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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :
 :
 Plaintiff, :
 : **10 Civ. 5564 (SDNY)**
 - against - :
 : **ECF CASE**
 LAURENCE M. BROWN a/k/a LAWRENCE M. :
 BROWN AND RONALD J. MANGINI, :
 : **COMPLAINT**
 Defendants, :
 :
 - and – :
 :
 INFINITY FARMS, LTD., SLOAN A. BROWN, :
 SUSAN W. BROWN, MAYLIL, INC., AND :
 JUNE A. MANGINI, :
 :
 Relief Defendants. :
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Plaintiff Securities and Exchange Commission (the “Commission”), for its Complaint against defendants Laurence M. Brown, a/k/a Lawrence M. Brown, (“Brown”) and Ronald J. Mangini (“Mangini”) (collectively, the “Defendants”), and relief defendants Infinity Farms, Ltd., Sloan A. Brown, Susan W. Brown, Maylil, Inc., and June A. Mangini (collectively, the “Relief Defendants”), alleges:

SUMMARY

1. This emergency action arises out of fraudulent offers and sales of securities by Laurence M. Brown and Ronald J. Mangini, certified public accountants and principals of Marshall Granger & Company LLP (“Marshall Granger”), an accounting firm located in Armonk, New York. Since at least April 2008, the Defendants have been offering and selling what purport to be the common stock and promissory notes of Infinity Reserves. The stock and notes are fictitious. To perpetrate their scheme, Defendants took the name of an inoperative company that is solely owned by a Marshall Granger client. Infinity Reserves owns one principal asset, a gas gathering and trunk pipeline system located in Tennessee, that the company has not operated for over a decade. The Defendants, falsely holding themselves out to be officers of Infinity Reserves authorized to sell its securities and representing the Stock and Notes to be bona fide interests in the company, have fraudulently obtained over \$2.1 million from at least thirteen investors, some of whom are Marshall Granger clients. In reality, the offering was a sham and a Ponzi scheme whereby investor funds were used to pay interest to other investors, or misappropriated and distributed, either directly or indirectly, to the Defendants and their families.

VIOLATIONS

2. By virtue of the conduct alleged herein, the Defendants, directly or indirectly, singly or in concert, have engaged in transactions, acts, practices, and courses of business that constitute violations of Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

JURISDICTION AND VENUE

3. 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 temporarily restrain, and preliminarily and permanently enjoin the Defendants from engaging in the transactions, acts, practices, and courses of business alleged herein. The Commission also seeks a final judgment ordering the Defendants to disgorge their ill-gotten gains and to pay prejudgment interest; ordering the Relief Defendants to disgorge their ill-gotten gains and to pay prejudgment interest; and ordering the 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)].

4. 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].

5. Venue is proper the Southern District of New York under Section 22(a) of the Securities Act [15 U.S.C. § 77v] because the Defendants may be found in, are inhabitants of, or transact business in this district and offerings and sales of securities took place in this district. Venue is proper in the Southern District of New York under Section 27 of the Exchange Act because certain of the transactions, acts, practices, and courses of business constituting the violations alleged in this Complaint occurred in this district, and the Defendants may be found in this district, or are inhabitants of this district, or transact business in this district.

6. Defendants, directly or indirectly, singly or in concert, have made use of the means or instruments of transportation or communication in interstate commerce, or of the mails,

in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

DEFENDANTS

7. **Laurence M. Brown, a/k/a Lawrence M. Brown**, age 63, resides in Katonah, New York. Brown is a certified public accountant, and a principal, and managing and general partner of Marshall Granger, an accounting firm located in Armonk, New York.

8. **Ronald J. Mangini**, age 61, of Mt. Kisco, New York is a certified public accountant, and a principal, and managing and general partner of Marshall Granger.

RELIEF DEFENDANTS

9. **Infinity Farms, LTD.** (“Infinity Farms”) is an inactive New York corporation that appears to be a company Sloan Brown uses for her equestrian activities.

10. **Sloan A. Brown**, age 37, is Brown’s daughter and was, until recently, a bookkeeper at Marshall Granger. She is an amateur equestrian and resides in Katonah, New York.

11. **Susan W. Brown**, age 64, is Brown’s wife. She resides with Brown in Katonah, New York.

12. **Maylil, Inc.**, is a New York Corporation with its principal place of business at Marshall Granger’s address.

13. **June A. Mangini**, age 51, is Mangini’s wife. She resides with Mangini in Mt. Kisco, New York.

FACTS

The Fraudulent Offering and Misrepresentations

14. From at least April 2008 through June 2010, Defendants, certified public accountants and principals of Marshall Granger, an accounting firm located in Armonk, New York, solicited and sold what purported to be the securities of Infinity Reserves to approximately thirteen individuals, at least six of whom had long-standing relationships with the Defendants, as accounting clients of Marshall Granger.

15. Defendants sold what purported to be shares of common stock of Infinity Reserves (the “Stock”) and what purported to be the promissory notes of Infinity Reserves (the “Notes”).

16. The Stock and Notes are fictitious.

17. Defendants obtained at least \$2,133,000 from the sale of the phony Stock and Notes.

18. The Stock that Defendants sold to investors was represented by separately numbered certificates, each bearing the investor’s name and signed by Brown as “president” and Mangini as “secretary-treasurer” of Infinity Reserves.

19. The phony Notes promised investors a 10% annual return, paid semiannually, on the principal amount of the investment. The Notes have a stated one to two-year maturity, at which time they promise to pay investors their principal plus any unpaid interest. The Notes further purport to be convertible to Infinity Reserves stock, on or before the Notes’ stated maturity dates, and assignable with the consent of Infinity Reserves.

20. Generally, Brown signed the Notes as “president” of Infinity Reserves; Mangini signed at least one Note as “vice-president” of Infinity Reserves.

21. Neither Defendant has ever been an officer or director of Infinity Reserves. Brown was never president of Infinity Reserves. Mangini was never vice-president or secretary-treasurer of Infinity Reserves.

22. Neither Defendant has ever had any authority to sell the Stock or the Notes, or interests of any kind in Infinity Reserves.

23. Infinity Reserves presently is an inoperative company owned by a Marshall Granger client. The Marshall Granger client is and has been the sole shareholder of Infinity Reserves since 1992. Infinity Reserves owns one principal asset, a gas gathering and trunk pipeline system located in Tennessee that it has not operated for over a decade.

24. Without authorization from the Marshall Granger client who owns Infinity Reserves, Defendants used the Infinity Reserves name to sell the Stocks and Notes.

25. The Defendants directed at least three of the investors who had their assets in individual retirement and/or 401k accounts at large asset management or brokerage firms to open new accounts with a third-party administrator and custodian of self-directed IRAs (the “Administrator”). At the Defendants’ direction, the investors transferred their IRA and/or retirement assets to the new accounts at the Administrator and then invested in the Notes. These investors received quarterly account statements from the Administrator reflecting the purported value of their investments in the Notes.

26. In soliciting investors, Defendants provided investors with offering materials for the Infinity Reserves Stock and Notes, including a cover sheet, a one-page letter, one-page memorandum, location maps, and four cash flow models (the “Offering Document”).

27. Brown falsely signed the Offering Document as “president” of Infinity Reserves.

28. The Offering Document describes the investment as interests in Infinity Reserves’ Putnam and Overton County, Tennessee gas gathering and trunk system, along with its interconnect into the Duke Energy main east-west trunk line.

29. The Offering Document falsely explains the supposed merits of the investment, making various untrue statements, including, among other things, that the area has proven production, but remains underdeveloped; that “exploitation costs” are low both for leasing and drilling; that production is sweet with a high Btu content; and that unexplored marketing opportunities exist to municipalities and industry in a strong natural gas environment.

30. The Offering document assured investors that Infinity Reserves enjoyed a captive market in its area, a stable minimum rate of production, and that its quality gas could be sold at a 20 percent premium over market prices.

31. The Offering Document did not tell investors that the pipeline had been inoperative for years.

32. The Offering Document did not tell investors that the pipeline had no market for its gas and no minimum rate of production because the pipeline was not producing any gas at all.

33. The Offering Document included cash flow models that purported to project revenues and operating expenses associated with the pipeline over a three-year period. The

projected revenues are based on four daily production assumptions from 1,000,000 mcf (cubic feet) to 3,000,000 mcf of natural gas.

34. The Offering Document stated that Infinity Reserves had tremendous development potential and that investor funds would be used for operating expenses.

35. The Offering Document did not tell investors that their funds would not be used to exploit Infinity Reserves' development potential or for its operating expenses.

36. Mangini told at least one investor that he was the sole owner of the Infinity Reserves pipeline; that the pipeline had been inoperative for many years, but that he had made it operational; that the pipeline was now delivering natural gas to customers and generating revenue; and that he was seeking investors to make capital improvements to the pipeline. Mangini also told the investor that he planned to sell his pipeline in the future and that such a sale would generate significant profits.

37. Brown told investors that their funds would be used to make capital improvements to the pipeline.

38. Defendants did not tell investors that no capital improvements would be made.

39. At the time that Brown sold the Stock and Notes, Brown knew or recklessly disregarded that (a) the Stock and Notes were fictitious; (b) he was not president of Infinity Reserves; and, (c) he had no authority to sell the Stock and Notes of Infinity Reserves.

40. With the Offering Document and in oral presentations to investors, Brown knowingly or recklessly misrepresented the business operations of Infinity Reserves, including (a) the fact that the pipeline was a going concern and producing and delivering natural gas to

paying customers and (b) that investor funds would be used to exploit Infinity Reserves' development potential and for its operating expenses.

41. Brown also knowingly or recklessly (a) used investor funds to pay interest to other investors; (b) converted investor funds to his personal use; (c) converted investor funds to Mangini's use; and (d) converted investor funds to the use of the Relief Defendants.

42. At the time that Mangini sold the Notes and Stock, he knew or recklessly disregarded that (a) he was not vice-president or secretary-treasurer of Infinity Reserves; (b) the Stocks and Notes were fictitious; (c) he had no authority to sign the Stock as secretary-treasurer of Infinity Reserves; and, (c) he had no authority to sign a Note as vice-president of Infinity Reserves.

43. Mangini also knowingly and falsely misrepresented to at least one investor that he was the sole owner of the Infinity Reserves pipeline; that he had made the pipeline operational; that the pipeline was now delivering natural gas to customers and generating revenue; that he would use investor funds to make capital improvements to the pipeline; that in the future he would sell his pipeline and that such sale should generate a significant profit; and that the investor could expect payments from the revenue generated by the pipeline.

44. At the time he sold the Stock and Notes, Mangini also knew or recklessly disregarded (1) that investor funds were being converted to his personal use and (2) that investor funds were being converted to his wife's personal use.

Dissipation of Investor Funds

45. On or about October 2007, Brown opened a bank account at Wachovia Bank, N.A. in the name of Infinity Reserves-Tennessee, Inc. (the "Infinity Reserves Bank Account").

46. Brown is the sole signatory on the Infinity Reserves Bank Account and exercises sole control over that account.

47. All investor funds from sales of the Notes and Stock – approximately \$2,133,000 – were deposited into the Infinity Reserves Bank Account. Only approximately \$136,000 was returned to investors in the form of interest payments.

48. Brown misappropriated and dissipated the investors' funds from the Infinity Reserves Account.

49. Brown withdrew at least \$523,000 in cash from the Infinity Reserves Account.

50. Brown paid at least \$174,600 to Mangini from the Infinity Reserves Account.

51. Between November 2009 and April 2010, Brown transferred at least \$291,800 directly from the Infinity Reserves Account to an account in the name of Maylil, Inc. at Wachovia Bank, N.A. Mangini and his wife, June Mangini are the only signatories on the Maylil, Inc. account.

52. Between August 2008 and June 2010, Brown transferred at least \$228,900 directly from the Infinity Reserves Account to an account in the name of Infinity Farms at Wachovia Bank, N.A. Brown, his daughter, Sloan Brown, and his wife, Susan Brown, are all signatories on the Infinity Farms account.

53. Brown paid at least \$261,400 to Sloan Brown from the Infinity Reserves Account.

54. Brown paid at least \$100,000 to stables and other providers of services related to Sloan Brown's equestrian activities from the Infinity Reserves Account.

55. Brown paid American Express at least \$108,000 from the Infinity Reserves Account for an account used by Brown, Sloan Brown, and Susan Brown.

56. Brown paid at least \$4,500 from the Infinity Reserves Account to Susan Brown.

57. Maylil, Inc., June Mangini, Infinity Farms, Sloan Brown, and Susan Brown received proceeds of the fraud, but did not provide bona fide services or other valuable consideration in exchange for the payments made to them.

FIRST CLAIM FOR RELIEF
Violations of Section 17(a) of the Securities Act
(Defendants)

58. The Commission re-alleges and incorporates paragraphs 1 through 57 by reference as if fully set forth herein.

59. The Defendants, directly or indirectly, singly or in concert, in the offer and sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce, or by use of the mails, (a) have employed, are employing, or are about to employ, devices, schemes, or artifices to defraud; (b) have made untrue statements of material fact, or have omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) have engaged, are engaging, or are about to engage in transactions, practices, or courses of business which operate, operated, or would operate as a fraud or deceit upon the purchasers of securities.

60. By reason of the foregoing, the Defendants, singly or in concert, directly or indirectly, have violated, are violating, and unless enjoined will again violate 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
(Defendants)

61. The Commission re-alleges and incorporates paragraphs 1 through 60 by reference as if fully set forth herein.

62. The Defendants directly or indirectly, singly or in concert, in connection with the purchase and sale of securities, by use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange: (a) have employed, are employing, or are about to employ, devices, schemes, or artifices to defraud; (b) have made, are making, or are about to make untrue statements of material fact, or have omitted, are omitting, or are about to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; and/or (c) have engaged, are engaging, or are about to engage in acts, practices, or courses of business which operate, operated, or would operate as a fraud or deceit upon other persons.

63. By reason of the foregoing, the Defendants, singly or in concert, directly or indirectly, have violated, are violating, and unless enjoined will again violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5].

THIRD CLAIM FOR RELIEF
(Relief Defendants)

64. The Commission re-alleges and incorporates paragraphs 1 through 63 by reference as if fully set forth herein.

65. Relief Defendants Infinity Farms, Ltd., Sloan A. Brown, Susan W. Brown, Maylil, Inc., and June A. Mangini each were recipients, without consideration, of proceeds of the fraudulent and illegal sales of securities alleged above. Each of these Relief Defendants profited

from such receipt or from the fraudulent and illegal sales of securities alleged above by obtaining illegal proceeds under circumstances in which it is not just, equitable, or conscionable for them to retain the illegal proceeds. Consequently, each of them has been named as a Relief Defendant for the amount of proceeds by which each has been unjustly enriched as a result of the fraudulent scheme or illegal sales transactions.

66. By reason of the foregoing, Relief Defendants Infinity Farms, Ltd., Sloan A. Brown, Susan W. Brown, Maylil, Inc., and June A. Mangini should disgorge their ill-gotten gains, plus prejudgment interest.

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 the Defendants, and 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)], Section 10(b) of the Exchange Act, [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5];

II.

An Order freezing the assets of the Defendants and the Relief Defendants, pending further Order of the Court.

III.

An Order directing each Defendant and Relief Defendant 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 in writing or as otherwise ordered by the Court, a verified written accounting, signed by each of them under penalty of perjury.

IV.

An Order permitting expedited discovery.

V.

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

VI.

A Final Judgment ordering the Defendants and Relief Defendants to disgorge their ill-gotten gains, plus prejudgment interest.

VII.

A Final Judgment ordering the 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)].

VIII.

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

Dated: New York, New York
July 22, 2010

By: _____
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