

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 80092 / February 23, 2017

INVESTMENT ADVISERS ACT OF 1940
Release No. 4653 / February 23, 2017

ADMINISTRATIVE PROCEEDING
File No. 3-17855

In the Matter of

LEE P. VACCARO,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Lee P. Vaccaro (“Vaccaro” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2, III.4, and III.6 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and

Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. From July 2009 through October 2013, Vaccaro was the Chief Marketing Officer and Vice President of Investor Relations for a technology start-up company called eAgency, Inc. (“eAgency”), as well as a consultant and finder for eAgency. Vaccaro is a manager of Vaccaro Consultants, LLC and Vaccaro Consultant, LLC. Vaccaro also was the manager of Vaccaro Consultants, LLC. In addition, from November 2012 through July 2015, Vaccaro raised approximately \$675,000 from several individuals who entrusted him to invest in securities on their behalf. Vaccaro, 44 years old, is a resident of Las Vegas, Nevada.

2. On September 16, 2016, a final judgment was entered by consent against Vaccaro, permanently enjoining him from future violations, directly or indirectly, of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”), Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act and prohibiting him, pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act, in the civil action entitled U.S. Securities and Exchange Commission v. James R. Trolice, et al., Civil Action Number 2:16-cv-02513, in the United States District Court for the District of New Jersey.

3. The Commission’s complaint alleged that:

- a. in connection with the sale of interests in four limited liability companies, Vaccaro misused and misappropriated investor funds, made material misstatements and omissions to investors, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on investors;
- b. Vaccaro sold unregistered securities;
- c. Vaccaro acted as an unregistered representative in the inducement or attempt to induce the purchase or sale of securities; and
- d. Vaccaro, while acting as an investment adviser, misused and misappropriated clients’ funds, falsely stated to clients that their funds were invested, sent out false account statements indicating that clients’ funds were fully invested and earning returns, and otherwise defrauded clients.

4. On June 2, 2016, Vaccaro pled guilty to one count of conspiracy to commit securities fraud in violation of 18 U.S.C. § 371 and one count of securities fraud in violation of 15

U.S.C. §§ 78j(b) and 78ff, 17 C.F.R. § 240.10b-5, and 18 U.S.C. § 2 before the United States District Court for the District of New Jersey, in United States v. Vaccaro, Crim No. 16-254.

5. In connection with that plea, Respondent admitted that:
 - a. From in or about 2009 to in or about 2015, Vaccaro and a co-conspirator defrauded investors seeking to purchase an interest in warrants to purchase the stock of eAgency by selling investors interests in four limited liability companies that were controlled by Vaccaro and the co-conspirator;
 - b. Vaccaro and the co-conspirator made oral and written misrepresentations and omissions of material fact to investors concerning the nature of the investment; and
 - c. Vaccaro and the co-conspirator misused and misappropriated investor funds.

6. On May 4, 2016, the State of New Jersey Bureau of Securities entered a Summary Cease and Desist Order (“New Jersey C&D”) in an administrative action entitled In The Matter Of: James R. Trolice d/b/a Trolice Consulting and Trolice Consulting Services, Lee Vaccaro, Vaccaro Consultant, LLC, Vaccaro Consultants, LLC, Trolice Consulting Services, LLC, and Patrick G. Mackaronis (CRD No. 5435817). The New Jersey C&D ordered that (i) Vaccaro, Vaccaro Consultant, LLC, and Vaccaro Consultants, LLC be jointly and severally assessed a civil monetary penalty in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00), pursuant to N.J.S.A. 49:3-70.1; (ii) Vaccaro cease and desist from further violations of the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq.; (iii) Vaccaro be denied all exemptions contained in N.J.S.A. 49:3-50, subsection (a), paragraph 9, 10, 11, and subsection (b); and (iv) Vaccaro be denied the exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g).

7. The New Jersey C&D found that, from March 2010 through September 2013, Vaccaro and other individuals sold at least \$3,600,000 in unregistered securities to at least 170 investors by fabricating documents to falsely represent to investors that limited liability companies controlled by Vaccaro, and one of the other individuals, owned millions of dollars’ worth of warrants to purchase stock in eAgency. The New Jersey C&D also found that Vaccaro made materially false and misleading statements and omissions to prospective investors and investors concerning the nature of the investment, and that Vaccaro misused and misappropriated investor funds.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Vaccaro’s Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act, and Section 203(f) of the Advisers Act, that Respondent Vaccaro be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities

dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields
Secretary