

**NASD
OFFICE OF HEARING OFFICERS**

Department of Enforcement,

Complainant,

v.

**Intercoastal Financial Services Corp.,
CRD No. 45557,**

and

John J. Delaney, CRD No. 64352.

Respondents.

**Disciplinary Proceeding
No. EAF0300770001**

Hearing Officer _____

COMPLAINT

Upon information and belief, Complainant, the Department of Enforcement, alleges as follows:

SUMMARY

1. From at least January 2000 to February 2004 (the "relevant period"), Intercoastal Financial Services Corp. ("Intercoastal"), a Florida broker-dealer, violated various NASD Conduct Rules. Through a multilayered and shifting ownership structure, Intercoastal served largely as the vehicle to sell shares of investments that its offshore founder and his associates owned and to make markets, largely in over-the-counter ("OTC") bulletin board stocks.

2. First, Intercoastal failed to adequately implement and enforce anti-money laundering ("AML") procedures in accordance with NASD Conduct Rules 3011 and 2110. For example, Intercoastal failed to perform due diligence or file a Suspicious

Activity Report – Broker-Dealers in Securities (“SAR-SF”) regarding over 40 transactions totaling over \$3.3 million between January 30, 2003 and February 13, 2004 by certain Bahamian-owned accounts, most of which closed shortly after the NASD inquired about them and began receiving conflicting information about their true ownership. Moreover, between February 10, 2003 and February 19, 2004, Intercoastal failed to investigate or file a SAR-SF with respect to 111 trades totaling nearly \$19 million that were directed to Intercoastal through a Canadian broker-dealer by Bahamian entities related to Intercoastal’s offshore founder. Many, if not all, of those trades were prearranged by Samuel Levin, a business associate of Intercoastal’s founder.

3. Second, between January 2000 through February 2004, trading in 13 Bahamian accounts at Intercoastal, including the accounts described above, was directed by Samuel Levin, who lacked prior written authorization to act for the accounts, in violation of NASD Conduct Rules 2510(b) and 2110. Respondent John J. Delaney was the account representative for most of the accounts.

4. Third, from March 2000 through December 2002, Intercoastal violated NASD Conduct Rules 3110 and 2110, and Section 17 of the Securities Exchange Act of 1934 and SEC Rule 17a-3 thereunder, by improperly funneling nearly \$1.5 million from the broker-dealer to an offshore entity affiliated with Intercoastal’s founder, paid via Intercoastal’s holding company. Although the payments were ostensibly made to the offshore entity for services rendered to Intercoastal’s holding company, pursuant to an “Information Services Agreement” between the holding company and the offshore entity, the Agreement was a sham and no services were rendered. As a result, Intercoastal’s

books and records did not accurately reflect the true nature of these payments, which Intercoastal characterized as a "management fee" paid to its holding company.

5. Fourth, between May 2002 and April 2003, Intercoastal sold unregistered shares without a valid exemption, in violation of Section 5 of the Securities Act of 1933 and, therefore, NASD Conduct Rule 2110. Intercoastal was aware that the exemption upon which the customer, a so-called consultant who received shares of stock registered under Form S-8, relied, was invalid because the issuer of the securities controlled the account and proceeds of several resales of the unregistered securities were transferred back to the issuer. As Intercoastal was aware, the account through which this violation occurred was established by two officers of the issuer in the name of the brother-in-law of one of the officers.

6. Fifth, those officers, acting through one of Intercoastal's registered persons, Respondent Delaney, directed most of the trading in the account despite having no prior written authorization to do so, in violation of NASD Conduct Rules 2510(b) and 2110.

7. Sixth, in connection with the trading without written authorization noted above, the firm violated NASD Conduct Rules 3010(a) and 2110 because its supervisory system was not reasonably designed to achieve compliance with applicable securities laws and regulations, and with the Rules of the Association with respect to accepting orders for accounts from third parties.

RESPONDENTS

8. **Intercoastal**, CRD No. 45557, has been a member of NASD since November 1998. From its founding in 1998 through the present, Intercoastal has been

located in North Palm Beach, Florida and subsequently Jupiter, Florida and had at most seven registered representatives. During this period, Intercoastal's business has generally consisted of liquidating private placement shares on behalf of institutional clients and making markets in OTC and Nasdaq stocks. Its clients included Bahamian entities that liquidated private placements in public entities ("PIPEs") through their Intercoastal accounts.

9. **John J. Delaney**, CRD No. 64352, has been a general securities representative at Intercoastal since October 2001. He has been a trader at the firm since October 2001. He first entered the securities industry in August 1969 and became a general securities representative at New York Hanseatic Corporation in New York, New York. Prior to joining Intercoastal, Delaney also was registered as a general securities representative with another fifteen firms, the last of which was Wall Street Equities, Inc. from April 1989 to November 1999.

ADDITIONAL RELEVANT PERSONS AND ENTITIES

10. **Anthony L.M. Inder Rieden** is a Dutch lawyer living in the Bahamas, who is not registered with NASD. Inder Rieden founded Intercoastal in 1998 and, through two holding companies, owned the firm at least through December 31, 1998.

11. **Marilyn R. O'Leary**, CRD No. 1112613, has been registered as a general securities representative, a general securities principal, a municipal securities representative, a municipal securities principal, and a financial and operations principal with Intercoastal since December 1998. During that period, she has also been a director, Vice President and the Chief Financial Officer of Intercoastal. She was also the President, Secretary, and Treasurer of Intercoastal's holding company, Intercoastal

Holdings, LLC. O'Leary first entered the securities industry as a registered representative at McKinley Allsopp, Inc., where she worked from November 1982 until March 1990. Between 1990 and 1995, O'Leary was registered with Sheen Financial Resources, Inc., Biltmore Securities, Inc., Laffer, Warren & Co., Inc., and First Southeastern Securities Group, Inc. Prior to joining Intercoastal, from January 1995 until October 1997, O'Leary was registered as a financial and operations principal at Crown Financial Associates in Palm Beach, Florida.

12. **Intercoastal Holdings, L.L.C.** ("Intercoastal Holdings") is a Florida holding company. From the founding of Intercoastal in 1998 through all periods relevant to this complaint, Intercoastal Holdings had no other holdings besides Respondent Intercoastal.¹ During this period, Intercoastal Holdings was owned ninety-nine percent by Fernshaw Investments, Ltd. During this period, O'Leary was the President, Secretary and Treasurer of Intercoastal Holdings.

13. **Fernshaw Investments Ltd.** ("Fernshaw") is a holding company that was incorporated as an International Business Corporation in the Bahamas in 1994. From the founding of Intercoastal in 1998 through all periods relevant to this complaint, Fernshaw has owned ninety-nine percent of Intercoastal Holdings, and has had no other holdings. During this period, Inder Rieden was a director of Fernshaw as well as its President. Fernshaw is not registered with NASD.

14. **The Inder Rieden Family Trust** has been, upon information and belief, the owner of Fernshaw since December 31, 1998. Its beneficiaries, who were the

¹ Upon information and belief, Intercoastal was recently sold to Harbourview Holdings, LLC, which is wholly owned by David Delaney, the son of Respondent John J. Delaney.

ultimate owners of Intercoastal from December 31, 1998 through all periods relevant to this complaint, have never been identified to Intercoastal or NASD.

15. **Euro Dutch Trust Company (Bahamas) Limited** ("Euro Dutch") is a company based in the Bahamas. Euro Dutch was "Trustee of the Inder Rieden Family Trust" from December 31, 1998 through all periods relevant to this complaint. During this period, Euro Dutch served as the registered agent for Fernshaw. During this period, Inder Rieden was Managing Director of Euro Dutch.

16. **Research Capital Corporation** ("R.C. Corp.") is a Canadian broker-dealer that placed trades through Intercoastal of OTC bulletin board and NASDAQ stocks in which Intercoastal was a market maker.

17. **Samuel Levin** is a business associate of Inder Rieden living in Brooklyn, New York, who is not affiliated with any NASD member.

FIRST CAUSE OF ACTION

INADEQUATE ANTI-MONEY LAUNDERING SYSTEMS Violation of NASD Rules 3011 and 2110 RESPONDENT – INTERCOASTAL

18. The allegations set forth in paragraphs 1 through 17 are re-alleged and incorporated for the purpose of this action.

Broker-Dealer Responsibilities Under the Anti-Money Laundering Laws and Rules

19. NASD Conduct Rule 3011, adopted on April 24, 2002 and amended on October 22, 2002, requires all member firms to "develop and implement a written anti-money laundering program reasonably designed to achieve and monitor the firm's compliance with the requirements of the Bank Secrecy Act (31 U.S.C. § 5311, *et seq.*),

and the implementing regulations promulgated thereunder by the Department of the Treasury.”

20. The United States Department of the Treasury issued the implementing regulation, 31 CFR § 103.19(a)(1), on July 2, 2002. It provided that, with respect to any transaction after December 31, 2002, “[e]very broker or dealer in securities within the United States . . . shall file with FinCEN . . . a report of any suspicious transaction relevant to a possible violation of law or regulation.” Section (a)(2) of that regulation provides:

A transaction requires reporting . . . if it is conducted or attempted by, at, or through a broker-dealer, it involves or aggregates funds or other assets of at least \$5,000, and the broker-dealer knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part):

- (i) Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any federal law or regulation or to avoid any transaction reporting requirement under federal law or regulation;
- (ii) Is designed, whether through structuring or other means, to evade any requirements of this part or any other regulations promulgated under the Bank Secrecy Act, . . . ;
- (iii) Has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the broker-dealer knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or
- (iv) Involves use of the broker-dealer to facilitate criminal activity.

21. In August 2002, NASD issued Notice to Members (“NTM”) 02-47, which set forth the final AML rules promulgated by the United States Department of the Treasury for the securities industry. This NTM further advised broker-dealers of their duty to file a SAR-SF for any suspicious transactions occurring after December 31, 2002.

22. Concurrent with its adoption of Rule 3011, in April 2002 NASD issued NTM 02-21, which reminded broker-dealer firms of the requirements of their AML procedures, including that AML procedures apply to:

- a. account opening and maintenance, including verification of the *identity of the customer*;
- b. monitoring of account activities, including but not limited to, trading and the flow of money into and out of the account, the types, amount, and frequency of different financial instruments deposited into and withdrawn from the account, and the origin of such deposits and the destination of withdrawals; and
- c. monitoring for, detecting, and responding to “red flags.”

23. NTM 02-21 *emphasized each firm’s duty to detect red flags and, if it detects any, “perform additional due diligence before proceeding with the transaction.”*

NTM 02-21 also set forth examples of “red flags,” including but not limited to:

- a. The customer exhibits unusual concern regarding the firm’s compliance with government reporting requirements and the firm’s AML policies, particularly with respect to his or her identity, type of business and assets, or is reluctant or refuses to reveal any information *concerning business activities, or furnishes unusual or suspect identification or business documents*;
- b. The customer wishes to engage in transactions that lack business sense or apparent investment strategy, or are inconsistent with the customer’s stated business strategy;
- c. The customer appears to be acting as an agent for an undisclosed principal, but declines or is reluctant, without legitimate commercial reasons, to provide information or is otherwise evasive regarding that person or entity;

- d. For no apparent reason, the customer has multiple accounts under a single name or multiple names, with a large number of inter-account or third-party transfers;
- e. The customer requests that a transaction be processed in such a manner to avoid the firm's normal documentation requirements; and
- f. The customer maintains multiple accounts, or maintains accounts in the name of family members or corporate entities, for no apparent business purpose.

24. The SAR-SF form indicates 20 "Type[s] of suspicious activity" that must be reported, including "Market manipulation," "Money laundering/Structuring," "Prearranged or other non-competitive trading," "Securities fraud," "Significant wire or other transactions without economic purpose," "Suspicious documents or ID presented," "Wash or other fictitious trading," "Wire fraud," and "Other."

**Shortly After NASD Approved Intercoastal's
Membership Application, Ownership Shifts From
Inder Rieden to Undisclosed Trust Beneficiaries**

25. Intercoastal was founded in 1998 by Inder Rieden, a Dutch lawyer living in the Bahamas, who is not registered with NASD. Inder Rieden created Intercoastal for the purpose of acting as a market maker to provide institutional clients, including clients affiliated with him, with trade execution services. Intercoastal's ownership structure, as represented to NASD and described below, is depicted on attached Exhibit A.

26. From its founding in 1998 through all periods relevant to this complaint, Intercoastal has been wholly owned by Intercoastal Holdings, a Florida company that has no other holdings.

27. From the founding of Intercoastal in 1998 through all periods relevant to this complaint, Fernshaw, an "International Business Corporation" incorporated in the

Bahamas, has owned ninety-nine percent of Intercoastal Holdings. During this period, Inder Rieden was a director of Fernshaw as well as its President.

28. *Intercoastal's application for membership with NASD, which was approved in late November 1998, represented that Inder Rieden owned 100% of Fernshaw and thus, ultimately, Intercoastal. On or about December 31, 1998, Inder Rieden transferred his ownership to the Inder Rieden Family Trust. Euro Dutch, a Bahamian company, was "trustee of the Inder Rieden Family Trust." Although Inder Rieden is the Managing Director for Euro Dutch, the beneficiaries of the trust, who were the ultimate owners, have never been identified to Intercoastal or NASD.*

29. Upon information and belief, from at least December 31, 1998 through all periods relevant to this complaint, Inder Rieden was Managing Director and at least a partial owner of Euro Dutch.

**Intercoastal Allowed Trading Without Written
Authorization in 13 Accounts of Bahamian
Entities Affiliated With Inder Rieden and Euro Dutch**

30. Between March 1999 and January 2003, Intercoastal opened 13 accounts for Bahamian entities (collectively, the "13 Bahamian entities") affiliated with Euro Dutch and Inder Rieden. These 13 entities, and the dates they opened accounts at Intercoastal, are as follows:

- a. Settondown Capital International, Ltd. (March 22, 1999);
- b. Manchester Asset Management Ltd. (March 22, 1999);
- c. Gilston Corporation Ltd. (Jan. 31, 2000);
- d. Ridgeway Investment, Limited (March 28, 2000);
- e. Torneaux Ltd. (July 25, 2000);

- f. Domino International Ltd. (Jan. 16, 2002);
- g. Warwick Corporation Ltd. (Jan. 16, 2002);
- h. Magellan International Ltd. (Jan. 16, 2002);
- i. Danby International Limited (Jan. 16, 2002);
- j. Aspen International Ltd. (Jan. 16, 2002);
- k. Rideau Ltd. (March 27, 2002);
- l. Bairstow Partners Ltd. (April 15, 2002); and
- m. Camden International Ltd. (Jan. 10, 2003).

31. Inder Rieden was the President of each of the 13 Bahamian entities, and Euro Dutch was the registered agent for each of the entities. In addition, the account forms for each of the 13 accounts provided trading authority to the same three people, Inder Rieden, D.M.Mc., and A.M.L. One account, Settondown Capital International, Ltd., provided D.E.D. with trading authority as well. In February 2003, Intercoastal submitted documentation to its clearing firm confirming that only these individuals were authorized to trade in the Bahamian accounts.

32. The registered representative at Intercoastal for most of the 13 Bahamian entities' accounts was Respondent Delaney.

33. Most of the 13 Bahamian accounts at Intercoastal followed a similar trading pattern. Generally, in exchange for funding, each of the Bahamian entities received shares from PIPEs and deposited the shares in their accounts at Intercoastal. At the time of the deposits, Intercoastal was, or shortly thereafter became, a market maker in those securities, which consisted of OTC bulletin board and NASDAQ stocks. A business associate of Inder Rieden, Samuel Levin, then began placing trade orders with

Intercoastal to sell the shares from the Bahamian accounts. Despite not having written authorization to allow Levin to order trades, Intercoastal acted on his instructions and sold the shares for the accounts of the Bahamian entities.

34. Trading in the 13 Bahamian accounts constituted a substantial portion of Intercoastal's business.

**When NASD Inquires About Ownership of the
13 Bahamian Accounts, Intercoastal Provides Three Different
Answers Over Eight Months, During Which 11 of the Accounts Close**

35. As part of a regular cycle examination in March 2003, NASD examiners questioned Intercoastal about the identity of the beneficial owners for each of the 13 Bahamian entities. In response, Intercoastal provided the examiners with a facsimile from Euro Dutch, dated March 19, 2003, in which the "Senior Administrator" for Euro Dutch "confirm[ed]" that the beneficial owner for each of the 13 Bahamian entities was Inder Rieden.

36. Because this answer indicated common foreign ownership of the 13 Bahamian entities, NASD examiners then requested information regarding a series of deposits of the common stock of eSynch Corporation into accounts of seven of them. The concentration of a considerable portion of the security's outstanding common stock float among seven foreign entities owned by Inder Rieden would enable him potentially to manipulate the price of the security, and, therefore, the staff began focusing on whether the firm was involved in, or might soon become involved in, a market manipulation.

37. In the midst of the staff's market manipulation inquiry, Inder Rieden changed his answer to Intercoastal and claimed that he did not own all of the accounts.

Instead, as Intercoastal advised NASD in a July 18, 2003, letter, "all of the accounts in question were established at the direction of Inder Rieden, although the Firm is advised that the beneficial ownership of the accounts is not uniform, as they were established to address certain estate planning actions undertaken by Inder Rieden, and the beneficial ownership is reported to flow to different beneficiaries."

38. NASD's examination concluded with a Compliance Conference on November 25, 2003. During the Compliance Conference, NASD examiners questioned both Intercoastal and Inder Rieden about the ownership of the Bahamian accounts and the firm, and his answer changed yet again. At that time, the NASD examiners were told that the "Inder Rieden Family Trust" owned the firm and the accounts.

39. Between June and September 2003, which was within the period when Intercoastal provided conflicting answers to NASD's questions regarding account ownership, 11 of the 13 Bahamian entities closed their accounts at Intercoastal. One of the remaining accounts, Camden International, Ltd., engaged in further trading until February 2004, and it was closed on July 22, 2004. The other remaining account, Torneaux, Ltd., was dormant, but remained open with a negligible account value.

40. As set forth in greater detail in the attached Exhibit B, Intercoastal executed numerous transactions in four of the Bahamian entities' accounts after December 31, 2002, when the AML rules required investigation or the filing of a SAR-SF in response to red flags indicating suspicious activity. In addition to suspicious wire and stock transfers, Intercoastal liquidated over \$1.6 million in shares of PIPEs.

41. With respect to any transactions set forth in Exhibit B that involved amounts or values exceeding \$5,000, Intercoastal failed to implement and enforce

adequate AML procedures in violation of NASD Conduct Rule 3011 and, as a result, failed to “observe high standards of commercial honor and just and equitable principles of trade” as required by NASD Conduct Rule 2110. AML rules required Intercoastal to perform additional due diligence or file a SAR-SF with respect to each of these transactions, but Intercoastal failed to do so. The red flags, which individually or collectively triggered Intercoastal’s AML obligations, include but are not limited to the following:

- a. Inder Rieden, who founded Intercoastal, set up 13 separate offshore entities, most of which adopted the same trading strategy involving OTC bulletin board and NASDAQ shares of PIPEs in which the firm made a market. This trading strategy made up a substantial portion of the firm’s business. As Intercoastal was aware, all 13 entities shared Inder Rieden as their President and Euro Dutch as their registered agent, and some of the entities acted in concert in selling shares in particular PIPEs.
- b. Although Inder Rieden’s business associate, Samuel Levin, controlled the trading in each of the accounts of the 13 Bahamian entities, the Intercoastal account documentation for the accounts showed no trading authorization or ownership link to Levin.
- c. When NASD asked about the identity of the beneficial owners of each of the 13 Bahamian entities, the firm provided three different answers in eight months, calling into question whether the true owner was attempting to conceal himself or herself. The fact that the change in the ownership answer occurred during staff’s market manipulation inquiry rendered the change more suspicious.
- d. In the midst of an NASD inquiry concerning the beneficial ownership of the 13 Bahamian entities, 11 closed their accounts and one became dormant.

***The Bahamian Entities Engage in Suspicious Trades
With Intercoastal Through Another Broker-Dealer in Canada***

42. In addition to Intercoastal’s above-described failure to investigate or file a SAR with respect to Samuel Levin’s suspicious trading through Intercoastal accounts, the

firm also failed to investigate or file a SAR with respect to suspicious trades placed by Canadian broker dealer R.C. Corp., also with Levin's participation.

43. Some or all of the Bahamian entities also had accounts at Canadian firms that used Intercoastal to execute sales in the same kinds of PIPEs shares that the Bahamian entities held in their accounts at Intercoastal. As reflected in publicly available filings with the Securities and Exchange Commission, these PIPEs were funded by the Bahamian entities as opposed to purchased by the Bahamian entities from third parties.

44. Specifically, four of the Bahamian entities opened accounts at a Canadian broker-dealer, R.C. Corp. R.C. Corp. traded nearly \$19 million in shares for those accounts through Intercoastal, which was a market maker in each of these securities. The majority of these trades were in the stocks the Bahamian entities had PIPE investments in. Through transfers of money and securities between the Bahamian entities' accounts at Intercoastal and R.C. Corp., and other evidence, Intercoastal was or should have been aware that the accounts at R.C. Corp. were owned by certain of the Bahamian entities. For example, between June 2003 and February 2004, Intercoastal wired over \$1.6 million in proceeds from PIPE liquidations from certain Bahamian entities' accounts at Intercoastal to companion accounts at R.C. Corp.

45. These four accounts were opened by Aspen International, Ltd. ("Aspen"), Camden International, Ltd. ("Camden"), Domino International, Ltd. ("Domino"), and Magellan International, Ltd. ("Magellan"). Aspen opened an account at R.C. Corp. on May 11, 2001. Camden opened an account at R.C. Corp. on May 29, 2003. Domino opened an account at R.C. Corp. on May 14, 2003. Magellan opened an account at R.C. Corp. on May 11, 2001.

46. As set forth in detail in Exhibit C to this complaint, these four entities made numerous trades after December 31, 2002, through Intercoastal, but not directly. Rather, the trades were placed through Intercoastal by R.C. Corp. On several trading days, Intercoastal sold the same PIPE shares both from certain Bahamian entities' accounts at Intercoastal and pursuant to orders placed by R.C. Corp. for Bahamian entities.

47. Further, on some of the trades listed in Exhibit C, Samuel Levin played an unusual and suspicious role in facilitating the R.C. Corp. trades. Prior to some of the trades, Levin called Intercoastal traders and represented that he was interested in selling a particular security at a particular volume and price, and asked whether the firm could accommodate these sales. Shortly thereafter, R.C. Corp. would contact Intercoastal to place the same trade from accounts at R.C. Corp. The securities that R.C. Corp. sold through Intercoastal were from accounts the four Bahamian entities maintained at R.C. Corp.

48. Three of the Bahamian account-holders – Aspen, Domino, and Magellan – continued to sell private placement shares to the United States market through Intercoastal via R.C. Corp. after their accounts closed at Intercoastal. Samuel Levin continued to play the above-described role facilitating some or all of the trades. These post-closure trades were additionally suspicious because of the circumstances under which most of the 13 Bahamian accounts at Intercoastal closed.

49. Eleven of the 73 trades by Magellan through R.C. Corp. were short sales of unregistered shares that Magellan acquired at discounts in private placements. In selling the shares, which resulted in over \$2.38 million in proceeds, before their

registration statements were effective, Magellan was able to guarantee itself a profit on the shares equal to the amount by which the current market value of the shares exceeded the discounted price at which Magellan acquired the shares. With further investigation into these trades, Intercoastal may have been able to discover and prevent the sale of unregistered securities.

50. On at least two occasions, Intercoastal reported that it covered its short trade through a purchase from R.C. Corp before R.C. Corp. had placed the order to sell to Intercoastal.

51. With respect to the 111 out of 129 trades set forth in Exhibit C that involved amounts exceeding \$5,000, Intercoastal failed to implement and enforce adequate AML procedures in violation of NASD Conduct Rule 3011 and, as a result, failed to “observe high standards of commercial honor and just and equitable principles of trade” as required by NASD Conduct Rule 2110. AML rules required Intercoastal to perform additional due diligence or file a SAR-SF with respect to each of these trades, but Intercoastal failed to do so. The “red flags,” which individually or collectively should have prompted the firm to perform additional due diligence or file a SAR-SF, include but are not limited to the following:

- a. Samuel Levin, who was an unregistered person associated with the founder of the firm and who had directed without written authority trades for several accounts at Intercoastal, including the 13 Bahamian entities, played an unusual and suspicious role in facilitating the trades from some of the Bahamian entities’ accounts at Canadian broker-dealer R.C. Corp. Specifically, Levin called Intercoastal’s traders with “indications of interest,” saying that he was interested in selling a particular security at a particular volume and price, and asking whether the firm could accommodate these sales. Later on these days that Levin called with these indications of interest, R.C. Corp. called with sell orders for the same securities that Levin had inquired about.

Intercoastal even booked two trades in advance of any contact by R.C. Corp.

- b. The R.C. Corp. trades involved sales of OTC bulletin board and NASDAQ shares of PIPEs, which were the same types of trades generally engaged in by the 13 Bahamian entities. Some of the trades raised red flags indicating market manipulation and other illegal activities. Intercoastal was, or should have been, aware that the trades were placed from accounts at R.C. Corp. owned by certain of the Bahamian entities that also had accounts at Intercoastal.
- c. The Bahamian entities wired funds and transferred stocks between their accounts at Intercoastal and companion accounts at R.C. Corp.
- d. The suspicious circumstances leading to the closing of most of the 13 Bahamian accounts at Intercoastal should have raised suspicion regarding Levin's involvement in the R.C. Corp. trades as well.

52. By virtue of the foregoing, Intercoastal violated NASD Rule 3011 and NASD Rule 2110.

SECOND CAUSE OF ACTION

ACCEPTING TRADES FROM A PERSON WITHOUT PRIOR WRITTEN AUTHORIZATION – THE BAHAMIAN ENTITIES' ACCOUNTS AT INTERCOASTAL Violation of NASD Rules 2510(b) and 2110 RESPONDENTS – INTERCOASTAL AND DELANEY

53. The allegations set forth in paragraphs 1 through 52 are re-alleged and incorporated for the purpose of this cause of action.

54. NASD Conduct Rule 2510(b) provides: "No member or registered representative shall exercise any discretionary power in a customer's account unless such customer has given prior written authorization to a stated individual or individuals and the account has been accepted by the member, as evidenced in writing by the member or the partner, officer or manager, duly designated by the member, in accordance with Rule 3010." Intercoastal's written supervisory procedures likewise prohibited registered

representatives from accepting orders from third parties without prior written authorization signed by the customer, and generally prohibited unauthorized transactions.

55. The account forms for each of the 13 Bahamian entities authorized the same three people, Inder Rieden, D.M.Mc., and A.M.L., to act for each account. One account, Settondown Capital International, Ltd., provided D.E.D. with trading authority as well.

56. Beginning on or about January 1, 2000, and continuing until each of the Bahamian entities closed its account, Intercoastal accepted orders for each of the Bahamian entities' accounts from Samuel Levin and acted in accordance with his instructions.

57. Respondent Delaney was initially, or eventually became, the broker of record for each of the accounts of the Bahamian entities at Intercoastal except Camden International Ltd. While he was the broker of record for those accounts, Delaney accepted orders for each of the Bahamian entities' accounts from Samuel Levin and acted in accordance with Levin's instructions.

58. None of the 13 Bahamian entities gave Intercoastal written authorization, in accordance with NASD Conduct Rule 2510(b), allowing Samuel Levin to act for their accounts.

59. By virtue of the foregoing actions, Intercoastal and Delaney violated NASD Rules 2510(b) and 2110.

THIRD CAUSE OF ACTION

FAILURE TO MAINTAIN ACCURATE BOOKS AND RECORDS Violation of NASD Rules 3110 and 2110, Section 17 of the Securities Exchange Act of 1934, and Rule 17a-3 thereunder RESPONDENT – INTERCOASTAL

60. The allegations set forth in paragraphs 1 through 59 are re-alleged and incorporated for the purpose of this cause of action.

61. Intercoastal Holdings and Euro Dutch entered into an Information Services Agreement (“Services Agreement”), dated March 1, 2000, which remained in effect through December 31, 2002. O’Leary signed the Services Agreement as President of Intercoastal Holdings and Inder Rieden countersigned as Managing Director of Euro Dutch.

62. According to the Services Agreement, Intercoastal Holdings retained Euro Dutch “to furnish research, informational and other consulting services to Intercoastal [Holdings]” The services that Euro Dutch was to provide included “industry analyses, reports on market trends, research and due diligence, reports on public companies whose securities trade or are listed on Nasdaq National Market, Nasdaq Small Cap Market and the OTC Bulletin Board.” Pursuant to the agreement, Euro Dutch was to receive “a fixed monthly fee of \$50,000 in arrears, unless otherwise agreed”

63. During the thirty-four months that the Services Agreement was in effect, Intercoastal Holdings paid Euro Dutch approximately \$1.5 million. But Euro Dutch never provided any services pursuant to the Services Agreement. O’Leary was, or should have been, aware that Euro Dutch provided no services.

64. Although it was under no contractual obligation to do so, Intercoastal provided the money that Intercoastal Holdings paid to Euro Dutch. Pursuant to a

Management Agreement dated August 7, 1998, Intercoastal was obliged to pay Intercoastal Holdings \$5,000 per month to cover Intercoastal's general and administrative expenses, as well as a separate payment to cover commissions paid by Intercoastal Holdings. During the 34 months that the Services Agreement was in effect, however, Intercoastal paid Intercoastal Holdings a total of approximately \$3,554,495.40. This amount well exceeded Intercoastal's operating expenses and commissions, all of which were paid at the holding company level.

65. To fund the payments to Euro Dutch, Intercoastal, through O'Leary, wired money from Intercoastal to Intercoastal Holdings. Then, usually within a short period of time, O'Leary wired money from Intercoastal Holdings offshore to Euro Dutch for "research services." For example, on May 3, 2002, O'Leary wired approximately \$165,000 from Intercoastal to Intercoastal Holdings as a management fee. That same day, O'Leary wired approximately \$164,250 from Intercoastal Holdings to Euro Dutch.

66. NASD Rule 3110, Section 17 of the Securities Exchange Act of 1934, and Rule 17a-3 thereunder require members to maintain accurate books and records relating to, among other things, their business, financial statements, indebtedness, bills, and communications regarding their business.

67. Intercoastal, through O'Leary, was, or should have been, aware that the Services Agreement served merely to direct funds from Intercoastal to Euro Dutch and that Intercoastal Holdings served merely as a conduit for payments to Euro Dutch. Intercoastal, through O'Leary, was, or should have been, aware that the books and records of Intercoastal inaccurately reflected payment to Intercoastal Holdings for

management fees and, further, failed to reflect that Euro Dutch was the intended ultimate recipient of the funds.

68. By virtue of these actions, from March 1, 2000 until December 31, 2002, Intercoastal violated NASD Rule 3110 (books and records), Section 17 of the Securities Exchange Act of 1934 and Rule 17a-3 thereunder (broker dealer records and reporting requirements) and NASD Rule 2110 by failing to observe high standards of commercial honor and just and equitable principles of trade.

FOURTH CAUSE OF ACTION

SALE OF UNREGISTERED SECURITIES Violation of NASD Rule 2110 by Virtue of Section 5 of the Securities Act of 1933 RESPONDENT – INTERCOASTAL

69. The allegations set forth in paragraphs 1 through 68 are re-alleged and incorporated for the purpose of this cause of action.

70. Section 5 of the Securities Act of 1933 prohibits the sale of unregistered shares, unless there is an applicable exemption from registration. Brokers are required to investigate whether they are participating in an unlawful distribution of unregistered securities, and a more thorough investigation is required in suspicious circumstances.

71. Form S-8 permits an issuer to register stock issued to “employees,” which is defined to include consultants and advisors, for compensatory purposes, without registering the stock under Section 5 of the Securities Act of 1933, “provided that bona fide services shall be rendered by consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction.” Form S-8 registration statements are not subject to automatic review by SEC examiners and they become effective immediately upon filing.

72. Form S-8 registration applies to the transfer of stock from the issuer to employees, but not any subsequent sales. Resales of stock received pursuant to Form S-8 registration to third parties require either registration or an exemption from registration.

73. Form S-8 registration is not available when (1) by prearrangement or otherwise, the issuer (including affiliates) or a promoter controls or directs the resale of the securities in the public market; or (2) the issuer or its affiliates directly or indirectly receive a percentage of the proceeds from such resales. This test is satisfied where the issuer or its affiliates receive an economic benefit from the resale proceeds.

74. Beginning at some time before May 21, 2002 and continuing through at least April 2003, Intercoastal made a market in the common stock of eSynch Corporation ("eSynch").

75. In May 2002, officers of eSynch set up an account at Intercoastal in the name of Jan A. Kusy, who was a contractor with a glass and window installation company. On May 21, 2002, T. Richard Hutt, who was a Director, Vice President and Secretary/Treasurer of eSynch, sent a fax to Respondent Delaney at Intercoastal that stated, "[p]er Tom Hemingway, I am sending the following to allow you to open an account in the name of Jan A. Kusy of El Cajon, CA." At the time, Thomas Hemingway was the Chairman and Chief Executive Officer of eSynch. Kusy was the brother-in-law of Hutt.

76. Later in the day on May 21, 2002, Hutt sent another fax to Intercoastal, this time to O'Leary. In that fax, Hutt wrote: "Marilyn: Mr. Kusy will supply the drivers license copy and utility bill tomorrow, and I will mail it to you tomorrow."

77. In accordance with the instructions from Hutt, on May 22, 2002, Intercoastal opened an account for Kusy at Intercoastal. The new account form was dated May 22, 2002, but Kusy did not mail his signed account form to Intercoastal until June 5, 2002. On the new account form, Delaney signed as the registered representative and O'Leary signed as the supervisory principal.

78. O'Leary knew or should have known that Hutt was a Director, Vice President and Secretary/Treasurer of eSynch and that Hemingway was the Chairman and CEO of eSynch. In addition, O'Leary knew that Kusy was the brother-in-law of Hutt.

79. On May 22, 2002, Kusy received approximately 3,390,000 shares of eSynch, allegedly issued pursuant to Form S-8 of the Securities Act of 1933 and pursuant to a Consulting Agreement he entered into with eSynch. On or about May 31, 2002, Kusy deposited those shares into his newly opened account at Intercoastal. Between June 2002 and April 2003, all of those shares were either sold into the public market or transferred to other persons or entities. Kusy's account activity was mainly limited to liquidating his eSynch shares.

80. Kusy alone had authority to trade in his account. Nevertheless, Hutt participated in or controlled much of the trading and activity in Kusy's account and O'Leary often contacted Hutt whenever she had a question about the account. Hemingway also directed some of the trading in the account, including a July 19, 2002 sale of 100,000 shares of eSynch executed by Delaney.

81. In addition, on the two instances specified below, Intercoastal remitted proceeds from the sale of Kusy's S-8 stock back to a subsidiary of the issuer, eSynch.

82. On June 27, 2002, Kusy faxed a letter to O'Leary asking her to wire-transfer \$930.00 from his account at Intercoastal to a bank account for Kiss Software Corp. ("Kiss"), which was a subsidiary of eSynch. In accordance with these instructions, O'Leary transferred \$930.00 from Kusy's account at Intercoastal to the bank account for Kiss. O'Leary knew or should have known at the time that she transferred the money that the bank account belonged to Kiss, and that the funds were proceeds of the sale of stock registered pursuant to Form S-8.

83. On July 23, 2002, Kusy faxed O'Leary a letter authorizing Intercoastal to sell 200,000 shares of eSynch "per the verbal instructions from Tom Hemingway to Jack Delaney on July 19, 2002" and wire-transfer 90 percent of the sales proceeds to a checking account owned by Kiss, which was the same eSynch subsidiary that received the transfer of funds on June 27, 2002. In accordance with these instructions, O'Leary wire-transferred \$7,193.47, which represented 90 percent of the sales proceeds, to the checking account owned by Kiss. At the time that Intercoastal transferred the sales proceeds, it knew or should have known that the account belonged to Kiss, and that the funds were proceeds of the sale of stock registered pursuant to Form S-8.

84. On July 25, 2002, Kusy faxed O'Leary a letter authorizing Intercoastal to transfer 1,350,000 shares of eSynch from his account to Hemingway's account at Intercoastal. In accordance with these instructions, O'Leary transferred 1,350,000 shares of eSynch from Kusy's account to the account of Hemingway. At the time that she transferred the shares, O'Leary knew that Hemingway was the Chairman and CEO of eSynch.

85. Intercoastal transferred shares and sales proceeds of Form S-8 stock from Kusy's account at Intercoastal to an officer and a subsidiary of the issuer. Moreover, Intercoastal allowed officers of the issuer to control or direct the sale of Kusy's stock into the public market, and otherwise control the account, from the outset. Once Kusy violated the requirements of the Form S-8 registration, none of his ensuing sales of unregistered shares of eSynch were entitled to any exemption from registration. Those sales are as follows:

Date	# of shares	Price/share	Proceeds
June 11, 2002	200,000	\$.0275	\$5,500.00
June 13, 2002	200,000	\$.0285	\$5,700.00
June 18, 2002	80,000	\$.0260	\$2,080.00
July 19, 2002	100,000	\$0.40	\$4,000.00
July 24, 2002	100,000	\$0.40	\$4,000.00
Sept. 18, 2002	130,000	\$.0290	\$3,770.00
April 21, 2003	90,000	\$.019	\$1,710.00
April 22, 2003	140,000	\$.015	\$2,100.00

86. Intercoastal acted willfully because it was aware, should have been aware, or by reasonable investigation would have been aware, that Kusy was not entitled to any exemption from registration with respect to any of the sales of eSynch stock. Intercoastal's sales of shares from Kusy's account used interstate transportation or communication. By selling Kusy's unregistered shares of eSynch stock without any exemption, Intercoastal violated NASD Rule 2110, by virtue of violating Section 5 of the Securities Act of 1933.

FIFTH CAUSE OF ACTION

**ACCEPTING TRADES FROM A PERSON WITHOUT PRIOR WRITTEN AUTHORIZATION –
KUSY'S ACCOUNT AT INTERCOASTAL
Violation of NASD Rule 2510(b) and 2110
RESPONDENTS – INTERCOASTAL AND DELANEY**

87. The allegations set forth in paragraphs 1 through 86 are re-alleged and incorporated for purposes of this cause of action.

88. On July 19, 2002, Hemingway instructed Delaney, the broker of record for Kusy's account, to sell 100,000 shares of eSynch from Kusy's account.

89. Delaney and Intercoastal acted on Hemingway's instructions and, on July 19, 2002, Intercoastal sold 100,000 shares of eSynch for Kusy's account.

90. Kusy had not given Intercoastal prior written authorization, in accordance with NASD Conduct Rule 2510(b), to allow Hemingway to act for his account.

91. By virtue of the foregoing actions, Intercoastal and Delaney violated NASD Rules 2510(b) and 2110.

SIXTH CAUSE OF ACTION

**INADEQUATE SUPERVISION
Violation of NASD Rule 3010(a) and 2110
RESPONDENT – INTERCOASTAL**

92. The allegations set forth in paragraphs 1 through 91 are re-alleged and incorporated for purposes of this cause of action.

93. NASD Rule 3010(a) requires that each firm establish and maintain a system to supervise the activities of each registered representative and associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with the Rules of the Association. Supervisory personnel are responsible for detecting red flags indicating violations of NASD rules and regulations.

94. Intercoastal's supervisory system was not reasonably designed to achieve compliance with applicable securities laws and regulations, and with the Rules of the Association.

95. Intercoastal's written procedures provided that a "registered representative will not accept any order from a third party without prior written authorization signed by the customer." But the firm's supervisory personnel failed to detect widespread, long-term, third-party trading without written authorization. The firm's supervisory personnel should have detected these red flags indicating that its registered representatives were accepting such orders from third persons.

96. As a result, Intercoastal violated NASD Conduct Rules 3010(a) and 2110.

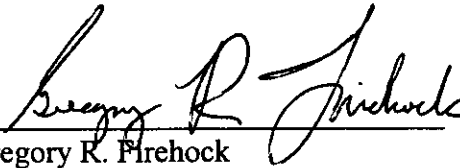
PRAYER FOR RELIEF

WHEREFORE, Complainant, the Department of Enforcement, respectfully requests:

- A. Findings of fact and conclusions of law that 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 requiring Respondents to disgorge fully any and all ill-gotten gains and/or make full and complete restitution, together with interest;
- D. An order imposing such costs of any proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330;
and
- E. An order imposing any other fitting sanction.

DATED: February 8, 2006

Respectfully submitted,

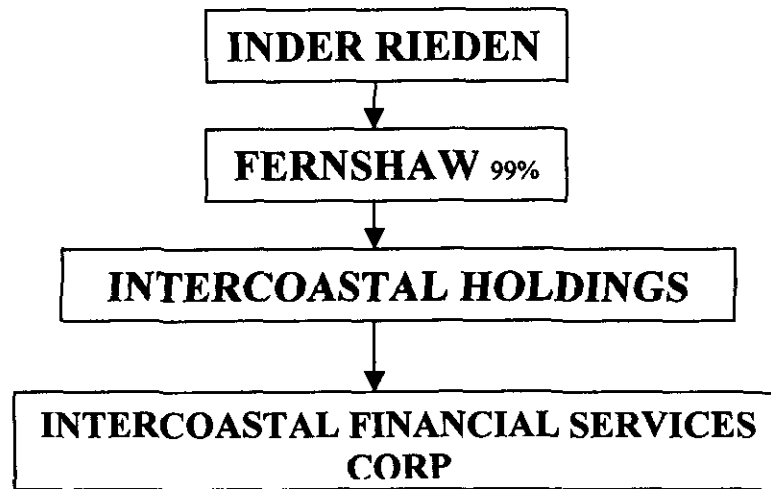
A handwritten signature in black ink, appearing to read "Gregory R. Firehock", written over a horizontal line.

Gregory R. Firehock
Assistant Chief Litigation Counsel
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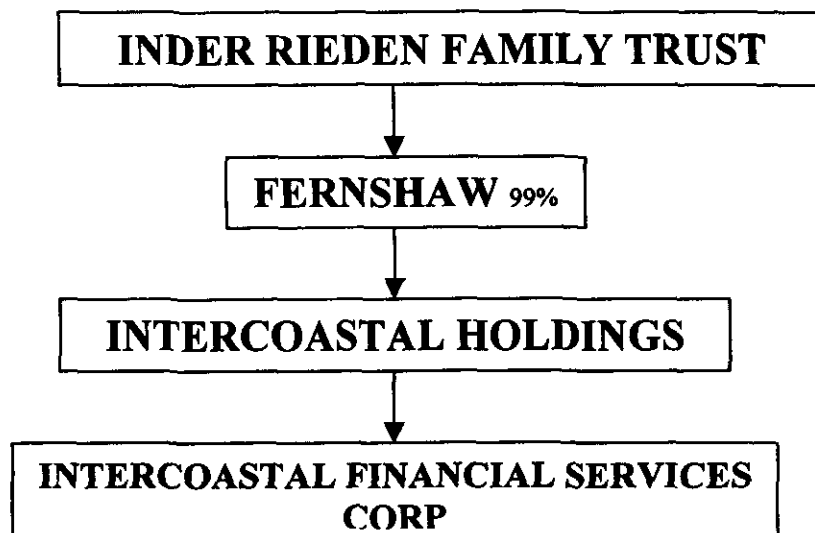
Rory C. Flynn, Of Counsel
Department of Enforcement
NASD
1801 K Street, NW, Suite 800
Washington, D.C. 20006
202-974-2874

EXHIBIT A - IFSC Ownership Structure

Pre-December 31, 1998¹



Post-December 31, 1998 to Present



¹ The other 1% ownership in Intercoastal Holdings is currently owned by Anthony Inder Rieden who purchased the 1% ownership interest from Roy Zentz who purchased it from Roy Warren.

EXHIBIT B - Transactions in Bahamian-based IFSC accounts 1/03 through 2/04

Aspen	1/30/2003	Sale	289,619	Thinkpath	0.027	\$ 7,815.97	
Manchester	3/5/2003	Sale	170,000	eSynch	0.031	\$ 5,269.84	
Manchester	3/5/2003	Transfer of Stock	1,000,000	eSynch			1,000,000 eSynch received in Manchester account from RC Corp
Manchester	3/10/2003	Sale	260,000	eSynch	0.027	\$ 7,019.78	
Manchester	4/10/2003	Transfer of Stock	570,000	eSynch			570,000 eSynch delivered from Manchester account to RC Corp
Camden	5/22/2003	Sale	793,942	Thinkpath	0.0083	\$ 6,589.41	
Camden	5/27/2003	Sale	930,000	Thinkpath	0.0082	\$ 7,625.64	
Camden	5/29/2003	Sale	405,000	Thinkpath	0.0063	\$ 2,491.38	
Camden	5/30/2003	Sale	600,000	Thinkpath	0.0059	\$ 3,539.83	
Magellan	6/4/2003	Sale	400,000	Applied Digital Solutions	0.42	\$ 167,992.13	
Camden	6/4/2003	Sale	75,000	Calypte	0.48	\$ 35,998.31	
Camden	6/5/2003	Sale	26,564	Calypte	0.475	\$ 12,617.30	
Magellan	6/5/2003	Transfer of Stock	400,000	Applied Digital Solutions			400,000 Applied Digital received in Magellan from RC Corp Magellan account
Camden	6/6/2003	Sale	1,399,934	Thinkpath	0.0043	\$ 6,019.43	
Camden	6/10/2003	Sale	400,000	Thinkpath	0.004	\$ 1,599.92	
Camden	6/11/2003	Sale	1,000,000	Thinkpath	0.004	\$ 3,999.81	
Camden	6/12/2003	Sale	1,930,000	Thinkpath	0.004	\$ 7,719.63	
Magellan	6/12/2003	Transfer of Funds					\$168,045 wired from Magellan account to RC Corp Magellan account
Camden	6/13/2003	Sale	4,466,000	Thinkpath	0.00455	\$ 20,319.34	
Camden	6/16/2003	Sale	525,000	Thinkpath	0.0046	\$ 2,389.88	
Camden	6/17/2003	Sale	350,000	Thinkpath	0.0044	\$ 1,504.92	
Camden	6/18/2003	Sale	1,670,000	Thinkpath	0.0042	\$ 7,013.67	
Camden	6/19/2003	Sale	1,695,000	Thinkpath	0.0041	\$ 6,949.17	
Camden	6/23/2003	Sale	975,000	Thinkpath	0.0041	\$ 3,997.31	
Camden	7/8/2003	Sale	1,038,923	Thinkpath	0.0036	\$ 3,739.94	
Camden	7/10/2003	Sale	3,010,000	Thinkpath	0.0033	\$ 9,832.53	
Camden	7/14/2003	Sale	281,000	Thinkpath	0.0028	\$ 736.76	
Camden	7/15/2003	Sale	3,737,658	Thinkpath	0.00255	\$ 9,530.58	
Camden	7/16/2003	Sale	3,296,552	Thinkpath	0.0027	\$ 8,900.27	
Camden	7/31/2003	Sale	42,585	Calypte	0.14	\$ 5,961.62	
Camden	8/22/2003	Transfer of Funds					\$167,732 wired from Camden account to RC Corp Camden account
Camden	9/5/2003	Sale	262,500	Calypte	0.72	\$ 188,991.15	
Camden	9/8/2003	Sale	173,351	Calypte	0.865	\$ 149,941.60	
Camden	9/17/2003	Sale	50,000	Calypte	1.31	\$ 65,496.93	
Camden	9/17/2003	Transfer of Funds					\$344,382 wired from Camden account to RC Corp Camden account
Camden	9/18/2003	Sale	100,000	Calypte	1.365	\$ 136,493.61	
Camden	9/19/2003	Sale	50,000	Calypte	1.4	\$ 69,996.72	
Camden	9/25/2003	Transfer of Funds					\$270,000 wired from Camden account to RC Corp Camden account
Camden	9/29/2003	Sale	101,564	Calypte	1.21	\$ 122,886.68	

EXHIBIT B - Transactions in Bahamian-based IFSC accounts 1/03 through 2/04

Camden	10/8/2003	Transfer of Funds					\$124,309 wired from Camden account to RC Corp Camden account
Camden	11/17/2003	Transfer of Stock	902,610	Calypte			902,610 Calypte deposited in Camden account from S. Michael Rudolph
Camden	11/25/2003	Sale	344,000	Calypte	0.635	\$ 218,419.85	
Camden	11/26/2003	Sale	282,396	Calypte	0.6	\$ 169,419.67	
Camden	12/2/2003						\$387,653 wired from Camden account to RC Corp Camden account
Camden	12/18/2003	Sale	265,000	Calypte	0.51	\$ 135,133.67	
Camden	12/19/2003	Sale	11,214	Calypte	0.511	\$ 5,678.96	
Camden	12/24/2003	Transfer of Funds					\$140,736 wired from Camden account to RC Corp Camden account
Camden	1/7/2004	Transfer of Stock	200,000	Universal Communications			200,000 Universal Communications deposited in Camden account from S. Michael Rudolph
Camden	1/22/2004	Sale	65,000	Universal Communications	0.069	\$ 4,378.29	
Camden	1/26/2004	Sale	80,000	Universal Communications	0.065	\$ 5,191.75	
Camden	1/27/2004	Sale	55,000	Universal Communications	0.063	\$ 3,459.33	
Camden	2/6/2004	Sale	5,000	Actionview International	0.7	\$ 3,424.33	
Camden	2/9/2004	Sale	95,000	Actionview International	0.71	\$ 67,437.34	
Camden	2/12/2004	Transfer of Funds					\$83,000 wired from Camden account to RC Corp Camden account
Camden	2/13/2004	Transfer of Stock	300,000	Presidion			300,000 Presidion delivered from Camden account to RC Corp Camden account

EXHIBIT C - R.C. Corp. Transactions for Bahamian-based accounts sent to IFSC for execution 1/03 through 2/04.

02/10/03	Aspen	Sale	200,000	Thinkpath	0.0240	\$ 4,800.00
02/11/03	Aspen	Sale	187,468	Thinkpath	0.0180	\$ 3,374.42
03/03/03	Aspen	Sale	600,000	Thinkpath	0.0135	\$ 8,100.00
03/04/03	Aspen	Sale	875,000	Thinkpath	0.0100	\$ 8,750.00
03/05/03	Aspen	Sale	135,000	Thinkpath	0.0100	\$ 1,350.00
03/06/03	Aspen	Sale	100,000	Thinkpath	0.0100	\$ 1,000.00
03/24/03	Magellan	Sale	75,000	XML-Global	0.0410	\$ 3,075.00
03/26/03	Aspen	Sale	349,579	Thinkpath	0.0080	\$ 2,796.63
04/02/03	Aspen	Sale	335,000	Thinkpath	0.0089	\$ 2,981.50
04/03/03	Aspen	Sale	400,000	Thinkpath	0.0092	\$ 3,680.00
04/04/03	Aspen	Sale	635,000	Thinkpath	0.0083	\$ 5,270.50
04/08/03	Aspen	Sale	100,000	Thinkpath	0.0080	\$ 800.00
04/11/03	Aspen	Sale	150,000	Thinkpath	0.0071	\$ 1,065.00
04/16/03	Aspen	Sale	471,000	Thinkpath	0.0073	\$ 3,438.30
05/09/03	Magellan	Sale	1,000,000	Applied Digital Solutions	0.4650	\$ 465,000.00
05/12/03	Magellan	Sale	1,725,500	Applied Digital Solutions	0.4140	\$ 714,357.00
05/13/03	Magellan	Sale	2,202,000	Applied Digital Solutions	0.4090	\$ 900,618.00
05/14/03	Magellan	Sale	1,120,000	Applied Digital Solutions	0.4040	\$ 452,480.00
05/15/03	Magellan	Sale	1,000,000	Applied Digital Solutions	0.3840	\$ 384,000.00
05/16/03	Magellan	Sale	1,602,500	Applied Digital Solutions	0.3840	\$ 615,360.00
05/19/03	Magellan	Sale	700,000	Applied Digital Solutions	0.3840	\$ 268,800.00
05/20/03	Magellan	Sale	1,600,000	Applied Digital Solutions	0.3930	\$ 628,800.00
05/21/03	Magellan	Sale	1,550,000	Applied Digital Solutions	0.3625	\$ 561,875.00
05/23/03	Magellan	Sale	800,000	Applied Digital Solutions	0.4100	\$ 328,000.00
05/27/03	Magellan	Sale	1,250,000	Applied Digital Solutions	0.3840	\$ 480,000.00
05/28/03	Aspen	Sale	650,000	Thinkpath	0.0074	\$ 4,810.00
05/28/03	Aspen	Sale	80,000	Thinkpath	0.0074	\$ 592.00
05/28/03	Magellan	Sale	1,950,000	Applied Digital Solutions	0.3960	\$ 772,200.00
05/29/03	Aspen	Sale	1,624,704	Thinkpath	0.0063	\$ 10,235.64
05/29/03	Magellan	Sale	850,000	Applied Digital Solutions	0.3870	\$ 328,950.00
05/30/03	Magellan	Sale	750,000	Applied Digital Solutions	0.3800	\$ 285,000.00
06/02/03	Magellan	Sale	900,000	Applied Digital Solutions	0.3830	\$ 344,700.00
06/03/03	Magellan	Sale	700,000	Applied Digital Solutions	0.3750	\$ 262,500.00
06/04/03	Magellan	Sale	800,000	Applied Digital Solutions	0.4200	\$ 336,000.00
06/05/03	Aspen	Sale	590,000	Thinkpath	0.0043	\$ 2,537.00
06/05/03	Magellan	Sale	1,600,000	Applied Digital Solutions	0.4750	\$ 760,000.00
06/06/03	Aspen	Sale	2,000,000	Thinkpath	0.0043	\$ 8,600.00
06/06/03	Magellan	Sale	900,000	Applied Digital Solutions	0.4510	\$ 405,900.00
06/09/03	Aspen	Sale	2,807,470	Thinkpath	0.0040	\$ 11,229.88
06/09/03	Magellan	Sale	1,300,000	Applied Digital Solutions	0.4240	\$ 551,200.00
06/10/03	Magellan	Sale	2,800,000	Applied Digital Solutions	0.4520	\$ 1,265,600.00
06/11/03	Magellan	Sale	250,000	Applied Digital Solutions	0.4520	\$ 113,000.00
06/12/03	Magellan	Sale	1,300,000	Applied Digital Solutions	0.4390	\$ 570,700.00
06/13/03	Magellan	Sale	450,000	Applied Digital Solutions	0.4300	\$ 193,500.00
07/02/03	Aspen	Sale	120,000	Thinkpath	0.0037	\$ 444.00
07/03/03	Aspen	Sale	2,100,000	Thinkpath	0.0036	\$ 7,560.00
07/07/03	Aspen	Sale	3,216,077	Thinkpath	0.0036	\$ 11,577.88
07/31/03	Domino	Sale	100,000	Calypte	0.1800	\$ 18,000.00
07/31/03	Domino	Sale	100,000	Calypte	0.1600	\$ 16,000.00
07/31/03	Domino	Sale	100,000	Calypte	0.1600	\$ 16,000.00
07/31/03	Domino	Sale	50,000	Calypte	0.1900	\$ 9,500.00
07/31/03	Domino	Sale	50,000	Calypte	0.1850	\$ 9,250.00
07/31/03	Domino	Sale	50,000	Calypte	0.1800	\$ 9,000.00
07/31/03	Domino	Sale	50,000	Calypte	0.1790	\$ 8,950.00

EXHIBIT C - R.C. Corp. Transactions for Bahamian-based accounts sent to IFSC for execution 1/03 through 2/04.

07/31/03	Domino	Sale	50,000	Calypse	0.1750	\$ 8,750.00
07/31/03	Domino	Sale	50,000	Calypse	0.1750	\$ 8,750.00
07/31/03	Domino	Sale	50,000	Calypse	0.1700	\$ 8,500.00
07/31/03	Domino	Sale	50,000	Calypse	0.1600	\$ 8,000.00
07/31/03	Domino	Sale	50,000	Calypse	0.1600	\$ 8,000.00
07/31/03	Domino	Sale	50,000	Calypse	0.1490	\$ 7,450.00
08/25/03	Aspen	Sale	4,248,177	Thinkpath	0.0025	\$ 10,620.44
08/27/03	Aspen	Sale	2,200,000	Thinkpath	0.0023	\$ 5,060.00
08/29/03	Aspen	Sale	1,800,000	Thinkpath	0.0022	\$ 3,960.00
09/09/03	Domino	Sale	200,000	Calypse	1.0900	\$ 218,000.00
09/09/03	Domino	Sale	100,000	Calypse	1.1820	\$ 118,200.00
09/10/03	Domino	Sale	100,000	Calypse	1.2850	\$ 128,500.00
09/11/03	Domino	Sale	50,000	Calypse	1.5840	\$ 79,200.00
09/11/03	Domino	Sale	30,000	Calypse	1.4600	\$ 43,800.00
09/12/03	Domino	Sale	60,000	Calypse	1.6880	\$ 101,280.00
09/22/03	Magellan	Sale	150,000	Applied Digital Solutions	0.4710	\$ 70,650.00
09/23/03	Camden	Purchase	5,000,000	Thinkpath	0.0039	\$ 19,500.00
09/23/03	Camden	Purchase	5,000,000	Thinkpath	0.0039	\$ 19,500.00
09/23/03	Magellan	Sale	150,000	Applied Digital Solutions	0.4550	\$ 68,250.00
09/24/03	Magellan	Sale	196,000	Applied Digital Solutions	0.4460	\$ 87,416.00
09/25/03	Magellan	Sale	265,000	Applied Digital Solutions	0.4410	\$ 116,865.00
09/26/03	Magellan	Sale	211,000	Applied Digital Solutions	0.4210	\$ 88,831.00
09/29/03	Magellan	Sale	170,858	Applied Digital Solutions	0.4060	\$ 69,368.35
09/30/03	Magellan	Sale	190,000	Applied Digital Solutions	0.3980	\$ 75,620.00
10/01/03	Domino	Sale	101,000	Calypse	1.1650	\$ 117,665.00
10/01/03	Magellan	Sale	190,000	Applied Digital Solutions	0.3990	\$ 75,810.00
10/02/03	Domino	Sale	18,571	Calypse	1.0000	\$ 18,571.00
10/02/03	Magellan	Sale	191,429	Applied Digital Solutions	0.3970	\$ 75,997.31
10/03/03	Magellan	Sale	190,000	Applied Digital Solutions	0.3970	\$ 75,430.00
10/06/03	Magellan	Sale	191,000	Applied Digital Solutions	0.3970	\$ 75,827.00
10/07/03	Magellan	Sale	2,100,000	Applied Digital Solutions	0.4280	\$ 898,800.00
10/08/03	Magellan	Sale	200,000	Applied Digital Solutions	0.4150	\$ 83,000.00
10/10/03	Magellan	Sale	1,000,000	Applied Digital Solutions	0.4090	\$ 409,000.00
10/15/03	Magellan	Sale	71,921	Applied Digital Solutions	0.4080	\$ 29,343.77
10/30/03	Aspen	Sale	5,000,000	Thinkpath	0.0025	\$ 12,500.00
10/30/03	Aspen	Sale	5,000,000	Thinkpath	0.0025	\$ 12,500.00
10/31/03	Aspen	Sale	2,950,000	Thinkpath	0.0025	\$ 7,375.00
11/05/03	Aspen	Sale	3,900,000	Thinkpath	0.0021	\$ 8,190.00
11/06/03	Aspen	Sale	1,500,000	Thinkpath	0.0021	\$ 3,150.00
11/10/03	Aspen	Sale	3,000,000	Thinkpath	0.0021	\$ 6,300.00
11/12/03	Magellan	Sale	31,000	8x8	3.5100	\$ 108,810.00
11/13/03	Magellan	Sale	29,000	8x8	3.3870	\$ 98,223.00
11/14/03	Magellan	Sale	6,000	8x8	3.3400	\$ 20,040.00
11/18/03	Magellan	Sale	30,000	Keryx Biopharmaceuticals	4.9500	\$ 148,500.00
11/19/03	Magellan	Sale	150,000	SSP Solutions	1.1550	\$ 173,250.00
11/19/03	Magellan	Sale	15,000	Keryx Biopharmaceuticals	4.6200	\$ 69,300.00
12/03/03	Magellan	Sale	83,000	Applied Digital Solutions	0.3900	\$ 32,370.00
12/04/03	Magellan	Sale	83,000	Applied Digital Solutions	0.3900	\$ 32,370.00
12/05/03	Magellan	Sale	84,000	Applied Digital Solutions	0.3850	\$ 32,340.00
12/08/03	Magellan	Sale	100,000	Cardima	1.0510	\$ 105,100.00
12/08/03	Magellan	Sale	83,000	Applied Digital Solutions	0.3790	\$ 31,457.00
12/09/03	Magellan	Sale	95,000	Applied Digital Solutions	0.3780	\$ 35,910.00
12/10/03	Magellan	Sale	72,000	Applied Digital Solutions	0.3690	\$ 26,568.00
12/11/03	Magellan	Sale	250,000	Cardima	1.0210	\$ 255,250.00

EXHIBIT C - R.C. Corp. Transactions for Bahamian-based accounts sent to IFSC for execution 1/03 through 2/04.

12/11/03	Magellan	Sale	83,000	Applied Digital Solutions	0.3700	\$ 30,710.00
12/15/03	Magellan	Sale	167,000	Applied Digital Solutions	0.3600	\$ 60,120.00
12/16/03	Magellan	Purchase	250,000	Applied Digital Solutions	0.3350	\$ 83,750.00
12/17/03	Domino	Purchase	15,000	Solutia	0.9200	\$ 13,800.00
12/17/03	Domino	Purchase	5,000	Solutia	0.6700	\$ 3,350.00
12/23/03	Magellan	Sale	2,000	Keryx Biopharmaceuticals	4.5500	\$ 9,100.00
12/24/03	Magellan	Sale	35,220	Keryx Biopharmaceuticals	4.4150	\$ 155,496.30
12/26/03	Magellan	Sale	242,000	Applied Digital Solutions	0.4230	\$ 102,366.00
12/29/03	Magellan	Sale	35,000	Drexler Technology	13.4350	\$ 470,225.00
12/29/03	Magellan	Sale	258,000	Applied Digital Solutions	0.4340	\$ 111,972.00
01/02/04	Magellan	Sale	27,000	Britesmile	25.6500	\$ 692,550.00
01/05/04	Magellan	Sale	10,000	Britesmile	24.4900	\$ 244,900.00
02/04/04	Magellan	Sale	70,000	SSP Solutions	1.2400	\$ 86,800.00
02/04/04	Magellan	Sale	45,000	SSP Solutions	1.2400	\$ 55,800.00
02/04/04	Magellan	Sale	20,000	SSP Solutions	1.2800	\$ 25,600.00
02/04/04	Magellan	Sale	20,000	SSP Solutions	1.2800	\$ 25,600.00
02/04/04	Magellan	Sale	20,000	SSP Solutions	1.2600	\$ 25,200.00
02/04/04	Magellan	Sale	20,000	SSP Solutions	1.2500	\$ 25,000.00
02/04/04	Magellan	Sale	15,000	SSP Solutions	1.2700	\$ 19,050.00
02/04/04	Magellan	Sale	10,000	SSP Solutions	1.2700	\$ 12,700.00
02/19/04	Magellan	Sale	10,000	Britesmile	13.1320	\$ 131,320.00