a registration statement having been filed or being in effect with the Commission as to such securities.

52. By reason of the foregoing, Defendants Johnson, Cook, Cardaci, and Schoenbauer 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
(Johnson)

SALES OF UNREGISTERED SECURITIES IN VIOLATION OF
SECTIONS 5(A) AND 5(C) OF THE SECURITIES ACT
(Johnson's Personal Link Stock Offering)

53. The Commission repeats and realleges paragraphs 1 through 48 of its Complaint.

54. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described herein.

55. From a date unknown, but from at least June 1999 through February 2000, Defendant Johnson, directly and indirectly, has:

- (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as described herein, through the use or medium of a prospectus or otherwise;
- (b) carried securities or caused such securities, as described herein, 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; and/or
- (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 through the use or medium of any prospectus or otherwise, as described herein,

without a registration statement having been filed or being in effect with the Commission as to such securities.

56. By reason of the foregoing, Defendant Johnson 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 III
(Johnson and Cook)

FRAUD IN VIOLATION OF
SECTION 17(a)(1) OF THE SECURITIES ACT

57. The Commission repeats and realleges paragraphs 1 through 48 of its Complaint.

58. From a date unknown, but from at least October 1997 through March 2000, Defendants Johnson and Cook, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, in the offer or sale of securities, as described herein, have knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

59. By reason of the foregoing, Defendants Johnson and Cook 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 IV
(Johnson and Cook)

FRAUD IN VIOLATION OF
SECTION 10(b) OF THE EXCHANGE ACT AND RULE 10b-5

60. The Commission repeats and realleges paragraphs 1 through 48 of its Complaint.

61. From a date unknown, but from at least October 1997 through March 2000, Defendants Johnson and Cook, directly or indirectly, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities have knowingly, willfully and/or recklessly:

- a) employed devices, schemes or 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 the light of the circumstances under which they were made, not misleading; and/or
- c) engaged 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.

62. By reason of the foregoing, Defendants Johnson and Cook 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, 17 C.F.R. § 240.10b-5, thereunder.

COUNT V
(Johnson and Cook)

FRAUD IN VIOLATION OF
SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT

63. The Commission repeats and realleges paragraphs 1 through 48 of its Complaint.

64. From a date unknown, but from at least October 1997 through March 2000, Defendants Johnson and Cook, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities, as described herein, have:

- a) obtained 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; and/or

- b) engaged 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.

By reason of the foregoing, Defendants Johnson and Cook 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. §§ 77(q)(a)(2) and 77(q)(a)(3).

COUNT VI
(Cook, Cardaci, and Schoenbauer)

**OPERATING AS UNREGISTERED BROKER-DEALERS IN VIOLATION OF
SECTION 15(a)(1) OF THE EXCHANGE ACT**

65. The Commission repeats and realleges paragraphs 1 through 48 of its Complaint.

66. From a date unknown, but commencing in at least October 1997 through March 2000, Defendants Cook, Cardaci and Schoenbauer, directly and indirectly, by the used of the means and instrumentality of interstate commerce, while acting as a broker or dealer engaged in the business of effecting transactions in securities for the accounts of others, effected transactions in securities, or induced or attempted to induce the purchase and sale of securities, without registering as a broker-dealer in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), including, but not limited to, the activities described in paragraphs 15 to 49 above.

67. By reason of the foregoing, Defendants Cook, Cardaci, and Schoenbauer, directly and indirectly, have violated and, unless enjoined, will continue to violate Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that Defendants Johnson, Cook, Cardaci, and Schoenbauer committed the violations of the federal securities laws alleged herein.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining:

Defendants Johnson, Cook, Cardaci, and Schoenbauer, 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) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) and 77e(c).

Defendants Johnson and Cook, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating: a) Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a); b) Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5 thereunder; and c) Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3).

Defendants Cook, Cardaci, and Schoenbauer, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 15 (a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

III.

Disgorgement

Issue an Order requiring Defendants Johnson, Cook, Cadaci, and Schoenbauer, and Relief Defendants J & J and Caterina Johnson, jointly and severally, to disgorge all ill-gotten profits or proceeds that they have received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest.

IV.

Penalties

Issue an Order directing Defendants Johnson, Cook, Cardaci, and Schoenbauer 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. § 78(d)(3).

V.

Officer/Director Bar as to Johnson

Pursuant to Section 21(d)(2) of the Exchange Act, [15 U.S.C. §78u(d)(2)], enter an order barring Defendant Johnson from acting as an officer or director of an issuer that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. 78l], or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], as a result of his violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

VI.

Accounting

Issue an Order requiring accountings from Defendants Johnson, Cook, Cardaci, and Schoenbauer, and Relief Defendants J & J and Caterina Johnson.

VII.

Repatriation of Investor Proceeds

Issue an Order requiring Defendant Paul Johnson, and Relief Defendants J & J and Caterina Johnson to take such steps as are 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, jointly or singly, and deposit such funds into the registry of the United States District Court for the Southern District of Florida, and provide the Commission and the Court a written description of the funds and assets so repatriated.

VII.

Further Relief

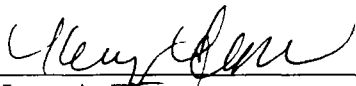
Grant such other and further relief as may be necessary and appropriate.

VIII.

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 may hereby be entered, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

By: 
Kerry A. Zinn
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Fla. Bar No. 118559

Dated: December 12, 2002

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