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3:02-CV-02310 SEC V. CAPPEL  
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\*CMP.\*

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U.S. DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA  
*[Signature]*  
DEPUTY

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 11

12 UNITED STATES DISTRICT COURT  
 13 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

BY FAX

15 SECURITIES AND EXCHANGE  
16 COMMISSION.

) Case No. 02 CV 2310 JM (LSP)  
 )  
 ) COMPLAINT  
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17 Plaintiff,

18 v.

19 ILSE CAPPEL,

20 Defendant.

22 Plaintiff Securities and Exchange Commission (Commission) alleges:

23 SUMMARY

24

25 1. This case involves a massive financial fraud at Peregrine Systems, Inc., a publicly  
 26 traded San Diego-based software company. During the fraud, Peregrine filed with the  
 27 Commission materially false financial statements for at least eleven quarters, covering fiscal  
 28 years 2000, 2001, and the first three quarters of fiscal 2002. In one portion of the wide-ranging

1 fraud, defendant Ilse Cappel, then the Senior Treasury Manager at Peregrine, engaged with other  
2 persons, including Peregrine's Chief Financial Officer, in a scheme to conceal Peregrine's  
3 difficulties in collecting its accounts receivable. Those difficulties arose because Peregrine  
4 recorded revenue on contingent sales and other non-binding arrangements it entered into with  
5 customers. Cappel and the others concealed the accounts receivable problems by, among other  
6 things, selling fictitious receivables to banks and improperly accounting for cash collected at  
7 quarter end. In addition, while Cappel possessed material nonpublic information about the fraud  
8 and the company's true financial condition, she illegally sold more than 15,000 shares of  
9 Peregrine stock.  
10  
11

12 2. By engaging in the acts alleged in this complaint, Cappel violated, or aided and  
13 abetted Peregrine's violations of, the antifraud, books and records, internal accounting controls,  
14 and reporting provisions of the federal securities laws, and unless enjoined by this Court, will  
15 continue to do so.  
16

#### 17 THE DEFENDANT

18 3. Cappel was employed at Peregrine from 1993 until she left the company in June  
19 2002. Cappel held various positions at Peregrine, including Senior Treasury Manager. Her  
20 primary responsibilities included financing accounts receivable, international collections, and  
21 forecasting cash and days sales outstanding, or DSO.<sup>1</sup> Cappel is a certified public accountant  
22 (on delinquent status for failing to pay license fees) and resides in San Diego, California.  
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27  
28 <sup>1</sup> DSO is the average number of days it takes a company to collect its accounts receivable. It is an analytical tool used by financial analysts and investors to track the age of a company's aggregate accounts receivable and to assess the quality of a company's receivables and, ultimately, its revenue. The formula for calculating DSO is accounts receivable divided by sales times days in the quarterly or annual period.

**THE ISSUER**

1  
2 4. Peregrine, a Delaware corporation with principal offices in San Diego, California,  
3 sells infrastructure management software. Its fiscal year ends March 31. From its initial public  
4 offering in April 1997 to the present, Peregrine's common stock has been registered with the  
5 Commission pursuant to Section 12(g) of the Exchange Act [15 U.S.C. Section 78l(g)]. It traded  
6 on the Nasdaq National Market System from its initial public offering until August 30, 2002,  
7 when it was delisted. On September 22, 2002, Peregrine filed a voluntary petition for  
8 reorganization under Chapter 11 of the U.S. Bankruptcy Code.  
9

10  
11 **JURISDICTION AND VENUE**

12 5. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), 21A,  
13 and 27 of the Securities Exchange Act of 1934 (Exchange Act) [15 U.S.C. §§ 78u(d) and (e),  
14 78u-1, and 78aa].  
15

16 6. Venue properly lies in this Court pursuant to Section 27 of the Exchange Act [15  
17 U.S.C. § 78aa] because Cappel inhabits and transacted business in this judicial district, because  
18 offers and sales of the securities at issue in this case took place in this judicial district, and  
19 because certain of the acts and transactions constituting the violations in this case occurred  
20 within this judicial district.  
21

22 7. Cappel made use of the means and instrumentalities of interstate commerce in  
23 connection with the acts alleged in this complaint.

24 8. The Commission requests that the Court permanently enjoin Cappel from  
25 engaging in further violations; impose civil penalties upon her for participating in the accounting  
26 fraud; order Cappel to pay disgorgement, plus prejudgment interest, and civil penalties for  
27  
28

1 insider trading, and order Cappel to disgorge any other ill-gotten gains, plus prejudgment  
2 interest.

### 3 PEREGRINE'S ILLUSION OF SUCCESS

4  
5 9. Following its initial public offering in April 1997, Peregrine reported 17  
6 consecutive quarters of revenue growth through the quarter ended June 30, 2001. During this  
7 period, Peregrine's publicly reported financial results met or exceeded analysts' expectations,  
8 and the company's stock price increased from \$2.25 per share (split-adjusted) to as high as  
9 \$79.50 per share on March 27, 2000.

10  
11 10. However, Peregrine's apparently stellar financial results were illusory, and its  
12 stock price artificially inflated. Many of its software "sales" that were recorded as revenue did  
13 not qualify for revenue recognition under Generally Accepted Accounting Principles (GAAP).  
14 Beginning no later than 1999, Peregrine management engaged in a myriad of deceptive sales and  
15 accounting practices to create the illusion of growth, including secretly adding material sale  
16 contingencies—by oral or written side agreement—to what appeared on their face to be binding  
17 contracts.

18  
19 11. Much of Peregrine's improper revenue recognition occurred in connection with its  
20 purported software sales to resellers, also known as "channel partners." Peregrine's written  
21 contracts with channel partners typically appeared to bind the channel partners to pay Peregrine.  
22 In reality, the channel partners' obligations to Peregrine often were not fixed, but instead were  
23 conditioned upon resale to an end-user. Peregrine personnel typically concealed these  
24 contingencies in written or oral side agreements. Although Peregrine personnel knew that the  
25 company's channel partners had not committed to purchase Peregrine's software, Peregrine  
26 nevertheless recorded these transactions as revenue.  
27  
28

1 12. As a result of these improper revenue recognition practices, during Peregrine's 17  
2 quarters of "growth," the company was accumulating, on its balance sheet, millions of dollars of  
3 aging receivables that Peregrine management knew the company would never collect. Large  
4 aged accounts receivable were not turning into cash, and as a result DSO and other important  
5 indicators of Peregrine's financial health were deteriorating.  
6

7 **CAPPEL SOLD RECEIVABLES TO BANKS TO LOWER PEREGRINE'S DSO**

8 13. Certain Peregrine personnel understood that the company's customers would not  
9 pay invoices generated from contingent sales and that if these purported accounts receivable  
10 remained on Peregrine's balance sheet, the company's DSO figure would increase. They also  
11 understood that if DSO became too high, securities analysts might suspect that Peregrine had  
12 improperly recorded revenue.  
13

14 14. Peregrine's Chief Financial Officer directed Cappel to remove receivables from  
15 Peregrine's balance sheet by selling them to banks at quarter end. Cappel followed the Chief  
16 Financial Officer's instruction. Each quarter she calculated the dollar amount of receivables she  
17 needed to sell to manage the DSO number down to the target range the Chief Financial Officer  
18 had set for her. After Cappel sold the receivables for cash, Peregrine removed them from its  
19 balance sheet.<sup>2</sup> This practice, which Peregrine did not properly disclose to investors, reduced the  
20 company's DSO to the level the Chief Financial Officer prescribed, and perpetuated the illusion  
21 that Peregrine's customers were promptly paying Peregrine.  
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28 <sup>2</sup> On August 29, 2002, Peregrine announced that its management "believes that the company should have accounted for its accounts receivable factoring arrangements as loans instead of sales of receivables without recourse," and that "previously reported balance sheets will be restated to reflect the loan balances, which were as high as \$180 million in past periods."

**CAPPEL SOLD FALSE INVOICES TO BANKS**

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2  
3 15. As the quarter ended June 30, 1999 came to a close, Peregrine had sold all  
4 available receivables but still needed to reduce DSO to make its target. Cappel, the Chief  
5 Financial Officer, and certain other Peregrine personnel agreed to prepare invoices for  
6 transactions that had not closed, totaling approximately \$12 million, and to sell them to a bank.  
7 Cappel then sold the bank the "receivables" that the invoices supposedly represented. As it  
8 turned out, not all of the contracts closed, leaving Peregrine with a shortfall of several million  
9 dollars.  
10

11 16. In June 2001, Cappel informed the Chief Financial Officer that Peregrine would  
12 miss the target DSO number because its receivables were approximately \$20 million too high.  
13 With the Chief Financial Officer's approval and encouragement, Cappel created a false \$19.58  
14 million invoice and sold it to a bank. By selling false receivables to banks, Cappel and other  
15 Peregrine personnel caused Peregrine's financial books and records to overstate Peregrine's cash  
16 flow, and understate its accounts receivable.  
17

**CAPPEL IMPROPERLY ACCOUNTED FOR QUARTER-END CASH COLLECTIONS**

18  
19 17. Peregrine further falsified its balance sheet and DSO by improperly accounting  
20 for cash collected from customers. Peregrine and the banks buying its receivables agreed that  
21 even after Peregrine sold the banks the receivables, Peregrine would collect the receivables and  
22 then remit payment to the banks within a certain time period. Thus there was generally a  
23 permissible lag time between the date Peregrine collected cash and the date Peregrine had to  
24 remit payment to the banks. Peregrine's practice was to reduce accounts receivable when  
25 Peregrine sold a receivable to a bank. Then, if and when Peregrine collected the receivable,  
26 Cappel would reduce accounts receivable again by the amount of the collection. When this  
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1 practice resulted in Peregrine's holding money at quarter end, Cappel called it the "double dip,"  
2 because Peregrine had already taken the receivable off its books. In addition, Peregrine would  
3 fail to increase accounts payable to reflect its liability to the bank, and would record the cash as  
4 its own, instead of holding it in trust as required by the banks.

5  
6 18. When the double dip occurred, Peregrine's reported receivables were artificially  
7 reduced, cash was artificially increased, and DSO was artificially decreased. In the following  
8 quarter, when Peregrine remitted the cash to the banks, Peregrine would reverse the double dip  
9 entries. Peregrine double dipped almost every quarter, beginning in September 1999. One of the  
10 most egregious examples of the quarter-end double dip occurred in the third quarter of 2002. On  
11 December 11, 2001, a Peregrine customer made an early payment of \$13.8 million on a  
12 receivable that Peregrine had sold to a bank. The payment was not actually due from the  
13 customer until February 12, 2002. Although Peregrine's contract with the bank required  
14 Peregrine to remit customer payments within two weeks and to hold them in trust, Peregrine did  
15 neither. As a result, as Cappel and the Chief Financial Officer knew, Peregrine's reported  
16 accounts receivable at quarter end were understated by \$13.8 million, as was its liability to the  
17 bank.

#### 18 19 20 CAPPEL SOLD PEREGRINE STOCK DURING THE FRAUD

21  
22 19. Between March 17, 1999, and January 2, 2002, Cappel sold 16,249 shares of  
23 Peregrine common stock for total proceeds of \$334,287, at split-adjusted prices ranging between  
24 \$14.45 and \$30.25 per share. She sold 10,116 of these shares at \$14.45 per share on January 2,  
25 2002—just hours before Peregrine preliminarily announced disappointing results for the quarter  
26 ended December 31, 2001—for proceeds of \$146,176. The announcement of disappointing  
27 results was made after the market closed. The following day Peregrine stock closed at \$9.26.  
28



1 But the information Cappel possessed about the fraud was not disclosed in any fashion for nearly  
2 four months. On April 30, 2002, after Peregrine closed at \$6.85 per share, the company  
3 announced that it would delay the release of its fourth quarter and fiscal year financial results.  
4 The following day, Peregrine shares closed at \$3.45 on volume more than ten times greater than  
5 normal. A week later, on May 6, Peregrine announced that based on preliminary information  
6 certain transactions involving revenue recognition irregularities, totaling as much as \$100  
7 million, had been called into question. The stock closed at \$0.89. Nearly four months later, on  
8 August 29, Peregrine announced the completion of an investigation conducted by forensic  
9 accountants and legal advisors retained by Peregrine's audit committee into accounting  
10 irregularities in the company's financial statements for fiscal years 2000, 2001 and the first three  
11 quarters of fiscal year 2002. The company further announced that Peregrine management  
12 believed that the company would reduce previously recorded revenue by approximately \$250  
13 million during the 11-quarter restatement period. After this announcement, the stock closed at  
14 \$0.27 per share.  
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18 20. From 1999 through 2002, Peregrine paid Cappel a base annual salary. She was  
19 also paid performance-based bonuses totaling \$9,750.  
20

### 21 FIRST CLAIM

#### 22 **Cappel Violated Exchange Act Section 10(b) and Exchange Act Rule 10b-5 [Financial Fraud]**

23 21. Paragraphs 1 through 20 are realleged and incorporated herein by reference.

24 22. Cappel knowingly or recklessly participated in misrepresentations and omissions  
25 of fact with the intent of materially misstating Peregrine's publicly reported financial results by  
26 selling false receivables to banks and by improperly accounting for quarter-end cash collections.  
27  
28

1 23. By reason of the foregoing, Cappel violated Exchange Act Section 10(b) [15  
2 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5<sup>3</sup>].

3  
4 **SECOND CLAIM**

5 **Cappel Violated Securities Act Section 17(a), Exchange Act Section 10(b) and Exchange**  
6 **Act Rule 10b-5**  
7 **[Insider Trading]**

8 24. Paragraphs 1 through 20 are realleged and incorporated herein by reference.

9 25. Cappel sold Peregrine stock on the basis of material nonpublic information  
10 concerning Peregrine's true financial condition, in breach of her fiduciary duty to Peregrine and  
11 its shareholders.

12 26. By reason of the foregoing, Cappel violated Securities Act Section 17(a) [15  
13 U.S.C. § 77q(a)], Exchange Act Section 10(b) [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-  
14 5 [17 C.F.R. § 240.10b-5].

15  
16 **THIRD CLAIM**

17 **Cappel Violated Exchange Act Section 13(b)(5) and Exchange Act Rule 13b2-1 and Aided**  
18 **and Abetted Violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B)**  
19 **[Books and Records and Internal Controls Violations]**

20 27. Paragraphs 1 through 20 are realleged and incorporated herein by reference.

21 28. Cappel deliberately circumvented existing internal accounting controls in order to  
22 falsify Peregrine's books and records.

23 29. Cappel, directly or indirectly, falsified or caused to be falsified, books, records, or  
24 accounts described in Exchange Act Section 13(b)(2) [15 U.S.C. §§ 78m(b)(2)].

25 30. Cappel knowingly and substantially participated in a scheme to cause extensive  
26 false and misleading entries in Peregrine's books and records. By doing so, Cappel aided and  
27

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<sup>3</sup> 2001 ed., p. 48, promulgated 12/22/48, as amended 8/11/51.

1 abetted Peregrine's failure to make and keep books, records, and accounts, which, in reasonable  
2 detail, accurately and fairly reflected the company's transactions and dispositions of its assets.

3 31. Cappel knowingly and substantially contributed to Peregrine's failure to maintain  
4 its internal accounting controls. By doing so, Cappel aided and abetted the company's failure to  
5 devise and maintain a system of internal accounting controls sufficient to provide reasonable  
6 assurances that transactions were recorded as necessary to permit preparation of financial  
7 statements in conformity with GAAP.

8  
9 32. By reason of the foregoing, Cappel violated Section 13(b)(5) [15 U.S.C. §  
10 78m(b)(5)] and Exchange Act Rule 13b2-1 [17 C.F.R. § 240.13b2-1<sup>4</sup>] and aided and abetted  
11 violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B) [15 U.S.C. §§ 78m(b)(2)(A)  
12 and 78m(b)(2)(B)].

13  
14 **FOURTH CLAIM**

15 **Cappel Aided and Abetted Violations of Exchange Act Section 13(a) and Rules 12b-20,**  
16 **13a-1, and 13a-13 thereunder**  
17 **[Reporting Violations]**

18 33. Paragraphs 1 through 20, and paragraphs 28 through 31, are realleged and  
19 incorporated herein by reference.

20 34. Cappel knowingly and substantially participated in Peregrine's inclusion of  
21 financial statements that were not presented in conformity with GAAP in its annual and quarterly  
22 reports filed with the Commission from the first quarter of fiscal year 2000 (the period ended  
23 June 30, 1999) through the third quarter of fiscal year 2002 (the period ended December 31,  
24 2001).

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\* 2001 ed., p. 121, promulgated 2/23/79.

35. By reason of the foregoing, Cappel aided and abetted violations of Exchange Act Section 13(a) [15 U.S.C. § 78m(a)] and Exchange Act Rules 12b-20, 13a-1, and 13a-13 [17 C.F.R. §§ 240.12b-20<sup>5</sup>, 240.13a-1<sup>6</sup>, and 240.13a-13<sup>7</sup>].

**RELIEF REQUESTED**

WHEREFORE, Plaintiff Securities and Exchange Commission respectfully requests that this Court:

**I.**

Issue an order of permanent injunction restraining and enjoining Cappel, and her agents, servants, employees, attorneys, and assigns, and those persons in active concert or participation with her, and each of them, from violating Securities Act Section 17(a) [15 U.S.C. § 77q(a)], Exchange Act Sections 10(b) and 13(b)(5) [15 U.S.C. §§ 78j(b) and 78m(b)(5)], and Exchange Act Rules 10b-5 [17 C.F.R. § 240.10b-5] and 13b2-1 [17 C.F.R. § 240.13b2-1], and from aiding and abetting violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) [15 U.S.C. §§ 78m(a), 78m(b)(2)(A), and 78m(b)(2)(B)] and Exchange Act Rules 12b-20 [17 C.F.R. § 240.12b-20], 13a-1 [17 C.F.R. § 240.13a-1], and 13a-13 [17 C.F.R. § 240.13a-13].

**II.**

Issue an order directing Cappel to disgorge, with prejudgment interest, all ill-gotten gains resulting from her conduct described in this complaint.

<sup>5</sup> 2001 ed., p. 100, promulgated 2/13/65.

<sup>6</sup> 2001 ed., p. 116, promulgated 7/24/97.

<sup>7</sup> 2001 ed., p. 119, promulgated 5/12/77, as amended 5/3/83, 7/9/85, 3/13/89, 3/27/92, and 6/14/96.

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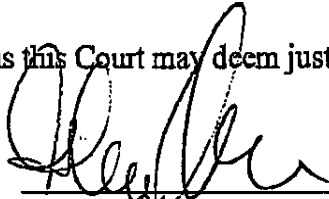
III.

Issue an order directing Defendant Cappel to pay civil monetary penalties under Exchange Act Sections 21(d)(3) and 21A of the Exchange Act [15 U.S.C. §§ 78u(d)(3) and 78u-1].

IV.

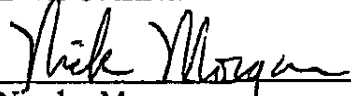
Grant such other and further relief as this Court may deem just and proper.

Dated: November 21, 2002



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ORIGINAL

BY FAX

1244  
(Rev. 1/7/90)

CIVIL COVER SHEET

FILED

sheet. (SEE INSTRUCTIONS ON THE SECOND PAGE OF THIS FORM.)

I (a) PLAINTIFFS  
SECURITIES & EXCHANGE COMMISSION

DEFENDANTS

02 NOV 22 AM 11:44

ILSE CAPPEL  
02 NOV 23 10 00 AM  
DISTRICT COURT  
SAN DIEGO, CALIFORNIA (LSP)

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

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

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

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Phone: 202 942-7934

ATTORNEYS (IF KNOWN)  
Michael L. Lipman, 501 W. Broadway, Suite 400  
San Diego, CA 92101

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)

- |   |                            |                            |   |                            |                            |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State                   | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State     | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State                | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation  | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. CAUSE OF ACTION (CITE THE US CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE A BRIEF STATEMENT OF CAUSE. DO NOT CITE JURISDICTIONAL STATUTES UNLESS DIVERSITY).  
15 USC 77q(a), 15 USC 78j(b) and 78m(b)(5), 15 USC 78m(a), 78m(b)(2)(A) and 78(b)(2)(B)

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

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Motor Car <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Maritime Act <input type="checkbox"/> 152 Recovery of Defined Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veterans Benefits <input type="checkbox"/> 160 Stockholders Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Breach Liability	<b>PERSONAL INJURY</b> <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employees' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	<b>PERSONAL INJURY</b> <input type="checkbox"/> 302 Personal Injury - Medical Malpractice <input type="checkbox"/> 305 Personal Injury - Product Liability <input type="checkbox"/> 308 Asbestos Personal Injury Product Liability <b>PERSONAL PROPERTY</b> <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC811 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 RR & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 670 Other <b>LABOR</b> <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 750 Other Labor Litigation <input type="checkbox"/> 791 Frmt. Ret. Inc. Security Act	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <b>PROPERTY RIGHTS</b> <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <b>SOCIAL SECURITY</b> <input type="checkbox"/> 861 FIA (1995) <input type="checkbox"/> 862 Black Lung (92a) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 ESID Title XVI <input type="checkbox"/> 865 RSI (405(a)) <b>FEDERAL TAX SUITS</b> <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS - Third Party 26 USC 7609	<input type="checkbox"/> 400 State Appointment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Bank and Banking <input type="checkbox"/> 450 Consumer/ICC Rules/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 450 Securities/Commodities Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 890 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 890 Other Statutory Act/out
<b>REAL PROPERTY</b> <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Title to Land <input type="checkbox"/> 245 Trust Product Liability <input type="checkbox"/> 290 All Other Real Property	<b>CIVIL RIGHTS</b> <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	<b>PRISONER PETITIONS</b> <input type="checkbox"/> 510 Motions to Vacate Sentence/Habeas Corpus <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prisoner Conditions			

VI. ORIGIN (PLACE AN X IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removal from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER f.r.e.p. 23

DEMAND \$

Check YES only if demanded in complaint:  
JURY DEMAND:  YES  NO

VIII. RELATED CASE(S) IF ANY (See Instructions):

JUDGE Hon. Thomas J. Whelan

Docket Number 02 CR 3104 W

DATE 11/22/02

SIGNATURE OF ATTORNEY OF RECORD

Glenn A. Harris and Nicholas Morgan