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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

LITIGATION RELEASE NO. 14724 / November 21, 1995

SEC v. Jerome E. Pinckney, Richard L. Arnold, Donald E. Elder,  
Fernando Cruz, Shaun K.R. Maxwell, Anthony Bukovich, Jr., and Six  
Capital Corporation, Civil Action No. 7:95-CV-122-BR(1)  
(E.D.N.C.)

On November 6, 1995, Judge W. Earl Britt of the United States District Court for the Eastern District of North Carolina entered preliminary injunctions against Fernando Cruz, a certified financial planner in New Jersey, and Donald E. Elder of South Carolina, in connection with offers of fictitious prime bank instruments in two different schemes. The court also enjoined Shaun K.R. Maxwell of Auburn, Washington who consented to the injunction without admitting or denying the SEC's allegations. The preliminary injunctions prohibit violation of Section 17(a) of the Securities Act of 1933. In addition, Maxwell was ordered to provide an accounting. The court declined to enter preliminary injunctions against Jerome E. Pinckney and Richard L. Arnold, both of North Carolina, and Anthony Bukovich and Six Capital Corporation of Florida.

The complaint alleges that from April 1994 to September 1994, the defendants defrauded investors by making numerous misrepresentations and omissions of material fact in connection with the offer of two investment contracts based on the purchase and sale of "prime bank securities." The complaint alleges that the first offer promised investors a 9% weekly return, guaranteed by a top five United States bank or trust, and required a \$10 million minimum investment which would remain 100% safe in the investors' bank account. The complaint further alleges that several defendants offered a second prime bank investment requiring an \$870,000 minimum investment which was purportedly to be used to purchase and sell discounted, \$1 million guarantees issued by the top fifteen banks in western Europe. The second offer, which was interrupted by the SEC's investigation, promised that the bank guarantees would be resold to a major U.S.

brokerage firm for no less than \$925,000. In both schemes, investors were asked to execute a Limited Power of Attorney providing access to their funds.