

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Plaintiff,

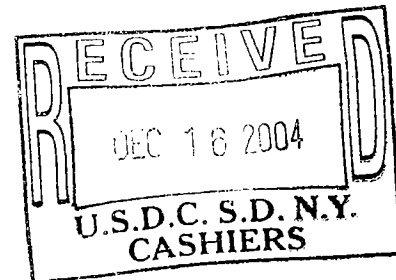
v.

JACK D. WEISS,

Defendant.

JUDGE PATTERSON

04 CV 9889  
C.A. No.



COMPLAINT

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

JURISDICTION

1. The Securities and Exchange Commission brings this action pursuant to Section 21(d) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)] to permanently enjoin the defendant from future violations of the federal securities laws and to obtain other relief. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78 u(e) and 78aa]. Venue lies in this Court pursuant to Section 27 of the Exchange Act [15 U.S.C. § 78aa].

2. The defendant, directly or indirectly, made use of the means or instrumentalities of interstate commerce or of the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices or courses of business alleged herein.

## DEFENDANT

3. Jack D. Weiss, 50, a U.S. citizen, is a lawyer in New York City and an active member of the New York Bar. Weiss is a solo practitioner specializing in real estate law.

## RELATED ENTITY AND OTHER PERSONS

4. Direct Capital Investments, Ltd. (“DCI”), formerly known as Catalana Bn. 58 Ltd., was an Israeli-registered corporate shell without active operations or assets in early 2000. Its securities were publicly traded on the Tel Aviv Stock Exchange. On July 20, 2003, DCI pled guilty in Israel to filing reports with the intention of misleading reasonable investors and failing to file required reports, and was fined \$45,000.

5. Jay Hirsh Solomont, a resident of Israel with dual Israeli and U.S. citizenship, was the chief executive officer and controlling shareholder of DCI. On January 27, 2003, Solomont pled guilty in Israel to charges of securities fraud, breach of trust, and theft. Solomont was sentenced to prison for two years, fined \$35,000, and ordered to make restitution of all the money he embezzled from DCI.

6. Ronen Zitvar, an Israeli lawyer who resides in Ramat Gan, Israel, was legal advisor to DCI and corporate secretary in 2000. Zitvar was indicted in Israel and is awaiting trial for his activities regarding DCI.

## FACTS

### Background: DCI’s Private Placement

7. In February 2000, Solomont became Chairman of the board of directors of a publicly traded Israeli corporate shell called Catalana Bn, 58 Ltd. (“Catalana”). Catalana had no

active operations or substantial assets but its stock was trading on the Tel Aviv Stock Exchange. Solomont owned 20% of the outstanding stock of the corporation. On March 28, 2000, Catalana issued a report, pursuant to Israeli securities regulations, disclosing its intent to make a private securities offering in Israel and the United States. On April 30, 2000, the name of the corporation was changed from Catalana to DCI.

8. Solomont told prospective investors in the United States and Israel that DCI was going to engage in business as a venture capital fund for high tech start-up firms in Israel. On May 7, 2000, DCI's board of directors met in Israel and approved the proposal to make a private placement of DCI common stock. Shortly thereafter, Solomont traveled to the United States to offer DCI stock to American investors.

### **Defendant Submits False Confirmations of Receipt of Proceeds**

9. On June 26, 2000, DCI publicly reported in a filing with the Israel Securities Authority that it had received \$825,000 in proceeds from the private placement. DCI's independent auditors, reviewing the company's June 30, 2000 quarterly financial statements to be filed with the Tel Aviv Stock Exchange, requested confirmation of the \$300,000 DCI claimed to have raised from investors in the US private placement, which constituted almost half of the liquid assets DCI reported. Zitvar, the company's legal advisor and corporate secretary, represented to them that the funds had been deposited in an escrow account Weiss established in the United States, and provided them two confirmatory letters Weiss wrote at Solomont's request.

10. In his first letter, dated July 4, 2000, Weiss confirmed that \$200,000 had been deposited in his escrow account by purchasers of DCI shares. In his second letter, dated July 24,

2000, Weiss confirmed that a total of \$300,000 representing proceeds for the purchase of DCI shares had been deposited therein. The Weiss letters included names of the purported purchasers and amounts allegedly contributed by each. At the time he wrote these letters, Weiss was reckless in not knowing that there was, in fact, no money in his escrow account for the purchase of DCI stock.

11. The auditors accepted the July 4, and July 24, 2000 letters from Weiss as authoritative and gave their approval to DCI's financial statements for the quarter ended June 30, 2000, which falsely stated that \$300,000 was held as "Short-term deposits in dollars in trust." The financial statements were then published and filed with the Tel Aviv Stock Exchange.

12. During their review of DCI's financial statements for the quarter ended September 30, 2000, the independent auditors discovered that the \$300,000, which Weiss claimed had been deposited in his escrow account, was never transferred to DCI's bank account in Israel. The auditors requested proper confirmation from DCI of the \$300,000. When DCI failed to provide that confirmation, the auditors declined to approve DCI's financial statements and subsequently resigned. DCI failed to publish its financial statements for the third quarter of 2000, and on December 27, 2000, the Tel Aviv Stock Exchange suspended trading in DCI's stock.

### **CLAIM FOR RELIEF**

#### **Defendant Aided and Abetted Violation of Section 10(b) of the Exchange Act**

#### **[15 U.S.C. §78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. §240.10b-5]**

13. Paragraphs 1 through 13 are re-alleged and incorporated herein by reference.

14. By reason of the foregoing, Solomont and DCI violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. Each of

them, directly or indirectly, by the use of the means of instrumentalities of interstate commerce, of the mails or of the facilities of a national securities exchange, in connection with the purchase or sale of DCI securities: (1) employed devices, schemes, or artifices to defraud; (2) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (3) engaged in acts, practices, or courses of business which operate or would operate as a fraud or deceit upon other persons, as is more fully set forth above.

15. Section 20(e) of the Exchange Act provides that any person who knowingly provides substantial assistance to another person in connection with a violation of the Exchange Act or any rule thereunder is in violation to the same extent as the person to whom the assistance is provided.

16. By reason of the foregoing, Weiss aided and abetted Solomont's and DCI's violations of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5 thereunder.

### **PRAYER FOR RELIEF**

Wherefore, the Commission respectfully requests that this Court issue a Final Judgment of Permanent Injunction and Other Relief ("Final Judgment"):

A. Permanently restraining and enjoining Jack D. Weiss, his agents, servants, employees, and attorneys, and those persons in active concert or participation with them, and each of them, from violating or aiding and abetting violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

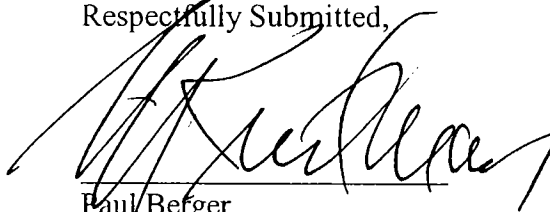
B. Ordering Jack D. Weiss to pay a civil penalty of \$25,000 pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]; and

C. Granting such other relief as this Court may deem necessary and appropriate.

Date:

12/16/04

Respectfully Submitted,



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Michael P. Moore

William P. Sullivan

Attorneys for Plaintiff

SECURITIES AND EXCHANGE COMMISSION

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