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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

James P. Griffin, John Wolle, 54Freedom Inc., 54Freedom
Securities Inc., 54Freedom Tele Inc., MoneyIns Inc.,
54Freedom Foundation Inc., 5 Ledyard Avenue LLC,
5 Ledyard Corporation, and IICNet LLC,

Defendants,

v.

Chary Griffin,

Relief Defendant.

Civ. No. ____ (___)
5:15-CV-0927 (FJS/TWD)

COMPLAINT

Plaintiff Securities and Exchange Commission (“Commission”) for its Complaint against defendants James Griffin (“Griffin”), John Wolle (“Wolle”), 54Freedom Inc., 54Freedom Securities Inc., 54Freedom Tele Inc., MoneyIns Inc., 54Freedom Foundation Inc., 5 Ledyard Avenue LLC, 5 Ledyard Corporation, and IICNet LLC (collectively “Defendants”), and relief defendant Chary Griffin, alleges as follows:

SUMMARY OF ALLEGATIONS

1. This civil enforcement action concerns a series of fraudulent offerings and sales of securities, from 2007 through at least 2014, by defendants 54Freedom Inc., 54Freedom Securities Inc., 54Freedom Tele Inc., MoneyIns Inc., 54Freedom Foundation Inc., 5 Ledyard Avenue LLC, 5 Ledyard Corporation, and IICNet LLC (collectively, “54 Freedom” or “the 54Freedom Corporate Defendants”), closely-related corporate entities. Defendants fraudulently induced individual investors to purchase 54Freedom securities – *i.e.*, its stock, promissory notes and “charitable gift annuities” (“CGAs”) – with materially false and misleading oral and written projections and promises regarding 54Freedom share price increases, stock listings, revenue projections, the safety of the securities, and 54Freedom’s use of investor proceeds. Defendant James Griffin created and controlled 54Freedom and orchestrated the fraud. Defendant John Wolle was Treasurer and Chief Financial Officer of at least certain of the 54Freedom entities, and joined in at least certain aspects of the fraud.

2. 54Freedom’s initial purported business was selling insurance products to the 54 million Americans with disabilities. However, early on (if not from the outset), it was apparent that 54Freedom’s business goal was unworkable – *i.e.*, that 54Freedom was not generating, and would not generate, significant or meaningful revenue. Defendants nonetheless proceeded for years to induce unsuspecting investors (many of them elderly) to purchase 54Freedom stock and promissory notes with wildly optimistic projections regarding the companies’ future revenues, stock prices, and stock listings – projections that Defendants knew or recklessly disregarded were unrealistic. After a number of years, Defendants changed their purported business plan – to focus on 54Freedom’s sale of its CGA product – but continued to make similarly unrealistic financial projections to prospective investors in 54Freedom stocks and notes. In addition, Griffin

fraudulently diverted large amounts of the CGA investors' funds that he and 54Freedom had promised investors would be used to purchase A-rated annuities to back the CGAs. Instead, Griffin used those funds to pay his own personal expenses and/or other 54Freedom expenses (including money it owed earlier 54Freedom investors).

3. Using these and other fraudulent devices, Griffin and Wolle induced individuals to invest at least \$8 million in 54Freedom stocks, notes and CGAs. Defendants commingled those funds in pooled bank accounts from which Griffin personally misappropriated at least \$1.2 million to pay personal expenses of himself and his wife (relief defendant Chary Griffin).

VIOLATIONS

4. As a result of the conduct described in paragraphs 25 through 138 below, Defendants violated Section 17(a) of the Securities Act of 1933 [15 U.S.C. §77q(a)] ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. §78(j)] ("Exchange Act") and Rule 10b-5 [17 C.F.R. § 10b-5] ("Rule 10b-5") promulgated thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

5. As a result of the conduct described in paragraphs 25 through 138 below, Defendants violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)], which make it unlawful for any person, directly or indirectly, to sell or to offer to sell a security for which a registration statement is not filed or not in effect or there is not an applicable exemption from registration.

6. As a result of the conduct described in paragraphs 25 through 138 below, Griffin and Wolle violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)], which makes it unlawful for any broker or dealer to effect any transactions in, or to induce or attempt to induce

the purchase or sale of, any security, unless such broker or dealer is registered or associated with a registered broker-dealer.

7. As a result of the conduct described in paragraphs 25 through 138 below, Griffin and Wolle aided and abetted the 54 Freedom Corporate Defendants' violations of Exchange Act Section 10(b) and Rule 10b-5 thereunder.

8. As a result of the conduct described in paragraphs 25 through 138 below, Wolle aided and abetted the 54 Freedom Corporate Defendants' violations of Securities Act Section 17(a).

9. As a result of the conduct described in paragraphs 25 through 138 below, pursuant to Exchange Act Section 20(a), Griffin is liable for violating Exchange Act Section 10(b) and Rule 10b-5 thereunder as a control person of the 54 Freedom Corporate Defendants, to the same extent as the 54 Freedom Corporate defendants are liable for violating those provisions.

10. Unless permanently restrained and enjoined, Defendants will again engage in the acts, practices, transactions and courses of business set forth in this Complaint and in acts, practices, transactions and courses of business of similar type and object.

JURISDICTION AND VENUE

11. The Commission brings this action pursuant to the authority conferred upon it by Section 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)], and Exchange Act Sections 20(e), 21(d) and (e), and 27 [15 U.S.C. §§ 78t(e), 78u(d) and (e), and 78aa].

12. Venue is proper in the Northern District of New York pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Certain of the transactions, acts, practices and courses of business alleged in this Complaint occurred in the Northern District of New York. Defendant Griffin and relief defendant Chary

Griffin are residents of Cazenovia, New York. 54Freedom's offices, where Defendants perpetrated the fraud, are also located in Cazenovia, New York. In addition, many of the 54Freedom investors victimized by the fraud also live the Cazenovia, New York area.

13. In connection with the transactions, acts, practices and courses of business alleged in this Complaint, Defendants, directly or indirectly, singly or in concert, have made use of the means and instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange.

DEFENDANTS

14. **James P. Griffin** was the founder and Chief Executive Officer of all of the 54Freedom Corporate Defendants, and controlled them throughout their existence.

15. **John Wolle** worked for 54Freedom, Inc. since at least 2010, including as its Treasurer and Chief Financial Officer, and as Treasurer and Chief Financial Officer of at least certain of the other 54 Freedom entities.

16. **54Freedom Inc.**, a New York corporation since 2008, is located in Cazenovia, New York.

17. **54Freedom Securities Inc.**, a New York corporation since 2010, is located in Cazenovia, New York.

18. **54Freedom Tele Inc.**, a Florida corporation since 2010, is located in Miami, Florida.

19. **54Freedom Foundation Inc.**, a New York corporation since 2010, is located in Cazenovia, New York.

20. **5 Ledyard Corporation**, a New York corporation since 2012, is located in Cazenovia, New York.

21. **5 Ledyard Avenue LLC**, a New York corporation since 2011, is located in Cazenovia, New York.

22. **MoneyIns Inc.**, a New York corporation since 2007, is located in Cazenovia, New York.

23. **IICNet LLC**, a New York corporation since 1999, is located in Cazenovia, NY.

RELIEF DEFENDANT

24. **Chary Griffin**, who resides in Cazenovia, New York, is James Griffin's wife. Chary Griffin received approximately \$120,000 of 54Freedom's defrauded investors' money through checks written directly to her from 54Freedom bank accounts. In addition, investor money was used to pay credit card bills in Chary Griffin's name and travel expenses for trips that Chary and James Griffin took to New Zealand, Hawaii, and other locations.

BACKGROUND

25. From at least September 2007 through at least 2014, Griffin and Wolle, through the 54Freedom Corporate Defendants, raised at least \$8 million from at least 125 investors through the offer and sale of 54Freedom shares, promissory notes, and CGAs.

26. In selling the shares and promissory notes of the 54Freedom Corporate Defendants, Griffin touted his experience in, and knowledge of, the insurance industry, claiming that his expertise would help the 54Freedom entities build a successful insurance business.

27. 54Freedom's initial purported business strategy was to sell insurance to the estimated 54 million Americans with disabilities. Griffin and 54Freedom claimed that 54Freedom would receive significant revenue from commissions generated by the sale of its insurance products. However, 54Freedom sold few, if any, insurance products and never generated significant or meaningful revenue.

28. Griffin and Wolle subsequently shifted 54Freedom's purported business model to focus on selling its CGA product. Griffin and 54Freedom told prospective investors in 54Freedom stock and notes that the company's CGA sales would generate substantial commissions from sales of the CGAs themselves and from third-party charities designated by the CGA purchasers (CGA purchasers had the option of designating a charity to receive a portion of their CGA purchase price, and the charities purportedly were to pay 54Freedom a commission in return).

29. 54Freedom's CGA-based business model likewise proved unsuccessful. All told, over a two-year period, only approximately 16 individuals purchased 54Freedom CGAs.

30. Griffin was directly involved in all aspects of the 54Freedom business, including soliciting investors, organizing the sales operations, and drafting and/or reviewing marketing and promotional materials and causing their distribution.

FRAUDULENT OFFERINGS OF 54FREEDOM STOCK AND NOTES

31. Defendants' material misrepresentations and omissions to prospective investors in 54Freedom stock and notes fall into three general categories: (1) material false statements and omissions in 54Freedom private placement memoranda sent to prospective investors ("PPMs"); (2) false oral and email statements and omissions that Griffin and Wolle personally made to individual prospective investors in 54Freedom stock; and (3) false oral statements that Griffin and Wolle made regarding 54Freedom promissory notes – either directly to investors or to a small Virginia insurance agency that brokered the sale of a number of 54Freedom promissory notes to individual investors (the "Insurance Agency").

PPM False Statements and Omissions

32. The false statements and material omissions contained in the 54Freedom PPMs

concern primarily unrealistic and unfounded projections that the 54Freedom Corporate Defendants would (1) generate tens of millions of dollars in revenue in the near future; and (2) hold initial public offerings of their securities. The 54Freedom Defendants' financial projections were, at best, highly questionable from the outset (when Griffin founded MoneyIns in 2007) and became more and more fanciful over time -- as it became abundantly apparent that 54Freedom did not have the ability to create or run the various businesses it claimed to be developing (which, in fact, it did not develop), and that 54Freedom was not generating, and would not generate, significant revenue. Nonetheless, for at least five years, they continuously sold their securities on the increasingly false premise of generating tens of millions of dollars in future revenue.

MoneyIns

33. In 2007, Griffin incorporated MoneyIns Inc. ("MoneyIns"), which he controlled throughout its existence. From at least September 2007 through March 2012, Griffin and MoneyIns raised over \$1.15 million through the sale of MoneyIns stock to at least 39 investors.

34. As part of the MoneyIns stock sales effort, Griffin caused MoneyIns to send potential investors MoneyIns PPMs, which described, among other things, MoneyIns' purported use of investor funds, its business strategy, and financial prospects.

35. A July 2007 MoneyIns PPM described the company as follows:

MoneyIns is being developed to form and run a broker-dealer. The firm will be related to USF Life & Annuities Brokering Inc. (USF), US Financial Marketing Group LLC (USFMG), IIC Marketing LLC and IIC Net LLC. All entities listed are under James Griffin's common controlling ownership and each offer essential business operations. MoneyIns will form the broker-dealer Griffin-Yarmark Securities, a wholly owned subsidiary of MoneyIns. MoneyIns is currently raising \$2,000,000 to fund the broker-dealer and increasing its marketing efforts on several critical ventures: 1. Distributing and installing the EZ Insurance Ticket platform into Banks and Brokerage Firms; 2. Providing insurance products and services

to the Disabled; and 3. Providing market valuation of life insurance policies thru LifeBid, a life settlement valuation company.

36. The MoneyIns PPM also made the following statements regarding its assets and projected revenues:

MoneyIns business operations and assets are valued at \$5.5 million as of 2007. The firm expects to generate \$45 M in revenue in 2008, \$155 M in 2009 and \$272 M in 2010.

37. In fact, however, although “Griffin Yarmark Securities Inc.” was incorporated on September 10, 2007, it never became a registered broker-dealer.

38. From 2007-2012, MoneyIns generated, at most, \$11,500 in revenue and otherwise funded itself through sales of 54Freedom securities.

39. Nonetheless, from 2007-2012, Griffin and 54Freedom sold unsuspecting investors \$1.15 million in MoneyIns stock on false promises of enormous future revenue that MoneyIns never had the ability to generate.

54Freedom Inc.

40. In 2008, Griffin incorporated 54Freedom Inc., which he controlled throughout its existence.

41. From at least October 2008 through August 2012, Griffin and 54Freedom Inc. raised over \$1.4 million through the sale of 54Freedom Inc. stock to at least 45 investors. As part of that sales effort, Griffin caused 54Freedom Inc. to send prospective investors PPMs describing, among other things, 54Freedom Inc.’s use of investor proceeds, its purported business and business prospects.

42. An August 2009 54Freedom Inc. PPM stated that the company’s “mission” was:

to meet the financial needs of two targeted groups: members of the disability community and their caregivers; and professional and entrepreneurial groups. We accomplish this mission by providing our insurance and

non-insurance products through the network of disability associations and the professional groups/associations that serve the entrepreneur and small business markets.

Originally founded as a company to provide insurance products to the disability community, 54Freedom developed and utilized insurance and non-insurance products that are also well-received by the non-disability community. In conducting our research, the Company identified an additional underserved market – the entrepreneur and small business owner. A strategic business decision incorporated those populations into our business model as well.

The Company, in collaboration with national insurance carriers, markets a full array of insurance and non-insurance products, including, but not limited to life insurance, annuity and health insurance.

43. The 54Freedom Inc. PPM further stated that the “Company intends to use the net proceeds of the Offering for general corporate purposes and working capital.”

44. The 54Freedom Inc. PPM also included the following revenue projections:

The 54Freedom three-to-five year Business Model expects to generate \$142 million in revenue each year from three primary sources:

\$50 million	Assets Under Management \$1 Billion in institutional and retail funds.
\$90 Million	Policy Sales from “Teller 3/Web Portal project.
\$2-4 Million	Field Force individuals and entities (agencies, brokers, etc.)

45. Regarding the first expected revenue source, the 54Freedom Inc. PPM stated that 54Freedom Inc. intended to generate \$1 billion in “assets under management” by offering a “series of high quality investment products that are expected to be ‘best-of-class,’” and that its three-year “goal” was to generate “\$50 million in [asset management] fees over such period.”

46. Regarding its second expected revenue source, the 54Freedom Inc. PPM described an electronic “Teller 3/Web Portal” that the company purportedly would utilize to generate sales of its insurance products directly to the public. The PPM stated that it was 54Freedom Inc.’s “intention to place 5000 ‘Teller 3/Web Portals’ across the country in the

locations that serve our target market,” and that each “site through the ‘Teller 3/Web Portals’ is expected to generate a daily \$50 payment to 54Freedom.”

47. Regarding its third claimed revenue source, the 54Freedom Inc. PPM stated:

Our third source of revenue is expected to be the policies and products sold by the field force of brokers and agents. The goal of their efforts, coupled with the work occurring through the associations, is to generate approximately \$2-\$4 million each year.

48. In fact (1) as explained above, 54Freedom Inc. did not develop an “asset management” business, much less one remotely approaching its projected \$1 billion in “assets under management”; (2) 54Freedom Inc. never developed its purported “Teller 3/Web Portal” business; and (3) 54Freedom Inc. employed, at most, thirty people and never developed a “field force” of insurance “agencies” or “brokers” to sell its purported insurance products.

49. Furthermore, from 2008-2012, 54Freedom Inc. took in revenue of, at most, approximately \$3,600.

50. Nonetheless, over a four year period, from 2008-2012, Griffin and 54Freedom sold unsuspecting investors \$1.4 million in 54Freedom Inc. stock on false promises of purported businesses that never materialized and of enormous future revenue that 54Freedom Inc. never had the ability to generate.

54Freedom Tele Inc.

51. In 2010, Griffin incorporated 54Freedom Tele Inc., which he controlled throughout its existence.

52. From May 2010 through January 2012, Griffin and 54Freedom Tele Inc. raised over \$1 million by selling 54Freedom Tele Inc. promissory notes. In addition, in June 2010, Griffin and 54Freedom Tele Inc. raised at least \$5,000 by selling 54Freedom Tele Inc. stock. As part of the sales efforts, Griffin caused 54Freedom Tele Inc. to send prospective investors, and

brokers selling 54Freedom notes, a private placement memorandum and other marketing materials describing, among other things, 54Freedom Tele Inc.'s purported business and business prospects.

53. For example, the 54Freedom Tele Inc. PPM stated,

54Freedom Tele Inc. intends to operate as a provider of call center services. Our product will be purchased from insurance institutions, including the products created by 54Freedom Tele Inc. The disability community is a major sector.

54. The 54Freedom Tele Inc. PPM and marketing materials also made the following revenue projections:

Within 36 months, have profitable operations with over 100 telemarketers with 50 customers, \$25M in sales and be an integral part of the roll-up for an IPO with 54Freedom Inc.

The initial revenue stream 54Freedom Tele, Inc. will be created through selling 54Freedom Inc.'s insurance and related products directly to consumers. . . The second revenue stream is being created by selling 54Freedom Tele, Inc.'s call center services to large corporations who seek to connect with these same customers.

55. In fact, although 54Freedom did create a purported call-center in Florida (housing approximately 15-30 "telemarketers"), 54Freedom Tele Inc. appears to have generated no revenue.

56. Furthermore, contrary to the 54Freedom Tele Inc. PPM, neither 54Freedom Tele Inc. nor 54Freedom Inc. took significant steps toward an initial public offering ("IPO") of securities.

57. Nonetheless, from at least May 2010 through January 2012, 54Freedom and Griffin sold unsuspecting investors over \$1 million in 54Freedom Tele Inc. stock and notes on false promises of enormous future revenue that 54Freedom never had the ability to generate.

54Freedom Securities Inc.

58. In 2010, Griffin incorporated 54Freedom Securities Inc., which he controlled throughout its existence.

59. From at least July 2010 through April 2011, Griffin and 54Freedom Securities Inc. raised over \$500,000 by selling 54Freedom Securities Inc. stock to at least 16 investors. As part of that sales effort, Griffin caused 54Freedom Securities Inc. to send prospective investors a PPM describing, among other things, 54Freedom Securities Inc.'s purported business and business prospects.

60. For example, the 54Freedom Securities Inc. PPM stated:

54Freedom Securities Inc. intends to operate as a provider of wholesale brokerage services. Our product will be purchased from insurance institutions, including the products created by 54Freedom, Inc. and MoneyIns Inc. The disability community is a major sector.

Product Concept

A financial services company selling both fixed and variable products. Fund raising for non-profit organizations will be a primary focus especially the Disabled Community.

61. The 54Freedom Securities Inc. PPM further stated:

The first revenue stream for 54Freedom Securities Inc. will be created through selling 54Freedom Securities Inc.'s insurance products directly to consumers. MoneyIns Inc. holds most licenses and contracts. 54Freedom's insurance products are unique in that they fulfill the insurance needs of the disabled. No other insurance company has created customized products to meet these unique insurance needs. The competition for this specific market is with regular insurance companies – many of which decline coverage altogether or charge exorbitant prices to this market.

The second revenue stream is created by services to non-profit organizations. We revenue share with them by creating donations with Charitable Gift annuities.

Vision and Exit Strategy

Within 36 months, have over 50 non-profit organizations in fund raising mode using our model. The Company will be part of the roll-up for an IPO with 54Freedom Inc.

Medium Term Milestones

Within the coming 12 months, we expect to achieve the following goals and objectives:

- Introduce the product at association meetings and other industry gatherings
- Obtain orders from 5 targeted prospects, representing potential orders worth \$1,000,000/mo
- Move towards IPO plans

Longer Term Milestones

- Staff up to 100 broker representatives.
- Move forward with IPO plans.
- Engage 50 or more non-profit organizations utilizing the fund raising model.

62. In fact, 54Freedom Securities Inc. never generated any revenue and funded itself almost exclusively from the sale of 54Freedom securities. Furthermore, 54Freedom Securities Inc. never had the wherewithal to generate anywhere close to its multi-million dollar revenue projections described above.

63. Nor did 54Freedom Securities Inc. take any significant steps toward an IPO of its securities.

64. Nonetheless, from at least May 2010 through January 2012, 54Freedom and Griffin sold unsuspecting investors over \$500,000 in 54Freedom Securities Inc. stock on false promises of enormous future revenue that 54Freedom Securities Inc. never had the ability to generate.

5 Ledyard Avenue LLC

65. In 2011, Griffin incorporated 5 Ledyard Avenue LLC (“5 Ledyard LLC”), which he controlled throughout its existence.

66. From at least November 2011 through May 2012, Griffin and 5 Ledyard raised over \$1.3 million by selling 5 Ledyard LLC promissory notes to at least 16 investors. As part of that sales effort, Griffin caused 5 Ledyard LLC to send prospective investors a PPM describing, among other things, the terms of the promissory notes, 5 Ledyard LLC’s use of investor proceeds, and 54Freedom’s business prospects.

67. The 5 Ledyard LLC PPM offered investors 5 Ledyard LLC “bonds” secured by 5 Ledyard LLC stock. Investors were promised large annual cash payments over three years (ultimately totaling more than 200% of their principal investment), plus “10% interest per annum ... “on the unpaid Present Value principal balance.” Investors were required to surrender to 5 Ledyard LLC a portion of their stock security interest upon receipt of each annual cash payment on their bonds. The 5 Ledyard LLC PPM also stated that “Mr. Griffin will provide a cross guarantee from 54Freedom Securities, Inc.”

68. According to the 5 Ledyard LLC PPM, the sole purpose of the LLC was to purchase “a very prominent 8,400sq foot Historical Building located at Five Ledyard Avenue, Cazenovia, NY” to serve as the “corporate headquarters” for “54Freedom.”

69. The 5 Ledyard LLC PPM further stated:

It is Mr. [Jim] Griffin’s belief that the new 54Freedom Corporate Headquarters spearhead’s [sic] a significant symbol of the company’s vision of the American Ideals and Freedom in incorporating the tradition of Heritage, Quality, Substance and Conservatism as related to its mission in serving the senior and Disability Community in the United States.

5 LEDYARD AVE. Corporate Headquarters will also provide the strategic presence of 54Freedom’s National Conference, Technical Operations and

Broker Fulfillment Center to support the growth of 54Freedom insurance and non-insurance products with particular focus on the company's Linchpin product; 54Freedom Gift Annuity. The unique Gift Annuity product is supported by patent-pending protection of the US Patent & Trademark Office. Also, as a result of a recently Published Patent for the 54Freedom Gift Annuity, dtd September 22, 2011, this provides 54Freedom with the significant protection that we needed to "Roll Out" the production on a full scale national level. Staffing for support of this full scale roll out will be located at 5 LEDYARD AVE.

70. As explained above, however, by 2011, it was plain that 54Freedom's purported "insurance and non-insurance products" (including its CGAs), were not producing significant revenue for 54Freedom, which relied exclusively, or virtually exclusively, on stock and bond investor proceeds for their funding.

71. Furthermore, as further discussed below, 54Freedom was selling its "54Freedom Gift Annuity" in a manner that violated applicable IRS rules for charitable gift annuities.

72. Thus, Griffin and 54Freedom knew or recklessly disregarded that 54Freedom did not have the ability to pay its 5 Ledyard LLC noteholders the enormous returns it promised them.

5 Ledyard Corporation

73. In 2012, Griffin incorporated 5 Ledyard Corporation ("5 Ledyard Corp."), which he controlled throughout its existence.

74. In 2012, 5 Ledyard Corp. raised at least \$50,000 by selling its stock to at least one investor. As part of that sales effort, Griffin caused 5 Ledyard Corp. to send prospective investors a PPM describing, among other things, 5 Ledyard Corp.'s use of investor proceeds and its purported business and business prospects.

75. The 5 Ledyard Corp. PPM stated that:

[5 Ledyard Corp.] was organized to consolidate the initiatives of its affiliates for the purpose of generating precipitous sales growth of its lynchpin patent pending 54Freedom™ Gift Annuity product that was invented, developed and successfully market-tested over the past two years. The Gift

Annuity product provides a significant opportunity for individuals, senior citizens and retirees to experience and maximize their financial freedom to repurpose amassed wealth by acquiring tax advantaged appropriate insurance and financial services products to meet their exacting needs. Also, as a reciprocal byproduct of the 54FreedomTM Gift Annuity, the Company will expand its relationships by providing worthy financial assistance to Charitable Organizations that benefit from the “Charitable Donation” portion of the 54FreedomTM Gift Annuity sale.

76. The 5 Ledyard Corp. PPM further stated that “the Company intends to use the net proceeds of this Offering for general corporate purposes and working capital.”

77. The 5 Ledyard Corp. PPM also made the following projection:

Our main source of revenue is expected to be the policies and products sold by the field force of brokers and agents. The goal of their efforts, coupled with the work occurring through the associations, is to generate approximately \$200-\$400 million each year.

78. In fact, 5 Ledyard Corp. never generated significant revenue and funded itself almost exclusively, through sales of 54Freedom securities. At most, 5 Ledyard Corp. took in revenue of approximately \$24,000. Moreover, it never had the wherewithal (including the “field force” of brokers and agents) necessary to generate anywhere close to its multi-million dollar revenue projections described above.

79. Also, in at least 2014, in an additional effort to sell 5 Ledyard Corp. stock, Griffin and Wolle provided written materials to prospective investors touting 54Freedom’s purported “Disability Income Protector product, which will provide you with up to 24 months of replacement income if you become disabled following an accident.” The written materials further claimed that 5 Ledyard Corp. had “partnered with Lloyd’s of London as their exclusive U.S. partner to create our Disability Income Protector product.” In fact, as Griffin and Wolle knew or recklessly disregarded, no 54Freedom entity had “partnered with Lloyd’s of London,” or had such an agreement with Lloyd’s concerning a 54Freedom “Disability Income Protector product.”

* * * * *

80. Contrary to Griffin's representations to investors, none of the 54Freedom Corporate Defendants had any significant business operations or generated significant revenues, and they funded themselves exclusively, or virtually exclusively, from the cash they raised from their investors.

81. At all times, Griffin controlled all of the 54Freedom entities, and Griffin was responsible for the creation and distribution of their PPMs and the above statements contained therein. Griffin therefore knew or recklessly disregarded that 54Freedom had no wherewithal to generate significant revenue and had never generated significant revenue, and that its source of cash consisted almost exclusively of 54Freedom stock, note and CGA investor funds.

82. Indeed, Griffin knew or recklessly disregarded that 54Freedom had taken only the most minimal steps towards implementing its purported business model – i.e., it created a 54Freedom website, 54Freedom sales materials, rented office space, and hired a limited sales staff – a far cry from the legion of brokers and agents he claimed to have at his disposal.

83. Contrary to his representations to investors, Griffin also knew or recklessly disregarded that 54Freedom had no actual plans to engage in an IPO of its securities and took no concrete steps toward such an offering.

84. Accordingly, Griffin knew or recklessly disregarded – but failed to disclose to prospective 54Freedom investors – that 54Freedom had no realistic prospects of generating the vast revenue streams projected in the PPMs, particularly after 54Freedom's initial failures to develop the business or produce any significant revenue.

Griffin Commingled Investor Funds and Misappropriated At Least \$1.2 Million

85. Griffin and 54Freedom also failed to disclose to prospective investors that funds they invested in a particular entity would be commingled with funds raised from other investors in different 54Freedom entities. Griffin controlled all 54Freedom investor funds and regularly directed 54Freedom's bookkeeper to transfer investor funds between and among the various 54Freedom Corporate Defendants, without any apparent business justification. Such commingling contradicted the purportedly separate business plans of the individual 54Freedom entities, as set forth in the PPMs. For example, 54Freedom Tele purportedly was to create and operate the telemarketing center, while 5 Ledyard Avenue was to purchase and renovate the property in Cazenovia, New York. Griffin, however – without any disclosure to prospective investors – used the 54Freedom Corporate Defendants' funds interchangeably, commingling and freely transferring them among the bank accounts held by the various entities.

86. Griffin and 54Freedom also failed to disclose to prospective 54Freedom investors that Griffin intended to take money at will for himself from the funds raised in the stock and note offerings – a total of at least \$1.2 million. Griffin deposited some investor checks directly into his personal bank account, ordered transfers of other investor funds from 54Freedom to his personal account (or to pay his and his wife's personal credit card bills), and repeatedly used 54Freedom credit and debit cards to pay his personal expenses – all without any oversight or express business justification. Thus – contrary to the PPMs' representations that 54Freedom investor funds would be used for “general corporate purposes and for working capital” (or other specific business purposes) – Griffin diverted at will at least \$1.2 million in 54Freedom investor funds to himself and his wife. Griffin used investor funds to purchase for himself and his wife, among other items, a large boat, expensive vacations, luxury cars, expensive clothing and

jewelry, and country club memberships.

87. In addition, Griffin diverted at least \$750,000 of later 54Freedom investors' funds to pay earlier 54Freedom promissory note holders, in many cases using investor funds raised for one entity to pay off investors in other entities. Griffin likewise failed to disclose to prospective investors such use of investor funds.

Oral Misrepresentations Regarding 54Freedom Corporate Defendants' Stock Sales

88. Of the approximately \$8 million raised through the sale of 54Freedom securities, Defendants raised at least \$3 million from at least 75 individuals through the sale of stock issued by 54Freedom Inc., 54Freedom Securities, 54Freedom Tele, 5 Ledyard Corp. and MoneyIns.

89. Griffin and Wolle personally solicited 54Freedom stock investors, many of whom were elderly and primarily located in or near Cazenovia, New York. In addition to the false and misleading statements and omissions contained in the various PPMs described above, Griffin and Wolle solicited the investors through oral and email material misrepresentations and omissions. Griffin and Wolle personally told prospective investors that their 54Freedom shares – which typically sold for \$1.25 per share – would increase to \$20 per share in short order. Griffin also told some investors that their shares would increase to \$40 per share within a few additional months, or would double or triple in value. In some instances, Griffin sold shares to investors for \$1.25 per share and, subsequently, sold additional shares to the same investors for \$20 per share, falsely claiming that 54Freedom's stock had increased in value.

90. In fact, Griffin and Wolle had no basis to claim, and could not have believed at the time, that 54Freedom shares had, or would have, any value, let alone the \$20 or \$40 valuation given to investors. To the contrary, as Griffin and Wolle knew or recklessly

disregarded, 54Freedom's poor financial performance made it highly unlikely that the company's shares would ever hold any significant market value.

91. Griffin also misrepresented the value of the 54Freedom shares to the custodian for many of the 54Freedom investors' self-directed IRAs. Griffin, through 54Freedom, provided the custodian with a concocted \$20 per share value, without any basis whatsoever, despite the fact that the shares were likely worthless. That representation not only misled 54Freedom investors as to the value of their investments, but also caused them to overpay quarterly account maintenance fees to the custodian.

92. In addition, Griffin falsely told prospective 54Freedom stock investors that 54Freedom would engage in an IPO of its stock in the near future. As Griffin knew or recklessly disregarded, he likewise had no basis to claim that such an IPO would occur and (and could not have believed it would occur) and, in fact, took no steps toward implementing an IPO.

93. Griffin also repeatedly and misleadingly told prospective 54Freedom stock (and promissory note) investors that 54Freedom was "on track" and doing exceptionally well financially. Griffin knew, however, that 54Freedom's only source of money was the sale of its own securities. In several instances, these misrepresentations regarding 54Freedom's performance enticed then-current shareholders to invest additional money in 54Freedom.

94. In at least 2014, Griffin and Wolle also offered and sold stock to investors in 5 Ledyard Corp. based on the premise that their monies would be used to publish a book about soccer based upon the "Chicken Soup for the Soul" inspirational format, and that those investors would receive payments based on the royalties received by 5 Ledyard Corp. for publishing the book. In fact, 5 Ledyard did not publish a book and did not take any concrete steps towards publishing such a book. Despite the lack of any reasonable basis to make projections about

investors' expected or potential returns, Griffin and Wolle falsely told prospective investors that they could expect 300% returns, and that investors could have their principal returned whenever they wished. 5 Ledyard Corp. never published a book about soccer, and investor funds were never returned, despite investors' requests to Griffin and Wolle to do so.

Oral Misrepresentations Regarding 54Freedom Promissory Notes

95. Defendants – through 54Freedom salespersons and the Insurance Agency retained to help sell the notes – also sold at least \$3 million in 54Freedom promissory notes to at least 40 individual investors. Defendants knowingly or recklessly made false and/or misleading oral statements to the Insurance Agency and to prospective investors in those 54Freedom notes regarding 54Freedom's ability to repay principal and interest due on the notes.

96. The terms of the 54Freedom note offerings varied. 54Freedom promised to pay certain noteholders interest at 6-8% per annum in monthly or quarterly payments, with the balance of the note due either at the end of the first or the second year, renewable at the investor's discretion. Other notes, however, promised interest as high as 10-12% per annum and were due upon 30 days' notice by the investors. The notes ranged in face amount from \$25,000 to \$300,000.

97. Griffin falsely told prospective investors (and note salespersons) that 54Freedom was doing well financially and, thus, easily could repay the notes.

98. Furthermore, Wolle, in Griffin's presence, falsely told the owners of the Insurance Agency -- which 54Freedom had retained to sell a number of the 54Freedom notes -- that 54Freedom possessed a "sinking fund," or reserve, from which to make principal payments on the notes. In fact – as Griffin and Wolle knew or recklessly disregarded – no such sinking fund existed.

99. Griffin and Wolle knew or recklessly disregarded that their statements regarding 54Freedom's ability to repay its notes were false because of 54Freedom's poor financial record and because it had virtually no source of revenue other than investor funds.

100. 54Freedom has not repaid investors' principal on certain of the promissory notes (which are overdue) and is in arrears on interest payments due its noteholders.

FRAUDULENT OFFERING OF CGAs

101. In or about 2009, Defendants began selling 54Freedom's purported CGA product. 54Freedom marketed and sold its CGAs primarily through the Insurance Agency, which sold approximately \$2 million in CGAs to approximately 16 individuals.

102. Investors learned about the 54Freedom CGAs from third-party salespersons, primarily the Insurance Agency, which signed marketing agreements with 54Freedom. 54Freedom provided these salespersons with CGA marketing materials, including letters and illustrations of expected returns to use in soliciting potential investors. 54Freedom paid these salespersons commissions, generally 10% of the face value of the CGA.

103. Griffin and 54Freedom marketed its purported CGA product to potential investors as follows. The CGA investor would pay the purchase price to 54Freedom Foundation, a purportedly tax-exempt charitable corporation under Section 501(c) of the Internal Revenue Code. 54Freedom would then use a portion of those funds to purchase an annuity from an "A-rated" third-party insurance company, in the name of 54Freedom Foundation, with the CGA investor named as the beneficiary. 54Freedom Foundation was then supposed to pass through those annuity payments to the investor or named beneficiary of the investor. The CGA investor could treat his or her remaining purchase price (the portion not used to acquire the annuity) as a charitable donation to 54Freedom Foundation. Alternatively, or in addition to that donation to

54Freedom Foundation, the investor could identify certain well-known national charities to receive smaller donation amounts.

104. In fact, contrary to these representations, for the vast majority of CGAs that it sold, 54Freedom never purchased the promised third-party annuities, and it did not operate as a charitable organization. Rather, with limited exceptions, 54Freedom Foundation simply commingled the CGA investors' funds with its other investors' funds and used them indiscriminately.

105. Based upon the above representations made to them by Griffin – as well as the same representations contained in 54Freedom's written marketing materials that Griffin provided to them – the Insurance Agency represented to prospective CGA investors that their invested funds would be used to purchase annuities from a highly-rated insurance company—thereby guaranteeing the safety of their annuity payments. The 54Freedom marketing materials that the Insurance Agency provided to 54Freedom investors stated that “54 Freedom Foundation reinsures transactions through a carrier rated ‘A’ or higher by A.M. Best.” Griffin also sent marketing materials directly to prospective investors claiming that the “[a]nnuity promise is kept by the national insurance carrier” and that 54Freedom will “redeploy assets to purchase an [a]nnuity from a well rated insurer.” In addition, at the time of their purchase of the CGAs, investors completed paperwork for annuities sold by well-known, major U.S. insurance companies.

106. Contrary to Griffin's and 54Freedom's representations to potential CGA investors, and to salespersons at the Insurance Agency, 54Freedom did not purchase annuities from third-party insurance companies and had no intention to do so. Instead, Griffin commingled CGA investor money in the many 54Freedom bank accounts and used the money that should have been used to purchase annuities for himself and for other undisclosed expenses

and to pay earlier investors, in Ponzi-like payments. For example, after commingling CGA investors' funds in 54Freedom bank accounts, Griffin directed that the funds be used to pay the interest on 54Freedom promissory notes purchased by other investors.

107. Of the 16 CGAs sold, 54Freedom purchased annuities for only two investors, and it did so long after those investors had purchased their CGAs (and in amounts much smaller than 54Freedom had promised). Furthermore, one of those two investors ("Investor A") had her money returned by the third-party insurance company after Wolle acknowledged that, at Griffin's instruction, he had signed the investor's name to portions of the insurer's annuity application without her permission. For the second investor, 54Freedom purchased two small annuities. However, when 54Freedom ran out of cash, Griffin cashed in those annuities, without the investor's consent, and used the investor's funds to pay personal expenses and earlier 54Freedom investors.

108. Of the \$2 million invested in CGAs, investors have been paid only \$30,000 in purported annuity payments (and an additional \$254,000 returned to Investor A by the third-party insurance company). In addition, approximately \$235,000 was paid to non-54Freedom charities. To date, however, by using CGA investor funds for purposes other than those promised, Griffin and 54Freedom misappropriated almost \$1.5 of the \$2 million entrusted to the 54Freedom Foundation by the CGA investors.

109. Griffin and 54Freedom further failed to disclose to CGA investors that the salespersons, primarily employees of the Insurance Agency, would receive a commission, let alone that the commission was approximately 10% of the face value of the CGA. Furthermore, Griffin and 54Freedom never disclosed to CGA investors that 54Freedom was to receive a

“marketing fee” from some of the charities to which the investors could make donations, which was to be deducted from the donation.

110. Griffin and 54Freedom also misrepresented to CGA investors that 54Freedom Foundation was a charitable enterprise. At the time 54Freedom was issuing CGAs, it claimed that 54Freedom Foundation was operating as a non-profit organization. Although 54Freedom Foundation did register as a 501(c) corporation with the Internal Revenue Service, Griffin and Wolle operated 54Freedom Foundation for the primary purpose of issuing CGAs, rather than as a charity. CGA paperwork, nonetheless, identified amounts transferred to 54Freedom Foundation as a “donation.” 54Freedom Foundation marketed itself to potential CGA investors as a “non-profit corporation” and a “public charity,” part of whose stated mission was to “help fundraise for organizations as well as provide the capital to our foundation to benefit the disability community.” Investors were thus misled into believing that 54Freedom Foundation was operating a charitable enterprise that benefitted disabled Americans, which was not the case.

111. Griffin and 54Freedom knew or recklessly disregarded, by January 2010, that its purported CGA product – which several of the 54Freedom PPMs touted to prospective stock and note investors – could not be marketed as intended. In January 2010, after the sale of its first three CGAs, 54 Freedom learned from its accountant that the manner in which it was selling its CGAs rendered them “commercial insurance” (rather than true CGAs) under the United States Internal Revenue Code and, thus, could compromise the tax-exempt status of the 54Freedom Corporate Defendants, as well as the tax benefits purchasers of the annuities were told they would receive. Griffin and 54Freedom nonetheless continued to market and sell 54Freedom CGAs in the same manner for the next approximately two years, without disclosing this material tax issue to prospective CGA investors, or to investors in 54Freedom stock or notes.

FIRST CLAIM FOR RELIEF

**Violations of Section 17(a) of the Securities Act
(All Defendants)**

112. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 111.

113. Griffin, Wolle, and 54Freedom, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce, or by the use of the mails, directly or indirectly, singly or in concert, knowingly or recklessly have:

- (a) employed or are employing devices, schemes or artifices to defraud;
- (b) obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (c) engaged in acts, transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon purchasers of securities.

114. By reason of the foregoing, Griffin, Wolle, and 54Freedom, directly or indirectly, violated, and unless enjoined will again violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

115. By reason of the foregoing, pursuant to Section 20(b) of the Securities Act, Wolle aided and abetted the Securities Act Section 17(a) primary violations of Griffin and 54 Freedom.

116. By reason of the foregoing, pursuant to Section 20(b) of the Securities Act, Griffin aided and abetted the Securities Act Section 17(a) primary violations of 54 Freedom.

SECOND CLAIM FOR RELIEF

**Violations of Section 10(b) of the Exchange Act
and Rule 10b-5 Thereunder
(All Defendants)**

117. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 110.

118. Griffin, Wolle, and 54Freedom, in connection with the purchase or sale of securities, by the use of the means or instrumentalities of interstate commerce, or of the mails, or of the facilities of a national securities exchange, directly or indirectly, singly or in concert, knowingly or recklessly have:

- (a) employed or are employing devices, schemes or artifices to defraud;
- (b) made untrue statements of material facts or have omitted 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; or
- (c) engaged in acts, transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon any person.

119. The misstatements and omissions of fact detailed in paragraphs 1 through 72 were material.

120. By reason of the foregoing, Griffin and 54Freedom, directly or indirectly, violated, and unless enjoined will again violate, 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].

121. By reason of the foregoing, pursuant to Section 21(d) of the Exchange Act, Wolle aided and abetted the Exchange Act Section 10(b) and Rule 10b-5 primary violations of Griffin and 54 Freedom.

122. By reason of the foregoing, pursuant to Section 21(d) of the Exchange Act, Griffin aided and abetted the Exchange Act Section 10(b) and Rule 10b-5 primary violations of 54 Freedom.

123. By reason of the foregoing, pursuant to Exchange Act Section 20(a), as a control person of the 54 Freedom Corporate Defendants, Griffin violated, and unless enjoined will again violate, Exchange Act Section 10(b) and Rule 10b-5 thereunder.

THIRD CLAIM FOR RELIEF

**Violations of Sections 5(a) and 5(c) of the Securities Act
(All Defendants)**

124. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 110.

125. Griffin and Wolle were primary participants in the offerings and sales of the 54 Freedom stock, promissory notes, and CGAs.

126. At the time of the offers and sales of the 54 Freedom Defendants' shares, promissory notes and CGAs, no registration statements were filed or in effect regarding those securities offerings and sales, and no exemption from such registration applied to those offerings and sales.

127. Defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer and sell securities through the use or medium of a prospectus or otherwise, and carried or caused to be carried through the mails, or in interstate commerce, by means or instruments of transportation, such securities for the purpose of sale or for delivery after sale, when no registration statement had been filed or was in effect as to such securities.

128. By reason of the foregoing, Defendants violated, and unless enjoined will again violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)].

FOURTH CLAIM FOR RELIEF

**Violations of Section 15(a) of the Exchange Act
(Griffin and Wolle)**

129. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 110.

130. Griffin and Wolle directly participated in the offer and sale of 54Freedom shares and promissory notes and also directed salespersons to sell CGAs. Griffin and Wolle communicated directly with investors in the shares and some investors in the notes regarding the nature of the investments. Griffin directly told at least some investors in the promissory notes that they were guaranteed and also established the rate of return on the notes. Griffin and Wolle told the salespersons selling notes and CGAs how to describe the investments to potential investors.

131. Griffin and Wolle received commissions for selling 54Freedom investments.

132. Neither Griffin nor Wolle was registered as a broker-dealer or associated with a registered broker-dealer at the time of the offers and sales of 54Freedom securities.

133. Griffin and Wolle, while engaged in the business of effecting transactions in securities for the account of others made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase or sale of, a security without being registered in accordance with Section 15(a) of the Exchange Act.

134. By reason of the foregoing, Griffin and Wolle violated, and unless enjoined will again violate, Section 15(a) of the Exchange Act [15 U.S.C. § 780(a)].

FIFTH CLAIM FOR RELIEF
Equity Disgorgement, Unjust Enrichment and Constructive Trust
(Chary Griffin)

135. The Commission realleges and incorporates by reference each and every allegation contained in paragraphs 1 through 110.

136. Relief Defendant Chary Griffin obtained money, property or assets which are the proceeds, or are traceable to the proceeds, of the violations of the securities laws by James Griffin and 54Freedom.

137. Chary Griffin has no legitimate claim to these ill-gotten gains.

138. Chary Griffin should be required to disgorge all ill-gotten gains to which she has no legitimate claim under the equitable doctrines of disgorgement, unjust enrichment, and constructive trust.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that this Court:

1. Find that the Defendants committed each of the violations alleged in this Complaint;
2. Permanently restraining and enjoining 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, from violating the laws and rules alleged in this Complaint;
3. Order that Defendants, and Relief Defendant Chary Griffin, each disgorge any and all ill-gotten gains they received as a result of their violations of the federal securities laws, plus prejudgment and post-judgment interest thereon;

4. Order 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)]; and

5. Granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York
July 30, 2015

By /s/ Jack Kaufman
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