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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

-against-

THOMAS NICHOLAS SALZANO,

Defendant.

COMPLAINT

21 Civ. ____ ()

JURY TRIAL DEMANDED

Plaintiff Securities and Exchange Commission (“Commission”), Brookfield Place, 200 Vesey Street, Suite 400, New York, New York 10281, alleges as follows for its Complaint against Defendant Thomas Nicholas Salzano (“Salzano”), whose last known address is Osprey Court, Secaucus, New Jersey 07094.

SUMMARY OF ALLEGATIONS

1. In January 2019, Salzano used a sham loan document with a forged signature in an unsuccessful attempt to obtain a \$150,000 investment in a purported real estate joint venture in New Jersey.

2. The sham loan document made it falsely appear as if the project had secured \$25 million in financing when, in fact, no such financing arrangement existed.

3. The joint venture was an opportunity offered by Salzano's employer, National Realty Investment Advisors, LLC ("NRIA"), a private real estate management firm. Salzano, who was a senior independent executive advisor and portfolio manager at NRIA, sent the sham loan document in an effort to obtain the \$150,000 investment from an investor who had previously invested \$150,000 of her retirement money in a fund NRIA managed.

4. Before making the additional investment, the investor contacted the lender identified on the forged loan document to verify the financing arrangement. The investor was informed that the lender had not made the loan commitment and that the document was a fake.

5. When confronted by the lender, Salzano admitted that he sent the phony loan document to the investor.

VIOLATIONS

6. By virtue of the foregoing conduct and as alleged further herein, Defendant Salzano has violated Sections 17(a)(1) and (3) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)(1) and (3)].

7. Unless Defendant is restrained and enjoined, he will engage in the acts, practices, transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT

8. The Commission brings this action pursuant to the authority conferred upon it by Securities Act Sections 20(b) and 20(d) [15 U.S.C. §§ 77t(b) and 77t(d)].

9. The Commission seeks a final judgment: (a) permanently enjoining Defendant from violating the federal securities laws this Complaint alleges he has violated; (b) ordering Defendant to pay civil money penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)]; and (c) permanently prohibiting Defendant from serving as an officer or director of any company that has a class of securities registered under Section 12 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78l] or that is required to file reports under Exchange Act Section 15(d) [15 U.S.C. § 78o(d)], pursuant to Securities Act Section 20(e) [15 U.S.C. § 77t(e)].

JURISDICTION AND VENUE

10. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)].

11. Defendant, directly and indirectly, has made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

12. Venue lies in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)]. Defendant may be found in, is an inhabitant of, or transacts business in the District of New Jersey, and certain of the acts, practices, transactions, and courses of business alleged in this Complaint occurred within this District, including Salzano’s solicitation of an investor.

DEFENDANT

13. **Salzano**, age 64, is believed to be a resident of Secaucus, New Jersey. Until March 2021, he was a senior independent executive advisor and portfolio manager at NRIA. In 2006, the Federal Trade Commission (“FTC”) filed charges against, and simultaneously settled with, Salzano for using a telecommunications company he operated to defraud consumers with

promises of savings in phony agreements. *FTC v. Salzano*, 06-cv-2883 (D.N.J.). Without admitting the FTC's allegations, Salzano stipulated to an order barring him from engaging in deceptive conduct, requiring him to make certain disclosures in future telecommunications product pitches, and ordering him to pay \$50 million in restitution to defrauded customers, which was suspended due to his inability to pay.

RELEVANT ENTITY

14. **NRIA** is a real estate investment, management, and development firm that claims to have developed dozens of multi-family residential properties since 2006 in New York, New Jersey, Pennsylvania, and Florida. NRIA is a New Jersey limited liability company based in Secaucus, New Jersey that advertises heavily nationwide on radio and television. As of early 2021, NRIA claimed to have \$1.25 billion under management.

FACTS

I. BACKGROUND OF SALZANO'S FRAUD

15. A California investor (the "Investor") first learned of NRIA's investment opportunities when she heard a radio advertisement in the spring of 2018. After calling the company, and references NRIA provided her, the Investor was satisfied with the opportunity and decided to invest.

16. The Investor was provided with a private placement memorandum and other documents for the NRIA Partners Portfolio Fund I, LLC (the "Fund"). The Investor understood that the Fund invested in nine real estate projects in New York, New Jersey, Pennsylvania, and Florida, and guaranteed a monthly rate of return of six percent for the first two years. If she remained invested in the Fund for five years, the rate of return was targeted to be sixteen to twenty percent.

17. A sales representative at NRIA assured the Investor that all nine projects were financed by investors and lenders who had conducted thorough due diligence. The Investor believed that the diversity of properties mitigated the risk that the Fund would perform poorly overall.

18. In May 2018, the Investor invested \$150,000 from her retirement account into the Fund. The next month, as promised, she began receiving monthly payments into her retirement account.

II. SALZANO USES A SHAM TERM SHEET IN AN EFFORT TO OBTAIN A SECOND INVESTMENT FROM THE INVESTOR

19. In late 2018, after she had made the original \$150,000 investment, the Investor asked NRIA if there were any real estate investment opportunities near the planned new Amazon headquarters in New York. The Investor was told about “River Run,” a project in northern New Jersey. The Investor was offered an opportunity to invest in a purported joint venture with NRIA and other investors in River Run, for a minimum investment of \$300,000.

20. The joint venture interest offered to the Investor qualified as an investment contract and, therefore, was a security.

21. An employee at NRIA (“Employee A”) told the Investor that NRIA would allow her to add an additional \$150,000 to her existing \$150,000 investment in the Fund to meet the minimum required investment for the joint venture.

22. Employee A sent the Investor details showing the project would cost \$33.6 million, of which \$25 million would come from a loan that NRIA was in the process of securing.

23. The Investor then requested further details about the \$25 million loan.

24. Employee A asked the Investor to sign a non-disclosure agreement before she could receive additional details about the loan, and Salzano said he would seek the lender’s

permission to disclose the confidential loan information.

25. On January 17, 2019, after the Investor signed the non-disclosure agreement, Salzano, on behalf of NRIA, sent the Investor a term sheet dated December 17, 2018 from the purported lender (the “Lender”). Salzano described the document as “our Funding Commitment” on River Run.

26. The term sheet was purportedly signed by the Lender’s chief executive officer, and offered details of a \$25 million loan for the River Run project.

27. Regarding obtaining the Lender’s permission to disclose the loan information, Salzano wrote, “[t]his took a day to clear release from [the Lender] on but its (sic) a great project and a great loan.”

28. Salzano also wrote that “we are moving into the closing phase now.”

29. The Investor thanked Salzano and asked when the joint venture would close.

30. Salzano responded that the closing would take place during the week of February 18, 2019.

31. Still curious, the Investor called the Lender to ask about the details of the loan.

32. The Lender informed the Investor that the signed term sheet was fraudulent.

33. The Lender said the purported signature of the Lender’s chief executive officer was not authentic, the Lender’s address appeared to be stamped on the document, and the font was inconsistent throughout the document.

34. According to the Lender, the logo shown on the term sheet was an old version of the logo that was no longer in use as of the date of the term sheet.

35. Overall, according to the Lender, the document appeared to be a bad cut-and-paste job, and to be derived from sample loan structuring documents the Lender had shared with

NRIA in 2017 for projects that ultimately did not come to fruition.

36. Moreover, the Lender seldom made loans exceeding \$1 million, and had never discussed financing the River Run project.

37. In fact, a year earlier the Lender had decided not to do any business with NRIA after a falling-out between the two parties, when the Lender decided against making a loan to NRIA for a different project.

III. SALZANO TRIES TO COVER HIS TRACKS AFTER BEING CAUGHT IN HIS ATTEMPT TO DEFRAUD

38. Upon receiving the fake document from the Investor, the Lender's chief legal officer wrote to NRIA on February 15, 2019, demanding that NRIA "immediately cease and desist" misappropriating Lender's trademarks and "defrauding potential investors using fraudulent documents that falsely reflect a financial relationship or commitment between [the Lender] and NRIA when no such relationships or commitments exist."

39. Regarding the term sheet, the Lender's chief legal officer wrote that, "[i]n fact, this letter of intent is a fraud and the CEO's signature was forged."

40. Having been caught in his attempt to defraud the Investor, Salzano tried to cover his tracks, including by altering an email he had previously sent to the Investor.

41. First, Salzano sent an email to the Investor, *in all caps*, in which he claimed he had erroneously neglected to stamp the term sheet as "EXAMPLE ONLY."

42. Forwarding his January 17, 2019 email to the Investor, Salzano wrote, one month later on February 19, 2019, that the Investor should "IGNORE THIS PRIOR EMAIL IT WAS SENT IN ERROR WITH ERRANT DOCUMENTS ATTACHED NOT STAMPED AS 'EXAMPLES ONLY' OF WHAT AN LOI LOOKS LIKE AND DICTATE NOT READ."

43. Salzano also claimed that the River Run project had been canceled: "THIS

POTENTIAL DEAL IS CANCELED.”

44. Salzano then went a step further in trying to cover his tracks.

45. In forwarding his January 17, 2019 email to the Investor on February 19, 2019, Salzano altered the text of his original email in the email chain, in an effort to make it appear as if he had originally stated the term sheet was only an example.

46. Salzano added text in all caps to his original email: “[t]his took a day to clear release OF A SAMPLE DRAFT OF WHAT IT COULD LOOK LIKE FOR A LENDER LIKE [the Lender] on but its (sic) a great project and a great loan.”

47. Second, in an undated letter to the Lender, with metadata suggesting it was prepared on February 20, 2019, Salzano admitted that he provided the fake term sheet to the Investor.

48. Salzano claimed that the document “emanated in error and by mistake from my office.”

49. Salzano asserted that he had mistakenly sent the document without a “hypothetical example overlay” placed on the document, which would have shown it was not an actual loan.

50. He also claimed that the Investor was the only person to receive the phony term sheet, and acknowledged that he was “wholly responsible for this ridiculous and unprofessional single error in dealing with one small investor.”

51. He further stated that he had been in a “terrible rush” and “somehow attached the version without my overlay example.”

52. Finally, Salzano said he was attaching the corrected example term sheet to the letter.

53. As he had done in his cover-up email to the Investor, however, Salzano altered the example term sheet he showed the Lender by omitting the signature page with the forged signature of the Lender's chief executive officer.

54. Salzano added, "I am heartfully sorry for this error" and "I have been completely honest in this testimony and response to you."

55. In sum, and contrary to his statement to the Lender that he was completely honest, Salzano's explanations, both to the Investor and to the Lender, were replete with lies.

CLAIM FOR RELIEF
Violation of Securities Act Sections 17(a)(1) and (3)

56. The Commission re-alleges and incorporates by reference here the allegations in paragraphs 1 through 55.

57. Defendant, directly or indirectly, in the offer or sale of securities and by the use of the means or instruments of transportation or communication in interstate commerce or the mails, knowingly or recklessly has employed one or more devices, schemes or artifices to defraud, and/or knowingly, recklessly, or negligently has engaged in one or more transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchaser.

58. By reason of the foregoing, Defendant, directly or indirectly, has violated and, unless enjoined, will again violate Securities Act Sections 17(a)(1) and (3) [15 U.S.C. §§ 77q(a)(1) and (3)].

PRAYER FOR RELIEF

WHEREFORE, the Commission respectfully requests that the Court enter a Final Judgment:

I.

Permanently enjoining Salzano and his agents, servants, employees and attorneys and all persons in active concert or participation with any of them from violating, directly or indirectly, Securities Act Sections 17(a)(1) and (3) [15 U.S.C. §§ 77q(a)(1) and (3)].

II.

Ordering Defendant to pay civil monetary penalties under Securities Act Section 20(d) [15 U.S.C. § 77t(d)];

III.

Permanently prohibiting Defendant from serving as an officer or director of any company that has a class of securities registered under Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports under Exchange Act Section 15(d) [15 U.S.C. § 78o(d)], pursuant to Securities Act Section 20(e) [15 U.S.C. § 77t(e)]; and

IV.

Granting any other and further relief this Court may deem just and proper.

JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Plaintiff demands that this case be tried to a jury.

Dated: New York, New York
June 7, 2021

/s/ Richard R. Best

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* Not admitted in District of New Jersey

LOCAL RULE 11.2 CERTIFICATION

Pursuant to Local Rule 11.2, I certify that the matter in controversy alleged against the Defendant in the foregoing Complaint is related to *United States v. Thomas Nicholas Salzano*, 21-mj-13062 (LDW) (D.N.J.), pending in the United States District Court for the District of New Jersey.

/s/ Richard R. Best

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DESIGNATION OF AGENT FOR SERVICE

Pursuant to Local Rule 101.1(f), the undersigned hereby designates the United States Attorney's Office for the District of New Jersey to receive service of all notices or papers in this action at the following address:

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/s/ Richard R. Best

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