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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

09-81524

SECURITIES AND EXCHANGE COMMISSION,	)
	)
Plaintiff,	)
v.	)
	)
HOMEPALS, LLC, HOMEPALS INVESTMENT CLUB, LLC, RONNIE EUGENE BASS, JR., ABNER ALABRE and BRIAN J. TAGLIERI,	)
	)
Defendants.	)

MAGISTRATE JUDGE
VITUNAC

COMPLAINT

Plaintiff Securities and Exchange Commission alleges as follows:

INTRODUCTION

1. In a Ponzi scheme that began in April 2008, Defendants HomePals Investment Club, LLC ("HPIC") and HomePals, LLC (collectively "HomePals"), and their principals, Ronnie Eugene Bass, Jr., Abner Alabre and Brian J. Taglieri, raised at least $14.3 million from hundreds of Haitian-American investors by baselessly guaranteeing to double their money every 90 days. HomePals claimed it was able to generate such spectacular returns through Bass' purported successful trading of stock options and commodities.

2. In reality, Bass used less than 10 percent of investors' funds for trading. In classic Ponzi scheme fashion, the Defendants used most of the investor funds they solicited to pay off earlier investors. Furthermore, in contrast to the Defendants' claims that Bass was a successful trader, he suffered trading losses of nearly 20 percent of the small portion of funds he did trade. By the end of December 2008, HomePals had only $7,300 left and stopped making payments to investors.

3. As a result of this conduct, the Defendants violated Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and (c) and 77q(a)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Exchange Act Rule 10b-5. As a further result of this conduct, Bass violated Sections 206(1), (2) and (4) of the Investment Advisers Act of 1940 ("Advisers Act") and Rule 206(4)-8 thereunder.

4. The Commission requests that the Court enter orders: (1) permanently enjoining the Defendants from violating the federal securities laws; (2) directing the Defendants to disgorge all profits or proceeds they received as a result of the acts and/or courses of conduct complained of, with prejudgment interest; and (3) directing the Defendants to pay civil money penalties.

DEFENDANTS

5. HPIC is a Florida limited liability company formed in April 2008. Bass was HPIC's managing member and, together with Alabre and Taglieri, oversaw all facets of its business. HPIC was the initial entity Bass, Alabre and Taglieri used to raise investor funds until they formed HomePals, LLC in June 2008. HPIC has never registered an offering or class of securities with the Commission.

6. HomePals, LLC, is a Florida limited liability company with its principal place of business in Delray Beach. After its formation in June 2008, HomePals, LLC became the primary entity through which Bass, Alabre and Taglieri raised investor funds. HomePals, LLC has never registered an offering or class of securities with the Commission.

7. Bass, 35, resides in Miami, Florida. He is the founder and managing member of HomePals and, in this connection, met with prospective and actual investors for HomePals and held himself out as a master trader of stock options and commodities.

8. Alabre, 33, resides in Miramar, Florida. Although Alabre had no formal title with HomePals, he presented himself as the company's secretary and, in this capacity, met with prospective and actual investors.

9. Taglieri, 49, resides in Jupiter, Florida. Taglieri had no official title with HomePals, but he improperly presented himself as the company's attorney and, under these false pretenses, met with prospective and actual investors.

JURISDICTION AND VENUE

10. 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].

11. The Court has personal jurisdiction over the Defendants, and venue is proper in the Southern District of Florida because many of the Defendants' acts and transactions constituting violations of the Securities and Exchange Acts occurred in the Southern District of Florida. In addition, HomePals' principal place of business is in the Southern District of Florida, and Bass, Alabre and Taglieri each reside in the Southern District of Florida.

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

THE DEFENDANTS' FRAUDULENT INVESTMENT SCHEME

A. Overview of HomePals' Fraudulent Offering

13. From April 2008 through at least December 2008, the Defendants conducted a fraudulent scheme that targeted Haitian-American investors from South Florida and New Jersey.

The Defendants offered and sold 90-day unsecured notes issued by HomePals that promised guaranteed returns of 100 percent.

14. Prospective investors learned about HomePals' investment program mainly through word of mouth. Many attended presentations at HomePals' offices where Bass, Alabre and Taglieri pitched the unsecured notes. HomePals also had a website, www.homepalsinvestmentclub.com, through which it offered its unsecured notes to the general public.

15. During the presentations, Bass told prospective investors they would double their money after 90 days of investing with HomePals based on his extraordinary talent at trading stock options and commodities. Bass did not provide any details about his trading strategy, but explained to prospective investors that he was able to double investor money in as little as 20 days. Bass, Alabre and Taglieri further assured prospective investors their investments would be safe, claiming the principal was not at risk and guaranteeing the promised returns. Bass even went so far as to claim a $25 million insurance policy protected every investment with HomePals.

16. Although HomePals accepted some investments directly from individuals, it raised most of its money through the use of investment clubs. Bass, Alabre and Taglieri told prospective investors to form their own investment club or, in the alternative, join one of the numerous clubs already investing with HomePals. Bass, Alabre and Taglieri promised to pay those forming new investment clubs a 10 percent commission on every investment their club made with HomePals, thus providing an incentive for them to recruit additional investors.

17. Bass and Taglieri instructed the investment clubs to open an account at the same bank HomePals used, collect investors' funds, and transfer them in one lump investment to

HomePals by certified check, wire or intra-bank transfer. Upon receipt of the club's funds, Alabre would execute and deliver to the investment club president an unsecured note for 200 percent of the value of the club's investment with a 90-day redemption date.

18. At the end of the 90 days, HomePals would repay the unsecured note to the investment club (purportedly the principal and the guaranteed 100 percent profits), minus a 10 percent commission on the alleged profits that HomePals charged.

19. HomePals received pooled funds from as many as 64 investment clubs, and raised approximately $14.3 million from hundreds of Haitian-American investors.

B. Material Misrepresentations and Omissions to Investors

20. In connection with HomePals' fraudulent offering, the Defendants made numerous material misrepresentations and omissions regarding, among other things, Bass' ability to generate extraordinary returns, the safety and security of HomePals' investments, and the use of investor funds.

21. Bass, Alabre and Taglieri told investors Bass would use their money to trade primarily stock options and commodities. Bass told potential investors that HomePals was able to generate 100 percent returns in 90 days based on his trading expertise. Alabre and Taglieri reinforced these claims of extraordinary returns by telling potential investors that HomePals was "very profitable" and "making millions."

22. The Defendants' claims that they could double investors' money in 90 days and that Bass used all their money to trade were false. It was impossible for the Defendants to double investors' money because they transferred no more than $1.2 million of the $14.3 million they raised to Bass' accounts to trade. Instead, the Defendants used the vast majority of funds they raised – $11.5 million – to repay earlier investors.

23. Furthermore, Bass, Alabre and Taglieri misappropriated at least $668,000 of the money HomePals raised for their personal use. For example, Bass and Alabre used at least $380,000 to pay for a house where they both resided until recently. Bass misappropriated an additional $28,000 for himself, part of which he used to purchase an automobile. HomePals also distributed approximately $28,000 to Alabre as "compensation." Additionally, Taglieri received an undisclosed salary of $8,000 per month, and diverted $85,000 of investor funds to pay his overdue child support obligations.

24. The Defendants' claims that Bass was a successful trader were also false. Of the small amount of investor funds he actually traded, Bass generated losses of 19 percent. Based on their control over HomePals' bank accounts where investor funds were deposited, Alabre and Taglieri knew, or were reckless in not knowing, that Bass was engaged in very limited trading and that investor funds were the only source of revenue for HomePals.

25. Bass, Alabre and Taglieri each assured investors that the principal and interest on HomePals' unsecured notes would be guaranteed. Bass also told investors that a $25 million insurance policy protected every investment with HomePals.

26. These representations were false because HomePals could not guarantee its notes, and there was no insurance policy of any kind, which Bass and the other Defendants knew.

27. Bass also falsely told prospective investors that he had a professional trading license and had never suffered any investment losses. Bass has never had any sort of trading license, and his trading records show he suffered losses even as he told investors he had not.

28. Bass and Taglieri also told investors that Taglieri was HomePals' attorney. This representation was false because Taglieri is not an attorney.

C. HomePals' Collapse

29. By November 2008, HomePals' investors began experiencing difficulties redeeming their unsecured notes. By that time, HomePals had only $400,000 remaining in investor funds, well short of the amount needed to redeem approximately $12 million in outstanding notes HomePals had issued.

30. Around this same time, Bass, Alabre and Taglieri held a meeting with the investment club presidents in which they informed the presidents that HomePals was having financial problems and, as a result, would not be able to repay its investors on time.

31. Bass sent a letter to all investment club presidents on December 26, 2008 explaining that, "as a consequence of heavy losses suffered" from a variety of supposedly unforeseen events, HomePals could not currently redeem their unsecured notes, but promised that the company would be in a position to do so by March 6, 2009.

32. Despite these assurances, HomePals did not redeem the unsecured notes by March 6 (or at anytime thereafter) and, much to the shock of its investors, closed its offices for good on March 7, 2009.

COUNT I

HomePals, Bass, Alabre and Taglieri Violated of Section 5(a) and 5(c) of the Securities Act

33. The Commission repeats and realleges paragraphs 1 through 32 of its Complaint.

34. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities and transactions described in this complaint, and no exemption from registration exists with respect to the securities and transactions described in this Complaint.

35. From at least April 2008 through December 2008, the Defendants directly and indirectly: (a) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise; (b) carried securities or caused such securities to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or (c) made use of the means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise, without a registration statement having been filed or being in effect with the Commission as to such securities.

36. By reason of the foregoing, the Defendants directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate, Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

COUNT II

HomePals, Bass, Alabre and Taglieri Violated Section 17(a)(1) of the Securities Act

37. The Commission repeats and realleges paragraphs 1 through 32 of its Complaint.

38. Starting no later than April 2008, the Defendants, directly or 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..

39. By reason of the foregoing, the Defendants directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate, Section 17(a)(l) of the Securities Act [15 U.S.C. §77q(a)].

COUNT III

HomePals, Bass, Alabre and Taglieri Violated Section 17(a)(2) and (3) of the Securities Act

40. The Commission repeats and realleges paragraphs 1 through 32 of its Complaint.

41. The Defendants, 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.

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

COUNT IV

HomePals, Bass, Alabre and Taglieri Violated Section 10(b) and Rule 10b-5 of the Exchange Act

43. The Commission repeats and realleges paragraphs 1 through 32 of its Complaint.

44. Starting no later than April 2008, the Defendants, directly or 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.

45. By reason of the foregoing, the Defendants directly or indirectly violated, and, unless enjoined, are reasonably likely to continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rule l0b-5 [17 C.F.R. § 240].

COUNT V

Bass Violated Sections 206(1), (2) and (4) and Rule 206(4)-8 of the Advisers Act

46. The Commission repeats and realleges paragraphs 1 through 32 of its Complaint.

47. At all relevant times, Bass acted as an investment adviser, as defined by Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)].

48. Bass, by engaging in the acts and conduct alleged above, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce, or by the use of the mails, and while engaged in the business of advising others for compensation as to the advisability of investing in, purchasing, or selling securities:

(a) with scienter, employed devices, schemes, or artifices to defraud clients or prospective clients;

(b) engaged in transactions, practices, and courses of business which operated or would have operated as a fraud or deceit upon clients or prospective clients;

(c) engaged in acts, practices, and courses of business which were fraudulent, deceptive, or manipulative; or

(d) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in a pooled investment vehicle.

49. By reason of the foregoing, Bass, directly or indirectly, violated, and unless enjoined is reasonably likely to continue to violate, Sections 206(1), (2) and (4) of the Advisers Act [15 U.S.C. §§ 80b-6(1), 80b-6(2), 80b-6(4)] and Rule 206(4)-8 thereunder [17 C.F.R. § 275.206(4)-8].

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court:

I.

Declaratory Relief

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

II.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining the Defendants from violating Sections, 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5, and additionally enjoin Bass from violating Sections 206 (1), (2), and (4) of the Advisers Act and Rule 206(4)-8 thereunder.

III.

Disgorgement

Issue an Order directing the Defendants 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 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) of the Exchange Act [15 U.S.C. § 78(d)(3)].

V.

Further Relief

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

VI.

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,

October 15, 2009

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