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**UNITED STATES DISTRICT COURT**  
**DISTRICT OF NEW JERSEY**

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SECURITIES AND EXCHANGE COMMISSION, :  
 :  
 : **Plaintiff,** : **Civ. No.**  
 :  
 : **- against -** :  
 : **COMPLAINT**  
 :  
 : **SHERBOURNE CAPITAL MANAGEMENT, LTD.,** :  
 : **SHERBOURNE FINANCIAL, LTD.,** :  
 : **PAUL G. BULTMEYER, and** :  
 : **ARTHUR J. PIACENTINI,** :  
 :  
 : **Defendants,** :  
 :  
 : **- and-** :  
 :  
 : **AMERIPAY, LLC and** :  
 : **EQUITAIR, LTD.** :  
 :  
 : **Relief Defendants.** :  
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## COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against defendants Sherbourne Capital Management, Ltd. (“Sherbourne Capital”), Sherbourne Financial, Ltd. (“Sherbourne Financial” and, together with Sherbourne Capital, “Sherbourne”), Paul G. Bultmeyer (“Bultmeyer”), and Arthur J. Piacentini (“Piacentini”) (collectively, the “Defendants”), and against relief defendants Ameripay, LLC (“Ameripay”), and Equitair, Ltd. (“Equitair”) (collectively, the “Relief Defendants”), alleges as follows:

### SUMMARY

1. The Commission brings this emergency enforcement action to halt the defendants’ offering fraud. Bultmeyer, Piacentini, and Sherbourne fraudulently offered and sold prime certificates of participation to at least 23 investors and raised over \$1.11 million in proceeds from the sale of these securities.

2. Through its websites, advertisements on Craigslist, and print advertisements, Sherbourne, which is controlled by Bultmeyer and Piacentini, offered to investors “professional advice and planning” and “Prime Certificates of Participation” that as of May 5, 2009 offered interest rates of 4.3% to 6.75%, depending on the type of certificate. According to the websites and advertisements, after investing, investors purportedly could withdraw their funds at face value within fifteen days without commissions, fees, or early withdrawal penalties. Defendants targeted retirees, a vulnerable group of investors.

3. Specifically, Sherbourne Financial’s website stated, as of May 5, 2009 that Sherbourne invested in private placement debt, high-grade corporate bonds, preferred stock, and government securities. Sherbourne, however, did not invest in private placement debt, high-

grade corporate bonds, preferred stock, or government securities. Rather, Sherbourne transferred a net of over \$830,000 of the \$1.11 million in investor proceeds to Ameripay, a payroll services company owned and managed by Bultmeyer and Piacentini.

4. As recently as March 18, 2009, Defendants obtained \$75,000 from an investor transferring funds from his individual retirement account (“IRA”) into Sherbourne.

5. After the Commission’s investigation commenced, Bultmeyer and Piacentini placed \$896,000 in an escrow account at TD Bank, N.A. (“TD Bank”) on or around May 6, 2009 for the purported purpose of reimbursing Sherbourne investors. These funds, however, were withdrawn from an Ameripay bank account containing almost exclusively funds belonging to Ameripay payroll customers, many of whom are counties and municipalities in New Jersey. The Commission seeks emergency relief to enjoin further violations of the law and to protect the funds of investors and other innocent parties.

### **VIOLATIONS**

6. By virtue of the conduct alleged herein:

- a. Defendants, directly or indirectly, singly or in concert, have engaged and are engaging in acts, practices and courses of business, that constitute violations of Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)]; and
- b. Defendants, directly or indirectly, singly or in concert, have engaged and are engaging in acts, practices and courses of business that constitute violations of Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17

C.F.R. § 240.10b-5];

7. Unless Defendants are preliminarily and permanently restrained and enjoined, they will continue to engage in the acts, practices and courses of business set forth in this Complaint and in acts, practices and courses of business of similar type and object.

**NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

8. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)] and Section 21(d)(1) of the Exchange Act [15 U.S.C. § 78u(d)(1)], seeking to restrain and enjoin permanently Defendants from engaging in the acts, practices and courses of business alleged herein.

9. The Commission also seeks, as immediate relief, against the Defendants a temporary restraining order and preliminary injunction; asset freezes; the repatriation of any investor funds that have been transferred to foreign accounts and freezing such repatriated funds; an order placing Sherbourne Capital's escrow account at TD Bank, under the control of the Court; the appointment of a receiver over Sherbourne with the authority to make appropriate disbursements; expedited discovery; verified accountings; an order prohibiting the destruction, disposal, concealment, mutilation or alteration of corporate or individual records or documents; and an order enjoining Defendants and any third party from filing for bankruptcy on behalf of Defendants without notice to the Commission staff and leave of this Court.

10. The Commission seeks, as immediate relief, against Relief Defendant Ameripay an asset freeze; the appointment of a receiver with the authority to make appropriate disbursements; expedited discovery; a verified accounting; an order prohibiting the destruction, disposal, concealment, mutilation or alteration of corporate or individual records or documents; and an

order enjoining Ameripay and any third party from filing for bankruptcy on behalf of Ameripay without notice to the Commission staff and leave of this Court.

11. The Commission seeks, as immediate relief, against Relief Defendant Equitair expedited discovery; a verified accounting; an order prohibiting the destruction, disposal, concealment, mutilation or alteration of corporate or individual records or documents; and an order enjoining Equitair and any third party from filing for bankruptcy on behalf of Equitair without notice to the Commission staff and leave of this Court.

12. Finally, the Commission seeks (a) a permanent injunction against the Defendants, and (b) a judgment ordering Defendants and Relief Defendant Ameripay to disgorge ill-gotten gains with prejudgment interest thereon, on a joint and several basis, ordering Equitair to disgorge ill-gotten gains with prejudgment interest thereon, and ordering Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

### **JURISDICTION AND VENUE**

13. 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].

14. Venue is proper in the District of New Jersey pursuant to 28 U.S.C. § 1391. Defendants, directly and indirectly, have made use of the means and instrumentalities of interstate commerce, or of the mails, in connection with the transactions, acts, practices and courses of business alleged herein. A substantial part of the events giving rise to the Commission's claims occurred in this judicial district and at least some of the Defendants reside

in the district. In particular, Bultmeyer, Sherbourne Capital, and Piacentini reside or have their principal place of business in New Jersey. Sherbourne Financial purports to be headquartered in London, England, but it does not employ anyone in England and its two principals are Bultmeyer and Piacentini, residents of New Jersey.

#### DEFENDANTS

15. **Sherbourne Capital** was incorporated in New Jersey in October 2004. The company's principal place of business is 114 Essex Street in Rochelle Park, New Jersey. It does not have any securities registered under the Exchange Act.

16. **Sherbourne Financial** was incorporated in Belize in September 2002. The company is variously identified as being located at 145-157 St. John Street in London, England and at 55 Frederick Street, Nassau, Bahamas. In fact, Sherbourne Financial is operated from the New Jersey offices occupied by Sherbourne Capital and Ameripay. As of May 5, 2009, Sherbourne Financial's website ([www.sherbournefinancial.com](http://www.sherbournefinancial.com)) described the firm as "Your Retirement Income Specialist" and states that its "Prime Certificates of Participation are income producing certificates that participate in the income from Sherbourne's investment portfolio and are designed to yield higher interest rates than Savings Accounts, Certificates of Deposit, Money Market Accounts or Mutual Funds." Sherbourne Financial does not have any securities registered under the Exchange Act.

17. **Bultmeyer**, age 68, of Upper Saddle River, New Jersey is the Managing Director of each Sherbourne entity and the Chief Executive Officer of Equitair. Bultmeyer is an attorney and a partner of Piacentini's at Ameripay. Bultmeyer asserted his Fifth Amendment privilege against self-incrimination when subpoenaed to testify before the Commission staff.

18. **Piacentini**, age 48, of Saddle Brook, New Jersey, is the Executive Director of each Sherbourne entity. Piacentini is also the Manager of Ameripay. Piacentini asserted his Fifth Amendment privilege against self-incrimination when subpoenaed to testify before the Commission staff.

### **RELIEF DEFENDANTS**

19. **Ameripay** is a payroll services company with its principal place of business in the same office as Sherbourne Capital in Rochelle Park, New Jersey. It is owned and managed by Bultmeyer and Piacentini. Ameripay handles payroll services for numerous municipalities and small businesses in New Jersey.

20. **Equitair** is a private company with its principal place of business in the same office as Ameripay and Sherbourne in Rochelle Park, New Jersey. Bultmeyer is the Chief Executive Officer of Equitair. The company claims through its website to provide a “cost effective shared corporate charter alternative to commercial airlines.”

### **FACTS**

#### **Sherbourne’s Claims To Investors**

21. Sherbourne claims to offer to investors “prime certificates of participation,” certificates that participate in the income from Sherbourne’s investment portfolio. Sherbourne claimed through its websites to offer three types of these securities: (a) “Principal Secured Prime Certificates of Participation,” offering an initial 6.25% - 6.75% annual rate of return as of May 5, 2009; (b) “Principal Guaranteed Prime Certificates of Participation,” offering a minimum 4.31% annual rate of return as of May 5, 2009, and (c) “Prime Income Mortgage Certificates of Participation,” offering a minimum 7.00% annual rate of return.

22. Sherbourne claims to invest in private placement debt, high-grade corporate bonds, preferred stock, and government securities. According to Sherbourne's websites as of May 5, 2009, investors are free to redeem their investments within 15 days at face value without commissions, fees or early withdrawal penalties.

23. Sherbourne claims its investment products are safe. Sherbourne denominates its investment products as "Principal Secured" and "Principal Guaranteed" certificates (emphasis added). It claimed that the certificates "are today's smart way to eliminate the risk of stock market and mutual fund fluctuations ..." Sherbourne purported to have "designed an innovative investment strategy that provides higher returns, safety, and liquidity." Sherbourne stated that "Funds invested in Principal Secured Certificates are invested by Sherbourne in securities designed to insure principal repayment which provides principal security." Sherbourne further stated that "Funds invested in Principal Guaranteed Certificates are invested by Sherbourne in government securities (federal, state, and municipal) that are either government guaranteed or insured through Triple A rated Bond Insurers Municipal Bond Insurance Association (MBIA) and American Municipal Bond Assurance Corporation (AMBAC)."

24. Sherbourne sold securities, including prime certificates of participation, to at least 23 investors and raised at least \$1.11 million from investors from December 2004 through March 2009.

### **Misrepresentations to Investors**

25. Contrary to its representations, Sherbourne did not invest in private placement debt, corporate bonds, preferred stock, government securities, or any other securities.

26. Instead of following the investment strategy described on Sherbourne's website,



Bultmeyer and Piacentini transferred the money deposited by Sherbourne's investors from Sherbourne's bank accounts to Ameripay's bank accounts. Bultmeyer and Piacentini did not disclose to the Sherbourne investors that their funds were being transferred to Ameripay, a company owned by Bultmeyer and Piacentini.

27. Ameripay did not invest the funds transferred from Sherbourne in any securities, let alone in private placement debt, corporate bonds, preferred stock, or government securities.

28. Sherbourne's claims of safety, security, and guarantees of principal were false because Sherbourne was not investing in the diversified group of safe and insured investments that it claimed. Instead, Sherbourne merely funneled investor funds into the bank accounts of Ameripay, Bultmeyer, Piacentini, and Equitair.

29. While Defendants' fraud was ongoing, Bultmeyer continued to mislead investors. For example, a Sherbourne investor asked Bultmeyer on or around September 12, 2008 via email about the nature of Sherbourne's investments. Bultmeyer replied on September 12, 2008 via email that Sherbourne's prime certificate investments "are primarily in small to midsize business [sic] located in the Northeast. We make these investments through a network of Accountants that provide us with these investment opportunities. These investments are in the form of secured private placement debt obligations where the face value of these securities is not subject to market fluctuations -- and therefore, principal protected. In essence, our investment program is similar to a short term bond fund. ... We have eight years experience in offering this certificate program and during that time none of our investors have sustained a loss in principal or interest."

30. Bultmeyer's statements that Sherbourne's investments were made "through a

network of Accountants,” “in the form of secured private placement debt obligations,” “not subject to market fluctuations,” and “principal protected” were false. Sherbourne’s bank and brokerage accounts show that Defendants made no investments on behalf of Sherbourne.

**Misappropriation of Investor Proceeds to Defendants and Relief Defendants**

31. Of the \$1.11 million in investor proceeds, Bultmeyer and Piacentini transferred over \$900,000 to themselves or affiliated companies. Bultmeyer and Piacentini transferred over \$53,000 to themselves; over \$830,000 to Relief Defendant Ameripay; and \$29,500 to Relief Defendant Equitair. Bultmeyer and Piacentini did not manage any investment activities on behalf of Sherbourne or its investors.

32. Accordingly, Defendants and Relief Defendants have directly received proceeds derived from Defendants’ misconduct, and these proceeds constitute ill-gotten gains that must be disgorged.

**Sherbourne Investor Funds Were Comingled With Funds of Ameripay and Its Payroll Clients**

33. Beginning at least as early as January 19, 2005 and continuing to the present, Bultmeyer and Piacentini co-mingled Sherbourne investor funds and Ameripay client funds in the same Ameripay bank accounts. There was no segregation of Sherbourne investor funds into separate accounts for each investor. Instead, investor funds were transferred to Ameripay and combined with money belonging to Ameripay’s more than 100 payroll services clients.

**Funds Used to Establish Escrow Account Belong to Ameripay Payroll Customers**

34. After the staff’s investigation began, Bultmeyer transferred \$896,000 into an escrow account TD Bank (“Sherbourne Escrow Account”) for repayment to Sherbourne investors. This money came from Ameripay payroll customers.

**FIRST CLAIM FOR RELIEF**  
**Violations of Section 17(a) of the Securities Act**  
**(Sherbourne Capital, Sherbourne Financial, Bultmeyer, and Piacentini)**

35. Paragraphs 1 through 34 are re-alleged and incorporated by reference as if fully set forth herein.

36. From at least December 2004 through the present, Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by the use of the mails, directly and indirectly, have employed and are employing devices, schemes and artifices to defraud.

37. From at least December 2004 through the present, Defendants, in the offer and sale of securities, by the use of the means and instruments of transportation or communication in interstate commerce or by the use of the mails, directly and indirectly, have obtained and are obtaining money and 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, and have engaged and are engaging in transactions, practices or courses of business which operate as a fraud and deceit upon their investors.

38. Defendants knew or were reckless in not knowing that the representations set forth herein were false and misleading.

39. By reason of the activities described herein, Defendants have violated and are violating Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

**SECOND CLAIM FOR RELIEF**  
**Violations of Section 10(b) of the Exchange Act  
and Rule 10b-5 Thereunder (Sherbourne Capital,  
Sherbourne Financial, Bultmeyer, and Piacentini)**

40. Paragraphs 1 through 39 are re-alleged and incorporated by reference as if fully set forth herein.

41. From at least December 2004 through the present, Defendants, in connection with the purchase and sale of securities, directly and indirectly, by the use of the means and instrumentalities of interstate commerce or of the mails, have employed and are employing devices, schemes and artifices to defraud; have made and are making untrue statements of material fact and have omitted and are omitting 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 have engaged and are engaging in acts, practices and courses of business which operate as a fraud and deceit upon investors.

42. Defendants knew or were reckless in not knowing that the representations set forth herein were false and misleading.

43. By reason of the activities described herein, Defendants have violated and are violating 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**  
**Ameripay and Equitair as Relief Defendants**

44. Paragraphs 1 through 43 are re-alleged and incorporated by reference as if fully set forth herein.

45. Ameripay and Equitair received funds from Sherbourne during the period December 2004 through the present, which funds are the proceeds of the unlawful activities of the Defendants.

46. Ameripay and Equitair have obtained the funds alleged above as part, and in furtherance, of the securities violations alleged in paragraphs 1 through 45, and under circumstances in which it is not just, equitable or conscionable for Ameripay or Equitair to retain the funds. As a consequence of the foregoing, relief defendants Ameripay and Equitair have been unjustly enriched.

## **PRAYER FOR RELIEF**

**WHEREFORE**, the Commission respectfully requests that the Court grant the following relief:

### **I.**

An Order temporarily and preliminarily, and a Final Judgment permanently, restraining and enjoining Defendants, their agents, servants, employees and attorneys and all persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 17(a) of the Securities Act [15 U.S.C. §§ 77q(a)] and 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].

### **II.**

An Order directing Defendants and Relief Defendant Ameripay, their agents, banks, debtors, bailees, servants, employees, and attorneys-in-fact, and those persons in active concert or participation with Defendants who receive actual notice of said Order by personal service, facsimile, or otherwise, and each of them, to hold and retain within their control, and otherwise prevent any withdrawal, transfer, pledge, encumbrance, assignment, dissipation, concealment, or other disposal of any of Defendants' assets, funds or other properties of any kind wherever situated, and assets over which said Defendants have control by signatory authority or otherwise.

### **III.**

An Order directing Defendants, their agents, banks, debtors, bailees, servants, employees, and attorneys-in-fact, and those persons in active concert or participation with Defendants who receive actual notice of said Order by personal service, facsimile, or otherwise, and each of them,

to repatriate any investor funds that have been transferred to foreign accounts and freezing such repatriated funds.

#### IV.

An Order restraining and enjoining Defendant Bultmeyer, his agents, banks, debtors, bailees, servants, employees, and attorneys-in-fact, and those persons in active concert or participation with him, and any other persons or entities, including, but not limited to, persons or entities who hold a security interest in the property identified below, who receive actual notice of said Order by personal service, facsimile, or otherwise, and each of them, from taking any action to transfer, pledge, seize, sell, foreclose, encumber, assign, dissipate, conceal or otherwise taking any action whatsoever that would impact or impair the value of the residence located at 12 Weller Terrace, Saddle Brook, New Jersey 07663, any other residence owned, in whole or in part, by Defendant Bultmeyer, and the office located at 114 Essex Street, Rochelle Park, New Jersey 07662.

#### V.

An Order restraining and enjoining Defendant Piacentini, his agents, banks, debtors, bailees, servants, employees, and attorneys-in-fact, and those persons in active concert or participation with him, and any other persons or entities, including, but not limited to, persons or entities who hold a security interest in the property identified below, who receive actual notice of said Order by personal service, facsimile, or otherwise, and each of them, from taking any action to transfer, pledge, seize, sell, foreclose, encumber, assign, dissipate, conceal or otherwise taking any action whatsoever that would impact or impair the value of the residence located at 45 Brookside Drive, Upper Saddle River, New Jersey 07458, any other residence owned, in whole

or in part, by Defendant Piacentini, and the office located at 114 Essex Street, Rochelle Park, New Jersey 07662.

**VI.**

An Order placing the Sherbourne Escrow Account II at TD Bank and all disbursements from this account under the control of the Court.

**VII.**

An Order directing Defendants Sherbourne Capital and Sherbourne Financial and Relief Defendants Ameripay and Equitair each to file with this Court and serve upon the Commission, within three (3) business days, or within such extension of time as the Commission staff agrees to, a verified written accounting, signed by each Defendant under penalty of perjury.

**VIII.**

An Order appointing a receiver for Defendants Sherbourne Capital and Sherbourne Financial and Relief Defendant Ameripay with the authority to make appropriate disbursements, for the benefit of investors, to take control of the business operations of Defendants Ameripay and Sherbourne and to marshal, conserve, protect, and hold funds and assets obtained by Defendants Sherbourne Capital and Sherbourne Financial and Relief Defendant Ameripay and their agents, and others involved in the misconduct alleged herein, wherever such assets may be found, or, with the approval of the Court, dispose of any wasting asset in accordance with the application and proposed order provided herewith.

**IX.**

An Order permitting expedited discovery.



**X.**

An Order enjoining and restraining each of Defendants and Relief Defendants, and any person or entity acting at their direction or on their behalf, from destroying, mutilating, altering, concealing, disposing or otherwise interfering with the access of the Commission to relevant documents, books and records.

**XI.**

An Order enjoining and restraining each of Defendants and Relief Defendants, and their agents, employees, attorneys, or other professionals, anyone acting in concert with them, and any third party from filing a bankruptcy proceeding on behalf of any of the Defendants and Relief Defendants without at least 3 days notice to the Plaintiff and approval of this Court.

**XII.**

A Final Judgment ordering each of Defendants and Relief Defendant Ameripay to disgorge their ill-gotten gains, plus prejudgment interest, on a joint and several basis, and ordering Relief Defendant Equitair to disgorge its ill-gotten gains, plus prejudgment interest.

**XIII.**

A Final Judgment ordering Defendants to pay civil money penalties 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)].

XIV.

Such other and further relief as to this Court deems just and proper.

Dated: New York, New York  
May 14, 2009

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