

THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE SECRETARY OF THE COMMONWEALTH
SECURITIES DIVISION
ONE ASHBURTON PLACE 17TH FLOOR
BOSTON, MASSACHUSETTS 02108

2007 MAY 17 AM 10:57

SECRETARY OF THE COMMONWEALTH

IN THE MATTER OF:)
)
)
JOSEPH GENNACO,)
GENNACO ASSOCIATES,)
GCT TRUST and)
OCEANVIEW LIFE)
SETTLEMENTS, LLC)
)
Respondents)
_____)

Docket No. E-2006-0097

ADMINISTRATIVE COMPLAINT

I. PRELIMINARY STATEMENT

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (respectively "Enforcement Section" or "Division") files this Administrative Complaint ("Complaint") in order to commence an adjudicatory proceedings against the above-named Respondents for violating the Massachusetts Uniform Securities Act, M.G.L. c. 110A ("Act") and relevant regulations, 950 C.M.R. 10.00 *et seq.* ("Regulations").

The Enforcement Section seeks an Order of the Division requiring Respondents:

- 1) to permanently cease and desist from acting as an investment adviser, investment adviser representative, selling unregistered securities, committing fraud and all other violations of the Act; 2) pay an administrative fine in an amount and upon such terms as the Director or Hearing Officer may determine; 3) to provide an accounting of all securities sold to

Massachusetts residents, disburse all monies invested by Massachusetts investors, and to fairly compensate investors for those losses attributable to the alleged wrongdoing; 4) to disgorge all profits realized as a result of Respondents' violations of the Act; and 5) to take such further action as may be deemed just and appropriate for the protection of investors. The Division further seeks from Respondents payment of the costs of its investigation and of this adjudicatory proceeding.

II. SUMMARY

Joseph Gennaco runs a purported investment operation, employing his sons-in-law and, at times, other family members under the umbrella "Gennaco Associates." In 2001, the Division issued a Consent Order against Mr. Gennaco requiring him to repay his investors and cease and desist from violating the Act. Having in the past been found violating the securities laws, for at least the past nine years, the range of investment related fraud Mr. Gennaco and his associates have perpetrated is vast and the schemes themselves are, at first blush, complex. Three common threads dominate his schemes: 1) Mr. Gennaco targets people when they are their most vulnerable – when they have lost a loved one or are planning for their own death; 2) what Mr. Gennaco promises to investors rarely if ever resembles what he actually does with people's money; and 3) Mr. Gennaco's slow pay or no pay approach to business often results in his investors only recovering their money when he is threatened with serious regulatory or legal sanctions. Ultimately, Respondents engaged in a scheme to defraud investors so complex even they did not fully understand the functioning of their own operations.

Mr. Gennaco and his associates have engaged in at least four distinct schemes, though he frequently changes the names of his operations to avoid detection. These

schemes include the GCT Trust Private Annuity, the Oceanview Life Settlements / Life Plus Hedge Fund, the Pre-need Burial Accounts, and the Premium Financing Plus insurance scheme.

The GCT Trust Private Annuity was a type of bait and switch operation run by Gennaco. Gennaco convinced people to exchange their old insurance or annuity policies, or the settlements thereon, for a new insurance or annuity product. Very often, Mr. Gennaco used the death of a close family member as an opportunity to develop new investors. The major difference between the old and new policies was that the old policies were with established and financially secure insurance companies and the new policies were with Gennaco's own creation, the GCT Trust. Mr. Gennaco took the paperwork used by insurance companies, and changed the letterhead so that it read "GCT Trust." Among the promises he made, Gennaco told his clients that the investments in the GCT Trust would be tied to the performance of the stock market. Mr. Gennaco pooled investors' money and for some investors made monthly payments. Ultimately, however, when the accounts reached maturity and it became time to pay, Gennaco did not pay. In at least one case, an investment in the GCT Trust mysteriously became an investment in the Oceanview Life Settlements / Life Plus hedge fund.

The Oceanview Life Settlements / Life Plus hedge fund ("Oceanview") may be the most recent of Mr. Gennaco's schemes, and some investors who initially invested in the GCT Trust later learned that their investment had changed to Oceanview without their knowledge or consent. Oceanview is a hedge fund-like product that buys and sells life settlement policies on the secondary market. A life settlement policy is created when a person sells their life insurance policy to another person. The seller receives an

immediate payment and the buyer receives the face value of the life settlement policy when the policyholder dies. Oceanview collected money from investors using the pretense that the investments would be used to purchase a number of life settlement policies. Those policies would be held to maturity or sold again on the secondary market. However, although Mr. Gennaco and his associates collected substantial funds from investors, he never purchased as many policies as he promised (if any), the policies he did purchase were not for the fund, and he even let those policies lapse (thus eliminating any value they may have had). Instead of using investor money to purchase policies, Gennaco used new investor money to redeem prior investors and to pay himself.

Among the old investors Mr. Gennaco paid with new money were investors in the Pre-need Burial Accounts. Some funeral homes allow people to pre-pay their funeral and burial expenses. By pre-paying, the person locks in the price of their funeral and burial, and the funeral home invests the money. If there is excess, the person pre-paying may receive some money back. Funeral homes must invest the pre-payment money according to the applicable regulations, and Mr. Gennaco actively solicited funeral home directors to invest the money with him, even though his method of investment was not consistent with the regulations. Among other things, Gennaco promised the money would be secure. However, once the people who had pre-paid their funeral began to die, Gennaco did not return the pre-payment money to the funeral homes in a timely manner and sometimes did not return the money at all.

The other scheme managed by Mr. Gennaco is Premium Financing Plus. This is a method by which Mr. Gennaco generates life settlement policies for sale on the secondary market. In exchange for two years of free life-insurance and a cash "kicker,"

Mr. Gennaco convinces senior citizens to purchase life insurance policies. A third party associated with Mr. Gennaco will provide a loan to the senior citizen that is secured by the life insurance policy. The loan can cost more than 100% in interest over a two-year period. The result of these egregious interest terms is that the senior citizens will be unable to repay the loan, and must give-up the insurance policy to the lender.

The investigation into Mr. Gennaco's activities revealed three versions of Gennaco's investment schemes: 1) the information he provided to investors in written offering materials; 2) the information he provided to the Division in sworn testimony; and 3) Gennaco's actual actions as established by actual movements of investor money. Accordingly, Gennaco and Gennaco Associates committed violations of the Act including fraud and acting as an unregistered investment adviser, among other violations.

III. JURISDICTION & 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, as provided for by the Act. The Act authorizes the Division to regulate: 1) the offers and/or sales of securities, 2) those individuals offering and/or selling securities and 3) those individuals transacting business as investment advisors within the Commonwealth.
2. This proceeding is brought in accordance with the Act and its Regulations. Specifically, the acts and practices constituting violations occurred primarily in the Commonwealth of Massachusetts.
3. The Division allows this action pursuant to the enforcement authority conferred upon it by section 407A of the Act and M.G. L. c. 30A, wherein the Division has the

authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and all Regulations and rules promulgated thereunder.

4. The Enforcement Section specifically reserves the right to amend this Complaint and/or 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 period of 1998 through the present.

V. RESPONDENTS

6. Joseph Gennaco ("Gennaco") is a natural person currently residing at 162 Bartlett Road, Winthrop, Massachusetts.

7. GCT Trust is an entity organized and controlled by Gennaco. The GCT Trust is believed to be operated from 2 Chamberlain Ave., Winthrop, Massachusetts.

8. Gennaco Associates, is the name through which Gennaco does business. Gennaco Associates has employed at various times Gennaco's two sons-in-law, John Langone ("Langone") and Peter Salvitti ("Salvitti"). The primary address of Gennaco Associates is believed to be 2 Chamberlain Road in Winthrop, Massachusetts. Gennaco Associates acts primarily through its agents Gennaco, Langone and Salvitti.

9. Oceanview Life Settlements, LLC ("Oceanview") is a hedge fund controlled by Gennaco or Gennaco Associates and operated out of the offices of Gennaco Associates. Oceanview Life Settlements, LLC also has done business under the name Life Plus.

Oceanview is believed to be operated from 2 Chamberlain Ave., Winthrop, Massachusetts.

VI. OTHER INVOLVED AND RELATED PARTIES

10. John Langone, is Gennaco's son-in-law and is believed to currently reside at 207 Court Road in Winthrop, Massachusetts. Langone is an employee of Gennaco Associates.
11. Peter Salvitti, is Gennaco son-in-law and is believed to currently reside at 11 Turtle Street, Revere, Massachusetts. Salvitti is an employee of Gennaco Associates.
12. The Entrust Group is a provider of account administration services for self-directed retirement plans. On information and belief, it provides no due diligence with respect to accounts.

VII. RESPONDENTS' CONDUCT

PRIOR INVESTMENT SCHEMES

13. On or about October 12, 1989, the National Association of Securities Dealers ("NASD") barred Gennaco from association with any member of the NASD in any capacity and fined \$5,000 for allegedly depositing client funds into accounts that he controlled.
14. Between the approximate dates of November 1997 and June 7, 2001, Gennaco solicited investments in a financial product called the Guaranteed Profit & Safety Program ("GPSP").
15. On or about June 7, 2001, the Division issued a Consent Order against Joseph Gennaco and Taurus Capital Investment Group, Inc., Docket No. E-2000-16 ("Consent Order").
16. The GPSP was not registered with the Division as required under §301 of the Act.

17. Gennaco was not registered with the Division in any capacity as required by §201 of the Act.

18. According to the Consent Order, “[s]ince Gennaco and TCIG were not registered with the Division in any capacity and failed to reveal this fact to the individual investors involved, their conduct as described above violates §§101, 201 and 301 of the Act.

19. On or about May 25, 2001, Gennaco made an Offer of Settlement to the Division in which he represented to the Division, “Gennaco and TCIG have returned the sum of \$1,866,486.00 to the 71 individuals who invested their funds.

20. In the Offer of Settlement, Gennaco also agreed that he would cease and desist from further violations of the Act and would not seek registration as a broker-dealer agent or investment adviser representative for a period of ten years.

21. A Hearing Officer of the Division accepted Gennaco’s Offer of Settlement and issued a Consent Order.

22. The Consent Order contained findings of fact that included the following:

- a. Taurus Capital Investment Group, Inc. (“TCIG”) was not registered as an investment adviser or broker dealer.
- b. Gennaco was not registered as an investment adviser representative or broker dealer agent.
- c. Gennaco and TCIG solicited investors in “The Guaranteed Profit & Safety Program” (“GPSP”). GPSP guaranteed a 6% return annually on a 5-year term of investment.
- d. Gennaco and TCIG sold the GPSP to 71 individuals with invested funds totaling \$1,771,902.
- e. TCIG acted as an investment adviser and broker dealer.
- f. Gennaco acted as an investment adviser representative and a broker dealer agent.

23. The Consent Order incorporated the sanction terms contained in the Offer of Settlement, including the requirement that Gennaco cease and desist from violations of the Act.

24. On multiple occasions, the Enforcement Section has requested that Gennaco provide documentary evidence of the return of funds as represented by Gennaco in his Offer of Settlement and incorporated into the Consent Order.

25. The only documents produced by Gennaco indicating any payment of funds to any of the 71 individuals who invested in GSPS through Taurus were three HUD1 settlement statements.

26. HUD settlement statement A ("HUD A") provides an accounting of the settlement of the property located at 2 Chamberlain Avenue, Unit 3, Winthrop, Massachusetts. Gennaco controlled the property as trustee of the Chamberlain Crest Family Trust and sold to Loriann and Peter Salvitti, Gennaco's daughter and son-in-law. According to HUD A, Investor D received \$10,223.16 at the sale of the property on November 16, 2001.

27. HUD settlement statement B ("HUD B") provides an accounting of the settlement of the property located at 2 Chamberlain Avenue, Unit 4, Winthrop, Massachusetts. Gennaco controlled the property as trustee of the Chamberlain Crest Family Trust and sold to Peter Salvitti, Gennaco's son-in-law. According to HUD B, Investor D received \$72,367.09 at the sale of the property on March 20, 2002.

28. HUD settlement statement C ("HUD C") provides an accounting of the settlement of the property located at 2 Chamberlain Avenue, Unit 1, Winthrop, Massachusetts. Gennaco controlled the property as trustee of the Chamberlain Crest Family Trust and sold to Celia Spinazzola. According to HUD C, Investor D received \$93,472.83 at the sale of the property on October 1, 2002.

29. According to the documents submitted as part of his Offer of Settlement, Gennaco distributed \$143,885.00 to Investor D on or before the date he executed the Offer of Settlement on May 25, 2001.

30. According to the documents submitted as part of his Offer of Settlement, Gennaco distributed \$143,885.00 to Investor E on or before the date he executed the Offer of Settlement on May 21, 2001.

31. Contrary to the representations Gennaco made to the Division in his Offer of Settlement, Investor D did not receive any cash distribution until November of 2001, six months after he executed the Offer of Settlement.

32. Contrary to the representations Gennaco made to the Division in his Offer of Settlement, Investor E did not receive any cash distribution.

33. On information and belief, Gennaco did not pay back all investors in GPSP as he represented to the Division in his Offer of Settlement. Gennaco may have provided them with various other investment opportunities.

34. Gennaco's statements in the Offer of Settlement that he distributed funds to individual investors of Taurus were, at the time and in light of the circumstances under which they were made, false and misleading in all material respects.

35. Gennaco willfully made the false statements regarding distributions to Taurus investors knowing the statements were false and misleading in all material respects.

THE INVESTMENTS

GCT Trust Private Annuity

Gennaco's Offer and Promises

36. Gennaco stated in sworn testimony that, "There was never an operation of GCT Trust."
37. However, on or before October 1, 1998, Gennaco or Gennaco Associates began offering to seniors and people who had recently lost their spouses, among other people, the opportunity to invest in a product called the GCT Trust.
38. On information and belief, the GCT Trust was offered as a replacement to life insurance policies with respected and secure insurance companies that had paid death benefits to the seniors people and people who had lost their spouses.
39. As part of the process of soliciting investments into the GCT Trust, Gennaco or Gennaco Associates provided its clients with several "Offering Documents."
40. The Offering Documents included the "Private Annuity" document.
41. The Private Annuity Document describes an annuity contract that is not underwritten by a licensed insurance company.
42. The Offering Documents included the "GCT Trust Application," a copy of which is attached hereto as Exhibit A.
43. The GCT Trust Application was a copy of an application from a licensed insurance company, where the insurance company letterhead was replaced with GCT Trust's letterhead.
44. The Offering Documents included the "GCT Trust Contract," a copy of which is attached hereto as Exhibit B.
45. The GCT Trust Contract appears to be an annuity contract. The topics covered by the GCT Trust Contract include but are not limited to "Ownership," "Assignment of

Contract,” “The Beneficiary,” “Equity Index Value,” “Equity Index Rate,” “Surrender Benefit,” and “Surrender Charges.”

46. The GCT Trust Contract for Investor A indicated that the investment guaranteed a rate of “6.0% per year for the five (5) contract years.” Additionally, the “Equity Index Rate” was “Seventy (70) percent of return on increase of S&P-500 Index performance from inception date of the contract over a five (5) year period, less guaranteed rate of 6.0% per year during that five (5) year period.”

Promises Not Kept

47. Relating to the GCT Trust Contract, Gennaco testified, “[a]ll I can answer to you is what this indicates here is exactly what happened. None of what this document here indicated happened and I’ve got nothing more to say on that matter.”

48. According to Gennaco, relating to the GCT Trust Private Annuity offering documents, “...it can be seen in those reports that none of the methods we used as initially described. I just want to make you understand that.”

49. According to Gennaco, “GCT Trust is just a checking account that distributes the funds.”

50. Gennaco alternatively explained that the GCT Trust was a method by which the beneficiary of an annuity could turn one annual distribution into 12 monthly distributions in order to avoid the annuitization of an annuity.

Oceanview Life Settlements / Life Plus Hedge Fund

Gennaco’s Offer and Promises

51. Gennaco said, with respect to Oceanview Life Settlements, “the company’s non-existent other than the name itself.” He went on, “[I]t’s not a working company....” “It

originally was formed for the life settlement business, but there was a lot of regulations and it wasn't effective in Massachusetts, so therefore we didn't do anything."

52. On or about January 24, 2002, Gennaco or Gennaco Associates opened account number 46655257 at Saugus Bank for the GCT Investment Trust ("GCT Trust Account").

53. Although the GCT Trust Account had the name of the GCT Trust, it was also used for Oceanview Life Settlements.

54. On or about May 1, 2002, a Certificate of Organization for Oceanview Life Settlements, LLC was filed with the Corporations Division of the Massachusetts Secretary of the Commonwealth. The Certificate of Organization made Gennaco the Manager of Oceanview.

55. The Oceanview Certificate of Organization described the business of Oceanview:

"The primary character of the business of Oceanview Life Settlements, LLC is to arrange and, engage in life insurance settlements during the lifetime of the owner, and other types of activities including acquiring, owning, operating selling, financing, refinancing, disposing of and otherwise dealing with personal property and real property directly or indirectly through joint ventures, partnerships, or other entities; and to engage in any activities directly or indirectly related or incidental hereto."

56. On or about May 31, 2002, Gennaco or Gennaco Associates opened account number 46672805 at Saugus Bank for Oceanview Life Settlements ("Oceanview Account").

57. Gennaco or Gennaco Associates used the GCT Trust Account and Oceanview Account interchangeably.

58. On or before September 25, 2002, Gennaco or Gennaco Associates began soliciting investments into Oceanview hedge fund.

59. Gennaco testified that Oceanview never had any customers.
60. In fact, at least 3 people had investments in Oceanview.
61. As part of the process of soliciting investments into Oceanview, Gennaco or Gennaco Associates provided his clients with several "Offering Documents."
62. The Oceanview Offering Documents included the Oceanview Summary ("Oceanview Summary"), a copy of which is attached hereto as Exhibit C.
63. The Oceanview Summary provided to at least one investor stated among other things:
- "The attached sheets represent the following:
A) Total value of distribution, \$622,672.00
B) Years 1&2 yield \$4,000 per month with the surplus added to principal. Once \$675,000 is reached, (your pre-determined value for Oceanview), monthly distribution is increased to \$6,200 through year 5."
64. The Oceanview Summary provided: "the total portfolio holds 11 policies and is currently valued at \$2,130,000. All policies guaranteed by A+ rated companies..."
65. The Oceanview Summary also stated: "Withdrawals and all distributions are generated from a special cash account established for this purpose only."
66. The Offering Documents included Oceanview Frequently Asked Questions ("Oceanview FAQ") that described how an investment into Oceanview would work, a copy of which is attached hereto as Exhibit D.
67. The Oceanview FAQ used letterhead that read:
- "Oceanview Life Settlements, LLC
Life Plus"***
68. The Oceanview FAQ indicated that investments by several investors would be pooled in one investment vehicle that would purchase multiple life insurance policies

written on the life of unrelated parties. Oceanview would manage the investments with no efforts required by the investors.

69. The Oceanview Offering Documents included a document entitled "Life Plus," a copy of which is attached hereto as Exhibit E.

70. The Life Plus document indicated, "Life Plus is the most positive and innovative development to date in the Life Settlement industry."

71. The Life Plus document indicated the "Senior Settlement Contracts" that formed the assets of Life Plus had no risk, 100% secured protection of principal, secured "12-100% you choose" percent of return, no fees and commission, and was not subject to taxes.

72. Gennaco or Gennaco Associates wrote on the Life Plus document that "Principal & Interest are guaranteed (actually insured by Lloyd's of London)."

73. On information and belief, Oceanview is not insured by Lloyd's of London.

74. Gennaco or Gennaco Associates provided at least some investors in Oceanview a contract for their investment with Oceanview ("Oceanview Contract").

75. The Oceanview Contract provided little to no information about the Oceanview investment, except for some information resembles the terms of an annuity contract.

76. On or about December 23, 2003, an amended and restated Certificate of Organization was filed for Oceanview Life Settlements changing the name of the business to Oceanview Financial Services, LLC.

77. Gennaco or Gennaco Associates accepted investments intended for Oceanview and deposited invested funds in the GCT Trust Account.

78. Gennaco or Gennaco Associates provided a document to at least one investor entitled a "Certificate of Interest," a copy of which is attached hereto as Exhibit F.

79. The Certificate of Interest indicated that the investor was:

"an owner of an interest in certain life insurance contracts (more specifically set forth on Schedule A attached hereto) ("Contracts"), said contracts being owned by Oceanview Life Settlements, LLC (Oceanview) located at 2 Chamberlain Avenue, Winthrop, MA 02152.

80. The "Schedule A" referenced in the above paragraph did not accompany the Certificate of Interest.

81. The Certificate of Interest, as signed by Gennaco, indicated that the investor would receive a total of 14% of her initial investment per year until the entire "Investment Amount" was repaid in full.

82. According to the terms of the Certificate of Interest, the investor would not receive any return on her investment, and the Certificate of Interest did not accurately reflect her initial investment.

The Promised Investment Never Occurs

83. According to Gennaco, Oceanview had purchased some life insurance policy contracts and paid the premiums on those policies.

84. Regarding paying the premiums, Gennaco testified, "I would fund it myself" or he would use the fee he receives for selling other life settlement policies.

85. Gennaco did not provide the Division with any documents indicating that he had purchased any policies on behalf of Oceanview.

86. According to Gennaco, "there may be one or two [still in existence], but most of them we just let go. We just got out of that business when we knew there was some form of regulation involved."

87. When he determined that Oceanview would not move forward with its business, Gennaco "tried to sell them [the policies] ourselves to people who would buy it" but he did not sell any.

88. According to Gennaco, "several of them [then policies] lapsed and we took the loss."

89. According to Gennaco, regarding the Certificate of Interest, "It's originally a Certificate of Interest we were going to do when we thought we were going to buy policies, which we did not, and it should have not gone to her."

90. Gennaco agreed with the statement that investors in Oceanview "would not be the owner of the interest in certain life insurance contracts as described."

91. On information and belief, Gennaco or Gennaco Associates never notified any investors that some or all of Oceanview's assets had become worthless.

Pre-Need Burial Accounts

92. At some time prior to the year 2000, Gennaco or Gennaco Associates began offering pre-need burial accounts ("Burial Accounts") to funeral home directors in the Boston area.

93. Pre-need burial accounts are a way by which a person can guarantee the cost of a funeral by paying in advance.

94. The funeral home director is required by 239 Code of Massachusetts Regulations 4.0 *et seq.* to invest that money with a bank, trust company or by buying an insurance product.

95. At the time of death, the funeral home director receives the cost of the funeral, and any excess gain is provided to the estate of the deceased.

96. On information and belief, in connection with the offer of Burial Accounts, Gennaco or Gennaco Associates promised funeral home directors guaranteed returns on Burial Accounts, in connection with various insurance contracts.
97. On information and belief, Gennaco or Gennaco Associates received investments for more than 50 Burial Accounts from multiple funeral directors.
98. On information and belief, Gennaco or Gennaco Associates did not invest the Burial Account money in accordance with the way he represented to the funeral home directors.
99. On information and belief, Gennaco or Gennaco Associates did not invest the Burial Account money in accordance with the regulations governing pre-need funeral contracts.
100. Upon information and belief, at least one funeral home operator agreed to set up a pre-need funeral trust for the purpose of holding assets for the purpose of making payouts to cover funeral expenses of beneficiaries.
101. The "Business Trustee" of the trust was Loriann Gennaco Salvitti.
102. According to spreadsheets of Gennaco, as of June 30, 2001, the value of one funeral home trust was approximately \$760,000.
103. According to spreadsheets of Gennaco, as of December 31, 2001, the value of another funeral home trust was approximately \$174,000.
104. According to other documents of Gennaco & Associates, the corpus of these trusts consisted primarily of mortgages on real property owned or controlled by Gennaco and commercial paper issued by Gennaco.

105. On information and belief, Gennaco's first attempts to secure the Pre-need Burial Accounts was long after the investments were made.

106. Upon information and belief, the trust only acquired interests in the assets owned or controlled by Gennaco when a funeral home director began to demand accountings of and payment of funds he invested with Gennaco on behalf of his pre-need clients.

107. Only \$235,000 was held in deferred annuities.

108. At one point in 2002, counsel for Gennaco offered to enter into a payment plan where by Gennaco would pay a funeral home operator \$13,000 per month in order to satisfy Gennaco's obligations under the pre-need investments the funeral home operator made with him on behalf of his pre-need clients.

109. On or about May 16, 2001, Gennaco, Loriann Gennaco Salvitti, and John Langone issued a balloon note to a funeral home director for \$310,000 to be repaid by the proceeds of a real estate sale. Upon information and belief, this balloon note was intended to secure "investments" in pre-need accounts made with Gennaco.

110. Each of the above-referenced payout plans conflict with Gennaco's representations that the pre-need accounts were safe and conservative.

111. Each of the above-referenced payment plans conflict with Gennaco's representations that payments for burial expenses of beneficiaries would be made to the funeral director promptly upon request.

112. On information and belief, Gennaco or Gennaco Associates used new money from other investors to redeem Burial Accounts.

Premium Financing

113. On information and belief, Gennaco or Gennaco Associates engage in the business of brokering premium financing arrangements.

114. According to www.lifeselementsplus.com, Gennaco or Gennaco Associates's premium financing website, his premium financing:...

...program completely finances a large life insurance policy, issued to a qualified senior, for a period of two years. There is no collateral required because the financing is secured by the life insurance policy only. There is no liability to the insured, their beneficiaries or their family. If the insured senior should unexpectedly pass away during the program coverage period, the named beneficiaries would receive 100% of the death benefit excluding the loaned premiums and accrued interest.

In the likely event that the insured survives the loan period, the decision must be made to either...

1. Buy the policy by paying the initial loan and paying future premiums. (This option would be exercised if the insured has acquired a life threatening illness during the coverage period).
2. Abandon the policy and the loan with No Recourse. (This option is not advisable).
3. Allow us to shop the policy on the secondary market with the possibility of a substantial profit.

115. In a typical premium financing deal, clients receive two years of financed insurance and a cash bonus at signing. The funds for that deal come from a third party financing company.

116. Gennaco or Gennaco Associates receive approximately 30% in commission in the first year after a client purchases a life insurance policy through Gennaco or Gennaco Associates using premium financing.

THE INVESTORS:

Investor A

Initial Investment With GCT Trust Private Annuity

117. After Investor A's husband passed away, Gennaco or Gennaco Associates convinced Investor A to invest the proceeds of her husband's life insurance policy with the GCT Trust.

118. Gennaco or Gennaco Associates provided Investor A with the Private Annuity document.

119. On or about October 1, 1998, Investor A completed and signed an application for the GCT Trust ("Application"), which was also signed by Gennaco.

120. Investor A's Application indicated that Investor A would be investing \$191,044.

121. On or about October 1, 1998, Gennaco or Gennaco Associates provided the GCT Trust Summary to Investor A that indicated that Investor A's initial investment was \$191,044.00.

122. The GCT Trust Summary for Investor A indicated that the investment guaranteed a rate of "6.0% per year for the five (5) contract years." Additionally, the "Equity Index Rate" was "Seventy (70) percent of return on increase of S&P-500 Index performance from inception date of the contract over a five (5) year period, less guaranteed rate of 6.0% per year during that five (5) year period."

123. Gennaco or Gennaco Associates also provided Investor A with the GCT Trust Contract.

124. According to Gennaco relating to the GCT Trust Contract, "[a]ll I can answer to you is what this indicates here is exactly what happened. None of what this document here indicated happened and I've got nothing more to say on that matter."

125. According to Gennaco, relating to the contracts and other documentation provided to Investor A, "...it can be seen in those reports that none of the methods we used as initially described. I just want to make you understand that."

126. According to Gennaco, "[t]here was never an operation of GCT Trust."

127. On information and belief, neither Gennaco nor Gennaco Associates ever notified Investor A that the GCT Trust was non-operational, or what that would have meant with respect to her investment.

Unbeknownst to Investor A, Her Investment Moved from the GCT Trust Private Annuity to the Oceanview Life Settlements Hedge Fund.

128. On or about March 26, 2004, Gennaco or Gennaco Associates provided Investor A with the Certificate of Interest signed by Gennaco.

129. The Certificate of Interest indicated that Investor A's investment had become an interest in a pool of life settlement contracts.

130. On information and belief, Investor A was not consulted about the change in investment.

131. On information and belief, Investor A did not understand the change in her investment.

132. When he determined that Oceanview would not move forward with its business, Gennaco "tried to sell them [the policies] ourselves to people who would buy it" but he did not sell any.

133. According to Gennaco, "several of them [then policies] lapsed and we took the loss."

134. According to Gennaco, regarding the Certificate of Interest, “[i]t’s originally a Certificate of Interest we were going to do when we thought we were going to buy policies, which we did not, and it should have not gone to her.”

135. Gennaco agreed with the statement that Investor A “would not be the owner of the interest in certain life insurance contracts as described.”

136. On information and belief, neither Gennaco nor Gennaco Associates ever notified Investor A that some or all of Oceanview’s assets had become worthless.

137. The Certificate of Interest, as signed by Gennaco, indicated that Investor A would receive a total of 14% of her initial investment per year until the entire “Investment Amount” was repaid in full.

138. According to the terms of the Certificate of Interest, Investor A would not receive any return on her investment, and the Certificate of Interest did not accurately reflect her initial investment.

139. During the course of the investment, Gennaco or Gennaco Associates never provided Investor A with account reconciliations.

No Repayment Until Threat of Legal Action

140. On or about February 2005, Investor A’s daughter began trying to recover Investor A’s investment with Gennaco or Gennaco Associates so that Investor A could remain at home under the care of her daughter.

141. On or about March 2005, counsel for Investor A began trying to recover Investor A’s investment with Gennaco or Gennaco Associates.

142. On or about June 27, 2005, Investor A became so ill that she required full time nursing care.

143. After repeated attempts to redeem her investment, Investor A was forced to enter a nursing facility because she could not afford to be cared for at home.

144. Prior to January 3, 2006, counsel for Investor A attempted to recover funds from Gennaco to pay for Investor A's funeral.

145. On January 3, 2006, Gennaco's attorney sent a check for \$7,000 to counsel for Investor A to pay for Investor A's expected funeral expenses.

146. On or about January 4, 2006, Investor A died.

147. On February 9, 2006, the Enforcement Section sent a subpoena to Gennaco requesting documents relating to Investor A's accounts with Gennaco.

148. On March 6, 2006, Gennaco's attorney sent a check for \$50,000 to counsel for Investor A, to partially redeem Investor A's investment.

149. On April 4, 2006, Gennaco's attorney sent a check for \$11,800 "representing the final payment" on the matter involving Investor A.

150. Only after Investor A's counsel's attempts and the Enforcement Section began investigating Gennaco and Gennaco Associates with respect to Investor A, did Gennaco or Gennaco Associates redeem what he purported to be the balance of Investor A's investment.

151. On information and belief, Gennaco or Gennaco Associates used money intended for investment by other investors to redeem the investment by Investor A.

152. Neither Gennaco nor Gennaco Associates has ever provided an accounting of the funds he owed to Investor A.

153. On information and belief, Gennaco and Gennaco Associates never fully repaid Investor A.

Investor B

Investment into the Oceanview Life Settlements hedge fund

154. Between the approximate dates of December 2001 and January 2002, following the death of Investor B's husband, Gennaco or Gennaco Associates approached Investor B and solicited her to invest in the Oceanview Life Settlements hedge fund. The investment he proposed to Investor B was a "Five Year Split Funded Program" where Investor B would receive monthly payments of \$4,000 for two years after which the monthly payment would be increased to \$6,200. After 5 years, Investor B would receive a lump sum payment.

155. On or about September 25, 2002, Gennaco or Gennaco Associates sent the Oceanview Summary to Investor B. The Oceanview Summary stated among other things:

The attached sheets represent the following:

A) Total value of distribution, \$622,672.00

B) Years 1&2 yield \$4,000 per month with the surplus added to principal. Once \$675,000 is reached, (your pre-determined value for Oceanview), monthly distribution is increased to \$6,200 through year 5.

156. The Oceanview Summary also states: "[w]ithdrawals and all distributions are generated from a special cash account established for this purpose only."

157. On information and belief, the GCT Trust Account is the special cash account referred to in the immediately preceding paragraph.

158. On or about February 19, 2002, the account balance in the GCT Trust account was approximately \$1,907.86.

159. On or about February 21, 2002, a \$187,190.38 check from Investor B was deposited into the GCT Trust Account. The check indicated it was intended for an "Entrust Instant Acct." The check was drawn on an All American Life instant access

account, and represented the proceeds of a life insurance policy held by Investor B's late husband.

160. Page two of the Oceanview Summary indicated each of Investor B's contributions to Oceanview. This included \$193,504.00 from All American Life, which, on information and belief, represented the assets referenced in the above paragraph.

161. On information and belief, Gennaco never opened an Entrust account on behalf of Investor B.

162. On or about March 1, 2002, a \$251,458.90 check from Investor B was deposited into the GCT Trust Account. The check indicated this check was intended for an "Entrust Invest. Acct." The check was drawn on a Phoenix Preferred Client Account and represented the proceeds of a life insurance policy held by Investor B's late husband.

163. Page two of the Oceanview Summary indicated each of Investor B's contributions to Oceanview. This included \$259,946.00 from Phoenix Mutual, which, on information and belief, represented the assets referenced in paragraph 163 *supra*.

164. On or about February 21, 2002, 99% of the assets of the GCT Trust Account consisted of Investor B's investment.

165. According to Gennaco, Oceanview never had any customers.

166. On information and belief, Investor B intended both the \$187,190.38 and \$251,458.90 to be investments with Oceanview.

167. Gennaco or Gennaco Associates accepted both the \$187,190.38 and \$251,458.90 as investments with Oceanview.

168. Page two of the Oceanview Summary included a "Distribution Summary." The Distribution Summary stated among other things that "Monthly withdrawals \$4,000

(\$48,000 per year). Surplus interest is added to principal account until Trust reaches \$675,000 at the end of the 2nd year.”

169. With respect to Oceanview Life Settlements, according to Gennaco, “the company’s non existent other than the name itself.” He went on, “Its not a working company...” “It originally was formed for the life settlement business, but there was a lot of regulations and it wasn’t effective in Massachusetts, so therefore we didn’t do anything.”

170. According to Gennaco, with respect to the GCT Trust, “there never was any investments.”

171. The Oceanview FAQ indicated that investments by several investors would be pooled in one investment vehicle that would purchase multiple life insurance policies written on the life of unrelated parties. Oceanview would manage the investments with no efforts expended by the investors.

172. The Oceanview Summary provided to Investor B stated: “the total portfolio holds 11 policies and is currently valued at \$2,130,000. All policies guaranteed by A+ rated companies....”

173. According to Gennaco, Oceanview had at some time purchased less than five life settlement contracts and paid the premiums on those insurance policies.

174. According to Gennaco, “several of them [the policies] lapsed and we took the loss.”

175. On information and belief, neither Gennaco nor Gennaco Associates notified Investor B that some or all of Oceanview’s assets had become worthless.

176. On February 21, 2002, 99% of the assets of the GCT Trust Account consisted of Investor B's investment.

177. On February 22, 2002, Gennaco transferred \$35,000 from the GCT Trust Account to an account for "Joseph Gennaco & Associates."

178. On February 21, 2002, Gennaco paid \$13,000 to a creditor or investor by check noting in the memo line "repayment of loan/ partial."

179. On information and belief, within three months of Investor B depositing funds to the GCT Trust Account, Gennaco or Gennaco Associates personally withdrew or transferred to bank accounts in the control of Gennaco and/or Gennaco and Associates account more than \$125,000.

180. On information and belief, within three months of Investor B depositing funds to the GCT Trust Account, Gennaco or Gennaco Associates wrote distribution checks from the GCT Trust Account to multiple people totaling more than \$200,000.

181. On information and belief, the distributions referenced in the above paragraph were for the GCT Trust Private Annuity, Pre-need Burial Accounts, repayments of personal loans, Oceanview Life Settlements hedge fund accounts and other investment schemes managed by Gennaco or Gennaco Associates.

182. On or about May 9, 2002, Gennaco deposited a check for \$20,000 into the GCT Trust Account.

183. On information and belief, Gennaco deposited another \$20,000 from another investor into the GCT Trust Account on May 13, 2002.

184. Between May 9 and May 21, 2002, Gennaco or Gennaco Associates personally withdrew \$8,500 from the GCT Trust Account.

185. Between May 9 and May 21, 2002, Gennaco or Gennaco Associates wrote distribution checks from the GCT Trust Account to multiple people totaling more than \$35,389.37.

186. By May 20, 2002, the balance in the GCT Trust Account was \$3,031.71.

187. On information and belief, the vast majority, if not all, of the money invested by Investor B was used to pay Gennaco, Gennaco Associates, or to repay investors and very little if any money was invested on behalf of Investor B.

188. On information and belief, Gennaco or Gennaco Associates has been paying Investor B \$4,000 per month in distributions.

189. On information and belief, neither Gennaco nor Gennaco Associates ever began paying the \$6,200 per month at the end of the second year of the investment and has never paid more than \$4,000 per month, as required by the Offering Documents and Oceanview Summary.

190. Investor B and/or Investor B's agents have repeatedly contacted Gennaco or Gennaco Associates to inform him that he was required to increase the monthly distributions.

191. Neither Gennaco nor Gennaco Associates provided account reconciliations or account statements to Investor B.

192. On or about July 9, 2004, Gennaco or Gennaco Associates sent a letter to Investor B stating that even taking into account the monthly distributions, "the policy has 3 years to maturity, September 2007, at which time the pay-out will be approximately \$685,000."

Investor C

193. On or about May 20, 2002, the balance in the GCT Trust Account was \$3,031.71.

194. On or about May 22, 2002, three checks totaling approximately \$158,734.32 were distributed from Allianz insurance company to GCT Trust on behalf of Investor C.

195. The three checks referenced in the above paragraph were deposited into the GCT Trust Account on May 22, 2002.

196. On May 23, 2002, Gennaco personally withdrew \$26,000 from the GCT Trust Account.

197. On May 23, 2002, Gennaco transferred \$50,000 from the GCT Trust Account and transferred it to the Oceanview Life Settlements Account.

198. Between May 23, 2002 and June 19, 2002, Gennaco personally withdrew more than \$27,500 from the Oceanview Life Settlements Account.

199. Between May 23 and June 19, 2002, Gennaco or Gennaco Associates wrote distribution checks from the GCT Trust Account to multiple people totaling more than \$35,389.37.

Investor D

200. Prior to February 17, 1998, Investor D signed a GCT Trust Application that indicated some money would be invested with the "Dreyfus S&P Index Fund." John Langone signed the GCT Trust Application.

201. On or about February 17, 1998, Gennaco or Gennaco Associates provided Investor D with a GCT Trust Contract.

202. The GCT Trust Contract provided to Investor D, indicated an initial investment of \$62,856.00, a guaranteed rate of return of 6% for five years, as well as an investment rate and other information.

203. On or about June 30, 1999, the GCT Trust sent a statement to Investor D on letterhead of the GCT Investment Trust, indicating that Investor D had invested an additional \$64,000, and the investment had a current value of \$145,728.80.

204. On or about June 30, 1999, the GCT Trust sent a statement to Investor D's wife on letterhead of the GCT Investment Trust, indicating that Investor D's wife had invested \$23,265, and the investment had a current value of \$25,082.50.

205. On or about June 30, 2001, Gennaco or Gennaco Associates sent Investor D a statement from a facsimile for Taurus Capital. The statement indicated Investor D had an initial investment of \$513,400.19 with a current value of \$709,003.32. The statement indicated the investment was made up of a combination of an Allianz Annuity, a Real Estate Note and a Promissory Note.

206. Between the approximate dates of February 23, 2002 and April 23, 2002, Gennaco or Gennaco Associates signed multiple checks made payable to Investor D from the GCT Trust Account.

207. The funds underlying the checks paying Investor D, referenced above were in fact funds invested by Investor B.

VIII. CONCLUSIONS OF LAW

Violations of §101: Fraudulent and Other Prohibited Practices

208. Paragraphs 1 through 207 are incorporated herein.

209. Section 101 of the Act, entitled Fraudulent and Other Prohibit Practices: Sales and Purchases, reads in relevant part:

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.

210. By directly and/or indirectly providing Offering Documents and/or Statements to Investors, that contained untrue statements of material fact and/or omitted to state material facts necessary in order to make the statements made not misleading, Gennaco and Gennaco Associates violated §101 of the Act.

211. By failing to apprise investors of the fees, commissions and/or other consideration Gennaco or Gennaco Associates would take in connection with the management of the GCT Trust or Oceanview, Gennaco and Gennaco Associates violated §101 of the Act.

212. Because they failed to apprise investors of the fees, commissions and/or other consideration Gennaco or Gennaco Associates would take in connection with the management of the GCT Trust or Oceanview, neither Gennaco nor Gennaco Associates were entitled to any fees in connection with that management.

213. By taking fees, commissions and/or markups in contravention of the Offering Documents and/or Statements to Investors, Gennaco and Gennaco Associates violated §101 of the Act.

214. By taking funds from the GCT Trust Account and the Oceanview Account without authority from the Offering Documents, Gennaco and Gennaco Associates violated §101 of the Act.

215. By informing investors that he would maintain a special account established only for the purpose of withdrawals and distributions but instead taking money from that account for himself, Gennaco and Gennaco Associates violated §101 of the Act.

216. By representing to investors that investments in Oceanview were risk free, provided guaranteed returns and were guaranteed by Lloyd's of London, Gennaco and Gennaco Associates violated §101 of the Act.
217. By failing to operate the GCT Trust and Oceanview in accordance with the Offering Documents and/or Statements to Investors, Gennaco and Gennaco Associates violated §101 of the Act.
218. By failing to apprise investors of the risks of the fund in the Offering Documents and/or Statements to Investors, Gennaco and Gennaco Associates violated §101 of the Act.
219. By soliciting investments in the GCT Trust and Oceanview using Offering Documents and Statements to Investors that described particular investment strategies and not engaging in those investment strategies, Gennaco and Gennaco Associates violated §101 of the Act.
220. By failing to maintain the assets held on behalf of investors in the GCT Trust and Oceanview in accordance with the Offering Documents and Statements to Investors, Gennaco and Gennaco Associates violated §101 of the Act.
221. By willfully engaging in the above referenced actions and activities, Gennaco and Gennaco Associates willfully violated §101 of the Act.

Violations of § 201(c): Acting as an Unregistered Investment Adviser

222. Paragraphs 1 through 207 are incorporated herein
223. 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.

224. Section 401(m) of the Act defines investment adviser:

'Investment adviser' means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. 'Investment adviser' also includes financial planners and other persons who, as an integral component of other financially related services, provide the foregoing investment advisory services to others for compensation and as a part of a business or who hold themselves out as providing the foregoing investment advisory services to others for compensation.

225. Respondents Gennaco and Gennaco Associates, have advised Massachusetts residents as to the benefits of investing in the GCT Trust and Oceanview.

226. Respondents Gennaco and Gennaco Associates managed the investments of the GCT Trust and Oceanview.

227. Respondents Gennaco and Gennaco Associates have received compensation for the management of funds, which have been invested in the GCT Trust and Oceanview.

228. By receiving compensation for the rendering of advice in connection with the investment and management of funds, Respondent Gennaco and Gennaco Associates have acted in the capacity of an unregistered investment adviser in violation of Section 201(c) of the Act.

229. By receiving compensation for the rendering of advice in connection with the investment and management of funds, Respondent Gennaco and Gennaco Associates have acted in the capacity of an unregistered investment adviser in violation of Section 201(c) of the Act.

230. By willfully engaging in the above referenced actions and activities, Gennaco and Gennaco Associates willfully violated §201 of the Act.

Violations of § 301: Selling Unregistered Securities

231. Paragraphs 1 through 207 are incorporated herein
232. Interests in the GCT Trust are securities under the Act and Regulations.
233. Interests in Oceanview Life Settlements are securities under the Act and Regulations.
234. Section 301 of the Act, titled Registration Requirement, reads in relevant part:
- It is unlawful for any person to offer or sell any security in the commonwealth unless (1) it is registered under this chapter or (2) the security or transaction is exempted under section 402.
235. The Corporate Finance section of the Secretary of the Commonwealth has not received a registration application, nor a notice of exemption filing, for offers and sales of the GCT Trust or Oceanview.
236. Gennaco and Gennaco Associates offered and sold interests in the GCT Trust and Oceanview Life Settlements.
237. By failing to either register or file a notice of exemption for offers and sales of the GCT Trust or Oceanview, Respondents Gennaco, Gennaco Associates, the GCT Trust and Oceanview Life Settlements violated Section 301 of the Act.
238. By willfully engaging in the above referenced actions and activities, Gennaco and Gennaco Associates willfully violated §301 of the Act.

Violations of §404 of the Act

239. Paragraphs 1 to 207 are incorporated herein.
240. Section 404 of the Act, Misleading Filings, reads in relevant part:
- It is unlawful for any person to make or cause to be made, in any document filed with the secretary or in any proceeding under this chapter, any statement which is, at the time and in the light of the circumstances under which it is made, false or misleading in any material respect.

241. By signing an Offer of Settlement that read in relevant part: "Gennaco and TCIG have returned the sum of \$1,866,486.00 to the 71 individuals who invested their funds," but never having returned the funds to at least one investor, Gennaco submitted a false or misleading filing to the Division in violation of §404 of the Act.

Violations of §407A of the Act

242. Paragraphs 1 to 207 are incorporated herein.

243. Section 407A of the Act, Violations; Cease and Desist Orders; Costs, reads in relevant part:

(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 this chapter. No administrative fine imposed pursuant to this chapter shall exceed ten thousand dollars for each violation.

244. By failing to pay back at least one investor as provided in the Consent Order, Gennaco violated the Consent Order.

245. By acting as an unregistered investment adviser as described above, Gennaco violated the Consent Order by failing to cease and desist from violations of the Act.

246. By offering and selling unregistered, non-exempt securities as described above, Gennaco violated the Consent Order by failing to cease and desist from violations of the Act.

247. By engaging in a scheme to defraud Massachusetts investors in violation of section 101 of the Act, Gennaco violated the Consent Order by failing to cease and desist from violations of the Act.

248. By willfully violating the Consent Order, Gennaco violated §407A(a) of the Act.

VI. PUBLIC INTEREST

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors to require Respondents: 1) to permanent cease and desist from acting as an investment adviser, investment adviser representatives, selling unregistered securities and committing fraud and all other violations of the Act; 2) to pay an administrative fine in an amount and upon such terms as the Director or Hearing Officer may determine; 3) to provide an accounting of all securities sold to Massachusetts residents, disburse all monies invested by Massachusetts investors, and to fairly compensate investors for those losses attributable to the alleged wrongdoing; 4) to disgorge all profits realized as a result of Respondents' violations of the Act; and 5) to take such further action as may be deemed just and appropriate for the protection of investors. The Division further seeks from Respondents payment of the costs of its investigation and of this adjudicatory proceeding.

VII. STATUTORY BASIS FOR RELIEF

249. Section 407A(a) of the Act states:

If the secretary determines, after notice and an 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 there under, 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].

XI. RELIEF REQUESTED

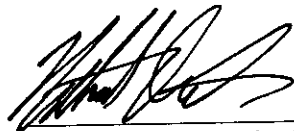
Wherefore, the Enforcement Section of the Division requests that the Director or Hearing Officer take the following action: find as fact the allegations set forth in paragraphs

1 to 207 of the Complaint and issue an order requiring Respondents to: 1) to permanently cease and desist from acting as an investment adviser, investment adviser representatives, selling unregistered securities and committing fraud and all other violations of the Act; 2) pay an administrative fine in an amount and upon such terms as the Director or Hearing Officer may determine; 3) to provide an accounting of all securities sold to Massachusetts residents, disburse all monies invested by Massachusetts investors, and to fairly compensate investors for those losses attributable to the alleged wrongdoing; 4) to disgorge all profits realized as a result of Respondents' violations of the Act. The Enforcement Section also requests the Director or Hearing Officer take such further action as may be deemed just and appropriate for the protection of investors and seeks from Respondents payment of the costs of its investigation and of this adjudicatory proceeding.

SECRETARY
R. CHILDS
2007 MAY 17 AM 10:57

ENFORCEMENT SECTION
MASSACHUSETTS SECURITIES DIVISION

By:



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May 17, 2007