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9
10 UNITED STATES DISTRICT COURT
11 CENTRAL DISTRICT OF CALIFORNIA

12 CV09-9144
Case No.

AHM (RZx)

13 SECURITIES AND EXCHANGE
COMMISSION,

14 Plaintiff,

15 vs.

16 DEAN P. GROSS and GREGORY W.
LASER,

17 Defendants.

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

18
19 Plaintiff Securities and Exchange Commission ("Commission") alleges as
20 follows:

21 JURISDICTION AND VENUE

22 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
23 20(d)(1) and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§
24 77t(b), 77t(d)(1) & 77v(a) and Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
25 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78(u)(d)(1),
26 78u(d)(3)(A), 78u(e) & 78aa. Defendants have, directly or indirectly, made use of
27 the means or instrumentalities of interstate commerce, of the mails, or of the

28 ///

1 facilities of a national securities exchange in connection with the transactions, acts,
2 practices and courses of business alleged in this complaint.

3 2. Venue is proper in this district pursuant to Section 22(a) of the
4 Securities Act, 15 U.S.C. § 77v(a), and Section 27 of the Exchange Act, 15 U.S.C.
5 § 78aa, because certain of the transactions, acts, practices and courses of conduct
6 constituting violations of the federal securities laws occurred within this district,
7 and defendant Dean P. Gross resides in this district.

8 SUMMARY

9 3. This matter involves an ongoing Ponzi scheme being perpetrated by
10 Dean P. Gross ("Gross"), doing business as Bridon Entertainment ("Bridon"), and
11 Gregory W. Laser ("Laser"), in which they have raised more than \$18 million from
12 at least 45 investors. Defendants offer both short term (30-90 day) and longer term
13 (one-year) investments. Typically, promised rates of return on the short term
14 investment range from 8% to 30 %, while the year-long investment typically offers
15 a return between 10% and 20%. Gross has in some instances offered a 40% return.

16 4. Gross purports to be an advertising industry veteran with extensive
17 connections which allow him to buy advertising time and space at a discount, and
18 to resell it at a substantial profit to large, well-known corporations. When Gross
19 offers a short-term investment, he identifies a specific well-known corporation he
20 claims has contracted with him to buy advertising. Gross provides investors a
21 fabricated contract that appears to be between Bridon and a representative of the
22 well-known corporation. Gross and Laser tell investors that Gross will use their
23 money to purchase advertising time and space, and that their promised returns will
24 be generated by the profitable resale of that advertising to the specifically
25 identified company. In fact, the contracts provided to investors are fake, and Gross
26 does not have relationships with the well-known companies he claims are his
27 clients. Gross does not buy or resell advertising, and investors' purported returns
28 are not generated by the sale of advertising, but instead come from money raised

1 from subsequent investors, in classic Ponzi fashion. Gross has also diverted over
2 \$6 million from the primary account into which investor funds are deposited to his
3 personal use.

4 5. Defendants, by engaging in the conduct described in this Complaint,
5 have violated, and unless enjoined will continue to violate, the antifraud provisions
6 of the federal securities laws. By this complaint, the Commission seeks emergency
7 relief against defendants, including a temporary restraining order, an order
8 requiring accountings, an asset freeze, an order expediting discovery, and an order
9 prohibiting the destruction of documents, as well as preliminary and permanent
10 injunctions, disgorgement with prejudgment interest, and civil penalties.

11 **DEFENDANTS**

12 6. Dean P. Gross, age 47, resides in Agoura Hills, CA. Gross does
13 business under the registered fictitious business name of "Bridon Entertainment."

14 7. Gregory W. Laser, age 46, resides in San Diego, CA. Laser is the
15 main sales agent for Bridon's investments. Laser was formerly registered with the
16 Commission as a broker-dealer from 1986 to 1989, but is not currently registered
17 with the Commission in any capacity.

18 **THE FRAUDULENT SCHEME**

19 **A. Gross's Investment Offering**

20 8. Since at least December 2006, Gross, operating under the name
21 Bridon, has been offering and selling securities with no registration statement on
22 file or in effect, and purporting to use the proceeds to purchase discounted
23 advertising time and space for resale to major corporations. Gross has raised more
24 than \$18 million from at least 45 investors. While most of the investors are
25 California residents, some are residents of other states.

26 9. Gross and Laser rely primarily on their respective networks of friends
27 and family, as well more distant acquaintances to locate potential investors. Using
28 e-mails, telephone conference calls, and in-person meetings, they solicit these

1 potential investors. Often in the process of soliciting an investment, Gross meets
2 with potential investors. The meetings, whether individual or small groups, are
3 designed to provide potential investors with information about Gross, Bridon, and
4 the investment opportunities being offered. Although typically held in restaurants
5 and private homes throughout California, Gross has conducted meetings with
6 potential investors in other states. Laser receives a commission, typically of 3% to
7 6%, paid at the time that the investors' purported profits are paid. Laser takes a
8 commission, even where somebody that he introduced to Gross locates the investor
9 and is also taking a commission.

10 10. During meetings and conversations with potential investors, Gross
11 purports to be an advertising industry veteran. Gross tells the potential investors
12 that investor funds are used solely to purchase discounted bulk advertising time
13 and space on a variety of media platforms, including television, radio, outdoor, and
14 the Internet, for resale at increased prices to a number of well-known corporations
15 or brands such as Home Depot, Federal Express, DIRECTV, Warner Brothers, and
16 Slim-Fast. Investors are promised varying returns, typically between 8% and 30%
17 – purportedly derived from the profits realized from the resale of the advertising.
18 Gross represents that he is able to generate such high returns due to his more than
19 20 years of advertising experience, unique knowledge of the industry, and
20 exclusive connections with advertising buyers for major corporations. Not all
21 investors meet or deal directly with Gross. Laser, or individuals whom Laser
22 compensates with commissions, relay essentially the same information to the
23 investors, frequently by distributing copies of a Power Point presentation provided
24 by Gross entitled "Bridon Entertainment—Media where it matters".

25 11. Gross provides investors with two investment options: a short-term
26 investment option and an annual option (which he refers to as the "Annual
27 Program"). While some receive marketing materials, all investors receive an
28 agreement entitled "Royalty Agreement," to be executed by the investor and Gross.

1 Investors who elect the short-term option also receive a document entitled "Spot
2 Program Agreement" or "Spot Program Contract" which specifically identifies the
3 company ultimately purchasing the advertising time or space to be bought at a
4 discount with those investors' funds. The Spot Program Agreement or Contract
5 purports to be a contract between the well-known corporation buying advertising
6 and Bridon.

7 12. Investors are instructed to wire transfer money either directly to
8 Bridon or to Laser who forwards the funds to Bridon. Gross is the signatory for
9 the Bridon accounts into which investor funds are ultimately deposited. Gross
10 receives investor funds, and then pays out purported returns and investor principal,
11 either directly to the investor, or to Laser. Laser forwards the purported profits to
12 those investors linked to him, minus the portion of the returns that he retains for
13 himself and any other person who may have helped him solicit the investor, along
14 with any returned principal.

15 **1. The Short-Term Option**

16 13. The investments offered by Gross under the short-term option carry
17 varying terms, typically from 30 to 90 days, but most have a 90 day term, with a
18 return typically between 8% and 30%, and sometimes as high as 50%. Gross and
19 Laser explain to investors that their funds will be used solely to purchase
20 advertising time and/or space for resale to a well-known corporate client who is
21 specifically identified in the Royalty Agreement provided to the investor.
22 Similarly, defendants represent to investors that their returns, as well as principal
23 repayments, are derived from Bridon's resale of the advertising time and space at a
24 significant profit. Bridon's client list is purportedly comprised of a variety of well-
25 known companies such as Home Depot and Federal Express.

26 14. The Royalty Agreements under the short-term option call for the
27 investor to receive his interest and principal at the end of the investment's term.
28 The Royalty Agreements for the short-term option include a provision by which

1 Gross “personally guarantees” that he will pay the investor the promised interest
2 and re-pay principal even if Bridon is not paid by its advertising client. Payments
3 to investors of interest and principal are usually made by wire transfer of funds into
4 accounts previously designated by investors for the receipt of such funds. In most
5 instances, however, investors choose to take their profits, but “roll over,” or
6 reinvest their principal.

7 **2. The Annual Program**

8 15. Investors are also offered the option of investing in the “Annual
9 Program.” As the name suggests, investments in the Annual Program have a term
10 of 12 months, with returns generally payable monthly. The returns offered in the
11 Annual Program are typically between 10% and 20%. Additionally, while the
12 written agreements for the short-term offerings reference a single company as the
13 buyer of the advertising time or space, the agreements for the Annual Program
14 offerings reference either no specific or multiple possible buyers. For example, an
15 April 2008 Royalty Agreement states the investor “[a]grees to invest \$50,000 in
16 Bridon in funding ongoing advertising opportunities with Home Depot, Sears, Blue
17 Cross, Volvo, DirecTv [sic], Warner Bros Studios etc. [sic].” Also, the Annual
18 Program Royalty Agreements explicitly provide investors with the “opportunity to
19 rollover [sic] the investment in the years following the termination” of the contract.

20 16. Gross claims that the Annual Program advertising clients are not
21 specifically identified in the Annual Program because he purchases the advertising
22 time or space before having an agreement with a specific advertising buyer. As
23 Gross explains the process to investors, the advertising industry has twice yearly
24 “buys” where media space is secured for the following 12 months. Based on his
25 extensive knowledge and industry experience, he knows how much media time and
26 space to purchase. Gross purports to make bulk purchases of advertising time
27 and/or space on these occasions without having a contract with a specific client for
28 the resale of the advertising.

1 **B. Gross's Role**

2 17. Gross, doing business as Bridon, created the scheme of offering and
3 selling securities based on the purported existence of contracts for the sale of
4 advertising time and space to major corporations. He carries out the scheme by
5 soliciting potential investors directly and by using Laser to solicit potential
6 investors using information Gross provides, namely Gross's description of his
7 purported business. Gross personally meets with prospective investors to talk
8 about the investment opportunity, often using a Power Point presentation he
9 created, which describes his purported business and which describes annual returns
10 from 25% to 40%. He drafts offering documents, drafts and signs investor
11 agreements, disseminates copies of the Spot Program Agreements or Contracts to
12 investors, gives investors personal guarantees, and collects investor funds and
13 distributes purported investor profits. Gross is the signatory on and has control
14 over the accounts into which investor funds are ultimately deposited and out of
15 which investors' purported returns are generated.

16 **C. Laser's Role**

17 18. Laser first invested his own money in Bridon in 2006. At
18 approximately the same time, Laser convinced his parents to invest as well and he
19 took a portion of the purported returns on their investment. Laser soon began
20 recruiting other family members and friends as investors, and he has brought in at
21 least 20 investors, raising at least \$8.4 million. Since Laser began investing in
22 Bridon, monies received from Bridon have been his only source of income. At
23 least some investors solicited by Laser were not informed that Laser was receiving
24 a portion of the returns.

25 19. Laser did not perform any due diligence or investigation of Gross's
26 claims before soliciting others to invest. At one point, he asked to be put in touch
27 with Bridon's advertising contacts, but Gross refused, claiming that the identities
28 of his contacts were proprietary, and Laser did not persist. Based on templates

1 provided by Gross, Laser drafts and disseminates offering documents, such as
2 solicitation letters, some of which bear the title "prospectus," and e-mails to
3 investors explaining the investment opportunities. In any particular offering, Laser
4 learns what rate of return Gross is promising and then determines what amount of
5 that return he will offer to his investors and what amount he will retain as his
6 compensation. The investors have no way of knowing the rate of return that Gross
7 is actually offering. On at least one occasion, Laser lowered the interest rate he
8 was going to offer investors after one of the individuals who solicited investors on
9 his behalf warned him that setting the interest rate too high risked arousing
10 suspicion among potential investors who might view the return as "too good to be
11 true."

12 20. Laser fills in key terms of Royalty Agreements, including the date of
13 the investment, the investor's name, and the promised rate of return, and provides
14 the agreements to Gross for Gross's signature. Laser serves as a conduit for
15 investor funds and purported returns. Investors solicited by Laser are instructed to
16 wire their funds into an account in his name. Laser then transfers the investors'
17 funds to accounts controlled by Gross. Then, when returns are due, Gross transfers
18 funds back to Laser's account to be divided and distributed accordingly.

19 **D. Misrepresentations and Omissions to Investors**

20 21. In connection with the fraudulent scheme, defendants have made
21 numerous misrepresentations to investors, including the following: that investor
22 funds are used solely to purchase discounted advertising time or space for resale;
23 that Bridon has contracts with major companies including Home Depot, Federal
24 Express, Warner Bros., DIRECTV, and Slim-Fast for the resale of advertising time
25 or space; and that investor returns and principal repayments are paid from profits
26 earned on the resale of advertising.

27 22. These representations are false. Gross did not purchase the
28 advertising time or space for resale that he claimed. The purported contracts with

1 Home Depot, Federal Express, Warner Bros., DIRECTV, and Slim-Fast are false.
2 None of these companies have purchased or contracted to purchase advertising
3 time or space from Gross or Bridon. Gross's purported business relationships with
4 well-known companies do not exist. The real source of the investors' purported
5 returns is not successfully completed advertising deals, but rather money raised by
6 defendants from new investors.

7 23. Gross kept the scheme going by using new investor funds to pay prior
8 investors. For example, on March 3, 2008, the balance in the primary account used
9 by Gross to deposit investor funds was \$6,842. Between March 4, 2008, and
10 March 6, 2008, the only deposits consisted of \$1,050,000 of investor funds.
11 During this same period, payments totaling \$692,000 were made to other investors.
12 In another example, on December 3, 2008, the account balance was approximately
13 \$158,000. On December 4, 2008, the only deposits consisted of \$550,000 of
14 investor funds. Between December 5, 2008, and December 9, 2008, payments
15 totaling \$504,000 were made to different investors. This pattern continued in
16 2009. On April 27, 2009, the account had a balance of \$37,479. On April 28,
17 2009, the only deposit came when an investor wired transferred \$100,000 into the
18 account. That same day, Gross made payments totaling \$78,000 to other investors.

19 24. In addition, Gross has personally misappropriated at least \$6 million
20 from the primary account into which investor funds are deposited: he diverted at
21 least \$3 million to a brokerage account where he holds securities in his name and
22 paid at least \$3 million of personal living expenses.

23 25. Laser relayed Gross's fraudulent misrepresentations to investors while
24 secretly pocketing substantial commissions.

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26 //
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28 //

- 1 b. obtained money or property by means of untrue statements of a
2 material fact or by omitting to state a material fact necessary in
3 order to make the statements made, in light of the
4 circumstances under which they were made, not misleading; or
5 c. engaged in transactions, practices, or courses of business which
6 operated or would operate as a fraud or deceit upon the
7 purchaser.

8 32. By engaging in the conduct described above, each of the defendants
9 violated, and unless restrained and enjoined will continue to violate, Section 17(a)
10 of the Securities Act, 15 U.S.C. § 77q(a).

11 **THIRD CLAIM FOR RELIEF**

12 **FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF**
13 **SECURITIES**

14 **Violations Of Section 10(b) Of The Exchange Act And Rule 10b-5 Thereunder**
15 **(Against All Defendants)**

16 33. The Commission realleges and incorporates by reference paragraphs 1
17 through 25 above.

18 34. Defendants, and each of them, by engaging in the conduct described
19 above, directly or indirectly, in connection with the purchase or sale of a security,
20 by the use of means or instrumentalities of interstate commerce, of the mails, or of
21 the facilities of a national securities exchange, with scienter:

- 22 a. employed devices, schemes, or artifices to defraud;
23 b. made untrue statements of a material fact or omitted to state a
24 material fact necessary in order to make the statements made,
25 in the light of the circumstances under which they were made,
26 not misleading; or
27 c. engaged in acts, practices, or courses of business which
28 operated or would operate as a fraud or deceit upon other

1 persons.

2 35. By engaging in the conduct described above, each of the defendants
3 violated, and unless restrained and enjoined will continue to violate, Section 10(b)
4 of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R.
5 § 240.10b-5.

6 **FOURTH CLAIM FOR RELIEF**

7 **VIOLATION OF THE BROKER-DEALER REGISTRATION PROVISIONS**

8 **Violations of Section 15(a) of the Exchange Act**

9 **(Against Defendant Laser)**

10 36. The Commission realleges and incorporates by reference paragraphs 1
11 through 25 above.

12 37. Defendant Laser by engaging in the conduct described above, made
13 use of the mails or means or instrumentalities of interstate commerce to effect
14 transactions in, or to induce or attempt to induce the purchase or sale of, securities,
15 without being registered as a broker or dealer in accordance with Section 15(b) of
16 the Exchange Act, 15 U.S.C. § 78o(b).

17 38. By engaging in the conduct described above, defendant Laser
18 violated, and unless restrained and enjoined will continue to violate, Section 15(a)
19 of the Exchange Act, 15 U.S.C. § 78o(a)

20
21 **PRAYER FOR RELIEF**

22 WHEREFORE, the Commission respectfully requests that the Court:

23 **I.**

24 Issue findings of fact and conclusions of law that the defendants committed
25 the alleged violations.

26 **II.**

27 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), temporarily,
28 preliminarily and permanently enjoining defendants Gross and Laser and their

1 officers, agents, servants, employees, and attorneys, and those persons in active
2 concert or participation with any of them, who receive actual notice of the
3 judgment by personal service or otherwise, and each of them, from violating
4 Sections 5 (a), 5(c) and 17(a) of the Securities Act, 15 U.S.C. §§ 77e(a), 77e(c) and
5 77q(a), and Section 10(b) of the Exchange Act, 15 U.S.C. §§ 78j(b), and Rule 10b-
6 5 thereunder, 17 C.F.R. § 240.10b-5.

7 Issue judgments, in a form consistent with Fed. R. Civ. P. 65(d),
8 temporarily, preliminarily and permanently enjoining defendant Laser and his
9 officers, agents, servants, employees, and attorneys, and those persons in active
10 concert or participation with him, who receive actual notice of the judgment by
11 personal service or otherwise, and each of them, from violating Section 15(a) of
12 the Exchange Act, 15 U.S.C. § 78o(a)(1).

13 III.

14 Issue, in a form consistent with Fed. R. Civ. P. 65, a temporary restraining
15 order and a preliminary injunction freezing the assets of each of the defendants,
16 requiring an accounting from each defendant, prohibiting each of the defendants
17 from destroying documents, and granting expedited discovery.

18 IV.

19 Order each defendant to disgorge all ill-gotten gains from the defendants'
20 illegal conduct, together with prejudgment interest thereon.

21 V.

22 Order each defendant to pay civil penalties under Section 20(d) of the
23 Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15
24 U.S.C. § 78u(d)(3).

25 VI.

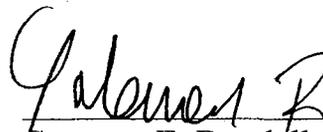
26 Retain jurisdiction of this action in accordance with the principles of equity
27 and the Federal Rules of Civil Procedure in order to implement and carry out the
28 terms of all orders and decrees that may be entered, or to entertain any suitable

1 application or motion for additional relief within the jurisdiction of this Court.

2 **VII.**

3 Grant such other and further relief as this Court may determine to be just and
4 necessary.

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6 DATED: December 14, 2009

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8 _____
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10 Solomon R. Mangolini
11 Attorneys for Plaintiff
12 Securities and Exchange Commission
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