

**COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE, ROOM 1701
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:

MICHAEL L. PIASECZNY,

Docket No. E-2018-0125

RESPONDENT.

ADMINISTRATIVE COMPLAINT

I. PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the “Enforcement Section” and the “Division,” respectively) files this Administrative Complaint (the “Complaint”) to commence an adjudicatory proceeding against Respondent Michael L. Piaseczny (“Respondent”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”), and the regulations promulgated thereunder at 950 MASS. CODE REGS. 10.00 – 14.413 (the “Regulations”). The Enforcement Section alleges that Respondent engaged in acts and practices in violation of Sections 101 and 102 of the Act.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth below; 2) finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors; 3) requiring Respondent to permanently cease and desist from further conduct in violation of the Act and the Regulations in the Commonwealth; 4) censuring Respondent; 5) requiring Respondent to provide an accounting of those losses attributable to the alleged wrongdoing; 6) requiring

Respondent to provide restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing; 7) requiring Respondent to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 8) imposing an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Presiding Officer may determine; 9) permanently barring Respondent from associating or registering in Massachusetts in any capacity with any investment adviser required to be registered, any investment adviser exempt from registration, a federal covered adviser notice-filed in Massachusetts, or any entity relying on an exclusion from the definition of investment adviser; 10) permanently barring Respondent from registering or acting in Massachusetts as an agent of any broker-dealer, or as a partner, officer, director, or control person of a broker-dealer; 11) permanently barring Respondent from registering or acting in Massachusetts as an issuer of securities or an agent of any issuer of securities; and 12) taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

II. SUMMARY

From 2015 to 2018, Michael L. Piaseczny (“Piaseczny”) fraudulently misappropriated the investment funds of at least three Massachusetts residents, amassing approximately \$160,000 for his own personal use and benefit. Establishing a fly-by-night business known as MLP Financial Services, Piaseczny, a former registered representative and insurance agent, swindled thousands of dollars out of these individuals while selling fraudulent annuity contracts.

Most recently for one Massachusetts resident (“Investor One”), the scheme commenced when Investor One was introduced to Piaseczny by her then assistant prior to

leaving her place of employment. Piaseczny represented to Investor One that he was an independent financial advisor affiliated with Prudential Financial, Inc. (“Prudential”). Investor One had limited investment experience and relied on Piaseczny’s knowledge and expertise in providing financial advice. After meeting briefly with Investor One to discuss investments and retirement plans, Piaseczny assisted Investor One in liquidating her 401(k) retirement savings plan and advised her to purchase a variable annuity with Prudential. Once persuading Investor One to purchase the variable annuity contract purportedly sponsored by Prudential and depositing her funds for that contract in his own personal bank account, Piaseczny set into motion a string of deceptive conduct which would eventually unravel.

In May 2018, Piaseczny presented Investor One with an initial copy of her variable annuity contract. However, due to several discrepancies ranging from the incorrect date of birth to the incorrect issuance date of the contract, Piaseczny issued Investor One a new variable annuity contract (“Annuity”), which included a new contract number. Using information from Investor One’s Annuity, Piaseczny prepared and presented Investor One with multiple quarterly statements and letters using the Prudential and Pruco Life Insurance Company (“Pruco”)¹ name. In these quarterly statements, Piaseczny provided a contact number which goes to a pre-recorded message requesting for callers to leave their name, phone number, and social security number. The contact number provided in these quarterly statements does not have any affiliation with Prudential or Pruco.

¹ Pruco Life Insurance Company is a subsidiary of Prudential Financial, Inc. Statements and documents received by the Enforcement Section indicate that Piaseczny sold Investor One a variable annuity purported to be from Prudential Financial, Inc. known as a Prudential Defined Income Variable Annuity.

Around January 2019, Investor One requested a surrender of her Annuity. In turn, Piaseczny falsely prepared and generated surrender letters using the Prudential name and presented those letters to Investor One. Over a series of conversations spanning weeks where Investor One would ask for a withdrawal of funds from her Annuity, Piaseczny would use stall tactics to assure Investor One she would receive her remaining funds soon. As of the date of this Complaint, Investor One has not received any funds from her Annuity.

Piaseczny constructed Investor One's annuity policies by piecing together information from policies he had sold to other individuals during his time as a registered representative and insurance agent. Investor One's Annuity contract number belonged to Piaseczny's former client who has been deceased since 2016. Furthermore, throughout this fraudulent scheme, Piaseczny was aware that Investor One was preparing to file a petition for bankruptcy. Piaseczny even provided a letter to Investor One to be filed as part of that bankruptcy proceeding. That letter claimed that Investor One's Annuity was exempt from bankruptcy, which it was not. On April 4, 2019, Piaseczny was arrested and charged with grand larceny in connection with his dealings with Investor One.

The Enforcement Section takes this action to provide relief to those investors impacted by Piaseczny's fraudulent conduct and prevent further violations of the Act by Piaseczny.

III. JURISDICTION AND AUTHORITY

1. The Massachusetts Securities Division is a Division of the Office of the Secretary of the Commonwealth with jurisdiction over matters relating to securities. The Act authorizes the Division to regulate: (a) the offers and/or sales of securities; (b) those

individuals offering and/or selling securities within the Commonwealth; and (c) those individuals transacting business as broker-dealer agents within the Commonwealth.

2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Section 407A of the Act, wherein the Division has the authority to conduct an adjudicatory proceeding to enforce the provisions of the Act.

3. This proceeding is brought in accordance with Sections 101, 102, 201, and 407A of the Act.

4. The Enforcement Section reserves the right to amend this Complaint and bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

IV. RELEVANT TIME PERIOD

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2018 to present (“Relevant Time Period”).

V. RESPONDENT

6. Michael L. Piaseczny (“Piaseczny”) is a natural person with a last known address in Orange, Massachusetts. Piaseczny has a Financial Industry Regulatory Authority (“FINRA”) Central Registration Depository number of 6145320. Piaseczny first registered in the securities industry in 2013. Piaseczny was a registered representative of Signator Investors, Inc. (“Signator”) from October 16, 2013 to October 10, 2014. Piaseczny is currently not registered in any capacity in the securities industry in Massachusetts.

VI. STATEMENT OF FACTS

A. Michael L. Piaseczny and MLP Financial Services

7. Piaseczny has been in the securities industry since 2013. As a registered representative of Signator, Piaseczny was authorized to sell investment products, including variable annuities.

8. On September 4, 2015, a FINRA U5 Customer Complaint was filed against Piaseczny by his former client alleging that Piaseczny made misrepresentations during the sale of a variable annuity contract to that customer during his time at Signator.

9. Signator denied the former client's complaint on November 2015.

10. Piaseczny was a licensed insurance agent in Massachusetts from October 12, 2007 to August 3, 2016.

11. On August 3, 2016, the Massachusetts Division of Insurance filed an administrative action against Piaseczny alleging, among other things, fraud, untrustworthiness, and forgery.

12. On August 15, 2016, the Massachusetts Division of Insurance permanently revoked Piaseczny's insurance producer license.

13. Subsequently, Piaseczny established MLP Financial Services, located in Winchendon, Massachusetts, and continued to provide investment and insurance-related services to individuals using the MLP Financial Services name.

14. Piaseczny is the sole owner and control person of MLP Financial Services.

15. On the MLP Financial Services website, Piaseczny and MLP Financial Services promoted the company as providing financial planning services.

16. The MLP Financial Services website states:

We're a group of 10 financial planners with various backgrounds of expertise. We're here to help all of our clients and their unique needs related to their retirement and financial help. No future is too big or too small for us, our goal is to simply help create a positive future for all of our clients.

Here at [MLP Financial Services] we understand that financial planning for your future is scary and uncertain, especially in today's economy. But, rest assured that in our hands we've helped clients with all types of backgrounds successfully and happily retire with their financial hopes and dreams met and, often exceeded. We want to help make that dream become a reality for you and your family too.

17. MLP Financial Services has never been registered in the securities industry in any capacity.

B. Investor One

18. Investor One is a 54 year old resident of Orange, Massachusetts.

19. From 2009 to February 2018, Investor One worked as a property manager at a residential real estate property.

20. In February 2018, prior to leaving her employment, Investor One was seeking investment advice regarding her 401(k) retirement savings plan sponsored by her then employer.

21. Investor One was introduced to Piaseczny after her former assistant had recommended his services.

22. During this time, Piaseczny represented to Investor One that he was an independent financial advisor affiliated with Prudential Financial, Inc. ("Prudential").

23. Investor One had limited investment experience and relied on Piaseczny knowledge and expertise in providing financial advice.
24. After meeting briefly with Investor One to discuss investments and retirement plans, Piaseczny advised Investor One to fully liquidate her 401(k) retirement savings plan and to place her funds into a variable annuity with Prudential.
25. Investor One's 401(k) retirement savings plan consisted of large cap and small cap stocks.
26. Investor One believed that Piaseczny would be compensated for his financial services from commissions earned through the sale of the variable annuity product with Prudential.
27. Piaseczny advised Investor One to liquidate her 401(k) retirement savings plan in order to purchase a variable annuity with Prudential.
28. Piaseczny assisted Investor One in completing the forms necessary to liquidate her 401(k) retirement savings plan.
29. In March 2018, Investor One submitted the necessary forms for a full liquidation of her 401(k) retirement savings plan and received approximately \$27,000 after taxes and fees.
30. During this time, Investor One was also in the process of filing a Chapter 7 bankruptcy petition.
31. Piaseczny was aware of Investor One's bankruptcy petition and represented to Investor One that a variable annuity with Prudential was a suitable retirement plan exempt from bankruptcy proceedings.

32. During his dealings with Investor One, Piaseczny was not registered in any capacity in the securities industry in Massachusetts.

C. Piaseczny Misappropriated Investor One's Funds and Sold Her a Fraudulent Variable Annuity

a. Piaseczny misappropriated \$20,000 of Investor One's funds.

33. On April 2, 2018, Investor One provided a treasurer's check in the amount of \$20,000 to invest in a variable annuity contract with Prudential. The memo line of the check referenced the payment was for "[Investor One] Annuity."

34. The treasurer's check was supposed to be made payable to Pruco Life Insurance Company ("Pruco"), a subsidiary of Prudential. However, at the request of Piaseczny, Investor One made the check payable to Piaseczny.

35. On April 3, 2018, Piaseczny deposited Investor One's \$20,000 treasurer's check into his personal bank account.

b. Piaseczny falsified documents showing Investor One's funds were invested in a variable annuity contract.

36. From 2018 to 2019, Piaseczny presented Investor One with multiple documents pertaining to Investor One's investment in a variable annuity from Prudential.²

37. In May 2018, one month after Investor One provided Piaseczny with the \$20,000 treasurer's check, Piaseczny presented Investor One with an initial copy of her Prudential variable annuity with an issuance date of March 20, 2018 ("Initial Variable Annuity Policy").

² Statements and documents received by the Enforcement Section indicate that Piaseczny sold Investor One a variable annuity purported to be from Prudential known as a Prudential Defined Income Variable Annuity.

38. Investor One's Initial Variable Annuity Policy contained material inconsistencies relating to Investor One's biographical and purchase date information, including an incorrect spelling of Investor One's full name, the incorrect date of birth, and the incorrect contract issuance date.

39. In July 2018, Piaseczny presented Investor One with a renewed copy of her variable annuity with an issuance date of April 20, 2018 ("Renewed Variable Annuity Policy") after Investor One detected several discrepancies in the Initial Variable Annuity Policy.

40. Investor One's Renewed Variable Annuity Policy provided a new contract number, different from the Initial Variable Annuity Policy.

41. Piaseczny explained to Investor One that due to the multiple errors in the Initial Variable Annuity Policy, the Renewed Variable Annuity Policy had to be re-issued with a new contract number.

42. The Renewed Variable Annuity Policy showed that Investor One paid the principal amount of \$20,000 for the variable annuity contract, the same amount provided to Piaseczny by Investor One in the form of a treasurer's check.

43. Prudential has no records of Investor One ever owning any annuity contract purchased from Piaseczny.

44. Piaseczny never invested in a legitimate variable annuity contract from Prudential or Pruco on Investor One's behalf.

45. Piaseczny falsified the Variable Annuity Policies presented to Investor One in an effort to cover up the fact that he misappropriated and used Investor One's funds for his own personal benefit.

c. Piaseczny generated false documents in connection with Investor One's variable annuity contract.

46. During the Relevant Time Period, Piaseczny continued his scheme to deceive Investor One by providing updates on the Renewed Variable Annuity Policy through phone calls, quarterly statements, and letters purportedly issued by Prudential.

47. In fact, Piaseczny created and generated all of the quarterly statements and letters.

48. Using information contained in Investor One's Renewed Variable Annuity Policy, Piaseczny prepared and presented Investor One with multiple quarterly statements.

49. The first quarterly statement, for the period April 1, 2018 through June 30, 2018 ("Quarterly Statement No. 1"), contained the ending account value of \$22,245.14.

50. The second quarterly statement, for the period July 1, 2018 through September 30, 2018 ("Quarterly Statement No. 2"), contained the ending account value of \$24,890.36.

51. The third quarterly statement, for the period October 1, 2018 through December 31, 2018 ("Quarterly Statement No. 3"), contained the ending account value of \$26,383.78.

52. Quarterly Statement No.1, Quarterly Statement No. 2, and Quarterly Statement No.3 (collectively, the "Quarterly Statements") all contained a number of spelling and grammatical errors.

53. The Quarterly Statements list MLP Financial Services as the "Financial Advisor."

54. The Quarterly Statements provided a contact number to call, stating in part, "[p]articipant Service Representative availble [sic]."

55. The contact number automatically directs individuals to leave a voice message with their name, phone number, along with their social security number.

56. Piaseczny used the Quarterly Statements to show Investor One that her investments in the Renewed Variable Annuity Policy were performing well and generating significant returns, when in fact they were not.

57. In December 2018, Investor One requested a surrender of her Renewed Variable Annuity Policy.

58. On December 11, 2018, Investor One completed and submitted paperwork to Piaseczny in an effort to make a withdrawal of the funds from the Renewed Variable Annuity Policy.

59. Subsequently, Piaseczny sent Investor One a letter regarding the surrender penalties and amount to be paid out for the Renewed Variable Annuity Policy (“Initial Prudential Surrender Letter”).

60. The Initial Prudential Surrender Letter contained the balance of the account in the amount of \$26,383.78, the seven percent surrender charge in the amount of \$1,846.86, and the 10 percent early withdrawal penalty for individuals less than 59.5 years of age in the amount of \$2,638.38. The balance to be paid out to Investor One in the Initial Prudential Surrender Letter was \$21,638.38.

61. Similar to the Variable Annuity Policies, the Initial Prudential Surrender Letter contained discrepancies, including the amount to be paid out to Investor One.

62. After Investor One detected several discrepancies in the Initial Surrender Letter, Piaseczny sent Investor One a revised letter.

63. On March 14, 2019, Investor One received a revised letter regarding the surrender penalties and amount to be paid out for the Renewed Variable Annuity Policy (“Second

Prudential Surrender Letter”). The balance to be paid out to Investor One in the Second Prudential Surrender Letter was \$21,898.54.

64. Piaseczny used the Second Prudential Surrender Letter and the Initial Prudential Surrender Letter (collectively, the “Prudential Surrender Letters”) to continue to cover up his scheme of misappropriating Investor One’s funds for his own personal use and benefit.

65. Over a series of conversations spanning months where Investor One would ask for a surrender of her Renewed Variable Annuity Policies, Piaseczny used stall tactics to convince Investor One she would be receiving her remaining funds soon.

66. As of the date of this Complaint, Investor One has not received any funds from her Renewed Variable Annuity Policy despite submitting the requested forms and receiving the Prudential Surrender Letters.

d. Piaseczny constructed Investor One’s variable annuity policies through various means.

67. Piaseczny constructed Investor One’s Variable Annuity Policies by piecing together various other policies he had sold to individuals during his time as a registered representative and insurance agent.

68. Investor One’s Renewed Variable Annuity Policy’s contract number belonged to Piaseczny’s former client from Signator who has been deceased since 2016.

e. Piaseczny generated false documents in connection with Investor One’s bankruptcy petition.

69. Investor One’s preparation to file for bankruptcy is delayed due to Piaseczny’s conduct.

70. Piaseczny represented to Investor One at the onset that her Renewed Variable Annuity Policy was a tax deferred variable annuity contract exempt from bankruptcy proceedings.

71. When Investor One required a formal letter from Prudential stating that her Renewed Variable Annuity Policy was a tax deferred annuity contract (“Exemption Letter”) in connection with her bankruptcy petition, Piaseczny crafted and cherry-picked language from Massachusetts General Laws Chapter 235 Section 34A to use in the Exemption Letter.

72. Piaseczny fabricated the Exemption Letter to submit as part of Investor One’s bankruptcy petition which stated that Investor One’s annuity would not be attached or taken to satisfy any debt or liability, stating in part:

[...]subject to the federal Employee retirement income Security act of 1974, section 401(a) of the Internal Revenue code ,(ERISA) Individual Retirement Account or Annuity maintained by an individual, shall be exempt from the operation of any law relating to insolvency and shall not be attached or taken on execution or other process to satisfy any debt or liability of such person[.]

73. The Exemption Letter contained multiple grammatical errors and did not accurately quote the relevant state law above in its context or entirety.

D. Other Victims and Amounts Invested with Piaseczny and MLP Financial Services

74. The Division is aware of at least two other Massachusetts residents who invested funds with Piaseczny. Between Investor One and these two other individuals, Piaseczny has solicited investor funds in the amount of approximately \$160,000.

75. Piaseczny deposited funds received from Investor One and the two other Massachusetts residents in his own bank account for his own benefit.

E. Piaseczny was Arrested and Charged with a Felony Offense

76. On April 4, 2019, Piaseczny was arrested and charged with grand larceny in connection with his dealings with Investor One.

77. As of the date of this Complaint, the criminal charges against Piaseczny remain pending in Franklin County Superior Court.

VII. VIOLATIONS OF LAW

Count I – Violations of MASS. GEN. LAWS ch. 110A, § 101

78. Section 101 of the Act provides:

It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly

- (1) to employ any device, scheme, or artifice to defraud,
- (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

MASS. GEN. LAWS ch. 110A, § 101.

79. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VI above.

80. The conduct of Respondent Piaseczny, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101.

Count II – Violations of MASS. GEN. LAWS ch. 110A, § 102

81. Section 102 of the Act provides:

It is unlawful for any person who receives, directly or indirectly, any consideration from another person primarily for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise

- (1) to employ any device, scheme, or artifice to defraud the other person,
or
- (2) to engage in any act, practice, or course of business which operates
or would operate as a fraud or deceit upon any person.

MASS. GEN. LAWS ch. 110A, § 102.

82. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VI above.

83. The conduct of Respondent Piaseczny, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 102.

Count III – Violations of MASS. GEN. LAWS ch. 110A, § 201

84. Section 201(c) of the Act provides:

It is unlawful for any person to transact business in this commonwealth as an investment adviser or as an investment adviser representative unless he is so registered under this chapter.

MASS. GEN. LAWS ch. 110A, § 201(c).

85. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VI above.

86. The conduct of Respondent Piaseczny, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201.

VIII. STATUTORY BASIS FOR RELIEF

Section 407A of the Act provides:

- (a) If the secretary determines, after notice and opportunity for hearing, that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission

or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

MASS. GEN. LAWS ch. 110A, § 407A.

IX. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors for the Director to enter an order finding that such “action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter [MASS. GEN. LAWS ch. 110A].”

X. RELIEF REQUESTED

The Enforcement Section of the Division requests that an order be entered:

- A. Finding as fact all allegations set forth in Section VI of the Complaint;
- B. Finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Requiring Respondent to permanently cease and desist from further conduct in violation of the Act and the Regulations in the Commonwealth;
- D. Censuring Respondent;
- E. Requiring Respondent to provide an accounting of those losses attributable to the alleged wrongdoing;
- F. Requiring Respondent to provide restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing;
- G. Requiring Respondent to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;

- H. Imposing an administrative fine on Respondent in such amount and upon such terms and conditions as the Director or Presiding Officer may determine;
- I. Permanently barring Respondent from associating or registering in Massachusetts in any capacity with any investment adviser required to be registered, any investment adviser exempt from registration, a federal covered adviser notice-filed in Massachusetts, or any entity relying on an exclusion from the definition of investment adviser;
- J. Permanently barring Respondent from registering or acting in Massachusetts as an agent of any broker-dealer, or as a partner, officer, director, or control person of a broker-dealer;
- K. Permanently barring Respondent from registering or acting in Massachusetts as an issuer of securities or an agent of any issuer of securities; and
- L. Taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION
ENFORCEMENT SECTION**

By and through its attorneys,



Kwok K. Tse, Enforcement Attorney
Patrick M. Costello, Co-Chief of Enforcement
Kimiko K. Butcher, Co-Chief of Enforcement

Dated: September 11, 2019

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