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18 CV 5491

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

**PERRY SANTILLO, CHRISTOPHER PARRIS, PAUL
ANTHONY LAROCCO, JOHN PICCARRETO,
THOMAS BRENNER, FIRST NATIONLE SOLUTION,
LLC, PERCIPIENCE GLOBAL CORPORATION, and
UNITED RL CAPITAL SERVICES,**

Defendants.

**18 Civ. ()
ECF Case**

COMPLAINT

**JURY TRIAL
DEMANDED**

Plaintiff Securities and Exchange Commission (“Commission”), for its Complaint against defendants Perry Santillo (“Santillo”), Christopher Parris (“Parris”), Paul Anthony LaRocco (“LaRocco”), John Piccarreto (“Piccarreto”), Thomas Brenner (“Brenner”), First Nationle Solution, LLC (“First Nationle”), Percipience Global Corporation (“Percipience”), and United RL Capital Services (“United RL”) (collectively “Defendants”), alleges as follows:

SUMMARY OF ALLEGATIONS

1. The Commission brings this action to stop an ongoing fraudulent scheme in which the Defendants have raised more than \$102 million from at least 637 investors across the United

States since 2011. Defendants Santillo and Parris buy or take over books of business of retiring investment professionals from around the country. Then Santillo and Parris, or local sales people, including Defendants Piccarreto, LaRocco, and Brenner, persuade these newly acquired clients – their victims – to withdraw their savings from traditional investments and invest in issuers controlled by Santillo, Parris, or their associates, including Defendants First Nationle, Percipience, and United RL. The bulk of the more than \$102 million raised in this fraud was purportedly raised for these three issuers.

2. Defendants falsely claim that their investors' money will be used to operate businesses in fields such as financial services, insurance, real estate development, and medical laboratories. In fact, any business operations for each issuer appear to be limited or non-existent. After receiving investor funds, Defendants transfer those funds through multiple accounts held in the names of different entities Defendants control, commingling the funds, then transfer the funds elsewhere.

3. As one example, Piccarreto met with an investor from Austin, Texas in February 2015. Because the investor suffers from dementia and was nearly 80 years old at the time, his daughter attended the meeting as well. Piccarreto convinced the elderly investor to put \$250,000 in Percipience, describing it as a real-estate investment. On March 5, 2015, that money was deposited into Percipience's bank account, then promptly transferred through affiliate bank accounts – from which Piccarreto misappropriated \$21,500 – and through First Nationle's bank account – from which Santillo misappropriated \$172,800. More than two years later, after the investor's daughter expressed concern about his investments to Piccarreto, Piccarreto falsely wrote in an e-mail, "I know this is scary for you and you are just looking out for dad but I promise you I will not let anything happen to any of the money." In fact, Defendants knew they

were lying to investors and stealing their money. And this investor has never received any money back from his investment in Percipience.

4. Defendants have enriched themselves greatly through the money they stole from investors. Santillo has misappropriated at least \$13.4 million; Parris has misappropriated at least \$1.1 million; LaRocco has misappropriated at least \$1.1 million; Piccarreto has misappropriated at least \$1.3 million; and Brenner has misappropriated at least \$2.9 million.

5. As an example of Defendants' use of stolen investor funds, Santillo uses that stolen money to fund a jet-setting lifestyle, including paying for housing in multiple states, car leases, expenditures at a country club and a Las Vegas resort and casino, credit card payments, and other personal expenses. At the same time he was misappropriating investor funds, Santillo threw himself a party at a nightclub in Las Vegas for which he commissioned a song about himself to be played. The lyrics to that song refer to (Perry) Santillo as "King Perry" and describe his typical attire: "ten-thousand-dollar suit everywhere he rides." The song also depicts his lifestyle as follows: "pop the champagne in L.A., New York to Florida; buy another bottle just to spray it all over ya."

6. Of the at least \$102 million raised by Defendants, the majority of it was either misappropriated by Defendants or paid to redeeming investors in classic Ponzi-scheme fashion.

VIOLATIONS

7. By virtue of the conduct alleged herein, Defendants engaged in securities fraud in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], promulgated thereunder; and Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)]. In addition, defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner (the "Individual Defendants") violated and

Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1) and 80b-6(2)], and aided and abetted the violations of Section 10(b) of the Exchange Act and Section 17(a) of the Securities Act by Defendants First Nationle, Percipience, and United RL (the “Entity Defendants”).

8. Unless Defendants are permanently restrained and enjoined, they will again engage in the acts, practices, and courses of business set forth in this Complaint and in acts, practices, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

9. The Commission brings this action pursuant to the authority conferred upon it by Section 20 of the Securities Act [15 U.S.C. § 77t(b)], Sections 21(d)(1) & (d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(1) & (d)(5)], and Section 209(d) of the Advisers Act [15 U.S.C. § 80b-9(d)].

10. The Commission seeks a judgment permanently enjoining Defendants from future violations of the Securities Act, Exchange Act, and Advisers Act provisions that they violated as alleged in this Complaint, ordering Defendants to disgorge any ill-gotten gains and to pay prejudgment interest thereon, and imposing civil money penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)]. The Commission also seeks any other relief the Court may deem just and appropriate.

11. To stop the fraud, maintain the status quo, and preserve assets sufficient for Defendants to pay disgorgement, prejudgment interest, and civil penalties in accordance with any final judgment of this Court, the Commission seeks emergency relief: an order (i) restraining and enjoining Defendants from violating the Securities Act, Exchange Act, and Advisers Act

provisions as alleged in this Complaint; (ii) imposing asset freezes on Defendants; (iii) requiring Defendants to repatriate funds and other assets now located outside the United States; (iv) requiring Defendants to provide the Commission with a sworn accounting; and (v) preventing Defendants from destroying or altering documents.

JURISDICTION AND VENUE

12. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Sections 209(d), 209(e), and 214 [15 U.S.C. §§ 80b-9(d), 80b-9(e), and 80b-14]. Defendants, directly or indirectly, singly or in concert, have made use of the means or instrumentalities of transportation or communication in, or the instrumentalities of, interstate commerce, or of the mails, in connection with the transactions, acts, practices, and courses of business alleged herein.

13. Venue lies in this district under Securities Act Section 22(a) [15 U.S.C. § 77v(a)], Exchange Act Section 27 [15 U.S.C. § 78aa], and Advisers Act Section 214 [15 U.S.C. § 80b-14]. Defendant First Nationle is headquartered in, and conducts fraudulent business out of, this District. Additionally, certain of the transactions, acts, practices, and courses of business constituting the violations alleged herein occurred within this District. Among other things, some of Defendants' fraudulent and misleading statements were made to the public at large in this District.

DEFENDANTS

14. **Santillo**, age 38, is or was a resident of Rochester, NY. He is a founder, member, manager, and CEO of First Nationle. Santillo offered and sold securities in First Nationle, Percipience, and United RL to investors and potential investors. Santillo also provided investment advice to those same investors and potential investors. Santillo was registered with

FINRA from 2003 to 2007.

15. **Parris**, age 38, is or was a resident of Rochester, NY. He is a manager of First Nationle, a founder and owner of Percipience, and a member and owner of United RL. Parris offered and sold securities in First Nationle, Percipience, and United RL to investors and potential investors. Parris also provided investment advice to those same investors and potential investors. Parris was registered with FINRA from 2002 to 2005, and was suspended by FINRA in 2015 from association with any FINRA member.

16. **LaRocco**, age 55, is or was a resident of Ocala, Florida. He is a founder, manager, and CEO of United RL. LaRocco offered and sold securities in First Nationle and United RL. LaRocco provided investment advice to those same investors and potential investors to whom he offered securities. LaRocco was registered with FINRA from 2001 to 2010. He was barred by FINRA in 2011 from association with any FINRA member.

17. **Piccarreto**, age 34, is or was a resident of San Antonio, Texas. Piccarreto offered and sold securities in First Nationle, Percipience, and United RL. Piccarreto also provided investment advice to those same investors and potential investors. Piccarreto was registered with FINRA from 2014 to 2015 and was suspended for 24 months by FINRA starting in July 2017 for participating in the unregistered offering of securities and for making misleading statements to FINRA.

18. **Brenner**, age 55, is or was a resident of Orville, Ohio. Brenner sold securities in Percipience and United RL. Brenner also provided investment advice to those same investors and potential investors. Brenner was registered with FINRA from 1986 until 2016, when he was suspended by FINRA for, among other things, making misrepresentations in connection with selling securities. Brenner was later barred for failing to appear for FINRA-requested

testimony.

19. **First Nationle** is a Michigan corporation. First Nationle purports to conduct business in areas including leveraged investments, the financial services industry, insurance, and real estate development, among others. The Commission is not aware of evidence that indicates that First Nationle conducts more than some minimal business. Rather, Defendants operate First Nationle primarily as a Ponzi scheme by issuing securities in the form of promissory notes, soliciting and then misappropriating substantial amounts of investor funds, and using remaining investor funds to pay off redeeming investors.

20. **Percipience** is a Delaware Corporation. Percipience purports to conduct business by providing loans to borrowers to buy and improve single-family houses. The Commission is not aware of evidence that indicates that Percipience conducts more than some minimal business. Rather, Defendants operate Percipience primarily as a Ponzi scheme by issuing securities in the form of stock, soliciting and then misappropriating substantial amounts of investor funds, and using remaining investor funds to pay off redeeming investors.

21. **United RL** is a Delaware and Michigan Corporation. United RL purports to conduct business by financing physician-owned toxicology laboratories. The Commission is not aware of evidence that indicates that United RL conducts more than some minimal business. Rather, Defendants operate United RL primarily as a Ponzi scheme by issuing securities in the form of promissory notes, soliciting and then misappropriating substantial amounts of investor funds, and using remaining investor funds to pay off redeeming investors.

FACTS

The Nationwide Fraudulent Scheme

22. Santillo and Parris buy books of business from investment professionals around

the country, then solicit investors from those books with the aid of the other Individual Defendants. With investor victims located throughout the country, Santillo and Parris have relied on individuals with long-established ties to, and trust within, certain communities to defraud investors in those communities. LaRocco has been a central figure in defrauding investors in Florida, where Santillo and LaRocco and potentially others raised at least \$26 million from at least 147 investors since August 2012. Piccarreto has been a central figure in defrauding investors in Texas, where Parris and Piccarreto and potentially others raised at least \$6.6 million from at least 38 investors since April 2014. Brenner has been a central figure in Ohio, where Santillo, Parris, and Brenner and potentially others raised at least \$8 million from at least 74 investors since April 2013.

23. Santillo, Parris, and Piccarreto also raised money from investors in other states. For example, Santillo, Parris, and Piccarreto raised at least \$21 million from at least 80 investors in California since May 2012, Santillo raised \$3.5 million from at least 33 investors in Pennsylvania since June 2015, and more recently Santillo raised at least \$2.2 million from at least 24 investors in Maryland since late 2017.

24. In total, Defendants have raised at least \$102 million from at least 637 investors since at least July 2011 through their fraudulent offerings. Of that \$102 million, the majority of the investor funds was either misappropriated by Defendants or paid to redeeming investors.

The Fraudulent Offerings

25. **First Nationle:** Santillo, Parris, LaRocco, Piccarreto, and potentially others, have induced at least 318 investors to invest at least \$46 million in the First Nationle offering since February 2012. A First Nationle brochure provided to investors and potential investors claims that First Nationle is a holding company for “several sales affiliates that represent a group of

companies who offer a rich portfolio of premier Insurance and Impaired Risk products . . . These subsidiaries manage over \$145 million in assets.” The Commission is not aware of any evidence that indicates that First Nationle is a holding company for any subsidiaries, much less subsidiaries with assets of \$145 million. The Commission is also not aware of any evidence that indicates that First Nationle conducts anything more than minimal business functions.

26. First Nationle’s website claims that it “is engaged in leveraging investments, holdings, and other assets, while building value for investors.” First Nationle’s operating agreement claims it engages in businesses including “the acquisition, ownership, development, preservation or operation of . . . stock, mortgages, notes, receivables, securities and realty. . . .” First Nationle’s subscription agreement, which it provided to investors, claims that it is “engaged in the business of senior market insurance program commerce and the development and management of diverse real property holdings.”

27. The subscription agreement describes the investment as follows: “The debtor plans to apply the proceeds of the offering to help fund the debtor’s outlined business model.” The subscription agreement further claims that “[n]one of the proceeds from the offering will inure to the personal benefit of the Manager.” The First Nationle operating agreement provided to investors identifies Santillo as the manager of First Nationle, while the subscription agreement identifies Lucian Global, LLC as manager. Parris is the manager of Lucian Global LLC, and thus a *de facto* co-manager of First Nationle along with Santillo.

28. First Nationle offered promissory notes to investors. The promissory notes offered and sold by Santillo, Parris, LaRocco, and Piccarreto typically contain maturity dates of three years, and provide for interest payments at an annual rate ranging from 3.3% to 6%, as well as bonuses ranging from approximately 10% to 19% to be credited to the investor upon initially

investing.

29. **Percipience:** Santillo, Parris, Piccarreto, Brenner, and potentially others, have induced at least 229 investors to invest at least \$22 million in the Percipience offering since July 2012. A 2013 Percipience private placement memorandum (“PPM”) claims that Percipience’s business is to provide loans to borrowers to buy and improve single-family houses. The Commission is not aware of any evidence that indicates that Percipience conducts anything more than minimal business functions. The PPM further claims that in the event of raising a maximum \$5 million in the offering, \$4.25 million (or 85% of the proceeds) will be used for Percipience’s business, with the remainder of the proceeds to be spent on expenses such as brokers fees.

30. Percipience’s program summary claims that its business includes “(a) short-term property acquisition and resale, (b) purchase of distressed non-performing bank notes for profitable repositioning, and (c) property rental income.” Percipience’s operating agreement claims that it “shall purchase . . . stand-alone homes or . . . flats within a multi-family building” and “lease residences to families supported by governmentally funded rent subsidies. . . .” Percipience’s private placement memorandum claims that it will “will own, fund and operate [a] real-estate-financing business. . . .”

31. Percipience offered investors preferred stock, specifically Class A and Class B shares. Class A shares have a one year “lock period,” with a claimed annual return of 7%. Class B shares have a three year “lock period,” with a claimed annual return of 8% and an 8% bonus to be credited to the investor upon initially investing.

32. **United RL:** Santillo, Parris, LaRocco, Piccarreto, Brenner, and potentially others, have induced at least 183 investors to invest at least \$25 million in the United RL offering since

March 2015. United RL's Operating Agreement describes Parris and LaRocco as members of United RL. A United RL brochure and PPM claim that United RL's business is to make loans to physicians or medical practices for the purpose of owning their own toxicology laboratories for medical tests. The Commission is not aware of any evidence that indicates that United RL conducts anything more than minimal business functions.

33. United RL's website claims that it "is a singular-disciplined company that specializes in providing Physician's financing, supporting the initial development phases of Physician owned clinical laboratories." United RL's operating agreement claims that its operations "encompass the direct or indirect (i) financing of medical-laboratory acquisitions and/or operations owned by third parties, and (ii) conduct of all commercial operations related thereto or supportive thereof." The United RL Brochure provided to investors states that United RL "provide[s] program financing . . . for the following specialties: hospitals, OBGYN's pain management, internist and primary care physicians."

34. United RL offered promissory notes to investors. The promissory notes had maturity dates of either one year ("short term") or three years (either "medium term" or "long term"). The terms of the notes include claimed 7% interest payments to be paid semi-annually and claimed bonus payments of 7% on the three-year promissory notes, to be credited to the investor upon initially investing.

35. **Other Fraudulent Offerings and Issuers:** Santillo, Parris, and the other Individual Defendants, and potentially others, also sold securities in several other fraudulent offerings in which they engaged in the same conduct of raising and misappropriating investor funds. These smaller fraudulent offerings and issuers include but are not limited to: (1) \$3.2 million raised in Boyles America, LLC from at least 41 investors; (2) \$3.8 million raised in

Middlebury Development Corporation from at least 23 investors; (3) \$1.1 million raised in Lucian Development Corporation from at least 14 investors; and (4) \$758,000 raised in Torr, LLC from at least 13 investors.

The Misrepresentations, Omissions, Misappropriations, and Breaches of Fiduciary Duty

36. The Defendants have misrepresented to investors and potential investors that the money they invest in First Nationle, Percipience, United RL, or other issuers, is used to conduct the purported business of each respective issuer. Investors are not told that – in fact – a significant portion of investor proceeds is used to repay redeeming investors or are misappropriated for personal use by Santillo, Parris, LaRocco, Piccarreto, and Brenner.

37. Rather than deposit investors' funds with the issuers to be used for business purposes, Defendants commingled investors' funds. After receiving investor funds, Defendants transferred those funds through multiple accounts held in the names of different entities Defendants control (including but not limited to First Nationle, Percipience, and United RL) then transfer the funds elsewhere. Substantial amounts of these funds are transferred to redeeming investors or to Santillo or the other Individual Defendants. In some cases, Santillo transferred nearly all of an investor deposit to himself. In other cases the transfers were more complex, with Defendants commingling investor funds in different accounts and transferring the money elsewhere, including to themselves and to redeeming investors.

38. Of the at least \$102 million that Defendants have raised from investors, Santillo has misappropriated at least \$13.4 million. In addition to this \$13.4 million, Santillo received additional money transfers totaling at least \$12 million, which he did not keep, but transferred back into the accounts held in the names of different entities Defendants control (including but not limited to First Nationle, Percipience, and United RL). Additionally, Parris

has misappropriated at least \$1.1 million; LaRocco has misappropriated at least \$1.1 million; Piccarreto has misappropriated at least \$1.3 million; and Brenner has misappropriated at least \$2.9 million.

39. Defendants also misrepresented to investors the ongoing performance – or lack thereof – of their investments. Defendants provided account statements to investors falsely stating that their funds were invested in the issuers, falsely stating investment returns, and in some cases falsely stating that a bonus had been credited to their account. In certain cases, Defendants provided investors with bonus funds or interest payments. In other cases, Defendants provided redeeming investors with their all or part of their funds, with returns. These were Ponzi payments derived from new investor funds rather than actual investment returns. Defendants have failed to fulfill the request of other investors to redeem their investments.

40. Of the at least \$102 million raised by Defendants, at least \$38.5 million was paid to out to earlier investors in Ponzi payments, at least \$20 million was transferred to personal bank accounts of the Individual Defendants, and a large portion of the remaining funds was transferred elsewhere in transactions that do not appear related to the Entity Defendants' purported businesses.

41. Each of the Individual Defendants acted as investment advisers. Santillo purchased at least several investment advisory businesses, and then continued the business of those investment advisers, acting as an investment adviser himself. In addition to purchasing investment advisory businesses, Santillo advised clients regarding securities. He received compensation through the misappropriation of investor funds. Additionally, Parris, Piccarreto, LaRocco, and Brenner presented themselves to investors as investment advisers who were acting

in the interests of individual investors; they reviewed investors' portfolios of investments; provided investment advice regarding investments in securities; and they each received compensation through misappropriated investor funds.

42. The Individual Defendants breached their fiduciary duties owed to the investors when they failed to use investor funds as they represented they would, and when they failed to inform investors that they were misappropriating their funds. In short, the Individual Defendants failed to put their customers' interests before their own.

Specific Misrepresentations and Omissions to Investors 1-7

43. **Investors 1 and 2:** In July 2014, Parris and Piccarreto met with Investors 1 and 2, a husband and wife from Cedar Crest, New Mexico, to discuss investment opportunities. Parris and Piccarreto described two opportunities for investment: (1) First Nationle, which they claimed to be an investment related to commercial real estate; and (2) Percipience, which they claimed to be an investment related to residential real estate. Parris and Piccarreto told Investors 1 and 2 that invested funds would be used to conduct the business of each respective issuer. Parris and Piccarreto also provided written documents related to the offerings. Parris and Piccarreto presented themselves as investment experts and recommended that Investors 1 and 2 invest in First Nationle and Percipience.

44. After meeting with Parris and Piccarreto, Investor 1 invested \$76,000 in Percipience and Investor 2 invested \$125,000 in Percipience. Investor 2 also invested \$233,000 in First Nationle. Parris described these as safe investments for a three-year term. Investors 1 and 2 expected to receive their investments back, with interest, in July 2017. But to date their investments have not been repaid.

45. An analysis of bank records shows that Investors 1 and 2's investments in

Percipience were not used to conduct its purported business. Rather, some of the funds were used to make payments to what appears to be another investor, while other funds were misappropriated by Parris. Investors 1 and 2's investments in Percipience were placed into a Percipience bank account (with a previous balance of about \$450), combined with another investor deposit of \$20,000, then transferred among a variety of accounts not belonging to Percipience, including the accounts of First Nationle, and a manager of First Nationle. The majority of those funds were then used to pay what appears to be another investor, while Parris received \$15,000.

46. Similarly, Investor 2's investment in First Nationle was not used to conduct its purported business. Rather, some of the funds were misappropriated by Santillo while other funds were paid to associates or entities controlled by associates of the Individual Defendants. Specifically, Investor 2's investment in First Nationle was placed into a First Nationle bank account (with a previous balance of about \$57,000), combined with other investor deposits of about \$530,000, then \$480,000 was transferred to Santillo. Santillo misappropriated \$100,000 of those funds, and transferred the remaining \$370,000 back to the First Nationle account, from which it was used to pay other investors.

47. **Investor 3 and his daughter:** In February 2015, Piccarreto met with Investor 3 – who suffers from dementia – and his daughter at their home in Austin, Texas to discuss investment opportunities. Piccarreto described an opportunity to invest in Percipience, which he told Investor 3 was an investment in real estate. Piccarreto claimed that invested funds would be used to conduct the business of Percipience. Piccarreto wrote in an e-mail to Investor 3's daughter: "I can generate enough interest (dividend payments) to cover [your father's] rent . . . while not touching the principal. . . . We will not be making double digit returns but we will also

not have the risk of the stock market. We will have a fixed guaranteed dividend that will serve as income to take care of expenses.” Piccarreto also provided written documents related to the offering.

48. After meeting with Piccarreto in 2015, Investor 3 invested \$250,000 in Percipience under his daughter’s name. Later, in June 2017, Piccarreto again met with Investor 3 and his daughter to discuss additional investment opportunities. Subsequently, Piccarreto visited Investor 3 alone and obtained a \$60,000 check from him, despite knowing of his dementia. After learning that Piccarreto had done this, Investor 3’s daughter asked for written documentation about this new investment. Piccarreto provided a brief document by e-mail, in which he stated “I know this is scary for you and you are just looking out for dad but I promise you I will not let anything happen to any of the money.” Investor 3 and his daughter then decided not to go forward with this new investment. However, Piccarreto had already cashed the \$60,000 check – which had been made out to United RL.

49. Investor 3 and his daughter asked for a refund of their investment, but most of the money has not been refunded. In late January 2018, Investor 3 received a \$10,000 check from Piccarreto. The check was drawn on an account of a third-party company unknown to Investor 3 and his daughter. Investor 3’s daughter called Piccarreto to ask where the rest of her father’s money was, and Piccarreto said he did not know.

50. An analysis of bank records shows that Investor 3’s investment in Percipience was not used to conduct its purported business. Rather, a large portion of the funds were misappropriated by Santillo and Piccarreto. Investor 3’s investment in Percipience was placed into a Percipience bank account (with a previous balance of about \$717), combined with another investor deposit of \$200,000, then transferred among a variety of accounts not belonging to

Percipience, including the accounts of First Nationle and a manager of First Nationle. Santillo received \$172,000 of those funds, while Piccarreto received \$5,000, and some of the remaining funds were transferred to accounts of other entities controlled by Santillo and his associates.

51. **Investors 4 and 5:** In July 2016 Investors 4 and 5, a husband and wife from Salinas, California, learned from their financial advisor that he had sold his wealth management business to Santillo. The financial advisor introduced Investors 4 and 5 to Santillo, and another individual who worked with Santillo. In November 2016, Santillo and Piccarreto met with Investors 4 and 5 to discuss investment opportunities. Santillo and Piccarreto described two opportunities for investment: (1) First Nationle, which they claimed to be an investment related to real estate; and (2) United RL, which they claimed was a company related to the medical field. Santillo and Piccarreto claimed the funds Investor 4 and 5 invested would be used to conduct the business of each respective issuer. Santillo and Piccarreto also provided written documents related to the offerings.

52. After meeting with Santillo and Piccarreto, Investor 4 invested \$217,000 in First Nationle and \$217,000 in United RL. Investor 4 also invested \$233,000 in First Nationle. In February 2017, Investor 5 invested \$124,000 in First Nationle. Also in February 2017, Investors 4 and 5 agreed to place an additional approximately \$168,000 in their self-directed IRA accounts and decide where to invest that money at a later date. But in August 2017 they learned that the money had been taken from their self-directed IRA accounts and invested without their permission, 50% in First Nationle and 50% in United RL. Thereafter, Investors 4 and 5 requested a refund of their money and Piccarreto claimed they would get their money back in December 2017. To date Investors 4 and 5 have received \$75,000 back, but have not received the remainder of their investments.

53. **Investor 6:** During 2016, LaRocco met with Investor 6 from Ocklawaha, Florida to discuss investment opportunities. Through LaRocco, Investor 6's father had previously invested approximately \$510,000 in First Nationle. After Investor 6's father passed away, LaRocco provided advice and guidance to Investor 6 about her father's assets. LaRocco convinced Investor 6 to maintain her father's investment in First Nationle and also to invest \$450,000 of her own money in United RL. LaRocco told Investor 6 that her investment funds would be used for United RL's business of funding medical laboratories. LaRocco also provided written documents related to the offerings.

54. After several meetings with LaRocco, Investor 6 invested \$450,000 in United RL in in several installments between July and September 2016. Since that time, Investor 6 has asked to redeem her investments, but she has only received payments totaling about \$89,000.

55. An analysis of bank records shows that Investor 6's investment in United RL was not used to conduct its purported business. Rather, some of the funds were used to make payments to other investors, while other funds were misappropriated by Santillo. For example, \$100,000 of Investor 6's investment in United RL was placed into a United RL bank account (with a previous balance of about \$41,000), combined with approximately \$420,000 of other investor funds, and over the course of two days, about \$210,000 were paid to what appear to be other investors, and \$30,000 to Santillo.

56. **Investor 7:** Several times since 2013, Brenner met with Investor 7 from Kirtland, Ohio to discuss investment opportunities. Brenner had advised Investor 7 about investments since about 2003. Brenner convinced Investor 7 that Percipience was a better investment than his existing investments and that his investment would be essentially a guaranteed return. Brenner told Investor 7 that United RL was a business involved in drug testing laboratories, that his

investment would support that business, and that United RL was a better investment than Investor 7's other investments.

57. After meeting with Brenner, Investor 7 invested \$20,000 in Percipience in August 2013 and \$140,000 in United RL in May 2015. Since that time, Investor 7 has received small payments on his investment of less than \$1,000 about every six months.

58. An analysis of bank records shows that Investor 7's investments in Percipience and United RL were not used to conduct legitimate business. Rather, some of the funds were used to make Ponzi payments to other investors, while other funds were misappropriated by Santillo and Brenner.

FIRST CLAIM FOR RELIEF

**Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder
(Against All Defendants)**

59. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 58 of this Complaint.

60. By virtue of the foregoing, Defendants, directly or indirectly, by the use of the means and instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities, knowingly or recklessly, employed devices, schemes, or artifices to defraud, made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in acts, practices, and courses of business which operate or would operate as a fraud or deceit.

61. By virtue of the foregoing, the Defendants violated and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], promulgated thereunder.

SECOND CLAIM FOR RELIEF
Violations of Section 17(a) of the Securities Act
(Against All Defendants)

62. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 58 of this Complaint.

63. By virtue of the foregoing, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, Defendants obtained money or property by means of an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

64. By virtue of the foregoing, in the offer or sale of securities, by the use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, Defendants employed devices, schemes or artifices to defraud; and/or engaged in transactions, practices or courses of business which operate or would operate as a fraud or deceit upon the purchaser.

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

THIRD CLAIM FOR RELIEF
(Violations of Sections 206(1) and 206(2) of the Advisers Act)
(Against Defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner)

66. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 58 of this Complaint.

67. By engaging in the conduct described above, Defendants, while acting as investment advisers, by use of the means of and instrumentalities of interstate commerce or the mails, directly or indirectly: (a) employed devices, schemes, or artifices to defraud clients; and

(b) engaged in transactions, practices, or courses of business which operate as a fraud or deceit upon clients.

68. By reason of the foregoing, Defendants, directly or indirectly, singly or in concert, have violated, and unless enjoined, will continue to violate Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

FOURTH CLAIM FOR RELIEF
(Aiding and Abetting Violations of Section 10(b)
of the Exchange Act and Rule 10b-5 Thereunder)
(Against Defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner)

69. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 58 of this Complaint.

70. By engaging in the conduct described above, Defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner each knowingly or recklessly provided substantial assistance to Defendants First Nationle's, Percipience's, and United RL's violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], promulgated thereunder, as alleged herein.

71. By reason of the foregoing, Defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner each directly or indirectly, singly or in concert, aided and abetted and unless enjoined, will continue to aid and abet, violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

FIFTH CLAIM FOR RELIEF
(Aiding and Abetting Violations of Section 17(a) of the Securities Act)
(Against Defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner)

72. The Commission realleges and incorporates by reference herein each and every allegation contained in paragraphs 1 through 58 of this Complaint.

73. By engaging in the conduct described above, Defendants Santillo, Parris,

LaRocco, Piccarreto, and Brenner each knowingly or recklessly provided substantial assistance to Defendants First Nationle's, Percipience's, and United RL's violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)], as alleged herein.

74. By reason of the foregoing, Defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner each directly or indirectly, singly or in concert, aided and abetted and unless enjoined, will continue to aid and abet, violations of Securities Act Section 17(a)(2) [15 U.S.C. § 77q(a)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court grant the following relief:

I.

Temporarily and preliminarily freezing the assets of Defendants, pending a final disposition of this action;

II.

Requiring Defendants to repatriate funds and assets that are now located outside the Court's jurisdiction sufficient to effectuate a judgment against each of them for disgorgement, prejudgment interest, and civil penalties based on the unlawful activities alleged here;

III.

Requiring Defendants to provide a sworn accounting to the Commission;

IV.

Restraining and enjoining Defendants from destroying or altering documents, pending a final disposition of this action;

V.

Finding that Defendants violated the securities laws and rules promulgated thereunder as alleged against them herein;

VI.

Temporarily, preliminarily, and permanently restraining and enjoining Defendants their respective agents, servants, employees and attorneys and all persons in active concert or participation with them, who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 [17 C.F.R. § 240.10b-5], promulgated thereunder;

VII.

Temporarily, preliminarily, and permanently restraining and enjoining Defendants and their respective agents, servants, employees and attorneys and all persons in active concert or participation with them, who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Securities Act Section 17(a) [15 U.S.C. § 77q(a)];

VIII.

Temporarily, preliminarily, and permanently restraining and enjoining Defendants Santillo, Parris, LaRocco, Piccarreto, and Brenner, their agents, servants, employees and attorneys and all persons in active concert or participation with them, who receive actual notice of the injunction by personal service or otherwise, and each of them, from future violations of Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)];

IX.

Ordering Defendants to disgorge all of the ill-gotten gains from the violations alleged in this complaint, and ordering them to pay prejudgment interest thereon;

X.

Ordering 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)]; and

XI.

Granting such other and further relief as this Court deems just and proper.

Dated: June 19, 2018

New York, New York

By:



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