



U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 20733 / September 22, 2008

SEC 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, 1:07-CV-11387 (DLC) (S.D.N.Y., filed Dec. 19, 2007)

Court Enters Permanent Injunctions and Penny Stock Bars Against William Todd Peever and Phillip James Curtis in Market Manipulation Case

The Securities and Exchange Commission today announced that the Honorable Denise Cote of the United States District Court for the Southern District of New York entered separate judgments of permanent injunction and other relief, including bars against participating in offerings of penny stocks, against William Todd Peever and Phillip James Curtis on August 25, 2008. Without admitting or denying the Commission's allegations, Peever and Curtis consented to the entry of their respective judgments. These judgments resolve the Commission's claims against Peever and Curtis (except for the determination of monetary relief) in a civil action filed on December 19, 2007, in which the Commission alleged that they had participated in a fraudulent scheme to manipulate the stock price of SHEP Technologies, Inc. ("SHEP") f/k/a Inside Holdings Inc. ("IHI"), whose shares traded on the Over-the-Counter Bulletin Board. With regard to the monetary relief, the judgments order Peever and Curtis each to pay disgorgement, prejudgment interest, and civil penalties in amounts to be determined by the Court.

The Commission's complaint alleged, in pertinent part, that during 2002 and 2003, defendants Peever and Curtis, together with certain co-defendants, engaged in a scheme to secretly obtain control of the publicly traded shell company IHI, through use of nominees. The scheme involved merging IHI with a private company to form SHEP, paying touters to promote the IHI/SHEP stock, and then selling SHEP stock into the ensuing demand. During the first half of 2003, Peever, Curtis, and certain co-defendants sold over 3 million SHEP shares into this artificially-stimulated demand, generating about \$4.3 million in illegal proceeds. As part of the scheme, Peever and Curtis failed to file required reports regarding their beneficial ownership of IHI and SHEP stock, and a co-defendant caused several false reports to be filed with the Commission to conceal that Peever and Curtis, among others, owned substantial positions in, and had been selling, SHEP stock.

The judgments (i) permanently enjoin Peever and Curtis from future violations of the antifraud provisions of the federal securities laws, Section

17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Exchange Act Rule 10b-5; the securities registration provisions of the federal securities laws, Section 5 of the Securities Act; and the beneficial ownership reporting provisions, Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 thereunder, (ii) permanently bar them from participating in any future offerings of penny stocks, and (iii) order Peever and Curtis each to pay disgorgement, prejudgment interest and civil penalties in amounts to be determined by the Court.

For additional information, please see [Litigation Release No. 20407](#) (Dec. 17, 2007).

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