

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRADFORD C. BLEIDT and
ALLOCATION PLUS ASSET MANAGEMENT
COMPANY, INC.

Defendants.

JURY TRIAL DEMANDED

Case No. 04-2445

MAGISTRATE JUDGE LR

RECEIPT # _____
AMOUNT \$ 1.75
SUMMONS ISSUED 1
LOCAL RULE 4.1 _____
WAIVER FORM _____
MCF ISSUED _____
BY DPTY. CLK. _____

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission ("Commission") alleges the following against defendants Bradford C. Bleidt and Allocation Plus Asset Management Company, Inc.:

PRELIMINARY STATEMENT

1. This is an emergency enforcement action against Bradford C. Bleidt ("Bleidt") and Allocation Plus Asset Management Company, Inc. ("Allocation"), a Boston-based investment adviser. Bleidt is the President of Allocation. On or about November 11, 2004, Bleidt delivered, via DHL, a package to the Boston District Office containing a tape recorder and a tape. In the tape recording, Bleidt admits to having defrauded his investment advisory clients out of millions of dollars. Specifically, Bleidt admits that he diverted investor funds from Allocation into a personal account at Sovereign Bank.

2. Through the activities alleged in this Complaint, Bleidt and Allocation engaged in: (i) fraudulent or deceptive conduct in connection with the purchase or sale of securities, in

violation of Section 10(b) of the Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder; and (iii) fraudulent or deceptive conduct with respect to investment advisory clients, in violation of Sections 206(1) and (2) of the Investment Advisers Act of 1940 (“Advisers Act”).

3. Accordingly, the Commission seeks: (i) entry of a permanent injunction prohibiting defendants from further violations of the relevant provisions of the federal securities laws; (ii) disgorgement of defendants’ ill-gotten gains, plus pre-judgment interest; and (iii) the imposition of civil monetary penalties due to the egregious nature of defendants’ violations. In addition, because of the risk that defendants will continue violating the federal securities laws and the danger that any remaining investor funds will be dissipated or concealed before entry of a final judgment, the Commission seeks preliminary equitable relief to: (i) prohibit defendants from continuing to violate the relevant provisions of the federal securities laws; (ii) freeze defendants’ assets and otherwise maintain the status quo; (iii) require defendants to submit an accounting of investor funds and other assets in his possession; (iv) prevent defendants from destroying relevant documents; (v) authorize the Commission to undertake expedited discovery; and (vi) obtain the appointment of a receiver to safeguard client assets at Allocation.

JURISDICTION

4. The Commission seeks a permanent injunction and disgorgement pursuant to Section 20(b) of the Securities Act [15 U.S.C. §77t(b)], Section 21(d)(1) of the Exchange Act [15 U.S.C. §78u(d)(1)], and Section 209(d) of the Advisers Act [15 U.S.C. §80b-9(d)]. The Commission seeks the imposition of a civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)].

5. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§77t(d), 77v(a)], Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d), 78u(e), 78aa], and Sections 209(3) and 214 of the Advisers Act [15 U.S.C. §§80b-9(d), 80b-14]. Venue is proper in this District because much of defendants' wrongful conduct occurred here and most of the defrauded clients live here.

6. In connection with the conduct described in this Complaint, defendants directly or indirectly made use of the mails or the means or instruments of transportation or communication in interstate commerce.

DEFENDANTS

7. **Bradford C. Bleidt**, age 50, is a resident of Manchester, Massachusetts and the President of Allocation Plus Asset Management Company, Inc. ("Allocation"), a Boston-based investment adviser.

8. **Allocation Plus Asset Management Company, Inc. ("Allocation")** is a Boston-based investment adviser registered with the Commission.

STATEMENT OF FACTS

Bleidt's Admission that He Has Diverted Millions of Dollars in Client Funds

9. On or about November 11, 2004, Bleidt mailed to the Commission's Boston District Office, via DHL, a package enclosing a tape recorder and a tape. In the tape recording, Bleidt admits that he has defrauded his Allocation investment advisory clients out of millions of dollars. Specifically, Bleidt admits that he diverted investor funds from the investment advisers into an account at Sovereign Bank ("Sovereign").

10. In the tape recording, Bleidt states that "Over the last twenty years almost, I've

stolen tens and millions of dollars from clients through Allocation Plus Asset Management Corp. ... What I did basically was when I got a new client, I would roll, I would take their money, payable to Allocation Plus Asset Management Corp., and deposit it in a Sovereign bank account of which I would set up payments for the first and fifteenth of the month or any time the client would call and request money. I always had enough to cover cash flow that I would be able to cover those demands. And it's today, this Thursday [November 11, 2004] is the day of reckoning because there is a client that needs a million-and-a-half dollars wired into their account that's supposed to be there this morning, and obviously it's not going to be there this morning because the money's gone. I stole it. I used it to buy a radio station, believe it or not."

11. In light of Bleidt's admissions and the other information thus far obtained by the Commission staff, the Commission brings this emergency action to ensure that investor assets – including those in Bleidt's personal account at Sovereign – are not dissipated by Bleidt or anyone else who may be acting in concert with him.

FIRST CLAIM FOR RELIEF
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)

16. The Commission repeats and incorporates by reference the allegations in paragraphs 1-11 of the Complaint as if set forth fully herein.

17. Defendants, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) has employed or is employing devices, schemes or artifices to defraud; (b) has made or is making untrue statements of material fact or has omitted or is omitting to state a material fact necessary to make the statements made, in the light of the

circumstances under which they were made, not misleading; or (c) has engaged or is engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

18. As a result, Defendants have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

19. Defendants' violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder have involved fraud, deceit or deliberate or reckless disregard of regulatory requirements and have resulted in substantial losses or significant risk of substantial losses to other persons, within the meaning of Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)].

S. J. [Signature]
THIRD CLAIM FOR RELIEF
(Violation of Sections 206(1) and (2) of the Advisers Act)

20. The Commission repeats and incorporates by reference the allegations in paragraphs 1-11 of the Complaint as if set forth fully herein.

21. Defendants were "investment advisers" within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. §80b-2(a)(11)].

22. Defendants, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, acting intentionally, knowingly or recklessly: (i) has employed or is employing devices, schemes, or artifices to defraud; or (b) has engaged or is engaging in transactions, practices, or courses of business which operate as a fraud or deceit upon a client or prospective client.

23. As a result, Defendants have violated and, unless enjoined, will continue to

violate Sections 206(1) and (2) of the Advisers Act [15 U.S.C. §§80b-6(1), (2)].

24. Defendants' violations of Sections 206(1) and (2) of the Advisers Act have involved fraud, deceit or deliberate or reckless disregard of regulatory requirements and have resulted in substantial losses or significant risk of substantial losses to other persons, within the meaning of Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)].

PRAYER FOR RELIEF

WHEREFORE, the Commission requests that this Court:

A. Enter a temporary restraining order, order freezing assets and order for other equitable relief in the form submitted with the Commission's motion for such relief and, upon further motion, enter a comparable preliminary injunction, order freezing assets and order for other equitable relief;

B. Enter a permanent injunction restraining Defendants and each of their agents, servants, employees and attorneys and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, including facsimile transmission or overnight delivery service, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5];
2. Sections 206(1) and (2) of the Advisers Act [15 U.S.C. §80b-6(1), (2)];

C. Require Defendants to disgorge their ill-gotten gains and losses avoided, plus pre-judgment interest, with said monies to be distributed in accordance with a plan of distribution to be ordered by the Court;

- D. Order Defendants to pay an appropriate civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)];
- E. Appoint a receiver to safeguard client assets at Allocation;
- F. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and
- G. Award such other and further relief as the Court deems just and proper.

Respectfully submitted,



Walter G. Ricciardi
District Administrator

Silvestre A. Fontes (Mass. Bar No. 627971)
Senior Trial Counsel

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
73 Tremont Street, Suite 600
Boston, MA 02108
(617) 573-8991 (Fontes)
(617) 424-5940 fax

November 12, 2004