



U.S. SECURITIES AND EXCHANGE COMMISSION

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Securities and Exchange Commission v. Joseph Milanowski, Civil Action No. 2:08-CV-00511-KJD-PAL (D. Nev.)

SEC Files Charges Against USA Capital's Joseph Milanowski for Multimillion Dollar Securities Fraud

Today, the Securities and Exchange Commission filed charges against Joseph Milanowski, former President of USA Commercial Mortgage Company, dba USA Capital, for perpetrating a multimillion dollar securities fraud. USA Capital is a mortgage broker based in Las Vegas, Nevada, and Milanowski, age 46, lives in Las Vegas, Nevada.

The Commission's complaint alleges that from May 2000 to September 2005, USA Capital raised \$150 million from 1,900 investors through the offer and sale of securities in the USA Capital Diversified Trust Deed Fund (the "Fund"). As alleged in the complaint, contrary to the representations to the Fund investors, Milanowski used the vast majority of the Fund's offering proceeds to make unsecured loans to entities affiliated with him, which entities eventually defaulted on the loans. The complaint further alleges that, as a result of Milanowski's misuse of the Fund's money and the large number of defaulted loans, USA Capital, certain of its affiliates, and the Fund filed for Chapter 11 bankruptcy in April 2006, and Fund investors lost over half their investments.

The Commission charged Milanowski with violating the registration provisions of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") and the antifraud provisions of Section 17(a) of the Securities Act and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The Commission seeks a permanent injunction, disgorgement with prejudgment interest, civil penalties, and an officer and director bar against Milanowski.

► [SEC Complaint in this matter](#)

<http://www.sec.gov/litigation/litreleases/2008/lr20536.htm>