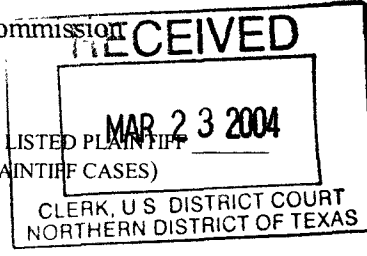


CIVIL COVER SHEET

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rule of court. This form, approved by the judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

(a) PLAINTIFFS

U.S. Securities and Exchange Commission



DEFENDANTS

J. Robert Dobbins, Dobbins Capital Corp.,
Dobbins Offshore Capital, LLC, Dobbins Partners, L.P. and
Dobbins Offshore, Ltd.,

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT
Dallas

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

(IN U.S. PLAINTIFF CASES ONLY)

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

(c) ATTORNEYS (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

Katherine S. Addleman, U.S. Securities and Exchange Commission, 1801 California Street, Suite 1500, Denver, CO 80202

ATTORNEYS (IF KNOWN)

Edwin Tomko
Terence J. Hart, Esq

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 111)

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

- Citizen of This State: PTF 1 DEF 1
- Citizen of Another State: PTF 2 DEF 2
- Citizen or Subject of a Foreign Country: PTF 3 DEF 3
- Incorporated or Principal Place of Business in This State: PTF 4 DEF 4
- Incorporated Principal Place at Business in Another State: PTF 5 DEF 5
- Foreign Nation: PTF 6 DEF 6

- IV. ORIGIN (PLACE AN X IN ONE BOX ONLY): 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated, 5 Transferred from another district (Specify), 6 Multidistrict Litigation, 7 Appeal to District Court Judgment

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 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefit <input type="checkbox"/> 160 Stockholders Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle <input type="checkbox"/> 360 Other Personal Injury CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <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 PRISONER PETITIONS <input type="checkbox"/> 510 Motions to vacate Sentence HABAES 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 Prison Condition	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R. R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other LABOR <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"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl Ret Inc., Security Act	<input type="checkbox"/> 422 Appeal 28 US 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U S Plaintiff of Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer influenced and Corrupt organization <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/ Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <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"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions

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

15 U.S.C. § 77q(a), 15 U.S.C. § 78j(b) and 17 CFR § 240.10b-5, 15 U.S.C. §§ 80b(6)(1) and (2)

VII. REQUESTED IN COMPLAINT

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

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

VIII. RELATED CASE(S) (See instructions) Judge

Docket Number

DATE 3/23/04

SIGNATURE OF ATTORNEY OF RECORD

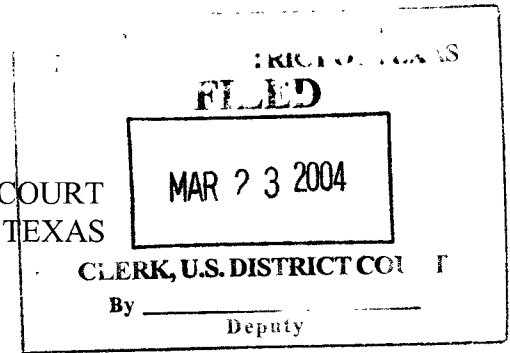
Katherine S. Addleman

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG JUDGE

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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS



Securities and Exchange Commission,

Plaintiff,

v.

J. Robert Dobbins,
Dobbins Capital Corp.,
Dobbins Offshore Capital, LLC,
Dobbins Partners, L.P. and
Dobbins Offshore, Ltd.,

Defendants,

Tracey Dobbins,

Relief Defendant.

Civil Action No.

3-040V-605H

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint,
alleges as follows:

SUMMARY OF THE ACTION

1. This case involves J. Robert Dobbins, an investment advisor, who engaged in a scheme to defraud investors in two unregistered hedge funds: Dobbins Partners L.P. and Dobbins Offshore Ltd. (collectively referred to as “Dobbins Hedge Funds”). Dobbins, who managed the Dobbins Hedge Funds through two investment advisers, Dobbins Capital Corp. and Dobbins Offshore Capital, LLC (collectively referred to as “Dobbins Investment Advisers”), raised at least \$50 million from over 50 investors from around the world. Since at least January 1, 2000 and

continuing to today, Dobbins made false statements to Dobbins Hedge Funds investors concerning the funds' performance by arbitrarily overvaluing investments in thinly-traded and non-publicly traded securities. Dobbins provided the false valuations to Fund investors, in some circumstances, at the time of their investment, in e-mail correspondence, telephone conversations, meetings, and reports posted on Dobbins' Internet website. Then, using the fraudulently inflated valuations, Dobbins caused the funds to pay management and incentive fees of over \$5.3 million to Dobbins and the Dobbins Investment Advisers. Further, Dobbins caused the Dobbins Hedge Funds to fraudulently pay unnecessary commission payments to a broker, who then kicked back a significant portion of the commissions to Dobbins.

2. On December 31, 2003, Dobbins announced to Dobbins Partners investors that he intended to liquidate the fund's portfolio. On February 27, 2004, the Commission learned that Dobbins intended to liquidate both Dobbins Hedge Funds and that Dobbins claimed to be interviewing potential liquidators. The Commission also learned that during February 2004, Dobbins made a request to withdraw the remaining \$25,000 in cash from the Dobbins Partners brokerage account. More recently, on March 10, 2004, Dobbins Capital resigned as the general partner of Dobbins Partners and at approximately the same time, one investor of Dobbins Partners retained a liquidator who, as of March 15, 2004, had taken control of Dobbins Partners.

3. Since January 2000, Dobbins Capital wired over \$1.7 million to Tracey D. Dobbins, Dobbins' ex-wife, based in part on management and incentive fees Dobbins earned by fraudulently overvaluing Dobbins Partners' net asset value.

4. Defendants Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore have engaged in, and unless restrained and enjoined by the Court will engage in, transactions, acts,

Dobbins Partners

practices, and courses of business that violate Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5]) thereunder.

5. Defendants Dobbins, Dobbins Capital, and Dobbins Offshore Capital have engaged in, and unless restrained and enjoined by the Court will engage in, transactions, acts, practices, and courses of business that violate Sections 206(1) and (2) of the Investment Advisers Act of 1940 [15 U.S.C. §§ 80b-6(1) and (2)].

6. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], Sections 21(d) and (e) of the Exchange Act [15 U.S.C. §§ 78u(d) and (e)], and Section 209(d) of the Investment Advisers Act [15 U.S.C. § 80b-9(d)] for an order restraining and enjoining each of the defendants from the above violations and granting other relief. The Commission seeks an order pursuant to the equitable authority of the court requiring Defendants and Relief Defendant to disgorge all ill-gotten gains from their participation in the fraud and prejudgment and post-judgment interest thereon.

7. The Commission seeks an order requiring each defendant to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78(u)(d)(3)], and Section 209(e) of the Investment Advisers Act [15 U.S.C. § 80b-9(e)].

8. The Commission seeks an order pursuant to the equitable authority of the court that: (1) freezes the assets of each of the Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, ~~Dobbins Partners~~, and Dobbins Offshore and all assets in their direct or indirect control or custody; (2) orders Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore

Capital, and Dobbins Offshore to conduct a sworn accounting of their assets, liabilities, and investor proceeds; and (3) orders the prohibition of destruction of documents.

JURISDICTION AND VENUE

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

10. In connection with the transactions, acts, practices, and courses of business described in this Complaint, each of the defendants, directly and indirectly, has made use of the means or instrumentalities of interstate commerce, of the mails, and/or of the means and instruments of transportation or communication in interstate commerce.

11. Dobbins resides in this judicial district. The principal place of business of Dobbins Capital, Dobbins Offshore Capital, Dobbins Partners and Dobbins Offshore is located in this judicial district, and Defendant Dobbins resides in this judicial district. All of the transactions, acts, practices and courses of business constituting the violations of law alleged herein occurred within this judicial district.

DEFENDANTS AND RELIEF DEFENDANT

12. J. Robert Dobbins, age 45, is a resident of Dallas, Texas, and is the majority owner and president of Dobbins Capital. Dobbins is the sole member of Dobbins Offshore Capital. Dobbins, through his ownership and control of Dobbins Capital Corp. and Dobbins Offshore Capital, LLC, controlled all trading and valuation of the Dobbins Hedge Funds.

13. Dobbins Capital Corp. is a Texas corporation located in Dallas. Dobbins Capital has served as the general managing partner for Dobbins Partners since 1991.

14. Dobbins Offshore Capital, LLC. is a Delaware corporation. Dobbins Offshore Capital has been the investment manager for Dobbins Offshore since 1997. Dobbins operated Dobbins Offshore Capital from the same offices as Dobbins Capital in Dallas, Texas.

15. Dobbins Partners, L.P. is a limited partnership hedge fund established by Dobbins in Texas in November 1990. Dobbins Partners raised at least \$25 million from approximately 26 investors. At various points between January 1, 2000 and October 31, 2003, Dobbins valued the net assets of the Dobbins Partners fund at a range between \$40 and \$60 million.

16. Dobbins Offshore, Ltd. is a British Virgin Islands entity established by Dobbins in May 1997. Dobbins Offshore raised more than \$25 million from between 20 and 30 investors. At various points between January 1, 2000 and September 30, 2003, Dobbins reported Dobbins Offshore fund's net assets to be worth between \$45 million and \$76 million.

17. Tracey D. Dobbins, age 46, is Dobbins' ex-wife. Tracey Dobbins is 35 percent owner of Dobbins Capital. Although Tracey Dobbins has not provided any services to Dobbins Capital, she has received payments based on a percentage of Dobbins Capital's net profits.

THE FACTS

18. In November 1990, Dobbins established Dobbins Partners and began soliciting investors to purchase limited partnership interests.

19. Dobbins Partners pooled funds for investments in "special situations" described as securities of issuers engaged in mergers, acquisitions, reorganizations, and bankruptcy proceedings.

20. In 1997, Dobbins established Dobbins Offshore with investment objectives also focused on special situation securities.

21. The offering documents of the Dobbins Hedge Funds stated that the principal investment objective of the funds was to invest in publicly traded debt and equity securities.

22. Dobbins made all investment decisions and valuations for the Dobbins Hedge Funds through his ownership of the Dobbins Investment Advisers.

Dobbins Materially Misstated the Funds' Net Asset Values

23. The Dobbins Hedge Funds' offering materials provided that the net asset value of the funds would be determined by the market value of the securities held by the funds.

24. The offering documents defined market value in relation to the last sale price or the last bid price for the security.

25. The Dobbins Hedge Funds' offering materials did not adequately disclose that Dobbins would invest in private companies and provided no disclosure that, for private, thinly-traded, and non-publicly traded securities, Dobbins used a self-designed private valuation method that bore no relationship to the true value of the securities.

26. Dobbins has provided no independent support for his private valuations of a significant amount of private, thinly-traded, and non-publicly traded securities in the Dobbins Hedge Funds' portfolios.

27. At various times between 2001 and the present, the Dobbins Hedge Funds' portfolios were comprised of between 5 and 25 percent of Grant Geophysical stock.

28. Grant Geophysical, based in Houston, Texas, is a post-bankruptcy company that provides seismic data.

29. Since 2001, in reports prepared for investors, Dobbins valued these shares consistently at \$65.00 per share using his private valuation method, which purportedly involved reliance on earnings analysis and comparisons to companies in the same industry.

30. In a September 30, 2003 portfolio valuation report Dobbins prepared and showed to several investors, Dobbins Offshore held over 168,000 shares of Grant Geophysical stock valued at \$65.00 per share for a total market value of \$10.9 million or 25 percent of Dobbins Offshore's total investments.

31. Dobbins' valuation of Grant Geophysical had no reasonable basis because he failed to rely on the most recently available sale price of the stock and his analysis involved no independent variables to confirm his valuation.

32. Publicly reported trades in Grant Geophysical occurred in January 2002 at \$3 per share and in July 2002 at \$0.001 per share.

33. Dobbins' \$65 per share valuation as of September 30, 2003, was as much as twenty times greater than the last reported share price.

34. Grant Geophysical's Form 10-K for the year ended December 31, 2001, reported net losses of \$67,397,040, and total stockholders' deficit of \$57,599,000.

35. Grant Geophysical's Form 10-K for the year ended December 31, 2002 reported net losses of \$5,578,000 and total stockholders' deficit of \$62,943,000.

36. Grant Geophysical's independent accountants issued audit reports for Grant Geophysical's 2001 and 2002 Forms 10-K with qualifications casting doubt on the company's ability to continue as a going concern.

37. Dobbins Hedge Funds' brokerage accounts did not assign a value to the Grant Geophysical stock, listing the value of the stock as "unavailable."

38. At various times since late 2000, Dobbins invested as much as 10 to 15 percent of Dobbins Hedge Funds' portfolios in Physicians Resource Group, Inc. stock.

39. Physicians Resource Group, Inc., based in Dallas, Texas, provides medical practice management services and is in liquidation.

40. In reports prepared for investors, Dobbins valued these shares between \$2 and \$18 using his private valuation method, which purportedly involved reliance on earnings analysis and comparisons to companies in the same industry.

41. In a September 30, 2003 Dobbins Offshore fund portfolio valuation report, Dobbins represented that the fund held over 2.1 million shares of Physicians Resource Group stock which Dobbins valued at \$2.94 per share for a total market value of over \$6.3 million, 15 percent of Dobbins Offshore's portfolio holdings.

42. Since as early as 2000 Dobbins' valuation of Physicians Resource Group has had no reasonable basis because he failed to rely on the most recent publicly reported trade and he used no independent variables for his calculations.

43. The last publicly reported trade in Physicians Resource Group occurred on December 15, 2000 at a price of \$0.002 per share and no trades have been reported since that time.

44. In Physicians Resource Group's last filed annual report, a Form 10-K for the year ended December 31, 2000, the company reported total assets of \$39,000,000, total liabilities of \$73,167,000, negative working capital of \$33,723,000 and an accumulated deficit of \$322,390,000.

45. Dobbins Hedge Fund's brokerage account statements consistently listed the value of Physician's Resource Group stock as unavailable.

46. The Dobbins Hedge Fund portfolios have also included securities of private companies that are substantially overvalued.

47. At various times since early 2000, as much as 8 to 20 percent of the Dobbins Hedge Funds portfolios have consisted of stock of Human Side International, Inc., a private company.

48. Human Side International is a private software company that provides human resource assessments of employees and applicants in English and Spanish.

49. Human Side International has only three employees, and its assets are a web-based software and a computer based learning package.

50. Since early 2000, Dobbins privately valued the company at between \$189 and \$400 per share.

51. Dobbins' valuation purportedly was based on the amount of money the company spent developing software and learning packages as well as the value of competitors in the same industry.

52. Dobbins' private valuation of Human Side International lacks any reasonable basis especially in light of the information available to him.

53. Since 2001, Human Side International has had revenues of less than \$100,000 per year and has required over \$2 million in loans from Dobbins and Dobbins related entities for working capital.

54. In a September 30, 2003, Dobbins Offshore portfolio report, Dobbins valued the Human Side International stock at \$189.00 per share or \$9.2 million, representing over 5 percent of Dobbins Offshore portfolio.

55. Only one month later, after October 31, 2003, Dobbins showed Dobbins Partners investors a portfolio valuation report in which Dobbins valued Human Side International stock at \$401 per share or \$10.8 million, 21 percent of Dobbins Partners' portfolio.

56. Dobbins made material misrepresentations to Dobbins Hedge Fund investors regarding the value of the Dobbins Hedge Funds by displaying the artificially inflated asset values and performance results on Dobbins Investment Advisers Internet website, and by regularly communicating the overstated asset values and performance estimates to investors in telephone conversations, e-mail messages, and individual meetings with fund investors.

57. Dobbins made these misrepresentations to some investors at the time of their investments.

58. Dobbins provided several Dobbins Hedge Funds investors with materially misstated valuations as recently as February 2004.

Dobbins Preferentially Paid Redemptions based on Fraudulently Calculated Net Asset Values

59. Dobbins improperly paid redemptions to investors at an artificially inflated price per share at the expense of investors who remained in the fund in reliance on his inflated valuation of the Dobbins Hedge Fund assets.

60. Between January and May 2002, Dobbins caused Dobbins Partners to pay over \$ 5.7 million in redemption payments to investors. Thereafter, since January 2003, over \$4 million was paid as redemption payments to additional Dobbins Partners investors.

61. Dobbins preferentially paid redemptions to the investors because the payments were based on Dobbins' fraudulently calculated net asset values.

Dobbins Received Excessive Management and Incentive Fees as a Result of the Fraudulent Net Asset Values

62. The Dobbins Hedge Funds offering materials provided that the Dobbins Investment Advisers would earn a quarterly management fee of .3125 percent of the funds' net asset value, and a yearly incentive fee of 20 percent of the funds' aggregate appreciation.

63. The Dobbins Hedge Funds paid the Dobbins Investment Advisers improperly inflated management and incentive fees because Dobbins artificially inflated the funds' net asset value.

64. Between January 1, 2000 and October 31, 2003, Dobbins Partners paid Dobbins Capital more than \$1.5 million in incentive fees and over \$1.6 million in management fees.

65. Between January 1, 2000 and September 30, 2003, Dobbins Offshore Capital improperly accrued over \$5.9 million in incentive fees and was paid over \$2.2 million in management fees by Dobbins Offshore.

66. Dobbins calculated these fees based on the artificially inflated net assets of the Dobbins Hedge Funds.

67. Tracey Dobbins received over \$1.7 million of the fraudulently calculated incentive fees and management fees.

Dobbins' Fraudulent Kick-Back Scheme

68. Dobbins caused the Dobbins Hedge Funds to fraudulently pay unnecessary commission payments to a broker-dealer for executing securities trades for the Dobbins Hedge Funds. The broker-dealer then kicked back a significant portion of the commissions to Dobbins.

69. Dobbins breached his fiduciary duty by failing to disclose that he would not obtain best execution for his clients' trades. Dobbins unnecessarily interposed the broker-dealer in cross trades between the Dobbins Hedge Funds, causing the funds to pay unnecessary commissions.

70. To carry out this kick-back scheme, Dobbins submitted reimbursement requests to the broker-dealer for payment of expenses incurred by the Dobbins Investment Advisers.

71. Between December 2000 and October 2002, the broker-dealer reimbursed Dobbins Partners over \$1 million for various expenses incurred by Dobbins and the Dobbins Investment Advisers.

72. To facilitate the fraudulent reimbursement, Dobbins unnecessarily interpositioned the broker-dealer as an executing broker for cross trades of securities between the prime brokerage accounts of Dobbins Partners and Dobbins Offshore.

73. Dobbins paid the broker-dealer commissions on the trades equal to the difference between the price at which one Dobbins Hedge Fund bought the security and the price at which the other Dobbins Hedge Fund sold the securities.

74. In a transaction on January 4, 2002, Dobbins Partners sold 62,500 shares of Grant Geophysical stock at \$64.00 per share and Dobbins Offshore simultaneously bought the 62,500 shares of Grant Geophysical stock at \$64.50 per share resulting in \$31,190 in commissions to the

broker-dealer.

75. For little or no cost to the Dobbins Hedge Funds, Dobbins could have effectuated the same transactions by merely performing a “journaling” transaction, whereby he would send a request to the prime broker to transfer cash and securities between the Dobbins Hedge Funds’ prime brokerage accounts.

76. Dobbins caused at least twenty cross trades in 2002 among Dobbins-controlled entities including the Dobbins Hedge Funds, which generated at least \$150,000 in unnecessary commission payments.

FIRST CLAIM

Violations by All Defendants of Section 17(a)(1) of the Securities Act

77. Plaintiff repeats and realleges paragraphs 1 through 76 above.

78. All of the defendants, directly and indirectly, with scienter, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, have employed devices, schemes or artifices to defraud.

79. By reason of the foregoing, all of the defendants violated and, unless restrained and enjoined, will violate Section 17(a)(1) of the Securities Act.

SECOND CLAIM

Violations by All Defendants of Section 17(a)(2) and 17(a)(3) of the Securities Act

80. Plaintiff repeats and realleges paragraphs 1 through 76 above.

81. All of the defendants, directly and indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, have obtained money or property by means of untrue statements of material fact or

omissions to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; or have engaged in transactions, practices, or courses of business which have been, or are operating as a fraud or deceit upon the purchasers of such securities.

82. By reason of the foregoing, all of the defendants violated and, unless restrained and enjoined, will violate Sections 17(a)(2) and (3) of the Securities Act.

THIRD CLAIM

Violations by All Defendants of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder

83. Plaintiff repeats and realleges paragraphs 1 through 76 above.

84. All of the defendants, directly or indirectly, with scienter, in connection with the purchase or sale of securities, by use of the means or instrumentalities of interstate commerce or by use of the mails, have employed devices, schemes, or artifices to defraud; have made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or have engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers or sellers of such securities.

85. By reason of the foregoing, all of the defendants violated and, unless restrained and enjoined, will violate Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

FOURTH CLAIM

Dobbins, Dobbins Capital, and Dobbins Offshore Capital Violated Sections 206(1) and (2) of the Investment Advisers Act of 1940

86. By reason Plaintiff repeats and realleges paragraphs 1 through 76 above.

87. Dobbins, Dobbins Capital, and Dobbins Offshore Capital, in connection with their business as an investment advisor, by use of the mails or means or instrumentalities of interstate commerce, directly or indirectly, have employed devices, schemes or artifices to defraud clients and prospective clients; have engaged in transactions, practices or courses of business which have operated, are operating and will operate as a fraud or deceit upon clients or prospective clients.

88. By reason of the foregoing, Dobbins, Dobbins Capital, and Dobbins Offshore Capital violated and, unless restrained and enjoined, will violate Sections 206(1) and 206(2) of the Advisers Act.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Enter an order that Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore and their officers, directors, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, and each of them, are preliminarily enjoined and restrained from directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange in connection with the purchase or sale of any security: (1) employing any device, scheme, or artifice to defraud; (2) making any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (3) engaging in any act, practice,

or course of business which operates or would operate as a fraud or deceit upon any person in violation of Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

II.

Enter an order that Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore and their officers, directors, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, and each of them, are preliminarily enjoined and restrained from, directly or indirectly, in the offer or sale of any security by the use of any means or instruments of transportation, or communication in interstate commerce or by the use of the mails: (1) employing any device, scheme, or artifice to defraud; or (2) obtaining money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or; (3) engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser in violation of Section 17(a) of the Securities Act of 1933 [15 U.S.C. §77q(a)].

III.

Enter an order that defendants Dobbins, Dobbins Capital Corp., and Dobbins Offshore Capital LLC, and their officers, directors, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, and each of them, are preliminarily

enjoined and restrained from violating Section 206 of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-6] in connection with their business as an investment advisor, by use of the mails or means or instrumentalities of interstate commerce, directly or indirectly, employing devices, schemes or artifices to defraud clients and prospective clients; or engaging in transactions, practices or courses of business which have operated, are operating and will operate as a fraud or deceit upon clients or prospective clients.

IV.

Enter an order that:

A) All the assets of Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore are frozen. Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore and their officers, directors, successor corporations, subsidiaries, affiliates, agents, servants, employees, attorneys-in-fact, and those persons in active concert or participation with them who receive actual notice of this order by personal service or otherwise, and each of them, hold and retain within their control, and otherwise prevent any disposition, transfer, pledge, encumbrance, assignment, dissipation, concealment, or other disposal whatsoever of any of their funds or other assets or things of value presently held by them, under their direct or indirect control or custody or over which they exercise actual or apparent investment or other authority, or which are held directly or indirectly for their benefit, in whatever form such assets may presently exist and wherever located including, but not limited to, all assets held in Merrill Lynch Pierce, Fenner & Smith Inc., account numbers 329-56018 and 329-56033, and all assets held in Bank of America, N.A. account numbers 0012 9783 8436, 0047 7046 6763, 0001 8043 8945; and

B) Any bank, financial or brokerage institution or other person or entity holding any funds, securities or other assets in the name of, for the benefit of, or under the direct or indirect control of Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore shall hold and retain within their control and prohibit the withdrawal, removal, transfer or other disposal of any such funds or other assets

V.

Order that Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore shall within thirty (30) days submit a sworn statement to Plaintiff of all their assets, liabilities, and investor proceeds including but not limited to:

A) the location of any bank and brokerage accounts and any assets over which they have direct or indirect control,

B) every transaction in which any funds or any assets of any kind whereby ownership, direction and control, whether, direct or indirect, have since January 1, 2000 have been transferred to or from Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, and Dobbins Offshore, and

C) every receipt of funds or assets from and every distribution of funds or assets to investors or partners in Dobbins Partners, L.P. and Dobbins Offshore, Ltd. from inception.

VI.

Order that Defendants J. Robert Dobbins, Dobbins Capital, Dobbins Offshore Capital, Dobbins Offshore, and their officers, agents, attorneys, and those persons in active concert or participation with any of them, who receive actual notice of the Order, by personal service or otherwise, and each of them, be and hereby are restraining from, directly and indirectly:

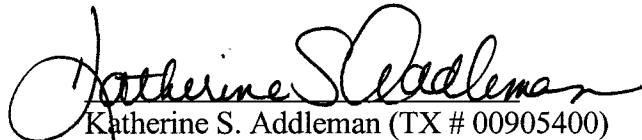
destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, any documents, which includes all books, records, computer programs, computer files, computer printouts, correspondence, memoranda, brochures, or any other documents of any kind in their possession, custody or control, however created, produced, or stored (manually, mechanically, electronically, or otherwise), pertaining in any manner to any of them.

VIII.

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

Dated: March 22, 2004.

Respectfully submitted,



Katherine S. Addleman (TX # 00905400)

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