

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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In the Matter of

JOHN J. BRAVATA, : INITIAL DECISION MAKING FINDINGS AND  
RICHARD J. TRABULSY, and : IMPOSING SANCTION BY DEFAULT AS TO  
ANTONIO M. BRAVATA : RICHARD J. TRABULSY  
: July 24, 2014

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APPEARANCES: Benjamin J. Hanauer for the Division of Enforcement,  
Securities and Exchange Commission

Richard J. Trabulsy, pro se

BEFORE: Carol Fox Foelak, Administrative Law Judge

### SUMMARY

This Initial Decision bars Richard J. Trabulsy (Trabulsy) from the securities industry.<sup>1</sup>

### I. BACKGROUND

The Securities and Exchange Commission (Commission) instituted this proceeding with an Order Instituting Proceedings (OIP) on June 2, 2014, pursuant to Sections 15(b) of the Securities Exchange Act of 1934 (Exchange Act) and 203(f) of the Investment Advisers Act of 1940 (Advisers Act). The proceeding is a follow-on proceeding based on United States v. Bravata, No. 2:11-cr-20314 (E.D. Mich. Apr. 15, 2014), in which Trabulsy was convicted of wire fraud; and SEC v. Bravata, No. 09-cv-12950 (E.D. Mich. May 29, 2014), in which he was enjoined against violations of the antifraud and registration provisions of the securities laws. At the July 21, 2014, prehearing conference, Trabulsy affirmatively declined to defend this proceeding, and the undersigned advised him that, if he were deemed to be in default, she would enter an order barring him from the securities industry. Trabulsy is in default within the meaning of 17 C.F.R. § 201.155(a) in that he affirmatively declined to defend this proceeding. Accordingly, the undersigned finds that the allegations in the OIP are true as to him. See OIP at 4; 17 C.F.R. §§ 201.155(a), .220(f).

### II. FINDINGS OF FACT

Trabulsy was convicted of wire fraud, in violation of 18 U.S.C. § 1343; he was sentenced to forty-five months of incarceration and a three-year term of post-release supervision and ordered to pay

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<sup>1</sup> The remaining Respondents, John J. Bravata and Antonio M. Bravata, remain in the proceeding.

\$44,533,436.86 in restitution. United States v. Bravata. He was also permanently enjoined from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder. SEC v. Bravata.

From May 2006 through July 2009, Trabulsy and others engaged in a fraudulent and unregistered securities offering that raised at least \$50 million from at least 440 investors in Michigan, Ohio, and other states by selling securities of BBC Equities, LLC (BBC Equities), a purported real estate investment fund. During that time Trabulsy was a manager, co-founder, and vice chairman of BBC Equities and of Bravata Financial Group, LLC, an unregistered life insurance and financial planning company that filed an application with the Commission for registration as a broker-dealer on October 3, 2008, which it abandoned in December 2009. During a portion of that time, Trabulsy was associated with and a co-owner of Strategic Institutional Consulting Group, LLC, an investment adviser that was registered with the Commission from April 27, 2009, through July 30, 2009.

Trabulsy and others defrauded BBC Equities investors by making misrepresentations about the use of investor funds; the risks associated with the investment; the purported compensation, commissions, and finder's fees paid to them and others; and the true financial condition of BBC Equities. He and others also acted as unregistered broker-dealers.

### III. CONCLUSIONS OF LAW

Trabulsy has been convicted, within ten years of the commencement of this proceeding, of a felony that “arises out of the conduct of the business of a broker, dealer, . . . [or] investment adviser” and “involves the violation of section . . . 1343 . . . of title 18, United States Code” within the meaning of Sections 15(b)(4)(B)(ii), (iv) and 15(b)(6)(A)(ii) of the Exchange Act and Sections 203(e)(2)(B), (D) and 203(f) of the Advisers Act. Additionally, he has been permanently enjoined “in connection with the purchase or sale of any security” within the meaning of Sections 15(b)(4)(C) and 15(b)(6)(A)(iii) of the Exchange Act and Sections 203(e)(4) and 203(f) of the Advisers Act.

### IV. SANCTION

Trabulsy will be barred from the securities industry.<sup>2</sup> This sanction will serve the public interest and the protection of investors, pursuant to Sections 15(b) of the Exchange Act and 203(f) of the Advisers Act, and accords with Commission precedent and the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). As described in the Findings of Fact, Trabulsy's unlawful conduct was recurring and egregious and

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<sup>2</sup> Even if Trabulsy were not associated with a registered broker-dealer or investment adviser at any time during his misconduct, this would not be a barrier to imposing broker-dealer, investment adviser, and collateral bars. The Commission has authority to bar persons from association with investment advisers, whether registered or unregistered. See Teicher v. SEC, 177 F.3d 1016, 1017-19 (D.C. Cir. 1999); see also Tzemach David Netzer Korem, Exchange Act Release No. 70044, 2013 SEC LEXIS 2155, at \*32 (July 26, 2013) (“It is well established that we are authorized to sanction an associated person of an unregistered broker-dealer or investment adviser in a follow-on administrative proceeding.”); Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627 (unregistered associated person of an unregistered broker-dealer barred from association with a broker or dealer), recons. denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584.

involved a high degree of scienter; extending over a period of several years, the scheme of Trabulsy and others resulted in the misappropriation of tens of millions of dollars. There is a reasonable foreseeable risk that, if he were allowed to resume his former business activities, he would engage in similar criminal conduct. Because of the Commission's obligation to ensure honest securities markets, an industry-wide bar is appropriate.

## V. ORDER

IT IS ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, RICHARD J. TRABULSY IS BARRED from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization and from participating in an offering of penny stock.<sup>3</sup>

This Initial Decision shall become effective in accordance with and subject to the provisions of Rule 360 of the Commission's Rules of Practice, 17 C.F.R. § 201.360. Pursuant to that Rule, a party may file a petition for review of this Initial Decision within twenty-one days after service of the Initial Decision. A party may also file a motion to correct a manifest error of fact within ten days of the Initial Decision, pursuant to Rule 111 of the Commission's Rules of Practice, 17 C.F.R. § 201.111. If a motion to correct a manifest error of fact is filed by a party, then that party shall have twenty-one days to file a petition for review from the date of the undersigned's order resolving such motion to correct a manifest error of fact. The Initial Decision will not become final until the Commission enters an order of finality. The Commission will enter an order of finality unless a party files a petition for review or a motion to correct a manifest error of fact or the Commission determines on its own initiative to review the Initial Decision as to a party. If any of these events occur, the Initial Decision shall not become final as to that party.<sup>4</sup>

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Carol Fox Foelak  
Administrative Law Judge

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<sup>3</sup> Thus, he will be barred from acting as a promoter, finder, consultant, or agent; or otherwise engaging in activities with a broker, dealer, or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock, pursuant to Exchange Act Section 15(b)(6)(A), (C).

<sup>4</sup> A respondent may also file a motion to set aside a default pursuant to 17 C.F.R. § 201.155(b). See Alchemy Ventures, Inc., Exchange Act Release No. 70708, 2013 SEC LEXIS 3459, at \*13-14 & n.28 (Oct. 17, 2013).