

ED BY JC D.C.

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

98 SEP 23 PM 1:06

CLERK OF COURT
S.D. OF FLORIDA - MIAMI

SECURITIES AND EXCHANGE COMMISSION,)
)
Plaintiff,)
)
 v.)
)
LUIS BULAS, JR.)
)
Defendant,)
)
)
)
)
)
)
)
)

98-2238
W. LENARD
 CASE NO. **LENARD**
 MAGISTRATE JUDGE
 TURNOFF
COMPLAINT FOR
INJUNCTIVE AND
OTHER RELIEF

Plaintiff, Securities and Exchange Commission ("Commission") alleges that:

INTRODUCTION

1. The Commission brings this action to prevent Defendant Luis Bulas, Jr. ("Bulas"), from continuing to violate the federal securities laws by misappropriating investor funds in connection with the offer and sale of securities. Specifically, Bulas obtained funds from at least eleven investors under the pretense that he would purchase securities for them. Instead, Bulas misappropriated their funds.

2. Bulas' illegal actions have resulted in substantial losses to investors. Injunctive relief is required to prevent Bulas from continuing to violate the securities laws and from defrauding the investing public.

JURISDICTION AND VENUE

3. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§ 77t(d) and 77v(a), and

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Sections 21(d), 21(e) and 27 of the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d), 78u(e), and 78aa.

4. Certain of the acts and transactions constituting violations of the Securities Act and the Exchange Act have occurred within the Southern District of Florida and elsewhere.

THE DEFENDANT

5. Defendant Bulas, 42 years of age, previously resided in Dade County, Florida and upon information and belief still maintains a mailing address in Dade County, Florida. He is believed to currently reside in Switzerland. Throughout all relevant time periods, Bulas was the sole officer and director of JLH Financial Services, Inc. ("JLH Financial"). Neither Bulas nor JLH Financial has ever been registered as a broker-dealer with the Commission.

BULAS' MISAPPROPRIATION OF INVESTOR FUNDS

6. From approximately March 1995 through October 1997, Bulas misappropriated more than \$700,000 from eleven investors. Most of these investors were clients for whom Bulas also provided income tax services. The various means and devices used by Bulas to defraud investors varied but usually entailed representations by him that JLH Financial and a then defunct entity, J.L. Henry & Company, Inc. ("J.L. Henry") were registered broker-dealers and that he was a registered representative with those firms. Bulas would then obtain funds from investors on the false pretense that he would invest their monies in stocks, mutual funds, secured promissory notes and other investments.

7. One of the schemes devised by Bulas to defraud investors involved his representations that their funds would be used to acquire secured promissory notes and shares in a purported money market fund issued by New York Life Securities, Inc.'s Secured Asset Management Company ("New York Life"). Bulas often used actual New York Life promotional brochures and prospectuses to entice clients to make the investment. Once he was successful in obtaining their monies, Bulas would provide investors with fictitious "stock" certificates purportedly representing their investment. He would also provide them with fictitious confirmation statements on J.L. Henry and JLH Financial letterhead. There is no record of any of these individuals having invested in any New York Life product. In fact, New York Life does not typically issue certificates, as their investments are registered in book entry form. In addition, New York Life does not own, operate or manage the money market fund in question.

8. Bulas also misappropriated investment funds from investors under the false pretense that he would establish rollover IRAs for them. At least two investors were told by Bulas that he would setup or put their monies in IRAs for investing in mutual funds and other investments. This never happened. Instead, Bulas misappropriated their funds. Later, when one of the investors asked Bulas why he had not received any statements verifying his investment, Bulas admitted to the investor that his funds had not been deposited into an IRA but were instead transferred, without authorization, to a brokerage account in a Bahamian bank controlled by Bulas. Although this investor later received a partial return of his funds from Bulas, most of his funds have never been returned.

9. In another fraudulent transaction, Bulas represented to an investor that her funds would be used to purchase shares of General Electric ("GE") common stock. In connection with this transaction, Bulas sent the investor a fictitious confirmation statement on J.L. Henry letterhead ostensibly documenting her purchase of GE common stock. Records prove that no GE common stock was ever purchased on behalf of this investor.

10. Bulas falsely represented to another investor that a so-called "90 day time deposit" would be purchased with her funds. Similarly, this investor also received a confirmation statement on JLH Financial letterhead purportedly documenting the purchase of the "90 day time deposit." No "90 day time deposit" was ever purchased. Instead, upon information and belief, this investor's funds were transferred to the Bahamian brokerage account controlled by Bulas.

11. Bulas also misappropriated stock certificates from two investors worth, at that time, approximately \$225,000. With regard to one of these investors, Bulas later sold her stock certificates and misappropriated the proceeds

COUNT I
FRAUD – VIOLATIONS OF SECTION 17(a)(1) OF THE SECURITIES ACT

12. The Commission realleges paragraphs 1 through 11.

13. From approximately March 1995 through October 1997, Bulas, directly or indirectly, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities, as described herein, has knowingly or recklessly employed devices, schemes, or artifices to defraud.

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

COUNT II
FRAUD -- VIOLATIONS OF SECTION 10(b)
OF THE EXCHANGE ACT AND RULE 10b-5 THEREUNDER

15. The Commission realleges paragraphs 1 through 11.

16. From approximately March 1995 through October 1997, Bulas, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of securities, has knowingly or recklessly:

(a) employed devices, schemes, and artifices to defraud;

(b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

(c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon persons, all as more particularly described in paragraphs 1 through 11 above.

17. By reason of the foregoing, Bulas 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.

COUNT III
FRAUD -- VIOLATION OF SECTIONS 17(a)(2)
AND 17(a)(3) OF THE SECURITIES ACT

18. The Commission realleges paragraphs 1 through 11.

19. From approximately March 1995 through October 1997, Bulas, directly or indirectly, by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities, as described herein, have:

- (a) obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (b) engaged in transactions, practices and a course of business which operated as a fraud and deceit upon purchasers of such securities, all as more particularly described in paragraphs 1 through 11, above.

20. By reason of the foregoing, Bulas 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 77q(a)(3).

COUNT III
FAILURE TO REGISTER AS A BROKER-DEALER
IN VIOLATION OF SECTION 15(a)(1) OF THE EXCHANGE ACT

21. The Commission realleges paragraphs 1 through 11.

22. From approximately March 1995 through October 1997, Bulas, directly or indirectly, by use of the mails or any means or instrumentality of interstate commerce, while acting as a broker or dealer engaged in the business of effecting transactions in securities for the accounts of others, effected transactions in securities, or induced or attempted to induce the purchase or sale of securities, without registering as a broker-dealer in accordance with

Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b), all as more particularly described in paragraphs 1 through 11 above.

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

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine and find that Bulas committed the violations of the federal securities laws alleged herein.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction, restraining and enjoining Bulas from violating: (a) Section 17(a)(1) of the Securities Act, 15 U.S.C. § 77q(a)(1); (b) Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5, thereunder; (c) Sections 17(a)(2) and 17(a)(3) of the Securities Act, 15 U.S.C. §§ 77(q)(a)(2) and 77(q)(a)(3); and (d) Section 15(a)(1) of the Exchange Act, 15 U.S.C. § 78o(a)(1).

III.

Accounting

Issue an Order requiring an accounting by Bulas of all the proceeds received by him, directly or indirectly, pursuant to the schemes described in this complaint.

IV.

Disgorgement

Issue an Order requiring Bulas, to disgorge all ill-gotten profits or proceeds that he has received as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest thereon.

V.

Penalties

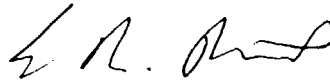
Issue an Order directing Bulas to pay civil money penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

VI.

Further Relief

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

Respectfully submitted,



Eric R. Busto
Staff Attorney
Florida Bar No. 0968749

Mitchell E. Herr
Regional Trial Counsel
Florida Bar No. 5500259

Chedly C. Dumornay
Chief, Branch of Enforcement No. 3
Florida Bar No. 0957666

Attorneys for Plaintiff
SECURITIES AND EXCHANGE COMMISSION
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Facsimile: (305) 536-7465

Dated September 23, 1998

JS 44
(Rev. 12/96)

CIVIL COVER SHEET

98-2238 CIV-LENARD

The JS-44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet (SEE INSTRUCTIONS ON THE REVERSE OF THIS FORM)

I. (a) PLAINTIFFS

SECURITIES AND EXCHANGE COMMISSION

DEFENDANTS

LUIS BULAS, JR.

**MAGISTRATE JUDGE
TURNOFF**

(b) COUNTY OF RESIDENCE OF FIRST LISTED PLAINTIFF

(EXCEPT IN U.S. PLAINTIFF CASES)

COUNTY OF RESIDENCE OF FIRST LISTED DEFENDANT

(IN U.S. PLAINTIFF CASES ONLY)

MIAMI-DADE COUNTY

NOTE: IN LAND CONDEMNATION CASES USE THE LOCATION OF THE TRACT OF LAND INVOLVED

A Dade / 98 cv 2238 / Lenard / Turnoff

FILED
SEP 23 PM 1:00
CLERK OF DISTRICT COURT
JL

(c) ATTORNEY (FIRM NAME, ADDRESS, AND TELEPHONE NUMBER)

Mitchell E. Herr, Esq. (305) 982-6336
Eric R. Busto, Esq. (305) 982-6362
SEC, 1401 Brickell Avenue, Suite 200
Miami, Florida 33131

ATTORNEYS (IF KNOWN)

(d) CIRCLE COUNTY WHERE ACTION AROSE: **DADE**, MONROE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, INDIAN RIVER, OKEECHOBEE, HIGHLANDS

II. BASIS OF JURISDICTION (PLACE AN "X" IN ONE BOX ONLY)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (PLACE AN "X" IN ONE BOX FOR PLAINTIFF AND ONE BOX FOR DEFENDANT)

- | | | | | | |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. ORIGIN (PLACE AN "X" IN ONE BOX ONLY)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from another district (specify)
- 6 Multidistrict Litigation
- 7 Appeal to District Judge from Magistrate Judgment

V. NATURE OF SUIT (PLACE AN "X" IN ONE BOX ONLY)

A CONTRACT	A TORTS	FORFEITURE/PENALTY	A BANKRUPTCY	A OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault Libel & Slander <input type="checkbox"/> 330 Federal Employers Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury	PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 610 Selective Service <input checked="" type="checkbox"/> 650 Securities/Commodities/Exchange <input type="checkbox"/> 675 Customer Challenge 12 USC 3410 <input type="checkbox"/> 691 Agricultural Acts <input type="checkbox"/> 692 Economic Stabilization Act <input type="checkbox"/> 693 Environmental Matters <input type="checkbox"/> 694 Energy Allocation Act <input type="checkbox"/> 695 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes <input type="checkbox"/> 890 Other Statutory Actions A OR B
A REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Tons to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	A CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing, Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence HABEAS CORPUS: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 A PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark B SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405ig) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405ig)	
		A LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor Mgmt. Relations <input type="checkbox"/> 730 Labor Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl Ret Inc Security Act	<input type="checkbox"/> 670 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 671 IRS - Third Party 26 USC 7809	

VI. CAUSE OF ACTION (CITE THE U.S. CIVIL STATUTE UNDER WHICH YOU ARE FILING AND WRITE BRIEF STATEMENT OF CAUSE)

15 U.S.C. §§ 77q(a)(1), 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5, 15 U.S.C. §§ 77q(a)(2) and 77q(a)(3), 15 U.S.C. § 78o(b) and 15 U.S.C. § 78o(a)(1)

LENGTH OF TRIAL
via ___ days estimated (for both sides to try entire case)

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23 DEMAND \$ **Perm. Inj., Acct.**

CHECK YES only if demanded in complaint:
JURY DEMAND: YES NO

VIII. RELATED CASE(S) IF ANY

Disgorgement and Civil Money Penalties

JUDGE _____ DOCKET NUMBER _____

DATE _____ SIGNATURE OF ATTORNEY OF RECORD _____

9/23/98

Mitchell E. Herr

Mitchell E. Herr by / E. R. Busto

FOR OFFICE USE ONLY

RECEIPT # *φ* AMOUNT *φ* APPLYING IFF *φ* JUDGE _____ MAG. JUDGE _____