

CV 12- 2937

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SPATT, J.

BROWN, M. J.

U.S. DISTRICT COURT
EASTERN DISTRICT
OF NEW YORK

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FILED
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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-- against --

BRYAN ARIAS, HUGO A. ARIAS, ANTHONY C. CICCONI, SALVATORE CICCONI, DIANE KAYLOR, JASON A. KERYC, ANTHONY MASSARO, CHRISTOPHER E. CURRAN, RYAN K. DUNASKE, MICHAEL P. DUNNE, MARTIN C. HARTMANN III, MICHAEL D. KERYC, RONALD R. ROALDSEN, JR., AND LAURA ANN TORDY,

Defendants.

ECF CASE

COMPLAINT

**JURY TRIAL
DEMANDED**

Plaintiff Securities and Exchange Commission ("Commission"), for its Complaint against defendants Bryan Arias, Hugo A. Arias, Anthony C. Ciccone, Salvatore Ciccone, Diane Kaylor ("Kaylor"), Jason A. Keryc, Anthony Massaro ("Massaro"), Christopher E. Curran ("Curran"), Ryan K. Dunaske ("Dunaske"), Michael P. Dunne ("Dunne"), Martin C. Hartmann III ("Hartmann"), Michael D. Keryc, Ronald R. Roaldsen, Jr. ("Roaldsen"), and Laura Ann Tordy ("Tordy") (collectively, "Defendants"), alleges:

SUMMARY

1. The Defendants were the principal sales agents for Agape World, Inc. ("Agape"), a \$415 million Ponzi scheme organized by Nicholas J. Cosmo ("Cosmo"), the president of

Agape, that, from 2005 through January 2009 (the “relevant period”), impacted more than 5,000 investors nationwide, including more than a thousand investors on Long Island, New York.

2. Defendants Bryan and Hugo Arias, Anthony and Salvatore Ciccone, Kaylor, Jason Keryc, and Massaro held themselves out to investors to be brokers, account representatives, and vice presidents for Agape (collectively, “Brokers”). Defendants Curran, Dunaske, Dunne, Hartmann, Michael Keryc, and Roaldsen worked as so-called “sub-brokers” for Jason Keryc, and Defendant Tordy, in turn, worked as a sub-broker for Hartmann (collectively, “Sub-brokers”).

3. The Defendants repeatedly sold investments offered by Agape that promised investors outsized returns, typically 12-14% in as little as eight to ten weeks (or approximately 62-91% annually), from their participation in high interest bridge loans purportedly made by Agape to commercial borrowers (“Agape Investment Contracts”). The Defendants also sold investments offered by Agape Merchant Advance LLC (“AMA”), a later off-shoot of Agape, that promised investors a 4% monthly return from their participation in short term loans made by AMA to businesses that accepted credit cards (“AMA Investment Contracts” and, together with the Agape Investment Contracts, “Agape Securities”). All of the Agape Securities promised investors that only 1% of their principal was at risk.

4. The Agape Securities were fictitious with, at best, a fraction of investor funds used as represented to investors by the Defendants.

5. The Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each knowingly or recklessly, and repeatedly, made misrepresentations to investors concerning the Agape Securities, the use to which investor funds would be put, and the safety of the

investments, and urged investors to “rollover” their principal and earned interest from one Agape Security to the next, to perpetuate the scheme.

6. The Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each knowingly or recklessly, and repeatedly, offered and sold Agape Securities despite numerous signs of fraud, including Cosmo’s prior conviction for fraud; the too-good-to-be-true returns and incredible safety of principal promised to investors; Agape’s status as a relatively small, unknown, private issuer of securities; a series of extensions and defaults by Agape; and dire warnings about Agape’s financial condition.

7. The Defendants, and instructions contained in the Agape Securities themselves, directed investor funds to accounts controlled by Cosmo. Cosmo made commission or other payments of more than \$52 million to the Brokers; he lost \$80 million trading futures in personal accounts; and he returned \$232 million to investors. At best, \$21.9 million, or 5.28%, of the funds raised, was used, as represented to investors, to make loans to commercial borrowers or to businesses that accepted credit cards.

8. The Agape Securities were not registered with the Commission and, while selling Agape Securities, none of the Defendants was registered with the Commission in any capacity or associated with a registered broker or dealer.

9. The scheme came to an end on January 27, 2009, when Cosmo was arrested on a criminal complaint filed in the United States District Court for the Eastern District of New York (*United States v. Cosmo*, CR-09-255 (DRH) (E.D.N.Y.)). Cosmo subsequently pleaded guilty to one count each of wire and mail fraud, and was sentenced to 300 months in prison.

10. On April 25, 2012, Anthony Ciccone, Kaylor, Jason Keryc, and Massaro were arrested on a criminal complaint filed in the United States District Court for the Eastern District

of New York (*United States v. Keryc et al.*, 12-mj-000410 (E.D.N.Y.)), charging each of them, based on their conduct as Agape Brokers, with one count of conspiracy to commit mail fraud.

VIOLATIONS

11. By virtue of the conduct alleged herein, the Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordey each, directly or indirectly, singly or in concert, engaged in transactions, acts, practices, or 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 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder.

12. By virtue of the conduct alleged herein, all of the Defendants, directly or indirectly, engaged in transactions, acts, practices, or courses of business that constitute violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77(e)(a) and 77(e)(c)], and Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d), and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)], and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]. The Defendants, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, or the mails, in connection with the transactions, acts, practices, and courses of business alleged in this Complaint.

14. Venue lies in the Eastern District of New York, pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa], because Agape’s offices were located in the District; all of the Defendants (except Massaro)

reside in the District; and certain of the transactions, acts, practices, and courses of business alleged in this Complaint occurred within the District, including telephone calls, emails, and the offer and sale of Agape Securities, by the Defendants, to more than 1,000 investors.

DEFENDANTS

The Brokers

15. **Bryan Arias**, age 39, of Maspeth, New York, during the relevant period, offered and sold Agape Securities to at least 195 investors. In July 2005, Bryan Arias incorporated Precision Process Service Inc., a New York corporation, and he used at least one account in its name for his Agape-related banking. During the relevant period, Bryan Arias received at least \$1,720,260 gross in commissions or other payments from Agape and AMA.

16. **Hugo Arias**, age 42, of Maspeth, New York, during the relevant period, offered and sold Agape Securities to at least 1,419 investors. He is Bryan Arias's brother. Bryan and Hugo Arias maintained and managed Agape's Jackson Heights, New York office. In July 2005, Hugo Arias incorporated Hugo Arias Inc., a New York corporation, and he used accounts in its name for his Agape-related banking. During the relevant period, Hugo Arias received at least \$7,926,835 gross in commissions or other payments from Agape and AMA.

17. **Anthony Ciccone**, age 39, of Locust Valley, New York, during the period from April 2006 through January 2009, offered and sold Agape Securities to at least 535 investors. In April 2006, Anthony Ciccone incorporated Anthony Ciccone Enterprises LLC, a New York limited liability company, and he used accounts in its name for his Agape-related banking. During the period he offered and sold Agape Securities, Anthony Ciccone received at least \$11,735,518 gross in commissions or other payments from Agape and AMA.

18. **Salvatore Ciccone**, age 43, of Maspeth, New York, during the period from January 2008 through January 2009, offered and sold Agape Securities to at least 348 investors. He is Anthony Ciccone's brother. In February 2008, Salvatore Ciccone incorporated MSNK Inc., a New York corporation; in June 2008, he incorporated MISKRIS Inc., a New York Corporation; and, he used accounts in their names for his Agape-related banking. During the period he offered and sold Agape Securities, Salvatore Ciccone received at least \$5,502,898 gross in commissions or other payments from Agape and AMA.

19. **Kaylor**, age 36, of Bethpage, New York, during the period from January 2007 through January 2009, offered and sold Agape Securities to at least 249 investors. In January 2007, Kaylor incorporated Brandino Corp., a New York corporation, and she used at least one account in its name for her Agape-related banking. During the period she offered and sold Agape Securities, Kaylor received at least \$3,708,818 gross in commissions or other payments from Agape and AMA.

20. **Jason Keryc**, age 34, of Wantagh, New York, during the relevant period, offered and sold Agape Securities to at least 1,617 investors. In March 2006, Jason Keryc incorporated Cyrek, Inc., a New York corporation, and he used at least one account in its name for his Agape-related banking. During the relevant period, Jason Keryc received at least \$16,225,664 gross in commissions or other payments from Agape and AMA. During the same period, Jason Keryc paid other individuals, including all of the Sub-brokers (except Tordy), collectively, at least \$7,400,573, from Cyrek, Inc. accounts, in commissions or other payments, to sell Agape Securities for him.

21. **Massaro**, age 40, of Boynton Beach, Florida, during the relevant period, offered and sold Agape Securities to at least 826 investors. In July 2005, Massaro incorporated Nikki

Tricarico Inc., a New York corporation, and he used at least one account in its name for his Agape-related banking. During the relevant period, Massaro received at least \$5,920,732 gross in commissions or other payments from Agape and AMA.

The Sub-Brokers

22. **Curran**, age 32, of Amityville, New York, during the period from March 2007 through January 2009, working as a Sub-broker for Jason Keryc, offered and sold Agape Securities to at least 132 investors. In January 2008, Curran incorporated Curran Consulting Inc., a New York corporation, and he used at least one account in its name for his Agape-related banking. During the period he offered and sold Agape Securities, Curran received at least \$531,890 in commissions or other payments from Jason Keryc. Curran was associated with a registered broker-dealer prior to his involvement in Agape, from November 2000 through March 2001, and he was again associated with a registered broker-dealer, after his involvement in Agape, from August through November 2009.

23. **Dunaske**, age 37, of Ronkonkoma, New York, during the period from May 2007 through January 2009, working as a Sub-broker for Jason Keryc, offered and sold Agape Securities to at least seventy investors. In April 2007, Dunaske incorporated Legasea, Inc., a New York corporation, and he used at least one account in its name for his Agape-related banking. During the period he offered and sold Agape Securities, Dunaske received, at least, \$483,765 in commissions or other payments from Jason Keryc, and \$234,669 gross in payments from Agape.

24. **Dunne**, age 34, of Massapequa, New York, during the period from July 2007 through January 2009, working as a Sub-broker for Jason Keryc, offered and sold Agape Securities to at least ninety-nine investors. In January 2008, Dunne incorporated Arctic Wolf,

Inc., a New York corporation, and he used accounts in its name for his Agape-related banking. During the period he offered and sold Agape Securities, Dunne received at least \$1,584,413 in commissions or other payments from Jason Keryc. Dunne was associated with a registered broker-dealer, prior to his involvement in Agape, from September 2005 through January 2007.

25. **Hartmann**, age 37, of Massapequa, New York, during the period from September 2006 through January 2009, working as a Sub-broker for Jason Keryc, offered and sold Agape Securities to at least 441 investors. In August 2006, Hartmann incorporated Ocean to Bay Tours Inc., a New York corporation, and he used accounts in its name for his Agape-related banking. During the period he offered and sold Agape Securities, Hartmann received, at least, \$3,285,084 in commissions or other payments from Jason Keryc, and \$309,734 gross in payments from Agape and AMA. During the same period, Hartmann paid Tordy at least \$981,899, from Ocean to Bay Tours Inc. accounts, in commissions or other payments, to sell Agape Securities for him.

26. **Michael Keryc**, age 38, of Baldwin, New York, during the period from September 2006 through January 2009, working as a Sub-broker for his brother, Jason Keryc, offered and sold Agape Securities to at least 177 investors. In September 2007, Michael Keryc incorporated Liquid Dreams Corp., a New York corporation, and he used accounts in its name for his Agape-related banking. During the period he offered and sold Agape Securities, Michael Keryc received at least \$1,002,812 in commissions or other payments from Jason Keryc.

27. **Roaldsen**, age 35, of Wantagh, New York, during the period from January 2007 through January 2009, working as a Sub-broker for Jason Keryc, offered and sold Agape Securities to at least 159 investors. In July 2007, Roaldsen incorporated Roaldsen Jr. Consulting, Inc., a New York corporation, and he used at least one account in its name for his Agape-related banking. During the period he offered and sold Agape Securities, Roaldsen received, at least,

\$512,610 in commissions or other payments from Jason Keryc, and \$92,751 gross in payments from Agape.

28. **Tordy**, age 42, of Wantagh, New York, during the period from February 2007 through January 2009, together with her brother, Hartmann, offered and sold Agape Securities to at least 441 investors. In January 2007, Tordy incorporated Lujano Holding Limited, a New York corporation, and she used accounts in its name for her Agape-related banking. During the period she offered and sold Agape Securities, Tordy received, at least, \$981,899 in commissions or other payments from Hartmann, and \$80,000 gross in payments from Agape.

OTHER RELEVANT PERSONS AND ENTITIES

29. **Cosmo**, age 41, of Lake Grove, New York, was the founder, owner, and president of Agape and AMA. On October 29, 2010, Cosmo pleaded guilty in the United States District Court for the Eastern District of New York (*United States v. Cosmo*, CR-09-255 (DRH) (E.D.N.Y.)) to one count each of mail and wire fraud, and, in his allocution, admitted that, contrary to promises made to Agape's investors, only a small amount of investor funds was used to make loans to commercial borrowers or businesses that accepted credit cards; he used investor funds to trade futures in personal accounts; and he used new investor funds to pay earlier investors. On October 14, 2011, he was sentenced to 300 months in prison and ordered to pay \$179,195,233 restitution. In 1999, Cosmo was censured, barred, and fined \$68,209 by the National Association of Securities Dealers (now FINRA) for stealing funds from customer accounts. For the same conduct, he pleaded guilty to one count of mail fraud in the United States District Court for the Eastern District of New York, was sentenced to twenty-one months in prison, and was ordered to pay \$177,000 in restitution.

30. **Agape**, a New York corporation, incorporated in August 2000, maintained offices at 150 Motor Parkway, Hauppauge, New York, 64-13B Grand Avenue, Maspeth, New York, and 82-11 37th Avenue, Jackson Heights, New York. During the relevant period, Agape held itself out to be a provider of short-term, high interest bridge loans to commercial borrowers, including borrowers in the real estate and construction industries, and offered and sold Agape Investment Contracts, to its investors, representing participation in the bridge loans it purportedly made to commercial borrowers. Agape was never registered with the Commission in any capacity. On February 5, 2009, certain investors filed an involuntary Chapter 7 petition in the United States Bankruptcy Court for the Eastern District of New York (*In re Agape World, Inc., et al.*, 09-70660 (DTE) (E.D.N.Y.)) against Agape, AMA, and related entities.

31. **AMA**, a New York limited liability company, incorporated in November 2007, operated from Agape's offices. AMA held itself out to be a provider of short-term, high interest loans, or "advances," to businesses that accepted credit cards, and offered and sold AMA Investment Contracts, to its investors, representing participation in the advances it purportedly made to businesses that accepted credit cards. AMA was never registered with the Commission in any capacity.

32. **Premium Protection Plan LLC** ("PPP"), a Delaware company, incorporated in October 2008, operated from Agape's offices. PPP offered policies that purported to be insurance for the Agape Securities, i.e., for an annual premium based on an Agape customer's account balance, PPP purported to offer the investor certain rights in the case of an extension or default, including guaranteed return of principal, less 1%, in 120 days, regardless of the status of the underlying investment.

FACTS

The Fraudulent Offering of Agape Securities

33. During the relevant period, the Agape Investment Contracts that the Defendants sold to investors falsely represented participation in short-term, high interest bridge loans purportedly made by Agape to specific commercial borrowers in the real estate, construction, or other industries. Each Agape Investment Contract was named for the project purportedly being financed by the Agape loan underlying the investment.

34. The Defendants gave investors an Agape Investment Contract, signed by Cosmo, as proof of each of their Agape investments.

35. The Agape Investment Contracts promised that: (a) investors would receive between 8% and 19% returns, on maturities from thirty to seventy-four days, with only 1% of principal at risk; (b) 99% of each investment was “secured by first position asset lien (UCC) equaling 100% of investment;” and (c) the investment “[was] ‘held’ at Agape World, Inc. in ‘custodian’ to client’s account.”

36. An investor information page of Agape’s website, available to the general public at least as early as August 2007, promised investors that: (a) “All loans [made by Agape to commercial borrowers] are secured by commercial asset liens equaling 100% of the loan for your investment’s safety;” (b) Agape provides “99% security of your investment by first position UCC filing;” (c) “Investors are in complete control of their funds and are able to access at any time;” and (d) “Each loan is collateralized by 100% commercial asset lien.”

37. During the relevant period, neither the Agape Investment Contracts nor the Agape website disclosed to investors that their money would not be used to make high interest bridge loans to commercial borrowers, or that the promised returns would be paid using funds received from new investors, not from money earned by Agape from making bridge loans.

38. As each Agape Investment Contract matured, the Defendants offered investors the opportunity to reinvest, or “rollover,” their principal and interest earned, and to invest additional principal, into a new Agape Investment Contract that would be offered shortly thereafter, usually within two weeks, or to withdraw some or all of their funds, which, at Agape, was referred to as making a “check request.” The Defendants also offered investors the opportunity to rollover funds between Agape and AMA Investment Contracts.

39. As the scheme progressed, the number of investment opportunities offered by Agape increased. At first, during the relevant period, Agape offered one or two Agape Investment Contracts at a time. By March 2007, Agape offered up to three Agape investment Contracts at once and, by September 2007, the number increased to four. In December 2007, Agape introduced the AMA Investment Contract, a two-year contract offered continuously to Agape investors. By July 2008, Agape offered the AMA Investment Contract and up to five Agape Investment Contracts at once. At the time of Cosmo’s arrest, in January 2009, investors were left holding up to nine outstanding Agape Investment Contracts and their AMA Investment Contracts.

40. The AMA Investment Contracts sold to investors falsely represented participation in short-term, high interest loans, or “advances” that AMA purportedly made to retail merchants and other businesses that accepted credit cards. The Defendants gave investors an AMA Investment Contract, signed by Cosmo, as proof of each of their AMA investments.

41. The AMA Investment Contracts falsely promised investors 4% monthly returns and, further, that AMA would “use [a] diversification model, underwriting guidelines, eight year advance industry average and reserves/collateral on all advances to limit risk on all advances to merchants to 1% per annum.”

42. During the relevant period, the AMA Investment Contracts did not disclose to investors that their funds would not be used to make high-interest advances to businesses that accepted credit cards, or that the promised returns would be paid using funds received from new investors, not money earned by AMA from making such advances.

43. During the relevant period, the representations made to investors who purchased Agape Securities were false with, at best, a fraction of investors funds used as represented to investors.

44. During the relevant period, the Defendants raised, together with Cosmo and others in Cosmo's employ, at least \$415,413,336 from investors, with, at best, \$21,943,479, or 5.28%, used as represented to investors. (Cosmo made payments totaling \$16,181,379 to entities that *may* have been commercial borrowers, and, \$5,762,100, to a factoring company.) During the same period, Cosmo paid the Brokers, collectively, \$52,740,726; used at least \$232,274,276 in new investor funds to pay earlier investors; and lost \$80,798,587 that he diverted to his personal futures commission merchant accounts.

The Brokers and Sub-Brokers Dunne, Hartmann, Michael Keryc, and Tordy Made Misrepresentations and Omissions to Investors in Connection with the Offer and Sale of Agape Securities.

45. The Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each offered and sold Agape Securities to investors with knowledge, or in reckless disregard, of the false statements contained in the Agape Securities themselves, and the false statements made by Cosmo, Agape, and AMA concerning the Agape Securities. These same Defendants knowingly or recklessly, and repeatedly, urged investors to rollover their principal and earned interest from one Agape Security to another to perpetuate the scheme.

46. The Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each, knowingly or recklessly, and repeatedly, made misrepresentations to investors concerning the Agape Securities, including misrepresentations concerning the business of Agape and AMA, the use to which investor funds would be put, and the safety of the investments. Examples of particular misrepresentations made by each of these defendants are set forth below.

Bryan and Hugo Arias

47. Beginning at least as early as 2007, Bryan and Hugo Arias maintained and used an investor presentation to solicit investors, which falsely stated, among other things, that: (a) Investors could earn a 14% return on their investments; (b) investors could “Reinvest interests [sic] paid and earn 119.5% yearly return [sic];” (c) “99% security of your investment by UCC filing;” (d) each loan was collateralized “by 100% commercial asset lien” or “125% commercial asset lien;” and (e) “Investors [were] in complete control of their funds and are able to access at any time [sic].”

48. On or about July 16, 2007, Bryan Arias sent an email to an investor or prospective investor, attaching an investor presentation, and falsely wrote:

The presentation should explain most if not all of it, but here a quick lesson. We are a bridge loan company, so we deal with commercial construction bridge loans, so the residential market has nothing to do with us. Now basically what we do is put money in escrow account so that a construction company can use the account as show money to obtain a bigger loan from the bank. In turn they pay us a high interest for these short term loans, which we split with our investors. The money just sits in an escrow account, the construction company dont [sic] actually take hold of the money that why [sic] we get to promise that 99% of the money is safe and secure. The 1% risk is if they don't close on the loan with the bank we have to pay a 1% lawyers fee to get the money out of escrow.

49. Prior to Investor A’s September 2008 purchase of an Agape Investment Contract, Bryan Arias falsely told Investor A that: (a) Agape made short-term bridge loans to construction

companies; (b) the borrowers used the loan proceeds to fund construction projects until they received traditional financing from a bank, at which time they would repay Agape with interest; (c) Agape's loans were secured by specific collateral from the borrowers; (d) Investor funds Agape used to make the bridge loans were 99% guaranteed, meaning that if a borrower defaulted and Agape had to sell the collateral securing the loan only 1% of the investors' principal would be lost; (e) Agape would use Investor A's money, together with money from other investors, to make a short-term bridge loan to a construction company; and (f) because each Agape investment represented participation in a loan to a different borrower, no Agape investment would be affected by the performance of any other Agape Investment. Investor A continued to purchase Agape Securities from Bryan Arias and remained invested in Agape Securities until January 2009.

50. Prior to Investor B's January 2008 purchase of an Agape Investment Contract, Hugo Arias falsely told Investor B that Agape made bridge loans to commercial borrowers, including borrowers in the construction industry, other small businesses, and LLC's, and, that Agape would use Investor B's money, together with money from other investors, to make bridge loans to commercial borrowers. Investor B continued to purchase Agape Securities from Hugo Arias and remained invested in Agape Securities until January 2009.

Anthony and Salvatore Ciccone

51. Prior to Investor C's March 2005 purchase of an Agape Investment Contract, Anthony Ciccone falsely told Investor C that: (a) Agape invested with contractors and construction companies; (b) these borrowers paid Agape high rates of interest because they could not get traditional bank financing; (c) Agape would pool the contributions of investors to make loans to the borrowers; (d) Cosmo was the dealmaker for Agape and, therefore, he, Anthony

Ciccone, did not receive details about the loans from Cosmo; and (e) the loans were guaranteed by the SEC or FDIC. Investor C continued to purchase Agape Securities from Anthony Ciccone and remained invested in Agape Securities until January 2009.

52. Prior to Investor D's May 2007 purchase of an Agape Investment Contract, Salvatore Ciccone falsely told Investor D that: (a) Agape made short-term bridge loans to companies, usually commercial construction companies, that could not get traditional loans from a bank; (b) the Agape investments were 100% safe because the loans to borrowers were secured by property and Agape took a partial ownership position in the borrower valued at up to 125% of the loan amount in the event of default; (c) none of the borrowers had ever defaulted on an Agape loan; and (d) Agape would use Investor D's money, together with money from other investors, to make a short-term bridge loan to a commercial construction company. Investor D continued to purchase Agape Securities from Salvatore Ciccone and remained invested in Agape Securities until January 2009.

Kaylor

53. Prior to Investor E's January 2008 purchase of an Agape Investment Contract, Kaylor falsely told Investor E that: (a) Agape made short-term bridge loans to commercial borrowers, including construction companies; (b) Investor E's money would be pooled with other investors' money to make a short-term bridge loan to a commercial borrower; and (c) the investment was safe. Prior to Investor E's March 2008 purchase of an AMA Investment Contract, Kaylor falsely told her that AMA made short-term loans to retail and other merchants, and that Investor E's money would be used, together with money from other investors, to make such loans. Investor E continued to purchase Agape Securities from Kaylor and remained invested in Agape Securities until January 2009.

Jason Keryc

54. Prior to Investor F's February 2006 purchase of an Agape Investment Contract, Jason Keryc falsely told Investor F that: (a) Agape made short-term bridge loans to commercial borrowers, including companies in the construction business; (b) Agape would pool Investor F's money with money from other investors to make a short-term bridge loan to a commercial borrower; (c) Agape had never experienced a default by one of its borrowers; and (d) if one of Agape's borrowers were to default, the Agape Investment Contract tied to the defaulting borrower would be safe because Agape would seize the assets of the borrower and sell them to satisfy the loan. Prior to Investor F's January 2008 purchase of an AMA Investment Contract, Jason Keryc falsely told him that: (a) AMA would pool Investor F's money with money from other investors to make loans to restaurants, merchants, and other businesses that accepted credit cards; (b) AMA functioned like a line of credit for these borrowers; and (c) each time a borrower was paid by one of its customers using a credit card, a dedicated percentage of that transaction would be sent automatically to AMA to repay the principal or interest on the borrower's line of credit. Investor F continued to purchase Agape Securities from Jason Keryc and remained invested in Agape Securities until January 2009.

Massaro

55. Prior to Investor G's May 2006 purchase of an Agape Investment Contract, Massaro falsely told Investor G that: (a) Agape made bridge loans to companies involved in commercial real estate transactions, including companies that were purchasing apartment buildings or other large properties, or undertaking construction projects, that needed short-term financing while waiting for traditional financing to come through; (b) Agape would pool Investor G's money with other investors' money to make a bridge loan to a commercial real estate

borrower; (c) once the borrower repaid Agape, Investor G would receive a return on her investment; and (d) the investment was 99% secure, meaning only 1% of Investor G's principal was at risk. Investor G continued to purchase Agape Securities from Massaro and remained invested in Agape Securities until January 2009.

56. During the relevant period, Massaro created, maintained, and provided to investors, including Investor G, fictitious account statements purporting to show each customer his or her initial investment in Agape, account balance, annual return, and purported investment gain to date.

Dunne

57. Prior to Investor H's April 2007 purchase of an Agape Investment Contract, Dunne falsely told Investor H that: (a) Agape used investor funds to make high interest bridge loans, mostly to construction firms and real estate development companies; (b) investor funds were pooled by Agape to make the loans and, at the end of each loan, investors would be paid on the investment; (c) Agape's loans were collateralized; (d) Agape had first position liens on the properties being developed or other properties of the borrowers (e) each Agape contract represented an investment in a different loan; and (f) the Agape investments were almost guaranteed. Investor H continued to purchase Agape Securities from Dunne and remained invested in Agape Securities until January 2009.

Hartmann and Tordy

58. Prior to Investor I's March 2007 purchase of an Agape Investment Contract, Hartmann falsely told Investor I that: (a) Agape made short-term bridge, or hard money, loans to commercial borrowers in the real estate industry; (b) the borrowers used the loan proceeds to fund the initial stages of construction projects until they received traditional financing from a

bank, at which time they would repay the Agape loans with interest; (c) Agape's loans to commercial borrowers were secured by UCC liens against the properties being developed; (d) investor funds Agape used to make bridge loans to commercial borrowers were 99% guaranteed, meaning that if a borrower defaulted and Agape had to sell the collateral securing the loan only 1% of the investors' principal would be lost; and (e) Agape would use Investor I's money, together with money from other investors, to make a short-term bridge loan to a commercial borrower. Prior to Investor I's January 2008 purchase of an AMA Investment Contract, Hartmann falsely told him that: (a) AMA made short-term, high interest loans to retail merchants; (b) AMA's loans to retail merchants were paid back through a dedicated percentage of the merchants' future credit card receipts; (c) the AMA investment was safe because it did not rely on repayment by the borrowers but, rather, the loans were repaid automatically every time the borrowers' customers used a credit card to pay for their purchases; (d) AMA did thorough due diligence on the borrowers and only made loans to retail merchants with a demonstrated track record of consistent credit card sales; and (e) Investor I's money would be used by AMA, along with money from other investors, to make advances to retail merchants. Investor I continued to purchase Agape Securities from Hartmann and remained invested in Agape Securities until January 2009.

59. Prior to Investor J's July 2007 purchase of an Agape Investment Contract, Tordy falsely told Investor J that: (a) Agape made short-term bridge loans to construction companies and real estate developers; (b) the borrowers needed to show money on their books in order to secure traditional loans from banks, at which time they would pay back the Agape loans with interest; (c) the borrowers did not spend the money they borrowed from Agape and, in fact, they could not actually touch the money, which is why the investment was safe; (d) Agape had never

experienced a default with any of its borrowers; and (e) Agape would use Investor J's money, together with money from other investors, to make a short-term bridge loan to a construction company or a real estate developer. Prior to Investor J's January 2008 purchase of an AMA Investment Contract, Tordy falsely told him that AMA made loans to retail merchants that were repaid by a dedicated percentage of the merchants' future credit card receipts, and that AMA would use Investor J's money, together with money from other investors, to make loans to retail merchants. Investor J continued to purchase Agape Securities from Tordy and remained invested in Agape Securities until January 2009.

Michael Keryc

60. Prior to Investor K's September 2007 purchase of an Agape Investment Contract, Michael Keryc falsely told Investor J that: (a) Agape made high interest bridge loans to commercial borrowers, mostly companies in the real estate industry, that had a short-term need for funds while waiting for more permanent funding from a bank or a mortgage company; (b) Investor K's money, together with money from other investors, would be used to make a bridge loan to a commercial borrower; (c) each Agape Investment Contract represented participation in a loan being made by Agape to a different commercial borrower; and (d) at the end of each bridge loan, investors would have three choices – to withdraw all funds, to withdraw earned interest and rollover the principal into the next bridge loan, or to rollover both principal and earned interest into the next bridge loan. Prior to Investor K's April 2008 purchase of an AMA Investment Contract, Michael Keryc falsely told her that AMA was a credit card processing company, meaning that AMA owned or leased credit card terminals used by small businesses to process payments; and, that, each time a customer swiped his or her credit card through an AMA terminal used by a small business, AMA would receive a percentage of the amount being

charged. Investor K continued to purchase Agape Securities from Michael Keryc and remained invested in Agape Securities until January 2009.

The Brokers and Sub-Brokers Dunne, Hartmann, Michael Keryc, and Tordy Sold Agape Securities in Reckless Disregard of Red Flags of Fraud.

61. Notwithstanding the representations that the Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy made to investors concerning the Agape Securities, each was aware of numerous red flags indicating that those representation were untrue. Nonetheless, they continued to sell Agape Securities as further described below.

The Brokers Knowingly or Recklessly Oversold an Agape Investment Contract.

62. On or about June 26, 2008, an Agape employee sent an email to the Brokers attaching a “Financing Term Sheet” for a loan apparently being made by Agape to a company called 144 East 30th Street LLC.

63. The total loan amount, according to the term sheet, was \$1,586,000. Thus, the total amount that could be raised from investors participating in the loan, even if the loan was real, was no more than \$1,586,000.

64. Although Defendants Hugo Arias, Kaylor, Jason Keryc, and Massaro understood that total investments could not exceed the amount of the purported loan, they each sold significantly higher participations in the loan than the loan amount provided for in the term sheet. For the Agape Investment Contract called “144 East 30th St. LLC,” they raised, in either new principal or funds rolled over by investors from a previous Agape investment, at least, the following amounts:

<u>Broker</u>	<u>Amount</u>
Hugo Arias	\$4.9 million
Kaylor	\$2.6 million

Jason Keryc	\$21 million
Massaro	\$5.2 million

65. Moreover, Bryan Arias, working out of the same Jackson Heights, New York office as his brother, Hugo, raised at least \$750,000 for the 144 East 30th St. LLC contract in addition to the \$4.9 million that his brother raised. Anthony and Salvatore Ciccone, respectively, raised, in new principal alone, at least, \$929,500 and \$792,175 for the 144 East 30th St. LLC contract. Thus, each of these Defendants knew, or recklessly disregarded, that much of the investor money they raised could not have been used as represented to investors.

The Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy Sold Agape Securities Despite Learning of Cosmo's Prior Conviction for Fraud.

66. By August 2008, the Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each knew, or were reckless in not knowing, that Cosmo had a criminal history of fraud before he created Agape. Yet, they continued to sell Agape Securities to investors, making positive representations about the investments' safety and returns.

67. In the mid-August 2008, after it was revealed on a website called *fatwallet.com* that Cosmo had a prior felony conviction and spent time in federal prison for fraud, Cosmo held a meeting of all Brokers and Sub-brokers to address the issue.

68. On August 18, 2008, Cosmo's assistant sent an email to the Brokers and others stating:

*****PLEASE FORWARD TO ALL YOUR SUB-BROKERS
IMMEDIATELY*****

As per Nicholas [Cosmo], please DO NOT respond to questions or make any statements regarding the recent blogging incident to inquiries received outside of your office or from people that you do not know. One of our staff members received a request from David Winselberg [sic] of LI Business News for an interview with

Nicholas. We believe his intentions are a result of the blogs. Due to the slanderous untruthful statements posted on the blog, all such inquiries and all future statements will be handled by a Public Relations firm we are hiring.

69. On August 29, 2008, the Long Island Business News, a Long Island, New York newspaper published an article about Agape, by a reporter named David Winzelberg, mentioning, among other things, that “In 1999, Cosmo was sentenced to 21 months in federal prison and ordered to pay \$177,000 restitution for his role in defrauding investors of a Long Island securities dealer.”

70. Thereafter, the Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each, with knowledge of, or reckless disregard for the truth, continued to offer and sell Agape Securities, and did not tell existing or prospective investors that Cosmo had a prior conviction for fraud.

The Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy Sold Agape Securities after Agape’s First Default and Dire Warnings about Agape’s Financial Condition.

71. Beginning in September 2008, the Ponzi scheme began to falter: Cosmo began alerting the Brokers that Agape was in financial distress and unable to meet investor redemptions; Agape failed to return to investors their principal and earned interest on an Agape Investment Contract for the first time; and Cosmo withheld commissions from the Brokers and began an urgent campaign to raise money to stem the growing tide of redemptions by investors. Notwithstanding these dire warnings, the Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy continued to sell Agape Securities, with their promises of safety and significant returns, without indicating that Agape was in financial distress and existing investors were not being paid.

72. On September 16, 2008, Cosmo held a mandatory meeting with the Brokers to tell them that Agape would not be able to pay investors their principal and interest earned on an Agape Investment Contract called Carriage Homes & Marina Development LLC Phase I (“Carriage Homes”) when it was due to mature on September 29, 2008. Cosmo said that the Carriage Homes contract would be “extended” until a future date.

73. On September 18, 2008, Cosmo’s assistant sent an email to the Brokers to inform them that another Agape Investment Contract, the 144 East 30th St. LLC contract, which was supposed to have matured two weeks earlier, was being extended to September 26, 2008. On the same day, Jason Keryc forwarded this email to his Sub-brokers.

74. On September 22, 2008 (after emailing a draft to the Brokers, which Jason Keryc forwarded to his Sub-brokers), Cosmo sent a letter to investors stating:

As a valued investor of Agape World, Inc. and a participant in our [Carriage Homes] loan cycle, it is my responsibility to inform you that the borrower is unable to secure traditional financing on the maturity date which means that our bridge loan and the interest due all of us will not be paid back on the 29th.

Prior to Agape lending money to the borrower, they received a prior commitment for new financing but because of the current environment of tightening credit, their commitment has been delayed. We have every reason to believe that this situation is temporary and that the borrower will be able to secure the necessary financing to pay off the bridge loan with interest at a later point in time. To facilitate the process, we are extending the term of our loan for an additional 90 days....

No fund requests will be permitted during the extension period to avoid Agape from defaulting on the borrower, thus avoiding us extending this loan to an indeterminable length of time.

75. On September 23, 2008, Cosmo’s assistant sent an email to the Brokers and other Agape employees, stating that no investor accounts would be closed “unless the client meets

with Nicholas [Cosmo] personally, as per his instructions.” The following day, Jason Keryc forwarded this email to his Sub-brokers.

76. On September 26, 2008, Cosmo’s assistant sent an email to, at least, Bryan Arias, Anthony Ciccone, Kaylor, and Jason Keryc attaching a new contract, with a thirty-day maturity, called Enso Steel Company Acquisition Finance (“Enso Steel”).

77. The September 26, 2008 email stated that Agape “owns the contract at 9%,” meaning that the Brokers could offer the Enso Steel contract to investors at 9% less whatever they chose to take in commissions, and that there would be no “rollover commissions” for the contract, meaning that the Brokers would be paid only for new money raised.

78. The September 26, 2008 email continued with a “Message from Nick” that should have raised several red flags for the Brokers. In the message, Cosmo told the Brokers that Agape was in financial distress and needed to raise money; Agape had not covered a check request (which, at Agape, was the term for investor withdrawals or redemptions) in six months; and he was withholding the Brokers’ commissions due to heavy redemptions by their customers. According to the story the Brokers were selling to investors, Agape’s ability to honor check requests should have had nothing to do with its own financial condition or the amount of new funds raised. As each Agape Investment Contract supposedly represented participation by investors in a loan being made by Agape to a specific commercial borrower, the only thing that should have impacted Agape’s ability to honor check requests was whether or not the loan underlying any given Agape Investment Contract was repaid. Even if the borrower did not repay, the investor’s money was supposedly 99% secure.

79. The text of the September 26, 2008 email was as follows:

Message from Nick [Cosmo]: I would suggest that you offer the contract at 8% to incentivize them to keep their money with us.

Rose of Thorns will roll into this contract and we NEED to start raising money as a firm. I cannot stress this enough. We have sent out over 50 million dollars in the last 60 days alone. We need a few more successful loans to ride out this storm. You may not make much of a spread on this current contract but in the long run, you will benefit from client retainment, which some of you should start to worry very seriously about. It is imperative that you all raise funds for this short term loan. We have not covered a check request in 6 months. The firm assets under management has marketly [sic] decreased due to several different reasons.... Commissions schedule will be released next week for the last several loans that I have held commissions due to mass liquidations by your clients...

80. On September 29, 2008, Jason Keryc forwarded the September 26, 2008 email to his Sub-brokers.

81. On October 1, 2008, Jason Keryc sent an email to his Sub-brokers, with the subject line, "check request for rose of thorns phase II," referring to an Agape Investment Contract called "Rose of Thorns Phase II" that had matured two days earlier (ellipses and breaks as per original):

out of the \$1.9 million that went in to the loan ... \$1,096,000 came out in the check request...i understand that it is their money but we need to be calling these people and trying harder from them to stay...we have another 30 day loan at 7 percent that they should want to roll into...

otherwise we need to raise money to re-place this...

82. On October 2, 2008, Cosmo's assistant sent another email to the Brokers with the following: "Moving forward, all check requests must indicate if client is closing out. If the client is closing out, the client will not be getting a check unless meeting with Nick [Cosmo]."

83. On October 16, 2008, Cosmo's assistant sent another email to the Brokers indicating that their commission checks for AMA would be delayed.

84. On October 24, 2008, Cosmo's assistant sent an email to the Brokers attaching a proof of the PPP brochure to be sent to investors. According to the brochure, for an annual premium, PPP offered Agape investors certain rights in the case of default, including guaranteed return of principal less 1% in 120 days, regardless of the status of the underlying investments. Jason Keryc forwarded this email to his Sub-brokers the following day.

85. During this period from September 16 through October 30, 2008, Agape offered four new Agape Investment Contracts: Bed-Four LLC, with a start date of September 22, 2008; Enso Steel, with a start date of October 10, 2008; and IRN Acquisition Finance ("IRN") and Hoffman LLC, each with an October 30, 2008 start date. During the same period, Agape continued to offer the AMA Investment Contract.

86. During the period from September 16 through October 30, 2008, the Brokers, and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each, with knowledge of, or reckless disregard for the truth, continued to sell Agape Securities.

***The Brokers and Sub-Brokers Dunne, Hartmann, Michael Keryc, and Tordy,
Sold Agape Securities as the Scheme Collapsed.***

87. On November 3, 2008, Cosmo's assistant sent an email with the subject line "from Nick Cosmo" to the Brokers and other Agape employees that should have raised more red flags for them. In the message, Cosmo said that Agape was in financial distress; it was "on extension/default on every loan [it] did last year;" and it needed to raise money, at least in part, due to "enormous unbalanced check requests." The email, like the September 26, 2008 email, drew a connection between new funds raised and Agape's ability to honor check requests, which, according to the representations being made to investors, should have depended only on whether or not the specific loan underlying any given Agape Investment Contract was repaid.

88. The text of the November 3, 2008 email was as follows:

Due to the partial payment from our borrower Friday and today, clients will only receive 6% or half their interest request tomorrow and the remaining interest payment at a later date. Agape was notified of this partial payment late this afternoon. Clients will receive their remaining interest as long as they remain our client.

We have no flexibility at this point as a firm due to your enormous unbalanced check requests and must accept this situation....

The immediate effort needs to be placed on your current client base and we need to raise money. Agape has sent out \$73,400,000 in the last 120 days. We have sent back on average \$11,838 to each client in this same time frame. If you went through your book and raised only \$5,000 per client the firm would recoup over \$31,000,000....

The VP's of this company and all of their sub-brokers need to really evaluate how hard they want to work to help this great company get through these tough economic times. The firm is now on extension/default on every loan we did last year....

I need your help, Agape needs your help, and together we will get through this.

This is a private email and is not to be shared with anyone outside of this thread. Any one sharing this email will be terminated.

89. On November 4, 2008, Jason Keryc forwarded the November 3, 2008 email to his brother, Michael Keryc, who, on the same day, forwarded the message to all of Keryc's other Sub-brokers under the subject line, "FROM JAY TO ALL BROKERS serious info." On November 5, 2008, Hartmann forwarded Michael Keryc's message to Tordy.

90. On November 10, 2008, Tordy sent an email to Cosmo with a blind copy to Hartmann that contained the following (as per original):

~Merri Meyers was also contract [sic] by the same postal inspector, but she also had an FBI agent to her house the same day. She does not know whether or not they came together or in separate cars, her 92 yr old mother would not let them in an Merri was not at home. She spoke to the postal inspector, not the FBI agent.

~Attached are their cards

~ Speranza [referring to an Agape Investment Contract, called Speranza LLC, with a November 21, 2008 start date], I have someone that can wire 20k on Thursday; is that too late?

91. On November 13, 2008, Cosmo sent an email to the Brokers with delayed “check request” and “check release” dates for three more Agape Investment Contracts, effectively extending the maturity date for the Enso Steel contract from November 14 to December 2, 2008; the maturity date for a contract called Wakeag Landing LLC from November 24 to December 17, 2008; and the maturity date for a contract called Bed-Four LLC from December 3 to December 23, 2008. In the same email, Cosmo scheduled mandatory meetings for the Brokers and added: “You are strongly suggested to have your clients rollover interest and principal into our 2 new loans.”

92. On November 13, 2008, Jason Keryc sent an email to his Sub-brokers with the following (ellipses and breaks as per original):

we do not have the actual contract drawn up but the new dates are going to be 12/17/08 until 3/6/09 disbursements for all loans ... enso, wakeag and bed four will be available on december 17th...the contract will be at 12% for investors

the project:

West 135th Street, New York, New York, Block 2101, Lot 58

*** Fully Rented Retail Outlets – Excellent Rent Roll And Financials;

all of our loans ... enso, wakeag, and bed four ... are going to roll into this it is a huge project in harlem apartments and a loan for a parking garage one borrower [sic]...enso, wakeag and bed four

i can not stress how important it is to make everyone roll as much as possible...

93. On November 24, 2008, Cosmo’s assistant sent an email to Hugo Arias, Anthony and Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Tordy, and others, with the following:

Just so you know, there is no date when [AMA] checks are being released. We should have a better idea later today. I will update you all with an email. Please do not email or call asking because the answer will remain the same.

On the same day, Jason Keryc replied to all recipients of the email, “what are we supposed to tell our clients[?]”

94. In the first week of December 2008, Cosmo purportedly extended further the maturity dates for all of the Agape Investment Contracts that had been extended to date – Carriage Homes, Enso Steel, Wakeag Landing LLC, and Bed-Four LLC – and, without any explanation, extended the remaining Agape Investment Contracts – IRN, Hoffman LLC, and Speranza LLC – for the first time.

95. Thereafter, Kaylor falsely told at least some of her customers that the delays in payments on the outstanding Agape Investment Contracts were due to an “attorney/bank conflict.”

96. On December 9, 2008, Bryan Arias replied to an email from an investor asking about an interest check, falsely, as follows: “The problem is that we are getting slow payed [sic] due to all the banking problems which is causing us to receive payment late, which in turn is cause [sic] our pay out date to be late.... We will be just fine come January and February and we should be back to normal.”

97. During this period from November 3, 2008 through Cosmo’s arrest, on January 27, 2009, Agape offered three new Agape Investment Contracts: Speranza LLC, with a start date of November 21, 2008; and the Series “A” Investment and Series “B” Investment, each with a January 1, 2009 start date. During the same period, Agape continued to offer the AMA Investment Contract and, for the first time, offered PPP to investors.

98. During the period from November 3, 2008 through Cosmo's arrest, on January 27, 2009, the Brokers and Sub-brokers Dunne, Hartmann, Michael Keryc, and Tordy each, with knowledge of, or reckless disregard for the truth, continued to offer and sell Agape Securities, and offered and sold the PPP, to investors.

The Defendants Were Not Registered with the Commission.

99. Each of the Defendants acted as brokers, regularly and actively soliciting investors to purchase Agape Securities, repeatedly offering and selling Agape Securities, and receiving commissions or other compensation for their sales of Agape Securities.

100. During the time he or she offered and sold Agape Securities to investors, none of the Defendants was registered with the Commission as a broker, or associated with a registered broker or dealer.

The Agape Securities Were Not Registered with the Commission.

101. The Agape and AMA Investment Contracts were securities.

102. Agape never filed a registration statement with the Commission with respect to any of the offerings of Agape Securities by the Defendants and, during the relevant period, no registration statement was otherwise in effect for any of the Agape Securities.

103. During the relevant period, investors who purchased Agape Securities did not receive any offering materials other than the Agape and AMA Investment Contracts provided to them by the Defendants.

104. During the relevant period, the Agape Securities were offered to the public, including on Agape's website, without limitations on who could purchase them.

105. During the relevant period, Defendants, together with Cosmo, and others in Cosmo's employ, offered and sold Agape Securities to at least 5,000 investors.

FIRST CLAIM FOR RELIEF

**Violations of Section 17(a) of the Securities Act
(Against Bryan Arias, Hugo Arias, Anthony Ciccone, Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Dunne, Hartmann, Michael Keryc, and TorDY)**

106. The Commission re-alleges and incorporates paragraphs 1 through 105 as if fully set forth herein.

107. Defendants Bryan Arias, Hugo Arias, Anthony Ciccone, Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Dunne, Hartmann, Michael Keryc, TorDY, and each of them, directly or indirectly, singly or in concert, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, have: (a) employed devices, schemes, or artifices to defraud, (b) 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) engaged in transactions, practices, or courses of business which operated as a fraud or deceit upon the purchasers of securities.

108. By reason of the foregoing, Defendants Bryan Arias, Hugo Arias, Anthony Ciccone, Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Dunne, Hartmann, Michael Keryc, TorDY, and each of them, directly or indirectly, singly or in concert, have violated 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
(Against Bryan Arias, Hugo Arias, Anthony Ciccone, Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Dunne, Hartmann, Michael Keryc, and TorDY)**

109. The Commission re-alleges and incorporates paragraphs 1 through 105 as if fully set forth herein.

110. Defendants Bryan Arias, Hugo Arias, Anthony Ciccone, Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Dunne, Hartmann, Michael Keryc, Tordey, and each of them, directly or indirectly, singly or in concert, in connection with the purchase or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce, or of the mails, or of the facilities of a national securities exchange, have: (a) employed devices, schemes, or artifices to defraud; (b) 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) engaged in acts, practices, or courses of business which operated as a fraud or deceit upon other persons.

111. By reason of the foregoing, Defendants Bryan Arias, Hugo Arias, Anthony Ciccone, Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Dunne, Hartmann, Michael Keryc, Tordey, and each of them, directly or indirectly, singly or in concert, have violated 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
Violations of Section 15(a) of the Exchange Act
(Against All Defendants)

112. The Commission re-alleges and incorporates paragraphs 1 through 105 as if fully set forth herein.

113. The conduct of the Defendants as alleged herein meets the definition of the term “broker” as defined by Section 3(a)(1) of the Exchange Act [15 U.S.C. §78c(a)(1)].

114. The Defendants, directly or indirectly, singly or in concert, have made use of the means or instruments of transportation or communication in interstate commerce, or the mails, to effect transactions in, or to induce or attempt to induce the purchase or sale of, securities, when

not registered with the Commission as a broker or dealer, or associated with a registered broker or dealer.

115. By reason of the foregoing, the Defendants have violated and unless enjoined will continue to violate Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

FOURTH CLAIM FOR RELIEF
Violations of Sections 5(a) and 5(c) of the Securities Act
(Against All Defendants)

116. The Commission re-alleges and incorporates paragraphs 1 through 105 as if fully set forth herein.

117. The Agape Securities that the Defendants offered and sold to the investing public as alleged herein constitute “securities” as defined by Section 2(a)(1) of the Securities Act [15 U.S.C. § 77b(a)(1)] and Section 3(a)(11) of the Exchange Act [15 U.S.C. §78c(a)(11)].

118. The Defendants, directly or indirectly, singly or in concert, have made use of the means or instruments of transportation or communication in interstate commerce, or the mails, to offer and sell securities when no registration statement has been filed or was in effect as to such securities and when no exemption from registration was available.

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

PRAYER FOR RELIEF

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

I.

Finding in favor of the Commission that the Defendants each violated the securities laws as alleged herein.

II.

Permanently restraining and enjoining Defendants Bryan Arias, Hugo Arias, Anthony Ciccone, Salvatore Ciccone, Kaylor, Jason Keryc, Massaro, Dunne, Hartmann, Michael Keryc, Tordy, their attorneys, agents, servants, employees, and all other persons in active concert or participation with them, who receive actual notice of the Final Judgment, by personal service or otherwise, 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].

III.

Permanently restraining and enjoining the Defendants, their attorneys, agents, servants, employees, and all other persons in active concert or participation with them, who receive actual notice of the Final Judgment, by personal service or otherwise, from future violations of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)], and Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

IV.

Ordering the Defendants to disgorge their ill-gotten gains received as a result of their violations of the federal securities laws and to pay prejudgment interest thereon.

V.

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)].

VI.

Granting such other and further relief as to the Court may seem just and proper.

Dated: New York, NY
June 12, 2012

A handwritten signature in black ink, appearing to read 'Andrew M. Calamari', with a long horizontal flourish extending to the right.

Andrew M. Calamari (AC-4864)

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