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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA

10 SECURITIES AND EXCHANGE COMMISSION,
11 Plaintiff,
12 vs.
13 MICHAEL WILLIAM RIBANT, DBA TRINITY
14 CAPITAL,
15 Defendant.

Case No. **'98 cv 2096 IEG POR**
COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER RELIEF

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18 Plaintiff Securities and Exchange Commission ("Commission"),
19 alleges:

20 JURISDICTION

21 1. This Court has jurisdiction over this action pursuant
22 to Sections 20(d)(1) and 22(a) of the Securities Act of 1933
23 ("Securities Act") [15 U.S.C. §§ 77t(d)(1) & 77v(a)] and
24 Sections 21(d)(3)(A), 21(e), and 27 of the Securities Exchange
25 Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d)(3)(A),
26 78u(e), & 78aa].

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1 2. Defendant Michael William Ribant, doing business as
 2 Trinity Capital ("Defendant"), made use of the mails, means or
 3 instruments of transportation or communication in interstate
 4 commerce, or means and instrumentalities of interstate commerce
 5 in connection with the transactions, acts, practices, and
 6 courses of business alleged in this Complaint.

7 3. This Court is an appropriate venue for this action
 8 pursuant to Section 22(a) of the Securities Act [15 U.S.C. §
 9 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa].
 10 Certain of the transactions, acts, practices, and courses of
 11 business constituting the violations of the laws alleged herein
 12 occurred within the Southern District of California and, during
 13 all relevant times, the Defendant resided within the Southern
 14 District of California.

15 **SUMMARY**

16 4. Defendant Ribant operated a broker-dealer, Trinity
 17 Capital, in San Diego, California, from 1992 to late
 18 October/early November 1998, when he ceased operations and shut
 19 his doors. From as early as mid-1998 to late October/early
 20 November 1998, Ribant misappropriated approximately \$3.3
 21 million from his securities brokerage customers by selling
 22 without client authority, securities in his clients' accounts
 23 and transferring the proceeds to bank accounts held in his own
 24 name.

25 **THE DEFENDANT**

26 5. Defendant Ribant, age 42, resides in San Diego,
 27 California, and since September 1992 has been registered with
 28 the Commission as a broker-dealer doing business under the name

1 Trinity Capital. Ribant had approximately 67 customer accounts
2 and cleared all of his customers' securities transactions
3 through a fully disclosed clearing firm. Ribant ceased
4 operating his brokerage business on or about November 2, 1998.

5 THE FRAUDULENT SCHEME

6 6. By holding himself out as a broker-dealer, Ribant
7 impliedly represented to his customers that he would deal with
8 them fairly and in accordance with the standards of the
9 profession and that he would execute only such transactions on
10 their behalf as were authorized. As alleged below, however,
11 since at least August 4, 1998, Ribant has misappropriated
12 approximately \$3.3 million from his brokerage customers by
13 engaging in unauthorized securities transactions.

14 7. On or about August 4, 1998, Ribant began
15 misappropriating his customers' funds by, without the
16 customers' authorization or knowledge, instructing the clearing
17 firm to sell securities in the customers' accounts (all sales
18 collectively referred to as "the Unauthorized Sales"). The
19 Unauthorized Sales were generally of blue chip stocks.

20 8. On or about August 5, 1998, Ribant began instructing
21 the clearing firm to wire the sale proceeds from the
22 Unauthorized Sales to accounts in the customers' names that
23 Ribant had opened without the customers' authorization or
24 knowledge at a registered investment company.

25 9. On or about August 5, 1998, Ribant, again without the
26 customers' authorization or knowledge, began submitting to the
27 investment company instructions to wire funds from the
28 customers' accounts to a bank account held in Ribant's name.

1 These wire instructions contained forged customer signatures
2 and purported signature guarantees.

3 10. Ribant withdrew the customer's funds from his bank
4 account and used those funds for his own benefit.

5 FIRST CLAIM

6 FRAUD IN THE OFFER OR SALE OF SECURITIES

7 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]

8 11. Paragraphs 1 through 10 are realleged and
9 incorporated herein by reference.

10 12. Defendant, by engaging in the conduct described in
11 paragraphs 4 through 10 above, in the offer or sale of
12 securities, by the use of means or instruments of
13 transportation or communication in interstate commerce or by
14 the use of the mails, directly or indirectly: (1) with
15 scienter, employed devices, schemes or artifices to defraud;
16 (2) obtained money or property by means of untrue statements of
17 material fact or omissions to state material facts necessary in
18 order to make the statements made, in the light of the
19 circumstances under which they were made, not misleading; (3)
20 engaged in transactions, practices or courses of business which
21 operated or would operate as a fraud or deceit upon the
22 purchaser, in violation of Section 17(a) of the Securities Act.

23 13. By reason of the foregoing, Defendant violated, and
24 unless enjoined will continue to violate, Section 17(a) of the
25 Securities Act.

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SECOND CLAIM

FRAUD IN CONNECTION WITH THE PURCHASE OR SALE OF SECURITIES

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]

14. Paragraphs 1 through 10 are realleged and
incorporated herein by reference.

15. Defendant, by engaging in the conduct described in
paragraphs 4 through 10 above, directly or indirectly, in
connection with the purchase or sale of securities, by the use
of means or instrumentalities of interstate commerce, or of the
mails, or of any facility of a national securities exchange,
with scienter: (1) employed devices, schemes or artifices to
defraud; (2) made untrue statements of material fact 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; or (3) engaged in acts,
practices or courses of business which operated or would
operate as a fraud or deceit upon other persons, in violation
of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

16. By reason of the foregoing, Defendant violated, and
unless enjoined will continue to violate, Section 10(b) of the
Exchange Act and Rule 10b-5 thereunder.

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully prays that this
Court:

1. Issue findings of fact and conclusions of law that
the Defendant committed the violations charged and alleged
herein.

1 2. Issue a permanent injunction against the Defendant for
2 violations of Section 17(a) of the Securities Act, Section 10(b)
3 of the Exchange Act and Rule 10b-5 thereunder.

4 3. Order the Defendant to disgorge all ill-gotten gains
5 from his illegal conduct, gained directly or indirectly from the
6 transactions complained of herein, and to pay prejudgment
7 interest thereon.

8 4. Order the Defendant to pay a civil money penalty
9 pursuant to Section 20(d) of the Securities Act [15 U.S.C. §
10 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §
11 78u(d)(3)].

12 5. Grant such further relief as this Court may determine
13 to be just, equitable and necessary.

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16 DATED: November 16, 1998



Jennifer B. Wilke
Attorney for Plaintiff
Securities and Exchange Commission