

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

FILED
IN CLERKS OFFICE

2007 SEP 21 P 1:19

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

TRANSNATIONAL FUND, INC., a/k/a
NATIONAL SAVINGS, and
MICHAEL LUCKETT,

Defendants.

U.S. DISTRICT COURT
DISTRICT OF MASS.

07 CA 11774 RWZ

Case No. _____

TRIAL BY JURY
DEMANDED

MAGISTRATE JUDGE JLA

COMPLAINT

Plaintiff Securities and Exchange Commission ("SEC") alleges:

PRELIMINARY STATEMENT

1. During the period from at least July 2007 through the present (the "Relevant Period"), Defendant Michael P. Lockett a/k/a Patrick Lockett, a/k/a Michael Clark ("Lockett"), ("Lockett") and Transnational Fund, Inc. a/k/a National Savings ("Transnational"), conducted an ongoing fraudulent offering of unregistered securities known as "Transnational Certificates" ("Certificates") using Transnational's websites, www.Transnationalfund.com and www.Transnationalfund.org. During the Relevant Period, at least 15 investors in at least six different states purchased Certificates for at least \$432,400. Defendants told potential investors that Transnational's purpose was to "provide a course of investment funding to entrepreneurs who are often overlooked by traditional banks and venture capital firms," including those who faced discrimination based on "race, gender, ethnicity, nationality, physical disability, religious

affiliation, credit history or immigration or legal status.” In connection with its solicitation of investors, Defendants made material misstatements and omissions regarding the nature of the investment and the use of investor funds. Among other things, Defendants (1) misrepresented the use to which Transnational would put funds invested; (2) failed to disclose to investors and potential investors that Lockett would use investor funds for personal purposes; and (3) misrepresented that Transnational was just like a bank.

2. In addition to making serious material misrepresentations and omissions, Defendants misappropriated thousands of dollars of investors’ funds. Defendant Lockett took thousands of dollars from at least one Transnational bank account into which he had deposited investor funds and used the money to pay, *inter alia*, rent on a luxury condominium in Boston, Massachusetts and the lease on a Toyota automobile. He also used bankcards issued in connection with certain of these Transnational bank accounts for various personal living expenses.

3. Further, the Certificates offered by Defendants and sold over the internet were not registered with the SEC and were not otherwise exempt from registration.

4. By engaging in the conduct alleged in this Complaint, Defendants Transnational and Lockett violated Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77e(a), 77e(c), and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

5. Unless restrained and enjoined, Defendants are likely to commit further violations in the future. Accordingly, the SEC seeks: (i) entry of a permanent injunction prohibiting

Defendants from further violations of the relevant provisions of the federal securities laws; (ii) disgorgement of Defendants' ill-gotten gains and unjust enrichment, plus pre-judgment interest; and (iii) the imposition of civil monetary penalties due to the egregious nature of Defendants' violations.

6. In addition, because of the risk that Defendants will continue violating the federal securities laws and the danger that any remaining investor funds will be dissipated or concealed before entry of a final judgment, the SEC seeks by separate motion filed concurrently herewith preliminary equitable relief to: (i) prohibit Defendants from continuing to violate the relevant provisions of the federal securities laws; (ii) freeze Defendants' assets and otherwise maintain the *status quo*; (iii) require Defendants to submit an accounting of investor funds and other assets in their possession; (iv) prevent Defendants from destroying relevant documents; (v) prohibit Defendants from continuing to accept or deposit investor funds and from maintaining Transnational's website; and (vi) grant other equitable relief as necessary to prevent additional harm.

7. This Court has jurisdiction over this action pursuant to Sections 20 and 22 of the Securities Act [15 U.S.C. §§ 77t and 77v] and Sections 21 and 27 of the Exchange Act [15 U.S.C. §§ 78u and 78aa]. The SEC seeks the imposition of a civil monetary penalty 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)]. Many of the acts and transactions constituting violations occurred primarily within the District of Massachusetts and at least some of Defendants' ill-gotten gains remain within the District.

DEFENDANTS

8. Transnational is a Delaware corporation established in July 2007, with purported offices in Boston, Massachusetts, and Hartford, Connecticut.

9. Luckett, age 38, is a resident of Boston, Massachusetts, and is the President and sole officer of Transnational.

FACTS

Defendants Offered and Sold Unregistered Securities

10. During the period from at least July 20, 2007, through the present, Defendants have offered and sold, and continue to offer and sell, Transnational Certificates (“Certificates”).

11. In offering and selling the Certificates, Defendants have promised to pay investors at a rate of 6.35% annual percentage yield in nine months from the date of purchase. Other than sending money to Transnational, the investors have no role in the investment.

12. Defendants have sold Certificates to at least 15 investors in at least six states, including Arizona, Kansas, Michigan, Missouri, Kansas, and Texas, and received at least \$432,400.

13. The Certificates are securities under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act.

14. Defendants never registered the Certificates with the SEC as required by Section 5 of the Securities Act by filing a registration statement with the SEC.

15. Defendants never filed any form with the SEC in connection with the Certificates relating to any possible exemption from the registration requirements of Section 5 of the Securities Act.

16. The Certificates are not commercial paper and are thus ineligible for the exemptions for certain notes with a maturity of nine months or less pursuant to Section 3(a)(3) of the Securities Act and Section 3(a)(10) of the Exchange Act. Rather, the purpose of Transnational was, according to its website, to “provide a course of investment funding to entrepreneurs who are often overlooked by traditional banks and venture capital firms.”

17. Defendants have indiscriminately solicited investors and sold the Certificates through Transnational’s website, without regard to investors’ accredited status or the suitability of the Certificates.

18. The Certificates are not insured by the Federal Depositor Insurance Corporation (“FDIC”) and there is no regulatory scheme other than that provided for by the federal securities laws that significantly reduces the risk of the Certificates.

Defendants’ Material Misrepresentations and Omissions

19. In order to induce investors to purchase interests in the Fund, a Transnational agent who introduced himself as “Michael” told at least one investor that Transnational was just like a bank and that it had been in business for years, statements Luckett knew to be false.

20. In fact, Transnational is not just like a bank in that it is not insured by the FDIC. In addition, Transnational was only incorporated in July 2007, and its websites were established in July and August 2007.

21. Defendants also knowingly failed to disclose to investors that Luckett would use investor funds to pay for personal expenses such as the rent on his condominium unit, the lease on his automobile, and other personal living expenses.

FIRST CLAIM FOR RELIEF
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)

22. The SEC repeats and incorporates by reference the allegations in paragraphs 1-21 of the Complaint as if set forth fully herein.

23. Defendants, directly or indirectly, acting intentionally, knowingly or recklessly, by the use of means or instrumentalities of interstate commerce or of the mails, in connection with the purchase or sale of securities: (a) have employed or are employing devices, schemes or artifices to defraud; (b) have made or are making untrue statements of material fact or have omitted or are omitting to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading; or (c) have engaged or are engaging in acts, practices or courses of business which operate as a fraud or deceit upon certain persons.

24. As a result, Defendants have violated and, unless enjoined, will continue to violate 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].

SECOND CLAIM FOR RELIEF
(Violation of Section 17(a) of the Securities Act)

25. The SEC repeats and incorporates by reference the allegations in paragraphs 1-21 of the Complaint as if set forth fully herein.

26. By reason of the foregoing, Defendants, directly or indirectly, in the offer or sale of securities, by use of means or instruments of transportation or communication in interstate commerce or by the use of the mails, in the offer or sale of securities: (a) employed devices, schemes or artifices to defraud; (b) obtained money or property by means of untrue statements of

material fact or omissions to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in transactions, practices or courses of business which operated as a fraud or deceit upon the purchaser of securities in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

27. As a result, Defendants have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act.

THIRD CLAIM FOR RELIEF
(Violations of Section 5(a) and 5(c) of the Securities Act)

28. Plaintiff SEC repeats and incorporates by reference the allegations in paragraphs 1-21 of the Complaint as if set forth fully herein.

29. Defendants, directly or indirectly, singly and in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and have been, directly and indirectly: (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise; (b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

30. As described in paragraphs 1 through 20, the Certificates described in detail herein, have been offered and sold to the public through a general solicitation of investors. No registration statements were ever filed with the SEC or otherwise in effect with respect to these securities.

31. By reason of the foregoing, Defendants have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

PRAYER FOR RELIEF

WHEREFORE, the SEC requests that this Court:

A. Enter a preliminary injunction, order freezing assets and order for other equitable relief in the form submitted with the SEC's motion;

B. Enter a permanent injunction restraining Defendants and each of their agents, servants, employees and attorneys and those persons in active concert or participation with them who receive actual notice of the injunction by personal service or otherwise, including facsimile transmission or overnight delivery service, from directly or indirectly engaging in the conduct described above, or in conduct of similar purport and effect, in violation of:

1. 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];
2. Section 17(a) of the Securities Act [15 U.S.C. § 17q(a)];
3. Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)]

C. Require Defendants to disgorge their ill-gotten gains and unjust enrichment, plus pre-judgment interest, with said monies to be distributed in accordance with a plan of distribution to be ordered by the Court;

D. Order Defendants to pay an appropriate civil monetary penalty 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)];

E. Retain jurisdiction over this action to implement and carry out the terms of all orders and decrees that may be entered; and

F. Award such other and further relief as the Court deems just and proper.

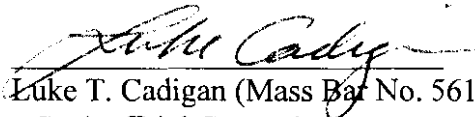
JURY DEMAND

The SEC hereby demands a trial by jury on all claims so triable.

Respectfully submitted,

**SECURITIES AND EXCHANGE
COMMISSION,**

By its attorneys,



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