

## DAVI SKIN

## Active Shareholder Report

Common Stock as of 7/13/2007

CUSIP NUMBER

2,249,425

Active Share Holders	565
Active Certificates	637
Free Trading Stock	5,926,598
Restricted Stock	8,684,610
Shares Outstanding	14,611,208

Stock Holder	Date Issued	Cert No	No of Shares	Status	Date Restr	Lost or Stolen
* ABERDEEN HOLDINGS LTD INC	08/22/2001	1969	33	R	08/22/2001	No
THE LOM GROUP 27 REID ST						
HAMILTON, ON CANADA			<b>Total Shares</b>	<b>33</b>	<b>Total Certificates</b>	<b>1</b>
DENNIS ACKERMAN	02/25/1998	1345	1			No
			<b>Total Shares</b>	<b>1</b>	<b>Total Certificates</b>	<b>1</b>
ROBERT F. ACKERSON	02/25/1998	1074	1			No
60 KNOLLS CRESCENT AVE.			<b>Total Shares</b>	<b>1</b>	<b>Total Certificates</b>	<b>1</b>
BRONX, NY 10463-0000						
WILLIAM ADAM	02/25/1998	1261	1			No
7584 BEL ARBOR TRL			<b>Total Shares</b>	<b>1</b>	<b>Total Certificates</b>	<b>1</b>
WEBSTER, NY 14580-9476						
VMR AG	10/04/2000	1899	1,240	R		No
C/O DEUTSCHE BANC ALEX BR 1635 MARKET ST			<b>Total Shares</b>	<b>1,240</b>	<b>Total Certificates</b>	<b>1</b>
17TH FLOOR						
PHILADELPHIA, PA 19103						
DONALD R AHO	02/25/1998	1260	1			No
1015 PINEWOOD DR			<b>Total Shares</b>	<b>1</b>	<b>Total Certificates</b>	<b>1</b>
PINECITY, NY 14571-0000						
* BERNHARD ALTENDEITERING	11/03/1998	1508	5	R		No
ORCHIDEANSTER			<b>Total Shares</b>	<b>5</b>	<b>Total Certificates</b>	<b>1</b>
NORDHORN, GERMANY 48529						
BABETTE ALTMAN	02/25/1998	1329	1			No
4850 WINTER HAVEN WAY			<b>Total Shares</b>	<b>1</b>	<b>Total Certificates</b>	<b>1</b>
ROSEVILLE, CA 95747-8252						
DAVID AMMERMAN	02/25/1998	1089	1			No
75 PENN EST			<b>Total Shares</b>	<b>1</b>	<b>Total Certificates</b>	<b>1</b>
EAST STROUDSBURG, PA 18301-9028						
LINDA C ANDERSON	12/20/2005	5210	2,909	R	12/20/2005	No
			<b>Total Shares</b>	<b>2,909</b>	<b>Total Certificates</b>	<b>1</b>

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<b>ARCH LTD.</b>	04/03/2007	5309	573,847			No
* THE LOM BUILDING 27 REID STREET HAMILTON, BERMUDA HM11	<b>Total Shares</b>		<b>573,847</b>	<b>Total Certificates</b>		<b>1</b>
<b>PETER ARDITA</b>	02/25/1998	1214	1			No
1119 SAVOY DR MELVILLE, NY 11747-5281	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<b>ARTIST HOUSE HOLDINGS INC</b>	04/04/2006	5231	566,667	S	04/04/2006	No
3F YUSHIN BLDG 3-27-11 SHIBUYA SHIBUYA-KU, TOKYO JAPAN	<b>Total Shares</b>		<b>566,667</b>	<b>Total Certificates</b>		<b>1</b>
<b>SYLVIA ASCHER</b>	02/25/1998	1057	1			No
58 E 83RD ST APT 2-A NEW YORK, NY 10028-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<b>ASLAN DEVELOPMENT</b>	12/01/2006	5276	3,333	R	12/01/2006	No
C/O DWYER SMITH LAW FIRM 8712 W. DODGE RD #400 OMAHA, NE 68114	<b>Total Shares</b>		<b>3,333</b>	<b>Total Certificates</b>		<b>1</b>
	470842538					
<b>ASLAN MORTGAGE</b>	12/01/2006	5274	2,800	R	12/01/2006	No
2242 SO. 156 CIR OMAHA, NE 68130	<b>Total Shares</b>		<b>2,800</b>	<b>Total Certificates</b>		<b>1</b>
	911749681					
<b>GENEVIEVE F. AUBRY</b>	02/25/1998	1092	1			No
16 EDGEWOOD RD PEEKSKILL, NY 10566-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<b>BANKHAUS H AUFHAEUSER</b>	10/12/1999	1661	41			No
KAT KAPITALBERATUNG TOELZERSTRASSE 23	10/12/1999	1662	41			No
GENEVA, SWITZERLAND 82031	<b>Total Shares</b>		<b>82</b>	<b>Total Certificates</b>		<b>2</b>
<b>CHRISTINE AZZARELLO</b>	05/15/2006	5233	800			No
& GREGORY AZZARELLO JTEN	<b>Total Shares</b>		<b>800</b>	<b>Total Certificates</b>		<b>1</b>
339 SOUTH HOWARD PLAINFIELD, IL 60544	325443210					
<b>GEORGE BALOGH</b>	02/25/1998	1140	1			No
17 SOUTH DR GREAT NECK, NY 11021-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>

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ANTHONY S. HARRISON	02/25/1998	1135	1			No
2900 OAKHILL LN						
MOUNT DORA, FL 32757-9525						
		<b>Total Shares</b>	<b>1</b>		<b>Total Certificates</b>	<b>1</b>

202-10-4242

TRACEY HARROW	11/16/1999	1727	5			No
1 HERON TERRACE CAMDEN RD CARSHALTON VILLAGE						
SURREY, UK SM5 2NS						
		<b>Total Shares</b>	<b>5</b>		<b>Total Certificates</b>	<b>1</b>

HELEN HARVARD	02/25/1998	1077	1			No
4020 PRATT AVE						
BRONX, NY 10466-0000						
		<b>Total Shares</b>	<b>1</b>		<b>Total Certificates</b>	<b>1</b>

WILLIAM M. HEALEY JR	02/25/1998	1107	1			No
255 SOUNDVIEW AVE.						
WHITE PLAINS, NY 10606-0000						
		<b>Total Shares</b>	<b>1</b>		<b>Total Certificates</b>	<b>1</b>

FANNING M. HEARON, JR	02/25/1998	1353	1			No
		<b>Total Shares</b>	<b>1</b>		<b>Total Certificates</b>	<b>1</b>

RUDOLF HEINZ	02/03/2000	1817	100	R		No
NIEDENAU 82						
FRANKFURT AM, GERMANY 60325						
		<b>Total Shares</b>	<b>100</b>		<b>Total Certificates</b>	<b>1</b>

JOSEPH HEJNA	02/25/1998	1250	1			No
254 PENNSYLVANIA ST.						
BUFFALO, NY 14201-0000						
		<b>Total Shares</b>	<b>1</b>		<b>Total Certificates</b>	<b>1</b>

\*

HEPBURN HOLDINGS LTD	04/03/2007	5310	573,847			No
THE LOM BUILDING 27 REID STREET						
HAMILTON, BERMUDA HM11						
		<b>Total Shares</b>	<b>573,847</b>		<b>Total Certificates</b>	<b>1</b>

FRAN HERRIDGE	02/25/1998	1079	1			No
BOB HERRIDGE						
18 ORCHARD DR						
ARMONK, NY 10504-0000						
		<b>Total Shares</b>	<b>1</b>		<b>Total Certificates</b>	<b>1</b>

MARGERY H. HERRMANN	02/25/1998	1095	1			No
2202 THEALL RD						
RYE, NY 10580-1423						
		<b>Total Shares</b>	<b>1</b>		<b>Total Certificates</b>	<b>1</b>

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**DAVI SKIN****Active Shareholder Report**

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Stock Holder	Date Issued	Cert No	No of Shares	Status	Date Restr	Lost or Stolen
<b>STRATEGIC GROUP LTD</b>	01/04/2000	1781	461			No
SUITE 41/42 VICTORIA HOUS 26 MAIN STREET PO BOX 743	<b>Total Shares</b>		<b>461</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>COLLEEN SULLIVAN</b>	02/25/1998	1343	1			No
	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>HENRY L SUMMERS</b>	02/25/1998	1056	1			No
1840 7TH AVE #5C NEW YORK, NY 10026-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>HERMAN SUNA</b>	02/25/1998	1360	1			No
75 NOBLE ST. LYNBROOK, NY 11563-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>SUNSHINE LTD</b>	04/03/2007	5312	573,847			No
THE LOM BUILDING 27 REID STREET HAMILTON, BERMUDA HM11	<b>Total Shares</b>		<b>573,847</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>GEORGE M. SWEETMAN</b>	02/25/1998	1108	1			No
34 MORSEMER PLACE YONKERS, NY 10701-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>ANDREW TABBAT</b>	02/25/1998	1122	1			No
2218 THEALL ROAD RYE, NY 10850	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>GUS TAHMIN</b>	02/25/1998	1113	1			No
48 FIELDCREST RD. CRESTWOOD, NY 10707-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>MERCIAN / MAKOTO TAKEUCHI</b>	04/07/2005	5126	10,000	S	04/07/2005	No
	<b>Total Shares</b>		<b>10,000</b>	<b>Total Certificates</b>		<b>1</b>
<hr/>						
<b>PETER P. TALLARINE</b>	02/25/1998	1203	1			No
2286 CUSTOM VLG CT BELLMORE, NY 11710-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>

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<b>TAKAHIRO TASHIO</b>	04/07/2005	5124	317,895	S	04/07/2005	No
	<b>Total Shares</b>		<b>317,895</b>	<b>Total Certificates</b>		<b>1</b>
<b>MICHAEL TEDESCO</b>	02/25/1998	1186	1			No
64 OLD TAPPAN RD. GLEN COVE, NY 11542-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<b>NORMAN L TESSIER</b>	02/25/1998	1240	1			No
ROAD 1 BOX 185 SHAPON SPRINGS, NY 13459-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<b>THE CHLOE GROUP OF COMPANIES</b>	04/03/2007	5311	573,847			No
* THE LOM BUILDING 27 REID STREET HAMILTON, BERMUDA HM11	<b>Total Shares</b>		<b>573,847</b>	<b>Total Certificates</b>		<b>1</b>
<b>JULIUS THELMO</b>	02/25/1998	1210	1			No
62 LIVE OAK DR HOLBROOK, NY 11741-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<b>A. THORSON</b>	02/25/1998	1062	1			No
551 MAIN ST. #W201 NEW YORK, NY 10044-0000	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
<b>MICHAEL TIGHE</b>	05/16/2005	5150	200			No
333 URIBE ST LAS VEGAS, NV	08/15/2005	5163	300	R	08/15/2005	No
	<b>Total Shares</b>		<b>500</b>	<b>Total Certificates</b>		<b>2</b>
<b>DONALD A. TOY</b>	02/25/1998	1051	1			No
45 SUTTON PLACE S APT 1414 NEW YORK, NY 10022-2444	<b>Total Shares</b>		<b>1</b>	<b>Total Certificates</b>		<b>1</b>
		069-28-5497				
<b>SARNA TRADING</b>	10/12/1999	1698	73			No
HOTTINGER STR 17 ZURICH, SWITZERLAND CH-8032	<b>Total Shares</b>		<b>73</b>	<b>Total Certificates</b>		<b>1</b>
<b>GEARY TRIGLETH</b>	08/03/2004	5047	125,000	R	08/03/2004	No
2001 HEARTHSTONE DRIVE CARROLLTON, TX 75101	<b>Total Shares</b>		<b>125,000</b>	<b>Total Certificates</b>		<b>1</b>
		447560247				

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRIAN N. LINES;  
SCOTT G. S. LINES;  
LOM (HOLDINGS) LTD.;  
LINES OVERSEAS MANAGEMENT LTD.;  
LOM CAPITAL LTD.;  
LOM SECURITIES (BERMUDA) LTD.;  
LOM SECURITIES (CAYMAN) LTD.;  
LOM SECURITIES (BAHAMAS) LTD.;  
ANTHONY W. WILE;  
WAYNE E. WILE;  
ROBERT J. CHAPMAN;  
WILLIAM TODD PEEVER;  
PHILLIP JAMES CURTIS; AND  
RYAN G. LEEDS,

Defendants.

Civil Action No. \_\_\_\_\_

**COMPLAINT**

Plaintiff Securities and Exchange Commission (the "Commission") alleges:

**SUMMARY OF ALLEGATIONS**

1. This action concerns two separate, but similar, fraudulent schemes to manipulate the stock prices of two microcap companies, Sedona Software Solutions, Inc. ("Sedona") and SHEP Technologies, Inc. ("SHEP"). During the relevant periods, Sedona and SHEP shares were quoted and traded on the Over-the-Counter Bulletin Board ("OTCBB"). The schemes took place in 2002 and 2003, and involved the substantial participation of a Bermuda-based securities firm,

defendant LOM (Holdings) Ltd. ("LOM Holdings"), two of its managing principals, defendants Brian N. Lines and Scott G. Lines, and several of its subsidiaries: Lines Overseas Management Ltd. ("LOM Ltd."), LOM Capital Ltd. ("LOM Capital"), LOM Securities (Bermuda) Ltd. ("LOM Bermuda"), LOM Securities (Bahamas) Ltd. ("LOM Bahamas"), and LOM Securities (Cayman) Ltd. ("LOM Cayman") (collectively referenced herein as "LOM" or the "LOM Entities").

2. Both the Sedona and SHEP fraudulent schemes involved the undisclosed acquisition of publicly-traded shell companies, the use of LOM-controlled nominees to conceal beneficial ownership and control over Sedona and SHEP, the use of paid touters to promote Sedona and SHEP stock, and significant trading through the U.S. market in those stocks by defendants Brian Lines and Scott Lines, who are brothers. In the Sedona scheme, the Lines brothers' trading yielded approximately \$1.5 million in illegal proceeds. In the SHEP scheme, trading by the Lines brothers and two of their customers, defendants W. Todd Peever and P. James Curtis, yielded approximately \$4.3 million in illegal proceeds.

3. In the Sedona fraudulent scheme, defendant Anthony W. Wile ("Wile" or "Tony Wile"), a Canadian stock promoter, issued deceptive press releases and other promotional materials in early 2003 to create the misleading impression that his newly-formed private company, Renaissance Mining Corporation, Inc. ("Renaissance"), had acquired certain Central American gold mines and was a leading gold producer. At the same time, as part of the scheme, defendants Brian and Scott Lines had secretly acquired over ninety-nine percent of Sedona's outstanding shares through offshore nominees in order to merge the publicly-traded Sedona shell with Renaissance. Defendants Brian and Scott Lines also agreed to raise \$6 million for Renaissance through a private placement of Renaissance stock through LOM's investment

banking arm to enable Renaissance to acquire the mines that it publicly claimed it already owned.

4. Defendant Wile then primed the market for Renaissance and Sedona shares by disseminating materially false and misleading information and orchestrating touting by defendant Robert J. Chapman, a newsletter writer who also secretly owned Renaissance shares. Between January 17 and January 21, 2003, at Wile's direction, Renaissance issued press releases announcing a merger of the two companies, when no such merger had taken place. During the same period, defendant Wile coordinated the issuance of reports by various newsletter writers touting the merger and telling the public that shares of Sedona would open around \$10 per share on January 21. The purpose of this materially false and misleading information was to convince potential investors that Renaissance had already acquired the Central American mines, that the mines were fully operational, and that a lucrative investment in *Renaissance* could be made by purchasing *Sedona's* shares on the OTCBB – even though Renaissance was not an operating mining company, owned no mines, and no merger with Sedona had taken place.

5. On the morning of January 21, defendants Brian Lines, Scott Lines, Tony Wile, and defendant Wayne E. Wile (“Wayne Wile,” Tony Wile’s uncle) orchestrated a manipulative stock transaction over the OTCBB in which defendants Brian and Scott Lines sold, and defendant Wayne Wile purchased, 5,000 Sedona shares at \$8.25 per share. At the time these orders were placed, Sedona stock had last traded at \$0.03 per share seven months earlier, in May 2002.

6. Between January 21 and January 27, 2003, defendants Brian and Scott Lines sold or caused the sale of 159,300 shares of Sedona on the open market at between approximately \$9 and \$10 per share, yielding \$1.5 million in illegal proceeds. These sales were made without a registration statement in effect, and with no valid exemptions from registration.



7. Defendant Ryan Leeds was the broker on the LOM Ltd. account at the U.S. broker-dealer through which defendants Brian Lines, Scott Lines, and LOM sold Sedona stock unlawfully into the U.S. market. Despite the existence of several red flags, Leeds failed to conduct a reasonable inquiry to determine whether LOM and the Lines brothers were engaged in an illegal distribution of Sedona stock.

8. The Sedona scheme collapsed on January 29, 2003 when the Commission suspended trading in Sedona securities.

9. In the separate, but similar, SHEP scheme, beginning in early 2002, defendants Brian Lines, Scott Lines, and LOM, along with defendants Peever and Curtis, collaborated to secretly obtain control of a publicly-traded shell company, Inside Holdings Inc. ("IHI"), through the use of LOM-controlled nominees. The scheme involved merging IHI with a private company, SHEP Ltd., paying touters to promote the new IHI/SHEP stock, and later selling their IHI/SHEP stock into the ensuing demand.

10. Unlike the Sedona scheme, the SHEP scheme came to nearly complete fruition. Throughout the first half of 2003, defendants Peever, Curtis, Brian Lines, and Scott Lines collectively sold over three million shares of IHI/SHEP into the public demand created by the paid touters, generating approximately \$4.3 million in illegal proceeds. These sales were made without a registration statement in effect, and with no valid exemptions from registration.

11. Defendants Peever, Curtis, Brian Lines, and Scott Lines failed to report their IHI/SHEP purchases and sales in Commission filings, as they were required to do, and defendant Brian Lines caused several false and misleading reports to be filed with the Commission in an attempt to conceal that defendants Peever, Curtis, Brian Lines, and Scott Lines owned, and had been selling, their IHI/SHEP stock.

12. As in the Sedona scheme, defendant Leeds was the broker on the LOM account at the U.S. broker-dealer through which defendants Brian Lines, Scott Lines, and LOM sold SHEP shares unlawfully into the U.S. market. Leeds failed to conduct a reasonable inquiry to determine whether LOM and the Lines brothers were engaged in an illegal distribution of SHEP securities.

13. The Commission seeks a judgment from the Court: (a) enjoining each defendant from engaging in the transactions, acts, practices, and courses of conduct alleged in this Complaint and transactions, acts, practices, and courses of conduct of similar purport and object; (b) requiring defendants to disgorge, with prejudgment interest, the illegal profits and proceeds obtained as a result of their actions alleged herein; (c) requiring defendants to pay appropriate civil money penalties; (d) prohibiting defendants Brian Lines, Scott Lines, LOM, Wile, Wayne Wile, Peever, Curtis, and Chapman from participating in penny stock offerings; (e) prohibiting Tony Wile 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 [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]; and (f) granting such other relief as this Court may deem just and appropriate.

#### **JURISDICTION AND VENUE**

14. This Court has jurisdiction of this action pursuant to Sections 20 and 22(a) of the Securities Act of 1933 [15 U.S.C. §§ 77t, 77v(a)], and Sections 20, 21(d), and 27 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78t, 78u(d), and 78aa].

15. The defendants made use of the means and instrumentalities of interstate commerce or of the mails in connection with the acts, practices, and courses of business alleged herein.

16. This Court properly has venue over this action pursuant to Section 22(a) of the Securities Act and Section 27 of the Exchange Act [15 U.S.C. §§ 77v(a) and 78aa] because certain of the conduct at issue occurred in the Southern District of New York.

### **THE PARTIES**

17. The plaintiff is the **Securities and Exchange Commission**, which brings this civil action pursuant to authority conferred on it by Section 20(b) of the Securities Act and Section 21(d)(1) of the Exchange Act [15 U.S.C. §§ 77t(b) and 78u(d)(1)].

18. Defendant **Brian N. Lines**, age 45, is a citizen and resident of the overseas territory of Bermuda of the United Kingdom. Brian Lines was the president and a director of LOM Holdings and its defendant subsidiaries until his resignation on July 1, 2005.

19. Defendant **Scott G. S. Lines**, age 43, is a citizen and resident of the overseas territory of Bermuda of the United Kingdom. Scott Lines is currently the president and chief executive officer of LOM Holdings and its defendant subsidiaries. During the relevant period, he held the title of Managing Director of LOM Holdings and its defendant subsidiaries. In his testimony before the Commission staff, Scott Lines asserted the Fifth Amendment privilege against self-incrimination as to all substantive questions.

20. Defendant **LOM Holdings** is the Bermuda-based parent of a group of financial services companies founded by defendants Brian and Scott Lines and their father, Donald Lines. LOM Holdings is majority-owned and controlled by Scott Lines, Donald Lines, and the Lines family, and its stock is publicly traded on the Bermuda Stock Exchange. LOM Holdings and its subsidiaries are collectively referred to herein as "LOM" or the "LOM Entities."

21. The following defendants are wholly-owned subsidiaries of LOM Holdings: **LOM Capital**, LOM's investment banking arm; **LOM Bermuda**, LOM's Bermuda-based broker-

dealer; **LOM Bahamas**, LOM's Bahamas-based broker-dealer; **LOM Cayman**, LOM's Cayman Islands-based broker-dealer; and **LOM Ltd.**, LOM's administrative, financial, and clearing operations.

22. Defendant **Anthony W. Wile**, age 39, is a Canadian citizen who resides in Boca Raton, Florida. Wile was Renaissance's founder, chairman, and largest shareholder. In his testimony before the Commission staff, Tony Wile asserted the Fifth Amendment privilege against self-incrimination as to all substantive questions.

23. Defendant **Wayne E. Wile**, age 63, is a Canadian citizen and a resident of the Cayman Islands, who also maintains a home in Scottsdale, Arizona. Wayne Wile is Tony Wile's uncle. In his testimony before the Commission staff, Wayne Wile asserted the Fifth Amendment privilege against self-incrimination as to all substantive questions.

24. Defendant **Robert J. Chapman**, age 72, resided in Punta Gorda, Florida during the relevant period. Chapman publishes *The International Forecaster*, a subscription-based newsletter. Upon information and belief, he currently resides in Mexico and continues to publish his newsletter through his website, [www.theinternationalforecaster.com](http://www.theinternationalforecaster.com).

25. Defendant **William Todd Peever**, age 48, resides in Vancouver, British Columbia and is a Canadian citizen and LOM client.

26. Defendant **Phillip James Curtis**, age 47, resides in Vancouver, British Columbia and is a Canadian citizen and LOM client.

27. Defendant **Ryan G. Leeds**, age 35, resides in Boca Raton, Florida. Leeds was a registered representative with a U.S. broker-dealer through which LOM Ltd. traded Sedona and SHEP securities during the relevant periods. Leeds was LOM Ltd.'s account representative at that broker-dealer.

### **OTHER RELEVANT ENTITIES**

28. **Sedona Software Solutions, Inc.** was, at all relevant times, a Nevada corporation based in Vancouver, British Columbia, Canada. During the relevant period, Sedona's stock was registered with the Commission and was traded and quoted on the OTCBB under the ticker symbol "SSSI." On January 29, 2003, the Commission suspended trading in Sedona securities for ten days. On June 30, 2006, Sedona filed a Form 15 with the Commission to terminate its registration.

29. **Renaissance Mining Corporation, Inc.** was a privately-held Delaware corporation with its headquarters in Boulder, Colorado during the relevant period.

30. **SHEP Technologies Inc.** is a public company with its headquarters in Vancouver, British Columbia, that owned intellectual property for a vehicle braking technology. SHEP was formed in September 2002 through the reverse merger of the privately-held SHEP Ltd. and Inside Holdings, Inc., a public shell company secretly controlled by Peever and Curtis. SHEP's stock is registered with the Commission and is quoted in the Pink Sheets under the symbol "STLOF." SHEP's stock was quoted on the OTCBB during the relevant period.

### **FACTUAL ALLEGATIONS**

#### **I. THE LOM ENTITIES**

31. During the relevant period of mid-2002 through mid-2003, the LOM Entities, Brian Lines, and Scott Lines conducted extensive, regular, and continuous securities-related business in the U.S., and in the Southern District of New York, through U.S. and New York-based brokerage, clearing, and trust companies with which LOM maintained accounts or conducted business.

32. For example, in 2004, LOM earned approximately \$7.5 million from trades placed through U.S. markets. This accounted for sixty-three percent of LOM's \$12 million in total brokerage revenues and forty-four percent of its \$17 million in overall revenues. Of LOM's \$7.5 million in revenue from U.S. trading in 2004, approximately \$4.1 million derived from trades placed over the OTCBB and approximately \$3.4 million derived from trades executed on the NYSE.

33. During the relevant period, LOM maintained at least fifty U.S. brokerage customers. Upon information and belief, LOM communicated with those customers by mail, telephone, email, and through its website, www.LOM.com. During the relevant period, LOM also used its website to solicit retail brokerage and mutual fund customers in the U.S.

## **II. THE SEDONA FRAUDULENT SCHEME**

### **A. Tony Wile Formed Renaissance and Executed a Non-Binding Letter of Intent to Acquire Gold Mines in Central America**

34. In late September 2002, defendant Tony Wile and a business partner formed Renaissance with the purported objective of engaging in gold mining and exploration. Wile and his partner had met through Wile's uncle, defendant Wayne Wile, a Canadian stock promoter.

35. During the relevant period, Renaissance had no revenues, no non-cash assets, and no business activities.

36. Tony Wile owned 1,975,000 restricted shares of Renaissance stock, 900,000 of which, upon information and belief, he held secretly through two offshore nominees.

37. In late 2002, Renaissance began negotiating with a private Belize company, Central American Mine Holdings Limited ("CAMHL") to acquire three Central American gold mining properties. CAMHL had been seeking to go public, and Wile and his partner said that they could help CAMHL do so through two nearly-simultaneous transactions: the merger of Renaissance

and CAMHL, closely followed by the combined entity's reverse takeover of a publicly-traded shell company. As part of its negotiations with CAMHL, Renaissance needed to raise at least \$5 million to acquire an ownership interest in CAMHL's mines.

38. On or about December 20, 2002, Wile and his partner met with Brian Lines, then president of LOM Holdings and its various subsidiaries, to discuss financing for Renaissance's proposed transaction with CAMHL and review strategies for taking the combined Renaissance/CAMHL entity public. LOM's investment banking subsidiary, LOM Capital, subsequently agreed to serve as Renaissance's investment banker to raise \$5 million through a private offering of Renaissance shares (the "Offering"), thus enabling Renaissance to acquire the interest in CAMHL's mines.

39. On December 27, 2002, Renaissance signed a non-binding letter of intent to acquire CAMHL's mines in exchange for \$5 million in cash to be paid at closing, the issuance to CAMHL's principals of a \$4 million convertible debenture (with interest at twenty-five percent per year), and Renaissance's assumption of approximately \$9 million in debt.

40. To effectuate CAMHL's objective of going public, the letter of intent required Renaissance to have become a publicly-traded company by the time of the closing, and provided that CAMHL's principals would acquire control of Renaissance's board within six months of the closing and would own approximately fifty percent of the public shell's outstanding shares.

**B. Brian and Scott Lines Secretly Acquired the Sedona Shell**

41. Shortly after meeting with Wile and his partner in late December 2002, defendants Brian Lines and, upon information and belief, Scott Lines, identified Sedona as a suitable merger partner for Renaissance and negotiated an agreement with Sedona's chairman and chief executive officer (the "Sedona CEO") to acquire 5.34 million shares of Sedona stock,

representing over ninety-nine percent of Sedona's total shares, for a total purchase price of approximately \$387,500.

*1. Brian and Scott Lines Funded the Acquisition and Used Nominees to Conceal Their Identities*

42. On Brian Lines's instructions, LOM employees transferred approximately \$128,533 from each of three LOM accounts (located at LOM Cayman and LOM Bermuda) into a single LOM Bermuda account in the name of ICH Investments Ltd. ("ICH"). The ICH account was jointly controlled by Brian and Scott Lines, and Brian and Scott Lines were also the brokers for the ICH account. Brian and Scott Lines used the ICH account to pool the \$387,500 in funds needed for the Sedona purchase and accompanying payments.

43. Of the approximately 5.34 million shares of Sedona that Brian and Scott Lines acquired, four million shares were owned by the Sedona CEO and his sons, and the remaining 1.34 million shares were held by seven friends, relatives, or associates of the Sedona CEO (the "Seven Shareholders"). Although Brian and Scott Lines treated the 1.34 million shares from the Seven Shareholders as unrestricted or tradable shares, those shares were in fact restricted, because, among other reasons, Brian and Scott Lines acquired the Sedona shell as part of a single unregistered transaction.

44. Brian and Scott Lines used five LOM-controlled nominee companies (the "LOM Nominees") to execute share purchase agreements for 1.095 million Sedona shares from six of the Seven Shareholders in individual blocks of stock, each of which constituted less than five percent of Sedona's outstanding shares. Each of the LOM Nominees executed a separate purchase agreement to acquire these blocks of Sedona stock. Upon information and belief, the remaining shareholder of the Seven Shareholders sold the Lines brothers 245,000 shares of



Sedona stock without a share purchase agreement. Similarly, there was no purchase agreement with respect to the four million shares owned by the Sedona CEO and his sons.

45. The five LOM Nominees used by the Lines brothers to execute purchase agreements for the purportedly-tradable Sedona shares were Gateway Research Management Group Ltd. ("Gateway"), Clyde Resources Ltd. ("Clyde"), Warwick Ventures Ltd. ("Warwick"), Iguana Investments Ltd. ("Iguana"), and ICH Investments Ltd., an entity controlled by Brian and Scott Lines.

46. Beginning in 2001 or earlier, Brian and Scott Lines enlisted several friends and associates to execute share purchase agreements and other documents as "signature directors" of various nominee companies, including the LOM Nominees used in the Sedona purchase, in exchange for annual compensation of approximately USD \$2,000. Pursuant to their arrangements with Brian and Scott Lines, these signature directors were responsible for signing documents when requested to do so by LOM or the Lines brothers. They did not pay for or beneficially own the Sedona shares purportedly acquired by these entities. Rather, their role was merely to execute documents apparently to shield Brian and Scott's identities, and/or the identities of certain LOM customers, such as defendants Peever and Curtis, who also used these LOM nominees to secretly acquire shares of issuers. LOM charged its customers a fee for using the LOM nominee companies in transactions to hide their identities.

## 2. The Sedona Closing and Subsequent Events

47. On or about January 3, 2003, Brian and Scott Lines closed their transaction to acquire the approximately 5.34 million Sedona shares for approximately \$0.07 per share.

48. As part of the closing, on or about January 3, 2003 the Sedona CEO personally hand-delivered the share certificates representing the 1.095 million Sedona shares from six of the

Seven Shareholders to the Lines brothers' attorneys in Vancouver, British Columbia, to be held by the law firm in escrow until full payment had been received from the Lines brothers. The Sedona CEO retained one share certificate for 245,000 shares ("Certificate A"), in the name of one of the Seven Shareholders, rather than giving it to the law firm to be held in escrow. Upon information and belief, this block of shares had no associated purchase agreement, as discussed in paragraph 44, above.

49. On or about January 6, 2003, LOM Ltd. received Certificate A, representing 245,000 Sedona shares, which the Sedona CEO had sent directly to Brian Lines by overnight courier.

50. On the other side of the transaction, on or about January 8, 2003 Brian and Scott Lines caused their ICH account at LOM Bermuda to make several payments toward the \$387,500 Sedona shell purchase price, including payments to LOM accounts for the benefit of the Sedona CEO, a \$15,000 check to a U.S.-based OTCBB market maker, and a \$40,000 wire transfer to a New York attorney's bank account maintained at a retail branch of Citigroup Inc. located at 111 Wall St., New York, New York 10005. By January 16, 2003, Brian and Scott Lines had fully paid for the Sedona shell.

51. On or about January 10, the Sedona CEO arranged for the four million shares held by himself and his sons to be delivered by mail to the attention of Brian Lines at LOM. On or about January 11, 2003, LOM Ltd. received these four million shares. These share certificates, which bore restricted legends, were never deposited into LOM's vault or any LOM account.

52. On or about January 14, 2003, after Tony Wile had begun to prime the market by disseminating deceptive information regarding Renaissance and its planned merger with Sedona (paragraphs 60-69, below), Brian Lines directed LOM employees to credit the 245,000 Sedona

shares represented by Certificate A to the ICH account, and to rush Certificate A to the Depository Trust and Clearing Corporation ("DTC"), so that the Sedona shares could be traded in the U.S. market. DTC is a central securities repository for U.S. brokerage firms that is used to settle securities transactions

53. On or about that same day, January 14, on Brian Lines's instructions, LOM Ltd.'s Physical Securities Department couriered Certificate A to the Manhattan offices of Mellon Securities Trust Company ("Mellon") at 120 Broadway, New York, New York, 10271. Mellon performed various securities settlement and transfer services for LOM in the United States. LOM Ltd.'s Physical Securities Department sent a fax that day to Mellon's Manhattan offices with instructions to, "Please send to the transfer agent and deposit into DTC." LOM Ltd.'s fax also contained additional handwritten instructions to Mellon to "Please RUSH deposit this cert." Mellon complied with these instructions and, on or about January 17, 2003, these shares were credited into DTC. As discussed in paragraphs 106 through 119, below, the Lines brothers subsequently sold some of these Sedona shares over the OTCBB on January 21, 2003, as part of the scheme.

54. On or about January 23, 2003, LOM Ltd. received the remaining 1.095 million of the total 5.34 million Sedona shares that Brian and Scott Lines had acquired. These shares were credited to an LOM Bahamas account in the name of Largo Flight Ltd. ("Largo-Bahamas"), which was also controlled by Brian and Scott Lines.

55. Also on or about January 23, 2003, Brian Lines directed that 327,500 Sedona shares, a portion of the shares purchased from certain of the Seven Shareholders, be sent to DTC in the United States. That same day, on Brian Lines's instructions, LOM Ltd.'s Physical Securities Department couriered Sedona share certificates totaling 327,000 shares to Mellon's

Manhattan offices, and sent a fax to Mellon's Manhattan offices with instructions to, "Please send to the transfer agent and deposit into DTC." Mellon complied with these instructions and, on or about January 28, 2003, these shares were credited into DTC.

3. *Brian and Scott Lines Failed to Report Their Beneficial Ownership of Sedona*

56. Sections 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder [15 U.S.C. § 78m(d); 17 C.F.R. § 240.13d-1 and 240.13d-2] require any person that has acquired, directly or indirectly, beneficial ownership of more than five percent of a class of registered equity security to file a statement on a Schedule 13D with the Commission no later than ten days following the more than five percent accumulation, and the Schedule 13D must be promptly amended to disclose any material change in the facts set forth in the Schedule 13D (including the acquisition or disposition of beneficial ownership of securities in an amount equal to one percent or more of the class of securities). One purpose of these laws and regulations is to ensure that the public is informed of any acquisition of, or material changes to, a more than five percent position in a publicly-traded security by an individual, entity, or related group.

57. Section 16(a) of the Exchange Act [15 U.S.C. § 78p(a)] requires any person who is the officer, director, or beneficial owner of more than ten percent of a class of registered equity security to file a statement with the Commission. Rule 16a-3 [17 C.F.R. §240.16a-3] provides that Section 16(a) disclosures be made by filing a Form 3 for initial statements of beneficial ownership and a Form 4 for statements of changes in beneficial ownership. One purpose of these laws and regulations is to ensure that the public is informed of any acquisition of, or changes to, a stock position in a publicly-traded security by an officer, director, or principal stockholder.

58. Brian and Scott Lines, as beneficial owners of more than ninety-nine percent of Sedona's outstanding shares, were required to file, within ten days of their acquisition of a controlling interest in Sedona, beneficial ownership reports with the Commission, specifically, an original Schedule 13D and Form 3. Brian and Scott Lines failed to file such reports.

59. Sedona, as a public company with stock registered with the Commission, was required to file a current report on Form 8-K with the Commission disclosing the Lines brothers' acquisition of majority control, but failed to do so. As control persons of Sedona, Brian and Scott Lines should have caused Sedona to make such a filing, but failed to do so.

**C. Tony Wile and Renaissance Unlawfully Primed the Market for Sedona Stock**

60. From late 2002 through January 2003, Wile, Renaissance, and others, including several purportedly "independent" mining stock analysts, engaged in a concerted effort to publicize false and misleading information in order to prime the market for Renaissance's anticipated merger with a public shell company.

61. Wile and Renaissance assembled an extensive promotional apparatus to publicly disseminate false and misleading information to create the false impression that Renaissance had acquired three Central American gold mines and was the "Leading Gold Producer in Latin America."

62. Wile created an entity known as International Mining Group ("IMG") in early January 2003, to serve as Renaissance's "investor relations" firm, and caused IMG to distribute deceptive e-mails regarding Renaissance to various gold newsletter writers, mining-related websites, and prospective investors, as described in paragraphs 69 and 74, below.

63. On January 8, 2003, Wile and Renaissance issued a press release headlined, "Renaissance Acquires Major Portfolio of Gold Producing Assets in Latin America" ("January 8

**HEPBURN HOLDINGS LTD.**

Mareva House, 4 George Street  
P.O. Box N3937, Nassau, Bahamas

**USD UNITED STATES DOLLARS – WIRE INSTRUCTIONS**

**Bank Details:** JP Morgan Chase  
4 Chase Metrotech Center  
New York, NY  
U.S.A.

**ABA Number:** 021 000 021  
**SWIFT:** CHAS US 33  
**Account Name:** Bank of Butterfield  
**Account Number:** 0011067808

**Beneficiary Bank:** Bank of NT Butterfield  
Hamilton  
Bermuda  
**SWIFT:** BNTB BM HM  
**Account Name:** LOM Client Funds  
**Account Number:** 20.006.840.351501.100  
**Reference:** 1001790 – Hepburn Holdings Ltd.

# BRIDGE STREET SERVICES LIMITED

## USD WIRE TRANSFER INSTRUCTIONS

**Correspondent Bank:**

HSBC Bank USA  
452 Fifth Avenue  
New York, NY 10018  
U.S.A.

SWIFT Code: MRMDUS33  
FED ABA: 021001088  
CHIPS ABA: 0108

**Beneficiary Bank:**

The Bank of Bermuda Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

SWIFT Code: BBDA BMHM

**Beneficiary Account Number:** 1010-956504

**Beneficiary Account Name:** Bridge Street Services Limited  
**Reference:** Client and/or Company Name

# Bridge Street Services Limited

Marquee Place, Suite 300  
430 West Bay Road  
P.O. Box 30691 SMB  
Grand Cayman  
Cayman Islands, BWI

## INVOICE

Our ref: 8ULNN8G9/1236

01/11/2005

LOM Securities (Cayman) Limited  
Buckingham Square, Penthouse  
P.O. Box 30997SMB  
West Bay Road, SMB  
Cayman Islands

### Sunshine Ltd

Description	USD sum
Professional Fees:	
2006 Corporate Administration Fee	2,500.00

Grand Total:	USD 2,500.00
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*Invoice is payable upon receipt  
Please ensure prompt payment on or before January 31, 2006  
to avoid penalty fees*



# Bridge Street Services Limited

Marquee Place, Suite 300  
430 West Bay Road  
P.O. Box 30691 SMB  
Grand Cayman  
Cayman Islands, BWI

## INVOICE

Our ref: 8UML06T4/1374

01/11/2005

Ms. Devi JOHAL  
LOM Securities (Bermuda) Limited  
The LOM Building  
27 Reid Street  
Hamilton HM 11  
Bermuda

### Arch Ltd

Description	USD sum
Professional Fees:	
2006 Corporate Administration Fee	2,500.00

Grand Total:	USD 2,500.00
--------------	--------------

*Invoice is payable upon receipt  
Please ensure prompt payment on or before January 31, 2006  
to avoid penalty fees*

## Bridge Street Services Limited

Marquee Place, Suite 300  
430 West Bay Road  
P O Box 30691 SMB  
Grand Cayman  
Cayman Islands, BWI

### INVOICE

Our ref 8UML06T4/1374 01/11/2005

Ms Devi JOHAL  
LOM Securities (Bermuda) Limited  
The LOM Building  
27 Reid Street  
Hamilton HM 11  
Bermuda

#### Arch Ltd

Description	USD sum
Professional Fees	
2006 Corporate Administration Fee	2,500 00

Grand Total	USD 2,500 00
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*Invoice is payable upon receipt  
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430 West Bay Road  
P O Box 30691 SMB  
Grand Cayman  
Cayman Islands, BWI

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Our ref 8ULNN8G9/1236 01/11/2005

LOM Securities (Cayman) Limited  
Buckingham Square, Penthouse  
P O Box 30997SMB  
West Bay Road, SMB  
Cayman Islands

#### Sunshine Ltd

Description	USD sum
Professional Fees	
2006 Corporate Administration Fee	2,500 00

Grand Total	USD 2,500 00
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*Invoice is payable upon receipt  
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