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UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF ARIZONA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, vs. IBIZ TECHNOLOGY CORP.; KENNETH W. SCHILLING; H. MARK PERKINS; JEFFREY S. FIRESTONE; D. SCOTT ELLIOTT; AND JERROLD B. MCROBERTS, Defendants.	No. COMPLAINT

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

I. SUMMARY

1. This case involves a penny stock fraud executed by iBIZ Technology Corp. ("iBIZ Technology") and its chief executive officer, defendant Kenneth W. Schilling, and executive vice president, defendant H. Mark Perkins. From July 2003 through May 2004, iBIZ Technology, Schilling, and Perkins made false and misleading statements in press releases, online interviews, investor correspondence, proxy solicitations, and annual and quarterly reports filed with the Commission regarding the

company's involvement with a development-stage product called the “Virtual Keyboard.” During iBIZ Technology's most intensive publicity campaign regarding the Virtual Keyboard, the trading price of the company's shares rose from less than $0.005 to as high as $0.06 per share. Schilling and Perkins took advantage of the inflated stock price by selling $1 million of their own iBIZ Technology shares and illegally distributing approximately $3 million of newly issued iBIZ Technology shares through stock sales by defendants Jeffrey Firestone, D. Scott Elliott, and Jerrold McRoberts. The inflated stock price also enabled iBIZ Technology to eliminate approximately $2.8 million of convertible debt that it was otherwise powerless to repay.

2. As a result of this conduct, iBIZ Technology, directly and indirectly, has engaged in and unless restrained and enjoined by this Court will in the future engage in, transactions, acts, practices, and courses of business that violate Sections 5(a) and 5(c) of the Securities Act of 1933 as amended ("Securities Act") [15 U.S.C. §§ 77e(a) and (c)], Sections 10(b), 13(a), 14(a), and 14(c) of the Securities Exchange Act of 1934 as amended ("Exchange Act") [15 U.S.C. §§ 78j(b), 78m(a), 78n(a), and 78n(c)] and Rules 10b-5, 12b-20, 13a-1, 13a-13, 14a-3, 14a-9, 14c-2 and 14c-6 thereunder [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1, 240.13a-13, 240.14a-3, 240.14a-9, 240.14c-2 and 240.14c-6].

3. As a result of this conduct, Schilling, directly and indirectly, has engaged in and unless restrained and enjoined by this Court will in the future engage in, transactions, acts, practices, and courses of business that violate Sections 5(a) and 5(c) of the Securities Act, and Section 10(b) of the Exchange Act, and Rules 10b-5 and 13a-14 [17 C.F.R. § 240.13a-14] thereunder. Further, Schilling aided and abetted iBIZ Technology's violations of Sections 13(a), 14(a), and 14(c) of the Exchange Act and Rules 12b-20, 13a-1, 13a-13, 14a-9, and 14c-6 thereunder.

4. As a result of this conduct, Perkins directly and indirectly, has engaged in and unless restrained and enjoined by this Court will in the future engage in, transactions, acts, practices, and courses of business that violate Sections 5(a) and 5(c)

of the Securities Act, and Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder. Further, Perkins aided and abetted iBIZ Technology's violations of Sections 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder.

5. As a result of this conduct, Firestone, Elliott, and McRoberts directly and indirectly, have engaged in and unless restrained and enjoined by this Court will in the future engage in, transactions, acts, practices, and courses of business that violate Sections 5(a) and 5(c) of the Securities Act.

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)] and Section 21(d) and (e) of the Exchange Act [15 U.S.C. § 78u(d) and (e)], seeking a permanent injunction restraining and enjoining all defendants from all the alleged violations requiring each of them to disgorge ill-gotten gains, including pre-judgment and post-judgment interest, and granting other equitable relief.

7. The Commission seeks an order requiring all defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. Section § 78u(d)(3)].

8. The Commission seeks an order barring all defendants from participating in an offering of penny stock pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)] and Section 21(d)(6) of the Exchange Act [15 U.S.C. 78u(d)(6)].

9. The Commission seeks an order barring Schilling and Perkins from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act, pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and pursuant to the equitable powers of the court.

II. JURISDICTION AND VENUE

10. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(e) and 27 of the Exchange Act

[15 U.S.C. §§ 78u(e) and 78aa]. Venue lies in this Court pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act.

11. In connection with the transactions, acts, practices, and courses of business described in this Complaint, all of the defendants, directly and indirectly, have 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.

12. iBIZ Technology's main office is located in this judicial district. Moreover, certain of the transactions, acts, practices and courses of business constituting the violations of law alleged herein occurred within this district.

III. DEFENDANTS

13. iBIZ Technology Corp., a Florida corporation with its principal place of business in Phoenix, Arizona, distributes accessories for hand-held computing devices. The company's common stock has been registered with the Commission pursuant to Section 12(g) of the Exchange Act since 1999, and from spring 2003 through the end of 2004 was quoted on the OTC Bulletin Board, a service of the NASDAQ Stock Market. The company is obligated to file annual and quarterly reports with the Commission.

14. Kenneth W. Schilling, age 53, resides in Peoria, Arizona. Schilling has been president, chief executive officer ("CEO") and a director of iBIZ Technology since at least 1999. Since 2002, Schilling also has signed iBIZ Technology's Commission filings as chief financial officer.

15. H. Mark Perkins, age 41, resides in Glendale, Arizona. Perkins has been executive vice president of iBIZ Technology and a director of the company since 1999.

16. Jeffrey S. Firestone, age 52, last resided in Hallandale, Florida.

17. D. Scott Elliot, age 48, resides in Ana Maria Island, Florida.

18. Jerrold B. McRoberts, age 44, resides in Santa Fe, New Mexico.

IV. FACTS

A. Background

19. iBIZ Technology began incurring significant losses in 2000.

20. In 2000, 2001 and 2002, iBIZ Technology sold convertible debentures to finance its ongoing losses. Despite the injection of over $3 million from the debenture sales, iBIZ Technology's business continued to founder. During 2001, iBIZ Technology's stock traded as high as $3.188. However, by January 2003, the company's stock price was as low as $0.00381. In accordance with the terms of the debentures, as iBIZ Technology's stock price fell so did the conversion price of the debentures. As a result, in the spring and summer of 2003 iBIZ Technology could not satisfy conversion requests for any significant portion of the debentures that had already come due or that were coming due in 2003.

21. Recognizing that the debenture holders might force the company out of business, Schilling devised an illicit plan to effectively abandon iBIZ Technology and the debenture obligations by transferring the iBIZ brand to a spinning-off subsidiary that would sell new iBIZ products.

22. In connection with this plan, Schilling arranged a June 2003 meeting in Israel with Endeavour Capital, AG ("Endeavour"), a company that held a non-exclusive license to produce and market the "Virtual Keyboard," a promising new product which is also known as Light Key. The Virtual Keyboard was designed to facilitate data entry on hand-held computing devices by projecting a laser image of a full-sized computer keyboard onto a flat surface (like a table) and then detecting the user's key strokes typed on the image.

B. iBIZ Technology, Schilling, and Perkins Falsely Represented that the Company Had a Definitive Agreement for the Virtual Keyboard

23. During Schilling's June 2003 meetings in Israel, he proposed that Endeavour consider transferring its Virtual Keyboard license to the prospective iBIZ

spin-off company in exchange for control of the spin-off company. In early July, Endeavour's CEO emailed Schilling a preliminary term sheet reflecting this proposal.

24. Schilling told Endeavour in a July 21, 2003 email that the preliminary term sheet was "extremely vague" and that Schilling hoped the parties could "accurately define a term sheet that makes sense for both sides."

25. On July 23, 2003, only two days after Schilling complained that the preliminary term sheet was "extremely vague," and despite the fact that neither party had signed the term sheet, Schilling and iBIZ Technology issued a press release falsely stating that iBIZ Technology had entered into "a definitive agreement to acquire the assets of [Endeavour]."

26. When one of Endeavour's principals, Geoff Clein, learned about the release, he complained in a July 24, 2003 email to Schilling that the press release was "completely unacceptable" and "not truthful." Soon thereafter, Schilling spoke to Clein by telephone and assured him that iBIZ Technology would retract the release if necessary. However, iBIZ Technology and Schilling, did not retract the release.

27. Following additional negotiations in late July 2003, Schilling and Endeavour tentatively agreed that Endeavour would transfer the Virtual Keyboard license to the spin-off company in exchange for 11,200,000 of the 13,440,000 shares to be issued by the new company. Schilling and Endeavour also agreed that if the spin-off company chose to distribute the Virtual Keyboard through iBIZ Technology, the spin-off company would continue to reap virtually all of the profits from the keyboard sales.

28. On or about July 29, 2003 Schilling and Endeavour signed a revised term sheet. This two and a half page document stated that it was a "term sheet" specifying "basic terms and conditions" and that any final agreement on the terms was "subject to . . . the completion and execution of mutually acceptable definitive agreements." The term sheet stated that Endeavour will assign the worldwide production and marketing license for the Virtual Keyboard to the new spin-off company, not to iBIZ Technology. The term sheet did not contain any terms under which gave iBIZ Technology the right

to distribute the Virtual Keyboard or benefit from sales of the Virtual Keyboard in any way.

29. When Schilling returned to Arizona, he gave Perkins a copy of the term sheet.

30. On August 22 and September 12, 2003, iBIZ Technology, at the direction of its Board of Directors, who were Schilling and Perkins, filed preliminary and definitive proxy statements soliciting shareholder approval to spin-off its subsidiary. On September 12 and September 22, 2003, iBIZ Technology at the direction of its Board of Directors, who were Schilling and Perkins, filed preliminary and definitive information statements that stated the company had received shareholder approval for the spin-off.

31. Schilling reviewed and approved these four proxy and information statement filings.

32. iBIZ Technology and Schilling failed to disclose in theses proxy and information statements that iBIZ Technology had no definitive agreement with Endeavour to acquire the rights to the Virtual Keyboard. In addition, iBIZ Technology and Schilling stated in these filings that iBIZ Technology would distribute the spin-off company products in the United States without disclosing that the tentative agreement with Endeavor did not provide for any such distribution arrangement and that iBIZ Technology would not meaningfully benefit from such sales of the Virtual Keyboard.

33. In December 2003, iBIZ Technology, Schilling, and Perkins initiated an intensive publicity campaign regarding the Virtual Keyboard. Despite the fact that there was still no definitive agreement regarding the Virtual Keyboard, from December 30, 2003 through the end of February 2004, iBIZ Technology, Schilling and Perkins issued at least ten press releases that referred to the product as the "iBIZ Technology Virtual Keyboard" or, in one case, as iBIZ Technology's "latest creation." Several of these releases also explicitly linked iBIZ Technology's financial success to the success of the

keyboard by asserting, for instance, that demand for the Virtual Keyboard would "result in significant increases in [iBIZ Technology's] revenues and earnings."

34. These releases were false and misleading because none of the releases disclosed that there was no definitive agreement with Endeavour regarding the Virtual Keyboard or that if such an agreement was reached Endeavour would reap the lion's share of the economic benefit from the Virtual Keyboard sales through its majority ownership of the spin-off company. In fact, none of the press releases even mentioned Endeavour or the iBIZ spin-off company. Schilling prepared and approved most of these press releases. Perkins reviewed most of the press releases and many of the misleading statements in the press releases were quotations from Perkins.

35. Schilling and Perkins knew from the documents exchanged with Endeavor that no definitive agreement had been signed as of December 2003 and that the terms of the proposed agreement did not provide for any economic benefit to iBIZ Technology for sales of the Virtual Key Board.

36. During January 2004, Schilling also provided two online interviews regarding iBIZ Technology and the Virtual Keyboard. In each interview, Schilling failed to disclose the absence of a definitive agreement regarding the Virtual Keyboard and cast iBIZ Technology as the primary beneficiary of the product. During the second interview, which began with the interviewer welcoming Schilling as the CEO of "iBIZ Tech Corp., trading symbol IBZT on the OTCBB exchange," Schilling asserted, without ever mentioning Endeavour or the spin-off company, that the market for the Virtual Keyboard was "enormous" and "the largest market I've ever had a product address," that "we're about ready to deliver the product to the consumer," and that "this company has the ability to reach sales milestones we have not seen in the past as a result of [the Virtual Keyboard]" .

37. During February, March, and April 2004, iBIZ Technology, Schilling, and Perkins issued additional press releases regarding the Virtual Keyboard. During the same three months, iBIZ Technology also filed its 2003 Form 10-KSB annual report

and a Form 10-QSB quarterly report with the Commission and several amendments thereto. None of these press releases or filings disclosed that there was no definitive agreement with Endeavour regarding the Virtual Keyboard or that if such an agreement was reached it would not meaningfully benefit iBIZ Technology. Schilling and Perkins both reviewed, approved, and signed the Form 10-KSB report and the amendments thereto. Schilling also reviewed, approved, and signed the Form 10-QSB and Perkins reviewed the misleading sections of the Form 10-QSB.

C. iBIZ Technology, Schilling, and Perkins Falsely Represented that iBIZ Technology's Agreement would Give the Company Exclusive Rights to the Virtual Keyboard Technology

38. By October 2003, Schilling and Perkins knew that Endeavour's license to the Virtual Keyboard was non-exclusive and that another license had been granted to a large manufacturing conglomerate headquartered in Hong Kong.

39. In an October 17, 2003 email to Schilling, Endeavour stated explicitly that its license was "not exclusive" and noted that the patent holder had issued another license to this Hong Kong licensee. Schilling forwarded the email to Perkins.

40. In January 2004, both iBIZ Technology and the Hong Kong licensee presented versions of the Virtual Keyboard at the same trade show.

41. As media reports regarding the other licensee's keyboard reached iBIZ Technology shareholders, Schilling and Perkins received numerous emails regarding the nature of iBIZ Technology's rights to the product. Soon thereafter, Schilling was forced to address the inquiries when he was asked in an interview to describe iBIZ Technology's "intellectual property." After accurately stating that the patents for the Virtual Keyboard technology were held by an Israeli company, he falsely asserted: "We do [have] an exclusive licensing agreement for that technology . . . and, moving forward, we'll continue to enhance that exclusivity and either it will be through an outright buyout of the technology or a much broader relationship with that type of company."

42. One month later in late February 2004, iBIZ Technology's investor relations firm forwarded to Perkins questions from investors inquiring again whether iBIZ Technology had "a patent or patent pending on the virtual keyboard." In language similar to that used by Schilling in his online interview, Perkins falsely replied: "[A company] in Israel owns the patents to the technology used inside of our keyboard. We have an exclusive worldwide agreement to market that technology. The Virtual Keyboard is owned by iBIZ." Based on these statements from Perkins, iBIZ Technology's investor relations firm immediately disseminated the false information to current and potential iBIZ Technology investors.

43. Sometime in February 2004, the patent holder learned about Schilling's January 2004 "exclusivity" statement and sent a letter to Endeavour stating: "[I]t has come to our attention that over the past weeks, Mr. Ken Schilling, CEO of iBIZ Technology has declared in various interviews . . . that iBIZ Technology has an exclusive license to [our] technology. . . . We demand that you direct iBIZ to immediately cease and desist any further false representations and statements regarding the virtual keyboard . . . ." Schilling knew about the patent holder's complaint by February 25, 2004.

44. In an April 2004 email, Endeavour's CEO told Schilling and Perkins that they had destroyed his relationship with the patent holder "by telling everybody that this technology is yours" and that he regretted protecting Schilling and Perkins instead of preventing them from promoting iBIZ Technology.

D. iBIZ Technology, Schilling, and Perkins Falsely Represented that iBIZ Technology had Virtual Keyboards Available to Ship to Retailers

45. In October 2003, during a meeting in Israel, Schilling learned that factory production of the Virtual Keyboard had not started. Around the same time, Endeavour told Schilling that it would prepare handmade samples of the keyboard for Schilling to demonstrate in television interviews and other promotions. Throughout November and

December, however, the assembly of the handmade samples proved more difficult than expected and Endeavour was unable to provide Schilling with any samples. On December 20, Schilling complained in an email to Endeavour, "Where is my sample? As you know I have several TV spots beginning next week and at the moment I have nothing to show. . . . Is this what they call vaporware? I'm really starting to wonder." In early January, just days before the start of the trade show in which Schilling hoped to demonstrate the Virtual Keyboard, Endeavour finally delivered approximately 12 handmade samples to Schilling.

46. On the second day of the show, Schilling and Perkins issued a press release that falsely stated: "[iBIZ Technology's] Virtual Keyboard is now shipping."

47. At the end of April 2004, Schilling and Perkins received about 100 keyboards from Endeavour. Almost immediately, however, they discovered that the keyboard had significant defects. In an email sent on April 30 to Endeavour, Schilling complained that the "product received . . . is not worthy of shipping."

48. On May 3, 2004 however, Schilling issued a press release that asserted: "The much anticipated Virtual Laser Keyboard [is] now in stock" and "ready for shipping."

49. Following the shipment of the defective keyboards at the end of April 2004, the relationship between Schilling and Endeavour quickly broke down. Within a week, Schilling was threatening Endeavour with litigation. Nevertheless, throughout the remainder of May, Schilling continued to assert in press releases and interviews that the Virtual Keyboard would be a major success for iBIZ Technology

E. The False Statements by iBIZ Technology, Schilling, and Perkins Caused Large Investor Losses

50. In late December 2003, as Schilling and Perkins began their intensive publicity campaign regarding the Virtual Keyboard, the company's stock price jumped from $0.0025 on December 19 to $0.02 on December 30 on extremely large volume.

51. In early January 2004, as the publicity campaign continued, iBIZ Technology's stock price reached a high of $0.06. Supported by the misrepresentations in press releases, Commission filings, and interviews, iBIZ Technology's stock traded above $0.04 for several weeks thereafter, and above $0.03 through early May 2004.

52. On May 10, 2004, iBIZ Technology's amended Form 10-KSB disclosed for the first time that "no definitive agreement [with Endeavour] has been reached." The same day, the company's stock price closed below $0.03 for the first time during 2004.

53. Although the amended Form 10-KSB also asserted that "the parties were still in discussions," Schilling's relationship with Endeavour had in fact completely broken down in the wake of Endeavour's shipment of the defective keyboards.

54. On June 15, iBIZ Technology finally announced "recent information" indicating that Endeavour would not ship anymore keyboards. In response, the company's stock price fell more than 30 percent and closed below $0.01.

55. Over the next several months, as it became clear that iBIZ Technology would not meaningfully benefit from the Virtual Keyboard, the company's stock price continued to fall, ultimately settling in the $0.003-$0.005 range, returning to where it stood in early December 2003 before Schilling and Perkins began their intensive publicity campaign regarding the keyboard.

F. The Defendants Made Unregistered Distributions of Stock While iBIZ Technology, Schilling, and Perkins were Making False Statements about the Virtual Keyboard.

56. In late summer 2003, Schilling accepted orders for iBIZ Technology's legacy products even though the company did not have inventory available and did not have any money to pay its suppliers. When other efforts to raise money to pay the suppliers failed, Schilling, Firestone, and McRoberts developed a plan to raise the money through an unregistered distribution of iBIZ Technology stock.

57. In mid-August, Schilling and Perkins, as the only directors of iBIZ Technology, directed the company to issue to Firestone approximately 36,691,177 shares and McRoberts agreed to find a buyer for the shares.

58. No registration statement was in effect for iBIZ Technology, Schilling and Perkins' offer, sale and deliver of the 36,691,177 shares to Firestone.

59. Although the company filed a Form S-8 registration statement on July 24, 2003 registering 50 million shares for issuance by the company under a "Non-Employee Directors and Consultants Retainer Stock Plan," the company's offer, sale and deliver of the 36,691,177 shares to Firestone were not effectively registered under this registration statement.

60. The General Instructions to Form S-8 state that it may not be used to register the issuance of securities to consultants or advisors, if the consultant or advisor does not provide bona fide services or the services provided are in connection with the offer or sale of securities in a capital-raising transaction.

61. Ibiz, Schilling and Perkins issued the shares to Firestone in connection with capital-raising transactions. Schilling, Firestone and McRoberts agreed that after Firestone sold the shares to an investor identified by McRoberts that part of the stock proceeds would be used to repay outstanding debts owed by iBIZ Technology to its third-party suppliers.

62. Firestone and McRoberts acted as underwriters to offer, sell and distribute the 36,691,177 shares that were issued to Firestone. In August 2003, Firestone made arrangements with McRoberts to offer and sell 20,000,000 of the shares for approximately $39,500. McRoberts received a $3,500 commission on the sale.

63. At Schilling and Perkins' direction, Firestone instructed the escrow agent to wire transfer $32,640 of the stock proceeds from the sale of the 20 million share to one of iBIZ Technology's suppliers.

64. Between August and September 2003, Firestone acted as an underwriter to offer, sell and distribute the remaining 16,691,177 shares. Firestone sold these shares

and wire transferred at least $29,000 to the bank account of iBIZ Technology's subsidiary and made other payments on behalf of the company.

65. There was no registration statement in effect for Firestone and McRoberts' offers and sales of the 36,691,177 shares.

66. In November 2003, Schilling and McRoberts made arrangements for another unregistered distribution of iBIZ Technology stock. Under these arrangements, McRoberts had his assistant execute a consulting agreement with iBIZ Technology that purportedly obligated the assistant to perform services in exchange for 50 million shares. However, the arrangements were really intended to raise capital for iBIZ Technology.

67. In December 2003, Schilling and Perkins directed iBIZ Technology to offer, sell and deliver 50 million shares to McRoberts' assistant.

68. No registration statement was in effect for iBIZ Technology, Schilling and Perkins' offer, sales and delivery of the 50 million shares.

69. Although the shares were purportedly registered under a Form S-8 registration statement, these shares were not effectively registered because they had been issued for capital-raising activities.

70. After the assistant received the shares in his account, McRoberts sent him an email providing detailed instructions regarding how to sell the shares. Over the next week, McRoberts' assistant sold the 50 million shares for total proceeds of approximately $403,000. Once the last sale had cleared, the assistant wired the proceeds to McRoberts. McRoberts retained $83,000 of the proceeds and used the remaining $320,000 to pay for publicity on behalf of iBIZ Technology.

71. There was no registration statement in effect for McRoberts and his assistant's offers and sales of these shares.

72. In December 2003, Schilling and Firestone made arrangements for a third unregistered distribution of iBIZ Technology stock. On December 24, 2003, Schilling

and Perkins directed iBIZ Technology to offer, sell and deliver 50 million shares to Firestone.

73. No registration statement was in effect for iBIZ Technology, Schilling and Perkins' offer, sales and delivery of the 50 million shares.

74. Although the shares were purportedly registered under a Form S-8 registration statement, these shares were not effectively registered because they had been issued for capital-raising activities.

75. A few days later, as the volume and price of iBIZ Technology's stock began to increase as a result of the company's false statements regarding the Virtual Keyboard, Firestone stated in an email to Schilling: "400 million shares traded today??? . . . IBZT has gone up fourfold in one week. The shares you sent me have hit. Next week I will begin liquidating them to bring in some cash."

76. Two days later, on December 31, Firestone sold 10 million of the shares for a little over $200,000. During January and February, 2004, Firestone sold the remaining 40 million shares for an additional $1.6 million.

77. There was no registration statement in effect for Firestone's offers and sales of these shares.

78. In June 2004, Schilling and Perkins directed iBIZ Technology to offer, sell and deliver another 10 million shares to Firestone.

79. No registration statement was in effect for iBIZ Technology, Schilling and Perkins' offer, sale and delivery of the 10 million shares.

80. Although the shares were purportedly registered under a Form S-8 registration statement, these shares were not effectively registered because they had been issued for capital-raising activities.

81. Firestone sold the 10 million shares for total proceeds of $152,673. Of the total proceeds from Firestone's sales, he retained $271,500, or approximately 15 percent, wired $1,336,902 to iBIZ Technology, and wired the remaining $373,283 directly to Schilling and his children.

82. There was no registration statement in effect for Firestone's offers and sales of these shares.

83. In November and December 2003, Schilling and Elliott made arrangements for another unregistered distribution. In early December, Elliott and Schilling executed a consulting agreement that purported to obligate Elliott to perform business consulting services in exchange for iBIZ Technology shares. Elliott, however, did not perform substantial business consulting services. Instead, like the arrangements with McRoberts and Firestone, the arrangements with Elliott were designed to raise capital for iBIZ Technology.

84. On December 10, 2003, Schilling and Perkins directed iBIZ Technology to offer and sell 85 million shares to Elliott.

85. No registration statement was in effect for iBIZ Technology, Schilling and Perkins' offer, sale and delivery of the 85 million shares.

86. Although the shares were purportedly registered under a Form S-8 registration statement, these shares were not effectively registered because they had been issued for capital-raising activities.

87. Elliott immediately offered and sold 60 million of the shares to a third party for $96,720, wired $93,600 back to iBIZ Technology, and then sold the remaining 25 million shares for $56,421, which he retained.

88. There was no registration statement in effect for Elliott's offers and sales of these shares.

89. In March 2004, Schilling and Perkins directed iBIZ Technology to offer and sell 22.4 million shares to Elliott.

90. No registration statement was in effect for iBIZ Technology, Schilling and Perkins' offer, sale and delivery of the 22.4 million shares.

91. Although the shares were purportedly registered under a Form S-8 registration statement, these shares were not effectively registered because they had been issued for capital-raising activities.

92. Again, Elliott quickly sold the shares, wired $500,000 of the $749,728 in total proceeds to iBIZ Technology, and retained the remaining $249,728 for himself.

93. There was no registration statement in effect for Elliott's offers and sales of these shares.

94. Finally, in December 2004, Schilling and Elliott arranged a sale of 75 million shares to the public to raise cash.

95. On December 2004, Schilling and Perkins directed iBIZ Technology to offer, sell and deliver 75 million shares to Elliott.

96. No registration statement was in effect for iBIZ Technology, Schilling and Perkins' offer, sales and delivery of the 75 million shares.

97. Although the shares were purportedly registered under a Form S-8 registration statement, these shares were not effectively registered because they had been issued for capital-raising activities.

98. Elliott offered and sold the 75 million shares for proceeds of $370,318. He wired $293,000 to iBIZ Technology.

99. As the proceeds from these capital raising schemes facilitated by McRoberts, Firestone, and Elliott flowed into iBIZ Technology, Schilling and Perkins authorized substantial payments from iBIZ Technology to themselves. These payments through May 2004, which they characterized as salary or back-pay, totaled at least $112,616 to Schilling and $98,321 to Perkins.

G. Debt Reduction by iBIZ Technology and Direct Stock Sales by Schilling and Perkins

100. From July 2003 to July 2004, iBIZ Technology's inflated stock price and increased trading volumes permitted the company to extinguish approximately $2.8 million of convertible debt through conversions by the debenture holders. Further, during this time period, Schilling and Perkins sold, respectively, $292,382 and $773,332 worth of iBIZ Technology shares and Perkins transferred millions of shares to his relatives, which they sold for total proceeds of $225,404.

H. iBIZ Technology's Proxy and Information Statements did not Describe the Company's Change of Control

101. Shortly before Schilling's first trip to Israel in June 2003, he and Perkins, without any shareholder approval, directed iBIZ Technology to issue approximately 58 million iBIZ Technology shares to each of them. These 116 million shares gave Schilling and Perkins voting control of iBIZ Technology and thus ensured that they would not need to seek the votes of other shareholders to approve the spin-off transaction.

102. The proxy and information statements filed in August and September 2003 accurately stated that iBIZ Technology management controlled a majority of iBIZ Technology shares, but they failed to disclose that Schilling and Perkins had obtained such control by issuing 116 million shares to themselves.

103. iBIZ Technology failed to disclose that a change in control of the registrant had occurred since the end of its last fiscal year on October 31, 2002. It failed to disclose that Schilling and Perkins had acquired control of the company by issuing of over 116 million shares to themselves for past and future salaries. iBIZ Technology failed to disclose the amount and source of consideration that Schilling and Perkins used to acquire control, the date and description of the transactions by which they acquired control, and the identity of the persons from whom they assumed control.

I. False Sarbanes-Oxley Certifications by Schilling

104. Schilling falsely certified with respect to each of iBIZ Technology's periodic filings with the Commission and the amendments thereto filed between January 1, 2004 and May 31, 2004 that to the best of his knowledge there was no untrue statement of material fact or omission of a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

V. CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF

(Violations by All Defendants of Sections 5(a) and (c) of the Securities Act)

15 U.S.C. § 77e(a) and (c)

105. Paragraphs 1 through 104 are hereby re-alleged and incorporated by reference.

106. All of the defendants, directly or indirectly (a) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities as to which no registration statement was in effect through the use or medium of any prospectus or otherwise; (b) carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities as to which no registration statement was in effect for the purpose of sale or for delivery after sale; or (c) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise securities as to which no registration statement was in effect , or while the registration statement was the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

107. By reason of the foregoing, all of the defendants violated, and unless restrained and enjoined will violate Sections 5(a) and (c) of the Securities Act.

SECOND CLAIM FOR RELIEF

(Violations by IBIZ Technology, Schilling, and Perkins

of Section 10(b) of the Exchange Act and Rule 10b-5)

15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5

108. Paragraphs 1 through 104 are hereby re-alleged and incorporated by reference.

109. IBIZ Technology, Schilling, and Perkins directly and indirectly, with scienter, in connection with the purchase or sale of IBIZ Technology securities, by use of any means or instrumentalities of interstate commerce or by use of the mails, have employed a device, scheme, or artifice to defraud; have made an untrue statement of 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; or have engaged in an act, practice, or course of business which has been and is operating as a fraud or deceit upon the purchasers or sellers of such securities.

110. By reason of the foregoing, IBIZ Technology, Schilling, and Perkins violated and unless restrained and enjoined will violate Section 10(b) of the Exchange Act and Rule 10b-5.

THIRD CLAIM FOR RELIEF

(Violations by iBIZ Technology and Aiding and Abetting by Schilling and Perkins of iBIZ Technology's Violations of Sections 13(a) of the Exchange Act, and Rules 12b-20, 13a-1, and 13a-13)

15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13

111. Paragraphs 1 through 104 are hereby re-alleged and incorporated by reference.

112. IBIZ Technology, as issuer of a security registered pursuant to Section 12 of the Exchange Act, failed to file with the Commission, in accordance with rules and regulations the Commission has prescribed, information and documents required by the Commission to keep reasonably current the information and documents required in or with an application or registration statement filed pursuant to Section 12 of the Exchange Act and annual reports and quarterly reports as the Commission has prescribed, and failed to add such further material information necessary to make the required statements, in the light of the circumstances under which they were made not misleading.

113. By reason of the foregoing, IBIZ Technology violated, and Schilling and Perkins aided and abetted those violations, and unless restrained and enjoined will violate or aid and abet violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13.

FOURTH CLAIM FOR RELIEF

(Violations by IBIZ Technology and Aiding and Abetting by Schilling of IBIZ Technology's Violations of Section 14(a) and 14(c) of the Exchange Act and Rules 14a-9 and 14c-6)

15 U.S.C. §§ 78n(a) and n(c) and 17 C.F.R. §§ 240.14a-9 and 240.14c-6

114. Paragraphs 1 through 104 are hereby re-alleged and incorporated by reference.

115. IBIZ Technology, as an issuer of a security registered pursuant to Section 12 of the Exchange Act, made a solicitation by means of a proxy statement, form of proxy, notice of meeting or other communication containing statements and filed with the Commission or transmitted to holders of such security an information statement containing statements which, at the time and in the circumstances under which they were made, were false or misleading with respect to a material fact, or which omitted to state a material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which had become false or misleading and solicited or permitted the use of its name to solicit a proxy or consent or authorization in respect of a security registered pursuant to Section 12 of the Exchange Act in contravention of the rules and regulations prescribed by the Commission.

116. By reason of the foregoing, IBIZ Technology violated, and Schilling aided and abetted such violations, and unless restrained and enjoined will violate and aid and abet violations of Section 14(a) and 14(c) of the Exchange Act and Rules 14a-9 and 14c-6.

FIFTH CLAIM FOR RELIEF

(Violations by IBIZ Technology of Section 14(a) and 14(c) of the Exchange Act and Rules 14a-3 and 14c-2)

15 U.S.C. §§ 78n(a) and n(c) and 17 C.F.R. §§ 240.14a-3 and 240.14c-2

117. Paragraphs 1 through 104 are hereby re-alleged and incorporated by reference.

118. IBIZ Technology, as an issuer of a security registered pursuant to Section 12 of the Exchange Act, made a solicitation by means of a proxy statement and filed with the Commission or transmitted to holders of such security an information statement which did not contain a statement of the change of control of iBIZ Technology or state the name of the persons who acquired such control, the amount and the source of the consideration used by such persons; the basis of the control, the date and description of the transactions which resulted in the change of control or the percentage of voting securities of the registrant then beneficially owned directly or indirectly by the persons who acquired the control.

119. By reason of the foregoing, IBIZ Technology violated, and unless restrained and enjoined will violate Section 14(a) and 14(c) of the Exchange Act and Rules 14a-3 and 14c-2.

SIXTH CLAIM FOR RELIEF

(Violations by Schilling of Rule 13a-14 Under the Exchange Act)

17 C.F.R. Section 240.13a-14

120. Paragraphs 1 through 104 are hereby re-alleged and incorporated by reference.

121. Schilling as the certifying official, in periodic filings on Forms 10-KSB and 10-QSB filed with the Commission, falsely certified that to the best of his knowledge there were no untrue statements of material fact or omissions of a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

122. By reason of the foregoing, Schilling violated and unless restrained and enjoined will violate Rule 13a-14 under the Exchange Act.

VI. PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully request that the Court:

A.

Find that the defendants committed the violations alleged.

B.

Enter a permanent injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, enjoining all defendants from violating, directly or indirectly, each of the provisions of law and rules alleged in this complaint.

C.

Order that each of the defendants disgorge all ill-gotten gains, including pre-judgment and post-judgment interest, resulting from the violations alleged herein.

D.

Order all defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act in an amount to be determined by the Court.

E.

Order that all defendants except iBIZ Technology be barred from participating in an offering of penny stock pursuant to Section 20(g) of the Securities Act and Section 21(d)(6) of the Exchange Act.

F.

Order that Schilling and Perkins be barred from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act, pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act and the Court's equitable powers.

G.

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

DATED this 16th day of February, 2006.

s/ Leslie J. Hughes
Leslie J. Hughes
Securities and Exchange Commission
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