

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101006 / September 12, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22107

In the Matter of

ANTHONY GUARINO,

Respondent.

**ORDER INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST PROCEEDINGS,
PURSUANT TO SECTIONS 15(b) AND 21C
OF THE SECURITIES EXCHANGE ACT
OF 1934, MAKING FINDINGS, AND
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Sections 15(b), and 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Anthony Guarino (“Guarino” or the “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that:

¹ The findings herein are made pursuant to Respondent's Offer and are not binding on any other person or entity in this or any other proceeding.

Summary

These proceedings arise out of unregistered broker activity by Respondent Anthony Guarino—a sales agent for StraightPath Venture Partners LLC (“StraightPath”) and Legend Venture Partners LLC (“Legend”) who solicited investments in unregistered membership interests in limited liability companies (the “StraightPath Funds” and the “Legend Funds”), each of which purportedly owned shares of private issuers that had prospects of becoming publicly-traded issuers (“Pre-IPO Shares”). Guarino successfully solicited close to \$4 million in investments in the StraightPath and Legend Funds from at least 12 investors. Through his unregistered conduct brokering transactions between these investors and the StraightPath and Legend Funds, Guarino obtained \$388,683.62 in transaction-based compensation.

Respondent

1. Respondent Guarino, 67 years old, is a resident of Kings County, New York. He is the president and sole shareholder of ALG Equities LLC, an entity through which he received some of his transaction-based compensation for conducting unregistered broker activities. Respondent has never been a registered representative associated with any broker-dealer registered with the Commission. In 2013, Guarino pled guilty to one count of conspiracy to commit securities fraud in violation of 18 U.S.C. § 371 for running a boiler room from 2002 through 2010 selling securities of a corporation and failing to disclose significant commissions he received from such sales, was sentenced to 46 months’ incarceration, and was ordered to pay \$400,00.00 in restitution. In the late 1980s and early 1990s, Guarino was convicted of fraud related to a different boiler room operation that led to over \$1,500,000 in losses, and for which he was sentenced to 20 month’s incarceration. In the mid-1980s, Guarino was convicted of another boiler room that defrauded and stole money from investors, and for which he was sentenced to 60 months’ incarceration. Finally, in the early 1980s, Guarino was convicted of an investment fraud scam in which he told investors he was using investor funds to purchase strategic metals, but in fact pocketed investor funds for his own gain, and for which he was sentenced to 36 months’ incarceration.

Other Relevant Entities

2. StraightPath Venture Partners LLC (“StraightPath”), formed in Delaware on May 11, 2017, was the owner and manager of limited liability companies that purportedly owned pre-IPO shares of companies that had prospects of going public (“StraightPath Funds”). StraightPath was previously sued by the Commission in a case captioned *SEC v. StraightPath Venture Partners LLC, et al.*, 22-cv-3897 (LAK) (S.D.N.Y. May 13, 2022).

3. Legend Venture Partners LLC (“Legend”), formed in Delaware on September 1, 2021, was the owner and manager of limited liability companies that purportedly owned pre-IPO shares of companies that had prospects of going public (“Legend Funds”). Legend was previously sued by the Commission in a case captioned *SEC v. Legend Venture Partners LLC, et al.*, 23-cv-5326 (LAK) (S.D.N.Y. June 22, 2023).

4. ALG Equities LLC (“ALG Equities”), formed in New York on April 21, 2020, is a company controlled by Guarino and used by Guarino to receive compensation for conducting unregistered broker activities.

Background

5. From at least November 2019 through August 2022 (the “Relevant Period”), Guarino worked as a sales agent on behalf of StraightPath and/or Legend. As a sales agent, Guarino solicited investors on behalf of the StraightPath and Legend Funds and brokered transactions in which investors would purchase membership interests in the StraightPath or Legend Funds. The membership interests in the StraightPath and Legend Funds are securities.

6. During the Relevant Period, Guarino contacted investors and pitched them to purchase interests in the StraightPath and Legend Funds, prepared subscription paperwork for investors purchasing membership interests in the StraightPath and Legend Funds, arranged for the receipt of investor moneys to be deposited with StraightPath and Legend, facilitated the delivery of an investor’s post-IPO shares into their brokerage accounts, and served as the primary point of contact for an investor with respect to their investment in the StraightPath or Legend Funds.

7. During the Relevant Period, StraightPath provided Guarino with an email address under StraightPath’s email domain, which Guarino used to send and receive emails concerning his work for StraightPath. Guarino communicated with both StraightPath employees and investors using his StraightPath email address. Guarino also frequently used other methods of interstate commerce, including the mails, to broker transactions in the StraightPath and Legend Funds.

8. Using information that StraightPath and Legend provided about the Pre-IPO Issuers, including news and information on pricing and valuation—as well as news articles regarding the Pre-IPO Issuers that he independently found—Guarino contacted investors to solicit investments, offer advice, and broker transactions in the StraightPath and Legend Funds. For instance, Guarino emailed investors about a Pre-IPO Issuer in the food industry, sent investors news articles about the issuer’s business and success, and compared that Pre-IPO Issuer to a competitor that had already gone public. Guarino also provided advice to prospective investors regarding that Pre-IPO Issuer, stating that it “is a very profitable company,” the “stock will trade at over \$150.00 in the first weeks trading,” and “this company will even go higher” than the competitor that had already gone public.

9. Guarino also provided periodic updates to existing and prospective investors about the Pre-IPO Stocks that the StraightPath and Legend Funds purportedly owned, and Guarino frequently used hard sell language to try and solicit additional investments. For example, Guarino sent the following messages to investors: “let’s talk tonight on a 500 shares I don’t want to see you miss this one,” “at \$90 per share [the company] is a steal . . . and will go public in 2022 target price \$250-300,” and “buy more before there is none this stock will be \$100 [in] October.”

10. Once an investor agreed to purchase interests in the StraightPath or Legend Funds, Guarino would arrange for subscription agreements, accredited investor certifications, investor

questionnaires, the Private Placement Memorandum, and other paperwork to be sent by StraightPath or Legend to the investor. The investor would then send the completed paperwork and a check to Guarino, which would be passed along to StraightPath or Legend to complete the transaction and issue a Welcome Letter confirming the details of the investment. Guarino also negotiated with StraightPath for reduced commissions for some of Guarino's clients. If an issuer completed an IPO, Guarino was also critically involved in the distribution transactions; he discussed with investors whether they wanted to sell the stock or transfer it to a brokerage account, coordinated the mailing of checks for stock sold, and obtained information from the investor about the brokerage accounts where stocks should be transferred if they did not want to sell.

11. Between November 2019 and January 2022, Guarino brokered approximately \$3,847,090.00 in investments in StraightPath Funds from 12 investors. In addition, between June and August 2022, Guarino brokered approximately \$94,005.00 in investments in Legend Funds from two investors.

12. StraightPath and Legend paid Guarino 15% of the amount invested by his clients and half of the 20% carried interest that was deducted from an investor's profits when the Pre-IPO Issuer in which the investor had invested through the StraightPath or Legend Funds conducted an IPO. In total, Guarino was paid approximately \$374,485.62 in commissions by StraightPath between November 2019 and January 2022 and approximately \$14,198.00 in commissions by Legend between June and August 2022. Guarino's compensation was paid through an entity he controls, ALG Equities LLC, as well as through other individuals and entities associated with Guarino.

13. At no time during the Relevant Period was Guarino registered with the Commission as a broker or dealer or a person associated with a registered broker or dealer.

14. As a result of the conduct described above, Guarino willfully violated Section 15(a) of the Exchange Act, which prohibits any broker or dealer from making use of the mails or any means or instrumentality of interstate commerce, to effect any transaction in, or induce or attempt to induce the purchase or sale of, any security unless the broker or dealer is registered in accordance with Section 15(b) of the Exchange Act or is a natural person who is associated with a registered broker or dealer.

Disgorgement and Civil Penalties

15. The disgorgement and prejudgment interest ordered in Section IV, Paragraph D is consistent with equitable principles and does not exceed Respondent's net profits from his violations and will be distributed to harmed investors, if feasible. The Commission will hold funds paid pursuant to Section IV, Paragraph D in an account at the United States Treasury pending a decision whether the Commission in its discretion will seek to distribute funds. If a distribution is determined feasible and the Commission makes a distribution, upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to

investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Sections 15(b) and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Guarino cease and desist from committing or causing any violations and any future violations of Section 15(a) of the Exchange Act.

B. Respondent Guarino be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall, within 21 days of the entry of this Order, pay disgorgement of \$388,683.62 and prejudgment interest of \$42,603.79 to the Securities and Exchange Commission. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, transfer them to the general fund of the United States Treasury, subject to Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

E. Respondent shall, within 21 days of the entry of this Order, pay a civil money penalty in the amount of \$100,000.00 to the Securities and Exchange Commission. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute the funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

F. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Guarino as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Sheldon Pollock, Division of Enforcement, Securities and Exchange Commission, 100 Pearl Street, Suite 20-100, New York, NY 10004-2616.

G. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on

behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary