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**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

MANUEL M. BELLO,  
AYUDA EQUITY FUNDING, LLC, and  
AMERIFUND CAPITAL HOLDINGS,  
LLC,

Defendants.

Case No. \_\_\_\_\_

**COMPLAINT FOR VIOLATIONS OF  
THE FEDERAL SECURITIES LAWS**

Plaintiff Securities and Exchange Commission (the "Commission"), 100 F Street, N.E., Washington, District of Columbia 20549, alleges as follows against Manuel M. Bello ("Bello"), who resides at 4 Stony Brook Trail, Kinnelon, New Jersey 07405, Ayuda Equity Funding, LLC, ("Ayuda"), whose principal place of business is 1234 Route 23, North Butler, New Jersey 07405, and AmeriFund Capital Holdings, LLC ("AmeriFund"), whose principal place of business is 1234 Route 23, North Butler, New Jersey 07405.

### **SUMMARY OF THE ACTION**

1. This case involves a stock-collateralized loan business run by Ayuda and AmeriFund, both of which are controlled by Bello. During the relevant period, Ayuda and AmeriFund induced certain affiliates of issuers to transfer ownership of millions of shares of publicly traded stock as collateral for loans based on a false promise to return identical shares posted by borrowers as collateral upon repayments of the loans. Unbeknownst to the borrowers, however, Ayuda and AmeriFund sold their pledged shares before or soon after funding the loans. In addition, in connection with at least thirty-five loan transactions, Ayuda and AmeriFund sold the borrowers' collateral shares into the market in unregistered transactions for which no exemption applied. As a result of this conduct, Ayuda and AmeriFund reaped more than \$3.2 million in unlawful gains. Ayuda and AmeriFund attracted potential borrowers, among other ways, through their network of brokers. By engaging in this conduct and receiving transaction-based compensation therewith, Ayuda, AmeriFund, and Bello also acted as unregistered brokers and dealers.

2. Through their actions, Bello, Ayuda, and AmeriFund violated Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5]; Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)]; and Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c)].

### **JURISDICTION AND VENUE**

3. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. Defendants, directly or indirectly, made use of the

means or instrumentalities of transportation or communication in interstate commerce, or the mails, or the facilities of a national securities exchange in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

4. Venue in this District is proper pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. During the relevant period, defendants were both located in and transacted business in this judicial district, and certain of the acts, practices, and courses of business constituting the violations of the federal securities laws alleged herein occurred within this judicial district.

#### **DEFENDANTS**

5. Ayuda Equity Funding, LLC is a Nevada limited liability company located in North Butler, New Jersey. Ayuda Equity Funding, LLC is wholly owned by Ayuda Funding Corporation. Bello is the President and CEO of Ayuda Funding Corporation.

6. AmeriFund Capital Holdings, LLC is a Nevada limited liability company located in North Butler, New Jersey. AmeriFund Capital Holdings, LLC is wholly owned by Bello.

7. Manuel M. Bello, age 46, is a resident of Kinnelon, New Jersey. Bello is the owner of AmeriFund Capital Holdings, LLC and Ayuda Funding Corporation, which owns Ayuda Equity Funding, LLC.

#### **RELATED ENTITIES**

8. Ayuda Funding Corporation is a Nevada corporation located in North Butler, New Jersey. Bello is the President and CEO of Ayuda Funding Corporation.

## **FACTS**

### **Ayuda's and AmeriFund's Stock-Collateralized Loan Business**

9. Since at least 2007, Ayuda (and AmeriFund, beginning in late 2008) made both recourse and non-recourse loans to individuals or entities who pledged as collateral shares (often, restricted shares) of publicly traded stock.

10. Ayuda and AmeriFund marketed their stock-collateralized loans as an opportunity for potential borrowers to hedge against a decrease in the share price and to retain the right to reacquire their shares for the amount owed on the loan if the stock price increases.

11. Ayuda or AmeriFund typically offered to loan 40% to 75% of the market value of the shares that the borrower proposed to use as collateral, depending on factors such as trading market, volume, and price volatility. If the potential borrower accepted the loan proposal, Ayuda or AmeriFund sent the borrower (or his or her broker) a "Loan Agreement," "Pledge Agreement," "Promissory Note," and other documents, such as instructions on how to transfer the stock collateral to Ayuda or AmeriFund (collectively, the "Loan Package").

12. Pursuant to the Loan Agreement, the borrower agreed to transfer ownership of his or her shares to Ayuda or AmeriFund. In exchange, Ayuda or AmeriFund agreed to fund the borrower's loan three days after the "Strike Price" (i.e., the collateral's five day volume weighted average price (VWAP) through the day preceding the closing date) was determined, all documents were executed, and the collateral was delivered to Ayuda or AmeriFund or its custodial brokerage account.

13. If Ayuda or AmeriFund funded the loan, the borrower agreed to make quarterly interest-only payments, based on a fixed interest rate. The lengths of the loan were generally fixed and were typically for three to five years. Many of the loans also contained a "lockout"

provision that prohibited the borrower from prepaying the loan until a specified period elapsed, usually six to twenty-four months after the date of the Loan Agreement.

14. Upon repayment of the loan, Ayuda and AmeriFund agreed to return the borrower's shares within twenty days. If the collateral decreased in value during the life of the loan, the borrower at repayment would receive the fair market value of the number of shares of collateral originally provided to Ayuda or AmeriFund (i.e., Ayuda or AmeriFund would return the initially pledged collateral). If the collateral increased in value during the life of the loan, the borrower would receive the original collateral (minus any hedging costs incurred by Ayuda or AmeriFund) thereby receiving the benefit of any appreciation in price.

#### **Defendants' Material Misrepresentations and Omissions**

15. The Loan Package that Ayuda and AmeriFund used for the majority of their loans permitted the sale of collateral prior to a default.

16. For other Loan Packages issued by Ayuda and AmeriFund, however, Bello – the sole owner of Ayuda and AmeriFund and, as such, the only individual to sign the Loan Packages on Ayuda's and AmeriFund's behalf – removed all references to Ayuda's or AmeriFund's right to sell the collateral prior to a default.

17. In addition, a number of these Loan Agreements contained the following new affirmative representation: "Lender shall not sell any of the Collateral unless an Event of Default has occurred." (emphasis added).

18. Ayuda and AmeriFund also told several of the borrowers that their collateral would not be sold prior to any default.

19. Ayuda, AmeriFund, and Bello told borrowers both orally and in the Loan Packages that they would engage in "hedging" transactions in connection with the loans to

minimize the risk of an increase or decrease in collateral value. Ayuda and AmeriFund ultimately sold the collateral prior to an event of default.

20. In connection with such loans, Ayuda, AmeriFund, and Bello, through the Loan Packages and in communications with borrowers, made false statements and omitted to state material facts about Ayuda's and AmeriFund's pre-default sales of the pledged shares.

#### **Defendants' Unregistered Sales of Collateral Shares**

21. Ayuda and AmeriFund entered into a series of loan transactions with affiliates of issuers who pledged restricted shares to Ayuda and AmeriFund as collateral for their stock loans.

22. Rather than retain the shares as collateral, Ayuda and AmeriFund, at Bello's direction, sold the restricted pledged shares into the public markets soon after receiving them (and prior to any default).

23. These distributions were done without effective registration statements and were not exempt from registration.

24. As a result of these sales, Ayuda and AmeriFund reaped more than \$3.2 million in unlawful gains.

#### **Defendants Acted as Unregistered Brokers and Dealers**

25. In connection with their stock-collateralized loan businesses, Ayuda and AmeriFund, along with Bello, who acted through Ayuda and AmeriFund, engaged in transactions in securities and received transaction-based compensation therewith.

26. Ayuda and AmeriFund, along with Bello, who acted through Ayuda and AmeriFund, during all relevant times were neither registered as, nor associated with, a registered broker or dealer.

27. As a result, by engaging in the conduct described above, Ayuda, AmeriFund, and Bello, acted as unregistered brokers and dealers.

**FIRST CLAIM FOR RELIEF**  
**[Defendants Ayuda, AmeriFund, and Bello]**

**Violation of 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]**

28. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 27, inclusive, as if they were fully set forth herein.

29. By engaging in the conduct described above, Ayuda, AmeriFund, and Bello, knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by the use of the means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of material facts or 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; and/or
- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

30. By engaging in the foregoing conduct, Ayuda, AmeriFund, and Bello violated 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].

**SECOND CLAIM FOR RELIEF**

**[Defendant Bello]**

**Aiding and Abetting and Control Person Liability for Violations  
of 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]**

31. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 30, inclusive, as if they were fully set forth herein.

32. By engaging in the conduct described above, Ayuda and AmeriFund, knowingly or recklessly, in connection with the purchase or sale of securities, directly or indirectly, by the use of means or instrumentalities of interstate commerce, or the mails, or the facilities of a national securities exchange:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of material facts or 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; and/or
- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person in connection with the purchase or sale of any security.

33. Bello, knowingly or recklessly, provided substantial assistance to Ayuda and AmeriFund in connection with their violations of 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].

34. Bello was a control person of Ayuda and AmeriFund for the purposes of Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].



35. Bello exercised actual power and control over Ayuda and AmeriFund, including holding sole ownership of Ayuda and AmeriFund, sole signatory authority on Ayuda's and AmeriFund's brokerage accounts, and sole authority to execute the Loan Packages.

36. Bello directly or indirectly induced Ayuda and AmeriFund to 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].

37. By reason of the foregoing, (a) Bello aided and abetted Ayuda's and AmeriFund's violations of 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] and (b) as Ayuda's and AmeriFund's control person under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)], Bello is liable for Ayuda's and AmeriFund's violations of 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].

**THIRD CLAIM FOR RELIEF**  
**[Defendants Ayuda, AmeriFund, and Bello]**

**Violation of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]**

38. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 37, inclusive, as if they were fully set forth herein.

39. By engaging in the conduct described above, Ayuda, AmeriFund, and Bello, directly or indirectly, through the use of the means or instruments of transportation and communication in interstate commerce or the mails, offered to sell or sold securities, or carried such securities through the mail or interstate commerce for the purpose of sale or delivery after sale.

40. No registration statements were filed with the Commission or were in effect with respect to the offer or sale of the securities described above.

41. By engaging in the foregoing conduct, Ayuda, AmeriFund, and Bello violated Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

**FOURTH CLAIM FOR RELIEF**  
**[Defendants Ayuda, AmeriFund, and Bello]**

**Violation of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)]**

42. The Commission re-alleges and incorporates by reference each and every allegation in paragraphs 1 through 41, inclusive, as if they were fully set forth herein.

43. By engaging in the conduct described above, Ayuda, AmeriFund, and Bello directly or indirectly, made use of the mails or means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce, the purchase or sale of securities, without being registered as a broker or dealer with the Commission, or being associated with a broker or dealer registered with the Commission.

44. By engaging in the foregoing conduct, Ayuda, AmeriFund, and Bello violated Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

**PRAYER FOR RELIEF**

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

**I.**

Finding that the Defendants violated the securities laws as alleged herein;

**II.**

Permanently enjoining Ayuda, AmeriFund, and Bello from violating 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], Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)], and Section 5 of the Securities Act [15 U.S.C. § 77e];

**III.**

Ordering Ayuda, AmeriFund, and Bello, to disgorge the unlawful profits derived from the activities set forth in this Complaint, together with prejudgment interest thereon;

**IV.**

Ordering Ayuda, AmeriFund, and Bello to pay a civil penalty pursuant to Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]; and

**V.**

Granting such other and further relief as the Court may deem just, equitable, and necessary.

Respectfully submitted,

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Dated: June 21, 2012

**Certification**

Pursuant to Local Rule 11.2, I certify that the matter in controversy alleged in the foregoing Complaint is not the subject of any other action pending in any court, or any pending arbitration or administrative proceeding.

By: s/ Frederick L. Block

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**Designation of Local Agent For Service**

Pursuant to Local Rule 101.1(f), the Plaintiff Securities and Exchange Commission hereby appoints the foregoing to receive service of all notices or papers in this action:

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