

Mark K. Schonfeld  
Regional Director (MS-2798)

Attorney for Plaintiff  
SECURITIES AND EXCHANGE COMMISSION  
New York Regional Office  
Three World Financial Center, Suite 400  
New York, New York 10281  
(212) 336-1020

**CV 07 4144**

**GLASSER, J.**

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

**AZRACK, J.**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

:  
:  
: Civil Action No.  
:  
:

-against-

KEVIN JAMES DUNN, JR.,

Defendant.

:  
:  
: **COMPLAINT**  
: **FILED**  
: IN CLERK'S OFFICE  
: U.S. DISTRICT COURT E.D.N.Y.  
: \* 001 04 2007 \*  
: BROOKLYN OFFICE

Plaintiff Securities and Exchange Commission ("Commission"), for its complaint against defendant Kevin James Dunn, Jr. ("Dunn"), alleges as follows:

**SUMMARY OF ALLEGATIONS**

1. This action involves the fraudulent misappropriation of nearly \$250,000 from the widow of a Port Authority police officer who died on September 11, 2001 (the "Customer"). The stolen funds were part of the compensation the Customer received in 2004 from the September 11<sup>th</sup> Victim Compensation Fund of 2001 (the "Fund"). Defendant Dunn, a broker formerly employed by MetLife Securities, Inc. ("MetLife"), was friends with the Customer and convinced her to invest her entire recovery with MetLife and allow him to manage the investment. Dunn then proceeded to betray the Customer's trust by engaging in a series of

material misrepresentations about the purchase and sale of securities in her account and other fraudulent acts aimed at swindling her out of a substantial portion of the compensation she received from the Fund.

2. Beginning in September 2005, Dunn misappropriated a total of \$248,000 from the Customer by fraudulently creating a joint account in both of their names, forging the Customer's signature on wire transfers from the joint account, and telling the Customer outrageous lies about the status of the Customer's securities investments to deceive the Customer into giving Dunn blank checks that he deposited into his own bank account. Although MetLife terminated Dunn in February 2007, Dunn continued to defraud the Customer for two more months by acting as if he was still employed as a broker at MetLife and deceiving the Customer into giving him additional blank checks.

3. By virtue of the foregoing conduct, Dunn, directly or indirectly, violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], 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]. Unless Dunn is permanently restrained and enjoined, he will again engage in the acts, practices, transactions and courses of business set forth in this complaint and in acts, practices, transactions and courses of business of similar type and object.

#### **JURISDICTION AND VENUE**

4. The Commission brings this action pursuant to the authority conferred by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], and seeks to restrain and enjoin Dunn from engaging in the acts, practices, transactions and courses of business alleged herein. The Commission also seeks a final judgment ordering Dunn to disgorge his ill-gotten gains and pay prejudgment interest thereon,

and ordering Dunn to pay civil monetary penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

5. This Court has jurisdiction over this action, and venue lies in this District, pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d) and 77v(a)] and Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§78u(d) and 78aa]. Dunn, directly or indirectly, singly or in concert, made use of the means or instruments of transportation or communication in, and the means or instrumentality of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein. Many of these transactions and other acts occurred in the Eastern District of New York, where the MetLife office at which Dunn worked is located and where the Customer resides.

#### **THE DEFENDANT**

6. **Dunn**, age 28, resides in Colonia, New Jersey. From November 1998 to June 2003, and again from February 2004 to February 2007, Dunn was a registered representative associated with MetLife. During the relevant period, Dunn worked at a MetLife branch office in Brooklyn, New York. Dunn holds Series 6 and 63 licenses.

#### **RELEVANT ENTITY**

7. **MetLife** is a Delaware corporation with its principal place of business in New York, New York. MetLife is registered with the Commission as a broker-dealer pursuant to Section 15(b)(1) of the Exchange Act and as an investment adviser pursuant to Section 203(c) of the Investment Advisers Act of 1940. MetLife is a wholly-owned subsidiary of Metropolitan Life Insurance Co.

## **THE DEFENDANT'S FRAUDULENT CONDUCT**

### **Background**

8. The Customer's husband was a police officer with the Port Authority of New York and New Jersey. He died at the World Trade Center on September 11, 2001. In August 2004, the Customer received \$2 million from the Fund.

9. The Customer and Dunn grew up in the same neighborhood in Staten Island, New York and were family friends. The Customer was also close friends with Dunn's wife. The Customer was an unsophisticated and inexperienced investor, and she knew that Dunn was a broker at MetLife. As a result, the Customer sought Dunn's advice about what to do with the \$2 million recovery and placed her complete faith and trust in Dunn. The Customer told Dunn that she wanted to invest the money to pay for, among other things, her daughter's college fund. In September 2004, the Customer met with Dunn and Dunn's MetLife supervisor, who was also Dunn's cousin. Dunn persuaded the Customer to invest the entire \$2 million recovery with MetLife.

### **Dunn's Theft Of The Customer's Money**

10. On Dunn's advice, the Customer initially purchased \$1,250,000 worth of shares in various tax-exempt mutual funds through her MetLife brokerage account and used the remaining \$750,000 to purchase a MetLife annuity contract. Shortly thereafter, Dunn told the Customer to discard the monthly account statements she received from MetLife because, as he told her, they were too difficult for her to understand. Dunn also told the Customer that if she ever had any questions concerning her accounts, she should call Dunn directly on his cell phone.















