[redacted]

by CHRIS CAREY

Two more companies that recently announced technology deals with UTEK Corp. have been identified as vehicles for securities fraud, this time in a federal criminal case in New Jersey.

The case involves a stock manipulation scheme that began in the 1990s and cost investors more than $15 million. Eight defendants have pleaded guilty and a ninth was found guilty by a jury.

A plea agreement signed by one of the defendants says that prosecutors would not initiate further charges regarding his admitted participation in securities and wire frauds involving the shares of some 30 additional companies.

The companies include Avalon Oil and Gas Inc., which last month completed its third technology transfer with UTEK, and ChampionLyte Holdings Inc., now called Cargo Connection Logistics Holdings Inc. It did a technology deal with UTEK in December.

The court filing did not allege any wrongdoing by Avalon (OTCBB: AOGN) or Cargo Connection (OTCBB: CRGO).

But Sharesleuth.com found the document in the course of its own investigation into Avalon, Cargo Connection and other companies with ties to a common network of executives, directors, consultants and promoters.

A closer look at that network revealed at least three people who did prison time in connection with previous fraud schemes and three others who either settled civil fraud charges with the Securities and Exchange Commission or were found guilty by a jury.

The network also included several more people who previously were suspended or barred by the National Association of Securities Dealers for violating brokerage industry rules.

Companies linked to the network have done numerous deals with Cornell Capital Partners LP, one of the top hedge funds providing PIPE (Private Investment in Public Equity) financing to penny stock companies.

PREVIOUS DISCLOSURES

UTEK (AMEX: UTK) is a Tampa company that licenses technology from government and university labs and transfers it to other companies, usually in exchange for shares of the recipients.

Sharesleuth published an investigative report on UTEK in October that raised questions about UTEK's business model, the true value of its securities portfolio and some of the companies whose shares are in that portfolio.

Most of UTEK's partners are companies whose shares trade on the over-the-counter market and Pink Sheets market. They pay UTEK in restricted stock, which is UTEK's chief source of revenue.

UTEK valued its 2006 deals with Avalon and Cargo Connection at $3.02 million.

Sharesleuth's original story disclosed that at least seven of the companies that had used UTEK's services had executives or large shareholders who previously were charged with violations by the SEC, the NASD or other bodies.

The story said that insiders at seven other UTEK partners had been hit with SEC charges after their companies did deals with the company.

Sharesleuth is not suggesting that UTEK participated in the actual or alleged fraud schemes involving shares of Avalon, Cargo Connection or any of its other partners. We are simply pointing out that UTEK's stock-for-technology business model makes it easy for people with ulterior motives to profit from the publicity surrounding those transfers.

(Disclosure: Mark Cuban, the majority member of Sharesleuth.com LLC, has a current short position in UTEK of 12,512 shares. He had sold short as many as 90,488 shares, but most of those were bought in over the past few months. He did not intentionally cover his position. Cuban also is short 10,000 shares of Xethanol Corp.,another company that is mentioned in this story. Christopher Carey, editor of Sharesleuth.com, does not invest in individual stocks and has no position in the shares of UTEK or Xethanol.)

THE CORNELL CONNECTION

While reporting the UTEK story, Sharesleuth noted that a disproportionate number of its partners also had done deals with Cornell Capital, a New Jersey-based hedge fund operator with more than $700 million under management.

Four of UTEK's last 20 technology transfers have been with companies backed by Cornell. Two more were with Avalon, and two were with a company that got financing from a British partnership whose U.S. agent then became a Cornell fund manager.

All told, at least a dozen companies that completed technology transfers with UTEK or hired the company to search for new technology had previously received financing from Cornell or its affiliates. Cargo Connection is part of that group.

Cornell told Sharesleuth that it has no involvement with UTEK and has never introduced a company to UTEK.

Cargo Connection belongs to a second group of Cornell-backed companies that share a rotating cast of officers, directors and consultants. Four of the companies listed as fraud vehicles in the New Jersey case fall into that group.

Cornell said it had no knowledge of the fraud case and had no business relationship with Frank J. Manfredi, the stock promoter whose plea agreement in U.S. District Court in Camden, N.J., contained the list.

The shares of Cargo Connection and the other companies with a common set of players have never made the kind of upward moves that attract the attention of mainstream investors, or regulators. Most have traded below $1; some for pennies or less.

But the companies have remained alive long enough for insiders or their associates to unload shares.

Sharesleuth's investigation uncovered a daisy-chain of dealmaking that has provided millions in hedge fund money to small, struggling companies and has generated millions in stock and cash for consultants, promoters and other financial middlemen

Sharesleuth will outline those connections in a series of articles over the next few weeks.

At the center of the deal making is Robert D. Press, who a decade ago was president of a company that ran a boiler-room brokerage called PCM Securities Ltd. He was in his early 30s at the time.

Federal prosecutors charged in 1999 that PCM and several related brokerages were infiltrated by organized crime and became part of a vast "pump and dump' scheme that cheated investors out of more than $150 million.

More than 50 people connected to PCM and three other firms – Hanover Sterling & Co., Norfolk Securities Corp. and Capital Planning Associates Inc. -- either pleaded guilty or were found guilty of racketeering or fraud charges.

Press was not among those indicted.

Press more recently has been a presence at several firms that provided money or consulting services to small public companies, including Cargo Connection and others listed in the New Jersey court documents.

From November 2004 until late 2006, Press also was co-portfolio manager for one of Cornell's affiliated funds, Montgomery Equity Partners Ltd.

Yorkville Advisors LLC is the general partner of Cornell Capital, and also was general partner of two other funds, Montgomery Equity Partners and Highgate House Funds Ltd. The latter two funds have been consolidated into Cornell.

Mark A. Angelo, the managing member of Yorkville Advisors and president of Cornell, was the co-portfolio manager of all three funds.

Cornell said it no longer has any association with Press, noting that "it didn't work out, so we parted ways.'' However, Press still has an active telephone extension that is reachable through the hedge fund's main switchboard.

Sharesleuth's investigation shows that Press and the Cornell family of funds participated in at least two financing deals alongside Robert H. Pozner, who was one of the original defendants indicted in the New Jersey fraud case in 2005.

Pozner, a former stock broker and trader, has signed a plea agreement that calls for a maximum of five years in prison. He previously pleaded guilty to securities fraud and perjury charges in another stock manipulation case and served three months in prison.

Pozner also settled civil fraud charges with the SEC in the prior manipulation case. He neither admitted nor denied the allegations but agreed to disgorge profits and accept sanctions. That case was public information at the time Pozner was included in the deals with Knightsbridge and Cornell.

The hedge fund said it was unaware of Pozner's past.

Cornell also has provided financing to companies that have direct ties to Press and whose officers, major shareholders or consultants included:

- *Rafael D. "Ray" Bloom, a onetime stockbroker who went to prison after being convicted of securities and wire fraud in 1989. Bloom had a long disciplinary record even before that scheme, involving a company called European Auto Classics.*
- *Leonard M. Tucker, former chairman and part-owner of F. D. Roberts Securities Inc., a boiler room brokerage that cheated investors out of $67 million. He pleaded guilty to a racketeering charge in 1990 and served 15 months in prison.*
- *Donna M. Silverman, an oft-disciplined broker and manager for Investors Associates Inc. Investors Associates shut down its brokerage business under regulatory pressure in 1997. Its top executives later pleaded guilty to criminal charges involving the manipulating of share in five companies that the firm took public, and also settled civil charges.*
- *William A. Calvo III, a disbarred lawyer who was found guilty in 2002 in a civil fraud case involving the manipulation of shares in Systems of Excellence Inc.*

Rafael Bloom and Donna Silverman have been partners in Stedman Walker Ltd., a New York company that has received stock under consulting agreements with Cargo Connection and other companies on the list of fraud vehicles.

Silverman has been president and chief executive of two of those companies, and has been on the board of directors of three. All received financing from Cornell.

Cornell said it had no idea that Stedman Walker was affiliated with those companies.

Cornell disclosed to its own investors in 2005 that the SEC was investigating some of its financing transactions. The hedge fund told Sharesleuth that it believes the investigation to be closed, and that none of the deals involved Knighsrbridge clients.

Press did not respond personally to questions submitted by Sharesleuth. An attorney who spoke on his behalf told Sharesleuth last week that Press was not involved in any illicit activity and objected to the tenor of the questions.

"Mr. Press is not the subject of any type of criminal or civil investigation," said Carl F. Schoeppl, of Schoeppl & Burke in Boca Raton, Fla.

Any suggestion that Press is involved in questionable activities is "is unwarranted and improper,'' he said.

Even if Press has been involved in certain transactions with people with criminal pasts, those transactions may have been entirely lawful, Schoeppl noted.

LAURUS FUNDS

Press previously was a representative of Laurus Funds, another family of hedge funds.

UTEK and Laurus Master Fund Ltd. announced an alliance in January 2004 designed to help Laurus' portfolio companies identify and acquire new technology. As part of the deal, UTEK assigned an employee to work in Laurus' New York headquarters.

Laurus also became an investor in UTEK. It reported owning 284,600 shares in February 2005, or slightly less than 5 percent of those outstanding at the time. That stake made Laurus the company's third largest shareholder.

Laurus is run by brothers Eugene Grin and David Grin. Eugene Grin once worked as a broker for F.N. Wolf & Co. Regulators closed that firm in 1994, and the NASD ordered its president to pay nearly $7.8 million in restitution to penny stock buyers.

To date, seven of Laurus' portfolio companies have used UTEK to seek out new technology, but only one has completed a licensing deal. An eighth company did a technology transfer with UTEK before getting capital from Laurus.

Both Cornell and Laurus specialize in providing financing to small, cash-strapped companies, often in the form of convertible notes that can be turned into stock at a discount to the prevailing market price. Cornell and Laurus also typically receive fees for each conversion, plus stock or warrants as an upfront incentive.

The case file in a suit brought by a Laurus-backed company in 2004 included a letter in which Press identified himself as an agent of the Laurus Master Fund and three other entities -- Keshet Fund, Keshet LP and Nesher LP.

In the letter, to an executive of Advanced Optics Electronics Inc. (OTCBB: ADOT), Press warned that the company was in default of its loan agreement and suggested that the debt could be eliminated through the issuance of 103.5 million shares of stock.

Advanced Optics said in its request for an injunction that Press was demanding shares worth $1.8 million to satisfy a debt of no more than $550,000. Advanced Optics added that its auditors had repeatedly been contacted about the debt – at a time they were trying to certify the company's finances -- in an effort to pressure the company into turning over the stock. Advanced Optics later reached a settlement in the case.

The suit was filed against Knightsbridge Holdings LLC of Aventura, Fla., and Alyce B. Schreiber, its managing member. In the letter that was introduced as evidence, Press identified himself as president of Knightsbridge.

KNIGHTSBRIDGE HOLDINGS

Knightsbridge Holdings does business under the name Knightsbridge Capital. It was a large ChampionLyte shareholder, and played a key role in the company's metamorphosis into Cargo Connection.

Other SEC filings have listed Press as president or vice president of Advantage Fund I LLC, also based in Aventura. Corporation filings list Schreiber as the managing member.

Collectively, Knightsbridge and Advantage Fund have provided advice or financing to more than a dozen Cornell partners.

In addition to Cargo Connection, Press and Schrieber have provided consulting services to at least two other companies that used UTEK's services.

A second attorney who responded to questions submitted to Press emphasized that Press is no longer an owner or manager of Knightsbridge.

"There has been absolutely no affiliation between Press and Knightsbridge since 2004," said Alan E. Weinstein, who practices in Miami.

In addition, he said, Press "has never heard of UTEK."

Sharesleuth has no way of determining whether Press has a financial interest in Knightsbridge. The last time his name appeared on a public document in connection with Knightsbridge seems to have been Sept. 28, 2004, a little more than a month before he became a portfolio manager for Montgomery Equity Partners.

But it is clear to us that Press still has very close ties to Knightsbridge, Advantage Fund and Schreiber.

Less than a month ago, a company called Trafalgar Advisors Inc. sent its annual filing to the Florida Division of Corporations. The document lists Press as president, at the same address that Knightsbridge and Advantage Fund used in their latest filings.

What's more, we noted that a Trafalgar filing from October includes a handwritten section with a distinctive lettering style that matches the one in handwritten sections of filings for companies linked only to Schreiber.

Those documents appear to have been prepared by the same person.

Schreiber did not respond to Sharesleuth's questions.

CARGO CONNECTION AND AVALON

Cargo Connection, a transportation and logistics company based in Inwood, N.Y., acquired a license through UTEK for technology to detect nuclear material in sealed containers.

Cargo Connection paid with 168.5 million shares of common stock. UTEK valued the stock at $1.03 million at the time of the deal. It pegged their worth at $643,300 at the end of the year, reflecting a decline in the company's share price.

In its latest fiscal year, Cargo Connection reported a loss of $5.87 million, on revenue of $17.9 million. The company's stock now trades for less than half a cent a share.

Peter Nasca, who handles media relations for Cargo Connection, said he was unaware of the New Jersey fraud case or the defendant whose list of fraud vehicles include the company.

Avalon, which has headquarters in Minneapolis, did technology transfers with UTEK in July and November of 2006, and in March of this year.

The first license covered a technique for using ultrasonic waves to remove waste deposits from oil pumping equipment. The second covered a system that uses sensors installed with oil well casings to better monitor reservoir conditions. The third covered technology for determining the presence and location of leaks in underground pipes.

Although Avalon bills itself as an oil and gas producer, its latest quarterly filing with the SEC listed less than $27,000 in revenue for the nine months that ended Dec. 31. Based on average crude prices for the period, that translates to less than 500 barrels of output.

Kent Rodriguez, Avalon's president, did not respond to Sharesleuth's questions.

Avalon posted a $2 million loss for the nine months. Its operating expenses for the period included $1.42 million in stock-based compensation. The company's most recent annual filing with the SEC, last July, reported that it had just one employee. Its ***Web site*** *currently lists two.*

UTEK received a total of 35.1 million Avalon shares in the two deals last year. It recorded the original value of that stock at $1.99 million, but had lowered the figure to $864,200 by Dec. 31.

UTEK also transferred $525,000 in cash with the technology, $472,150 of which stayed with Avalon.

UTEK received an additional 34.9 million shares in the latest deal. UTEK pegged its revenue from that transfer at $697,500, based on a discounted stock price of 2 cents a share.

Avalon completed a 1-for-20 reverse stock split on May 15. UTEK now holds 3.5 million shares of the company's common stock, or roughly 21 percent of those outstanding.

Avalon's shares closed Tuesday at 45 cents a share.

COMMON PLAYERS

Cargo Connection's predecessor, ChampionLyte, did a financing deal with Cornell in August 2004, when it was trying in vain to popularize a sugar-free sports drink.

The hedge fund agreed to provide ChampionLyte with as much as $15 million through a mechanism that would allow it to buy shares from the company at a discount to the market price and resell them on the public market.

Cornell also bought $400,000 in convertible debt held by Advantage Fund I , the investment fund connected to Press. Advantage Fund used part of the proceeds to provide additional financing to ChampionLyte.

At the time, ChampionLyte was controlled by an investor group that included Press. It also had a consulting agreement with Knightsbridge.

ChampionLyte never tapped the Cornell financing, and wound up abandoning the sports drink business.

Instead, it merged with Cargo Connection in May 2005, in a deal that Knightsbridge helped arrange. On the day the agreement was signed, the combined company issued a $1 million convertible note to one of Cornell's affiliates, Highgate House Funds Ltd.

The debt was later replaced with a $1.75 million note issued to another Cornell entity, Montgomery Equity Partners. Press was one of two portfolio managers for that fund. The other was Angelo, Cornell's co-founder and president.

Avalon has not done a financing deal with Cornell. But some of the people involved with Championlyte and Cargo Connection also have ties to Avalon.

SEC filings show that Thad Kaplan was on the board of directors of both Championlyte and Avalon. He also was an executive at a third company listed in the New Jersey court documents as a fraud vehicle -- Universal Property Development and Acquisition Corp. (OTCBB: UPDA), of Juno Beach, Fla.

Florida corporation records show that one of Kaplan's relatives, Benjamin Kaplan, is president of Triple Crown Consulting Inc of North Miami Beach, Fla.

Championlyte's SEC filings in 2003 noted that some officers of Triple Crown also were members of Knightsbridge, but that the two shared no common management.

Florida corporation filings offer no clues about the overlap, listing only one officer or manager for each – Kaplan as president for Triple Crown and Schreiber as managing member of Knightsbridge.

Sharesleuth's research shows that Triple Crown held shares in seven companies on the list of fraud vehicles in the New Jersey case.

Triple Crown provided financing to Championlyte. And according to SEC filings, it is a part owner with Avalon and Universal Property in two oil and gas ventures in Texas. It also provides consulting services to Universal Property.

Triple Crown and Knightsbridge both were investors in Advantage Fund.

Knightsbridge is listed as managing member of Advantage Fund in its latest Florida corporation filing.

Advantage Fund also was a member of a second entity, Advantage Fund I Colorado LLC. A Florida corporation filing from 2002 listed the other members as Jeffrey O. Friedland and Friedland Capital Inc. The Colorado offshoot was dissolved in 2004.

Friedland heads Friedland Global Capital Markets LLC, which is based in Denver and offers publicity, promotional services and networking, primarily to microcap companies.

Two decades ago, Friedland, Silverman and Bloom worked together at a stock promotion firm called Corporate Financial Marketing. One company filing lists Friedland as president and Silverman as secretary.

Manfredi, the stock promoter who has pleaded guilty to fraud in the New Jersey case, provided services to Triple Crown. SEC filings show that Triple Crown gave him shares of Tech Laboratories Inc. (OTCBB:TLBT) for performing certain unspecified tasks.

Tech Laboratories was another of the companies listed as fraud vehicles.

SEC filings show that Tech Laboratories had an investor relations contract with Triple Crown, a consulting agreement with Knightsbridge and multiple financing agreements with Cornell.

Tech Laboratories issued more than 6 million shares to Triple Crown or its designees in 2003 and 2004. Robert Pozner's wife, Leslie Pozner, was among the recipients.

Others who got Tech Laboratories shares from Triple Crown included Stedman Walker; Alexly Resources LLC, an entity set up for the benefit of two of Press' daughters; and Edward Meyer Jr., a stock promoter who settled SEC fraud charges in 2002 in connection with an unrelated "pump-and-dump'' scheme.

Knightsbridge, Triple Crown, Pozner, Manfredi, Stedman Walker, Triple Crown and Meyer also show up in the SEC filings for Americana Publishing Inc. (OTCBB: ADBN).

That stock may also be on the list of fraud vehicles in the New Jersey case, under a slightly different name. The list compiled by Manfredi and prosecutors includes an entity called American Book Publishing, which matches no publicly traded company.

Considering the author and the other companies on the list, we believe that American Book Publishing is supposed to be Americana Publishing, the prior name of Americana Distribution. SEC filings show that Manfredi received stock in that company.

THE NEW JERSEY CASE

Robert Pozner's career in the brokerage business includes stints as a trader at Investors Associates and Glenn Michael Financial Inc.

He and the other defendants in the New Jersey case are alleged to have participated in a scheme in which they secretly gained control of nearly 100 million free-trading shares of a Florida company called TeleServices Internet Group Inc., inflated the price of the shares through prearranged trading, then dumped them on unsuspecting investors.

The indictments say the scheme ran from mid-1997 to late 2000.

Pozner previously settled civil fraud charges brought by the SEC in connection with the manipulation of shares in another company, Freedom Surf Inc., in 2000. He also pleaded guilty to criminal fraud and perjury charges in that case.

Pozner has longstanding ties to Press and Schreiber. He also worked at Investors Associates with Silverman, who was described in at least one SEC filing as a Knightsbridge consultant.

Knightsbridge had consulting agreements with six companies that were listed as fraud vehicles in the New Jersey case.

Four of the six later did financing deals with Cornell. Pozner or his wife were shareholders in all four of those companies. SEC filings for one of the companies show that Pozner received his stock through an assignment by Knightsbridge.

Knightsbridge also held shares in a seventh company on the list of fraud vehicles in the New Jersey case, Pick Ups Plus (Pink Sheets: PUPS). According to SEC filings, it received that stock as collateral for a loan that went into default.

Sharesleuth turned up at least 14 financing deals involving Knightsbridge, Cornell Capital and other entities headed by Press or his associates. The deals appear to have started with Tech Laboratories in the spring of 2004.

FINANTRA INC.

Press never has been charged with a violation by either the SEC or NASD. However, he and PCM Securities have been on the losing end of significant arbitration awards, and he also was ordered to pay $1 million to an investor in a civil fraud case.

While still at PCM Securities and its parent, Performance Capital Management Inc., Press established a business that would ultimately become Finantra Capital Inc. Schreiber later became a vice president of Finantra, a publicly traded company that provided commercial and consumer financing.

Schreiber previously worked in the business development department at Sky Scientific Inc., a Florida company that was the subject of a wide-ranging SEC case that included fraud charges against executives, accountants, stock brokers and stock promoters.

The SEC alleged that Sky Scientific – a purported mining company – issued false statements about its operations, precious-metal reserves and assets.

Schreiber was not among those charged. More than a dozen other defendants, including Sky Scientific's chief executive, Walter A. Dorow Jr., and stock promoter Melvin L. Levine, were ordered to disgorge more than $14 million generated by the sale of Sky Scientific stock. Dorow and Levine later went to prison for other securities frauds.

Finantra made a flurry of acquisitions before running out of cash and shutting down abruptly in 2001. Its stock was delisted after it failed to remain current on its SEC filings.

One big shareholder won a $1 million jury verdict against Press and Finantra, after presenting evidence that Press, Schrieber and others were manipulating the price of Finantra's stock at the same time they were soliciting him to buy a 9 percent stake in the company.

A former SEC examiner investigator testified on behalf of the shareholder -- Montreal industrialist Herbert Black -- that trading patterns showed clear evidence of market manipulation. He also testified that Pozner, then head trader at Glenn Michael, played a key role in that trading. The alleged manipulation occurred in 1999 and 2000.

Pozner himself was a Finantra shareholder. He received stock through Finantra's acquisition of a south Florida mortgage company in 1998. The sale agreement in an SEC filing lists Pozner as a part owner of the company, Ameritrust Holdings Inc. The document lists former boiler-room boss Leonard Tucker as another of the owners, along with members of his family.

SEC filings show that a third large Finantra shareholder was a Florida company called Oceancrest Merchant Group Inc. Its president was Elliot A. Loewenstern, one of the founders of Biltmore Securities Inc. The NASD expelled Biltmore in 1999 and permanently barred Loewenstern and firm's other principal, Richard B. Bronson.

The firm and the men settled charges that they had engaged in fraudulent conduct in the underwriting, distribution and trading of stock in five companies. Biltmore agreed to repay more than $6 million to customers. The firm and Loewenstern and Bronson also agreed to pay $1 million in fines.

Before launching Biltmore, Loewenstern was a top broker at Stratton Oakmont Inc, a notorious boiler room that was shut down by regulators in 1997. Its top executives were convicted on fraud charges and sent to prison.

An SEC filing in 2000 also lists Stedman Walker as a holder of Finantra warrants.

Finantra employed two stock promoters to help generate interest in its shares. According to testimony in one of the lawsuits against the company, they were Lee S. Rosen and Bonnie Nelson.

Rosen's name might be familiar to Sharesleuth readers because he appeared in our first investigative report, on Xethanol Corp (AMEX: XNL). Rosen was a Xethanol shareholder afind also was co-founder of DDS Technologies USA Inc. (OTCBB: DDSU), which did a joint venture with Xethanol.

Rosen also is chairman of the board of H2 Diesel Holdings Inc. (OTCBB:HTWO), which has a license to produce what it describes as a new class of biofuel. Xethanol holds a 34.2 percent stake in the company.

Bonnie Nelson was known as Bonnie Nelson Kantrowitz when she worked as a broker for Vanderbilt Securities in the early 1990s. The NASD charged her in 1992 with selling securities at excessive markups. She settled without admitting or denying guilt, and was suspended for 30 days and fined $34,000.

Another of the Vanderbilt employees charged in that case was Jerome E. Rosen. He would later be named as a defendant with Calvo in the SEC's case against Systems of Excellence.

Jerome Rosen was a trader for J. Alexander Securities Inc. then. That brokerage was cited in the Finantra shareholder suit as one of the participants in the manipulation of Finantra's stock. Rosen was barred from the securities industry after the jury in the Systems of Excellence case found that he manipulated that company's stock.

KNIGHTSBRIDGE'S BEGINNINGS

Following the collapse of Finantra, Schreiber set up Knightsbridge. Although she is the only member listed in Florida corporation records, multiple SEC filings have identified Press as the firm's president. The last such filing was in 2004.

Schrieber signed a consulting contract in the summer of 2001 with Save On Energy Inc., a Tampa company that later hired UTEK to search for new technology. Her task was to help identify and structure acquisitions.

The company also hired Press' mother, who was 71 at the time, as a marketing consultant, to help raise its profile in the investment community. Each received 250,000 shares. The registration statement that the company filed in connection with the consulting agreements valued the shares at 75 cents each.

A third contract went to Aspen Capital Partners LLC of Tampa. Finantra had hired that fimr as a consultant in April 2001, just before its demise.

Anil Ganatra, who was Schreiber's partner in a different venture, became Save On Energy's chief financial officer and chief operating officer for part of 2002.

The company later changed its name to Hybrid Fuel Systems Inc. It formed a strategic alliance with UTEK in 2005 and adopted yet another new identity last year. It now is called U.S. Energy Initiatives Corp. (OTCBB: USEI).

Perhaps coincidentally, the same company had previously hired Jeffrey S. Langberg as a consultant. He played a key role in the creation and development of Xethanol, an ethanol producer that did five technology deals with UTEK.

Another Florida company, Magic Media Networks Inc., signed a financing deal with Knightsbridge in 2002. That company's president and chief executive, Gordon S. Venters, is a former F.D. Roberts broker whose registration was revoked by the NASD in the summer of 1993 for failure to pay fines and costs assessed in a disciplinary case.

Magic Media canceled the deal with Knightsbridge when it found money elsewhere.

Magic Media hired UTEK to seek out new technology in 2003 but never did a licensing deal. The company recently changed its name to Destination Television Inc. (OTCBB: DSTV).

Press and Schreiber also had business relationships with individuals who now serve as officers or directors of UTEK partner companies.

Knightsbridge signed a consulting agreement in July 2004 with Colmena Corp., a Boca Raton-based company in search of fresh capital and a new line of business. The following month, Colmena agreed to merge with NetWorth Systems Inc. of Fort Lauderdale.

L. Joshua Eikov took over as president of the combined company, renamed NetWorth Technologies Inc.

NetWorth did a financing deal with Cornell in October 2004. Under the terms of its consulting agreement, the amount of money raised entitled Knightsbridge Capital to receive 4.99 percent of NetWorth's outstanding shares.

NetWorth Technologies merged in 2005 with another Cornell partner, Solutions Technology International Inc. (OTCBB: STNL).

Eikov left Networth around the time of that deal and is now chief executive of Mobile Ready Entertainment Corp (Pink Sheets: MRDY). That company hired UTEK in September to scout for technology.

OVERLAPS

Sharesleuth found numerous other examples where individuals or partnerships with ties to Press and his associates appear in the SEC filings of companies linked to UTEK, the Cornell funds or the Laurus funds.

Those connections may well be coincidences. But we think some are worth noting.

Sharesleuth's research showed that a company called First Mirage Inc. provided financing or financial consulting to at least three UTEK partners – Swiss Medica Inc. (OTCBB: SWMEE), Quest Minerals and Mining Ltd. (OTCBB: QMMG) and Health Sciences Group Inc. (Pink Sheets: HESG).

Some SEC filings have listed Alexander Cherepakhov as a principal in First Mirage. He is Donna Silverman's ex-husband and worked with her at Investors Associates. Like her, he was suspended and fined by the NASD for violations at that firm.

Cherepakhov also was a shareholder in Americana Publishing. SEC filings show he was involved with that company well before Knightsbridge became one of its consultants.

Other SEC filings list one of Cherepakhov's partners in First Mirage as Frank E. Hart.

Hart was ordered by a federal court in 1994 to forfeit more than $600,000 in profits that he and another of his companies, Generation Capital Associates, reaped by selling stock obtained illegally when savings and loans were converting from mutual ownership to stock ownership. The case was brought by the SEC and the Office of Thrift Supervision. Hart consented to the charges without admitting or denying guilt.

SEC filings list Cherepakhov, Hart, or entities connected to them as shareholders in at least six of Cornell's portfolio companies.

A 2004 filing for one of those companies, Wherify Wireless Inc. (OTCBB: WFYW), showed that First Mirage owned 1 million shares, or roughly 4.5 percent of then-outstanding stock. The filing said Cherepakhov had control over the shares. ((percentage changed per fact checker).

The same SEC filings showed that John J. Micek III, a UTEK director, and Silicon Prairie Partners LP, the venture group he heads, had roughly 1.1 million shares. Micek's brother, Gregory Micek, was a Wherify director, and other members of the Micek family also were shareholders.

Wherify announced a deal last March for $45 million in debt and equity financing from Cornell.

Another SEC filing from January 2006 listed Cherepakhov as one of the people who controlled Professional Traders Fund LLC.

That fund was an investor in Xethanol, which did five technology transfers with UTEK. It also was an investor in Universal Detection Technology Inc. (OTCBB: UDTT), which hired UTEK last summer to seek out new technology.

The deal with Universal Detection was announced in July and canceled in September.

An SEC filing in April by Carbiz Inc. (OTCBB: CBZFF) lists Knightsbridge and an entity called Crescent Fund LLC among the company's largest shareholders.

Crescent Fund also owned a stake in WebSky Inc (Pink Sheets: WKYN), which did a technology transfer with UTEK in February 2006. Crescent Fund is headed by Jeffrey S. Stone, a recidivist securities law violator who was hit with new fraud charges in August.

The SEC alleged that Stone and his wife, Janette Diller Stone, acquired more than 288 million shares of WebSky's stock under false pretenses, then hired promoters to hype the stock through false spam emails.

WebSky's share price tripled, and the Stones reaped more than $1 million by selling their shares into the market they helped stimulate. WebSky's chief executive also was charged by the SEC. He settled without admitting or denying guilt.

Tradequest International Inc. (OTCBB: TRDQ), another company that hired UTEK to search for technology, also has a connection to Press and his associates in south Florida.

The Miami-based company hired SOS Resource Services as a consultant in April 2006. It issued 3 million shares, which it valued at $600,000, to that firm's president, Salvatore Russo, to provide for advice on Latin American markets and other matters.

SOS Resource Services was a consultant to Championlyte, Americana Publishing and PowerChannel Inc. (Pink Sheets: PWRC), another Knightsbridge client that was included on the list of fraud vehicles in the New Jersey stock manipulation case.

Although SOS Resource Services uses a postal box in Port Washington, N.Y. as its address, Russo lives in Miami.

Powerchannel's chief executive sued Knightsbridge, Press, Schreiber, Advantage Fund, Triple Crown, Benjamin Kaplan and other parties in 2004, alleging fraud, breach of contract and the improper issuance of stock.

Florida corporation records show that Russo was a partner with Powerchannel's CEO, Steven Lampert, in another business, Men's Evolution. The Federal Communications Commission in 2000 ordered another of Lampert's public companies, Long Distance Direct Inc., to pay $2 million for submitting unauthorized change orders in phone users' accounts (a practice known as "slamming", and submitting unauthorized charges ("cramming"), purportedly for calls to a psychic hotline.

Lampert filed for bankruptcy, and documents in that case say he transferred most of his Powerchannel stock to Russo as consideration for a loan he was unable to repay.

Russo also is a partner in a business with Barry C. Honig, who advised Powerchannel in the Knightsbridge deal. Honig is another former broker who now works as a consultant to small public companies. SEC filings show that Honig is a shareholder in NeoStem Inc. (OTCBB: NEOI), which hired UTEK in January to look for technology.

Peter M. Peterson, the founder of Aspen Capital Partners, is a NeoStem director.

Triple Crown Consulting also appears as a minor shareholder in the filings of Sense Holdings Inc. (OTCBB: SEHO), which did a technology transfer deal with UTEK in 2001.

Sharesleuth noted that HydroFlo Inc. (Pink Sheets: HYRF), one of UTEK's technology transfer partners, contracted with EYI Industries Inc. (OTCBB: EYII), a Cornell-backed company, to distribute its water purifying and filtration products.

The SEC brought fraud charges last July against HydroFlo and its chief executive, Dennis L. Mast. Regulators said the company and Mast defrauded investors by "making false and materially misleading statement's about HydroFlo's water treatment business, contracts and prospects in a series of press releases in 2005.''

Some of those releases concerned orders supposedly secured by EYI . HydroFlo and Mast settled the charges without admitting or denying guilt. Both agreed to injunctions against future violations of securities laws, and Mast was barred from serving as an officer or director of any public company.

Sharesleuth's research into companies connected to UTEK, Knightsbridge and Cornell turned up several mentions of Phillip E. Pearce, a former senior vice president of E.F. Hutton & Co. and former chairman of the NASD's board of governors.

Pearce is a director of 5G Wireless Communications (OTCBB: FGWI), a Cornell-backed company that hired UTEK in January 2006 to look for suitable technology. He also is a director of H2 Diesel, the company in which UTEK partner Xethanol has a large stake.

In addition, Pearce is a director of Bravo Brands Inc. (OTCBB: BRVO), a company that hired Knightsbridge as a consultant and also received financing from Keshet, Nesher and other entitities that frequently invest alongside Laurus.

Jerome Mahoney also popped up frequently in our searches. Mahoney is non-executive chairman of the board of MM2 Group Inc. (OTCBB: MMGP), a Cornell-backed company that hired UTEK last July to scout for technology.

Mahoney also is chairman and chief executive of iVoice Inc. (OTCBB: IVOI), another Cornell partner, and is non-executive chairman of three other companies that have been financed by the hedge fund.

The Newark Star-Ledger reported in 2005 that Mahoney had collected roughly $4.6 million in the previous two-and-a-half years by selling more than 2.5 billion shares of his iVoice stock. At the time, the company was losing money and its stock was sinking below a penny a share.

At least two companies that used UTEK's services got money from both Cornell and Laurus.

Veridium Corp. did a $2.5 million revolving debt agreement with Laurus in April 2004. Three months later, it hired UTEK to find technology that would aid its industrial-recycling business. No deal materialized.

Veridium got additional capital from Cornell in April 2006, in the form of a $4.4 million convertible note. A few days later, Cornell bought out Laurus' debt position. Veridium changed it name last July to GS Cleantech (OTCBB: GSCT) and is now pursing alliances with ethanol producers.

NetFabric Holdings Inc. (OTCBB: NFBH) did two financing agreements with Cornell in July 2005, one stock-based and one debt-based. Seven months later, the company entered into a $3 million deal with Laurus. NetFabric used $1.9 million of the money to retire its debt to Cornell.

Cornell said that it had no relationship with Laurus beyond those occasional transactions.

At least three other companies that licensed technology through UTEK got financing through Langley Park Investments PLC, a British company whose U.S. agent then became a portfolio manager for one of Cornell's hedge funds.

Langley Park, whose shares are publicly traded on the London Stock Exchange, did stock swaps in 2004 with Nutracea Corp. (OTCBB: NTRZ), Advanced Refractive Technologies Inc. (Pink Sheets: ARFR) and Material Technologies Inc. (OTCBB: MTTG).

The transactions were designed to give Langley Park a portfolio of securities, and to give its partners shares that they could sell to meet their cash needs once Langley Park went public.

Nutracea wound up suing Langley Park, claiming that it was fraudulently induced to enter into the swap by promises that Langley Park was seeking deals only with solid, solvent companies.

Instead, most of Langley Park's partners have been penny stock companies, and its shares have plummeted since it went public.

Nutracea gave 7 million shares of its shares to Langley Park in exchange for 1.27 million Langley Park shares. The Nutracea shares would have a current market value of nearly $24 million. Nutracea has been valuing its Langley Park shares at less than $300,000.

A federal judge ruled in favor of Langley Park. That fund said last week that it had realized nearly $14 million by selling Nutracea shares.

SEC filings show that the U.S. attorney and escrow agent for Langley Park was Gottbetter & Partners LP, a New York firm headed by Adam S. Gottbetter.

In November 2004, Yorkville, Cornell's manager, hired Gottbetter to run a new hedge fund, Highgate House Funds Ltd. It said in announcing the expansion that the fund would have $150 million under management.

Highgate House went on to providing financing to UTEK clients Cargo Connection, Swiss Medica, Inseq Corp. (now GS Energy Corp., OTCBB: GSEG) and Aerotelesis Inc. (OTCBB: AOTL).

Yorkville and Gottbetter later had a falling out over one of Highgate House's rare successes, Charys Corp. (OTCBB: CHYS), whose shares went from a little over $1 a share in February 2006 to more than $10 a share by June.

Yorkville sued Gottbetter, alleging that he and his partners had taken too big a cut of the Charys shares and warrants the parties received in the financing deal.

Gottbetter last year set up his own hedge fund, Gottbetter Capital Management LP.

When Highgate and Montgomery Equity Partners were combined with Cornell, Press's position as portfolio manager was eliminated. According to an affidavit filed in December in the suit Yorkville bought against Gotbetter, Press remained a consultant to the funds.

SaarResearch.com provided fact-checking services for this story.

Kathleen McLaughlin and Ilya Svintsitski contributed research.

published May 29, 2007, 3 Comments

Categories:

- *UTEK Corp.*

3 Comments

Christopher Laudani
May 29, 2007 11:36 PM

Chris,

Great article. Keep'em coming...(Didn't Cuban cover most of this?)

How about some larger companies? Can't make serious money with these tiny ones.

sara
January 21, 2010 5:02 AM

I recently came across your blog and have been reading along. I thought I would leave my first comment. I don't know what to say except that I have enjoyed reading. Nice blog.
sara
knightsbridge business sales

Bravo
January 21, 2010 5:22 AM

I believe that to meet the challenges of our times, human beings will have to develop a greater sense of universal responsibility. Each of us must learn to work not just for oneself, one's own family or nation, but for the benefit of all humankind. Universal responsibility is the key to human survival. It is the best foundation for world peace.

Part Time Money

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