

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
CASE NO.**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ANGELO RAGONE, and
NEW YORK PARTNERSHIP EXCHANGE, INC.,

Defendants.

COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF

Plaintiff Securities and Exchange Commission alleges as follows:

I. INTRODUCTION

1. From 1989 through August 31, 2006, New York Partnership Exchange, Inc. and its owner, Angelo Ragone, illegally operated the company as an unregistered broker-dealer by engaging in the business of trading limited partnership interests for their own accounts and for the accounts of others. Moreover, from January 1, 1999 through August 2006, Ragone and New York Partnership Exchange defrauded customers of their trading proceeds by misrepresenting the status of their trades and by improperly withholding a portion of the proceeds, purportedly on behalf of the buyers.

2. Through their conduct, each of the Defendants violated Sections 17(a)(1), (2), and (3) of the Securities Act of 1933 ("Securities Act"), and Sections 10(b) and 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder. Due to the extended and serious nature the Defendants' violations, as well as the scienter they demonstrated through their willful and wanton disregard for the federal securities laws, the Defendants have shown they will continue to violate the law unless the Court enjoins them from further violations.

II. JURISDICTION AND VENUE

3. This Court has jurisdiction over this action pursuant to Section 20(d) of the Securities Act, 15 U.S.C. 77t(d); and Sections 21(d), 21(e), and 27 of the Exchange Act, 15 U.S.C. §§78u(d), 78u(e), and 78aa.

4. The Court has personal jurisdiction over the Defendants and venue is proper in the Middle District of Florida because New York Partnership Exchange's headquarters and primary place of business are in the Middle District of Florida and because the acts and transactions constituting the violations alleged in this Complaint occurred in the Middle District of Florida. In addition, Ragone resides in the Middle District of Florida.

5. In connection with the conduct alleged in this Complaint, the Defendants, directly or indirectly, singly or in concert with others, made use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange.

III. DEFENDANTS

6. Ragone, age 43, is a resident of Sarasota, Florida. He is the founder and sole owner of New York Partnership Exchange. Prior to forming this firm, Ragone held a Series 7 securities license and traded limited partnership interests with a registered broker-dealer. He has not been associated with a registered broker or dealer since 1989.

7. New York Partnership Exchange, which operates under the name New York Asset Exchange, is a privately held Florida corporation with its headquarters in Sarasota, Florida. New York Partnership Exchange has never been registered with the Commission as a broker or dealer pursuant to Section 15(a) of the Exchange Act.

IV. THE ILLEGAL CONDUCT

A. Unregistered Broker-Dealer Activity

8. In 1989, Ragone formed New York Partnership Exchange to engage in the business of trading in limited partnership interests in the secondary market for its own account as a market maker and for the accounts of others. From 1989 through August 2006, New York Partnership Exchange and Ragone traded millions of dollars in limited partnership interests at a rate of 150 to 200 trades per year.

9. New York Partnership Exchange advertises its broker-dealer services and solicits customers through its website and various print advertisements. The company's website states it is "the premiere professional service firm for valuation, appraisal and resale of illiquid assets" and has "years of experience in bringing buyers and sellers together in these specialized markets." In addition, in mass mailings to prospective customers, New York Partnership Exchange promotes its broker-dealer services and claims it trades all non-liquid assets including, among other things, limited partnerships, distressed securities, church bonds, viatical contracts, restricted stocks, and minority interests. New York Partnership Exchange has also advertised its broker-dealer services in at least one trade publication for investment planning professionals.

10. When potential customers contact New York Partnership Exchange to sell their limited partnership interests, the firm establishes the price at which it will either purchase securities for its own account or trade them on behalf of the seller. New York Partnership Exchange determines the value using its internal database of comparable sales and then quotes the seller a price for their interests. If the seller agrees on the price, he signs a power of attorney authorizing Ragone, on behalf of New York Partnership Exchange, to sell the interest and receive the proceeds on the seller's behalf. New York Partnership Exchange then attempts to

resell the interest to a third party for the highest possible sale price. When New York Partnership Exchange is unable to locate a buyer, Ragone typically agrees to purchase the security for his own account.

11. New York Partnership Exchange sells the limited partnership interests it trades to both retail customers and a pool of approximately ten unaffiliated broker-dealers that also act as secondary market makers for illiquid securities. It solicits bids from these potential buyers and accepts the highest bid.

12. New York Partnership Exchange's compensation for executing the trades has varied since 1989; however, in all cases it has been dependent on the successful completion of the sale. In instances where the seller has previously identified a buyer, New York Partnership Exchange charges a flat fee for processing the trade. When New York Partnership Exchange locates the buyer, its compensation is the spread between the amount it originally committed to the seller and the price it receives from the buyer. In those instances where the firm purchases the security for its own account, its compensation is the spread between the purchase price and the price it receives upon resale of the interest.

13. Once New York Partnership Exchange locates a buyer, the buyer signs a power of attorney authorizing Ragone, on behalf of the firm, to transfer the partnership interest to the buyer. New York Partnership Exchange then gathers and prepares all documents required to complete the sale and transfer ownership with the general partner, including the seller's certificate of ownership, and the buyer and seller's applications for transfer. Simultaneously with the general partner closing the transfer, the buyer pays New York Partnership Exchange for the interest. At that point the seller is entitled to payment from New York Partnership Exchange.

B. Improper Withholding of Customers' Funds

14. From 1999 through August 2006, the Defendants improperly withheld trading proceeds from customers by making false and misleading statements about the status of their trades and improperly withholding amounts from payments to sellers.

15. Throughout this period, New York Partnership Exchange received payment from buyers simultaneously with the execution of trades. Sellers were due payment at this point.

16. However, after executing trades, Ragone and New York Partnership Exchange employees at Ragone's instruction routinely and falsely told sellers the firm had not yet located a buyer, the general partner had not yet processed the transfer, or the paper had not yet been completed. The firm continued this deception with sellers for months at a time, allowing the firm and Ragone to improperly delay payments to sellers.

17. When Ragone finally authorized payments to frustrated sellers, the Defendants often paid less than they had originally agreed to pay the sellers. Ragone instructed New York Partnership Exchange employees to take deductions for distributions the partnerships had purportedly paid pending the closings of transactions, and which New York Partnership Exchange had allegedly paid to buyers. In fact, no such distributions were made. From January 1, 1999 through August 31, 2006, Ragone and New York Partnership Exchange wrongfully withheld amounts ranging from approximately \$63 to \$350 per trade on an estimated 233 trades.

V. VIOLATIONS

COUNT I

Violation of Section 15(a)(1) of the Exchange Act

18. The Commission repeats and re-alleges paragraphs 1 through 17 as if fully set forth herein.

19. From 1989 through August 2006, the Defendants, by the use of means or instrumentalities of interstate commerce or of the mails, have engaged in the business of effecting transactions in, or inducing or attempting to induce the purchase or sale of, of securities for the accounts of others and for their own account without registering as a broker-dealer with the Commission, and in the case of Ragone, without being associated with a registered broker-dealer.

20. By reason of the foregoing, the Defendants violated and, unless enjoined, will continue to violate Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

COUNT II

Fraud in Violation of Section 10(b) and Rule 10b-5 of the Exchange Act

21. The Commission repeats and re-alleges paragraphs 1 through 17 as if fully set forth herein.

22. From January 1, 1999 through August 31, 2006, Defendants, in connection with the purchase or sale of securities as described herein, by the use of means or instrumentalities of interstate commerce or of the mails, directly or indirectly, knowingly, willfully, or recklessly (a) employed devices, schemes, or artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, or courses of business which operated as a fraud or deceit upon other persons.

23. By reason of the foregoing, the Defendants 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, 17 C.F.R. § 240.10b-5.

COUNT III

Fraud in Violation of Section 17(a)(1) of the Securities Act

24. The Commission repeats and re-alleges paragraphs 1 through 17 as if fully set forth herein.

25. From January 1, 1999 through August 31, 2006, Defendants, in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, have directly or indirectly, and knowingly, willfully, or recklessly employed devices, schemes, or artifices to defraud.

26. By reason of the foregoing, the Defendants violated and, unless enjoined, will continue to violate Sections 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

COUNT IV

Fraud in Violation of Section 17(a)(2) and 17(a)(3) of the Securities Act

27. The Commission repeats and re-alleges paragraphs 1 through 17 as if fully set forth herein.

28. From January 1, 1999 through August 31, 2006, Defendants, in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, have directly or indirectly (a) obtained money or property by means of untrue statements of material facts or by omitting material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (b) engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

29. By reason of the foregoing, the Defendants violated and, unless enjoined, will continue to violate Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. § 77q(a)(2) and (3).

VI. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine, and find that Ragone and New York Partnership Exchange have committed the violations of the federal securities laws alleged in this Complaint.

II.

Permanent Injunction

Permanently restrain and enjoin Ragone and New York Partnership Exchange, their agents, servants, employees, representatives, attorneys-in-fact, and assigns and those persons in active concert or participation with them, and each of them, from violating Sections 17(a)(1), (2), and (3) of the Securities Act, 15 U.S.C. §§ 77q(a)(1), (2), and (3); Sections 10(b) and 15(a)(1) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78o(a)(1), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

III.

Disgorgement

Issue an Order requiring Ragone and New York Partnership Exchange to disgorge all ill-gotten gains, including prejudgment interest, resulting from the violations alleged in this Complaint.

IV.

Penalties

Issue an Order directing Ragone and New York Partnership Exchange to pay civil 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).

V.

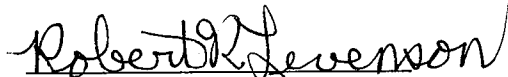
Further Relief

Grant such other relief as this Court may deem just and appropriate.

May 9, 2007

Respectfully submitted,

By:



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