





Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. The Commission seeks a temporary restraining order, preliminary and permanent injunctions, an accounting, disgorgement and pre-judgment interest, and civil penalties against Bretzel, Ford, Real Estate Fund and Heritage. The Commission also seeks an asset freeze as to Bretzel, Ford and Real Estate Fund, and seeks the appointment of a Receiver for Real Estate Fund, to include all assets held for the benefit of Real Estate Fund regardless of how those assets are titled.

9. Relief Defendants Seabreeze Realty Group, Inc. d/b/a Coastal Properties ("Coastal"), Ormand Beach Auto Sales, Inc. d/b/a Liberty Automotive Group ("Liberty") and Dealer Lot Management, Inc. ("Dealer Lot"), are entities owned by Bretzel, that have, by virtue of their conduct and/or Bretzel's conduct, directly or indirectly, received illegally-obtained assets for no consideration given, to which they have no legitimate claim.

#### **JURISDICTION AND VENUE**

10. The Commission brings this action pursuant to Sections 20(b), (c) and (d) of the Securities Act [15 U.S.C. §§ 77t(b)-(d)] and Sections 21(d) and 21(e) of the Exchange Act [15 U.S.C. §§ 78u(d)-(e)], to enjoin the Defendants from engaging in the transactions, acts, practices and courses of business alleged in this Complaint, and transactions, acts, practices and courses of business of similar purport and object, for an accounting, disgorgement of illegally obtained funds and other equitable relief, and for civil money penalties.



friend” of Bretzel and, prior to forming Heritage, worked as the finance manager for a car dealership owned by Bretzel.

16. Defendant Real Estate Fund, LLC is a Nevada limited liability company, with its principal office in Daytona Beach, Florida. The firm was formed on May 4, 2004. Bretzel owns a controlling interest in both the Real Estate Fund and its managing member, Real Estate Management Services, Inc. The Real Estate Fund’s primary business is to acquire fee interests in income producing commercial, industrial, residential, and investment properties.

17. Defendant Heritage Funding Group, Inc., was incorporated by Bretzel in Florida in 1999 as Daytona Beach Finance Corporation, but changed its name to Heritage in 2003. Heritage’s principal office is located in Daytona Beach. Ford is President, Chief Financial Officer, and Secretary of Heritage, and Bretzel was an officer and director until April 2003. Heritage is a specialty finance company primarily engaged in purchasing and servicing installment contracts originated by dealers for financing the sale of pre-owned automobiles. Heritage filed for Chapter 11 bankruptcy protection in February of 2007 and currently operates as a debtor-in-possession.

18. Relief Defendant Seabreeze Realty Group, Inc. d/b/a Coastal Properties (“Coastal”), is a real estate development company formed in December 2004 and is owned and controlled by Bretzel. Coastal is a Florida corporation located in Daytona Beach, Florida. Coastal received at least \$470,000 of investor funds that were raised in connection with the Real Estate Fund’s offering, without consideration given, and to which it has no legitimate claim.









39. The Real Estate Fund's PPM made at least three misrepresentations or omissions. First, the PPM states that the Real Estate Fund would use approximately 92% of investor proceeds to acquire interests in real estate. In truth, the Real Estate Fund has "loaned" approximately \$1.38 million of investor proceeds (18% of the total funds raised) to Bretzel, to other companies that Bretzel owns, or to Lawrence Ford.

40. Bretzel used the loans to his companies and him to pay mortgages on or renovate various properties that Bretzel or his companies owned. These properties were not purchased with investor funds and Bretzel knew that the Real Estate Fund had no interest in these properties. Bretzel could provide no promissory notes evidencing these loans, nor could he identify the repayment terms or interest rates on these loans.

41. As a second misrepresentation, the PPM states that the Real Estate Fund would hold title to the property that it acquired with investor funds. However, substantially all of the properties acquired with investor funds are titled in Bretzel's individual name.

42. As a third misrepresentation, the PPM used between June 2004 and July 2006 represented that the Real Estate Fund would pay an 8% commission to broker dealers who sold Real Estate Fund units. In truth, however, the Real Estate Fund paid a commission rate of 16%.

43. The Real Estate Fund revised its PPM on or around July 1, 2006 in an attempt to correct this misrepresentation. The revised PPM disclosed that the Real Estate Fund would pay a 16% commission rate.

44. The Real Estate Fund operated as a Ponzi scheme. Since the revenue from the real estate investments did not generate sufficient income, as early as June 2006, Bretzel



received illegally-obtained assets for no consideration given, and to which they have no legitimate claim. The relief defendants have been unjustly enriched by loans from Real Estate Fund and/or Heritage made to them through Bretzel, or directly to them. Coastal has been unjustly enriched by these loans in the amount of, at least, \$456,003. Liberty has been unjustly enriched by these loans in the amount of, at least, \$2,696,678. Dealer Lot has been unjustly enriched by these loans in the amount of, at least, \$678,111.

**COUNT I--FRAUD**  
**Violations of Section 17(a)(1) of the Securities Act**  
**[15 U.S.C. § 77q(a)(1)]**

50. Paragraphs 1 through 49 are hereby realleged and are incorporated herein by reference.

51. At various times from at least February 2003 through at least January 2007, Defendants Bretzel, Ford, Real Estate Fund and Heritage, in the offer and sale of the securities described herein, by the use of means and instruments of transportation and communication in interstate commerce and by use of the mails, directly and indirectly, employed devices, schemes and artifices to defraud purchasers of such securities, all as more particularly described above.

52. The Defendants knowingly, intentionally, and/or recklessly engaged in the aforementioned devices, schemes and artifices to defraud.

53. In engaging in such conduct, the Defendants acted with scienter, that is, with intent to deceive, manipulate or defraud or with a severe reckless disregard for the truth.









