

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	JURY TRIAL DEMANDED
)	
v.)	Case No. _____
)	
UNIVERSO FONECLUB CORPORATION,)	
SANDERLEY R. DE VASCONCELOS, a/k/a)	
SANN RODRIGUES, a/k/a SANDERLEY)	
VASCONCELOS, REV. VICTOR SALES,)	
a/k/a VICTOR WILLIAM,)	
a/k/a VICTOR SALES DeBRITO, a/k/a VICTOR)	
SALES BRITO,)	
)	
Defendants.)	

COMPLAINT

Plaintiff Securities and Exchange Commission (“SEC” or “Commission”), for its Complaint against defendants Universo FoneClub Corporation (“Universo”), Sanderley R. De Vasconcelos a/k/a Sann Rodrigues a/k/a Sanderley Vasconcelos (“De Vasconcelos”) and Rev. Victor Sales a/k/a Victor William a/k/a Victor Sales DeBrito a/k/a Victor Sales Brito (“Sales”) alleges the following:

SUMMARY

1. This is an emergency enforcement matter that involves a fraudulent offering of securities by De Vasconcelos and Sales, operating through Universo and potentially other entities. In sum, De Vasconcelos and Sales have been publicly soliciting hundreds, if not thousands, of Brazilians and Brazilian-Americans to invest in a company (publicly referred to as FoneClub) that purportedly sells, among other things, telephone cards. De Vasconcelos and

Sales have both publicly claimed that the product or products sold by Universo are legitimate. However, De Vasconcelos and Sales have also both contemporaneously publicly told potential investors that the only way in which the company (and, thereby, the investors) can make money is if existing and new investors bring in new investors into the company. As such, the unregistered investment opportunity being publicly touted by De Vasconcelos and Sales have the hallmarks of a typical pyramid and/or Ponzi scheme.

2. The Commission staff has learned that, as recently as the evening of Thursday, May 18, 2006, De Vasconcelos and Sales publicly solicited approximately 300 potential investors at a Framingham, Massachusetts hotel. The staff has also received information that at least 30 individuals have invested in the company. Moreover, at the public meeting held on May 18, De Vasconcelos and Sales claimed that they had with them checks which comprised investment returns of between \$1-1.5 million, which they were prepared to distribute that night to individuals who had previously invested. De Vasconcelos and Sales ended up handing out checks – in amounts purportedly ranging between \$400-7000 – at the May 18 to approximately 10 individuals. Moreover, both De Vasconcelos and Sales publicly claimed during the May 18 meeting that they had been recently traveling around the country – and would continue to do so – offering the investment opportunity.

3. For the reasons discussed herein, the Commission seeks all of the relief – including the emergency relief – sought herein.

JURISDICTION

4. The Commission is an agency of the United States of America established by Section 4(a) of the Exchange Act [15 U.S.C. §78d(a)].

5. The Commission seeks entry of a temporary restraining order, a preliminary injunction, a permanent injunction, and the disgorgement of ill-gotten gains and unjust enrichment pursuant to 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)]. The Commission seeks the imposition of civil monetary 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)].

6. 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) and 77v(a)] and Sections 21(d), 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(d), 78u(e) and 78aa]. Venue is proper in the District of Massachusetts because Universo is a Massachusetts corporation with its primary business address in the District of Massachusetts and De Vasconcelos and Sales both have conducted business within the District of Massachusetts and electronic communications in interstate commerce were made by the defendants .

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

DEFENDANTS

8. **Universo** (f/k/a FoneClub Incorporation) was incorporated in Massachusetts in approximately April 2006. According to the Secretary of the Commonwealth, its principal office

in Massachusetts is at 142 Cambridge Street, Charlestown, MA and De Vasconcelos is its registered agent. De Vasconcelos is also listed as the company's President, Treasurer, Secretary and a Director. According to De Vasconcelos and Sales, the company purportedly sells legitimate products, including telephone calling cards.

9. **De Vasconcelos**, age 35, is listed, with the Secretary of the Commonwealth, as **Universo's** President, Treasurer, Secretary and a Director. De Vasconcelos is believed to reside at 1 Beard Street, Nashua, NH.

10. **Sales**, age 48, is purportedly a Vice President of Universo. Sales is believed to reside at 21 Francine Road, Framingham, MA.

STATEMENT OF FACTS

11. Universo appears to be operating a classic "Ponzi scheme" in which investors are lured into making investments with a promise of a return on their investments, when in reality their "returns" have simply been payments from their own principal or the principal of later investors lured into the program. Universo, which was purportedly launched about two to three months ago and which now supposedly has 2,000 "members," appears to be aiming its scheme at the Framingham area Brazilian community. Through the company's website (www.FoneClub.com), Universo describes (in Portuguese) how a member could, after twelve months with the company, earn \$17,000 per month. The scheme centers on the sale of prepaid phone cards through a multi-level marketing structure. However, both De Vasconcelos and Sales have stated that neither the company nor any member will make any profit from the sales of the phone cards, which are apparently sold at cost. Rather Universo, through statements made on its website, in its membership contract and through claims made by both De Vasconcelos and Sales,

has represented that a Universo member will receive a return on his investment in two ways. First, he will receive a significant commission on the membership fee paid by anyone he recruits to join the organization and second, he will benefit from the successful recruiting efforts of others, which will generate profits for the company, in which he will share.

12. On Thursday, May 25, 2006, the MetroWest Daily News published an article on Universo's business practices. A true and accurate copy of this article is attached as **Exhibit F** to the Declaration of Daniel P. Barry ("Barry Declaration"). Thereafter, the Commission staff conducted an interview of two individuals who attended a Universo promotional event at the Sheraton Hotel in Framingham, Massachusetts on the evening of May 18, 2006 ("the event attendees").

13. Both of the event attendees stated that the May 18th meeting was heavily attended by members of the Brazilian evangelical Christian community. One of the attendees estimated that about 90% of Universo's members are from this community. This attendee observed that this community had become increasingly interested in Universo over the last several weeks, noting that six people had asked him to go the May 18th meeting, one of whom called him ten times urging him to attend. This attendee stated that none of the Universo members who had attempted to get him interested in the company tried to describe the Universo investment opportunity to him. They each simply urged him to go to the meeting where he could "see for himself" what a great opportunity this was. The other event attendee added that some people in the community have quit their jobs to focus on the Universo phone card business.

14. Both of the event attendees stated that, upon arriving at the meeting, they were asked to provide their name, their phone number and the name of the Universo member who had

invited them to attend. Both of the event attendees said that Sales began the May 18th meeting, which was conducted in Portuguese, by saying that God did not want the Brazilian community to be poor. Sales said that God did not want the Brazilians to spend all of their lives working as house cleaners, dishwashers and landscapers. Sales stated that God wanted the Brazilian community to be prosperous. Sales then said that, by becoming members of Universo, the Brazilians could become financially successful. Through a Power Point system, Sales then displayed photographs of expensive homes and people playing golf and said that it is possible to get rich quick and that Universo would provide its members with the opportunity to own their own islands, let alone their own homes.

15. Both of the event attendees stated that Sales had about five to eight Universo members provide testimonials concerning the amount of money they had made through the company. One testimonial giver stated that she had made \$10,000 within eight days of becoming a Universo member and each of the others also stated that they had made thousands of dollars in a short amount of time through their Universo memberships.

16. The event attendees stated that, first Sales and then De Vasconcelos represented to potential investors that Universo had been in existence for about two to three months and that it already had about 2,000 members. Both of the event attendees estimated that approximately 300 people were present for the May 18th meeting and that about 100 more had to be turned away because the room was full. Both of the event attendees reported that De Vasconcelos identified himself as Universo's president and he identified Sales as a Universo vice president. Both Sales and De Vasconcelos described Universo as a multi-level marketing organization that sold prepaid phone cards. Sales said that the company purchased telephone

minutes from the U.S. government in bulk at very low cost and then sold them to individuals who paid an approximately \$10 fee to join Universo as “affiliates” and who then paid between \$10 to \$40 per month in return for a prepaid phone card that provided somewhere between 500 and 1,500 minutes of calling time per month. Sales stated that Universo sold its phone cards for much less than Verizon. Sales added that the calling cards could be personalized – the name of the affiliate member or that of his business could be placed on the card, as could an Evangelical Christian logo.

17. Both of the event attendees stated that both De Vasconcelos and Sales said that neither Universo nor any of its members would make any profit on the sale of the phone cards, which are sold at cost. Both De Vasconcelos and Sales stated that a Universo member would make money in two ways. First, he will receive a significant commission on the membership fee paid by anyone he recruits to join the organization and second, he will benefit from the successful recruiting efforts of others, which will generate profits for the company, in which he will share. De Vasconcelos and Sales elaborated on this point by stating that, in exchange for a membership fee of approximately \$1,990, an individual could receive “manager” status in the Universo organization. As a manager, the member would receive 30% of the membership fee paid by anyone he recruited to join the organization at the manager level or above along with a share of a pool of money equal to 5% of Universo’s profits. Both De Vasconcelos and Sales further represented that, in exchange for a membership fee of approximately \$4,990, an individual could receive “executive” status in the Universo organization. As an executive, the member would receive 30% of the membership fee paid by anyone he recruited to join the organization at the manager level or above along with a share of a pool of money equal to 7% of

Universo's profits.

18. In contrast to his statements at the May 18th promotional seminar, in the May 25th MetroWest Daily News article referred to above (Exhibit F to Barry Declaration), De Vasconcelos, whom the article refers to as Sann Rodrigues, denied that the Universo was a pyramid scheme in which profits depend solely upon the recruitment of new members. The news article reports that De Vasconcelos described Universo as a multilevel marketing company that has nothing to do with a pyramid scheme. The article specifically quotes De Vasconcelos as stating that "[a] multilevel marketing company is different from a pyramid scheme. We sell products, share revenues and pay commissions." De Vasconcelos apparently did not tell the newspaper that the company derives no profits from the sale of products but rather relies upon the recruitment of new members for its income.

19. Both of the event attendees stated that both Sales and De Vasconcelos claimed that they had been traveling together around the country to tell other Brazilian communities about the Universo opportunity. They each said that they had recently traveled to New Jersey for this purpose and they noted that they had traveled so much that they had become known to many people at the airport. Sales stated that Universo had been successful everywhere it went and De Vasconcelos stated that his goal was to bring the Universo opportunity to the rest of the United States, Brazil and the Philippines. De Vasconcelos added that Universo would soon be opening a 10,000 square foot office in Framingham and he noted that the company had a customer service operation in Victoria, Brazil.

20. Both of the event attendees stated that both De Vasconcelos and Sales said they had \$1 million to \$1.5 million in checks to give out that night to Universo members. De

Vasconcelos kept on asking who had the checks. Eventually, his wife, Camila, brought a box to him. After noting that he had once been homeless in Brazil, De Vasconcelos took what appeared to be a two to three inch stack of checks out of the box. De Vasconcelos said that this money represented commissions on the membership fees paid by new members. Both De Vasconcelos and Sales stated that Universo had been distributing more than \$1 million in checks to members every other week since the company was founded. De Vasconcelos remarked that it was amazing that a company that had only been around for about 50 days was in a position to distribute that kind of money and then he started calling out the names of the members to whom the checks had been made out. De Vasconcelos had each check recipient tell the audience the amount of the check. De Vasconcelos handed out about ten checks, ranging in value from approximately \$400 to \$7,000 before he said that they had used up all of the time they had rented the room for and that the meeting had to end. De Vasconcelos gave one of the checks, for \$6,000, to a man he described as the first “American” to join Universo. De Vasconcelos noted this check represented the commissions the member had earned over the last two weeks in connection with the new members he had recruited. De Vasconcelos said that the remaining checks could be sent out by mail or they could be picked up at the next meeting, which was scheduled for Friday, May 26th.

21. As noted above, Universo’s website is in Portuguese. The Commission staff’s translation of this website reveal claims consistent with the representations made by Sales and De Vasconcelos. For instance, Universo’s website indicates that a person who joins the organization as a manager will earn a commission equal to 30% of the membership fee paid by each person he recruits to join the organization along with a share of 5% of the company’s profits. Universo’s website further indicates that a person who joins the organization as an executive will earn a

commission equal to 30% of the membership fee paid by each person he recruits to join the organization along with a share of 7% of the company's profits. Moreover, the website describes how a member could, after twelve months with the company, earn \$17,000 per month.

22. One of the event attendees provided a copy of a Universo membership contract to the Framingham Police who passed it on to the staff. Like its website, Universo's membership contract is in Portuguese. A true and accurate translation of this contract is attached as **Exhibit G** to the Barry Declaration. Consistent with the representations made by Sales, De Vasconcelos and Universo's website, the contract indicates that Universo managers will earn a commission equal to 30% of the membership fee paid by each person he recruits to join the organization along with a share of 5% of the company's profits. The contract further indicates that a Universo executive will earn a commission equal to 30% of the membership fee paid by each person he recruits to join the organization along with a share of 7% of the company's profits.

23. One of the event attendees stated that a Universo member she knew, who had paid \$1,990 to become a Universo manager, had recently received a payment from Universo of \$600. The event attendee noted that this member had not recruited anyone to join Universo. The event attendee said that his \$600 payment was based solely upon the share of Universo's profits to which his manager status entitled him.

24. The records of the Securities and Exchange Commission reveal that neither Universo, nor its predecessor, FoneClub, Inc. has filed any registration statements concerning the investment opportunity described above.

25. One of the event attendees stated that he has seen two checks issued by Universo to its members. Both of them were issued in the name of "FoneClub" and were drawn on an

account at the Bank of America.

**FIRST CLAIM FOR RELIEF
AGAINST ALL DEFENDANTS**

**Fraud in Connection with the Purchase and Sale of Securities
[Violation of Section 10(b) of the Exchange Act and Rule 10b-5]**

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

27. The defendants, directly or indirectly, acting intentionally, knowingly or recklessly, by use of the means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) have employed, are employing, and are about to employ devices, schemes or artifices to defraud; (b) have made, are making, and are about to make untrue statements of material fact or have omitted, are omitting, and are about to omit 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) have engaged, are engaging, and are about to engage in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

28. As a result, defendants have violated, are violating and, unless enjoined, will continue to violate 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].

**SECOND CLAIM FOR RELIEF
AGAINST ALL DEFENDANTS**

**Fraud in the Offer and Sale of Securities
[Violation of Section 17(a) of the Securities Act]**

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

30. The defendants, directly or indirectly, acting intentionally, knowingly or recklessly, in the offer or sale of securities by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails: (a) have employed, are employing, and are about to employ devices, schemes or artifices to defraud; (b) have obtained, are obtaining, and are about to obtain 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 ©) have engaged, are engaging, and are about to engage in transactions, practices or courses of business which operate as a fraud or deceit upon the purchasers of the securities.

31. As a result, the defendants have violated, are violating and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. §77q(a)].

**THIRD CLAIM FOR RELIEF
AGAINST ALL DEFENDANTS**

**Offer and Sale of Unregistered Securities
[Violation of Sections 5(a) and 5©) of the Securities Act]**

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

33. The investment opportunity offered by defendants 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 has been filed with respect to these securities, and no exemption from registration has been available.

34. The defendants, directly or indirectly: (a) have made, are making, and are about to make use of the means or instruments of transportation or communication in interstate

commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise, as to which no registration statement was in effect and for which no exemption from registration was available, and/or for the purpose of sale or for delivery after sale, have carried or caused to be carried, are carrying or causing to be carried, and are about to carry or cause to be carried through the mails or in interstate commerce, by means or instruments of transportation, securities for which no registration statement was in effect and for which no exemption from registration was available; and/or (b) have made, are making, and are about to make 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 had been filed and for which no exemption from registration was available.

35. As a result, defendants have violated, are violating and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§77e(a) and 77(e)(c)].

**FOURTH CLAIM FOR RELIEF
AGAINST ALL DEFENDANTS**

**Civil Monetary Penalties
[Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act]**

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

37. The violations by defendants have involved fraud, deceit, manipulation, or deliberate or reckless disregard of regulatory requirements and have directly or indirectly resulted in substantial losses or created a significant risk of substantial losses to other persons.

38. As a result, defendants are liable for civil monetary 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)], in an amount to be determined by the Court.

NEED FOR EMERGENCY RELIEF

39. This is an ongoing fraud, as defendants continue to solicit and lull investors, both directly and indirectly. Without this Court's action, it is unlikely that defendants will discontinue their fraudulent solicitations.

40. The emergency relief requested below is necessary in order to prevent further violations of the federal securities laws and further harm to investors, including any potential dissipation of investor assets.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

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

B. Enter a preliminary injunction extending the terms of the temporary restraining order described above;

C. Enter a permanent injunction restraining the defendants and each of their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of the order or injunction by personal service or otherwise, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. 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];

2. Section 17(a) of the Securities Act [15 U.S.C. 77q(a)]; and

3. Sections 5(a) and 5©) of the Securities Act [15 U.S.C. 77e(a)],

D. Require the defendants to disgorge their ill-gotten gains and unjust enrichment, including prejudgment interest, with said monies to be distributed in accordance with a plan of distribution to be ordered by the Court;

E. Order the defendants to pay appropriate civil monetary 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)];

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

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

Respectfully submitted,

s/
David P. Bergers
Martin F. Healey
Philip Koski
Silvestre A. Fontes (Mass. Bar No. 627971)
Daniel P. Barry
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