

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 65173 / August 19, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14297

In the Matter of

MATTHEW J. RYAN,

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
PURSUANT TO SECTION 15(b) OF
THE SECURITIES EXCHANGE ACT
OF 1934**

I.

On March 15, 2011, the Securities and Exchange Commission (“Commission”) instituted public administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Matthew J. Ryan (“Ryan” or “Respondent”).

II.

In response to these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him, the subject matter of these proceedings, and the findings contained in Section III.3 below, which are admitted, Respondent consents to the entry of this Order Making Findings and Imposing Remedial Sanctions Pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

Respondent

1. Ryan is the owner and sole managing member of Prime Rate and Return LLC ("Prime Rate") a limited liability company incorporated in Delaware in April 2001 with its principal place of business in Troy, New York. Prime Rate sometimes does business as, among other names, American Integrity Financial Company ("American Integrity"), through which it offered fixed-rate investment products to investors. Neither Prime Rate nor American Integrity is registered in any capacity with the Commission. From June 1997 through July 2003 and from January 2004 through December 2009, Ryan was a registered representative associated with broker-dealers registered with the Commission. Ryan, 46 years old, is a resident of Troy, New York.

Other Relevant Entity

2. **Prime Rate d/b/a American Integrity** is a limited liability company incorporated in Delaware in April 2001 with its principal place of business in Troy, New York. Prime Rate sometimes did business as American Integrity. Neither Prime Rate nor American Integrity is registered in any capacity with the Commission. Neither Prime Rate nor American Integrity has offered securities pursuant to an offering registered with the Commission.

Ryan's Criminal Conviction

3. On February 22, 2011, Ryan pleaded guilty to one count of securities fraud in violation of Sections 10(b) and 32 of the Exchange Act, Rule 10b-5 thereunder, and Title 18 of the United States Code, Section 2, before the United States District Court for the Northern District of New York, in United States v. Matthew John Ryan, Crim. Indictment No. 1:10-cr-00319-NAM. The count of the criminal indictment to which Ryan pleaded guilty alleged, among other things, that:

- a. At all times relevant to the Indictment, Ryan was the founder, owner, and sole managing member of Prime Rate doing business as American Integrity. For most of the relevant period, Ryan was a registered representative of a registered broker-dealer and operated out of a branch office of the broker-dealer located in Troy, New York.
- b. From in or about February 2002, Ryan has been soliciting and receiving money from investors as a purported representative of American Integrity. Ryan offered and sold investors purported contracts with American Integrity pursuant to which American Integrity promised to pay a "guaranteed" fixed rate of interest on the initial investment.

- c. Ryan periodically sent to each investor a Statement of Account Values (“account statement”). Each account statement reflected the investor’s purported account number, interest rate, and account value, and the amount of interest claimed to have been credited to the account.
- d. To give the appearance of legitimacy to American Integrity, Ryan falsely represented to investors that American Integrity was a substantial Manhattan-based financial services firm with numerous employees and for which he was merely a representative. Ryan created fictitious American Integrity employees and used their names in correspondence with investors. Ryan’s communications with investors and prospective investors gave the firm’s address as 208 East 51st Street in midtown Manhattan. Ryan knew that this address was simply a mail drop to create the false impression that American Integrity had an office in Manhattan. Likewise, the toll-free number that Ryan established was merely an answering service that relayed messages to him, and American Integrity had no “representative” other than Ryan.
- e. Ryan made false representations to investors that their investments were safe, by representing that they were insured up to specific dollar amounts. Ryan also made false representations to investors that American Integrity was qualified to serve as a custodian of individual retirement accounts and other tax-deferred investments and to receive roll-overs from such tax-deferred investments and preserve their tax-deferred status.
- f. Since at least 2004, Ryan used funds that investors invested in American Integrity for multiple purposes he concealed from investors, including (i) to repay loans for the purchase or refinancing of real estate held in Prime Rate’s name; (ii) to pay other investors’ returns; and (iii) to pay his own personal expenses, including payments on his loans for luxury cars.
- g. Since in or about October 2004, Ryan has deposited American Integrity investor funds in a bank account in the name of “Prime Rate & Return DbA American Integrity” (the “American Integrity Account”). Ryan is and has been the only signatory for this account. As of March 31, 2010, Ryan had deposited approximately \$5.8 million into the American Integrity Account. Of that amount, more than \$4.8 million were investor funds.
- h. As of March 31, 2010, Ryan had withdrawn or transferred from the American Integrity Account (i) \$1.9 million to pay American Integrity investors purported interest and principal; (ii) \$845,000 to pay Prime Rate; (iii) \$265,000 to pay loans on real estate owned by Ryan and/or Prime Rate; and (iv) \$125,000 to pay expenses related to his luxury vehicles.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Ryan's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Ryan be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in any offering of penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy
Secretary