

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.**

**SECURITIES AND** )  
**EXCHANGE COMMISSION,** )  
 )  
**Plaintiff,** )  
**v.** )  
 )  
**JOSEPH J. REPKO,** )  
**MICHAEL M. CIMINO, and** )  
**SURE TRACE SECURITY CORP.,** )  
 )  
**Defendants.** )  
\_\_\_\_\_ )

**COMPLAINT**

Plaintiff Securities and Exchange Commission alleges as follows:

**I. INTRODUCTION**

1. From April through June 2009, Defendants Joseph J. Repko, Michael M. Cimino, and Sure Trace Security Corp. engaged in a fraudulent scheme involving illicit kickbacks of Sure Trace's stock to induce purchases, and phony agreements to mask those kickbacks.

2. Repko, the president and CFO of Sure Trace, with Cimino, who was the chairman of Sure Trace's board of directors; and, during part of the scheme, its president, participated in paying illegal kickbacks to a purported trustee of an employee pension fund so the trustee would purchase 133 million restricted shares of the company's stock. Sure Trace also issued shares of its stock as compensation to a middleman who introduced the Defendants to the purported pension fund trustee.

3. The Defendants attempted to conceal the kickbacks by entering into a sham consulting agreement between Sure Trace and a purported consulting company created to receive the kickbacks.

4. Unbeknownst to the Defendants, the purported corrupt pension fund trustee was a creation of the FBI. The purported friend who helped arrange the deals was an undercover FBI agent, and the middleman was a witness cooperating with the FBI. The consulting company also was a creation of the FBI.

5. As a result of the conduct described in this Complaint, the Defendants violated Section 17(a)(1) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77q(a)(1); and Section 10(b) and Rule 10b-5(a) of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(a). Unless restrained and enjoined, they are reasonably likely to continue to violate the federal securities laws.

6. The Commission respectfully requests that the Court enter: (a) a permanent injunction restraining and enjoining the Defendants from violating the federal securities laws; (b) an order directing the Defendants to disgorge their ill gotten gains, plus prejudgment interest; (c) an order directing the Defendants to pay civil money penalties; (d) penny stock bars against Repko and Cimino; and (e) an order barring Cimino from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

## II. DEFENDANTS

7. Repko was the president and CFO of Sure Trace. He resides in Hobe Sound, Florida. Repko became licensed as a certified public accountant in Pennsylvania in August 1981. His license is presently inactive.

8. Cimino was chairman of Sure Trace's board of directors and its president until approximately May 25, 2009, when he executed documents appointing Repko as Sure Trace's president. Cimino resides in Philadelphia, Pennsylvania. In 2007, Cimino was permanently enjoined, by consent, from violations of the registration provisions of the federal securities laws. SEC v. Sure Trace Security Corp., Case No. 1:07-cv-01619 (D.D.C. 2007). In that action, the Commission alleged that in May 2006, Sure Trace violated the registration provisions by spinning off shares of its subsidiary and that Cimino, the vice-chairman and president of Sure Trace, effected that spin-off.

9. Sure Trace is a Utah corporation with its principal place of business in Philadelphia, Pennsylvania. It purports to be in the business of anti-counterfeiting technology. Its common stock was traded in the Over the Counter "grey" market under the symbol "SSTY" at all relevant times. Sure Trace's common stock was registered with the Commission through a predecessor company, pursuant to Section 12(g) of the Exchange Act until 1991, when it filed a Form 15 deregistering its stock.

10. On August 3, 2005, the Commission temporarily suspended trading in the Sure Trace's securities, based on questions raised about the accuracy and adequacy of publicly disseminated information concerning the status of the company's negotiations to sell its technology to other entities. In re: Sure Trace Security Corp., Exchange Act Rel. No. 34-52198/Aug. 3, 2005. In September 2007, the Commission filed a complaint

against Sure Trace (the same action as the one against Cimino set forth in paragraph 8, above), alleging it had issued fraudulent press releases and repeatedly attempted to evade its registration requirements. A final judgment was entered against Sure Trace, by consent, permanently enjoining it from future violations of the registration and antifraud provisions of the federal securities laws.

11. Sure Trace's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this Complaint, the stock's shares traded at a high of \$.00013 per share. During the same time period, Sure Trace's stock did not meet any of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, the company's stock: (a) did not trade on a national securities exchange; (b) was not an "NMS stock," as defined in 17 C.F.R. § 242.600(b)(47); (c) did not have net tangible assets (i.e., total assets less intangible assets and liabilities) in excess of \$5,000,000; and (d) did not have average revenue of at least \$6,000,000 for the last three years. *See* Exchange Act, Rule 3a51-1(g).

### **III. JURISDICTION AND VENUE**

12. The Court has jurisdiction over this action pursuant to Sections 20(d) 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.

13. This Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida, because many of the Defendants' acts and transactions constituting violations of the Securities Act and the Exchange Act occurred in the District. For example, Repko and Cimino met with the cooperating witness and the agent on May 7, 2009 in Broward County to finalize the scheme. Additionally, on May

11, 2009, Repko sent consulting and subscriptions agreements via express delivery to the agent in Coral Springs, Florida. On May 14, Repko sent a kickback to the same location.

14. The Defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, or of a means or instrumentality of interstate commerce, or of the mails, in connection with the conduct alleged in this Complaint.

#### **IV. THE FRAUDULENT SCHEME**

15. Beginning in late April 2009, the cooperating witness and Cimino, who was then the president of Sure Trace, began discussing by telephone illicit business transactions involving the company's securities. The cooperating witness told Cimino about a large pension fund that through its trustee, a fiduciary of the fund, could purchase Sure Trace stock through a stock purchase agreement. In exchange, Sure Trace would provide the trustee with a 30% "giveback," payable to a "shell company." After several conversations, they agreed Cimino would come to South Florida for a face-to-face meeting.

16. Cimino and the cooperating witness agreed Cimino would bring Repko to the meeting. Cimino told the cooperating witness that Repko was Sure Trace's CFO and said he would be appointing Repko as the company's president.

17. On May 7, 2009, Repko and Cimino met in Broward County, Florida with the cooperating witness and an FBI agent who posed as the friend of a corrupt trustee of an employee pension fund, to finalize an illicit scheme involving Sure Trace stock.

18. At the meeting, Cimino explained that because of the injunction against him for Securities Act violations, he had to “step back” and Repko would be making the decisions for Sure Trace.

19. As part of the scheme, Cimino, Repko, the cooperating witness, and the FBI agent posing as the friend of the corrupt pension fund trustee agreed the pension fund would purchase \$20,000 worth of Sure Trace stock in exchange for a 30% kickback to the pension fund trustee. In addition, they agreed the cooperating witness, as a middleman, would receive millions of shares of the company’s stock for introducing the parties to the deal. The FBI agent told the defendants the purported pension fund trustee had a fiduciary responsibility to the pension fund’s investors.

20. To conceal the illicit payment, Cimino and Repko agreed to pay the kickback to a consulting company and enter into a phony consulting agreement. Cimino and Repko understood the bogus consulting company would not be performing actual consulting services. The FBI agent told Cimino and Repko that an invoice would be prepared to provide a “paper trail” and that he, the corrupt trustee, and the pension fund’s manager would split the kickback they paid it to the consulting company. Cimino responded those were things he “doesn’t need to know.”

21. Acknowledging the consulting agreement was a sham, Repko told the FBI agent and the cooperating witness they needed documentation to satisfy the company’s auditors. Repko also told them he and Cimino did not have an issue with the 30% payment but did not want to know what happened to the money after they paid to the consulting company. In addition, Repko stated he did not care whether the consulting company was a “shell company, [or] what it is.”

**A. The First Restricted Stock Transaction and Kickback**

22. Pursuant to a May 2009 subscription agreement between the pension fund and Sure Trace, the pension fund agreed to purchase 66,666,667 restricted shares of Sure Trace stock for \$20,000. Repko signed the agreement on behalf of Sure Trace.

23. In tandem with the subscription agreement, Sure Trace and the bogus consulting company entered into a sham consulting agreement, which Repko signed on Sure Trace's behalf.

24. On May 12, 2009, the FBI wired \$20,000 to Sure Trace's bank account. Two days later, on May 14, Sure Trace, through Repko, mailed a \$6,000 kickback, in the form of a check, to the bogus consulting company, with the notation "consulting SSTY" on the memo line.

25. On May 22, Cimino sent Sure Trace's transfer agent a transmittal letter stating that it was from ". . . new Company President Joe Repko" authorizing the issuance of approximately 66.7 million shares of Sure Trace stock to the pension fund. Cimino also sent a consent of SSTY's board of directors, dated May 12, which included a resolution providing for the appointment of Repko as the company's president.

26. Cimino signed the consent as the chairman of Sure Trace and the sole member of its board of directors.

27. That same day, Sure Trace issued a stock certificate to the pension fund for the agreed-upon 66,666,667 restricted shares.

28. On May 27, Repko sent a letter to Sure Trace's transfer agent requesting the issuance of 16,666,667 Sure Trace restricted shares to the cooperating witness. The letter was accompanied by an underlying board of director's consent - signed by Cimino -

containing a resolution providing for the issuance of company stock to the cooperating witness.

29. That same day, Sure Trace issued a stock certificate to the cooperating witness for 16,666,667 restricted shares.

**B. The Second Restricted Stock Transaction and Kickback**

30. Shortly after completing the transaction, the defendants agreed to do another deal in which the purported pension fund would buy Sure Trace stock in return for another kickback.

31. In early June 2009, Repko sent a second subscription agreement to the FBI agent posing as the friend of the purported pension fund trustee. The pension fund trustee purportedly signed the agreement and returned it on June 10. Pursuant to the agreement, the pension fund agreed to purchase 66,666,667 million restricted shares of Sure Trace for \$20,000.

32. On June 8, the FBI wired \$20,000 to Sure Trace's bank account. The next day, Sure Trace, through Repko, mailed a \$6,000 kickback, in the form of a check, to the bogus consulting company, with the notation "consulting SSTY" on the memo line.

33. On June 11, 2009, Repko sent a letter to Sure Trace's transfer agent requesting the issuance of restricted shares of Sure Trace stock to the pension fund and the cooperating witness.

34. The letter to the transfer agent included a written consent to the issuance of 66,666,667 shares of Sure Trace stock to the pension fund and 8,333,333 shares to the cooperating witness. Cimino, as Sure Trace's chairman and sole member of its board of directors, executed the consent.



35. The next day, Sure Trace issued stock certificates to the pension fund and the cooperating witnesses in these amounts.

**COUNT I**

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

36. The Commission realleges and incorporates paragraphs 1 through 35 of this Complaint.

37. From April through June 2009, the Defendants, directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

38. By reason of the foregoing, the Defendants, directly and indirectly, violated and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1).

**COUNT II**

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

39. The Commission realleges and incorporates paragraphs 1 through 35 of this Complaint.

40. From April through June 2009, the Defendants, directly and indirectly, by use of any means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly, willfully or recklessly employed devices, schemes, or artifices to defraud.

41. By reason of the foregoing, the Defendants, directly or indirectly, violated and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a), 17 C.F.R. § 240.10b-5(a).

**RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court:

**I.**

**Declaratory Relief**

Declare, determine, and find that the Defendants have committed the violations of the federal securities laws alleged in this Complaint.

**II.**

**Permanent Injunctive Relief**

Issue a Permanent Injunction restraining and enjoining the Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating Section 17(a)(1) of the Securities Act and Section 10(b) and Rule 10b-5(a) of the Exchange Act, as indicated above.

**III.**

**Disgorgement**

Issue an Order directing all Defendants to disgorge all ill-gotten gains, plus prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

IV.

**Penalties**

Issue an Order directing the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

V.

**Penny Stock Bar**

Issue an Order barring Repko and Cimino from participating in any offering of a penny stock, pursuant to Section 20(g) of the Securities Act, 15 U.S.C. § 77t(g), and Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d), for the violations alleged in this Complaint.

VI.

**Officer and Director Bar**

Issue an Order pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 77t(e) and 15 U.S.C. § 78u(d)(2), barring Cimino from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act.

VII.

**Further Relief**

Grant such other and further relief as may be necessary and appropriate.

VIII.

**Retention of Jurisdiction**

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

June 4, 2012

By:



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