

UNITED STATES DISTRICT COURT  
DISTRICT OF MASSACHUSETTS

_____	)	
SECURITIES AND EXCHANGE COMMISSION,	)	
	)	
Plaintiff,	)	
	)	
v.	)	Case No.
	)	
GREGG THOMAS RENNIE,	)	
	)	JURY TRIAL DEMANDED
Defendant.	)	
_____	)	

**COMPLAINT**

Plaintiff Securities and Exchange Commission (“Commission”) alleges the following against defendant Gregg Thomas Rennie and hereby demands a jury trial:

**PRELIMINARY STATEMENT**

1. This case involves an investment adviser’s scheme to steal money from his clients. Since early 2007, Rennie defrauded numerous clients of approximately \$2 million, and perhaps much more. Rennie told the clients that their money would be invested in risk-free “federal housing certificates” that paid up to 12% per year, tax free, and that were offered by a real estate investment company based in Boston. He provided the clients with various documentation for their investments, including the purported “certificates” as well as periodic account statements purporting to show that the investments were generating substantial returns. Unfortunately, it was all make-believe. There were *no* such “federal housing certificates”, and

Rennie had *no* relationship whatever with the real estate investment company whose name he gave to his clients. Rennie occasionally provided some of the clients with small payments that purportedly reflected a return on their investment, but he made no legitimate investments on the clients' behalf, and instead he diverted their funds for his personal use. Indeed, Rennie recently admitted to a co-worker that he had "borrowed" the clients' funds.

2. Through the activities alleged in this Complaint, Rennie engaged in: (1) fraud in the offer or sale of securities, in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act"); (2) fraudulent or deceptive conduct in connection with the purchase or sale of securities, in violation of Section 10(b) of the Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder; (3) fraudulent or deceptive conduct with respect to investment advisory clients, in violation of Sections 206(1) and (2) of the Investment Advisers Act of 1940 ("Advisers Act"); and (4) the offer and sale of unregistered securities, in violation of Sections 5(a) and (c) of the Securities Act.

3. Accordingly, the Commission seeks: (1) entry of a permanent injunction prohibiting Rennie from further violations of the relevant provisions of the federal securities laws; (2) disgorgement of Rennie's ill-gotten gains, plus pre-judgment interest; and (3) the imposition of a civil monetary penalty due to the egregious nature of Rennie's violations. In addition, because of the risk that Rennie will continue to violate the federal securities laws and the danger that any remaining investor funds will be dissipated or concealed before entry of a final judgment, the Commission seeks preliminary equitable relief to: (1) prohibit Rennie from continuing to violate the relevant provisions of the federal securities laws; (2) prevent Rennie from soliciting, accepting or disposing of additional client funds; (3) freeze Rennie's assets and

otherwise maintain the status quo; (4) require Rennie to submit an accounting of investor funds and other assets in his possession; (5) order Rennie to repatriate any funds that he has transferred outside the United States; (6) prevent Rennie from destroying relevant documents; and (7) authorize the Commission to undertake expedited discovery.

### **JURISDICTION**

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

5. This Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§77t(d), 77v(a)], Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d), 78u(e), 78aa], and Sections 209(d) and 214 of the Advisers Act [15 U.S.C. §80b-9(d), 80b-14]. Venue is proper in this District because Rennie lives in Massachusetts.

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

7. Rennie's conduct involved fraud, deceit, or deliberate or reckless disregard of regulatory requirements, and resulted in substantial loss, or significant risk of substantial loss, to other persons.

**DEFENDANT**

8. **Rennie**, age 42, lives in Quincy, Massachusetts. He has been a registered representative at various financial institutions in New England since 1989. He holds a Series 6 license, which means that he is licensed to sell mutual fund and variable annuity products. From April 2004 to May 2007, he was a registered representative at New England Securities. From May 2007 to July 2008, he was a registered representative at Harvest Capital LLC. From July 2008 until he resigned on January 7, 2009, he was a registered representative and co-managing director at Harvest Financial Services (“Harvest Financial”), an insurance and financial services agency (unrelated to Harvest Capital LLC) which acts as an independent contractor for Ameritas Investment Corp. The office of Harvest Financial is located in Providence, Rhode Island. While at Harvest Financial, Rennie had some supervisory responsibilities and was primarily involved in selling life insurance products. He has also hosted a local radio talk show called “Your Money”.

**STATEMENT OF FACTS**

**Rennie Obtained at Least \$2 Million from His Clients**

9. Beginning in at least the spring of 2007, Rennie began encouraging some of his insurance clients to invest in investments that he described as “federal housing certificates”. Although his sales pitch varied slightly from client to client, Rennie told the clients that: (1) the investments involved federal grants or loans for housing projects; (2) the investments would pay a fixed amount (from 8% to 12%) per year, tax-free, for a specified period of time; and (3) the investments were offered by Boston Capital Corp. (“Boston Capital”), a real estate investment company based in Boston. (On one occasion, Rennie told a client that the investment was

offered by an entity known as “Ambit Funding”.) In addition, Rennie told several clients that the investments were “guaranteed” or “risk free”.

10. Rennie persuaded several clients to redeem legitimate and safe investments in order to invest in the “federal housing certificates”. For example, two clients redeemed annuities issued by major insurance companies (thereby incurring a substantial early termination charge), while a third client redeemed bank certificates of deposit worth nearly \$100,000.

11. Rennie provided the clients with a variety of documents that supposedly reflected their investments. For example, he gave each client a document entitled “Federal Housing Certificate” which indicated the amount of the client’s investment, the interest rate, and the maturity date. The certificates were purportedly issued by an entity bearing the “Boston Capital” name, such as “Boston Capital II LLC”. Rennie provided at least one client with a purported prospectus supplement for Boston Capital. On several occasions, he provided clients with periodic account statements purporting to show the accumulated return on their investment. For example, Rennie gave one client who had invested \$500,000 a statement purporting to show that the client’s investment was now worth nearly \$540,000.

12. The documents that Rennie provided to the clients were pure fiction. Rennie had *no* actual relationship with Boston Capital, which does not offer investments entitled “federal housing certificates” and does not operate an entity entitled “Boston Capital II LLC”.

13. Rennie did not use the clients’ funds to make any legitimate investments on their behalf. Instead, he deposited the clients’ checks into an account at Citizens Bank that he had opened under the name “Boston Capital II, LLC”. He transferred nearly \$600,000 from the “Boston Capital” account to another Citizens Bank account under his control, and he used the

latter account for personal expenditures like purchases at department, liquor, grocery and shoe stores, credit card payments, and memberships at the YMCA. He also withdrew at least \$150,000 from the Citizens Bank accounts using checks payable to “cash”.

14. Rennie obtained at least \$2 million from the clients whom the Commission has identified to date. However, Rennie deposited more than \$4 million into the Boston Capital account from December 2006 to the present. Accordingly, the total amount that Rennie obtained from his clients through the scheme described above may be as much as \$4 million. At present, Rennie’s two accounts at Citizens Bank contain less than \$26,000.

#### **Rennie’s Scheme Unravels**

15. The clients did not receive regular payments from Rennie. From time to time – and especially when a client inquired about the lack of payments – Rennie gave the clients small checks, drawn on the “Boston Capital” account at Citizens Bank, which supposedly reflected interest on their investments.

16. In November and December 2008, Rennie began failing to return phone calls from clients. In early January 2009, several clients learned that Rennie’s cell phone number had been disconnected. Some of the clients left anguished messages at Rennie’s home and his office at Harvest Financial inquiring about the status of their investments.

17. Rennie did return one client’s call in early January 2009. When the client inquired about her investment, Rennie claimed that he could not provide any information but apologized for getting her involved in this “mess”.

18. On January 2, 2009, Rennie told a co-worker at Harvest Financial that he had done some things he should not have done. When pressed for an explanation, Rennie stated that he had “borrowed money from clients” and that the amount was “seven figures”. Five days later, Rennie resigned from Harvest Financial.

**FIRST CLAIM FOR RELIEF**  
**(Violation of Section 17(a) of the Securities Act)**

19. The Commission repeats and incorporates by reference the allegations in paragraphs 1-18 of the Complaint as if set forth fully herein.

20. Rennie, directly and indirectly, acting intentionally, knowingly or recklessly, in the offer or sale of securities by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails: (a) has employed or is employing devices, schemes or artifices to defraud; (b) has obtained or is obtaining money or property by means of untrue statements of material fact or omissions to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) has engaged or is engaging in transactions, practices or courses of business which operate as a fraud or deceit upon purchasers of the securities.

21. As a result, Rennie has violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

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

22. The Commission repeats and incorporates by reference the allegations in paragraphs 1-18 of the Complaint as if set forth fully herein.

23. Rennie, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) has employed or is employing devices, schemes or artifices to defraud; (b) has made or is making untrue statements of material fact or has omitted or is omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) has engaged or is engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

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

**THIRD CLAIM FOR RELIEF**  
**(Violation of Sections 206(1) and (2) of the Advisers Act)**

25. The Commission repeats and incorporates by reference the allegations in paragraphs 1-18 of the Complaint as if set forth fully herein.

26. Rennie was an "investment adviser" within the meaning of Section 202(a)(11) of the Advisers Act [15 U.S.C. §80b-2(a)(11)].

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

28. As a result, Rennie has violated and, unless enjoined, will continue to violate



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

**FOURTH CLAIM FOR RELIEF**  
**(Violation of Sections 5(a) and 5(c) of the Securities Act)**

29. The Commission repeats and incorporates by reference the allegations in paragraphs 1-18 of the Complaint as if set forth fully herein.

30. The “federal housing certificates” which Rennie sold to his clients are “securities” within the meaning of Section 2(1) of the Securities Act [15 U.S.C. §77b(1)] and Section 3(a)(10) of the Exchange Act [15 U.S.C. §78c(a)(10)]. No registration statement was filed with respect to these securities, and no exemption from registration was available.

31. Rennie, directly or indirectly: (a) have made use of the 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 has been in effect and for which no exemption from registration has been available; and/or (b) have made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, through the use or medium of a prospectus or otherwise, securities as to which no registration statement has been filed and for which no exemption from registration has been available.

32. As a result, Rennie has violated and, unless enjoined, will continue to violate Sections 5(a) and (c) of the Securities Act [15 U.S.C. §§77e(a), (c)].

**PRAYER FOR RELIEF**

WHEREFORE, the Commission requests that this Court:

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

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

1. Section 17(a) of the Securities Act [15 U.S.C. §77q(a)];
2. 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];
3. Sections 206(1) and (2) of the Advisers Act [15 U.S.C. §80b-6(1), (2)];  
and
4. Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a), (c)].

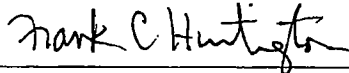
C. Require Rennie to disgorge his ill-gotten gains and losses avoided, plus pre-judgment interest, with said monies to be distributed in accordance with a plan of distribution to be ordered by the Court;

D. Order Rennie to pay an appropriate civil monetary penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. §80b-9(e)];

E. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

F. Award such other and further relief as the Court deems just and proper.

Respectfully submitted,



Martin F. Healey (Mass. Bar No. 227550)  
Regional Trial Counsel

Frank C. Huntington (Mass. Bar No. 544045)  
Senior Trial Counsel

Michelle Giard Draeger (Maine Bar No. 8906)  
Senior Enforcement Attorney

Attorneys for Plaintiff  
**SECURITIES AND EXCHANGE COMMISSION**  
33 Arch Street, 23<sup>rd</sup> Floor  
Boston, MA 02110  
(617) 573-8960 (Huntington direct)  
(617) 573-4590 (fax)

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