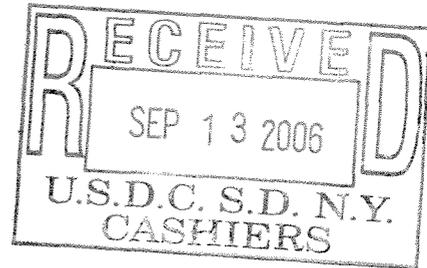


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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



INGALLS & SNYDER, LLC,

Plaintiff,

-against-

B2BITS, LTD., B2B ITS CORP.,
ALEXANDER ALTMAN, and MARK
BISKER,

Defendants.

06 CV 6395 (JFK)

**FIRST AMENDED
COMPLAINT**

Plaintiff Ingalls & Snyder, LLC, for its first amended complaint against the above-named defendants (hereafter collectively "defendants"), alleges as follows:

PARTIES

1. Plaintiff Ingalls & Snyder, LLC ("I&S") is a limited liability company organized and operating under the laws of the State of New York, with its principal place of business in New York. I&S is a brokerage house and is engaged in the business of buying and selling securities for clients and of investment management principally for individual retail clients and on a proprietary basis.

2. Defendant B2BITS, LTD. ("B2B") holds itself out as a corporation organized and existing under the laws of the United Kingdom, with its principal place of

business in London, England. Upon information and belief, B2B engages in the activity of software development.

3. Upon information and belief, defendant B2B ITS Corp. (“B2B ITS”) is a corporation organized and operating under the laws of the State of Delaware, with its principal place of business in Connecticut or New Jersey. Upon information and belief, B2B ITS engages in the activity of software development and is operated by the same individuals who have operated B2B. Upon information and belief, the names of B2B and B2B ITS have been used interchangeably and the business of B2B and B2B ITS is the same.

4. Upon information and belief, defendant Alexander Altman (“Altman”) holds himself out as the chairman and/or president of B2B ITS and is a resident of the State of New York. Upon information and belief, Altman has also been an officer and financier of B2B.

5. Upon information and belief, defendant Mark Bisker (“Bisker”) holds himself out as the Chief Executive Officer of B2B ITS and the Managing Director of B2B, and is an individual residing in the State of New Jersey.

6. On information and belief, B2B and B2B ITS have no substantial assets; their operating personnel consist of computer programmers in the Ukraine; and B2B and B2B ITS are essentially judgment-proof.

7. On information and belief, B2B and B2B ITS lack separate corporate personalities and property and serve as mere alter egos of defendants Altman and Bisker.

JURISDICTION AND VENUE

8. Subject matter jurisdiction of this action is based on 28 U.S.C. § 1331, in that the matter arises under the laws of the United States. This Court has subject matter

jurisdiction over the state law claims pursuant to 28 U.S.C. § 1367(a) and the doctrines of pendent and supplemental jurisdiction.

9. Venue is proper in this District under 28 U.S.C. § 1391, because the events that are the subject of this suit occurred in this District.

FACTUAL ALLEGATIONS

10. On or about September 1, 2003, I&S and B2B entered into a software development agreement under which B2B agreed to write a software program for the order management system for fixed income securities, a program known as “Pink” (“Pink Agreement”). The Pink Agreement provides that I&S would pay \$240,000 for the development of the product.

11. On or about July 21, 2004, B2B and I&S entered into a software development agreement under which B2B agreed to write a software program for the order management of equity securities, a program known as “Blue” (“Blue Agreement”). The Blue Agreement provides that I&S would pay \$350,000 for the development of the product.

12. In the Blue Agreement and the Pink Agreement, B2B stated that was a “company duly organized and validly existing under the laws of England.” Upon information and belief, no company under that name is currently incorporated in the United Kingdom. More recently, invoices sent to I&S pursuant to the Blue and Pink Agreements were sent from “B2B ITS Corp.”

13. Under both the Blue Agreement and the Pink Agreement, I&S owns all proprietary rights in the respective software products, including all intellectual property rights. The consideration for I&S’s acquisition of these rights has been paid to defendants in full.

14. The Blue and Pink programs were implemented by defendants in a manner such that they require use of additional, specific software known as a “fix engine” (hereafter “B2B Fix Engine”) which B2B, or alternatively, B2B ITS, alleges it owns. In general, the type of software known as a “fix engine” is commonly available, but the way that defendants wrote the Pink and Blue programs allows Blue and Pink to operate only using the B2B Fix Engine. Without use of the B2B Fix Engine, the Pink and Blue programs will not operate in a useful manner.

15. Pursuant to the respective agreements for the Pink and Blue systems, defendants granted I&S a license to use the B2B Fix Engine in connection with the Blue and Pink programs. Said license was perpetual in duration. In connection therewith, defendants provided I&S with license keys for the B2B Fix Engine.

16. I&S has installed the Blue and Pink programs into its systems used to conduct its everyday business, located in its offices in New York, New York. The Pink and Blue Programs are currently used to provide business-critical computer functions to I&S which I&S depends upon in the operation of its business.

17. In or around July 2006, defendants made unauthorized and illegal remote entry into I&S’s computer systems and/or exceeded their authorization to access such systems and, during the course thereof, copied confidential data and made unauthorized alterations to the data on said systems, including the alteration of the license keys for the B2B Fix Engine so as to cause them to expire after approximately ten days, thereby causing substantial damage to I&S. Said entry, copying of information and alteration of data were criminal acts in violation of 18 U.S.C. § 1030 and subsections thereof including without limitation subsection (a)(5)(B)(i).

18. When confronted by a representative of I&S about the break in and tampering with the license keys, Altman admitted that defendants had entered I&S's computer system and altered the license keys to the B2B Fix Engine.

19. After making said unauthorized intrusion and alteration, defendants thereupon threatened I&S with the imminent cutoff of the use of the Pink and Blue software that I&S had purchased and was using to conduct its business, and attempted to use the impending cutoff that defendants had unlawfully brought about as leverage to extort additional monies from I&S. Defendants continue to seek such extortionate payment from I&S.

20. Defendants have threatened, and continue to threaten, that unless I&S accedes to defendants' demands for additional payment and renegotiation of the parties' agreements, it will deprive I&S of the use of the Pink and Blue systems.

21. The inability to use the Pink and Blue programs will damage I&S irreparably.

22. During a September 7, 2006 telephone call with an I&S representative, Altman informed I&S that during the course of defendants' unauthorized access of I&S's computer systems, defendants had also copied confidential customer data of I&S. Altman threatened that unless I&S met defendants' demand for payment, defendants would use such data in a manner detrimental to I&S.

FIRST CAUSE OF ACTION: COMPUTER FRAUD

23. I&S repeats and realleges the allegations contained in paragraphs 1 through 22 as if fully set forth herein.

24. Defendants made intentional and unauthorized remote entry into I&S's computer system or intentionally exceeded their authorized access, in violation of 18 U.S.C. § 1030.

25. By means of their unauthorized access, defendants, with malicious intent, made changes to the license keys to the B2B Fix Engine, with the intent of destroying I&S's ability to continue to use its Pink and Blue systems, as well as obtained I&S's confidential client data.

26. Defendants' actions have impaired the integrity and availability of I&S's data, programs, systems and/or information.

27. Defendants thereafter attempted to extort money from I&S in exchange for providing extended license keys and in exchange for not making use of I&S's confidential client data to harm I&S.

28. Defendants' unauthorized access into I&S's computer systems has damaged I&S in an amount substantially in excess of the \$5,000 minimum amount required by 18 U.S.C. § 1030(a)(5)(B)(i) and threatens further substantial and irreparable injury.

SECOND CAUSE OF ACTION: INJUNCTIVE RELIEF

29. I&S repeats and realleges the allegations contained in paragraphs 1 through 28 as if fully set forth herein.

30. Defendants have breached their contractual obligation to provide I&S with licenses for the B2B Fix Engine and has illegally broken into I&S's systems to tamper with the B2B Fix Engine license keys with the intent to render such licenses as I&S did have for the B2B Fix Engine nonfunctional, manifesting an intent to deprive I&S of the use of the B2B Fix Engine and to interfere with I&S's use thereof to which it is contractually entitled.

31. Defendants have also made unauthorized copies of I&S's confidential client data and have threatened to make use of this client data in a manner detrimental to I&S.

32. I&S has fully performed its obligations under both the Pink Agreement and Blue Agreement.

33. I&S is entitled to an injunction requiring defendants to provide nonexpiring license keys for the B2B Fix Engine and forbidding defendants from interfering with I&S's right to use and operate the Blue and Pink products, including the B2B Fix Engine software, from interfering with I&S's business, from making any use of the data obtained through a violation of 18 U.S.C. § 1030, as well as ordering the return of all I&S data obtained through a violation of 18 U.S.C. § 1030.

34. I&S has no adequate remedy at law. Injunctive relief is necessary in order to prevent I&S from suffering immediate, substantial and irreparable injury.

THIRD CAUSE OF ACTION: TRESPASS TO CHATTEL

35. I&S repeats and realleges the allegations contained in paragraphs 1 through 34 as if fully set forth herein.

36. Defendants had access to I&S's computer systems for the sole purpose of testing the Blue and Pink software.

37. Defendants exceeded their authorized access when they entered said systems and searched for and altered the expiration period for the B2B Fix Engine license keys and made copies of I&S's confidential data.

38. Defendants' alteration of the expiration period for the B2B Fix Engine license keys caused harm to I&S's computer system.

DEMAND FOR RELIEF

WHEREFORE, I&S requests the following relief:

(a) Temporary, preliminary and permanent injunctive relief ordering defendants to specifically perform B2B's obligations under the Pink and Blue Agreements and to provide I&S with nonexpiring license keys to the B2B Fix Engine necessary for the operation of the Blue and Pink Programs;

(b) Temporary, preliminary and permanent injunctive relief enjoining the defendants, and their respective officers, agents, servants, employees and attorneys, and those persons in active concert and participation with them who receive actual notice of the Court's order by personal service or otherwise, from interfering with I&S's right to use and operate the Blue and Pink software, including the B2B Fix Engine software, from interfering with I&S's business, and from making any use of the data obtained through a violation of 18 U.S.C. § 1030, as well as ordering the return of all I&S data obtained through a violation of 18 U.S.C. § 1030;

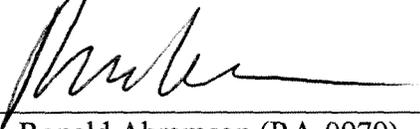
(c) Damages in an amount to be determined at trial, to be awarded against the defendants jointly and severally;

(d) Punitive damages, costs and attorney fees, to be awarded against the defendants jointly and severally; and

(e) Such other and further relief as the Court may deem just and proper.

Dated: New York, New York
September 13, 2006

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