

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO.:**

<b>SECURITIES AND EXCHANGE COMMISSION,</b>	)
	)
<b>Plaintiff,</b>	)
v.	)
	)
<b>RICHARD A. ALTOMARE,</b>	)
	)
<b>Defendant.</b>	)
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**COMPLAINT**

Plaintiff Securities and Exchange Commission alleges as follows:

**I. INTRODUCTION**

1. Beginning in January 2013, Defendant Richard A. Altomare engaged in a fraudulent scheme and market manipulation involving the stock of Sunset Brands, Inc. (“SSBN”). The scheme involved payment of an illegal bribe to a purportedly corrupt promoter so the promoter would purchase shares of SSBN in the open market.

2. Altomare engaged in this manipulation in an effort to falsely generate the appearance of market interest in SSBN, induce public purchases of the stock, and artificially increase its trading volume and price.

3. Unbeknownst to Altomare, the corrupt promoter was a witness cooperating with the FBI.

4. As a result of the conduct described in this Complaint, Altomare violated Section 10(b) and Rule 10b-5(a) and (c) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5(a) and (c). Unless

restrained and enjoined, Altomare is reasonably likely to continue to violate the federal securities laws.

5. The Commission respectfully requests that the Court enter: (a) a permanent injunction restraining and enjoining Altomare from violating the federal securities laws; (b) an order directing Altomare to pay disgorgement with prejudgment interest; and (c) an order barring Altomare from participating in any offering of a penny stock.

## **II. DEFENDANT AND RELEVANT ENTITY**

### **A. Defendant**

6. At all times relevant to this action, Altomare was a stock promoter for SSBN. Altomare resides in Boca Raton, Florida.

### **B. Relevant Entity**

7. At all times relevant to this action, SSBN was a Nevada corporation with principal offices located in St. Johns, Florida. The company purported to be a financial services holding company focused on acquiring and investing in federally insured banks, mortgage companies, and real estate. Its common stock has been quoted on OTC Link operated by OTC Markets Group, Inc. under the symbol "SSBN" at all times relevant to this action. SSBN's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act, and SSBN was subject to Section 13(a) reporting obligations. In June 2008, however, SSBN filed a Form 15 to deregister its stock. SSBN does not currently have any stock registered with the Commission nor does it have any reporting requirements.

8. SSBN's stock is a "penny stock" as defined by the Exchange Act. At all times relevant to this action, the stock's shares traded at a high of eight cents per share and an average price of five cents per share. During the same time period, the stock did not meet any of the exceptions to penny stock classification pursuant to Section 3(a)(51) and Rule 3a51-1 of the Exchange Act. For example, the stock: (a) did not trade on a national securities exchange; (b) was not an "NMS stock," as defined in 17 C.F.R. § 242.600(b)(47); (c) did not have net tangible assets (*i.e.*, total assets less intangible assets and liabilities) in excess of \$5,000,000; and (d) did not have average revenue of approximately \$6,000,000 for the last three years. *See* Exchange Act, Rule 3a51-1(g).

### **III. JURISDICTION AND VENUE**

9. The Court has jurisdiction over this action pursuant to Sections 21(d) and 27 of the Exchange Act, 15 U.S.C. §§ 78u(d) and 78aa.

10. The Court has personal jurisdiction over Altomare, and venue is proper in the Southern District of Florida, because Altomare resides in the District and because a substantial part of Altomare's acts and transactions constituting violations of the Exchange Act occurred in the District. For example, Altomare met with the cooperating witness in Broward County on March 15, 2013 to discuss the scheme and provide him with an advance copy of an SSBN press release. In addition, Altomare emailed the cooperating witness, who was located in the District, more than ten times in March 2013 in furtherance of the scheme.

11. Altomare, directly or indirectly, made use of the means or instruments of transportation or communication in interstate commerce, or of a means or instrumentality

of interstate commerce, or of the mails, in connection with the conduct alleged in this Complaint.

#### **IV. THE FRAUDULENT SCHEME**

12. In January 2013, Altomare began discussions with the cooperating witness regarding possible transactions involving SSBN. During the next two months, the parties communicated through a series of telephone conversations, emails, texts, and face-to-face meetings.

13. Eventually, in early March 2013, Altomare and the cooperating witness agreed to engage in a market transaction involving SSBN stock. Specifically, Altomare proposed that he and the cooperating witness partner to increase “liquidity” in the market for SSBN as the stock was thinly traded and had little volume at the time. The scheme would occur in stages whereby the cooperating witness would receive SSBN stock certificates as inducement payments for purchasing the company’s stock in the open market. The cooperating witness’s fraudulent buying was intended to create the false impression that there was an active public market for the stock. During one conversation, the cooperating witness informed Altomare that because of his legal troubles, he could only trade the stock out of a friend’s brokerage account that he controlled.

14. In furtherance of the scheme, Altomare told the cooperating witness that he (Altomare) would direct SSBN to issue a timed press release so it would appear the buying activity was spurred by positive news about the company. Altomare said he would draft the press release and would arrange for a promotional campaign for the company to coincide with the issuance of the press release, which would include “email blasts.”

15. On March 15, 2013, Altomare met with the cooperating witness in the District to provide him with an advance copy of an SSBN press release Altomare had drafted describing the purported increase in the appraised value of the company's assets. Altomare wanted to give the draft release to the cooperating witness in person, having remarked "I will never email the press release because I don't want a paper trail."

16. In a telephone conversation later in the day, Altomare told the cooperating witness he would send him a stock certificate for 70,000 shares of SSBN. Altomare also said he had a friend who was holding an additional 30,000 shares for the cooperating witness until the promotion was successful.

17. During this conversation, Altomare stressed SSBN wanted "liquidity" in the stock and that was the goal of the manipulation. He then instructed the cooperating witness to purchase 2,000 shares of SSBN that day in order to show their "good faith" to the company.

18. Accordingly, that same day, the FBI, posing as the cooperating witness, purchased 2,150 shares of SSBN stock in the open market for a total principal cost of approximately \$2,000. The FBI's purchase constituted approximately 98% of the volume of the stock for that day.

19. On March 22, 2013, as the inducement payment to purchase SSBN stock in the open market, the cooperating witness received a stock certificate for 70,000 shares of SSBN issued to his fictitious company.

20. In a telephone conversation that same day, Altomare stressed to the cooperating witness SSBN wanted the stock price to reach \$1.10 or \$1.20 and that "they" were most concerned about "liquidity." He also confirmed that SSBN would issue a

press release on March 25, 2013, and the cooperating witness should start purchasing the stock immediately after the news came out.

21. Ultimately, on March 26, 2013, SSBN issued a press release to the public, which was substantially similar to the one Altomare provided to the cooperating witness on March 15, 2013.

22. That same day, the FBI purchased an additional 3,500 shares of SSBN on the open market for a total principal cost \$3,255. The average daily trading volume for SSBN shares was approximately 620 shares per day (the stock had no volume on some days) for the previous ten trading days prior to March 26, 2013. The FBI's purchase constituted approximately 83% of the volume for that day.

23. Initially, Altomare and the cooperating witness had discussed additional manipulative buying. Ultimately, however, there were no further transactions.

### **COUNT I**

#### **Fraud in Violation of Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act**

24. The Commission realleges and incorporates paragraphs 1 through 23 of this Complaint.

25. From at least January 2013 through March 2013, Altomare, directly and indirectly, by use of any means or instrumentalities of interstate commerce, or of the mails, in connection with the purchase or sale of securities, knowingly, willfully or recklessly:

(a) employed devices, schemes, or artifices to defraud; or

(c) engaged in acts, practices, or courses of business which operated or would have operated as a fraud or deceit upon any person.

26. By reason of the foregoing, Altomare, directly and indirectly, violated and, unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a) and (c), 17 C.F.R. § 240.10b-5(a) and (c).

### **RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests that the Court:

#### **I.**

#### **Declaratory Relief**

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

#### **II.**

#### **Permanent Injunctive Relief**

Issue a Permanent Injunction restraining and enjoining Altomare, his agents, servants, employees, attorneys, and all persons in active concert or participation with him, and each of them, from violating Section 10(b) and Rule 10b-5(a) and (c) of the Exchange Act, as indicated above.

**III.**

**Disgorgement**

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

**IV.**

**Penny Stock Bar**

Issue an Order barring Altomare from participating in any offering of a penny stock, pursuant to Section 21(d) of the Exchange Act, 15 U.S.C. § 78u(d).

**V.**

**Further Relief**

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

**VI.**

**Retention of Jurisdiction**

Further, the Commission respectfully requests 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.

Dated: May 22, 2014

Respectfully submitted,

By: \_\_\_\_\_

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