UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,	
Plaintiff,	
v.	**Civil Action No.**
K2 UNLIMITED, INC. **211 VENTURES, LLC,** **DIANE GLATFELTER,** **ROBERT C. RICE, and** **ROBERT S. ANDERSON,**	
	JURY TRIAL DEMANDED
Defendants.	

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges the following against defendants K2 Unlimited, Inc. ("K2"), 211 Ventures LLC ("211 Ventures "), Diane Glatfelter ("Glatfelter"), Robert C. Rice ("Rice") and Robert S. Anderson ("Anderson"):

SUMMARY

1. From at least 2007 through 2008 Defendants Glatfelter and Rice, through their companies K2 and 211 Ventures, purported to offer venture capital financing to clients by the use of fictitious instruments called bank guarantees. In addition to offering (but failing to provide) venture capital loans based on the use of fictitious financial instruments, Glatfelter, Rice and 211 Ventures offered direct investments in fraudulent and non-existent trading programs, promising high returns and guarantees against loss. They solicited at least seven investors from Florida, Minnesota, California, Ohio, as well

as Costa Rica. Glatfelter, Rice, K2, and 211 Ventures defrauded investors of at least $1.8 million by offering these fictitious investments.

2. In early 2009, Glatfelter associated herself with Anderson in another investment scheme utilizing fictitious investment instruments and trading programs. Glatfelter induced investors to purchase Anderson's non-existent securities in expectation of earning huge commissions. Anderson created a fraudulent scheme and made misstatements and omissions of material fact to investors. They solicited at least thirty-three investors from Illinois, Delaware, Georgia, Nevada, Florida, Virginia, North Carolina, California, Texas as well as Trinidad/Tobago, Malaysia, and Indonesia. Together Anderson and Glatfelter caused at least another $425,000 in investor loss.

JURISDICTION AND VENUE

3. The court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§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].

4. The Commission seeks a permanent injunction and disgorgement pursuant to Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)] and Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)].

5. The Commission seeks the imposition of a civil monetary penalty pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].

6. Venue is proper in this district pursuant to 28 U.S.C. § 1331, Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C.

§ 78aa] because certain of the transactions, acts, practices and courses of conduct constituting the violations alleged herein occurred within this district.

7. In connection with the conduct described in this Complaint, Defendants directly or indirectly have made and/or are making use of the mails or the means or instruments of transportation or communication in interstate commerce, in the District of Massachusetts and elsewhere, in connection with the acts, practices and courses of business alleged in the Complaint.

DEFENDANTS

8. **K2 Unlimited, Inc.** ("K2") is a Massachusetts corporation organized in August 2001, by Glatfelter as sole shareholder, doing business in Billerica, Massachusetts. K2 is not registered with the Commission in any capacity and has not registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

9. **211 Ventures, LLC** ("211 Ventures") is a Massachusetts Limited Liability Company organized in January 2007 by Glatfelter and Rice, doing business in Billerica, Massachusetts. Rice, Glatfelter, and Glatfelter's sister, Susan Lorigan ("Lorigan") are its managing members. Glatfelter and Rice each own 48% of 211 Ventures. 211 Ventures is not registered with the Commission in any capacity and has not registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

10. **Diane Glatfelter** ("Glatfelter"), age 45, is a resident of Billerica, Massachusetts. Glatfelter is sole shareholder of K2, and one of the founding managing members of 211 Ventures. From approximately May 2006 to July 30, 2010, Glatfelter

was the secretary, treasurer, and principal financial officer of Clean Power Technologies, Inc., a publicly-traded company whose securities are registered with the Commission.

11. **Robert C. Rice** ("Rice"), age 48, is a resident of Tallahassee, Florida. K2's website described Rice as K2's chief operating officer at all times relevant to this complaint. Rice is also one of the founding managers of 211 Ventures.

12. **Robert S. Anderson** ("Anderson"), age 48, is a resident of Madison, Indiana. Anderson is a partner of E-Trust Clearing House, KB ("E-Trust"), an entity based in Sweden. E-Trust has not registered any offering of securities under the Securities Act or any class of securities under the Exchange Act.

FACTS

Background

13. From at least 2006 forward, and during all relevant times as alleged in this complaint, Glatfelter and Rice forwarded K2 clients to programs offered by others, charging their K2 clients fees for Glatfelter, Rice, and K2's efforts to connect clients with a source of loans or investment returns based on fictitious securities and financial instruments. None of the programs based on fictitious securities and financial instruments returned any loans or profit to K2's clients.

14. In January 2007, Glatfelter and Rice created 211 Ventures, through which they offered their own loan and investment scheme to K2's clients. Although Glatfelter and Rice operated 211 Ventures from Glatfelter's home, they used Lorigan's address on 211 Ventures documents and used her signature on most 211 Ventures documents, including client contracts and letters to K2. Using Lorigan's address and signature on 211 Ventures documents allowed Glatfelter and Rice to misrepresent that K2 was

forwarding its clients to a separate entity. Furthermore, it allowed them to collect client fees paid both to K2 and 211 Ventures. Both Glatfelter and Rice solicited investors and prospective investors through their own statements, and by statements made under the auspices of both K2 and 211 Ventures.

15. Glatfelter and Rice made representations to investors through and concerning both K2 and 211 Ventures, but omitted from most communications that they actually controlled 211 Ventures.

16. Beginning in at least January 2007, when clients contacted K2 to search for financing for their businesses, Glatfelter, Rice and K2 collected K2's fee, and referred clients to 211 Ventures. Glatfelter and Rice described 211 Ventures to clients as a so-called "venture capital" company that could lend huge amounts to clients, which the clients would repay.

Investment in Fictitious Securities Programs Through "Self-Liquidating" Loans

17. Through oral and written communications, Glatfelter, Rice, and 211 Ventures offered 211 Ventures clients direct investments in a fictitious trading program. Glatfelter, Rice, and 211 Ventures represented to prospective investors that the program involved the trading of purported financial instruments for quick, risk-free, sky-high returns, from a separate, secret trade program provider. Prospective investors could then use the promised investment proceeds to repay 211 Ventures, for what they called a "self-liquidating" loan.

18. These communications contained numerous misrepresentations including the existence of the instruments, the amount of profit that the investor would receive, as

well as the ability of the profits to repay purported loans obtained by 211 Ventures clients.

Direct Investment Based on Investment of Fictitious Bank Guarantees.

19. Glatfelter, Rice, and 211 Ventures also represented to investors through emailed and oral communications that they could directly invest sums ranging from $350,000 to $1 million or more to obtain a bank guarantee with and/or through 211 Ventures. They represented that they would then provide that bank guarantee to a secret trader who would use the guarantee to increase the trader's line of credit, which then could be used in a trading scheme. They represented to prospective investors that the trade program would provide risk-free investment returns from the profits generated from the trading of other fictitious instruments. None of these representations were true.

20. For example, through oral and emailed communications, Glatfelter represented to one investor that he could receive returns of 50% per month from an investment of $350,000, risk-free, for a $240 million return in 12 months. She further represented that another client was doing this type of trade, and that she knew the trade was "reputable" – all of which were false.

21. In fact, on information and belief, she knew of no other client involved in the type of trade she had described to the investor. Moreover, she had no reasonable basis to represent that such trading was "reputable."

22. Through oral and emailed communications, Glatfelter, Rice, and 211 Ventures represented to another investor (the "Trade Program Investor") that it could pay $1 million to 211 Ventures to secure a bank guarantee from a source from whom, in fact, 211 Ventures had never been able to obtain such a bank guarantee.

23. Glatfelter, Rice, and 211 Ventures represented to the Trade Program Investor that when 211 Ventures obtained the purported guarantee, a separate trading group could use the guarantee in a trading program involving trading of financial instruments through so-called leveraging transactions over a 40-week period, generating returns of $30-$40 million per month. All of these representations were false.

24. On or about November 11, 2007, Glatfelter and Rice caused 211 Ventures to enter into a Profit Sharing Joint Venture Agreement ("Investor Joint Venture Agreement") with the Trade Program Investor. The agreement promised the Trade Program Investor that, in return for an investment of $1 million, 211 Ventures would obtain a "'AA' rated or better Bank Guarantee from a top 25 Western European or United States Bank" for the joint use of 211 Ventures and the Trade Program Investor. The Investor Joint Venture Agreement promised that 211 Ventures would obtain a credit line secured by the bank guarantee. It further represented that 211 Ventures would use cash proceeds from that line of credit to engage in "investment transactions and/or the purchase of certain debentures and other financial assets" for a profit; that 211 Ventures would receive a portion of the returns as compensation; and that "211 Ventures guarantees that there will be absolutely no risk of loss of any nature deductible from the mutually agreed upon initial deposit" of the bank guarantee.

25. All of these representations were false. 211 Ventures, Glatfelter, and Rice had no basis to represent that 211 Ventures could obtain a credit line based on a bank guarantee that does not exist. Moreover, they had no basis to represent that the cash proceeds would be used in a trading program that, in fact, did not exist. Further, although Glatfelter, Rice, K2, and 211 Ventures told clients that 211 Ventures would be paid for its

efforts through a percentage of the loan proceeds or compensated through the joint venture agreements through a percentage of trading profits, Glatfelter and Rice omitted from those statements that they also planned to keep and/or to spend a significant portion of 211 Ventures client money. Glatfelter and Rice also omitted to disclose that they were using some incoming client monies to refund complaining clients and for their own purposes, rather than waiting for investment returns.

26. When 211 Ventures failed to perform under the terms of the Investor Joint Venture Agreement, Glatfelter, Rice, and 211 Ventures made statements directly to the Trade Program Investor assuring the investor that they were continuing to work with and through banks worldwide to obtain a credit line and use the bank guarantee in trade.

27. On November 13, 2007, the Trade Program Investor wired $1 million to a 211 Ventures bank account. Glatfelter, Rice, and 211 Ventures solicited other investors in similar oral and written communications and ultimately obtained a total of at least $1.8 million from those who they had solicited to invest in either the self-liquidating loan scheme or the direct investment scheme.

28. Glatfelter and Rice spent a large percentage of the funds collected on Ponzi-style refunds to selected complaining clients and personal expenses including groceries, football tickets, and jewelry, without providing any of the promised investment return to their clients.

Misstatements to Continue the Schemes

29. In 2008 and 2009, Glatfelter, Rice, K2, and 211 Ventures sent a series of letters to 211 Ventures investors and prospective investors purporting to be from 211 Ventures to K2, or from third-party sources of bank guarantees to 211 Ventures or K2.

These communications created the false impression that 211 Ventures and K2 were separate entities that independently advanced the purported aims of the investment scheme.

30. Through oral and emailed communications, Glatfelter, Rice, and 211 Ventures also made statements to 211 Ventures investors and prospective investors repeating some of the same assurances contained in the letters purporting to be sent by or between 211 Ventures, K2, and the program providers.

31. The letters assured 211 Ventures investors and prospective investors that progress was steady and loans or returns would come soon. These purported updates provided false reasons for the delay and explained that 211 Ventures was in the process of monetizing its bank guarantee by increasing credit lines that would result in 211 Ventures obtaining cash that would flow to investors.

32. As late as September 2008, following more than a year of total failure to provide any investment returns to clients, K2 sent at least one newsletter to clients and prospective clients, which offered "Hot Financing Programs" including "Mid-Term Notes (MTNs) Platforms," "Stand By Letters of Credit, Bank Guarantee, Borrow 4 Million to A Billions + Fund in 30 + Days!," as well as "A Project Funding Solution That Does Not Require a Repayment of the Loan." K2 omitted from the statements about those apparent investments that K2, 211 Ventures, Glatfelter, and Rice had not seen any investor actually obtain funding by use of those or similar programs.

33. From at least January 2007 to as late as May 2010, K2 maintained a website at http://www.k2unlimitedinc.com that touted that K2 could assist in obtaining "Bank Guarantees/Stand By Letters of Credit (leased)" for funding.

34. Glatfelter, Rice, K2, and 211 Ventures failed to conduct any due diligence as regarding whether the bank guarantees they told investors could provide millions in risk-free returns even existed or could be invested, and about various details of the investment schemes. Glatfelter, Rice, K2, and 211 Ventures had no basis for their multiple misstatements to investors about their due diligence efforts and about each of these topics.

35. In February 2008, Glatfelter was warned by her attorneys that, according to the FBI's website, bank debenture programs and other programs akin to the 211 Ventures trading programs were non-existent and fraudulent. Yet, Glatfelter, Rice, K2, and 211 Ventures continued their business with no apparent changes, including sending letters regarding their investment scheme, maintaining K2's website, and sending K2's newsletter.

36. In January 2009, Glatfelter's lawyer reminded her of the advice again, and advised her to turn herself in to law enforcement. She instead associated herself with Anderson, the purveyor of other fictitious trading schemes, and continued to sell investment in non-existent securities, causing further losses to investors.

37. Glatfelter and Rice have continued into 2011 to contact various entities that promise to secure loan funding using instruments such as stand-by letters of credit, bank guarantees, or similar instruments.

38. Throughout their years of offering non-existent investment to others, Glatfelter and Rice never invested a single dime of their own money.

Glatfelter and Anderson Defrauded Investors through E-Trust.

39. Beginning in early 2009, Glatfelter began to work with Anderson, through his entity, E-Trust. Anderson described E-Trust to investors as a trust established in Sweden that employed several traders, invested in humanitarian efforts, and offered trading programs based on gold or precious metals, medium term notes, or other assets. Such trading programs do not exist. Therefore, E-Trust did not participate in the activities represented. Anderson obtained access to a bank account for E-Trust investor deposits and instructed Glatfelter how to handle the wire transfer deposits to the bank account.

40. Glatfelter told prospective 211 Ventures investors that she was now associated with a secret source, referring to E-Trust, that could finally successfully use 211 Ventures' bank guarantees in its trading programs that would return investment for 211 Ventures' benefit. She told other investors that she would use the commissions she earned to refund their payments.

41. Anderson provided Glatfelter with all investor contracts for the trading programs, which among other things informed investors that E-Trust would offer a "direct managed buy/sell program" with an investor's cash or other asset, for which both E-Trust and the investors would share in the profits. Glatfelter emailed Anderson contracts filled out by investors, which he emailed back to her bearing his signature on E-Trust's behalf.

42. Anderson maintained an E-Trust website at all relevant times, at http://www.e-tch.com. The website described E-Trust as a "boutique asset management and investment firm [offering] High Yield Investments" and "Private Placement

Investments," and claimed, among other things: "we obtain funding for investments and projects globally through monetizing of instruments (BG's, MTN's, SBLC's, CD's, and SKR's). We also offer investments for clients in commodities, precious metals, and gems etc." The website also touted E-Trust's "Trade Programs, High Yield Investments, Commodities (for trade), [and] Foreign Currency Exchange (buy/sell)." None of these statements were true.

43. Glatfelter offered E-Trust's so-called "40-week" program to investors. Glatfelter represented to investors they could provide an asset – such as a bank guarantee, a CD, a "safe-keeping receipt" for an account held at a bank, or a precious stone – that E-Trust would add to its purported line of credit for cash used for trading. Glatfelter told investors that E-Trust would pay the investor returns on E-Trust trading activity attributable to use of the asset. Anderson also described the 40-week investments to investors through oral communications.

44. Glatfelter told prospective "40-week" investors that investors could expect high returns, telling some they could expect returns of as much as 100 percent per month, and others that they could expect profits of "225% minimum in returns guaranteed."

45. Glatfelter also offered investors E-Trust's cash "gold leveraging" program. Through oral representations and emailed communications, Glatfelter represented to investors that E-Trust offered a trading program with minimum investment of $100,000 cash, with returns of 75%-100% per month with no risk of loss. Glatfelter described that "the trades are done either with the Forex market or via the buy/sell of medium term notes." Anderson also described the investment program to investors through oral communications. The trading programs did not exist.

46. The E-Trust website provided a section reserved for investor access for those investing in the "gold leveraging" program. Each gold-leveraging investor was provided by Anderson, through Glatfelter, with a password to the website, which investors could use to access what purported to be their account balance. The accounts reflected the returns and running balance following each leveraging trade, and indicated falsely to investors that the program was proceeding, by reflecting phony account balances.

47. In at least one other document Glatfelter prepared and provided to prospective investors, Glatfelter described that investors could invest the $100,000 cash with E-Trust, which E-Trust would combine with money from other clients, use to obtain a bank guarantee, and enter cash generated from the bank guarantee into a "fed buy/sell" program, for which the investor would receive weekly returns.

48. She later advised prospective investors through oral representations and emailed communications that Anderson would use the minimum $100,000 cash investment to obtain gold to buy and sell in leveraging transactions, which again would return approximately 75-140% each month, with no risk of loss.

49. On April 15, 2009, Investor A entered into the Memorandum of Understanding and Profit/Trust Management Agreement with E-Trust, signed by Anderson, and facilitated by Glatfelter. This investor sent $100,000 on May 7, 2009, to the bank account as instructed by Glatfelter. Investor A signed an Addendum to Memorandum of Understanding and Profit/Trust Management Agreement on June 1, 2009, signed by Anderson and facilitated by Glatfelter, agreeing to two leveraging transactions.

50. On April 15, 2009, Investor B entered into the Memorandum of Understanding and Profit/Trust Management Agreement with E-Trust, signed by Anderson, and facilitated by Glatfelter. Investor B sent a total of $325,000 in two installments on April 14 and 15, 2009, to the bank account as instructed by Glatfelter. On June 1, 2009, Investor B entered into the Addendum to Memorandum of Understanding and Profit/Trust Management Agreement with E-Trust, signed by Anderson and facilitated by Glatfelter, agreeing to six leveraging transactions.

51. Glatfelter provided investors with emailed explanations and updates on the progress of the leveraging and prospective returns that were untrue. In one example, Glatfelter projected that an initial investment of $325,000 with E-Trust would, after ten leveraging transactions over seven months, result in total earnings of $87,551,552. Glatfelter also drafted spreadsheets she called a "Detailed Revenue Plan" projecting "optimistic" or "pessimistic" gains; for an initial investment of $100,000 invested through ten leveraging transactions, Glatfelter projected "pessimistic" earnings of $10.6 million.

52. Glatfelter cited her position with a publicly-traded company to provide false assurances that her efforts on behalf of K2 and E-Trust were legitimate, telling one investor in April 2009, for example: "If I was a scam artist or anything other than upstanding, I would not be allowed to hold the CFO position of Clean Power Technologies, Inc., which is a publicly traded company in the US and in Frankfurt. My background is checked constantly by the SEC."

53. During 2009 and continuing through at least January 2010, Glatfelter sent investors e-mailed updates on the progress of their investment that were false. By Fall

2009, Glatfelter began to tell investors that the investment would not return any money at all, because the gold that supposedly backed the investment was seized due to unrest in Guinea where the gold mine was supposedly located. Glatfelter told one investor: "... the gold transaction that you were involved in stopped due to the gold being seized, and all the turbulence over in Guinea. ...Unfortunately, everything was lost."

54. For each purported E-Trust investment, Glatfelter explained all offerings to investors. She arranged client meetings by telephone with Anderson as well. Glatfelter handled client contracts as given to her by Anderson for the 40-week and for the gold-leveraging program, and facilitated investor wire transfers to the bank account to which E-Trust had access. Glatfelter undertook each of these activities in expectation of receiving a commission as compensation for her work.

55. Anderson ultimately withdrew more than $252,000 from the bank account that held investors' money.

56. Anderson failed to provide any investment return to any gold-leveraging investor, yet continued to make statements on the E-Trust website reflecting phony investment gains.

FIRST CLAIM FOR RELIEF
Unregistered Offer and Sale of Securities
Violations of Sections 5(a) and 5(c) of the Securities Act
(Against 211 Ventures, Glatfelter, and Rice)

57. The Commission realleges and incorporates by reference paragraphs 1 through 56 above. By engaging in the conduct described above, Defendants 211 Ventures, Glatfelter, and Rice directly or indirectly, made use of means of instruments of transportation or communications in interstate commerce or of the mails, to offer to sell

or to sell securities, or to carry or cause such securities to be carried through the mails or in interstate commerce for the purpose of sale or for delivery after sale.

58. No registration statement has been filed with the Commission or has been in effect with respect to the offerings alleged herein.

59. By engaging in the conduct described above, Defendants 211 Ventures, Glatfelter, and Rice violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

SECOND CLAIM FOR RELIEF
Fraud in the Offer or Sale of Securities
Violations of Section 17(a) of the Securities Act
(Against K2, 211 Ventures, Glatfelter and Rice)

60. The Commission realleges and incorporates by reference paragraphs 1 through 56 above.

61. By engaging in the conduct described above, Defendants K2, 211 Ventures, Glatfelter, and Rice directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails: a) with scienter, employed devices, schemes, or artifices to defraud; b) obtained money or property by means of untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

62. The conduct of K2, 211 Ventures, Glatfelter, and Rice involved fraud, deceit, manipulation, or deliberate or reckless disregard of regulatory requirements and directly or indirectly resulted in substantial losses to other persons.

63. By engaging in the conduct described above, Defendants K2, 211 Ventures, Glatfelter, and Rice violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

THIRD CLAIM FOR RELIEF
Fraud in Connection with the Purchase or Sale of Securities
Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder
(Against K2, 211 Ventures, Glatfelter and Rice)

64. The Commission realleges and incorporates by reference paragraphs 1 through 56 above.

65. By engaging in the conduct described above, Defendants K2, 211 Ventures, Glatfelter, and Rice directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter: a) employed devices, scheme or artifices to defraud; b) made untrue statements of a material fact, or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons.

66. The conduct of K2, 211 Ventures, Glatfelter, and Rice involved fraud, deceit, manipulation, or deliberate or reckless disregard of regulatory requirements and directly or indirectly resulted in substantial losses to other persons.

67. By engaging in the conduct described above, Defendants K2, 211 Ventures, Glatfelter, and Rice violated, and unless restrained and 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.

FOURTH CLAIM FOR RELIEF
Aiding and Abetting K2's and 211 Ventures' Securities Fraud Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder (Glatfelter and Rice)

68. The Commission repeats and incorporates by reference the allegations in paragraphs 1 through 56 above.

69. By reason of the foregoing, K2 and 211 Ventures, directly or indirectly, acting knowing or recklessly, in connection with the purchase or sale of securities, by the use of means and instrumentalities of interstate commerce, or of the mails, or a facility of a national securities exchange: (a) employed or are employing devices, schemes or artifices to defraud; (b) made or are making untrue statements of material fact or has omitted or is omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged or are engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

70. Glatfelter and Rice knew or recklessly disregarded that K2's and 211 Ventures' conduct was improper and knowingly rendered to K2 and 211 Ventures substantial assistance in this conduct.

71. The conduct of Glatfelter and Rice involved fraud, deceit, manipulation, or deliberate or reckless disregard of regulatory requirements and directly or indirectly resulted in substantial losses to other persons.

72. As a result, Glatfelter and Rice aided and abetted, and, unless enjoined, will continue to aid and abet, K2 and 211 Ventures' violations of 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.

FIFTH CLAIM FOR RELIEF
Failure to Register as a Broker Dealer
Violation of Section 15(a) of the Exchange Act
(Against K2, Glatfelter, and Rice)

73. The Commission realleges and incorporates by reference paragraphs 1 through 56 above.

74. Defendants K2, Glatfelter, and Rice, by engaging in the conduct described above, made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of securities, without being registered as a broker or dealer in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(a)].

SIXTH CLAIM FOR RELIEF
Unregistered Offer and Sale of Securities
Violations of Sections 5(a) and 5(c) of the Securities Act
(Against Anderson)

75. The Commission realleges and incorporates by reference paragraphs 1 through 56 above. By engaging in the conduct described above, Defendant Anderson, directly or indirectly, made use of means of instruments of transportation or communications in interstate commerce or of the mails, to offer to sell or to sell securities, or to carry or cause such securities to be carried through the mails or in interstate commerce for the purpose of sale or for delivery after sale.

76. No registration statement has been filed with the Commission or has been in effect with respect to the offerings alleged herein.

77. By engaging in the conduct described above, Defendants Anderson violated, and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

SEVENTH CLAIM FOR RELIEF
Fraud in the Offer or Sale of Securities
Violations of Section 17(a) of the Securities Act
(Against Glatfelter and Anderson)

78. The Commission realleges and incorporates by reference paragraphs 1 through 56 above.

79. By engaging in the conduct described above, Defendants Glatfelter and Anderson directly or indirectly, in the offer or sale of securities by the use of means or instruments of transportation or communication in interstate commerce or by use of the mails: a) with scienter, employed devices, schemes, or artifices to defraud; b) obtained money or property by means of untrue statements of a material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or c) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

80. The conduct of Glatfelter and Anderson involved fraud, deceit, manipulation, or deliberate or reckless disregard of regulatory requirements and directly or indirectly resulted in substantial losses to other persons.

81. By engaging in the conduct described above, Defendants Glatfelter and Anderson violated, and unless restrained and enjoined will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

EIGHTH CLAIM FOR RELIEF
Fraud in Connection with the Purchase or Sale of Securities
Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder
(Against Glatfelter and Anderson)

82. The Commission realleges and incorporates by reference paragraphs 1 through 56 above.

83. By engaging in the conduct described above, Defendants Glatfelter and Anderson directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter: a) employed devices, scheme or artifices to defraud; b) made untrue statements of a material fact, or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or c) engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit upon other persons.

84. By engaging in the conduct described above, Defendants Glatfelter and Anderson violated, and unless restrained an 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.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

A. Find that each Defendant committed the violations charged and alleged herein;

B. Enter a permanent injunction restraining each Defendant and their officers, agents, servants, employees and attorneys, and those in active concert or participation

with them, who receive actual notice of the order by personal service or otherwise, and each of them, from further violations of the relevant securities laws identified above;

C. Order the Defendants to disgorge all ill-gotten gains from the illegal conduct alleged herein, together with prejudgment interest thereon;

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

E. Order that defendant Glatfelter be permanently barred from serving as an officer or director of any public company;

F. Retain jurisdiction of this action to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court; and

G. Award such other and further relief as the Court deems just and proper.

Respectfully submitted,

SECURITIES AND EXCHANGE COMISSION,

By its attorney,

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