

NASD OFFICE OF HEARING OFFICERS

Department of Enforcement,

Complainant,

v.

Anthony Cipriano
General Securities Representative
CRD No. 2998665,

and

Anthony Whitter
General Securities Representative
CRD No. 2733252,

Respondents.

Disciplinary Proceeding
No. C07050029

Hearing Officer -

COMPLAINT

Upon information and belief, Complainant alleges as follows:

1. Respondent Anthony Cipriano entered the securities industry in about January 1998 and was first registered as a general securities representative in September 1998. He was registered with Clark Street Capital, Inc. from about June 2001 to June 2003, and is currently registered with another NASD member. He remains subject to NASD's jurisdiction for this proceeding pursuant to the NASD By-Laws.
2. Respondent Anthony Whitter entered the securities industry in about May 1997 and was first registered with an NASD member in October 1998. He was registered with Clark Street Capital, Inc. from about May 2001 to June 2001, and again from November 2001 to September 2004. Whitter is not currently registered with an NASD member, but remains subject to NASD's jurisdiction for this proceeding pursuant to Article V, § 4 of the NASD Bylaws.

FACTS COMMON TO BOTH CAUSES OF COMPLAINT

3. In June 2002, Clark Street Capital entered into a consulting agreement with Sequiam Corp. that called for Clark Street to provide Sequiam with consulting services in exchange for warrants to purchase shares of Sequiam pursuant to a vesting schedule.
4. In about June 2002, representatives of Clark Street Capital began selling stock of Sequiam Corp. to customers. At that time, Sequiam stock was a penny stock that traded on the OTCBB.
5. From about June 2002 through March 2003, Clark Street sold approximately 3,152,000 shares of Sequiam Corp. stock to its customers at an average price of \$1.53 per share. During this same period, the firm received approximately 901,000 shares of Sequiam stock pursuant to its consulting agreement, and sold approximately 448,528 of these shares.
6. Sequiam, Inc. acquired Wedge Net Experts, Inc., a public company, in a reverse merger in the first quarter of 2002 and then changed its name to Sequiam Corp. As of the end of 2001, Wedge Net Experts was a developmental stage company with a limited operating history and operated with a net loss. As of December 31, 2001, it had just \$20,552 in total current assets, and had just \$1,657 in net sales for the year. Its auditors noted that there was a substantial concern that the company could not continue as a going concern.
7. Prior to the reverse merger, Sequiam, Inc. was a private company. Its financial statements for the year ended December 31, 2001, showed that it had total assets of just \$69,796, none of which was cash. The company had no net sales, and had a loss from operations of (\$730,688). Its auditors noted that there was a substantial concern that the company could not continue as a going concern.

8. According to a Form 10-QSB filed with the Securities and Exchange Commission on May 20, 2002, for the quarter ended March 31, 2002, Sequiam Corp. had \$0 in assets and accumulated debt of \$127,740. Pursuant to the 10-QSB filed on August 14, 2002, for the quarter ended June 30, 2002, Sequiam had assets totaling \$355,093, with current assets of \$138,539. The firm had a quarterly loss of (\$27,000) and a six-month loss of (\$89,000). Sequiam had never had a profitable quarter.

FOR A FIRST CAUSE OF COMPLAINT
Misrepresentations and Omissions of Material Facts
Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder,
and NASD Conduct Rules 2120 and 2110
Respondent Cipriano

9. Paragraphs one through eight are realleged and incorporated herein by reference.

Customer BH

10. In September 2002, Respondent Cipriano recommended that customer BH purchase shares of Sequiam Corp. stock. Cipriano told BH that Sequiam was a software company that had an affiliation with the Olympics, and was getting other large contracts. Cipriano told him that the stock was poised to make a “big move” soon and would be over \$6 per share in 60 to 90 days.
11. Based on Cipriano’s recommendation, BH purchased 2,400 shares of Sequiam Corp. stock at \$1.49 per share on September 6, 2002, for a total of approximately \$3,598.
12. A few weeks later, Cipriano contacted BH recommending that he sell the stock and he could make a small profit. BH sold his shares at prices between \$1.75 and \$1.85 per share.
13. In early October 2002, Cipriano contacted BH and recommended that he again purchase shares of Sequiam stock. Cipriano told BH that he still expected a big price move in the stock and that “now” was the time to get in. Based on his recommendation, BH purchased 1,750 shares of Sequiam stock on October 10, 2002, at \$1.70 per share.

14. In connection with both purchase recommendations, Cipriano did not advise BH of any risks associated with Sequiam Corp. stock, and did not tell him about Clark Street's consulting agreement, or that Clark Street was selling shares of Sequiam stock from its account.

Customer DA

15. In September 2002, Cipriano recommended that customer DA purchase shares of Sequiam Corp. stock. Cipriano told him that the stock was going to go "way up" and that DA would be able to sell the stock for a big profit.
16. Cipriano did not advise DA of any risks associated with Sequiam Corp. stock, and did not tell him about Clark Street's consulting agreement with Sequiam, or that Clark Street was selling shares of Sequiam Corp. stock from its account.
17. Based on Cipriano's recommendation, DA purchased 350 shares of Sequiam Corp. stock at \$1.86 per share, for a total of \$723, on September 26, 2002.

Customer HC

18. In September 2002, Cipriano recommended that customer HC purchase shares of Sequiam Corp. stock. Cipriano told him that Sequiam was a technology company with great potential and that the stock price would more than double within a year.
19. Cipriano did not advise HC of any risks associated with Sequiam Corp. stock, and did not tell him about Clark Street's consulting agreement with Sequiam, or that Clark Street was selling shares of Sequiam Corp. stock from its account. Cipriano also failed to disclose Sequiam's financial condition to HC.
20. Based upon Cipriano's recommendation, HC purchased 1,500 shares of Sequiam Corp. stock at \$2.01 per share, for a total of \$3,015, on September 18, 2002.
21. On October 8, 2002, 700 shares of Sequiam stock were sold from HC's account at \$1.29 per share due to a margin call. HC realized a loss of \$504.

Customer JG

22. In September 2002, Cipriano recommended that customer JG purchase shares of Sequiam Corp. stock. Cipriano told him that the stock was going to go up in a short period of time.
23. Cipriano did not advise JG of any risks associated with Sequiam Corp. stock, and did not tell him about Clark Street's consulting agreement with Sequiam, or that Clark Street was selling shares of Sequiam Corp. stock from its account. Cipriano also failed to disclose Sequiam's financial condition to JG.
24. Based on Cipriano's recommendation, JG purchased 2,500 shares of Sequiam Corp. stock at \$1.69 per share, for a total of \$3,452, on September 11, 2002.

Cipriano Made Material Misrepresentations and Omissions

25. Cipriano had no reasonable basis to tell customers that Sequiam Corp. stock was poised to make a "big move," that it was going to go "way up," that it would more than double in one year, or that it was going to go up in a short period of time.
26. Clark Street's consulting agreement with Sequiam, and its receipt and sale of Sequiam stock were material facts that required disclosure to the customers.
27. Sequiam's financial condition, namely that it was unprofitable and had minimal assets, was a material fact that required disclosure to customers.
28. Cipriano acted either knowingly or recklessly in making the baseless price predictions and omissions of material fact to the customers.
29. Cipriano's baseless price predictions to customers BH, DA, HC, and JG violate Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110.
30. Cipriano's omission of material facts concerning Clark Street's consulting agreement and sales of Sequiam shares to customers BH, DA, HC, and JG violate Section 10(b) of the

Securities Exchange Act and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110.

31. Cipriano's omission of material facts concerning Sequiam Corp.'s financial condition to customers HC and JG violate Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110.

FOR A SECOND CAUSE OF COMPLAINT
Misrepresentations and Omissions of Material Facts
Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder,
and NASD Conduct Rules 2120 and 2110
Respondent Whitter

32. The allegations in paragraphs one through eight are realleged and incorporated herein by reference.

Customer WC

33. In June 2002, Whitter recommended that customer WC purchase shares of Sequiam Corp. stock. Whitter told WC that Sequiam was involved in the publishing business and had the Olympic contract. Whitter told him that the stock was about to be listed on the American Stock Exchange and that the stock price was going to go up four or five times its value within a year.
34. Whitter did not advise WC of any risks associated with Sequiam stock and did not tell him that Clark Street was selling its Sequiam Corp. shares. Whitter also did not tell WC about Sequiam's financial condition.
35. Based on Cipriano's recommendation, WC purchased 2,400 shares of Sequiam Corp. stock for \$1.05 per share, for a total of \$2,520, on June 17, 2002.

Customer JuB

36. Beginning in June 2002, Whitter recommended that customer JuB purchase shares of Sequiam Corp. stock in his regular brokerage account and his IRA account. Whitter told him that Sequiam had a contract with the Olympic committee to do all of the printing for the next Olympics, and that they maintained the internet site for the Olympics and stood to received 25-30% of all revenues for goods sold through this website. Whitter also told him that Sequiam was well funded and was in good financial condition. Whitter stated that Sequiam was making application to be listed on the American Stock Exchange and that approval would be forthcoming shortly. Finally, Whitter told JuB that he expected Sequiam's stock price to go to \$2-3 per share in the short-term and over \$4 per share in the long-term.
37. Whitter did not advise JuB of any risks associated with Sequiam stock and did not tell him that Clark Street was selling its Sequiam Corp. shares.
38. Based on Whitter's recommendations, JuB purchased shares of Sequiam in both of his accounts at various times from June 2002 to March 2003. In all, JuB purchased 16,475 shares of Sequiam for a total of \$21,491, at prices ranging from \$0.49 to \$1.86 per share.

Customer JaB

39. Beginning in July 2002, Whitter recommended that customer JaB purchase shares of Sequiam Corp. stock. Whitter told him that Sequiam was a good company, with a 12-year contract with the Olympic Committee that was worth \$10 billion dollars. Whitter told him that the stock was then trading at about \$1.75 per share, but that Whitter expected it to go up to \$3 per share.
40. Whitter did not advise JaB of any risks associated with Sequiam stock and did not tell him that Clark Street was selling its Sequiam Corp. shares.

41. Based on Whitter's recommendation, JaB purchased 3,100 shares of Sequiam stock from July 22 to September 18, 2002, for a total of \$5,070, at prices ranging from \$1.18 to \$2.01 per share.

Whitter Made Material Misrepresentations and Omissions

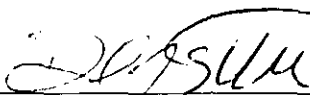
42. Whitter had no reasonable basis to tell customers that Sequiam Corp. stock was going to go up four or five times in value, or that it would go to \$3 per share or higher.
43. Clark Street's consulting agreement with Sequiam, and its receipt and sale of Sequiam stock were material facts that required disclosure to the customers.
44. Sequiam's financial condition, namely that it was not profitable and had minimal assets, was a material fact that required disclosure to the customers.
45. Whitter acted either knowingly or recklessly in making the baseless price predictions and misrepresentations and omissions of material fact to the customers.
46. Whitter's baseless price predictions to customers WC, JuB and JaB violate Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110
47. Whitter's misrepresentation of material facts to customers JuB and JaB, that Sequiam was well funded and in good financial condition, and had a 12-year contract with the Olympics worth \$10 billion dollars, respectively, and his omission of Sequiam's financial condition to customer WC violate Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110.
48. Whitter's omission of material facts concerning Clark Street's consulting agreement and sales of Sequiam shares to customers WC, JuB and JaB violate Section 10(b) of the Securities Exchange Act and Rule 10b-5 thereunder, and NASD Conduct Rules 2120 and 2110.

PRAYER FOR RELIEF

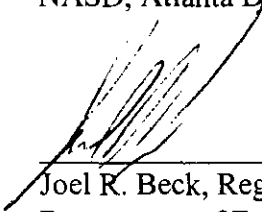
WHEREFORE, Complainant respectfully requests:

- A. Findings of fact and conclusions of law that the Respondents committed the violations charged and alleged herein;
- B. An order imposing sanctions upon the Respondents in accordance with NASD Rule 8310.
- C. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330; and
- D. An order imposing any other fitting sanction.

April 15, 2005.



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