



## Tips, Complaints, and Referrals

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The Complaint Form questions that were responded to during the initial submission, the answers entered for those questions during the initial submission, and the documents that were uploaded to this TCR during the initial submission are listed below.

### What is your complaint about?

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**Q: Please select the option that best describes your complaint.**

**A:** Fraudulent investment scheme, such as a Ponzi scheme or the promise of high-yield returns

**Q: Please select the specific category that best describes your complaint.**

**A:** Ponzi / pyramid scheme

**Q: If a return on investment of any amount was guaranteed, what percentage was guaranteed?**

**A:** [ % ] Enter Percentage

**Q: If you are alleging offering fraud, how was the offer made?**

**A:** Private placement documents

**Q: In your own words, describe the conduct or situation you are complaining about.**

**A:** Dear Sir or Madam; The below is a simple summary of what I believe is national, financial fraud in progress. It does not include all the offering memorandums (including the company banking information) which I do have, nor the emails from NRIA to me. It also excludes a sources and uses of cash analysis. Most importantly, it does not include the real estate expert who says the business model of NRIA is untenable. If you believe the below has validity, please contact me. Obviously this is easily proven if the company's bank records reveal new, incoming money is being used to pay previous investors. Something the Commission could access easily.

8 Red Flags for National

Reality Investment Advisors (NRIA) 1. Untenable returns--NRIA is offering returns that appear to be unparalleled in the industry. Their cost of capital is, for lack of a better term, astronomical. They advertise on a national scale every day for new investors (see point 2) AND they are offering returns ranging from 10% per month to 21% per year or 16% per year depending on what commercial you listen to. Their new "target" return for new investors



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appears to be 18% annually. However in their latest commercial a "10 monthly return" is offered. In fact, Senior VP Arthur Scutaro, in a Youtube video (please see <https://www.youtube.com/watch?v=1DxrsxNR2vc> and go to 4 minutes and 50 seconds in) that returns are 18% annually and 10% per month and at 10:20 in no less than 12% annually. Consequently, when one counts the money they pay out to raise new money (high returns promised to investors) and their advertising budget, the cost of capital is simply untenable and unsustainable. Or, simply stated, if I had 724 million in assets and a 14 year track record which NRIA boasts of often, then why would I not go to a bank in such a low-interest rate environment and get financing there? Meaning, the cost of capital for a bank loan is far, far cheaper than what NRIA is paying investors (and advertising). My theory is they cannot pass the due diligence of traditional bank financing or a sophisticated investment banker and have therefore opted for the only option available to them to raise desperately needed funds--a naive and desperate for returns, public. 2. The most aggressive advertising campaign for new investors that I have ever seen. Television and radio advertisements to invest in NRIA and receive untenable returns have saturated Madison Avenue. Fox News Channel, CNBC, The Rush Limbaugh show and many others advertise multiple times daily. Please note that these are "national buys" and the cost is incredible. All to offer potential investors huge returns that are unheard of in this industry. This is what makes this case so urgent as every day, on a national basis, people are being bombarded with this untenable investment opportunity. 3. NRIA appears to fail the "normally and regularly test--Basically, when it comes to a business model and the generation of returns, the entity in question must pass the "normally and regularly" test which basically asks the following: Normally and regularly do real estate investments offer these kinds of returns? Our expert, who reviewed the primary offering documents, appears to think the returns are not normally and regularly experienced in the real estate industry. 4. Apparent over inflated values on real estate holdings. As much as NRIA touts high returns, they equally tout safety. They want potential investors to know that their money is safe--secured by millions in real estate. The company claims to shy away from commercial real estate and focus instead on residential properties like apartments, condos and townhomes. They have properties in Center City Philadelphia, Brooklyn, Hoboken, and Florida. They claim the pandemic has not hurt their residential portfolio. However, Brooklyn is reporting the biggest dip in residential property values in nearly a decade (please see <https://www.globest.com/2020/06/19/in-biggest-dip-in-nearly-a-decade-brooklyn-home-prices-drop-yearly-2-7/?slreturn=20200706134419#:~:text=According%20to%20a%20market%20report,the%20market%20in%20nine%20years.&text=In%20Queens%20prices%20dropped%201.1,dip%20since%202013%E2%80%93to%20%24507%2C262.>). No adjustment appears to have been made to values post pandemic. The same 50 new developments valued at \$724 million and additional asset base of over \$350 million are touted as "security" or collateral for the new investment. At one point is double pledging of the same assets come into play or a drop in appraised value which would impact the safety of the investment? If NRIA has raised as much as I think they have over a 10 year period, I suspect that some collateral has been at this point double pledged. A public records property search would reveal what they actually own and what it is worth. 5. Withdrawal is difficult. You are in the investment for 5 years which helps prevent a one time rush on redemptions. For those who perpetrate fraud or ponzi schemes, you have to raise new money to pay off older investors and you have to make certain the older investors don't all want their money back at once. By locking people into 5 year deals, NRIA prevents a run on redemption. Please see primary source documents I will email where this 5-year time period is stated. 6. Investment is touted as "virus proof"--In a Youtube (please see <https://www.youtube.com/watch?v=1DxrsxNR2vc> and go to 1:30 minutes in and listen to VP Arthur Scutaro boast of how you cannot lose money in NRIA even in a pandemic. All investments have risk and downplaying the risk and emphasizing the upside only is a technique often used by perpetrators. 7. Encouraging people to borrow from their 401K or IRA (please see <https://www.youtube.com/watch?v=1DxrsxNR2vc> and go to 4:30 in) to invest in NRIA. They are actually using the new stimulus loophole law to help people who lost their jobs have easier access to borrow from retirement accounts to instead borrow to invest in a speculative real estate investment. They also encourage people to borrow money off of their homes by taking a second trust deed to invest (please



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see same Youtube and got to 18 minutes and 30 seconds in). This is critical because on the one hand, you have to be an accredited investor to invest in NRIA (1 million net worth at least) and on the other hand they are encouraging people who do not have the liquid cash (that an accredited investor ought to have) to borrow money to invest. 8. Points of similarity with the Robert Shapiro Woodbridge fraud. In the Woodbridge fraud, Shapiro aggressively marketed and promoted his fraudulent real estate scheme as low risk and safe. Exactly what NRIA does. Aggressive promotion emphasizing safety. Ads promising hefty returns. This same type of advertising was also utilized in the Pinnacle Redevelopment Real Estate fraud case where ads for new investors were placed in the Wall Street Journal (please see <https://www.wsj.com/articles/SB117338058484131243>). Pinnacle was a case we handled and there are other points of similarity between NRIA and Pinnacle.

**Q: Did you suffer a loss?**

A: No

**Q: When did you become aware of the conduct? (mm/dd/yyyy)**

A: 02/01/2020

**Q: When did the conduct begin? (mm/dd/yyyy)**

A: 01/01/2010

**Q: Is the conduct ongoing?**

A: Yes

**Q: Has the individual or firm acknowledged the conduct?**

A: No

**Q: How did you learn about the conduct? You may select more than one answer.**

A: Publicly available information

**Q: Have you taken any action regarding your complaint? You may select more than one answer.**

A: Other

**Q: Provide details.**



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**A:** Confidentially I have begun working with a reporter at the Wall Street Journal.

### Who are you complaining about?

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#### Subject # 1

**Q:** Are you complaining about a person or a firm?

**A:** Firm

**Q:** Are you or were you associated with the person or firm when the alleged conduct occurred?

**A:** No

**Q:** Identifier Type

**A:** Unknown

**Q:** Are you a current or former Employee, Officer, Partner, or Employee Director of any entity you are complaining about?

**A:** No

**Q:** Are you a current or former Non-Employee Director, Consultant, Contractor or Trustee of any entity you are complaining about?

**A:** No

**Q:** Firm Name

**A:** NRIA

**Q:** Street Address

**A:** 1325 Patterson Plank Road

**Q:** Address (Continued)



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**A:** 2nd Floor

**Q: Zip / Postal Code**

**A:** 07094

**Q: City**

**A:** SECAUCUS

**Q: State / Province**

**A:** NJ

**Q: Country**

**A:** US

**Q: Work Phone**

**A:** 201-210-2727

**Q: Email Address**

**A:** bharrington@nria.net

**Q: Website**

**A:** www.nria.net

**Q: If the complaint is about an entity or person that has custody or control of your investments, have you had difficulty contacting that entity or person?**

**A:** Unknown

**Which investment products are involved?**

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**Q: Select the type of product involved in your complaint.**

A: Other

**Q: Please select the category that best describes the security product.**

A: Partnership investments

### About you

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**Submitter # 1**

**Q: Are you filing this tip under the SEC's whistleblower program?**

A: Yes

**Q: Are you an attorney filling out this form on behalf of an anonymous whistleblower client who is seeking an award?**

A: No

**Q: First Name**

A: Barry

**Q: Middle Name**

A: J

**Q: Last Name**

A: Minkow

**Q: Street Address**

A: 6842 Agnes Avenue



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**Q: Address (Continued)**

A: #5

**Q: Zip / Postal Code**

A: 91605

**Q: City**

A: NORTH HOLLYWOOD

**Q: State / Province**

A: CA

**Q: Country**

A: US

**Q: Mobile Telephone**

A: 747-214-9274

**Q: Email Address**

A: [barry@hopeofthevalley.org](mailto:barry@hopeofthevalley.org)

**Q: What is the best way to reach you?**

A: Phone

**Q: Are you represented by an attorney in connection with this matter, or would you like to provide your attorney's contact information?**

A: No



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**Q: Select the profession that best represents you.**

A: Other

**Q: For Other, please specify.**

A: Convicted felon. Long story.

**Q: Have you reported the matter at issue in this submission to your supervisor, compliance office, whistleblower hotline, ombudsman, or any other available mechanism for reporting possible violations at any entity you are complaining about?**

A: No

**Q: Were you retaliated against for reporting the matter at issue in this submission either internally at the entity or to a regulator?**

A: No

**Q: Has anyone taken steps to prevent you from reporting this violation to the SEC?**

A: No

**Q: Are documents or other information being submitted that could potentially identify the whistleblower?**

A: No

**Q: Does the whistleblower want to be eligible to apply for a whistleblower award?**

A: Yes

**Q: 1. Are you, or were you at the time you acquired the original information you are submitting to us, a member, officer or employee of the Department of Justice; the Securities and Exchange Commission; the Comptroller of the Currency; the Board of Governors of the Federal Reserve System; the Federal Deposit Insurance Corporation; the Office of Thrift Supervision; the Public Company Accounting Oversight Board; any law enforcement organization; or any national securities exchange, registered securities association, registered clearing agency, or the Municipal Securities Rulemaking Board?**

A: No



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**Q: 2. Are you, or were you at the time you acquired the original information you are submitting to us, a member, officer, or employee of a foreign government, any political subdivision, department, agency, or instrumentality of a foreign government, or any other foreign financial regulatory authority as that term is defined in Section 3(a)(52) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78c(a)(52))?**

**A:** No

**Q: 3. Did you acquire the information being submitted to us through the performance of an engagement required under the federal securities laws by an independent public accountant?**

**A:** No

**Q: 4. Are you providing this information pursuant to a cooperation agreement with the SEC or another agency or organization?**

**A:** No

**Q: 5. Are you a spouse, parent, child, or sibling of a member or employee of the SEC, or do you reside in the same household as a member or employee of the SEC?**

**A:** No

**Q: 6. Have you or anyone representing you received any request, inquiry or demand that relates to the subject matter of your submission (i) from the SEC; (ii) in connection with an investigation, inspection or examination by the Public Company Accounting Oversight Board, or any self-regulatory organization; or (iii) in connection with an investigation by Congress, any other authority of the federal government, or a state Attorney General or securities regulatory authority?**

**A:** No

**Q: 7. Are you currently a subject or target of a criminal investigation, or have you been convicted of a criminal violation, in connection with the information you are submitting to the SEC?**

**A:** Yes

**Q: If the answer to the question is "Yes," please provide details.**

**A:** I worked with the SEC uncovering frauds mostly from your Los Angeles office with Peter Del Greco. We did numerous cases together. However, I returned to prison for insider trading in 2011 and was released in 2018.



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There was never a time when I submitted an investment fraud case to the SEC that it did not result in a TRO or indictment (public company submissions are another story and why I went back prison). So in the interest of full disclosure I am a two-time loser. However, I cannot afford to make another mistake. I do not believe I am wrong about this entity although I hope am based on the scope/size of this company's reach.

**Q: 8. Did you acquire the information being provided to us from any person described in Questions 1 through 7?**

**A:** No

**Q: I declare under penalty of perjury under the laws of the United States that the information contained herein is true, correct and complete to the best of my knowledge, information, and belief. I fully understand that I may be subject to prosecution and ineligible for a whistleblower award if, in my submission of information, my other dealings with the SEC, or my dealings with another authority in connection with a related action, I knowingly and willfully make any false, fictitious, or fraudulent statements or representations, or use any false writing or document knowing that the writing or document contains any false, fictitious, or fraudulent statement or entry.**

**A:** Agree