

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64082 / March 15, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14297

In the Matter of

MATTHEW J. RYAN,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE
ACT OF 1934 AND NOTICE OF HEARING**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Matthew J. Ryan (“Respondent” or “Ryan”).

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. Ryan is the owner and sole managing member of Prime Rate and Return, LLC (“Prime Rate”), a limited liability company incorporated in Delaware in April 2001 with its principal place of business in Troy, New York. Prime Rate sometimes does business as, among other names, American Integrity Financial Company (“American Integrity”), through which it offered fixed-rate investment products to investors. Neither Prime Rate nor American Integrity is registered in any capacity with the Commission, FINRA, or the NYSE. From June 1997 through July 2003 and from January 2004 through December 2009, Ryan was a registered representative associated with broker-dealers registered with the Commission. Ryan, 46 years old, is a resident of Troy, New York.

B. RESPONDENT'S CRIMINAL CONVICTION

2. On February 22, 2011, Ryan pleaded guilty to one count of securities fraud in violation of Sections 10(b) and 32 of the Exchange Act, Rule 10b-5 thereunder, and Title 18 of the United States Code, Section 2, before the United States District Court for the Northern District of New York, in United States v. Matthew John Ryan, Crim. Indictment No. 1:10-cr-00319-NAM. The count of the criminal indictment to which Ryan pleaded guilty alleged, among other things, that:

- a. At all times relevant to the Indictment, Ryan was the founder, owner, and sole managing member of Prime Rate, doing business as American Integrity. For most of the relevant period, Ryan was a registered representative of a registered broker-dealer and operated out of a branch office of the broker-dealer located in Troy, New York.
- b. From in or about February 2002, Ryan has been soliciting and receiving money from investors as a purported representative of American Integrity. Ryan offered and sold investors purported contracts with American Integrity pursuant to which American Integrity promised to pay a “guaranteed” fixed rate of interest on the initial investment.
- c. Ryan periodically sent to each investor a Statement of Account Values (“account statement”). Each account statement reflected the investor’s purported account number, interest rate, and account value, and the amount of interest claimed to have been credited to the account.
- d. To give the appearance of legitimacy to American Integrity, Ryan falsely represented to investors that American Integrity was a substantial Manhattan-based financial services firm with numerous employees and for which he was merely a representative. Ryan created fictitious American Integrity employees and used their names in correspondence with investors. Ryan’s communications with investors and prospective investors gave the firm’s address as 208 East 51st Street in midtown Manhattan. Ryan knew that this address was simply a mail drop to create the false impression that American Integrity had an office in Manhattan. Likewise, the toll-free number that Ryan established was merely an answering service that relayed messages to him, and American Integrity had no “representative” other than Ryan.
- e. Ryan made false representations to investors that their investments were safe, by representing that they were insured up to specific dollar amounts by the Securities Investor Protection Corporation (SIPC). Ryan also made false representations to investors that American Integrity was qualified to serve as a custodian of individual retirement accounts and other tax-deferred investments and to receive roll-overs from such tax-deferred investments and preserve their tax-deferred status.

- f. Since at least 2004, Ryan used funds that investors invested in American Integrity for multiple purposes he concealed from investors, including (i) to repay loans for the purchase or refinancing of real estate held in Prime Rate's name; (ii) to pay other investors' returns, in Ponzi-scheme fashion; and (iii) to pay his own personal expenses, including payments on his loans for luxury cars.
- g. Since in or about October 2004, Ryan has deposited American Integrity investor funds in a bank account in the name of "Prime Rate & Return Dba American Integrity" (the "American Integrity Account"). Ryan is and has been the only signatory for this account. As of March 31, 2010, Ryan had deposited approximately \$5.8 million into the American Integrity Account. Of that amount, more than \$4.8 million were investor funds.
- h. As of March 31, 2010, Ryan had withdrawn or transferred from the American Integrity Account (i) \$1.9 million to pay American Integrity investors purported interest and principal; (ii) \$845,000 to pay Prime Rate; (iii) \$265,000 to pay loans on real estate owned by Ryan and/or Prime Rate; (iv) \$125,000 to pay expenses related to his luxury vehicles; and (v) \$400,000 to pay himself by way of cash or checks.

III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

- A. Whether the allegations set forth in Section II hereof are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations;
- B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against

him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice, 210 C.F.R. § 201.360(a)(2).

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Notice of Hearing ("Order") on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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