

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

09-80581

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

MICHAEL J. MUZIO,

Defendant.

MAGISTRATE JUDGE
VITUNAC

CIV-RYSKAMP

STEVEN H. LAMORE
CLERK U.S. DIST. CT.
S.D. OF FLA. - MIA

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COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

INTRODUCTION

1. This matter involves a fraudulent pump-and-dump scheme by Defendant Michael J. Muzio to manipulate the public trading market for International Business Ventures Group, Inc. ("IBVG") stock in violation of the federal securities laws.

2. Muzio controls IBVG and a majority of its freely tradable stock. From at least October 2008 until March 6, 2009, when the Commission suspended trading in IBVG's stock, Muzio orchestrated a pump-and-dump scheme by causing IBVG to issue materially false and misleading press releases and by engaging in manipulative trading of the company's stock.

3. As a result of this conduct, Muzio violated Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)], 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].

4. The Commission requests the Court to enter an order: (1) permanently enjoining Muzio from violating the federal securities laws; (2) directing Muzio to file with this Court a

sworn accounting; (3) directing Muzio to disgorge all profits or proceeds he received as a result of the acts and/or courses of conduct complained of, with prejudgment interest; (4) directing Muzio to pay civil money penalties; and (5) barring Muzio from participating in any offering of penny stock.

DEFENDANT AND RELEVANT ENTITY

5. Muzio, 45, resides in Tampa, Florida. Muzio is an undisclosed control person over IBVG and owns approximately 60 percent of the company's tradable stock. In August 2006, Muzio was convicted in New York state court for the crime of grand larceny in the second degree and is currently serving five years of probation.

6. IBVG is a Palm Beach Gardens, Florida-based company that purports to offer consumer and financial credit services. At all times relevant to this Complaint, IBVG was a publicly traded company quoted on the Pink Sheets operated by Pink OTC Markets Inc. under the ticker symbol "IBVR." On March 6, 2009, the Commission suspended trading in IBVG's stock for ten days based on questions regarding the accuracy of publicly disseminated information concerning, among other things, IBVG's products and business prospects.

JURISDICTION AND VENUE

7. The Court has jurisdiction over this action pursuant to Sections 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(d) and 77v(a)] and Sections 21(d) and 27 of the Exchange Act [15 U.S.C. §§ 78u(d) and 78aa].

8. This Court has personal jurisdiction over Muzio, and venue is proper in the Southern District of Florida, because many of Muzio's acts and transactions constituting violations of the Securities Act and the Exchange Act occurred within the Southern District of Florida. For example, as described in more detail below, Muzio worked with IBVG to help it

purchase a public shell, drafted and caused to be issued press releases on IBVG's behalf, and controlled and traded a majority of IBVG's publicly traded stock.

9. In connection with the conduct alleged in this Complaint, Muzio, directly or indirectly, singly or in concert with others, has made use of the means or instrumentalities of interstate commerce, the means or instruments of transportation and communication in interstate commerce, and the mails.

MUZIO'S FRAUDULENT SCHEME

A. Muzio's Acquisition of Control Over IBVG and its Stock

10. In July 2008, Muzio was introduced to various members, including the managing member, of the Delray Beach-based investment club HomePals, LLC to discuss his experience owning and managing a Tampa-based cigar bar, a business venture HomePals was interested in pursuing.

11. During this meeting, Muzio learned HomePals had been struggling with its investments and, as a result, would likely be unable to return any money to its investors. Muzio then suggested to the managing member and another key member that HomePals purchase a publicly traded corporate shell into which it could merge, and then pay off its investors with restricted stock in the new public company. Muzio explained that, with his help, the investment club could make millions of dollars from the stock and solve all of its financial problems. The two individuals at HomePals agreed to Muzio's proposed scheme and authorized him to put it into place.

12. In August 2008, Muzio arranged for HomePals to purchase a public shell, Uniphyd Corporation, from one of his friends for \$265,000.

13. On September 8, 2008, Muzio had the company's name changed to IBVG and, shortly thereafter, caused its stock to reverse split 1 for 923. This left IBVG with 10,096,000 shares of purportedly tradable stock and 25,000,000 shares of restricted stock.

14. Muzio awarded himself 6 million, or approximately 60 percent, of the tradable IBVG shares by transferring them to two companies under his control, GM Investment Holdings, LLC and MLA Holdings, LLC. Approximately 2.5 million of the remaining shares went to a friend of Muzio's who helped arrange the public shell purchase, and 1.5 million (all but less than 100,000 shares) went to a company controlled by a close friend of HomePals' managing member.

B. Muzio's Manipulation of IBVG Stock

15. With control of a public company secured, Muzio's scheme to solve HomePals' financial problems, as well as to profit personally, hinged on IBVG's ability to increase the price of its stock. He boasted to the two individuals at HomePals with whom he had met previously that he could increase the stock price of IBVG, then trading at 46 cents per share, to as much as \$4.00 per share.

16. Muzio then undertook a number of steps to fraudulently increase the price of IBVG stock, so he and others could dump their shares on the unsuspecting public. He caused IBVG to issue false press releases and at least one analyst report designed to increase the price and volume of the stock while at the same time engaging in manipulative trading of IBVG stock with the same purpose.

1. Materially False or Misleading Press Releases

17. Between December 31, 2008 and February 3, 2009, IBVG issued three press releases in which it made materially false and misleading statements regarding its business.

Muzio drafted, reviewed and approved each of these press releases prior to their publication and caused IBVG to issue them. Muzio also knew, or recklessly disregarded facts showing that each of the press releases contained materially false and misleading statements.

18. On December 31, 2008, Muzio caused IBVG to issue a press release announcing, among other things, that IBVG had completed a deal to provide pre-paid MasterCard to more than 8,000 HomePals customers and affiliates. The press release also described IBVG as a company that offered “Webinars” to its members on educational services covering a variety of financial areas.

19. This press release was false and misleading because, although IBVG had entered into an agreement with a company to offer pre-paid Mastercards, HomePals did not have anywhere close to the 8,000 customers and affiliates the press release claimed. Muzio knew the 8,000 figure was based on a target list of clients he obtained from a HomePals affiliate who owns a marketing company.

20. Additionally, at the time of the press release IBVG had not conducted any “Webinars.” Although Muzio had stated his intent to open “IBVG cafes” and offer such “Webinars,” he was not close to doing so at the time of the press release and, in fact, never has.

21. On January 13, 2009, Muzio caused IBVG to issue a press release announcing IBVG had “co-branded” a pre-paid international calling card to provide to its membership base of 8,000 individuals, and that it went “hand in hand” with the prepaid Mastercard program. This press release was also false and misleading because, as stated above, HomePals did not have a membership base of 8,000 individuals.

22. Moreover, at the time of the release IBVG had not entered into any agreement for the distribution of pre-paid international calling cards. The most Muzio had done on behalf of

IBVG at that point was to begin the process of applying for an international calling card with a company that handles such transactions.

23. On February 3, 2009, Muzio caused IBVG to issue a press release announcing that IBVG had received exclusive rights to market and distribute a prepaid electric meter, known as the "P2EC" unit, in Haiti. The press release said the company had begun discussions with the country's government about providing the device to more than 7.9 million of its residents.

24. This press release was patently false because IBVG did not have any rights, exclusive or otherwise, to market or distribute the "P2EC" or any other type of prepaid electric meter in Haiti. In fact, although Muzio had discussed attempting to meet with representatives of the Haitian government, he had never done so.

25. In addition to drafting and causing IBVG to issue the press releases, Muzio also arranged for the publication of a January 21, 2009 research report by a purportedly independent firm, WMM Research Group. The report touted IBVG and repeated the same false and misleading information contained in the first two press releases. Muzio is a close friend of the managing director of WMM Research Group, and paid him with shares in IBVG stock to author and publish the favorable report.

26. Muzio also arranged for the publication of a February 2, 2009 analyst report by another purportedly independent firm, Stock Owls, that similarly hyped IBVG's stock, repeated the same false information contained in the two first press releases, and concluded with a "Strong Buy" recommendation.

2. Muzio's Manipulative Trading of IBVG Stock

27. The second part of Muzio's scheme to pump IBVG's stock price involved his manipulative trading. HomePals' managing member had agreed to pay Muzio \$25,000 a month to buy and sell IBVG stock and give the appearance of trading activity.

28. Using the monthly \$25,000 payments, Muzio regularly bought and sold IBVG stock through accounts he controlled at several broker-dealers to increase the price and create the appearance of activity in IBVG's thinly-traded stock.

29. For example, on at least 19 trading days in a two-month period from October 27, 2008 through December 31, 2008, Muzio's trading represented 50 percent or more of the volume in IBVG stock. On 11 of those days, Muzio's transactions were the only trading in the stock.

30. On December 5, 2008, Muzio sold 500 shares from one account and bought 500 shares in another account at the same price. These trades represented 50 percent of the daily trading volume in IBVG.

31. On December 30, 2008, Muzio sold 1,500 shares in one account, and bought 1,500 shares in another account at the same price. These trades represented 100 percent of the day's trading volume.

32. The following day, Muzio sold 1,000 shares from one account, and bought 1,000 shares in another account at the same price. These trades represented 40 percent of the daily trading volume.

33. Muzio continued his buying and selling during the first two months of 2009, engaging in up to 19 transactions a day to create the appearance of an active trading market. During this time, Muzio's trades frequently represented more than a quarter of the total trading in

the stock on any given day. On some days, his trading was the only trading that occurred in the stock.

34. On January 12, 2009, Muzio sold 500 shares from one account, and bought 500 shares in another account at the same price (as well as 500 additional shares at a higher price). These trades represented 25 percent of the total trading volume on that day.

35. Other days where Muzio bought and sold shares to increase the volume were January 14, January 15, January 20, January 21, January 22, January 27, January 30, February 3, February 6, February 9, February 10, February 11, February 13, February 23, and February 25.

36. A series of e-mails Muzio sent to IBVG's chief executive officer shows he engaged in this trading activity to drive up IBVG's stock price and create the false appearance of market liquidity.

37. For example, Muzio sent an e-mail on November 12, 2008 expressing his frustration at not being paid for trading the stock and asking if the company wanted him to "keep the stock" at \$1.80 per share or higher, or stop trading.

38. On November 20, 2008, he sent an e-mail telling the CEO he intended to buy two thousand shares at the close of the trading day to ensure the stock closed at \$2 per share.

39. On November 24, 2008, Muzio complained in an e-mail that "it costs money to maintain a stock and I am the only idiot doing it."

40. On January 14, 2009, Muzio pleaded for \$40,000 to "cover the money owed" and to get "the stock up to \$2.75" per share.

41. On March 6, 2009, the Commission suspending the trading of IBVG's stock, effectively ending Muzio's stock manipulation scheme.

COUNT I

Fraud in Violation of Section 17(a)(1) of the Securities Act

42. The Commission repeats and realleges paragraphs 1 through 41 of its Complaint.

43. Starting no later than October 2008, Muzio directly and indirectly, by use of the means or instruments of transportation or communication in interstate commerce and by use of the mails, in the offer or sale of securities, as described in this Complaint, knowingly, willfully or recklessly employed devices, schemes or artifices to defraud.

44. By reason of the foregoing, Muzio directly and indirectly violated and, unless enjoined, will continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)].

COUNT II

Fraud in Violation of Section 17(a)(2) and (3) of the Securities Act

45. The Commission repeats and realleges paragraphs 1 through 41 of its Complaint.

46. Muzio knowingly, recklessly or negligently, by engaging in the conduct set forth above, directly or indirectly, in the offer or sale of securities, by the use of means or instruments of transportation or communication in interstate commerce, or of the mails: (a) obtained money or property by means of untrue statements of material fact or by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (b) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon the purchasers of such securities.

47. By reason of the foregoing, Muzio directly or indirectly violated Sections 17(a)(2) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(2) and (3)] and unless enjoined will continue to violate Sections 17(a)(2) and (3) of the Securities Act.

COUNT III

Fraud in Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

48. The Commission repeats and realleges paragraphs 1 through 41 of its Complaint.

49. Starting no later than October 2008, Muzio, directly and indirectly, by use of the means and instrumentality of interstate commerce, and of the mails in connection with the purchase or sale of securities, knowingly, willfully or recklessly: (a) employed devices, schemes or artifices to defraud; (b) made untrue statements of material facts and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices and courses of business which have operated, are now operating and will operate as a fraud upon the purchasers of such securities.

50. By reason of the foregoing, Muzio directly or indirectly violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

Declare, determine, and find that Muzio has committed the violations of the federal securities laws alleged in this Complaint.

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining Muzio from violating Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, as indicated above.

III.

Disgorgement

Issue an Order directing Muzio to disgorge all ill-gotten gains, including prejudgment interest, resulting from the acts or courses of conduct alleged in this Complaint.

IV.

Penalties

Issue an Order directing Muzio to pay a civil money penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]; and Section 21(d) of the Exchange Act [15 U.S.C. § 78(d)(3)].

V.

Sworn Accounting

Issue an Order requiring Muzio to file with this Court a sworn written accounting.

VI.

Penny Stock Bar

Issue an Order barring Muzio from participating in any offering of penny stock, pursuant to Section 20(g) of the Securities Act [15 U.S.C. § 77t(g)], and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

VII.

Further Relief

Grant such other and further relief as may be necessary and appropriate.

VIII.

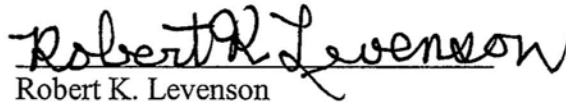
Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

Respectfully submitted,

April 14, 2009

By:



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¹ Mr. Conway is not currently ECF registered in the Southern District of Florida, but is taking steps to become registered as quickly as possible.