UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-15900

In the Matter of

JOHN J. BRAVATA,
RICHARD J. TRABULSY, and
ANTONIO M. BRAVATA,

Respondents.

THE DIVISION OF ENFORCEMENT'S MOTION FOR SUMMARY DISPOSITION AGAINST RESPONDENTS JOHN BRAVATA AND ANTONIO BRAVATA

The Division of Enforcement ("Division") hereby moves for summary disposition against Respondents John Bravata and Antonio Bravata (collectively, "Respondents"), pursuant to Rule 154 and Rule 250 of the Commission's Rules of Practice. The Division respectfully submits that summary disposition is appropriate and that the Court should resolve this proceeding in favor of the Division and impose a collateral bar in the public interest against Respondents.

In support of this Motion, the Division relies upon the accompanying Memorandum of Law and the exhibits attached thereto. The Division respectfully requests that the Court grant this motion.

Respectfully submitted:

August 26, 2014

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UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

Administrative Proceeding
File No. 3-15900

In the Matter of

JOHN J. BRAVATA,
RICHARD J. TRABULSY, and
ANTONIO M. BRAVATA,

Respondents.

DIVISION OF ENFORCEMENT'S MEMORANDUM OF LAW IN SUPPORT OF ITS MOTION FOR SUMMARY DISPOSITION AGAINST RESPONDENTS JOHN BRAVATA AND ANTONIO BRAVATA

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Cases

Statutes

Rules

PRELIMINARY STATEMENT

Pursuant to Rule 250 of the Securities and Exchange Commission's Rules of Practice, the Division of Enforcement ("Division") respectfully submits this memorandum of law in support of its motion for summary disposition against Respondents John Bravata and Antonio Bravata (collectively, "Respondents"). The Division respectfully requests that the Court issue an Order barring Respondents from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization ("NRSRO"), and from participating in any offering of a penny stock, based on Respondents' criminal convictions in U.S. v. Bravata, 2:11-cr-20314 (E.D. Mich.), and the permanent injunctions entered against Respondents in SEC v. Bravata, 2:09-cv-12950 (E.D. Mich.). The conduct forming the basis of Respondents' convictions and injunctions stems from their roles in the fraudulent BBC Equities securities offering, in which over 400 investors lost more than $50 million.

Respondents' conduct in this case is egregious and requires that they be permanently barred from the securities industry. Respondents offered and sold the securities of BBC Equities, LLC ("BBC Equities"), a purported real estate investment fund controlled by John Bravata. While Respondents told investors that their funds would be spent on real estate projects and that their investments were secure, Respondents used substantial investment proceeds to finance their expensive lifestyles. The investors unwittingly paid for luxury homes, watercraft, jewelry, exotic vacations, and expensive cars. In total, John Bravata and his wife used more than $5.2 million of investor funds for their own benefit, and Antonio Bravata used more than $444,000 in investor funds for his own benefit.

After being convicted of wire fraud and conspiracy by a jury following a lengthy trial, the injunctions and asset freezes that had previously been entered against John Bravata and Antonio Bravata. Id. at 913-920. Based on evidence introduced at the preliminary injunction hearing, the Commission moved for leave to file an amended complaint, which added charges that Antonio Bravata violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder. SEC v. Bravata, Docket No. 413. The court granted that motion. Id., Docket No. 460.[1]

B. The Criminal Action: U.S. v. Bravata

While the Commission's civil case was pending, John Bravata and Antonio Bravata were criminally indicted for their conduct in the course of the BBC Equities securities offering. U.S. v. Bravata, 2:11-cr-20314 (E.D. Mich.), Docket Nos. 6, 26.[2] On March 27, 2013, after a two-month trial, the jury convicted John Bravata of conspiracy and fourteen counts of wire fraud, with each fraud count based on a separate investment in BBC Equities, and convicted Antonio Bravata of conspiracy to commit wire fraud. Id., Docket Nos. 230 and 231.[3] The court sentenced John Bravata to 240 months in prison, and sentenced Antonio Bravata to 60 months. Id., Docket Nos. 282, 291. The court ordered John Bravata to pay more than $44.5 million in restitution, representing nearly all of the investors' investments in BBC Equities, and ordered Antonio Bravata to pay restitution of $7 million. Id., Docket Nos. 313, 353.

C. Summary Judgment and Permanent Injunctions in SEC v. Bravata

Following the criminal convictions, the Commission moved for summary judgment, and the court granted the Commission's motion in its entirety. See SEC v. Bravata, 2014 U.S. Dist. LEXIS 28496 (E.D. Mich. Mar. 6, 2014). In awarding the Commission summary judgment on

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[1] A copy of the Commission's Amended Complaint in SEC v. Bravata is attached hereto as Exhibit 1.
[2] A copy of the Superseding Indictment in U.S. Bravata is attached hereto as Exhibit 2.
[3] Copies of the Verdict Forms are attached hereto as Exhibit 3.

its fraud claims against John Bravata and Antonio Bravata, the court held that under the doctrine of collateral estoppel, their respective convictions for wire fraud and conspiracy to commit wire fraud precluded them from challenging the Commission's claims that they violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder. Id., at *38-50.

The district court also awarded the Commission summary judgment on its claims that John Bravata and Antonio Bravata violated Sections 5(a) and 5(c) of the Securities Act. SEC v. Bravata, 2014 U.S. Dist. LEXIS 28496, at *50-54. In doing so, the court held that no issue of fact existed regarding whether (a) the BBC investments were "securities" for the purposes of the federal securities laws, (b) John Bravata and Antonio Bravata sold or offered to sell BBC Equities securities, and (c) no requisite registration existed for BBC Equities' securities and offering. Id. The court further awarded the Commission summary judgment on its claims that John Bravata and Antonio Bravata violated Section 15(a) of the Exchange Act, finding that no issue of fact existed on the question of whether they acted as unregistered brokers in the course of the BBC Equities offering. Id. at *54-55.

The court then (a) imposed permanent injunctions against John Bravata and Antonio Bravata for each violation charged in the Commission's Amended Complaint; (b) ordered John Bravata to pay $5.2 million in disgorgement, $1.25 million in prejudgment interest, and third-tier civil penalties of $1.82 million; and (c) ordered Antonio Bravata to pay $444,384 in disgorgement, $98,474 in prejudgment interest, and a third-tier civil penalty of $130,000. SEC v. Bravata, 2014 U.S. Dist. LEXIS 28496, *57-65; SEC v. Bravata, Docket No. 649. In imposing the injunctions, the court noted that:

> All of the relevant factors suggest that an injunction is warranted to prevent future securities law violations by defendants John and Antonio Bravata, because (1) the

conduct of the defendants was egregious and resulted in a loss of more than $44 million to investors, as assessed by the sentencing court; (2) the violations were repeated and extended, taking place over a period of three years and involving hundreds of investors; (3) the defendants have not offered any acknowledgment of their guilt or any assurances that they will not commit future violations, and they continue to contest their guilt on appeal of the criminal verdict against them; and (4) the defendants are reasonably young and likely will have a chance to commit future violations when released from prison. When the SEC filed its complaint in this case, BBC Equities, operated by the individual defendants, was attempting to engage in a further pyramid scheme to solicit funds from investors... Those funds would have been used to perpetuate the defendants' illegal scheme, as the funds generated by that offering were to be used to pay dividends to earlier BBC investors. Since this case has been pending, the defendants have not indicated any intention of changing course.

SEC v. Bravata, 2014 U.S. Dist. LEXIS 28496, *61-62.

D. The Commission's OIP and the Procedural History of the Case

On June 2, 2014, the Commission issued an Order Instituting Proceedings and Notice of Hearing pursuant to Section 15(b) of the Exchange Act and Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"), based on (a) the permanent injunctions entered against John Bravata and Antonio Bravata; and (b) their criminal convictions for, respectively, wire fraud and conspiracy to commit wire fraud.

The OIP alleges that Respondents were both associated with Bravata Financial Group, LLC ("Bravata Financial"), a firm which filed an application for registration as a broker-dealer with the Commission on October 3, 2008 and abandoned that application in December 2009.[4] The OIP further alleges that John Bravata was associated with Strategic Institutional Consulting Group, LLC ("Strategic Consulting"), an investment adviser that was registered with the

[4] John Bravata was Bravata Financial's manager, chairman, and co-founder; Antonio Bravata was an employee. (OIP, ¶ 1; SEC v. Bravata, 763 F. Supp. 2d at 895). Bravata Financial was a defendant in SEC v. Bravata, and was permanently enjoined from future securities laws violations in that action. See SEC v. Bravata, Docket No. 649. Documents reflecting Bravata Financial's registration history with the Commission, and Respondents' affiliations with Bravata Financial, are attached hereto as Exhibit 4.

Commission from April 27, 2009 through July 30, 2009.[5]

On July 21, 2014, during a telephonic prehearing conference in which John Bravata and Antonio Bravata participated, the Court granted the Division leave to file a Motion for Summary Disposition pursuant to Rule of Practice 250(a). (Prehearing Order, July 21, 2014). The Court has noted that both Respondents have submitted their answer to the OIP. (Id.). During the prehearing conference, the Division informed the Court that it previously produced its investigative file to John Bravata and Antonio Bravata in advance of their criminal trial. Nevertheless, pursuant to the Court's directive, the Division has again sent its investigative file to Respondents at the federal prisons where they are currently incarcerated.

ARGUMENT

In light of Respondents' convictions and the permanent injunctions entered against them, the Division respectfully seeks summary disposition and requests that the Court bar them from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or NRSRO, and from participating in any offering of a penny stock.

I. SUMMARY DISPOSITION IS APPROPRIATE PURSUANT TO RULE 250.

Rule 250(a) of the Commission's Rules of Practice permits a party, with leave of the hearing officer, to move for summary disposition of any or all of the OIP's allegations.

A motion for summary disposition should be granted when there is "no genuine issue with regard to any material fact and the party making the motion is entitled to a summary disposition as a matter of law." Rule of Practice 250(a). The Commission has repeatedly upheld

[5] Documents reflecting Strategic Consulting's registration history with the Commission, and John Bravata's ownership of and affiliation with Strategic Consulting, are attached hereto as Exhibit 5. The fact that two entities owned and controlled by Bravata submitted applications for registration with the Commission – one as a broker-dealer and the other an investment adviser – refutes John Bravata's argument that he never consented to submission to the Commission's regulatory authority.

the use of the summary disposition procedure in cases in which the respondent has been convicted or enjoined, leaving the appropriate sanction as the sole determination. See Gary M. Kornman, Exchange Act Release No. 59403, 2009 WL 367635, at *10 (Feb. 13, 2009) ("We have repeatedly upheld the use of summary disposition by a law judge in cases...where the respondent has been enjoined or convicted of an offense listed in Exchange Act Section 15(b) and Advisers Act Section 203, the sole determination is the proper sanction, and no material fact is genuinely disputed."), pet. denied Kornman v. SEC, 592 F.3d 173 (D.C. Cir. 2010); Martin A. Armstrong, Initial Decision Release No. 372, 2009 WL 482831 (Feb. 25, 2009); John S. Brownson, Exchange Act Release No. 46161, 2002 WL 1438186 (July 3, 2002) (respondent barred based on his conviction for conspiracy to commit securities fraud).

As noted above, there is no dispute that John Bravata was convicted of wire fraud and Antonio Bravata was convicted of conspiracy to commit wire fraud as a result of their conduct in the BBC Equities securities offering. There is additionally no dispute that each was permanently enjoined from future violations of Securities Act Sections 5(a), 5(c), and 17(a), and Exchange Act Sections 10(b), 15(a), and Rule 10b-5. Therefore, the only remaining issue is appropriate sanctions. Summary disposition is thus warranted.

II. RESPONDENTS' CONVICTIONS AND PERMANENT INJUNCTIONS COMPEL THE ADMINISTRATIVE RELIEF SOUGHT BY THE DIVISION.

Under Exchange Act Section 15(b)(6)(A)(ii) and (iii), the Commission has authority to bar any person who has been (a) convicted of a felony or misdemeanor involving the purchase or sale of a security or (b) permanently enjoined from engaging in conduct in connection with the purchase or sale of any security. See, e.g., Joseph P. Galluzzi, 55 S.E.C. 1110, 1115 (Aug. 23, 2002).[6] The permanent injunctions entered against Respondents squarely fall within the ambit of

[6] The same underlying convictions and injunctions also provide a basis for follow-on

Exchange Act Section 15(b)(4)(C) and provide a basis for this follow-on proceeding. Id.

Moreover, by virtue of their convictions for wire fraud and conspiracy to commit wire fraud, John Bravata and Antonio Bravata undisputedly were convicted of felonies involving the purchase or sale of securities. Indeed, in awarding the Commission summary judgment on collateral estoppel grounds, the district court rejected the Bravatas' argument that their criminal convictions did not involve the purchase or sale of securities:

> Summary judgment is justified on [the fraud counts] of the amended complaint on the basis of collateral estoppel, because the defendants were convicted of conspiracy to commit wire and mail fraud and wire fraud involving the same factual circumstances involved in this case. There can be no dispute that their criminal trial resulted in a final judgment and that the defendants had a full and fair opportunity to litigate each element of the charges against them in that proceeding. There also is no dispute that the factual premises of both proceedings are identical.
>
> There can be no genuine issues of material fact on these counts, because the jury's verdicts in the criminal action establish, at a minimum, that each defendant willfully participated in a scheme to defraud BBC Equities investors, and did so knowingly. Moreover, as to John Bravata, the verdict also establishes that he committed fourteen other specific violations by making false statements to the investors named in the indictment.
>
> Antonio Bravata argues that he was found not guilty on one of the substantive fraud counts and the jury did not reach a decision on the other. However, the acquittal and hung jury on the two individual fraud charges are irrelevant and not preclusive of summary judgment in this case, because the criminal charges required a higher standard of proof. Moreover, the two individual counts only addressed misrepresentations allegedly made to two named investors, and the SEC still is entitled to summary judgment if Antonio Bravata participated in even one other instance of conduct involving a scheme to defraud, which the verdict on the conspiracy charge necessarily required for a finding of guilt.
>
> Convictions for mail fraud, wire fraud, securities fraud, and conspiracy to commit securities fraud suffice to establish claims for securities fraud based on the same facts in a related civil action.

SEC v. Bravata, 2014 U.S. Dist. LEXIS 28496, at *44-46 (citations omitted).

Similarly, in granting the Commission summary judgment on its Securities Act Section 5 claims, the court specifically found no genuine issue of fact on the question of whether the BBC

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proceedings pursuant to Advisers Act Section 203(f).

Equities investments that John and Antonio Bravata offered and sold were "securities":

> There can be no reasonable dispute that the investments in BBC Equities were "securities" under the Howey standard, because they unquestionably were "(1) an investment of money (2) in a common enterprise (3) with a reasonable expectation of profits to be derived solely from the efforts of others." SEC v. Prof'l Associates, 731 F.2d 349, 352-53 (6th Cir. 1984). Moreover, as the government points out, the PPM materials specifically referred to the investments as securities, which belies the defendants' claims to the contrary.

SEC v. Bravata, 2014 U.S. Dist. LEXIS 28496, *53-54. As this Court recently noted, "the Commission does not permit a respondent to relitigate issues that were addressed in a previous civil proceeding against the respondent, whether resolved by consent, by summary judgment or after a trial." Daniel J. Gallagher, 2014 SEC LEXIS 2736, at *4 n.2 (July 31, 2014) (citations omitted). Accordingly, Respondents may not now argue that their criminal convictions did not involve the purchase or sale of securities.

The summary judgment opinion in SEC v. Bravata also establishes that John Bravata and Antonio Bravata acted as broker-dealers under Section 15(a) of the Exchange Act. 2014 U.S. Dist. LEXIS 28496, at *54-55. That determination cannot now be revisited. Daniel J. Gallagher, 2014 SEC LEXIS 2736, at *4 n.2. Thus, Exchange Act Section 15(b)(6) applies to both Respondents.[7] Moreover, the fact that Respondents were both associated with Bravata Financial, which filed a broker-dealer application with the Commission in October 2008, further subjects them to application of Section 15(b)(6). See 15 U.S.C § 78o(b)(6)(A) ("With respect to any person who...at the time of the alleged misconduct...was seeking to become associated with a

[7] Section 15(b)(6) applies to persons acting as a broker or dealer or associated with a broker-dealer regardless of whether such person or broker-dealer is registered with the Commission. See, e.g., John J. Bravata, Initial Decision Release No. 641, at 2 n.2 (July 24, 2014) (citations omitted); Dale J. Englehardt, Exchange Act Release No. 64389, 2011 WL 1681678, at *2 n.2 (May 4, 2011) (Section 15(b) applies to respondent's sales of securities in unregistered offering while not associated with any registered broker or dealer); see also Scott B. Hollenbeck, Exchange Act Release No. 58847, 2008 WL 4693185, at *2 n.2 (Oct. 24, 2008) (merely because respondent was not associated with a registered broker or dealer during the time of his wrongdoing does not insulate him from a bar).

broker or dealer…"). Similarly, John Bravata's association with Strategic Consulting, which was a registered investment adviser for a portion of the time at issue in the Commission's civil action, triggers the application of Advisers Act Section 203(f).

While Respondents are appealing their convictions and injunctions, that is no defense to the imposition of sanctions in this tribunal. See, e.g., John J. Bravata, Postponement Order (June 26, 2014) ("even the pendency of an appeal does not preclude 'follow-on' action based on the conviction.") (citations omitted); Elliott v. SEC, 36 F.3d 86, 87 (11th Cir. 1994) ("Nothing in the statute's language prevents a bar [from being] entered if a criminal conviction is on appeal."); Hunt v. Liberty Lobby, Inc., 707 F.2d 1493, 1497 (D.C. Cir. 1983) ("Under well-settled federal law, the pendency of an appeal does not diminish the *res judicata* effect of a judgment rendered by a federal court.").

Further, Respondents are precluded from relitigating their criminal convictions before this tribunal. Gregory Bartko, Initial Decision Release No. 467, 2012 SEC LEXIS 2678, at *4 (Aug. 21, 2012) ("The findings and conclusions made in the underlying action are immune from attack in a follow-on administrative proceeding. The Commission does not permit a respondent to relitigate issues that were addressed in a previous proceeding against the respondent."); Jose P. Zollino, Exchange Act Release No. 55107, 2007 WL 98919, at *4 n.20 (Jan. 16, 2007) ("[A] party cannot challenge his . . . criminal conviction in a subsequent administrative proceeding"); William F. Lincoln, Exchange Act Release No. 39629, 1998 WL 80228, at *2 (Feb. 9. 1998) (in proceedings based on a criminal conviction, a respondent "is collaterally estopped from attacking here the merits of the criminal proceeding against him"). Therefore, neither Respondents' appeals nor their continued protestations of innocence serve as a viable defense in this matter.

III. THE PUBLIC INTEREST REQUIRES THAT RESPONDENTS BE BARRED FROM SERVING AS PROFESSIONALS IN THE SECURITIES INDUSTRY.

The public interest would best be served by barring Respondents from the securities industry. To determine whether a bar is appropriate, courts consider several factors, including: (a) the egregiousness of the respondent's actions; (b) the isolated or recurrent nature of the infraction; (c) the degree of scienter involved; (d) the sincerity of the defendant's assurances against future violations; (e) the defendant's recognition of the wrongful nature of his conduct; and, (f) the likelihood that the defendant's occupation will present opportunities for future violations. Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979). Each of these factors supports a bar. Indeed, in imposing permanent injunctions, the court in SEC v. Bravata analyzed each of these factors and determined that all weighed in favor of the Commission and against John and Antonio Bravata. SEC v. Bravata, 2014 U.S. Dist. LEXIS 28496, at *61-62.

The district court was correct that the Steadman factors weigh heavily against Respondents. They were both convicted of felonies requiring willful misconduct that resulted in hundreds of investors losing more than $44 million over a three-year scheme. Rather than recognize their misconduct and provide assurances against future violations, they have expressed no remorse, have filed multiple appeals and, in this very proceeding, are vigorously fighting the Division's efforts to keep them out of the securities industry. Both Respondents are relatively young, and an industry bar is warranted to protect investors once Respondents are released from prison.

In light of these factors, a bar is appropriate and in the public interest.

CONCLUSION

For the foregoing reasons, the Division respectfully requests that its motion for summary disposition be granted, and that the Court issue an order barring John Bravata and Antonio Bravata from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or NRSRO, and from participating in any offering of a penny stock.

Dated: August 26, 2014

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EXHIBIT

1

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

JOHN J. BRAVATA, RICHARD J. TRABULSY, ANTONIO M. BRAVATA, BBC EQUITIES, LLC and BRAVATA FINANCIAL GROUP, LLC,

Defendants,

and

SHARI A. BRAVATA,

Relief Defendant.
_____________________________________/

CIVIL ACTION No. 2:09-cv-12950

Hon. David M. Lawson
Hon. Magistrate Judge Virginia M. Morgan

JURY TRIAL DEMANDED

[PROPOSED] AMENDED COMPLAINT

Plaintiff United States Securities and Exchange Commission ("Commission") alleges as follows:

SUMMARY

1. The Commission brought this action to shut down an ongoing offering fraud involving $50 million and at least 440 investors. The fraud was perpetrated by Defendants John J. Bravata ("John Bravata"), Richard J. Trabulsy ("Trabulsy"), two of their companies – Defendants BBC Equities, LLC ("BBC Equities") and Bravata Financial Group, LLC ("Bravata Financial") – and was assisted by Defendant Antonio M. Bravata ("Antonio Bravata"). (John

Bravata, Trabulsy, BBC Equities, Bravata Financial, and Antonio Bravata are collectively referred to herein as "Defendants").

2. Defendants characterized BBC Equities to prospective investors as a real estate investment fund, and as a safe investment vehicle with annual returns of 8% to 12%. However, BBC Equities was far from a safe investment. Unbeknownst to the investors, their proceeds were used to finance Defendants' and Relief Defendant Shari Bravata's expensive lifestyles, paying for luxury homes, watercraft, jewelry, gambling, exotic vacations, and expensive cars. Indeed, John Bravata used money from the first two investors to buy himself a $90,268 Ferrari. In total, John Bravata and Trabulsy spent at least $7 million of the investors' money for their own benefit, and for the benefit of John Bravata's wife, Shari A. Bravata, and son, Antonio Bravata.

3. Defendants lied to prospective investors about the use of investor funds; the risks associated with the investment; the purported compensation, commission, and finder's fees paid to them and others; and the true financial condition of BBC Equities.

4. To keep their scheme afloat, BBC Equities spent an additional $11.3 million of investor funds to make Ponzi-type payments, using a portion new investment proceeds to make the quarterly payments to earlier investors. They also spent $14 million of investment proceeds soliciting and raising money from new investors to fuel the scheme.

5. Defendants' lavish spending and the cost of propping up their scheme left BBC Equities with little to invest. Of the more than $50 million in investment proceeds, no more than $21 million remained for BBC Equities to use acquiring real estate properties. Worse, those properties were highly leveraged, with mortgages and other liabilities exceeding $128 million.

6. Defendants' malfeasance rendered BBC Equities financially insolvent. Prior to the Commission's lawsuit, BBC Equities' monthly expenses exceeded its revenues by a ratio of more than 10-to-1. To avoid the collapse of their scheme, up until the Commission's lawsuit Defendants continued to actively solicit new investors and fresh investment proceeds.

7. The Commission brought this lawsuit to put an immediate halt to Defendants' ongoing misconduct, to prevent further harm to investors, to hold Defendants accountable for their flagrant and repeated violations of the federal securities laws, and to disgorge ill-gotten gains from Defendants and Shari Bravata.

DEFENDANTS

8. **John J. Bravata**, age 43, is a resident of Dade City, Florida. He is a former police officer and was a manager, co-founder, and the Chairman of BBC Equities and Bravata Financial. At all relevant times, he was not registered with the Commission as a broker-dealer or as being associated with a broker-dealer firm that was registered with the Commission.

9. **Richard J. Trabulsy**, age 28, is a resident of Tampa, Florida. He was a manager, co-founder, and the Vice Chairman of BBC Equities and Bravata Financial. At all relevant times, he was not registered with the Commission as a broker-dealer or as being associated with a broker-dealer firm that was registered with the Commission.

10. **BBC Equities, LLC**, is a Michigan limited liability company formed in May 2006 with its principal place of business in Southfield, Michigan. Defendants characterized BBC Equities as a real estate investment fund. John Bravata chose the name BBC Equities to stand for "Billionaire Boys Club." Defendants told investors that investment proceeds were used by BBC Equities to buy various forms of real estate. From May 2006 through July 2009,

Defendants raised at least $50 million from at least 440 investors by selling membership interests in BBC Equities. Certain BBC Equities offering materials, including private placement memoranda ("PPMs"), described the membership interests as securities. BBC Equities was never registered with the Commission as a broker-dealer. BBC Equities' securities were not registered with the Commission, nor were its offerings.

11. **Bravata Financial Group, LLC**, is a Michigan limited liability company formed in January 2003, with its principal place of business in Southfield, Michigan, and formerly having five other offices in Michigan, Ohio, and Kentucky. Bravata Financial was owned by John Bravata and Trabulsy. Bravata Financial purported to be a financial and estate planning firm that advised its clients regarding the purchase of securities, including BBC Equities securities, insurance, and annuities. Bravata Financial was never registered with the Commission as a broker-dealer. Throughout the offering, John Bravata and Trabulsy owned and controlled BBC Equities and Bravata Financial. They controlled BBC Equities and Bravata Financial's bank accounts, books and records; they controlled the representations made and the flow of information to investors; and they controlled the use of investor proceeds.

12. **Antonio M. Bravata**, age 23, is a resident of Brighton, Michigan and is John Bravata's son. At all relevant times, he was not registered with the Commission as a broker-dealer or as being associated with a broker-dealer firm that was registered with the Commission. Despite not being registered or licensed, Antonio Bravata worked for BBC Equities and Bravata Financial as a sales agent. More than $444,384 of BBC Equities investor funds were transferred to Antonio Bravata or spent for his benefit.

RELIEF DEFENDANT

13. **Shari A. Bravata**, age 45, is a resident of Dade City, Florida and is John Bravata's wife. More than $1,872,000 of BBC Equities investor funds were transferred to her or spent for her benefit.

JURISDICTION

14. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§ 78u(e) and 78aa]. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. §78aa].

15. The acts, transactions, practices, and courses of business constituting the violations alleged herein occurred within the jurisdiction of the United States District Court for the Eastern District of Michigan and elsewhere.

16. Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, transactions, practices, and courses of business alleged herein.

FACTS

A Fraud from the Start

17. In May and June 2006, John Bravata and Trabulsy raised $609,985 from BBC Equities' first two investors. John Bravata used $90,268 of those investment proceeds to buy himself a Ferrari, a purchase made possible only through the unwitting generosity of these two

investors. Trabulsy, for his part, paid himself a handsome 21% "commission" on the second investor's $210,000 investment.

18. Defendants started the scheme by orally soliciting 15 investors, including family and friends, from whom Defendants raised at least $3.27 million. None of these initial investors received PPMs before they invested. Defendants assured these investors that their investment funds would be spent on real estate, and that they could expect annual returns of 10% or 12%.

19. In the summer of 2006, John Bravata gave a presentation to potential investors at a hotel in Dearborn, Michigan. John Bravata told these prospective investors that as "angel investors" their money would be protected and that they could only lose their money if all subsequent investors lost their money first. John Bravata told these prospective investors that their BBC Equities investment would earn them annual returns or interest payments of 8% to 12%, that the returns would come from the profits of BBC Equities' real estate operations, and that those returns would be guaranteed. He did not say that the interest payments would be paid for by other investors' investment funds. John Bravata failed to tell these prospective investors that he received a commission or finder's fee on their investment, or that their investment funds would be used to pay John Bravata's salary or to fund his personal expenditures.

The "Free Lunch" Seminars

20. Next, Defendants implemented "free lunch" seminars in an effort to target wealthy senior citizens. They mailed fliers for the seminars to approximately 5,000 potential investors per location. Defendants conducted approximately 16 seminars per week, with approximately 15 to 20 potential investors attending each seminar. After the seminar, BBC Equities or Bravata Financial contacted attendees who expressed interest in investing. Some of

these prospective investors received additional offering materials, including the PPMs described below.

21. The presenters at the seminars, including John Bravata and Antonio Bravata, used a general script and a PowerPoint presentation. They told attendees that BBC Equities' real estate investment program provided better and safer returns than other investment options. In the earlier seminars, they boasted of guaranteed annual returns of 12%. In later seminars, they lowered the annual returns to 8%, responding to feedback from earlier participants that 12% seemed "too good to be true."

22. During the seminars and throughout the BBC Equities offering, John Bravata told prospective investors that their principal investments were guaranteed or secured, including being guaranteed by certificates of deposit at Comerica Bank. While BBC Equities did hold certificates of deposit at Comerica Bank, the value of those certificates of deposit never exceeded $413,000.

23. At the seminars and throughout the offering, John Bravata told prospective investors that no manager at BBC Equities received a salary, and that BBC Equities' managers only got paid if BBC Equities made a profit. This was false. John Bravata did receive a salary, commissions, and other payments from investor proceeds regardless of whether BBC Equities earned a profit.

24. Antonio Bravata told prospective investors that he was paid through dividends, that he didn't get paid unless BBC Equities created a profit, and that he did not receive commissions. These statements were false. Antonio Bravata received commissions on the BBC

Equities investments that he sold, as well as other payments, regardless of whether BBC Equities was profitable.

25. At the seminars, Defendants told investors, among other things, that they could use their Individual Retirement Accounts ("IRA") to fund their BBC Equities investments. The attendees apparently took note, as more than half of the investment proceeds BBC Equities ultimately raised were conversions from investors' IRAs.

26. John Bravata, Trabulsy, Antonio Bravata, and the other presenters never told seminar attendees that large sums of their investments would be used to pay Defendants' personal expenses; that the attendees' investment proceeds would be used in Ponzi fashion to pay the interest or dividend payments of earlier investors; that a significant portion of their investment proceeds would be used to fund the solicitation of additional investors; or that the investors' "guaranteed" returns were entirely dependant on Defendants' soliciting new investors to finance such returns.

Private Placement Memoranda: Perpetuation of the Fraud

27. BBC Equities distributed two private placement memoranda to certain prospective investors. However, at least 150 investors never received any PPM before investing.

28. BBC Equities represented in the PPMs that it used investor funds to purchase commercial, industrial, retail, multi-family and single-family real estate, vacation properties, vacant parcels and real estate development and construction. In truth, less than 40% of investment proceeds were invested, in real estate or otherwise. Most of the remaining proceeds were misappropriated by Defendants for personal uses, were used to pay earlier investors, or were used to solicit fresh investment proceeds in order to perpetuate Defendants' scheme.

29. **The First PPM**. From February 2007 through April 2008, Defendants provided certain investors with a PPM dated February 6, 2007 (the "First PPM"). The First PPM offered Class B and Class C membership interests in BBC Equities, which it described as securities. The First PPM offered Class B membership interests in BBC Equities, which were not entitled to fixed annual distributions, but which were entitled to share *pro rata* with the holders of the Class A interests in profit distributions if and when declared by John Bravata and Trabulsy. The First PPM also offered Class C member interests, which yielded annual dividends of 8%, 10%, or 12%, redeemable on December 31, 2007, December 31, 2009, and December 31, 2011, respectively. During this period, Defendants raised approximately $21.2 million from at least 136 investors.

30. The First PPM repeated the misrepresentation that investor proceeds would be used to acquire real estate. In truth, well less than half of the proceeds were used for such purposes. Moreover, the First PPM misrepresented that neither John Bravata nor Trabulsy received a salary, fee or any other compensation from BBC Equities. The First PPM capped offering expenses and organizational costs associated with the offering, which included commissions and finder's fees, at $800,000.

31. In fact, throughout this period, John Bravata and Trabulsy were extracting large sums of investor money to support their lavish lifestyles and to perpetuate their scheme. In addition to other compensation they received from BBC Equities, John Bravata and Trabulsy received commissions on each BBC Equities investment sold to investors.

32. **The Second PPM**. From April 2008 through the present, Defendants provided certain investors with a PPM dated April 17, 2008 (the "Second PPM"). The Second PPM stated

that its offering would continue through April 17, 2010. The Second PPM offered Class D membership interest in BBC Equities, which it described as securities, yielding 8% annual priority distributions. From April 2008 through July 2009, Defendants raised approximately $28.4 million from at least 369 investors.

33. Beyond the overarching misrepresentation in both PPMs that the investment proceeds were used to acquire real estate, the Second PPM included other specific misrepresentations about the use of such proceeds. In the Second PPM, BBC Equities represented that proceeds of the offering remaining after distributions to investors were initially held in reserve for operations and other investment activities; that until the proceeds of the Second PPM were fully invested or used in connection with BBC Equities operations, they were deposited in income producing accounts and/or invested in a manner intended to produce a return for BBC Equities; and that although John Bravata and Trabulsy historically received an 8% finder's fee for each investment they sold to BBC Equities investors, they did not receive finder's fees for the Second PPM.

34. None of these representations were true. BBC Equities desperately needed the investor proceeds from the Second PPM for the purpose of making good on their promised returns to earlier investors. Further, while the Second PPM noted that John Bravata and Trabulsy received salaries, it never disclosed their misappropriation of exorbitant investor proceeds.

35. While both PPMs noted a risk that investor funds would be needed in order to make the annual dividend payments to other investors – as opposed to payments being made out of BBC Equities' operating profits – such disclosures were at best half truths. In truth, this was

not a risk; it was a certainty. Given BBC Equity's dire financial straits, the only way it could hope to meet its obligations to existing investors was to siphon the proceeds of new investors to pay earlier investors. In this regard, BBC Equities never disclosed to new investors that their quarterly distributions depended entirely on Defendants' solicitation of future investors to finance such distributions.

36. The Second PPM also included misrepresentations about BBC Equities' assets and liabilities. In the Second PPM, BBC Equities claimed that in addition to the eight properties originally contributed to BBC Equities by John Bravata and Trabulsy, BBC Equities had since acquired 28 additional real estate properties cumulatively valued at approximately $43 million, with only $34 million in mortgage debt; and that, as of February 28, 2008, BBC Equities had a Net Asset Value of $11,294,718, with total assets of $46,670,615 and total liabilities as $35,375,897. These misrepresentations grossly overvalued BBC Equities' assets and undervalued its debt. In fact, according to BBC Equities' own outside auditor, as of December 31, 2007, BBC Equities had total assets of $40,603,738 and total liabilities of $46,453,032.

<u>Misrepresentations on the Internet, in Advertisements, and in General Solicitations</u>

37. BBC Equities solicited investors through its and Bravata Financial's websites, and in paid advertisements. BBC Equities' website, launched in November 2008, included a "Fund Facts" page claiming that BBC Equities used investor proceeds to purchase real estate, such as commercial offices, shopping centers, lifestyle malls, 150+ unit complexes, mezzanine loans, etc. Other versions of the "Fund Facts" page claimed that BBC Equities had raised over $80 million since May 1, 2006, and that the value of BBC Equities' current real estate portfolio exceeded $400 million. In fact, by then BBC Equities had yet to raise so much as $50 million.

Moreover, BBC Equities' real estate portfolio was worth hundreds of millions of dollars less than BBC Equities claimed. Defendants distributed the "Fund Facts" page to investors through the mails and at the free lunch seminars.

38. BBC Equities and Bravata Financial's websites included an audio interview of John Bravata, during which the interviewer erroneously states that BBC Equities had raised over $150 million in less than a year. Instead of correcting the inaccuracy, however, John Bravata instead volunteered additional misinformation, claiming that BBC Equities had "done $400 million in the last 24 months." In a February 2009 television interview, John Bravata similarly claimed that BBC Equities had raised $1 billion from investors since November 2008. In truth, by then BBC Equities was months away from even $50 million in investor proceeds.

39. BBC Equities' website included a profile of John Bravata falsely stating that he had published several books. If the profile is to be believed, Bravata literally wrote the book on the "*Stealing of Wealth in America.*"

40. In December 2008, BBC Equities placed a paid advertisement in *Forbes* Magazine, which it also posted on BBC Equities' website and mailed to investors. The *Forbes* advertisement stated that John Bravata's net worth exceeded $54 million and, with the expectation of BBC Equities going public, was on track to reach $250 million. In fact, his true net worth never exceeded at most a few million dollars. In the *Forbes* advertisement, John Bravata also stated that Bravata Financial had 1,200 wealth advisers across the country and was on pace to be close to 10,000 wealth advisers within a year. This too was false. Bravata Financial never had more than approximately 50 employees.

41. In the *Forbes* advertisement, John Bravata proclaimed BBC Equities' motto as: "Safety first, returns second." Both in that advertisement and in a subsequent television interview, John Bravata claimed that he only got paid if BBC Equities earned a profit, and if the investors made money.

Defendants' Misuse and Misappropriation of Investor Funds

42. Precisely the opposite was true. While John Bravata and Trabulsy enriched themselves and the Bravata family handsomely, they did so to the detriment and at the expense of BBC Equities' investors. Defendants misappropriated at least $7.2 million for their personal use, and that of Shari Bravata – even though BBC Equities was never been profitable.

43. **John Bravata's Misappropriation of Investors' Proceeds.** John Bravata used the money that he misappropriated from the BBC Equities' investors to, among other things: (a) purchase a $90,268 Ferrari on June 15, 2006; (b) cause BBC Equities to spend at least $936,665 on the rent and mortgage payments for John and Shari Bravata's $6 million vacation home, which the First PPM identified as one of BBC Equities' investment properties; (c) cause BBC Equities to spend $762,586 towards building a new luxury residence for John and Shari Bravata; (d) buy an $84,902.50 Maserati luxury car for Shari Bravata; (e) buy at least $28,000 and $59,000 in jewelry, respectively, for himself and Shari Bravata; (f) pay a $46,566 down payment on a $500,000 catamaran, along with Trabulsy; (g) purchase a $50,000 pleasure boat; (h) spend at least $27,500, exclusive of airfare, on hunting vacations in Russia and Canada; (i) make a total of $35,144 in lease payments on a 2007 Cadillac Escalade that John Bravata acquired from Trabulsy in August 2007; (j) make the monthly loan payments on a $52,335 2006 Corvette that

John Bravata acquired from Trabulsy in September 2007; and (k) purchase a $10,000 used Ferrari.

44. John Bravata and Shari Bravata also made over $315,000 in purchases for their own benefit using BBC Equities' corporate credit card. John Bravata charged BBC Equities' credit card for: (a) over $115,000 in artwork; (b) $47,253 for "shipboard charges" for a March 2008 cruise on which John Bravata took at least 12 friends and family members; (c) $29,500 on automotive improvements from a sports car restoration facility; (d) $26,670 for medical treatments at an "anti-aging" facility; and (e) $4,900 for jewelry. In addition to these charges, Shari Bravata charged BBC Equities' credit cards more than $28,883 for personal expenditures such as vacations, clothing, dining, and Broadway shows. Indeed, no item that Shari Bravata charged on BBC Equities' credit card related to BBC Equities' business. The Bravatas never reimbursed BBC Equities or its investors for any of these charges.

45. In total, throughout the BBC Equities' offering, John Bravata and Shari Bravata used more than $4.68 million of investor funds for their own benefit.

46. It is only because John Bravata misappropriated investor proceeds that the Bravatas had sufficient funds to make these purchases and acquisitions.

47. **Trabulsy's Misappropriation of Investors' Proceeds**. Trabulsy similarly misappropriated millions of dollars of investor proceeds from BBC Equities. Among other things, Trabulsy used such funds to: (a) withdraw $297,000 in cash; (b) pay over $200,000 in personal expenditures through a BBC Equities credit card, including charging at least $80,000 for trips to Las Vegas and casinos in Detroit, and charging $19,600 for jewelry; (c) wire $90,000 to the Wynn Casino in Las Vegas; (d) pay over $91,000 in rent and mortgage payments on his

$1.17 million personal residence; (e) pay $36,503 in lease payments on a Mercedes Benz S550 luxury car; (f) make $22,558 in monthly payments on the Escalade and Corvette described above, before he transferred the vehicles to John Bravata; (g) make the lease payments on a 2007 GMC Denali luxury SUV; and (h) purchase, along with John Bravata, the $500,000 catamaran.

48. It is only because Trabulsy misappropriated investor proceeds that he had sufficient funds to make these purchases and acquisitions.

49. **Antonio Bravata's Use of Investors' Proceeds.** Throughout the BBC Equities' offering, Antonio Bravata used more than $444,384 in investor funds for his own benefit, including to (a) make a $22,000 down payment and subsequent $2,193.33 monthly land sale contract payments on a $398,000 house; (b) make a $30,000 down payment and subsequent $2,700 monthly mortgage payments on his current personal residence; (c) make a $28,744 down payment on an $119,900 Ferrari; (d) buy a Nissan SUV for $24,726.16; (e) make a $5,400 down payment and subsequent $819.97 monthly payments on a $42,887 Corvette (that Antonio Bravata subsequently sold before purchasing the aforementioned Ferrari); (f) buy a Honda sport motorcycle for $6,974.73; and (g) make a $12,000 down payment and subsequent monthly payments for a $42,000 Hummer SUV.

50. It is only because of the misappropriation of investor proceeds that Antonio Bravata was able to make the aforementioned purchases and acquisitions.

BBC Equities Used Investment Proceeds to Pay
Transaction-Based Compensation for the Purpose of Soliciting New Investors

51. Investors unknowingly paid millions of dollars of additional investment proceeds to perpetuate the Defendants' scheme. BBC Equities paid over $2.1 million in purported

"commissions" or "finder's fees" to its sales agents, including payments to John Bravata, Trabulsy, and Antonio Bravata, for soliciting investments. Bravata Financial's unregistered brokers and sales agents had monthly BBC Equities sales quotas, and were additionally paid commissions for sales of BBC Equities securities in excess of those quotas. After June 2008, BBC Equities paid Bravata Financial $7.22 million as reimbursement for employee compensation, $1.6 million of which John Bravata and Trabulsy kicked back to their personal bank accounts. Defendants never told investors about such exorbitant marketing expenses.

52. BBC Equities' investors also paid $5.3 million to "BBC Management, Inc.," an entity that John Bravata and Trabulsy created to manage BBC Equities' real estate portfolio and to support its solicitation of new investors.

The Only Way for Defendants to Avert BBC Equities' Collapse Was to Immediately Solicit Millions of Dollars in Fresh Investor Proceeds

53. As a result of Defendants' misappropriation of investor proceeds, no more than $20.7 million of the more than $50 million BBC Equities raised was spent acquiring real estate. Even that modest real estate portfolio was leveraged with debilitating debt, amounting to over $128 million in mortgages and other liabilities.

54. According to its own internal financial statements, as of December 31, 2008, BBC Equities had a negative net worth, with purported assets of $146,493,312 and liabilities of $158,005,354. Its operating expenses for 2008 were a staggering $3,896,245. For the first five months of 2009, BBC Equities' real estate operations generated revenues of only $552,219, with expenses of nearly $6 million.

55. In short, BBC Equities was run into the ground, rendered financially insolvent.

56. On March 30, 2009, the Michigan Office of Financial and Insurance Regulation ("MOFIR") issued an order requiring BBC Equities and Bravata Financial to cease-and-desist from offering unregistered securities or acting as broker-dealers in the state of Michigan (the "MOFIR Order").

57. In blatant violation of the MOFIR Order, after its issuance John Bravata instructed unregistered brokers from at least one Bravata Financial branch office to continue accepting proceeds from Michigan investors. On information and belief, he directed his employees to have potential investors leave the date blank on certain BBC Equities offering materials, thereby enabling such materials to be fraudulently backdated.

58. After the MOFIR Order, BBC Equities continued its precipitous decline. By June 10, 2009, BBC Equities' cash had dwindled to only $131,316. On June 12, 2009, BBC Equities' general counsel resigned from the company. On July 8, 2009, the United States District Court, Northern District of Ohio, entered a $4.18 million judgment against BBC Equities and Trabulsy, jointly and severally, as guarantors of a defaulted promissory note relating to one of BBC Equities' purported investment properties.

59. Further, by July 2009, BBC Equities owed its investors more than $1 million in quarterly dividends, money it did not have.

60. In a desperate attempt to maintain the fraudulent scheme, Defendants put some of BBC Equities' more valuable properties on the market, further diminishing any hope of future profitability.

61. John Bravata and Trabulsy hatched a plan to salvage and perpetuate their scheme. In furtherance of their plan, they formed a new related company referred to initially as BBC

Capital, LLC ("BBC Capital"). Their plan involved this new company assuming ownership of Bravata Financial and other related entities. In a February 2009 television interview, John Bravata described BBC Capital as a venture capital fund and holding company for BBC Equities and Bravata Financial.

62. On June 18, 2009, John Bravata conducted a conference call for BBC Equities investors. On that conference call, John Bravata referenced the MOFIR investigation, but he never told the BBC Equities investors that the company had also become the focus of an investigation by the Commission. John Bravata told the BBC Equities investors that BBC Equities was starting a new venture capital fund called BBC Capital. He assured investors that they could liquidate their BBC Equities investment, but failed to disclose that BBC Equities was not in a financial position to repay its investors.

63. By July 2009, Bravata had decided to rename the BBC Capital offering that he referenced in the investor conference call to Phoenix Venture Capital, LLC ("Phoenix"). In late June or early July, 2009, Trabulsy gave a radio interview promoting Phoenix.

64. On July 16, 2009, Bravata began distributing a Phoenix PPM. The Phoenix PPM described Phoenix as a "holding company" that held interests in companies that provided insurance products and financial services, construction management, and business coaching and consulting. The Phoenix PPM stated that Phoenix was attempting to raise up to $200 million from the sale of "Class C shares" of Phoenix securities. The Phoenix PPM represented that investors would receive 8% annual distributions. While it represented that Phoenix investor funds would be used towards retiring debt encumbering real estate owned by Phoenix's subsidiaries, the PPM failed to disclose that BBC Equities was the subsidiary or that its debt

exceeded $128 million. While the Phoenix PPM stated that BBC Equities investors could receive Phoenix Class C shares in lieu of cash for their interests in BBC Equities, it failed to disclose that BBC Equities stock was effectively worthless, such that the Class C securities of the new Phoenix investors would be immediately and substantially diluted.

65. Defendants continued to solicit investments in Phoenix up until the time of the Commission's lawsuit on July 26, 2009.

COUNT I

VIOLATIONS OF SECTION 5(a) AND (c) OF THE SECURITIES ACT [15 U.S.C. §§ 77e(a) and (c)]

(Regarding Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC)

66. Paragraphs 1 through 65 above are realleged and incorporated herein by reference.

67. By their conduct, Defendants directly or indirectly: (i) made use of means or instruments of transportation or communication in interstate commerce or of the mails to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement was in effect; (ii) for the purpose of sale or delivery after sale, carried or caused to be carried through the mails or in interstate commerce, by any means or instruments of transportation, securities as to which no registration statement was in effect; and (iii) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or medium of a prospectus or otherwise, securities as to which no registration statement had been filed.

68. No valid registration statement was filed or was in effect with the Commission in connection with Defendants' offer and sale of securities of BBC Equities.

69. By reason of the foregoing, Defendants violated Sections 5(a) and (c) of the Securities Act [15 U.S.C. § 77e(a) and (c)].

COUNT II

VIOLATIONS OF SECTION 17(a)(1) OF THE SECURITIES ACT [15 U.S.C. § 77q(a)(1)]

(Regarding Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC)

70. Paragraphs 1 through 65 above are realleged and incorporated herein by reference.

71. By their conduct, Defendants, in the offer or sale of BBC Equities' securities, by the use of any means or instruments of transportation or communication in interstate commerce and by the use of the mails, directly or indirectly, have employed devices, schemes or artifices to defraud.

72. Defendants acted with scienter.

73. By reason of the foregoing, Defendants violated Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III

VIOLATIONS OF SECTIONS 17(a)(2) AND 17(a)(3) OF THE SECURITIES ACT [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)]

(Regarding Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC)

74. Paragraphs 1 through 65 above are realleged and incorporated herein by reference.

75. By their conduct, Defendants, in the offer or sale of BBC Equities' securities, by the use of any means or instruments of transportation and communication in interstate commerce and by the use of the mails, directly or indirectly, have obtained money or property by means of untrue statements of material fact 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 have engaged in transactions, practices or courses of business that have been operating as a fraud or deceit upon purchasers of BBC Equities' securities.

76. By reason of the foregoing, Defendants violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and 77q(a)(3)].

COUNT IV

VIOLATIONS OF 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]

(Regarding Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC)

77. Paragraphs 1 through 65 above are realleged and incorporated herein by reference.

78. By their conduct, Defendants, in connection with the purchase or sale of BBC Equities' securities, by the use of any means or instrumentalities of interstate commerce or by the use of the mails, directly or indirectly: (a) employed a device, scheme or artifice to defraud; (b) made untrue statements of material fact and 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; and (c) engaged in an act, practice, or course of business that has been or is operating as a fraud or deceit upon other persons, including purchasers and sellers of such securities.

79. Defendants acted with scienter.

80. By reason of the foregoing, Defendants have violated 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 V

VIOLATIONS OF SECTION 15(a) OF THE EXCHANGE ACT
[15 U.S.C. § 77o(a)]

(Regarding Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, and Bravata Financial Group, LLC)

81. Paragraphs 1 through 65 above are realleged and incorporated herein by reference.

82. By the conduct described above, these defendants, directly or indirectly, singularly or in concert, made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce, the purchase or sale of securities, without registering with the Commission as a broker or dealer.

83. The BBC Equities membership interests sold by John Bravata, Trabulsy, Antonio Bravata and Bravata Financial are securities as that term is defined in Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act [15 U.S.C. §§ 77b(a)(1) and 78(b)(10)].

84. By engaging in the conduct described in above, these defendants violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

COUNT VI

EQUITABLE RELIEF AS TO RELIEF DEFENDANT SHARI BRAVATA

85. Paragraphs 1 through 65 above are realleged and incorporated herein by reference.

86. Altogether, Defendants received over $50 million in ill-gotten funds through their illegal offering of securities.

87. Defendants used at least $1,872,000 of BBC Equities investor funds to acquire the assets described above for Shari Bravata's benefit.

88. Shari Bravata currently possesses or controls investor funds and assets purchased with investor funds.

89. The offering proceeds that Shari Bravata received from Defendants and currently possesses or controls constitute ill-gotten gains.

90. Shari Bravata has no legitimate claim to the ill-gotten funds that she received from Defendants or to any assets that the she acquired or that Defendants acquired for her with those ill-gotten funds.

RELIEF REQUESTED

WHEREFORE, the Commission requests that the Court:

I.

Find that Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC committed the violations alleged herein, and find that as a result of these violations, Defendants and Shari Bravata received ill-gotten gains.

II.

Issue an Order of Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, restraining and enjoining:

A. Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC, their officers, agents, servants, employees, attorneys, and all person in active concert or participation with them, and each of them, from violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)];

B. Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC, their officers, agents, servants, employees, attorneys, and all person in active concert or participation with them, and each of them, from violating Sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77(e)(a), (c); 15 U.S.C. § 77q(a)(1), (a)(2), (a)(3)];

C. Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC, their officers, agents, servants, employees, attorneys, and all person in active concert or participation with them, and each of them, from violating Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. 240.10b-5]; and

D. Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, and Bravata Financial Group, LLC, their officers, agents, servants, employees, attorneys, and all person in active concert or participation with them, and each of them, from violating Section 15(a) of the Exchange Act [15 U.S.C. § 77o(a)].

III.

Order Defendants John J. Bravata, Richard J. Trabulsy, Antonio M. Bravata, BBC Equities, LLC, and Bravata Financial Group, LLC and Relief Defendant Shari A. Bravata to disgorge their ill-gotten gains, derived directly or indirectly from the misconduct alleged, together with prejudgment interest thereon.

IV.

Order Defendants John J. Bravata, Richard J. Trabulsy, and Antonio M. Bravata to pay the Commission civil 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.

Retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VI.

Grant such other and further relief as the Court deems just and appropriate.

JURY TRIAL DEMAND

The Commission requests a trial by jury.

Respectfully submitted,

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

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EXHIBIT

2

19

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,	CRIMINAL NO. 11-cr-20314
Plaintiff,	HONORABLE PAUL D. BORMAN
v.	VIOLATIONS:
	18 U.S.C. 1349: CONSPIRACY TO COMMIT MAIL & WIRE FRAUD
D-1 JOHN BRAVATA,	
D-2 RICHARD J. TRABULSY,	
D-3 ANTONIO BRAVATA,	15 U.S.C. § 78j(b): SECURITIES FRAUD
Defendant.	18 U.S.C. §§ 1343, 2: WIRE FRAUD, AIDING & ABETTING
	18 U.S.C. § 1957: MONEY LAUNDERING

FILED
JUL 14 2011
CLERK'S OFFICE, DETROIT-PSG
U.S. DISTRICT COURT

FIRST SUPERSEDING INDICTMENT

THE GRAND JURY CHARGES:

GENERAL ALLEGATIONS

1. BBC Equities, LLC ("BBC") is a Michigan limited liability company formed in 2006 with its principal place of business in Southfield, Michigan. Prior to being named BBC, the company was named Bravata Holdings X, LLC. JOHN BRAVATA, RICHARD J. TRABULSY, ANTONIO BRAVATA, and others characterized BBC as a real estate investment fund.

2. Bravata Financial Group, LLC ("BFG") is a Michigan limited liability company formed in 2003 with its principal place of business in Southfield, Michigan. JOHN BRAVATA, RICHARD J. TRABULSY, ANTONIO BRAVATA, and others characterized BFG as a financial and estate planning firm, which advised clients regarding various investments, including investments with BBC.

3. At all times relevant to this Indictment, JOHN BRAVATA was a Manager, co-founder, and Chairman of BBC and BFG. In these roles, JOHN BRAVATA exercised control over these entities and had knowledge of and directed their business and marketing practices. JOHN BRAVATA also personally marketed BBC to potential investors and solicited investor funds.

4. At all times relevant to this Indictment, RICHARD J. TRABULSY was a Manager and Chief Executive Officer of BBC and BFG. In these roles, TRABULSY exercised control over these entities and had knowledge of and directed their business and marketing practices. TRABULSY also personally marketed BBC to potential investors and solicited investor funds.

5. From approximately 2007 to approximately 2009, ANTONIO BRAVATA was a sales agent for BBC and BFG. ANTONIO BRAVATA personally marketed BBC to potential investors and solicited investor funds.

6. From 2007 through 2009, BBC and BFG obtained more than $50 million from over 400 investors.

7. All dollar amounts in the indictment and all dates are approximate. All dates in the indictment are alleged to be "on or about" the specific date stated.

COUNT ONE

(18 U.S.C. § 1349 – *Conspiracy to Commit Mail and Wire Fraud*)

D-1 JOHN BRAVATA
D-2 RICHARD J. TRABULSY
D-3 ANTONIO BRAVATA

8. The general allegations contained in paragraphs 1 through 7, above, are hereby realleged and incorporated by reference as if fully set forth herein.

9. From May 2006 and continuing through July 2009, in the Eastern District of Michigan, Southern Division, the defendants, JOHN BRAVATA, RICHARD J. TRABULSY, and ANTONIO BRAVATA, did knowingly and willfully conspire, combine, and agree with each other to devise and execute a scheme and artifice to defraud and to obtain money and property from investors by means of false and fraudulent material pretenses, representations, and promises.

10. For the purpose of executing and attempting to execute the scheme, the defendants did transmit and cause to be transmitted by means of wire communications in interstate commerce, writings, signs, signals and sounds, in violation of Title 18, United States Code, Section 1343 (wire fraud) and knowingly caused to be delivered by mail the following items: marketing material, seminar invitations, account summaries, investment checks, and banking documents, in violation of Title 18, United States Code, Section 1341 (mail fraud).

PURPOSE OF THE CONSPIRACY

11. It was the purpose of the conspiracy for the defendants to defraud and obtain money by making false and fraudulent material representations to investors in order to induce or

encourage investors to purchase shares in the defendants' company, BBC. It was further the purpose of the conspiracy for the defendants to use the proceeds and profits of the fraud obtained from investors for the defendants' personal benefit, use, and enrichment.

MANNER AND MEANS OF THE CONSPIRACY

It was part of the scheme to defraud that:

12. Beginning in May 2006 and continuing up to and including July 2009, in the Eastern District of Michigan, Southern Division, JOHN BRAVATA and RICHARD J. TRABULSY willfully agreed to participate and did participate in a scheme to defraud investors of BBC, and to obtain money and property by means of materially false and fraudulent pretenses, representations and promises. ANTONIO BRAVATA willfully agreed to participate and did participate in the aforementioned scheme beginning in 2007 and continuing up to and including July 2009. The defendants solicited funds under false pretenses, failed to use investors' proceeds as promised, and misappropriated and converted investors' proceeds for the personal benefit of the defendants.

13. BBC and BFG, through JOHN BRAVATA, RICHARD J. TRABULSY, ANTONIO BRAVATA, and others solicited investors to purchase shares of BBC. Among other things, investors were told that their investments would be utilized to acquire real estate.

14. JOHN BRAVATA, RICHARD J. TRABULSY, ANTONIO BRAVATA, and others solicited funds from prospective investors, marketed BBC to potential investors, and made representations regarding investment in BBC through in-person meetings and seminars, via the telephone, via the mail, and through the use of the internet, including BBC's webpage. Additionally, BBC, with the assistance of trust companies and banks,

used the mail and wires to collect investor proceeds and invest or spend investor proceeds.

<u>The Defendants' Affirmative Representations to Investors</u>

15. During meetings, presentations, seminars, and in written promotional material, JOHN BRAVATA, RICHARD J. TRABULSY, ANTONIO BRAVATA, and others made the following affirmative representations, among others, to investors:

a. The defendants affirmatively represented that the Managers of BBC: (1) would be paid only if BBC made a profit; (2) did not make money unless investors made money; and (3) did not receive a salary, commissions, or fees. On February 6, 2007, BBC issued a Private Placement Memorandum ("PPM"), which was distributed to some individuals who invested with BBC. JOHN BRAVATA and RICHARD J. TRABULSY signed the PPM, which contained a section entitled "Compensation" that stated, "Neither of the Managers currently receives a salary, fee or other compensation for serving as Manager of the Company."

b. The defendants affirmatively represented that investors' principal investment dollars were secured or guaranteed. Some investors were told that their principal funds were secured with a Certificate of Deposit at Comerica Bank and others were told that their principal funds were secured with real estate. The February 6, 2007 PPM stated that proceeds from investors would "initially be deposited into one or more certificates of deposit, money market or other income producing accounts and/or invested in marketable securities pending the identification of real estate investment opportunities."

c. The defendants affirmatively represented that investment funds would be used to invest in real estate.

d. The defendants affirmatively represented that investors could expect annual returns of 8, 10, or 12% depending on the length of the term of their investment, and in some cases, investors were guaranteed such returns. Investors could also withdraw their investment funds from BBC at any time without penalty.

Falsehoods, Misrepresentations and Omissions

16. These affirmative representations were false and misleading. In addition, JOHN BRAVATA, RICHARD J. TRABULSY, and ANTONIO BRAVATA also failed to disclose, or omitted, material facts necessary for investors to determine that the representations were false and misleading.

Compensation

17. Contrary to the representations made to prospective investors, JOHN BRAVATA and RICHARD TRABULSY did receive compensation as Managers of BBC and paid themselves from investor proceeds regardless of whether BBC earned a profit. Despite his representations to investors, ANTONIO BRAVATA received both a salary and commissions for selling BBC shares to investors.

18. JOHN BRAVATA received the following compensation:

a. JOHN BRAVATA agreed to and did receive commissions of 1% to 10% of the total money or property invested by many investors. BBC's QuickBooks records show that from February 2007 through December 2007, JOHN BRAVATA received commissions on invested proceeds in the amount of approximately $386,521. Based on the defendants' affirmative representations to investors, JOHN BRAVATA was not entitled to these commissions as a Manager of BBC.

b. JOHN BRAVATA agreed to and did receive a salary from BBC and related entities through which BBC funneled BBC investors' proceeds, including BFG, Bravata Holdings II, BBC Management, and RJR Construction Management. Internal Revenue Service Form W-2s, Wage and Tax Statements, and payroll records from these entities show that JOHN BRAVATA took a total salary of $348,077 in 2007, $1,410,479 in 2008, and $399,941 in 2009. Bank records also show that from May 2006 through May 2009, BBC transferred $821,632, BBC Management transferred $250,634, RJR Construction Management transferred $148,225, and BFG transferred $1,328,087 to JOHN BRAVATA's primary personal bank account.

c. JOHN BRAVATA agreed to and did use investors' proceeds to pay for personal expenses, including the construction of his private home, luxury automobiles, artwork, and personal travel expenses, among other things.

19. RICHARD J. TRABULSY received the following compensation:

a. RICHARD J. TRABULSY agreed to and did receive commissions of 1% to 10% of the total money or property invested by many investors. BBC's QuickBooks records show that from January 2007 through December 2007, RICHARD J. TRABULSY received commissions on invested proceeds in the amount of approximately $164,295. Based on the defendants' affirmative representations to investors, RICHARD J. TRABULSY was not entitled to these commissions as a Manager of BBC.

b. RICHARD J. TRABULSY agreed to and did receive a salary from BBC and related entities through which BBC funneled BBC investors' proceeds, including BFG, Bravata Holdings II, BBC Management, and RJR Construction Management. Internal Revenue Service Form W-2s, Wage and Tax Statements, and payroll records from these entities show that RICHARD J. TRABULSY took a total salary of $348,077 in 2007, $834,030 in 2008, and $405,281 in 2009. Bank records also show that from May 2006 through May 2009, BBC transferred $1,105,183, BBC Management transferred $209,517, RJR Construction Management transferred $97,746, and BFG transferred $614,351 to RICHARD J. TRABULSY's primary personal bank account.

c. RICHARD J. TRABULSY agreed to and did use investors' proceeds to pay for personal expenses, including mortgage and rental payments for his private home, travel expenses, luxury cars, and gambling, among other things.

20. Despite telling investors that he was paid through dividends, that he did not get paid unless BBC created a profit, and that he did not receive commissions, ANTONIO BRAVATA received the following compensation:

a. ANTONIO BRAVATA agreed to and did receive commissions and finder's fees for selling BBC securities to investors. BBC's QuickBooks records show that from February 2007 through May 2008, ANTONIO BRAVATA received commissions on invested proceeds in the amount of approximately $163,324. He was also received $145,792 in advanced commissions. Based on the defendants' affirmative representations to investors, ANTONIO BRAVATA was not entitled to these commissions.

b. From May 2006 through April 2009, BBC transferred $221,973, BFG transferred $192,410, RICHARD J. TRABULSY transferred $72,984, and JOHN BRAVATA transferred $92,996 to ANTONIO BRAVATA's primary personal bank account.

21. The defendants did not disclose the amounts of their compensation to investors.

22. After the defendants had taken substantial sums of investors' money for commissions and salaries, BBC issued a second PPM on April 17, 2008, which was signed by JOHN BRAVATA and RICHARD J. TRABULSY. This PPM stated, "Neither of the Managers receives a salary for serving as a Manager of the Company . . . In the future, the Company may pay the Managers performance-based compensation in such amounts (in cash or securities) and based on such factors as the Managers may determine from time-to-time." The PPM further disclosed that "[c]ommencing January 1, 2008, each of the Managers began receiving a salary from BBC Management, Inc., a management and development company owned by the Managers and retained by the Company to provide management and development services . . . ." BBC investors' proceeds were transferred to BBC Management to fund the salaries for the Managers, JOHN BRAVATA and RICHARD J. TRABULSY.

23. BBC was not profitable during these time periods.

24. In addition, numerous investors never received the April 17, 2008 PPM, and thus were left to rely upon the affirmative representations from JOHN BRAVATA, RICHARD J. TRABULSY, ANTONIO BRAVATA, and others that BBC's managers did not get paid unless BBC was profitable and the Managers made money for the investors.

Security of Investors' Principal

25. Contrary to the representations made to prospective investors, the vast majority of investors' proceeds were not secured or guaranteed. The principal investment money provided by investors was not secured with Certificates of Deposit. Specifically, BBC obtained Certificates of Deposit for no more than $413,000 despite collecting over $50 million from investors.

26. The principal investment money provided by investors was also not secured or guaranteed by BBC's real estate portfolio. Specifically, no more than $20.7 million of the more than $50 million BBC collected from investors was invested in real estate. Many of the properties acquired by BBC were highly leveraged, meaning that they were encumbered by large mortgages and thus had little or no equity to secure investors' funds. Other properties were acquired by BBC on land contracts and thus provided little or no security for investors' funds.

27. Despite the representations in the February 6, 2007 PPM, BBC did not deposit investors' funds "into one or more certificates of deposit, money market or other income producing accounts and/or invested in in marketable securities pending the identification of real estate investment opportunities." Instead, investor proceeds were utilized as a general slush fund for the personal use of JOHN BRAVATA and RICHARD J. TRABULSY, for investments in other business ventures overseen by JOHN BRAVATA and RICHARD J. TRABULSY, and to solicit new investors and/or make payments to existing investors.

Use of Investors' Funds & Ability to Pay Investors

28. Of the over $50 million BBC collected from investors, no more than $20.7 million was invested in real estate. A significant portion of investors' funds was utilized to pay for the defendants' compensation and personal expenses, including credit card expenses, the mortgage payments for RICHARD J. TRABULSY's personal residence, and the construction of JOHN BRAVATA's roughly 18,000 square foot personal residence.

29. According to the financial statements of BBC and the total amount of money available to the company throughout its existence, it would have been unable to pay investors the returns that they were promised, or even to allow investors to withdraw their funds. BBC was never profitable, its operating expenses annually exceeded its revenue, and its net worth was increasingly negative from 2006 through 2009. Despite this, the April 17, 2008 PPM issued by BBC stated that, as of February 28, 2008, BBC had a Net Asset Value of $11,294,718, with total assets of $46,670,615 and total liabilities of $35,375,897. BBC's own outside auditor, as of December 31, 2007, determined BBC's total assets were $40,603,738 and total liabilities were $46,453,032. The worsening financial condition of BBC was thus concealed from investors.

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

(15 U.S.C. § 78j(b) – *Securities Fraud*)

D-1 JOHN BRAVATA
D-2 RICHARD J. TRABULSY
D-3 ANTONIO BRAVATA

30. The allegations contained in paragraphs 1 through 8 and 11 through 29, above, are hereby realleged and incorporated by reference as if fully set forth herein.

31. From May 2006 and continuing through July 2009, in the Eastern District of Michigan, Southern Division, the defendants, JOHN BRAVATA, RICHARD J. TRABULSY, and ANTONIO BRAVATA, unlawfully, willfully and knowingly, by use of means and instrumentalities of interstate commerce and the mails, directly and indirectly did use and employ manipulative and deceptive devices and contrivances in connection with the purchase and sale of a security, namely BBC securities, in contravention of Rule 10b-5 (17 C.F.R. § 240.10b-5) of the Rules and Regulations promulgated by the United States Securities and Exchange Commission, by unlawfully

    a. employing a device, scheme and artifice to defraud;
    b. making untrue statements of material facts and failing to disclose, or omitting, material facts necessary for investors to determine that the representations were false and misleading; and
    c. engaging in acts, practices, and courses of business which would operate as a fraud and deceit upon persons, including purchasers and sellers of BBC securities.

32. Defendants acted knowingly and willfully.

33. Defendants used, or caused to be used, the means and instrumentalities of interstate commerce and the mails in furtherance of and in connection with these acts.

All in violation of Title 15, United States Code, Sections 78j(b) and 78ff and Rule 10b-5 thereunder (17 C.F.R. § 240.10b-5)

COUNTS THREE THROUGH SIXTEEN

(18 U.S.C. §§ 1343, 2 – *Wire Fraud; Aiding and Abetting*)

D-1 JOHN BRAVATA
D-2 RICHARD J. TRABULSY
D-3 ANTONIO BRAVATA

34. The allegations contained in paragraphs 1 through 8 and 11 through 29, above, are hereby realleged and incorporated by reference as if fully set forth herein.

35. The defendants, JOHN BRAVATA, ANTONIO BRAVATA, and RICHARD J. TRABULSY knowingly devised and executed, and aided and abetted each other, and others known and unknown to the grand jury, in devising and executing, a scheme or artifice to defraud and to obtain money from individuals by means of material false and fraudulent pretenses, representations and promises. The defendants acted with the intent to defraud.

36. On the dates set forth below, in the Eastern District of Michigan, Southern Division, the named defendants transmitted and caused to be transmitted by means of wire or radio communication in interstate or foreign commerce, writings, signs, signals, pictures or sounds in furtherance of and to execute the scheme.

37. Each of the following constitutes a separate count of this Indictment:

Count	Defendants	Victim Investor	Approx. Date	Wire Info
3	D-1 JOHN BRAVATA D-2 RICHARD J. TRABULSY	R.A. B.	3/22/2007	Wire Transfer of $271,269.06 from CA to MI
4	D-1 JOHN BRAVATA	W. C.	8/20/2007	Wire Transfer of $918,979.16 from CA to MI
5	D-1 JOHN BRAVATA	R. D.	9/25/2006	Wire Transfer of $50,000 from OH to MI

6	**D-1 JOHN BRAVATA**	V. D.	10/5/2007	Wire Transfer of $40,999.13 from CA to MI
7	**D-1 JOHN BRAVATA**	L. F.	12/20/2007	Wire Transfer of $144,812.08 from CA to MI
8	**D-1 JOHN BRAVATA** **D-3 ANTONIO BRAVATA**	D. G.	8/10/2007	Wire Transfer of $249,800 from CA to MI
9	**D-1 JOHN BRAVATA**	J. G.	7/31/2007	Wire Transfer of $1,000,000 from DE to MI
10	**D-1 JOHN BRAVATA** **D-3 ANTONIO BRAVATA**	T. M.	5/9/2008	Wire Transfer of $22,359.42 from CA to MI
11	**D-1 JOHN BRAVATA**	G. P.	6/6/2007	Wire Transfer of $116,303.30 from CA to MI
12	**D-1 JOHN BRAVATA**	K. S.	6/16/2008	Wire Transfer of $150,000 from IL to MI
13	**D-1 JOHN BRAVATA**	E. S.	4/25/2008	Wire Transfer of $43,701.19 from CA to MI
14	**D-1 JOHN BRAVATA**	S. V.	3/28/2008	Wire Transfer of $87,971.55 from CA to MI
15	**D-1 JOHN BRAVATA**	J. W.	1/7/2008	Wire Transfer of $360,583.84 from CA to MI
16	**D-1 JOHN BRAVATA**	R. W.	3/17/2008	Wire Transfer of $14,707.80 from CA to MI

All in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT SEVENTEEN

(18 U.S.C. § 1957 - *Money Laundering*)

D-1 JOHN BRAVATA
D-2 RICHARD J. TRABULSY
D-3 ANTONIO BRAVATA

38. The allegations contained in paragraphs 1 through 8 and 11 through 29, above, are hereby realleged and incorporated by reference as if fully set forth herein.

39. From May 2006 and continuing through July 2009, in the Eastern District of Michigan, Southern Division, and elsewhere, the defendants, JOHN BRAVATA, RICHARD J. TRABULSY, and ANTONIO BRAVATA, knowingly engaged in monetary transactions in criminally derived property of a value greater than $10,000 and derived from specified unlawful activity that took place in the United States, that is, proceeds of wire fraud (Title 18, United States Code, Section 1343), mail fraud (Title 18, United States Code, Section 1341), and securities fraud (Title 15, United States Code, Sections 78j(b) and 78ff), to wit, the defendants caused transfers of investor funds derived from wire fraud, mail fraud, and securities fraud to bank accounts in their names and to other individuals and entities for the defendants' own personal benefit, which transfers were neither disclosed to nor authorized by the investors.

All in violation of Title 18, United States Code, Section 1957.

FORFEITURE ALLEGATIONS

(18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461 & 18 U.S.C. § 982(a)(1) - *Criminal Forfeiture*)

40. The allegations contained in paragraphs 1 through 8, 11 through 29, and 38 through 39, above, are hereby realleged and incorporated by reference as if set forth in full herein, for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Sections 981 and 982(a)(1), and Title 28, United States Code, Section 2461.

41. Upon conviction of the offense in violation of Title 18, United States Code, Sections 1349 or 1343, as set forth in Counts One and Three through Sixteen of this First Superseding Indictment, or Title 15, United States Code, Section 78j(b), as set forth in Count Two of this First Superseding Indictment, the defendants, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461, any property, real or personal, which constitutes or is derived from, any proceeds obtained, directly or indirectly, as a result of such violations.

42. Upon conviction of the offense in violation of Title 18, United States Code, Section 1957, as set forth in Count Seventeen of this First Superseding Indictment, the defendants, shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), and Title 28, United States Code, Section 2461, any property, real or personal, which constitutes or is derived from, any proceeds obtained, directly or indirectly, as a result of such violations.

43. If any of the property described above as subject to forfeiture, as a result of any act or omission of the defendant:

(a) Cannot be located upon the exercise of due diligence;

(b) Has been transferred or sold to, or deposited with, a third party;

(c) Has been placed beyond the jurisdiction of the Court;

(d) Has been substantially diminished in value; or

(e) Has been commingled with other property that cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p) as incorporated by Title 18, United States Code, Section 982(b), and Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of the Defendants up to the value of the above forfeitable property and, in addition, to require the Defendants to return any such property to the jurisdiction of the Court for seizure and forfeiture.

All pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(1), and Title 28, United States Code, Section 2461(c).

THIS IS A TRUE BILL.

Grand Jury Foreperson
GRAND JURY FOREPERSON

BARBARA L. MCQUADE
United States Attorney

/s Cynthia Oberg
CYNTHIA OBERG
Chief, White Collar Crime Unit
Assistant United States Attorney

/s Louis P. Gabel
LOUIS P. GABEL
Assistant United States Attorney

Date: July 14, 2011

United States District Court Eastern District of Michigan	Criminal Case Cover Sheet	Case Number 11-20314

NOTE: It is the responsibility of the Assistant U.S. Attorney signing this form to complete it accurately in all respects.

Reassignment/Recusal Information This matter was opened in the USAO prior to August 15, 2008 [ ]

Companion Case Information	Companion Case Number:
This may be a companion case based upon LCrR 57.10 (b)(4)[1]:	Judge Assigned: PAUL D. BORMAN
☐ Yes ☐ No	AUSA's Initials: LPG LPG

Case Title: USA v. BRAVATA, JOHN et al.

County where offense occurred : OAKLAND and others

Check One: ■ Felony ☐ Misdemeanor ☐ Petty

____Indictment/____Information --- **no** prior complaint.
____Indictment/____Information --- based upon prior complaint [Case number:]
_x_Indictment/____Information --- based upon LCrR 57.10 (d) *[Complete Superseding section below]*.

Superseding Case Information

Superseding to Case No: 11-20314 **Judge: PAUL D. BORMAN**

☐ Original case was terminated; no additional charges or defendants.
☐ Corrects errors; no additional charges or defendants.
☐ Involves, for plea purposes, different charges or adds counts.
■ Embraces same subject matter but adds the additional defendants or charges below:

Defendant name	Charges	Prior Complaint (if applicable)
D-1 John Bravata	15 U.S.C. §78j(b), 18 U.S.C. §§1343,2, 18 U.S.C. §1957	
D-2 Richard J. Trabulsy	18 U.S.C. 1349, 15 U.S.C. §78j(b), 18 U.S.C. §§1343,2, 18 U.S.C. §1957	
D-3 Antonio Bravata	18 U.S.C. 1349, 15 U.S.C. §78j(b), 18 U.S.C. §§1343,2, 18 U.S.C. §1957	

Please take notice that the below listed Assistant United States Attorney is the attorney of record for the above captioned case.

July 14, 2011
Date

Louis P. Gabel
LOUIS P. GABEL
Assistant United States Attorney
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[1] Companion cases are matters in which it appears that (1) substantially similar evidence will be offered at trial, (2) the same or related parties are present, and the cases arise out of the same transaction or occurrence. Cases may be companion cases even though one of them may have already been terminated.

EXHIBIT

3

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA, 11-CR-20314

Plaintiff, HONORABLE PAUL D. BORMAN

v.

D-1 JOHN BRAVATA

Defendant.
_______________________________/

VERDICT FORM AS TO DEFENDANT JOHN BRAVATA

We the jury, after due deliberation, unanimously find as follows:

COUNT ONE: Conspiracy to Commit Mail and Wire Fraud

Not Guilty_____ Guilty ✓

COUNT TWO: Wire Fraud, Aiding and Abetting (3/22/07 wire transfer of $271,269.06 from CA to MI, Investor [redacted]

Not Guilty_____ Guilty ✓

COUNT THREE: Wire Fraud, Aiding and Abetting (8/20/07 wire transfer of $918,979.16 from CA to MI, Investor [redacted])

Not Guilty_____ Guilty ✓

COUNT FOUR: Wire Fraud, Aiding and Abetting (9/25/06 wire transfer of $50,000 from OH to MI, Investor [redacted])

Not Guilty_____ Guilty_✓_

COUNT FIVE: Wire Fraud, Aiding and Abetting (10/5/07 wire transfer of $40,999.13 from CA to MI, Investor [redacted])

Not Guilty_____ Guilty_✓_

COUNT SIX: Wire Fraud, Aiding and Abetting (12/20/07 wire transfer of $144,812.08 from CA to MI, Investor [redacted])

Not Guilty_____ Guilty_✓_

COUNT SEVEN: Wire Fraud, Aiding and Abetting (8/10/07 wire transfer of $249,800 from CA to MI, Investor [redacted])

Not Guilty_____ Guilty_✓_

COUNT EIGHT: Wire Fraud, Aiding and Abetting (7/31/07 wire transfer of $1,000,000 from DE to MI, Investor [redacted]

Not Guilty_____ Guilty_✓_

COUNT NINE: Wire Fraud, Aiding and Abetting (5/9/08 wire transfer of $22,359.42 from CA to MI, Investor [redacted])

Not Guilty____ Guilty ✓

COUNT TEN: Wire Fraud, Aiding and Abetting (6/6/07 wire transfer of $116,303.30 from CA to MI, Investor [redacted])

Not Guilty____ Guilty ✓

COUNT ELEVEN: Wire Fraud, Aiding and Abetting (6/16/08 wire transfer of $150,000 from IL to MI, Investor [redacted])

Not Guilty____ Guilty ✓

COUNT TWELVE: Wire Fraud, Aiding and Abetting (4/25/08 wire transfer of $43,701.19 from CA to MI, Investor [redacted])

Not Guilty____ Guilty ✓

COUNT THIRTEEN: Wire Fraud, Aiding and Abetting (3/28/08 wire transfer of $87,971.55 from CA to MI, Investor [redacted])

Not Guilty____ Guilty ✓

COUNT FOURTEEN: Wire Fraud, Aiding and Abetting (1/7/08 wire transfer of $360,583.84 from CA to MI, Investor [redacted])

Not Guilty____ Guilty ✓

COUNT FIFTEEN: Wire Fraud, Aiding and Abetting (3/17/08 wire transfer of $14,707.80 from CA to MI, Investor [redacted])

Not Guilty____ Guilty ✓

s/Jury Foreperson

In compliance with the Privacy Policy Adopted by the Judicial Conference, the verdict form with the original signature has been filed under seal.

Dated: 3-27-13

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA, 11-CR-20314

Plaintiff, HONORABLE PAUL D. BORMAN

v.

D-2 ANTONIO BRAVATA

Defendant.

______________________________/

VERDICT FORM AS TO DEFENDANT ANTONIO BRAVATA

We the jury, after due deliberation, unanimously find as follows:

COUNT ONE: Conspiracy to Commit Mail and Wire Fraud

Not Guilty_____ Guilty ✓

COUNT SEVEN: Wire Fraud, Aiding and Abetting (8/10/07 wire transfer of $249,800 from CA to MI, Investor [redacted])

Not Guilty ✓ Guilty_____

COUNT NINE: Wire Fraud, Aiding and Abetting (5/9/08 wire transfer of $22,359.42 from CA to MI, Investor [redacted])

Not Guilty_____ Guilty_____

s/Jury Foreperson

In compliance with the Privacy Policy Adopted by the Judicial Conference, the verdict form with the original signature has been filed under seal.

Dated: 3-27-13

EXHIBIT

4

Registrations Summary

Individual CRD#: [redacted] **Individual Name: BRAVATA, JOHN J**

Current Firm(s):

Registrations Summary With Current Employers

⚠No Current Employers Found.

Prior Firm(s):

Registrations Summary With Prior Employers

Firm Name	Firm CRD	Start Date	End Date	IARD Regs.	CRD Regs.	SFG Member
BRAVATA FINANCIAL GROUP, LLC	148618	10/2006	07/2009	N	N	N
NYLIFE SECURITIES INC.	5167	02/1997	10/2006	N	N	N
JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY	5181	07/1992	01/1997	N	N	N
JOHN HANCOCK DISTRIBUTORS, INC.	468	07/1992	01/1997	N	N	N

Back to Top

Registrations with Prior Employers

Firm CRD # : 148618 **Firm Name : BRAVATA FINANCIAL GROUP, LLC**

Employment Start Date	10/11/2006
Employment End Date	07/23/2009
Reason for Termination	Other
Termination Comment	BROKER DEALER WITHDRAWING FINRA NEW FIRM APPLICATION.
Firm Name at Termination	BRAVATA FINANCIAL GROUP, LLC

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	GP	10/08/2008	07/27/2009	T_NOREG	
FINRA	GS	10/08/2008	07/27/2009	T_NOREG	
FINRA	IR	10/08/2008	07/27/2009	T_NOREG	
MI	AG	10/08/2008	07/27/2009	T_NOREG	

Back to Top

Registrations with Prior Employers

Firm CRD # : 5167 **Firm Name : NYLIFE SECURITIES LLC**

Employment Start Date	02/07/1997
Employment End Date	10/11/2006
Reason for Termination	Voluntary
Termination Comment	
Firm Name at Termination	NYLIFE SECURITIES INC.

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	GP	01/19/2000	08/29/2005	TERMED	06/13/2002
FINRA	GS	07/05/1999	10/23/2006	TERMED	01/04/2000
FINRA	IR	07/05/1999	10/23/2006	TERMED	02/20/1997
MI	AG	07/05/1999	10/23/2006	TERMED	02/21/1997

Back to Top

Registrations with Prior Employers

Firm CRD # : 5181 Firm Name : JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY

Employment Start Date	07/23/1992
Employment End Date	01/03/1997
Reason for Termination	Discharged
Termination Comment	outside activities affected marketing rep performance
Firm Name at Termination	JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	IR	07/05/1999	01/22/1997	TERMED	10/13/1992

Back to Top

Registrations with Prior Employers

Firm CRD # : 468 Firm Name : SIGNATOR INVESTORS, INC.

Employment Start Date	07/23/1992
Employment End Date	01/03/1997
Reason for Termination	Discharged
Termination Comment	outside activities affected marketing rep performance
Firm Name at Termination	JOHN HANCOCK DISTRIBUTORS, INC.

Regulatory Authority	Registration Category	Filing Date	Status Date	Registration Status	Approval Date
FINRA	IR	07/05/1999	01/22/1997	TERMED	10/13/1992
MI	AG	07/05/1999	01/22/1997	TERMED	10/13/1992

Back to Top

U4 Employment History

Individual CRD#: [redacted] **Individual Name: BRAVATA, ANTONIO M**

Office of Employment Address History

From	To	Firm	CRD Branch Number	NYSE Branch Code Number	Firm Billing Code	Address	Type of Office
06/01/2008	07/23/2009	BRAVATA FINANCIAL GROUP, LLC (148618)	BD Main			3000 TOWN CENTER SUITE 1700 SOUTHFIELD, MI 48075	Supervisec From
06/01/2008	07/23/2009	BRAVATA FINANCIAL GROUP, LLC (148618)	Non Registered Location			4000 TOWN CENTER, 10TH FLOOR SUITE 1000 SOUTHFIELD, MI 48075	Located At
08/02/2006	10/17/2006	NYLIFE SECURITIES INC. (5167)	Non Registered Location		A66	2000 TOWN CENTER SUITE 1200 SOUTHFIELD, MI 48075 -1145	Located At

Please note that data contained in the U4 EMPLOYMENT HISTORY SCREEN is updated only by a U4 not reflect any changes made by the filing of a U5.

Employment History

From	To	Name	Investment Related Business?	City	State	Country
06/2008	Present	BRAVATA FINANCIAL GROUP	Y	SOUTHFIELD	MI	UNITED STATES
06/1997	06/2008	HIGH SCHOOL	N	BRIGHTON	MI	UNITED STATES

Organization Registration Status

Organization CRD Number: 148618 **Organization Name: BRAVATA FINANCIAL GROUP, LLC**
Organization SEC Number: 8-68044 **Applicant Name: BRAVATA FINANCIAL GROUP, LLC**
No IA Record

SEC / Jurisdiction / FINRA	Registration Status	Status Effective Date
SEC	Abandoned -	12/07/2009
FINRA	Withdrawn -BDW FILED	07/27/2009
MI	Withdrawn -	07/27/2009

SEC / SRO / Jurisdiction	Registration Status	Status Effective Date
SEC	Abandoned -	12/07/2009
FINRA	Withdrawn -BDW FILED	07/27/2009
IL	Withdrawn -FILED BDW PRIOR TO REGISTRATION	07/27/2009
MI	Withdrawn -	07/27/2009
OH	Withdrawn -	07/27/2009

Organization Form Filing History

Organization CRD Number: 148618 **Organization Name: BRAVATA FINANCIAL GROUP, LLC**

Organization SEC Number: 8-68044 **Applicant Name: BRAVATA FINANCIAL GROUP, LLC**

No IA Record

Include: ○ **All** ◉ **Exclude Schedule E**

Filing Date: From Date: **To Date:**

Sort / Select

Filing ID	Form Type	Filing Type	Filing Date	Section Changed
26225384	U6		08/03/2009	
26184204	U6		07/28/2009	
26166273	BDW	Full	07/27/2009	Applicant Information, Disclosure Questions, Custodian Information
24435301	BD	Amendment	12/17/2008	SRO/Jurisdiction Registrations
23932280	BD	Amendment	10/08/2008	Applicant Info, SRO/Jurisdiction Registrations
23911231	BD	Initial	10/03/2008	Applicant Info, Legal Status, Other Business, Direct Owners, Successions, SEC Registration, SRO/Jurisdiction Registrations, Types of Business

Filing History

Organization CRD Number: [redacted]	**Primary Business Name:** STRATEGIC INSTITUTIONAL CONSULTING GROUP, LLC
Organization SEC Number:	**Full Legal Name:** STRATEGIC INSTITUTIONAL CONSULTING GROUP, LLC
No BD Record	**Electronic Filer**

Filing ID	Form Type	Filing Types	Filing Date	Section Changed
424218	ADV-W	Full	07/30/2009	
419520	ADV	Other-Than-Annual Amendment	06/17/2009	ADV Part 2
419340	ADV	Other-Than-Annual Amendment	06/16/2009	Schedule A
418924	ADV	Other-Than-Annual Amendment	06/16/2009	Identifying Information, Disciplinary Information, Disclosure Reporting Page
414855	ADV	Other-Than-Annual Amendment	05/11/2009	Identifying Information, Financial Industry Affiliations
413829	ADV	Other-Than-Annual Amendment	05/04/2009	Identifying Information, Participation or Interest in Client Transactions
412096	ADV	Other-Than-Annual Amendment	05/04/2009	Identifying Information, Participation or Interest in Client Transactions
398312	ADV	Other-Than-Annual Amendment	03/09/2009	Schedule B, Miscellaneous
392471	ADV	SEC Initial	02/27/2009	Identifying Information, SEC Registration/Reporting, Form of Organization, Information About Your Advisory Business, Other Business Activities, Financial Industry Affiliations, Participation or Interest in Client Transactions, Custody, Control Persons, Disciplinary Information, Small Business, Schedule A, Schedule B

EXHIBIT

5

Indirect Owners

Organization CRD Number: [redacted]	**Primary Business Name:** STRATEGIC INSTITUTIONAL CONSULTING GROUP, LLC
Organization SEC Number:	**Full Legal Name:** STRATEGIC INSTITUTIONAL CONSULTING GROUP, LLC
No BD Record	**Electronic Filer**

Full Legal Name	Domestic, Foreign, Individual	Entity in Which Interest is Owned	Status	Date Title or Status Acquired	Ownership Code	Control person	Public Reporting Company	CRD#, EIN, IRS#, SSN	Ha Discl
BRAVATA, JOHN, JOSEPH	Individual	BFG HOLDINGS, LLC	MANAGING MANAGER AND CHAIRMAN	01/2009	25% but less than 50%	Y	N	[redacted]	Y
TRABULSY, RICHARD, JOSEPH	Individual	BFG HOLDINGS, LLC	MANAGING MANAGER AND VICE CHAIRMAN	01/2009	25% but less than 50%	Y	N	[redacted]	Y