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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

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8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11
12 **SECURITIES AND EXCHANGE**
COMMISSION,

13 **Plaintiff,**

14 vs.

15 **ALERO ODELL MACK, JR.;**
16 **STEVEN ENRICO LOPEZ, SR.;**
17 **EASY EQUITY ASSET MANAGEMENT,**
18 **INC.; EASY EQUITY MANAGEMENT,**
19 **L.P.; EASY EQUITY PARTNERS, L.P.;**
ALERO EQUITIES THE REAL ESTATE
COMPANY, L.L.C.; and
ALERO I.X. CORPORATION,

20 **Defendants.**

Case No. **CV 10 8303** -DSF
(PSW)

COMPLAINT FOR VIOLATIONS
OF THE FEDERAL SECURITIES
LAWS

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1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **SUMMARY**

4 1. This case involves a securities fraud conducted by Defendants Alero
5 Odell Mack, Jr. (“Mack”) and Steven Enrico Lopez, Sr. (“Lopez”), and five
6 companies that Mack controls: Defendants Easy Equity Asset Management, Inc.
7 (“EEAM”); Easy Equity Management, L.P. (“EEM”); Easy Equity Partners, L.P.
8 (“EEP”); Alero Equities The Real Estate Company L.L.C. (“AREC”); and Alero
9 I.X. Corporation (“AIX”) (hereinafter collectively “Easy Equity,” and together
10 with Mack and Lopez, “Defendants”). From January 2007 through as late as
11 March 2010, Easy Equity, Mack, and Lopez obtained investor funds through
12 various fraudulent investment schemes that primarily involved the offer and sale of
13 investments in various purported hedge funds, as well as in an investment adviser
14 to a hedge fund. In total, Defendants raised approximately \$4 million from at least
15 25 investors in California and Arizona.

16 2. Defendants made various false and misleading statements to induce
17 individuals to invest in the various Easy Equity offerings and investments,
18 including representations regarding their prior investment performance, use of
19 investor money, Easy Equity’s purportedly unique access to the NYSE trading
20 floor, and Mack’s status as a “funding partner” with a major Wall Street
21 investment bank. However, contrary to representations made by Defendants, the
22 representations about prior performance were inflated, overstated, and false; Mack
23 was not a “funding partner” of any major Wall Street investment bank; and Easy
24 Equity did not have unique access to a NYSE trading floor. Moreover, Defendants
25 actually invested no more than \$1.3 million of the approximately \$4 million of
26 investor funds raised through the various offerings, and Mack and Lopez
27 misappropriated the remaining investor funds for their personal use, and to pay
28 referral fees to investors for bringing in new investors.

1 3. Defendants, by engaging in the conduct described in this Complaint,
2 have violated, and unless enjoined will continue to violate, the antifraud provisions
3 of the federal securities laws. By this complaint, the Commission seeks a
4 judgment from the Court: (a) enjoining all Defendants from engaging in future
5 violations of the antifraud provisions of the federal securities laws; (b) ordering
6 disgorgement, with prejudgment interest, of all Defendants' illicit profits as a result
7 of the actions described herein; and (c) ordering Mack and Lopez to pay civil
8 monetary penalties.

9 **JURISDICTION AND VENUE**

10 4. This Court has jurisdiction over this action pursuant to Sections 20(b),
11 20(d)(1), and 22(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. §§
12 77t(b), 77t(d)(1) & 77v(a), Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27 of the
13 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§ 78u(d)(1),
14 78u(d)(3)(A), 78u(e) & 78aa, and Sections 209(d), 209(e)(1), and 214 of the
15 Investment Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. §§ 80b-9(d), 80b-
16 9(e)(1) & 80b-14. Defendants have, directly or indirectly, made use of the means
17 or instrumentalities of interstate commerce, of the mails, or of the facilities of a
18 national securities exchange in connection with the transactions, acts, practices and
19 courses of business alleged in this complaint.

20 5. Venue is proper in this district pursuant to Section 22(a) of the
21 Securities Act, 15 U.S.C. § 77v(a), Section 27 of the Exchange Act, 15 U.S.C. §
22 78aa, and Section 214 of the Advisers Act, 15 U.S.C. § 80b-14, because certain of
23 the transactions, acts, practices, or courses of conduct constituting violations of the
24 federal securities laws occurred within this district, and all of the Defendants reside
25 and/or are located in this district.

26 **DEFENDANTS**

27 6. **Alero Odell Mack, Jr.**, age 45, resides in Los Angeles, California
28 and is the owner and manager of all of the Easy Equity entities. Mack holds a

1 Series 65 license but is not registered with the Commission in any capacity.

2 7. **Steven Enrico Lopez, Sr.**, age 52, resides in Beverly Hills, California
3 and served as the trader and portfolio manager at Easy Equity. He is not registered
4 with the Commission in any capacity.

5 8. **Easy Equity Asset Management, Inc.** (“EEAM”) is a pooled
6 investment vehicle and a California corporation based in Beverly Hills, California,
7 that is owned and controlled by Mack. EEAM was marketed and sold to investors
8 by Defendants as a hedge fund and, in some cases, as an investment adviser to a
9 hedge fund. EEAM maintained a brokerage account where some investor funds
10 were deposited. Investors in EEAM received preferred stock certificates as
11 evidence of ownership.

12 9. **Easy Equity Management, L.P.** (“EEM”) is a California limited
13 partnership based in Beverly Hills, California, that is owned and controlled by
14 Mack. On April 3, 2008, EEM registered with the State of California as an
15 investment adviser. EEM was the general partner of Easy Equity Partners, L.P.
16 and purported to be its investment adviser.

17 10. **Easy Equity Partners, L.P.** (“EEP”) is a pooled investment vehicle
18 and a California limited partnership based in Beverly Hills, California, that is
19 owned and controlled by Mack. EEP purported to be a hedge fund investing in the
20 securities markets. Investors were solicited to and did invest in EEP.

21 11. **Alero Equities The Real Estate Company, LLC** (“AREC”) is a
22 pooled investment vehicle and a California limited liability company based in
23 Beverly Hills, California, that is owned and controlled by Mack. AREC was
24 presented to investors as a company that acquired, renovated, managed and sold a
25 variety of real estate properties and engaged in securities investment activities
26 similar to those of a hedge fund. In advertisements, Easy Equity was generally
27 described as a division of AREC. Defendants solicited investors to purchase
28 interests in AREC and sold interests in AREC to investors.

1 12. **Alero I.X. Corporation** (“AIX”) is a California corporation based in
2 Beverly Hills, California, that is controlled by Mack. AIX offered a specific
3 investment program to investors.

4 FACTUAL ALLEGATIONS

5 A. Easy Equity’s Various Investment Offerings

6 13. From approximately January 2007 through as late as March 2010,
7 Easy Equity, Mack, and Lopez recruited at least 25 investors to invest in multiple
8 Easy Equity programs, under the generic Easy Equity, as well as the EEAM, EEP,
9 AREC, and AIX labels. Although Mack and Lopez offered several different
10 investment programs to investors, all of the offering entities were owned,
11 controlled, and managed by Mack, and served as his alter egos. Mack commingled
12 investor funds received in different offerings among various bank and brokerage
13 accounts that he controlled, and Mack controlled the disbursement of the investor
14 proceeds from all the Easy Equity offerings.

15 14. **The EEAM Offering:** Defendants Mack, Lopez, and EEAM sold at
16 least \$1.4 million of preferred stock in EEAM to investors from January 2007
17 through June 2009. Defendants represented that EEAM was offering an
18 investment in a hedge fund, in an investment adviser to a hedge fund, or both.
19 However, EEAM did not serve as an investment adviser to any hedge funds. Mack
20 and Lopez represented to some investors that money invested with EEAM would
21 be invested in the stock market. EEAM had a securities trading account managed
22 by Lopez, which generated trading losses during all relevant periods.

23 15. **The AREC Offering:** Defendants offered interests in AREC in mid-
24 2008, and raised at least \$850,000 from four investors. The AREC purchase
25 agreement represented to investors that AREC was to acquire, renovate, manage,
26 and sell a variety of real estate properties, and invest in securities. Lopez told at
27 least one investor that AREC was a hedge fund owned by Mack.

28 16. **The EEP Offering:** Defendants offered and sold at least \$1.7 million

1 of EEP to investors from August 2008 through March 2010. Offering materials
2 disseminated to potential investors by Mack described EEP as a hedge fund, and
3 stated that EEP's "business . . . is buying and selling securities of medium to large
4 capitalized companies, including stocks, warrants, rights and options." The EEP
5 offering brochures identified Defendant Lopez as the person who would conduct
6 trading for EEP, and Lopez told at least one investor that their funds would be
7 invested in the stock market. In a summary of the offering memorandum for EEP,
8 Co-Defendant EEM was identified as the investment adviser to EEP. Although
9 EEP owned a trading account in which Defendants generated trading profits during
10 all relevant periods, actual returns to EEP investors were negative when factoring
11 in fees and withdrawals.

12 17. **The Chase Program:** Since January 2010, Mack has offered an
13 investment he called the "Chase 1 Day Private Placement Platform Program" (the
14 "Chase Program"), which required investors to deposit \$5.5 million in AREC's
15 account. Mack represented to potential investors that an investment in the Chase
16 Program would result in the purchase of a U.S. Treasury obligation that would be
17 repurchased by the bank and produce a 100% return in only one day. However, no
18 such program existed.

19 **B. Defendants Made False and Misleading Statements to Investors**

20 **1. Defendants' Solicitation Methods**

21 18. Although Mack and Lopez offered and sold interests in various Easy
22 Equity programs during the relevant period, oftentimes their representations to
23 investors during solicitations were not specific as to any particular investment or
24 offering, and were more general in nature. Mack held himself out to potential
25 investors as an investment adviser who was accomplished in all aspects of real
26 estate investment. Mack marketed Lopez as Easy Equity's trader and portfolio
27 manager whose "privately managed accounts have earned over 300% rates of
28 return during certain periods of the fiscal year" Lopez served as the securities

1 portfolio manager for Easy Equity, including selecting securities to be bought and
2 sold in Easy Equity's various trading accounts, and placing the trade orders.

3 19. Mack, Lopez, and Easy Equity encouraged current investors to recruit
4 new investors from among friends, family members, and co-workers. If potential
5 investors expressed interest, then the recruiters arranged for them to meet with
6 Mack and/or Lopez, at Easy Equity's office or Lopez's residence, so that Mack
7 and/or Lopez could provide additional information and close the sale. Current
8 investors were told that they would receive a commission of between 0.25% to 5%
9 on the principal amount invested by those they recruited. Such commission
10 payments were recorded on the books of Easy Equity as "consultancy" fees,
11 dividends, or commissions, and were paid from new investors' capital.

12 20. During the early years of the Easy Equity offerings, Defendants
13 operated primarily out of Lopez's residence until Mack obtained lavish offices for
14 Easy Equity, apparently using investor funds for the purpose. Lopez's residence,
15 and then Easy Equity's new office, were outfitted with computers and several flat
16 screen monitors that constantly displayed market information. Potential investors
17 were told that this equipment was Easy Equity's trading center. Defendants
18 solicited and obtained investors who resided in California and Arizona, and
19 focused their solicitations primarily on persons who were unsophisticated in
20 securities investments and/or who had little to no investment or financial
21 experience.

22 **2. Defendants' Misrepresentations About**
23 **Performance and Returns**

24 21. Mack and Lopez represented to investors that Easy Equity had
25 consistently achieved positive returns, and Mack and Lopez made such
26 representations verbally and in offering materials that they each provided to
27 investors. One Easy Equity brochure advertised that Easy Equity had been "able to
28 obtain staggering returns time and time again." Another Easy Equity brochure

1 advertised a 70% return. In fact, Defendants' representations were false and
2 misleading because the promised returns were substantially in excess of the net
3 returns that investors would realize, after fees and other expenses. For example,
4 while the EEP brochure advertised a 70% return, in fact the return to investors was
5 actually as low as negative 26% (-26%).

6 22. Mack provided some investors with letters from an accountant who
7 had analyzed at least some of Easy Equity's accounts to assess returns. In cover
8 letters to these investors, Mack claimed that the returns excluded management fees
9 and expenses. However, neither Mack nor Easy Equity's accountant provided true
10 net returns for the periods analyzed in the letters. Mack or persons affiliated with
11 Mack apparently altered one of the accountant's letters in an effort to prevent the
12 recipient, an investor, from contacting Easy Equity's accountant.

13 23. One Easy Equity marketing brochure stated that "Mr. Steve Lopez has
14 . . . a proven track record of constant returns of more than 30% yearly with zero
15 losses." In fact, Defendants' claim of zero losses is false. Easy Equity's internet
16 site touted "a proven track record of success," and that Easy Equity had "been able
17 to consistently average 18% to 20% percent [sic] for our clients year after year."
18 Lopez told at least one investor to expect to earn 20% per month, and another
19 investor that he could double her investment within 12 to 18 months. In fact, there
20 was no factual basis for such representations.

21 **3. Defendants' Misrepresentations Concerning Use of**
22 **Proceeds**

23 24. Mack and Lopez represented to investors that investor funds would be
24 deposited into a hedge fund account that traded in the securities markets, or
25 invested in an investment adviser. Instead, of the approximately \$4 million of
26 investor funds raised by Mack and Lopez through the various Easy Equity
27 programs, only about \$1.3 million was invested in securities. Defendant Mack
28 commingled all investor funds in various accounts of Easy Equity entities, where

1 some investor funds were used to compensate existing investors for referring new
2 investors. Mack used other investor funds for office expenses or personal
3 purposes. In total, Mack took at least \$500,000 of investor funds for personal
4 purposes, and Lopez obtained at least \$577,000 of investor funds for personal
5 purposes.

6 **4. Mack's Misrepresentations and Omissions About His**
7 **Background and Experience**

8 25. Mack misrepresented his background and the operations of Easy
9 Equity to investors. In a marketing brochure produced by Mack for one of the
10 Easy Equity programs, he touted his "20 years of experience in real estate
11 acquisition and asset management" and claimed to be a "real estate broker." In
12 fact, Mack did not have a real estate broker's license, had only ever held a real
13 estate salesperson license, and that had been partially revoked. Mack falsely
14 described himself in another Easy Equity brochure as having been a "funding
15 partner with JPMorgan Securities, Inc., New York City," when in fact no such
16 relationship existed. In various advertisements, Mack and Easy Equity falsely
17 represented that "[w]e are the Only Firm in the City that has a Trading Floor
18 connected directly to the New York Stock exchange, the nation's financial head
19 quarters [sic]," when in fact Defendants had no such connection.

20 26. At all times, in making the misrepresentations and omissions alleged,
21 Defendants Mack, Lopez, EEAM, EEM, EEP, AREC, and AIX acted with
22 scienter.

23 **FIRST CLAIM FOR RELIEF**

24 **Fraud in the Offer or Sale of Securities in**
25 **Violation of Section 17(a) of the Securities Act**
26 **(Against All Defendants)**

27 27. The Commission hereby incorporates by reference paragraphs 1
28 through 26 above.

1 28. Mack, Lopez, EEAM, EEM, EEP, AREC, and AIX, and each of them,
2 by engaging in the conduct described above, in the offer or sale of securities by the
3 use of means or instruments of transportation or communication in interstate
4 commerce or by use of the mails directly or indirectly:

- 5 a. With scienter, employed devices, schemes, or artifices to defraud;
- 6 b. Obtained money or property by means of untrue statements of a
7 material fact or by omitting to state a material fact necessary in
8 order to make the statements made, in light of the circumstances
9 under which they were made, not misleading; or
- 10 c. Engaged in transactions, practices, or courses of business which
11 operated or would operate as a fraud or deceit upon the purchaser.

12 29. By engaging in the conduct described above, Mack, Lopez, EEAM,
13 EEM, EEP, AREC, and AIX violated, and unless enjoined will continue to violate,
14 Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

15 **SECOND CLAIM FOR RELIEF**

16 **Fraud in Connection With the Purchase or Sale of**
17 **Securities in Violation of Section 10(b) of the Exchange Act**
18 **and Rule 10b-5 Thereunder**
19 **(Against Mack, Lopez, EEAM, EEM, EEP, and AREC)**

20 30. The Commission hereby incorporates by reference paragraphs 1
21 through 26 above.

22 31. Mack, Lopez, EEAM, EEM, EEP, and AREC, and each of them, by
23 engaging in the conduct described above, directly or indirectly, in connection with
24 the purchase or sale of a security, by the use of means or instrumentalities of
25 interstate commerce, of the mails, or of the facilities of a national securities
26 exchange:

- 27 a. With scienter, employed devices, schemes, or artifices to defraud;
- 28 b. Made untrue statements of a material fact or omitted to state a

1 material fact necessary in order to make the statements made, in
2 the light of the circumstances under which they were made, not
3 misleading; or

4 c. Engaged in acts, practices, or courses of business which operated
5 or would operate as a fraud or deceit upon other persons.

6 32. By engaging in the conduct described above, Mack, Lopez, EEAM,
7 EEM, EEP, and AREC violated, and unless enjoined will continue to violate,
8 Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder,
9 17 C.F.R. § 240.10b-5.

10 **THIRD CLAIM FOR RELIEF**

11 **Fraud by an Investment Adviser in**

12 **Violation of Sections 206(1) and (2) of the Advisers Act**

13 **(Against Mack, Lopez, and EEM)**

14 33. The Commission hereby incorporates by reference paragraphs 1
15 through 26 above.

16 34. At all relevant times, Mack, Lopez, and EEM, and each of them, acted
17 as investment advisers, as defined by Section 202(a)(11) of the Advisers Act, 15
18 U.S.C. § 80b-2(a)(11).

19 35. Mack, Lopez, and EEM, and each of them, by engaging in the conduct
20 described above, directly or indirectly, by the use of the mails or means and
21 instrumentalities of interstate commerce:

22 a. With scienter, employed devices, schemes or artifices to defraud
23 clients or prospective clients; or

24 b. Engaged in transactions, practices, or courses of business which
25 operated as a fraud or deceit upon clients or prospective clients.

26 36. By engaging in the conduct described above, Mack, Lopez, and EEM
27 violated and unless enjoined will continue to violate Sections 206(1) and (2) of the
28 Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2).

1 **FOURTH CLAIM FOR RELIEF**

2 **Fraud by an Investment Adviser in Violation of**
3 **Section 206(4) of the Advisers Act and Rule 206(4)-8 Thereunder**
4 **(Against Mack, Lopez, and EEM)**

5 37. The Commission hereby incorporates by reference paragraphs 1
6 through 26 above.

7 38. At all relevant times, Mack, Lopez, and EEM, and each of them, acted
8 as investment advisers, as defined by Section 202(a)(11) of the Advisers Act, 15
9 U.S.C. § 80b-2(a)(11).

10 39. Mack, Lopez, and EEM, and each of them, by engaging in the conduct
11 described above, directly or indirectly, by the use of the mails or means and
12 instrumentalities of interstate commerce, engaged in transactions, practices, and
13 courses of business which operated as a fraud or deceit upon investors in pooled
14 investment vehicles. Mack, Lopez, and EEM, and each of them, made untrue
15 statements of a material fact or omitted to state a material fact necessary to make
16 the statements made, in the light of the circumstances under which they were
17 made, not misleading, to any investor or prospective investor in pooled investment
18 vehicles, and otherwise engaged in acts, practices or courses of business that were
19 fraudulent, deceptive, or manipulative with respect to any investor or prospective
20 investor in pooled investment vehicles.

21 40. By engaging in the conduct described above, Mack, Lopez, and EEM
22 violated and unless enjoined will continue to violate Section 206(4) of the Advisers
23 Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-
24 8.

25 **PRAYER FOR RELIEF**

26 WHEREFORE, the Commission respectfully requests that the Court:

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1 **I.**

2 Issue findings of fact and conclusions of law that the Defendants committed
3 the alleged violations.

4 **II.**

5 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), permanently
6 enjoining Defendants Mack, Lopez, EEAM, EEM, EEP, AREC, and AIX, and
7 their officers, agents, servants, employees, and attorneys, and those persons in
8 active concert or participation with them, who receive actual notice of the
9 judgment by personal service or otherwise, and each of them, from violating
10 Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

11 **III.**

12 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), permanently
13 enjoining Defendants Mack, Lopez, EEAM, EEM, EEP, and AREC, and their
14 officers, agents, servants, employees, and attorneys, and those persons in active
15 concert or participation with them, who receive actual notice of the judgment by
16 personal service or otherwise, and each of them, from violating Section 10(b) of
17 the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. §
18 240.10b-5.

19 **IV.**

20 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), permanently
21 enjoining Defendants Mack, Lopez, and EEM, and their officers, agents, servants,
22 employees, and attorneys, and those persons in active concert or participation with
23 them, who receive actual notice of the judgment by personal service or otherwise,
24 and each of them, from violating Sections 206(1), (2), and (4) of the Advisers Act,
25 15 U.S.C. §§ 80b-6(1), 80b-6(2), and 80b-6(4), and Rule 206(4)-8 thereunder, 17
26 C.F.R. § 275.206(4)-8).

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V.

Order each Defendant to disgorge all ill-gotten gains from their illegal conduct, together with prejudgment interest thereon.

VI.

Order each Defendant to pay civil penalties under 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).

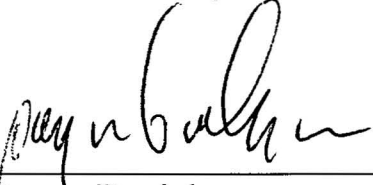
VII.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VIII.

Grant such other and further relief as this Court may determine to be just and necessary.

DATED: November 4, 2010



Rayam Danialypour
Attorney for Plaintiff
Securities and Exchange Commission