

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

**CASE NO.:** \_\_\_\_\_

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**v.**

**JOSEPH SALVATORE DEVITO  
(A/K/A SALVATORE DEVITO) AND  
DEAN ANTHONY ESPOSITO  
(A/K/A DEAN ANTHONY),**

**Defendants.**

**COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

**I. INTRODUCTION**

1. The Commission brings this action to enjoin Defendants Joseph Salvatore DeVito (a/k/a Salvatore DeVito) (“DeVito”) and Dean Anthony Esposito (a/k/a Dean Anthony) (“Esposito”) from continuing to violate the registration and anti-fraud provisions of the federal securities laws, as well as prior associational bars.

2. From at least January 2016 through September 2020, Property Income Investors LLC (“PII”) raised approximately \$9.06 million from about 156 investors residing in 26 states through a series of unregistered fraudulent securities offerings in 11 companies controlled by PII (the “Property Entities”).

3. The purported purpose of the offerings was to raise money for the purchase of turnkey, multifamily properties located in South Florida, which would then be renovated, rented

to tenants, and eventually sold. PII primarily used unregistered sales agents, including DeVito and Esposito, to market the securities of PII and the Property Entities. Investors were to receive regular distributions of rent collected from the properties in which they invested, as well as a portion of any property sale proceeds.

4. While soliciting investors on behalf of PII and the Property Entities, DeVito and Esposito deceived investors by concealing their prior disciplinary histories, including the fact that they were each subject to two prior Commission permanent injunctions, as well as associational and penny stock bars.

5. As a result of the conduct alleged in this Complaint:

a. DeVito and Esposito violated Sections 5(a) and (c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77e(a) and (c)];

b. DeVito and Esposito violated Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (3)];

c. DeVito and Esposito violated Section 10(b) [15 U.S.C. § 78(j)(b)], and Rules 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)] of the Securities Exchange Act of 1934 (“Exchange Act”);

d. DeVito and Esposito violated Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o]; and

e. DeVito and Esposito violated Section 15(b)(6)(B)(i) of the Exchange Act [15 U.S.C. § 78o(b)(6)(B)(i)].

6. The Commission requests, among other things, that this Court: enjoin Defendants from committing further violations of the federal securities laws as alleged in this Complaint; issue a conduct based injunction, officer and director bars, and penny stock bars; order Defendants to

pay disgorgement plus prejudgment interest and monetary penalties based upon these violations; and order Defendants to comply with prior Commission orders imposed against them.

## II. DEFENDANTS

7. **DeVito** (a/k/a Salvatore DeVito) resides in Boca Raton, Florida. DeVito was previously associated with various registered broker-dealers as a registered representative from March through November 1998 and from August 2000 through March 2001. In August 2010, DeVito was permanently enjoined from violating the offering and broker-dealer registration provisions in a civil action brought by the Commission alleging that he acted as an unregistered broker while soliciting investments in an unregistered securities offering.<sup>1</sup> In February 2011, in a follow-on administrative proceeding, DeVito was also barred from association with any broker or dealer, with a right to reapply after 18 months.<sup>2</sup> Subsequently, in June 2015, DeVito was permanently enjoined from violating the offering and broker-dealer registration provisions and the antifraud provisions of both the Securities Act and the Exchange Act in another civil action brought by the Commission alleging that he operated a boiler room and defrauded over 400 investors out of about \$11 million.<sup>3</sup> In August 2015, in a follow-on administrative proceeding, the Commission entered an order imposing a full associational bar and a penny stock bar against DeVito.<sup>4</sup> DeVito is currently subject to an outstanding judgment to the Commission in excess of \$2.5 million.

8. **Esposito** (a/k/a Dean Anthony) resides in Boca Raton, Florida. Esposito was previously associated with various registered broker-dealers as a registered representative from

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<sup>1</sup> See SEC v. Joseph DeVito, et al., Civil Action No. 08-80130 (S.D. Fla. August 18, 2010).

<sup>2</sup> See In the Matter of Joseph DeVito, Admin. Proc. File No. 3-14242, (February 7, 2011).

<sup>3</sup> See SEC v. Joseph DeVito, et al., Civil Action No. 9:15-cv-80446-JIC-COHN (S.D. Fla. June 18, 2015).

<sup>4</sup> See In the Matter of Joseph DeVito, Admin. Proc. File No. 3-16737, (August 10, 2015).

December 1991 through May 2005. In August 2010, Esposito was permanently enjoined from violating the offering and broker-dealer registration provisions and the antifraud provisions of both the Securities Act and the Exchange Act in a civil action brought by the Commission alleging that he engaged in stock manipulation scheme and acted as an unregistered broker while soliciting investors in an unregistered securities offering.<sup>5</sup> In February 2011, in a follow-on administrative proceeding, Esposito was also barred from association with any broker or dealer.<sup>6</sup> Subsequently, in June 2015, Esposito was permanently enjoined again from violating the offering and broker-dealer registration provisions and the antifraud provisions in a civil action brought by the Commission alleging that he operated a boiler room and defrauded over 400 investors out of about \$11 million.<sup>7</sup> In August 2015, in a follow-on administrative proceeding, the Commission entered an order imposing a full associational bar and a penny stock bar against Esposito.<sup>8</sup> Esposito is currently subject to an outstanding judgment to the Commission in excess of \$2.5 million.

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

9. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a), and Sections 21(d), 21(e), and 27(a) of the Exchange Act, 15 U.S.C. §§ 78u(d), (e) and 78aa(a).

10. This Court has personal jurisdiction over Defendants, and venue is proper in the Southern District of Florida, because Defendants reside in this District and many of Defendants'

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<sup>5</sup> See SEC v. Dean A. Esposito, et al., Civil Action No. 08-80130 (S.D. Fla. August 18, 2010).

<sup>6</sup> See In the Matter of Dean A. Esposito, Admin. Proc. File No. 3-14241, (February 7, 2011).

<sup>7</sup> See SEC v. Dean A. Esposito, et al., Civil Action No. 9:15-cv-80446-JIC-COHN (S.D. Fla. June 18, 2015).

<sup>8</sup> See In the Matter of Dean A. Esposito, Admin. Proc. File No. 3-16736 (August 10, 2015).

acts and transactions constituting violations of the Securities Act and Exchange Act occurred in this District.

11. In connection with the conduct alleged in this Complaint, Defendants, directly or 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, or of the mails.

#### **IV. FACTUAL ALLEGATIONS**

##### **A. The Unregistered Securities Offerings**

12. From at least January 2016 through September 2020, PII and the Property Entities solicited money from investors through a series of unregistered securities offerings in order to fund their residential real estate business.

13. The securities sold were in the form of “Membership Interests,” or in one instance common stock, in PII and the Property Entities.

14. The purported purpose of the offerings was to raise money for the purchase by PII and the Property Entities of turnkey multifamily properties located in South Florida, which would then be renovated, rented to tenants, and eventually sold.

15. The role of the investors was limited to investing money into the venture. Investors had no control over PII or Property Entities or the purchase, renovation, rental, management, or sale of the properties. They relied solely on PII, the Property Entities, and the companies’ officers and employees to generate profits.

16. The Membership Interests are investment contracts, and therefore securities, within the meaning of the Securities Act and the Exchange Act. The common stock is also a security within the meaning of the Securities Act and the Exchange Act.

17. PII and the Property Entities solicited and raised money from investors through a network of sales agents, including Defendants, none of whom were registered as brokers or associated with registered broker-dealers, from at least January 2016 through September 2020.

18. The sales agents, including Defendants, were paid a commission on each new investor sale, which came out of investor funds.

19. During sales calls, the sales agents, including Defendants, gave prospective investors a general description of the investment opportunity and told them that their money would be used to purchase and renovate properties.

20. DeVito and Esposito directly offered and sold these securities through offerings that were not registered with the Commission, and there were no valid exemptions from registration available.

**B. Defendants' Deceptive Conduct While Acting As Unregistered Sales Agents**

21. From at least October 2016 through February 2019, DeVito and Esposito solicited investors in PII and the Property Entities, including by engaging in a campaign of cold-calling potential prospects.

22. DeVito and Esposito were not registered as brokers or associated with registered broker-dealers, and each was subject to two permanent injunctions and two associational bars during the time they offered and sold securities in PII and the Property Entities. Both DeVito and Esposito failed to disclose these prior permanent injunctions and bars – including that they were enjoined from violating the offering and broker-dealer registration provisions and the antifraud provisions of both the Securities Act and the Exchange Act and had full associational and penny stock bars entered against them – when they solicited investors in PII and the Property Entities.

23. DeVito and Esposito used the pseudonyms “Salvatore DeVito” and “Dean Anthony,” respectively, in their communications with investors for the purpose of concealing their disciplinary backgrounds and associational bars from investors.

24. After cold calling investors, DeVito and Esposito directed PII to email and/or mail offering materials to the investor, which included a private placement memorandum, an operating agreement, subscription documentation, and materials describing the prospective investment properties to be purchased.

25. For their services, DeVito and Esposito received commissions, totaling \$246,750 and \$245,750, respectively, from PII based on sales to investors.

## **V. CLAIMS FOR RELIEF**

### **COUNT I** **Violations of Section 5(a) and (c) of the Securities Act**

26. The Commission repeats and realleges Paragraphs 1 through 25 of its Complaint as if fully set forth herein.

27. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities Defendants offered and sold as described in this Complaint and no exemption from registration existed with respect to these securities.

28. From at least October 2016 through February 2019, Defendants, directly or indirectly:

- (a) made use of any 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 or caused to be carried securities 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 any 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 any security,

without a registration statement having been filed or being in effect with the Commission as to such securities.

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

**COUNT II**  
**Violations of Section 17(a)(1) of the Securities Act**

30. The Commission repeats and realleges Paragraphs 1 through 25 of its Complaint as if fully set forth herein.

31. From at least October 2016 through February 2019, Defendants, in the offer or sale of the securities described herein by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, knowingly or recklessly employed any device, scheme, or artifice to defraud.

32. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Sections 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

**COUNT III**  
**Violations of Section 17(a)(3) of the Securities Act**

33. The Commission repeats and realleges Paragraphs 1 through 25 of its Complaint as if fully set forth herein.

34. From at least October 2016 through February 2019, Defendants, in the offer or sale of the securities described herein by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, negligently



engaged in transactions, practices and courses of business which operated or would have operated as a fraud or deceit upon the purchasers and prospective purchasers of such securities.

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

**COUNT IV**  
**Violations of Section 10(b) and Rule 10b-5(a) of the Exchange Act**

36. The Commission repeats and realleges Paragraphs 1 through 25 of its Complaint as if fully set forth herein.

37. From at least October 2016 through February 2019, Defendants, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly employed devices, schemes, or artifices to defraud in connection with the purchase or sale of securities.

38. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) [15 U.S.C. § 78(j)(b)] and Rule 10b-5(a) of the Exchange Act [17 C.F.R. § 240.10b-5(a)].

**COUNT V**  
**Violations of Section 10(b) and Rule 10b-5(c) of the Exchange Act**

39. The Commission repeats and realleges Paragraphs 1 through 25 of its Complaint as if fully set forth herein.

40. From at least October 2016 through February 2019, PII, Defendants, directly and indirectly, by use of any means or instrumentality of interstate commerce, or of the mails, knowingly or recklessly engaged in acts, practices and courses of business, which operated or would have operated as a fraud or deceit upon any person in connection with the purchase or sale of securities.

41. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 10(b) [15 U.S.C. § 78(j)(b)] and Rule 10b-5(c) of the Exchange Act [17 C.F.R. § 240.10b-5(c)].

**COUNT VI**  
**Violations of Section 15(a)(1) of the Exchange Act**

42. The Commission repeats and realleges Paragraphs 1 through 25 of its Complaint.

43. From at least October 2016 through February 2019, Defendants, directly or indirectly, by use of the mails or any means or instrumentality of interstate commerce effected transactions in, or induced or attempted to induce the purchase or sale of securities, while they were not registered with the Commission as a broker or dealer or not associated with an entity registered with the Commission as a broker-dealer.

44. By reason of the foregoing, Defendants violated, and, unless enjoined, are reasonably likely to continue to violate, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o].

**COUNT VII**  
**Violations of Section 15(b)(6)(B)(i) of the Exchange Act**

45. The Commission repeats and realleges Paragraphs 1 through 25 of its Complaint.

46. Defendants, who are the subject of Commission bars from associating with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical ratings organization, with such previous bar being in effect, directly or indirectly, made use of the mails or the means or instrumentalities of interstate commerce to effect transactions in, or to induce or attempt to induce the purchase and sale of, securities without being registered as a broker or dealer with the Commission or associated with a broker-dealer registered with the Commission (i.e. they acted as brokers in violation of the Commission bars).

47. By reason of the foregoing, Defendants violated and, unless enjoined, are reasonably likely to continue to violate Section 15(b)(6)(B)(i) of the Exchange Act [15 U.S.C. § 78o(b)(6)(B)(i)].

**VI. RELIEF REQUESTED**

**WHEREFORE**, the Commission respectfully requests the Court find the Defendants committed the violations alleged and:

**A. Permanent Injunctive Relief**

Issue a Permanent Injunction enjoining Defendants, their officers, agents, servants, employees, attorneys, and all persons in active concert or participation with them, and each of them, from violating the federal securities laws alleged in this Complaint.

**B. Disgorgement and Prejudgment Interest**

Issue an Order directing Defendants to disgorge all ill-gotten gains or proceeds received including prejudgment interest thereon as a result of the acts and/or courses of conduct alleged in this Complaint.

**C. Penalties**

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

**D. Conduct-Based Injunction**

Issue an injunction permanently enjoining Defendants from, directly or indirectly, including through any entity they own or control: (1) participating in the issuance, offer, purchase or sale of any securities except for transactions involving their own personal brokerage account;

and (2) participating in the management, administration, supervision of, or otherwise exercising any control over, any commercial enterprise or project that issues, purchases or sells securities.

**E. Officer and Director Bar**

Issue an Officer and Director bar against Defendants pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act.

**F. Penny Stock Bar**

Issue a Penny Stock bar against Defendants pursuant to Section 20(g) of the Securities Act and Section 21(d)(6) of the Exchange Act.

**G. Compliance with Prior Commission Orders**

Issue an Order pursuant to Section 21(e) of the Exchange Act requiring Defendants to comply with prior orders imposed by the Commission.

**H. Further Relief**

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

**I. Retention of Jurisdiction**

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.

**VII. DEMAND FOR JURY TRIAL**

The Commission hereby demands a jury trial in this case.

April 13, 2022

Respectfully submitted,

/s/Alice K. Sum

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