

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

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SECURITIES AND EXCHANGE COMMISSION,)	
)	
	Plaintiff,)	
v.)	Civil Action No.
)	
DONATO J. DANDREO III)	
)	
	Defendant,)	
)	
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COMPLAINT

Plaintiff Securities and Exchange Commission (the “Commission”) alleges the following against Defendant Donato J. Dandreo III (“Dandreo”):

SUMMARY

1. Dandreo, a professional real-estate developer in the northern suburbs of Boston, Massachusetts, misrepresented to potential investors that he had raised almost \$1.5 million in 2016 and 2017 in his attempts to raise funds from the public markets in order to finance construction of residential homes. In reality, Dandreo raised no money at all.

NATURE OF THE PROCEEDING AND RELIEF SOUGHT

2. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77t(b)]. The Commission seeks a permanent injunction against Dandreo, enjoining him from engaging in the transactions, acts, practices, and courses of business alleged in this Complaint; and a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].

JURISDICTION AND VENUE

3. The Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)].

4. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)]. Dandreo resides in the District of Massachusetts, and many of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within the district.

5. Defendant has, directly or indirectly made use of the means and instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange in connection with the acts, practices, and courses of business alleged in this complaint.

DEFENDANT

6. **Donato J. Dandreo**, age 58, is a resident of Salem, Massachusetts. He has been a residential and commercial real estate developer since 1983. In 2011, Dandreo founded Bounty Homes Corp. (“Bounty Homes”), a real estate development company specializing in building residential homes on Boston’s north shore. Bounty Homes is currently defunct.

STATEMENT OF FACTS

7. Beginning in early 2016, Dandreo attempted to raise funds from investors in the public markets in order to finance construction of residential housing. Dandreo used an internet investment platform (the “Platform”) which is designed to connect accredited investors (essentially, people with at least \$1 million in assets other than their main home or an income greater than \$200,000) with companies raising money. The companies create a dedicated fundraising website on the Platform, and accredited investors are able to browse the various companies and can choose to invest in deals.

8. Dandreo created a Bounty Homes fundraising website on the Platform through which he offered promissory notes, a type of security that contains a written promise by the note's issuer (in this case, Bounty Homes) to pay the investor a defined sum of money, either on demand or at a specified future date. Dandreo's promissory notes guaranteed investors a return of principal plus a profit of 12% per year for two years.

9. In an attempt to convey the appearance of being a successful fundraiser, Dandreo made the following misrepresentations on the Bounty Homes Platform website:

- a. Dandreo referred to his real estate development company alternately as "Bounty Homes Development & Real Estate Investment Corp." and "Bounty Homes Real Estate Development & Investment Corp." when the real name of the company was simply "Bounty Homes Corporation," with no reference to "Investments." He also claimed that Bounty Homes was an "opportunistic real estate investment company" and had "expert first-hand experience at every phase of the investment cycle."
- b. In May 2016, Dandreo claimed that Bounty Homes had raised \$1 million from investors; and
- c. In June 2016, he further claimed that Bounty Homes had raised \$1.46 million from investors.

10. Contrary to Dandreo's representations on the Bounty Homes Platform website, Bounty Homes raised no money at all, let alone \$1 million or \$1.46 million, through the securities offering.

11. Dandreo closed out the Bounty Homes securities offering in the fall of 2017 and he thereafter ceased working in the real estate business entirely, letting the company go defunct.

COUNT I

Violation of Section 17(a)(3) of the Securities Act

12. The Commission realleges and incorporates by reference the allegations in paragraphs 1 through 11 above.

13. By engaging in the conduct described above, defendant Dandreo, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce, or by use of the mails, directly or indirectly engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon the purchasers of securities. A violation of this provision may be established by a showing of negligence. *Aaron v. SEC*, 448 U.S. 680, 697 (1980).

14. By engaging in the conduct described above, defendant Dandreo, directly or indirectly, violated and, unless enjoined, will again violate Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

A. Permanently restraining and enjoining Dandreo from violating Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)];

B. Ordering Dandreo to pay a civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t];

C. Retaining jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

D. Granting such other and further relief, including equitable, as this Court may deem just and appropriate.

Respectfully submitted,



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