



North Carolina

Department of the Secretary of State

Hon. Elaine F. Marshall, Secretary

Securities Division



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## March/April 2015 NEWSLETTER • Vol. 7, Nos. 3 & 4

# Gaston County Man Charged with Securities Fraud



Micah Christopher Wilson

On March 12, 2015, law enforcement agents with the North Carolina Secretary of State's Securities Division charged Micah Christopher Wilson, 59, of Gastonia with two counts of felony securities fraud and two counts of obtaining property by false pretenses. Investigators allege Wilson defrauded victims out of hundreds of thousands of dollars.

Secretary of State investigators allege Wilson deceived multiple victims in Gaston and surrounding counties into investing money with him and his company, Creative Financial Concepts, Inc., by guaranteeing them they would earn at least 8-percent interest on their principal in an unspecified investment vehicle. Investigators believe Wilson instead converted the funds to his personal

use, as well as to give payments to other investors. He also failed to tell investors that he was not registered to sell securities.

The Secretary of State's Office worked in partnership with the Burke County Sheriff's Office and the Cleveland County Sheriff's Office on this case. Secretary of State Elaine F. Marshall also thanked the Gastonia Police Department for their assistance.

Wilson is now in custody in the Gaston County Jail under a \$1 million bond.

"This is an ongoing investigation," Secretary Marshall said. "We strongly urge anyone who believes they may be a victim of Mr. Wilson or Creative Financial Concepts to contact the Secretary of State's Securities Division at 1-800-688-4507."

Anyone considering an investment should always first call the NC Secretary of State's Securities Division at 1-800-688-4507 or [secdiv@sosnc.com](mailto:secdiv@sosnc.com) to make sure the person offering the investment, and the investment itself, are properly registered.

### CFTC to Hold First SmartCheck Week: April 6-12

#### Agency's Easy-to-Use Online Tools help Consumers Protect Themselves from Fraud

As part of Financial Literacy Month, the U.S. Commodity Futures Trading Commission (CFTC) has announced the first-ever SmartCheck<sup>SM</sup> Week.

During the week of April 6-12, 2015, CFTC staff will highlight efforts to encourage investors to check the background of financial professionals before investing their money. Through advertising, social media, and targeted outreach, the CFTC will urge investors to visit [SmartCheck.gov](http://SmartCheck.gov) during SmartCheck<sup>SM</sup> Week and to make this part of a routine step when considering a new financial professional and with established advisors.

*(See "SmartCheck", continued on p.10)*

## FOUR DEFENDANTS SENTENCED FOR THEIR ROLE IN FEDERAL RACKETEERING CONSPIRACY



### *Defendants among 91 Charged in Operation Wax House*

On Thursday, March 12, 2015, John McDowell, 42, of Charlotte, and Glynn Hubbard, 37, of Huntersville, N.C., were sentenced by Senior U.S. District Judge Graham C. Mullen on federal racketeering charges, announced Jill Westmoreland Rose, Acting U.S. Attorney for the Western District of North Carolina. Two additional defendants were sentenced on Tuesday, March 10, 2015 for their role in the federal racketeering Enterprise. Acting U.S. Attorney Rose is joined in making this announcement by John A. Strong, Special Agent in Charge of the Federal Bureau of Investigation (FBI), Charlotte Division, Thomas J. Holloman III, Special Agent in Charge of the Internal Revenue Service, Criminal Investigation Division (IRS-CI).

Judge Mullen sentenced McDowell to 34 months in prison and three years of supervised release. According to court documents and the sentencing hearing, McDowell was a member of the Enterprise since 2005 until he was arrested in Senegal, Africa following the unsealing of the federal indictment in this case. Court records show McDowell served as a promoter in the conspiracy's mortgage and investment fraud activities, inducing multiple victims to take out loans and sign the loan proceeds over to the Enterprise as an "investment". McDowell used the fraudulent proceeds to fund his extravagant lifestyle.

Hubbard was sentenced to 36 months in prison and two years of supervised release. According to court records and court proceedings, Hubbard served the Enterprise as a promoter in its mortgage fraud operations, arranging two transactions that occurred the same day with losses of more than \$1 million for which he received approximately \$250,000 in kickbacks through a sham corporation.

Earlier this week, two more defendants were sentenced in connection with Operation Wax House. James Tyson, Sr., 63, of Charlotte, was sentenced to 37 months and three years of supervised release. Tyson served the Enterprise as a promoter in its investment fraud activities, fraudulently inducing victims to invest over a million dollars. Tyson, Sr. used the criminally obtained proceeds, including living in a million dollar mansion fraudulently purchased by the Enterprise in the name of a straw buyer and driving luxury vehicles taken out in the names of victims of the Enterprise.

Kurosh Mehr, 54, of Charlotte, was sentenced to 54 months and three years of supervised release. A federal jury found Mehr guilty in October 2014 of racketeering conspiracy, bank fraud, and money laundering conspiracy. The evidence at trial showed that Mehr served a promoter and a buyer for the Enterprise's mortgage fraud activities and received approximately \$300,000 in kickbacks from the fraudulent loan proceeds.

These four convictions are the latest in Operation Wax House, an investigation which began in 2007. Of the 91 charged, 89 defendants have either pleaded guilty or have been convicted following trial and two are international fugitives. Of the 89 defendants convicted, 11 remain to be sentenced.

Operation Wax House in the Western District of North Carolina is being handled by the Charlotte Division of the FBI and the Criminal Division of the IRS for the Financial Fraud Enforcement Task Force, along with the Securities Division of the North Carolina Secretary of State with respect to a separate prosecution. The Operation Wax House prosecution is being handled for the government by Assistant United States Attorney Maria K. Vento. Mehr's trial was handled by Assistant United States Attorneys Maria K. Vento and Jenny G. Sugar.

The names and case numbers of the all the defendants charged to date in Operation Wax House are listed below, organized by their alleged role in the scheme:

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**Attorneys and Paralegals**

Crawford/Mallard, Michelle  
3:11cr374  
Gates, Christine 3:09cr100  
Norwood, Kelli, 3:09cr162  
Rainer, Demetrius  
3:08cr239/241  
Smith, Troy, 3:08cr264

**Bank Insiders**

Brown, Jamilia, 3:10cr124  
Eason, Danyelle, 3:10cr116  
Henson, Vic. F., 3:10cr124  
Jackson, Mitzi, 3:11cr374  
Ramey, Bonnie Sue,  
3:10cr124

**Builders and Sellers**

Fink, James, 3:11cr374  
Jackson, Jennifer, 3:09cr241  
Smith, Kelvis, 3:12cr238  
Viegas, Jeffrey, 3:12cr298  
Wittig, Mark, 3:12cr335  
Wood, Gary, 3:09cr208

**Facilitators and Financiers  
Mortgage Brokers**

Bradley, Bonnette, 3:12cr299  
Clarke, Linda, 3:10cr120  
Flood, Ericka, 3:10cr124  
Goodson-Hudson, Crystal,  
3:12cr339  
Mahaney, Robert, 3:12cr340  
Scagliarini, Coley, 3:11cr374  
Staton, Walter, 3:10cr113  
Vaughn, Danielle, 3:12cr329  
Williams, Marcia, 3:12cr334  
Williams, Sean, 3:12cr336  
Woods, Joseph, 3:09cr178

**Real Estate Agents**

Belin, Chris, 3:11cr374  
Clark, Christina, 3:09cr44  
Lee, Shannon, 3:12cr338  
Pasut, Holly Hardy, 3:12cr331  
Wolf, Nathan Shane,  
3:12cr239

**Promoters**

Amini, Ramin, 3:12cr239  
Barnes, Vonetta Tyson,  
3:12cr239  
Hickey, Denis, 3:09cr103  
McClain, Landrick, 3:10cr124  
Mitchell, Ann Tyson,  
3:12cr239  
Panayoton, Sherrill,  
3:11cr176  
Taylor, Alicia Renee,  
3:10cr124  
Wilson, Willard, 3:09cr161

**Buyers**

Banks, Arketa, 3:12cr297  
Clarke, Benjamin, 3:12cr239  
Hillian, Kirk, 3:12cr83  
Mathis, Charles, 3:10cr1  
Mobley, Sarena, 3:10cr124  
Moore, George, 3:12cr337  
Richards, Dan, 3:10cr119  
Smith, Kevin, 3:12cr341  
Tyler, Glenna, 3:11cr200  
Vaughn, Mary, 3:12cr329  
Wallace, Jamaine, 3:12cr330  
Wellington, William,  
3:12cr333

**Notary Public**

Willis, Anthony, 3:09cr218  
Myles, Denetria, 3:12cr239

**Appraisers**

Darden, Clinton 3:10cr108  
Brown, William, 3:12cr239  
Bumpers, Travis, 3:12cr239  
Carr, Stephen, 3:10cr124  
Clarke, Reuben, 3:10cr120  
Coleman, Gregory, 3:10cr118  
Desimone, Frank, 3:12cr239  
Dooley, Lori, 3:12cr239  
Hitchcock, Jimmy, 3:11cr374  
Hubbard, Glynn, 3:12cr239  
Hunt, Victoria, 3:12cr239  
Hunter, Toby, 3:12cr239  
Johnson, Ralph, 3:12cr239  
Jones, Steven, 3:12cr239  
Jones, Tyree, 3:10cr230  
Long, Waylon 3:13cr98  
Marshall, Michael, 3:07cr283  
McDowell, John, 3:12cr239  
McPhaul, Elizabeth,  
3:10cr114  
Mehr, Kurosh, 3:12cr239  
Moye, Melvin 3:13cr99  
Newland, Matthew, 3:12cr239  
Perry, John Wayne, Jr.,  
3:12cr239  
Perry, Kim, 3:10cr25  
Phillips, Rick, 3:10cr115  
Saddig, Nazeere, 3:12cr239  
Sharreff-El, Drew, 3:10cr124  
Sherald, Kiki, 3:10cr117  
Simmons, Aaron, 3:09cr240  
Snead, Todd, 3:10cr124  
Staton, Lisa, 3:10cr113  
Thorogood, Donte, 3:12cr239  
Tyson, Carrie, 3:12cr239  
Tyson, James, Jr. 3:12cr239  
Tyson, James, Sr., 3:12cr239  
Wellington, Phillip, 3:12cr332  
Wood, Purnell, 3:12cr239

## CFTC Charges Maverick International, Inc. and its Principals Wesley Allen Brown and Edward Rubin with Pool Fraud and Other Violations



On March 31, 2015, the U.S. Commodity Futures Trading Commission (CFTC) [announced](#) the filing of a civil enforcement action in the U.S. District Court for the Middle District of Florida, charging Defendants **Maverick International, Inc.** and its principals, **Wesley Allen Brown** and **Edward Rubin**, with operating a fraudulent commodity pool and other violations of federal commodity laws. Maverick International, Inc. purportedly maintains offices in Wilmington, Delaware; however, its address is actually the address of a mail forwarding service. Brown currently resides in North Myrtle Beach, South Carolina, and Rubin resides in Winnabow, North Carolina.

The [CFTC Complaint](#) was filed under seal on March 23, 2015, and on March 26, 2015, U.S. District Court Judge Brian J. Davis issued an [emergency Order](#) freezing and preserving assets under Defendants' control and prohibiting them from destroying documents or denying CFTC staff access to their books and records. The Court scheduled a hearing for April 8, 2015, on the CFTC's motion for a preliminary injunction.

The CFTC Complaint charges that, as early as June 18, 2008, Defendants solicited and accepted more than \$2 million from members of the public to trade commodity futures contracts in a commodity pool. As alleged, the Defendants misappropriated all of the \$2 million to pay their personal and business expenses, including rent, meals, and more than \$200,000 in cash withdrawals.

The Complaint alleges that Brown used his position as an associate pastor at a Flagler Beach, Florida, church to solicit congregants to participate in the fraudulent scheme. Through in-person solicitations and the Defendants' website (wealthnavigator.org), Brown represented to actual and potential participants that the Defendants profitably traded commodity futures and precious metals on behalf of participants. These representations were false, because Defendants misappropriated all of the participants' funds, and no trading on behalf of participants took place, according to the Complaint.

In its continuing litigation, the CFTC seeks full restitution to defrauded pool participants, disgorgement of any ill-gotten gains, a civil monetary penalty, permanent registration and trading bans, and a permanent injunction against future violations of federal commodities laws, as charged.

The CFTC appreciates the assistance of the Office of the State Attorney for the Seventh Judicial District of Florida; the Florida Office of Financial Regulation; the Office of the U.S. Attorney for the Middle District of Florida; the North Carolina Department of the Secretary of State, Securities Division; the Sheriff's Department, Brunswick County, North Carolina; and the City of Myrtle North Myrtle Beach, Department of Public Safety.

CFTC Division of Enforcement staff members responsible for this action are Timothy J. Mulreany, George Malas, and Paul Hayeck.

### CFTC's Commodity Pool Fraud Advisory

The CFTC has issued several customer protection [Fraud Advisories](#) that provide the warning signs of fraud, including the [Commodity Pool Fraud Advisory](#), which warns customers about a type of fraud that involves individuals and firms, often unregistered, offering investments in commodity pools.

Customers can report suspicious activities or information, such as possible violations of commodity trading laws, to the CFTC Division of Enforcement via a Toll-Free Hotline 866-FON-CFTC (866-366-2382) or [file a tip or complaint](#) online.

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# FINRA Foundation Research Reveals Fraud Victims Vulnerable to Severe Stress, Anxiety and Depression



The FINRA Investor Education Foundation has issued a new research report, *Non-Traditional Costs of Financial Fraud*, which found that nearly two thirds of self-reported financial fraud victims experienced at least one non-financial cost of fraud to a serious degree—including severe stress, anxiety, difficulty sleeping and depression. While the Stanford Financial Fraud Research Center estimates that \$50 billion is lost to financial fraud every year, the FINRA Foundation's innovative research examines the broader psychological and emotional impact of financial fraud.

"Fraud's effects linger and cause distress well after the scam is over. For the first time, we have data on the deep toll that fraud exerts on its victims, and the results are sobering. This new research underscores the importance of the FINRA Foundation's work with an array of national, state and local partners to help Americans avoid fraud, and assist consumers who have been defrauded," said FINRA Foundation President Gerri Walsh.

*Non-Traditional Costs of Financial Fraud* found that:

- nearly two thirds (65 percent) reported experiencing at least one type of non-financial cost to a serious degree; and
- the most commonly cited non-financial costs of fraud are severe stress (50 percent), anxiety (44 percent), difficulty sleeping (38 percent) and depression (35 percent).



*Non-Traditional Costs of Financial Fraud* found that, beyond the psychological and emotional costs, nearly half of fraud victims reported incurring indirect financial costs associated with the fraud, such as late fees, legal fees and bounced checks. Twenty-nine percent of respondents reported incurring more than \$1,000 in indirect costs, and 9 percent declared bankruptcy as a result of the fraud.

Additionally, nearly half of victims blame themselves for the fraud—an indication of the far-reaching effects of financial fraud on the lives of its victims.

The FINRA Foundation's survey was administered online in August of 2014, and 600 self-reported fraud victims responded to the survey. Non-probability quota sampling was used to obtain the sample, and respondents were 25 years of age or older. A pure probability sample of this size would have an estimated margin of error of four percentage points at the 95 percent confidence level. As in all survey research, there are possible sources of error, such as coverage, nonresponsiveness and measurement error that could affect the results. Additional methodological information can be found in the full report.

The FINRA Investor Education Foundation supports innovative and educational projects that give underserved Americans the knowledge, skills and tools necessary for financial success throughout life. For details about grant programs and other FINRA Foundation initiatives, visit [www.finrafoundation.org](http://www.finrafoundation.org).

The SEC's Office of Investor Education is issuing this [investor bulletin](#) to help educate the investing public about the basics, including some of the potential risks, of options trading.



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U.S. Securities and Exchange Commission

# Investor Bulletin: An Introduction to Options

Options trading may occur in a variety of securities marketplaces and may involve a wide range of financial products, from stocks to foreign currencies. This bulletin focuses on the basics of trading listed stock options.

## What are Options?

- Options are contracts giving the owner the right to buy or sell an underlying asset, at a fixed price, on or before a specified future date.
- Options are derivatives (they derive their value from their underlying assets). The underlying assets can include, among other things, stocks, stock indexes, exchange traded funds, fixed income products, foreign currencies, or commodities.
- Option contracts trade in various securities marketplaces between a variety of market participants, including institutional investors, professional traders, and individual investors.
- Options trades can be for a single contract or for several contracts.



## Basic Options Terminology

Options trading uses terminology that an investor should understand before attempting to buy or sell options. The following example of a basic stock option contract quote will help explain some of this terminology:

***“ABC December 70 Call \$2.20”***

This options quote contains five terms: “ABC,” “December,” “70,” “Call,” and “\$2.20.”

“**ABC**” – This represents the stock symbol for the underlying stock of the option contract.

**“December”** – This is the **expiration date** of the option contract. This date indicates the day that the option contract expires. Generally, the expiration date for an option contract is the Saturday after the third Friday of each month. However, certain option contracts may have an expiration date that occurs after only a week, a calendar quarter, or at other some other specified time. *Investors should make sure they understand when an option contract expires since an option contract’s value is directly related to its expiration date.* If you need help determining an option contract’s expiration date, ask your brokerage firm.

**“Call” and “Put”** - A **call** is a type of option contract. Two of the most common types of option contracts are **calls** and **puts**. A **call option** is a contract that gives the buyer the right to buy shares of an underlying stock at the strike price (discussed below) for a specified period of time. Conversely, the seller of the call option is obligated to sell those shares to the buyer of the call option who exercises his or her option to buy on or before the expiration date.

*Example:* An **ABC December 70 Call** entitles the buyer to purchase shares of ABC common stock at \$70 per share at any time prior to option’s expiration date in December.

A **put option** is a contract that gives the buyer the right to sell shares of an underlying stock at the strike price for a specified period of time. Conversely, the seller of the put option is obligated to buy those shares from the buyer of the put option who exercises his or her option to sell on or before the expiration date.

*Example:* An **ABC December 70 Put** entitles the buyer to sell shares of ABC common stock at \$70 per share at any time prior to option’s expiration date in December.

**“70”** – The number appearing in this part of the options quote is the **strike price** of the option contract. This is the price at which the buyer of the option contract may buy the underlying stock, if the option contract is a call, or sell the underlying stock, if the option contract is a put. The relationship between the strike price and the actual price of a stock determines whether the option is **“in-the-money,” “at-the-money,”** or **“out of the money.”**

“In-the-money” and “out-of-the money” have different meanings depending on whether the option is a call or a put:

- A call option is in-the-money if the strike price is below the actual stock price;
- A put option is in-the-money if the strike price is above the actual stock price.



## Five Minutes Could Save Your Life Savings

Sadly, there are many unscrupulous people in communities across North Carolina and every other state working to pitch too-good-to-be-true investment opportunities to unsuspecting potential investors.

It is important for everyone to know that, with a few limited exceptions, anyone who sells or promotes an investment – or who is paid to provide individualized investment advice – has to be registered with the NC Securities Division in order to lawfully do business in North Carolina.

While registration in and of itself is no guarantee against fraud, not being registered is a very big red warning flag.

**We urge you to call our NC Securities Hotline at 1-800-688-4507 to see if the person you have been dealing with – perhaps even for years – is properly registered and/or has a disciplinary history.**

You owe it to yourself and your family to check. Please make the call.

*Example* (in-the-money call option): An investor purchases an ABC December 70 Call and ABC's current stock price is \$80. The buyer's option position is in-the-money by \$10, since the option gives the buyer the right to purchase ABC stock for \$70.

- A call option is out-of-the-money if the strike price is above the actual stock price;
- A put option is out-of-the-money if the strike price is below the actual stock price.

*Example* (out-of-the-money call option): An investor purchases an ABC December 70 Call and ABC's current stock price is \$60. The buyer's option position is out-of-the-money by \$10, since the option gives the buyer the right to purchase ABC stock for \$70.

"At-the-money" has the same meaning for puts and calls and indicates that the strike price and the actual price are the same.

"**\$2.20**" – The number appearing in this part of the options quote is the **premium** or the price per share you pay to purchase the option contract. **An option contract generally represents 100 shares of the underlying stock.** In this case, a premium of \$2.20 represents a payment of \$220 per option contract (\$2.20 x 100 shares). The premium is paid up front to the seller of the option contract and is non-refundable. The amount of the premium is determined by several factors including: (i) the underlying stock price in relation to the strike price, (ii) the length of time until the option contract expires, and (iii) the price volatility of the underlying stock.

In addition to the terms above, investors should also be familiar with the following options terminology:

**Exercise** – When a buyer invokes his or her right to buy or sell the underlying security it's called "exercising" the right.

**Assignment** – When a buyer exercises his or her right under an option contract, the seller of the option contract receives a notice called an assignment notifying the seller that he or she must fulfill the obligation to buy or sell the underlying stock at the strike price.

**Holder and Writer** – A buyer of an options contract can also be referred to as a "holder" of that options contract. A seller of an options contract can also be referred to as the "writer" of that options contract.

## **Options Trading**

**Market Participants** – There are generally four types of market participants in options trading: (1) buyer of calls; (2) sellers of calls; (3) buyers of puts; and (4) sellers of puts.

**Opening a Position** – When you buy or write a new options contract, you are establishing an open position. That means that you have established one side of an options contract and will be matched with a buyer or seller on the other side of the contract.

**Closing a Position** – If you already hold an options contract or have written one, but want to get out of the contract, you can close your position, which means either selling the same option you bought (if you are a holder), or buying the same option contract you sold (if you are a writer).

Now that we have discussed some of the basics of options trading, the following are examples of basic call and put option transactions:

**Call Option:** On December 1, 2014, ABC Stock is trading at \$68 per share. You believe the price of ABC stock will rise soon and decide to purchase an ABC December 70 Call. The premium is \$2.20 for the ABC December 70



Call. The expiration date of the option is the third Friday of December and the strike price is \$70. The total price of the contract is  $\$2.20 \times 100 = \$220$  (plus commissions which we will not account for in this example).

- Since the strike price of the call option is \$70, the stock must rise above \$70 before the call option is “in-the-money.” Additionally, since the contract premium is \$2.20 per share, the price of ABC would need to rise to \$72.20 in order for you to break even on the transaction.
- Two weeks later the stock price has risen to \$80. As the value of the underlying stock has increased, the premium on the ABC December 70 Call has also increased to \$10.20, making the option contract now worth  $\$10.20 \times 100 = \$1020$ . If you sell the option now (closing your position) you would collect the difference between the premium you paid and the current premium  $\$1020 - \$220 = \$800$  (minus any commission costs). Alternatively, you could exercise the option and buy the underlying shares from the writer of the call for \$70 (the strike price); the writer is obligated to sell the buyer those shares at \$70 even though their market value is \$80.
- Now, suppose you believe the price of the stock will continue rising until the expiration date and you decide to wait to sell or exercise the option. Unfortunately, the stock price drops to \$65 on the expiration date. Since this is less than the \$70 strike price, the option is out-of-the-money and expires worthless. This means you will have lost the initial \$220 premium you paid for the options contract.

**Put Option:** On December 1, 2014, ABC Stock is trading at \$72 per share. You believe the price of ABC stock will fall soon and decide to purchase an ABC December 70 Put. The premium is \$2.20 for the ABC December 70 Put. The expiration date of the option is the third Friday of December and the strike price is \$70. The total price of the contract is  $\$2.20 \times 100 = \$220$  (plus commissions which we will not account for in this example).

- Since the strike price of the put option is \$70, the stock must drop below \$70 before the put option is “in-the-money.” Additionally, since the contract premium is \$2.20 per share, the price of ABC would need to drop to \$67.80 in order for you to break even on the transaction.
- Two weeks later the stock price has dropped to \$60. As the value of the underlying stock has decreased, the premium on the ABC December 70 Put has increased to \$10.20, making the option contract now worth  $\$10.20 \times 100 = \$1020$ . If you sell the option now (closing your position) you would collect the difference between the premium you paid and the current premium  $\$1020 - \$220 = \$800$  (minus any commission costs). Alternatively, you could exercise the option and sell the underlying shares to the writer of the put for \$70 (the strike price); the writer is obligated to buy those shares at \$70 even though their market value is \$60.
- Now, suppose you believe the price of the stock will continue dropping up until the expiration date and you decide to wait to sell or exercise the option. Unfortunately, the stock price rises to \$75 on the expiration date. Since this is more than the \$70 strike price, the option is out-of-the-money and expires worthless. This means you will have lost the initial \$220 premium you paid for the options contract.

These two examples provide you with a basic idea of how options transactions may operate. Investors should note that these examples are some of the most basic forms of options. Many options contracts and the trading strategies that utilize them are much more complex. The Additional Resources section below provides a hyperlink to additional publications you may review if you are interested in information on more complex options contracts and trading strategies.

## **What are some of the risks associated with trading options?**

***Options like other securities carry no guarantees, and investors should be aware that it is possible to lose all of your initial investment, and sometimes more.*** For example:

**Option holders** risk the entire amount of the premium paid to purchase the option. If a holder's option expires "out-of-the-money" the entire premium will be lost.

**Option writers** may carry an even higher level of risk since certain types of options contracts can expose writers to unlimited potential losses.

Other risks associated with trading options include:

**Market Risk** – Extreme market volatility near an expiration date could cause price changes that result in the option expiring worthless.

**Underlying Asset Risk** – Since options derive their value from an underlying asset, which may be a stock or securities index, any risk factors that impact the price of the underlying asset will also indirectly impact the price and value of the option.

### **(“SmartCheck”, continued from p. 1)**

“If they are not careful, even experienced investors can be fooled by people who offer investment advice, but are actually not registered or licensed financial professionals,” CFTC Chairman Timothy Massad said. “With only 19 percent of investors reporting that they confirm an advisor’s certifications and only 17 percent checking for past violations, we encourage all investors to use the tools on SmartCheck.gov to check their financial advisors’ backgrounds before putting their hard-earned savings at risk.”

CFTC SmartCheck<sup>SM</sup> is a national campaign that launched in November 2014 to help investors identify and protect themselves against financial fraud. The comprehensive campaign includes the new website [SmartCheck.gov](http://SmartCheck.gov). The website provides tools that enable investors to check if a current or prospective financial professional is licensed or registered, or if the professional has ever been subject to disciplinary action. The website also includes information on the red flags that could signal that investors might be dealing with a fraudster and information about investing.

Visitors to [SmartCheck.gov](http://SmartCheck.gov) can also test their susceptibility to fraudulent pitches via interactive videos that allow investors to experience a simulated investment sales pitch and decide if they wish to continue the conversation.

“Investors now have ways to recognize the red flags that indicate a potential problem,” CFTC Consumer Outreach Officer Michael Herndon said. “[SmartCheck.gov](http://SmartCheck.gov) provides a great tutorial on those red flags, as well as the tools investors need to follow up on them.”

The SEC's Office of Investor Education is issuing this [investor bulletin](#) to help you to understand what to expect when opening an options trading account with your broker-dealer.



**Investor.gov**  
U.S. Securities and Exchange Commission

## Investor Bulletin: Opening an Options Account

Before you can trade options, your broker must approve your brokerage account for options trading. In order to be approved for options trading, you will need to fill out your broker's options agreement. In an options agreement, you will need to provide information that will assist your broker in determining your knowledge of options and trading strategies, as well as your general investing knowledge and your financial ability to bear the risks of options trading. Based on the information you provide, your broker will determine whether options trading is suitable for you and, if so, what types of options trading may occur in your account.

### **Information You Will Need to Provide**

The information you will need to provide in an options agreement generally includes, among other things:

- Investment objectives such as capital preservation, income, growth, or speculation;
- Trading experience such as the number of years you have been trading stocks and/or options, the number of trades you make per year, the average size of each trade, and information about your general knowledge of investing;
- Personal financial information such as liquid net worth (investments easily sold for cash), total net worth, annual income, and employment information; and
- An indication of what types of options you would like to trade.

### **Trading Levels**

The information you provide in your options agreement allows your brokerage firm to determine which option trading levels, if any, you qualify for in your account. These trading levels determine the types of option trades you can execute in your account. Broker-dealers generally offer 5 levels of option trading representing varying degrees of risk. Level 1 generally represents the lowest level of risk, while level 5 generally represents the highest level of risk. The types of option trading that occurs at each level and even the number of levels may vary among brokerage firms. You may ask your brokerage firm to provide you with a list and description of each option trading level it has available for its customers.

Apart from the options agreement, SEC and FINRA rules require brokers to provide certain disclosures to all potential options investors. For example, your broker must provide you with a copy of a publication from the Options Clearing Corporation called "[Characteristics and Risks of Standardized Options.](#)" This publication contains basic information about the characteristics of options as well as detailed examples about the risks associated with various options and options trading strategies. Make sure you read this publication and carefully consider the information in it before you begin trading options.

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## Program Helps Military Spouses Foster Their Careers and Maintain Financial Readiness in Military Communities

**FINRA Foundation Military Spouse Fellowship Application Period is Open from March 2 to April 17**

Now in its tenth year, the FINRA Investor Education Foundation's Military Spouse Fellowship Program has opened the application process for its 2015 class of military spouses. The FINRA Foundation Spouse Fellowship Program provides military spouse recipients with the education and training needed to earn the Accredited Financial Counselor® (AFC®) designation. **Military spouses can apply until April 17, 2015, to become a member of the 2015 class of fellows.**

The FINRA Foundation administers the Military Spouse Fellowship in partnership with the Association for Financial Counseling and Planning Education® (AFCPE®) and the National Military Family Association. The program covers the costs associated with completing the AFC training and testing for military spouses. More information is available at [www.SaveAndInvest.org/MilitaryCenter](http://www.SaveAndInvest.org/MilitaryCenter). Applications are accepted online at [www.militaryspouseafcpe.org/application/](http://www.militaryspouseafcpe.org/application/) and are due by midnight ET April 17, 2015.

"FINRA Foundation spouse fellows are making a difference in military communities here at home and around the world," said Gerri Walsh, President of the FINRA Investor Education Foundation. "Spouse fellows are building valuable career skills and expanding their employment opportunities while helping military families build more secure financial futures."

Spouse fellows have logged more than 400,000 hours helping military families reach their financial goals, and 470 spouse fellows have graduated from the program. Accredited spouses serve the military community as financial counselors at family readiness and support centers, credit counseling and tax centers, financial aid offices, and credit unions throughout the U.S. and abroad. These organizations are in need of well-trained specialists who understand the unique financial needs of military families.

Full biographies of selected accredited spouse fellows are available at [www.SaveandInvest.org/MilitaryCenter](http://www.SaveandInvest.org/MilitaryCenter).

The Military Spouse Fellowship Program is open to current or surviving spouses of active duty or retired Army, Navy, Air Force, Marine Corps, Coast Guard, National Guard or Reserve service members, as well as spouses of members of the U.S. Public Health Service Commissioned Corps and the National Oceanic and Atmospheric Administration Commissioned Officer Corps.

## Calendar of Upcoming Events



A representative from the Securities Division will be giving an anti-fraud presentation on the following dates and locations. Dates and times are subject to cancellation (although cancellations are rare), so please call the contact number listed to confirm the event is still on before leaving for it. All presentations are free and open to the public unless otherwise indicated. If you would like to schedule a speaker for your church, business, group or organization, please contact [John Maron](#) or [Barbara Bennett](#) at (800) 688-4507. For a complete list of all upcoming events, please see our **Calendar** at <http://www.secretary.state.nc.us/sec/Calendar.aspx>.

Date	City	Details
4/9/15	Edenton	Investment fraud presentation. American Legion Post 40, 1317 West Queen Street. Time: 7:00 PM-8:00 PM. Event is free and open to the public. For more information, contact Max Graybill at 252-482-0569.
4/15/15	Fort Bragg	"Investment Fraud: Guarding Your Assets in a Scary World" presentation. Fort Bragg Soldier Support Center, 2843 Normandy Drive. Time: 1:00 PM – 2:00 PM. Open to military personnel and their families only. For more information, contact David Goodman, Financial Readiness Specialist at Army Community Service, 910-907-3673.
4/16/15	Huntersville	Investment fraud prevention presentation. North Mecklenburg Senior Center, 102 Gilead Road. Time: 1:00 PM – 2:00 PM. Event is free and open to the public. For more information, please contact Joanne Ahern at 704-948-2486.
4/18/15	Matthews	"Women in Transition" presentation, designed to help women take the first steps to proactively managing their investments at different stages in their lives. Matthews Library, 230 Matthews Station Street. For more information, click <a href="#">here</a> or call Jennifer Stith at (704) 416-5000.
4/21/15	Wilson	"Business Essentials" presentation at <a href="#">Frank L. Eagles Community Business Center</a> , Building G, Room G-240, Wilson Community College, 902 Herring Avenue East . Time: 6:00 PM -- 9:00 PM. Free, but <a href="#">registration</a> is requested.
4/22/15	Columbus	"Elder Investment Fraud and Financial Exploitation (EIFFE) Prevention Program" presentation. The Meeting Place/Senior Center, 75 Carmel Place. Time: 11:30 AM – 12:30 PM. Event is free and open to the public. For more information, contact Donna Carson at 828-894-0001.
4/23/15	Hamlet	"Business Essentials" presentation at Richmond Community College, Cole Auditorium, 1042 W. Hamlet Avenue. Time: 9:00 AM -- Noon. Free, but <a href="#">registration</a> is requested.
4/23/15	Green Creek	Elder Investment Fraud and Financial Exploitation (EIFFE) Prevention Program" presentation. The Meeting Place II, 25 Shields Drive. Time: 11:30 AM – 12:30 PM. Event is free and open to the public. For more information, please call 828-863-2795.
4/28/15	Concord	"Business Essentials" Presentation. Rowan-Cabarrus Community College's Business and Technology Center, 660 Concord Pkwy N. Time 9:00 AM – 11:00 AM. Event is free, but <a href="#">registration</a> is requested.
4/28/15	Leland	"Business Essentials" Presentation. Brunswick Community College, 2045 Enterprise Drive Northeast. Time: 1:00 – 3:00 PM. Event is free, but <a href="#">registration</a> is requested.
4/28/15	Albemarle	"Business Essentials" Presentation. Stanly Community College, 143 N. 2 <sup>nd</sup> Street. Time: 1:00 – 3:00 PM. Event is free, but <a href="#">registration</a> is requested.
4/30/15	Raleigh	"Business Essentials" Presentation. Wake Technical Community College, 6600 Louisburg Road. Time: 6:45 PM – 9:00 PM. Event is free, but <a href="#">registration</a> is requested.

Date	City	Details
5/01/15	Wilmington	"Elder Investment Fraud & Financial Exploitation Prevention" presentation at the 2015 NC Association on Aging Training Conference, Wilmington Convention Center, 515 Nutt Street. Time: 9:30 AM -- 10:45 AM. Conference <a href="#">registration</a> required.
5/12/15	Hudson	"Business Essentials" Presentation. Caldwell Community College (Caldwell Campus), 2855 Hickory Blvd. Time: 9:00 AM – 11:00 AM. Event is free, but <a href="#">registration</a> is requested.
5/12/15	Boone	"Business Essentials" Presentation. Caldwell Community College (Watauga Campus), 372 Community College Drive. Time: 1:00 PM – 3:00 PM. Event is free, but <a href="#">registration</a> is requested.
5/14/15	Charlotte	"Business Essentials" Presentation. Central Piedmont Community College, 1112 Charlottetown Avenue. Time: 6:30 PM – 8:30 PM. Event is free, but <a href="#">registration</a> is requested.
5/18/15	Monroe	"Business Essentials" Presentation. South Piedmont Community College, 4209 Old Charlotte Hwy. Time: 11:30 AM – 1:30 PM. Event is free, but <a href="#">registration</a> is requested.
5/19/15	Wadesboro	"Business Essentials" Presentation. South Piedmont Community College, Lockhart-Taylor Center, 514 North Washington Street. Time: 11:30 AM – 1:30 PM. Event is free, but <a href="#">registration</a> is requested.
5/20/15	Durham	"Business and Capital Formation: Things Every Entrepreneur Needs to Know" presentation. First Flight Venture Center, 2 Davis Drive. Time: Noon – 1:00 PM. Event is free. For More information contact Adam Klein at (919) 357-4837.
5/21/15	Spindale	"Business Essentials" Presentation. Isothermal Community College, 286 ICC Loop Road. Time: 6:00 PM – 8:00 PM. Event is free, but <a href="#">registration</a> is requested.
5/28/15	Benson	Investment fraud prevention presentation. 1204 N Johnson Street. Time: 10:30 AM – 11:30 AM. Event is free and open to the public. For more information, please contact Debra Cordone at 919-894-2370.
6/09/15	Candler	"Business Essentials" Presentation. A-B Technical Community College (Enka Campus), Small Business Center, Room 2046, 1465 Sand Hill Road. Time: 2:00 PM – 4:00 PM. Event is free, but <a href="#">registration</a> is requested.
6/10/15	Charlotte	"2015 Fraud and Forensic Investigations Conference: Lessons Learned from the Experts," sponsored by Pfeiffer University. Guest speakers include Frank Abagnale (subject of the book, movie and musical, "Catch Me If You Can") and NC Secretary of State Elaine F. Marshall. Ritz Carlton-Charlotte, 201 E. Trade Street. Open to registered conference attendees only. For more information, please contact Erica Burroughs, Director of Development, Pfeiffer University, at (704) 463-3038 or <a href="mailto:erica.burroughs@pfeiffer.edu">erica.burroughs@pfeiffer.edu</a> .
6/18/15	Charlotte	"Investment Fraud: Guarding Your Assets in a Scary World" presentation to the <a href="#">Charlotte-Blue Ridge Chapter of Hospitality Financial Technology Professionals</a> , at Meyers Park Country Club, 2415 Roswell Avenue. Open to HFTP members and their guests only.
7/16/15	Shelby	"Business Essentials" Presentation. Cleveland Community College, 137 S. Post Road. Time: 6:00 PM – 9:00 PM. Event is free, but <a href="#">registration</a> is requested.
9/23/15	Cary	Anti-investment fraud presentation. <a href="#">Heritage Pines Clubhouse</a> , 2000 Heritage Pines Drive. Time: 10:00 AM -- 11:00 AM. Free, but open to Heritage Pines residents and their guests only.



## On The Docket

The following cases are ones in which the Securities Division has had some involvement, either as the lead investigative agency or in a supporting role.

**Darren Joseph Capote**, of Patterson, NY, was indicted on July 11, 2011, in Ashe County Superior Court on three Class C felony counts of securities fraud. He is alleged to have defrauded an elderly victim in Ashe County. He was released from custody on a \$100,000 secured bond. His next court appearance in Ashe County has been scheduled for September 28, 2015.

**Michael Anthony Jenkins**, of Raleigh, NC, was served on August 17, 2012, with three felony arrest warrants for securities fraud. Investigators with the Secretary of State Securities Division allege that Jenkins told investors he would use their funds to trade commodities futures or “E-mini futures” through his company, Harbor Light Asset Management, LLC. Investigators allege Jenkins instead converted funds to his personal use and used money from later investors to pay earlier investors in what is commonly referred to as a Ponzi scheme. Jenkins is in the Wake County Jail under \$500,000 secured bond. During his first hearing on August 20, 2012, the prosecutor told the court that there are 377 known victims of Jenkins’ approximately \$1.79 million Ponzi scheme. The Securities Division’s investigation is continuing. Anyone who has made investments with Harbor Light Asset Management, LLC is asked to contact the Securities Division at (800) 688-4507 or (919) 733-3924.

**Claude Darrell McDougal**, formerly of Charlotte, appeared before U.S. Magistrate Judge David S. Cayer and pleaded guilty on July 24, 2014 to securities fraud for orchestrating a Ponzi scheme that defrauded his investor victims of more than \$2.5 million. McDougal has been released on his own recognizance and is currently awaiting sentencing.

**David Alan Topping**, of Oak Island, NC, was arrested by law enforcement agents with the NC Secretary of State Securities Division on November 4, 2014 and charged with one felony count of securities fraud. The Brunswick County Sheriff’s Office also charged Topping with one felony count of obtaining property by false pretenses and one misdemeanor charge for solicitation to obtain property by false pretenses. Topping is alleged to have defrauded multiple victims out of more than \$100,000. Topping is currently out of jail on a \$250,000 bond. He is scheduled for a preliminary hearing in Brunswick County District Court on April 8.

**Charles Caleb Fackrell**, of Booneville, NC, was arrested by the Yadkinville Police Department in December 2014 and to date has been charged with seven felony counts of obtaining property by false pretense. He currently is in the Yadkin County Detention Center under a \$2.5 million secured bond. To assist in the NC Securities Division’s ongoing criminal investigation of Fackrell, we ask that any person who may have invested with Fackrell or his company, Fackrell Trivette Wealth Management, LLC, **please contact the Division immediately at 1-800-688-4507**. The Division would be interested in receiving **copies – not originals** – of any and all correspondence anyone may have had with Fackrell relating to the offer, sale or purchase of any investments. Anyone wishing to file a complaint against Fackrell or his company may do so by submitting a complaint form, located on the NC Securities Division [website](#).

## Recent Enforcement Actions

(For prior administrative and criminal actions, click on the badge to the right.)



On **March 20, 2015**, the Securities Division of the North Carolina Department of Secretary of State issued an **Order of Summary Suspension** (Order) against **Aegis Capital, LLC** (Aegis). The Order suspended Aegis's registration to operate as an Investment Adviser in North Carolina. The Order found that Aegis had violated provisions of the Investment Advisers Act. The Order gives Aegis thirty (30) business days in which to request a hearing. If no such request is made during that time, the Order shall become final. Click [here](#) to view the Order of Summary Suspension.

On **March 12, 2015**, the Securities Division of the North Carolina Department of Secretary of State issued a **Temporary Order to Cease and Desist** to **CAUSwave, Inc.** CAUSwave, Inc. was ordered to cease and desist from offering for sale, soliciting offers to purchase or selling, in or from North Carolina, any securities unless and until such securities have been registered and CAUSwave, and any person or entity under the direction or control of CAUSwave is properly registered as a securities dealer or salesman. The Temporary Order to Cease and Desist found that CAUSwave, Inc. was not registered as a dealer or salesman of securities in North Carolina and offered and sold shares of its unregistered stock; these activities are in violation of the North Carolina Securities Act. The Temporary Order to Cease and Desist gives CAUSwave, Inc. thirty (30) business days in which to request a hearing. If no such request is made during that time, the Temporary Order to Cease and Desist shall become final. Click [here](#) to view the Temporary Order.

On **January 27, 2015**, the Securities Division of the North Carolina Department of the Secretary of State entered into a **Final Consent Order** with Respondent, **McGrath & Associates, Inc.** McGrath & Associates, Inc. is a registered investment adviser in the State of North Carolina. McGrath & Associates, Inc. violated the registration provisions of the North Carolina Investment Advisers Act by employing an unregistered investment adviser representative. The unregistered investment adviser representative was fully qualified for registration. The registration violation came to the Securities Division's attention through a routine audit of the investment adviser. McGrath & Associates, Inc. properly registered the investment adviser representative on May 13, 2014. Click [here](#) to view the Final Order.

On **December 19, 2014**, the Securities Division of the North Carolina Department of the Secretary of State entered into a **Consent Order** with respondents, **Senior Veterans Council, LLC, and David L. Cole**. Respondent Senior Veterans Council, LLC, through its agent, Respondent David L. Cole improperly held itself out to the North Carolina investing public as an investment adviser licensed to legally engage in investment advisory business. The Consent Order also found that respondents engaged in the business of providing investment advisory services in North Carolina without being properly registered to do so under the North Carolina Investment Advisers Act. To read the Consent Order, please click [here](#).

## News from the Regulators



*(The following are selected public notices issued by one or more securities regulator. Click the links to view the full notices. These are offered for informational purposes only.)*

### [Arbitration Study: Consumer Financial Protection Bureau's Report to Congress 2015](#)

**March 10, 2015** -- The Dodd-Frank Wall Street Reform and Consumer Protection Act requires that the Consumer Financial

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Protection Bureau (CFPB) study arbitration agreements and provide a report to Congress of our findings. Companies provide almost all consumer financial products and services under written contracts. Arbitration agreements, in those contracts, can require that parties resolve any subsequent disputes through privately-appointed individuals (arbitrators), rather than through the court system. This report, which we believe is the most thorough empirical research in this space, to date, studies the use of those agreements in a number of financial markets that reach tens of millions of consumers.

William Beatty, President of the North American Securities Administrators Association (NASAA) and Washington Securities Director issued this statement in response to the CFPB's report:

"NASAA commends the CFPB and Director [Richard] Cordray for bringing fresh and relevant research to the debate over the imposition of mandatory arbitration agreements by financial service providers. We hope the CFPB's findings will encourage the SEC to use the authority the agency was granted in the Dodd-Frank Act to investigate the impact of similar clauses used by broker dealers and investment advisers, and prohibit or restrict their use 'in the public interest and for the protection of investors.' State securities regulators believe that investor confidence in fair and equitable recourse is critical to the health of our securities markets and long-term investments by retail investors."

Read the CFPB's [full report](#) to learn more.

### **[SEC Adopts Rules to Facilitate Smaller Companies' Access to Capital](#)**

**March 25, 2015** -- The Securities and Exchange Commission has adopted final rules to facilitate smaller companies' access to capital. The new rules provide investors with more investment choices. The new rules update and expand Regulation A, an existing exemption from registration for smaller issuers of securities. The rules are mandated by Title IV of the Jumpstart Our Business Startups (JOBS) Act. The updated exemption will enable smaller companies to offer and sell up to \$50 million of securities in a 12-month period, subject to eligibility, disclosure and reporting requirements. The final rules, often referred to as Regulation A+, provide for two tiers of offerings: Tier 1, for offerings of securities of up to \$20 million in a 12-month period, with not more than \$6 million in offers by selling security-holders that are affiliates of the issuer; and Tier 2, for offerings of securities of up to \$50 million in a 12-month period, with not more than \$15 million in offers by selling security-holders that are affiliates of the issuer. Both Tiers are subject to certain basic requirements while Tier 2 offerings are also subject to additional disclosure and ongoing reporting requirements. For more information, click the link above.

### **[SEC Suspends Trading in 128 Dormant Shell Companies to Put Them Out of Reach of Microcap Fraudsters](#)**

**March 2, 2015** – The Securities and Exchange Commission announced it has suspended trading in 128 inactive penny stock companies to ensure they don't become a source for pump-and-dump schemes. The trading suspensions are the latest in a microcap fraud-fighting initiative known as **Operation Shell-Expel** in which the SEC Enforcement Division's Office of Market Intelligence utilizes technology to scour the over-the-counter (OTC) marketplace and identify dormant companies ripe for abuse. The proactive efforts have prevented fraudsters from having the opportunity to manipulate these thinly-traded stocks by pumping the companies' stock value through false and misleading promotional campaigns and then dumping the stocks after investors buy in. For more information, click the link above.

### **[Federal Court Orders North Carolina Resident Edwin A. Vasquez and His Company, Vasquez Global Investments, LLC, to Pay over \\$1.3 Million for Commodity Pool Fraud](#)**

**Dec. 30, 2014** – The U.S. Commodity Futures Trading Commission (CFTC) announced that Judge Martin Reidinger of the U.S. District Court for the Western District of North Carolina entered an Order of

Default Judgment against Defendants Edwin A. Vasquez of Arden, North Carolina, and his company, Vasquez Global Investments, LLC (VGI), for defrauding participants in a commodity pool commonly known as the Vasquez pool.

The Order, entered on December 30, 2014, requires Vasquez and VGI, joint and severally, to pay \$331,556 in restitution; requires Vasquez and VGI, joint and severally, to pay a civil monetary penalty of \$994,668, and imposes permanent trading, solicitation, and registration bans against all Defendants.

The Court's Order stems from a CFTC Complaint filed on July 30, 2014, that charged Vasquez and VGI with misappropriation, solicitation fraud, and issuing false statements in connection with the operation of an unregistered commodity trading pool (see CFTC Press Release [6974-14](#)). The Complaint also charged Vasquez and VGI with commingling pool participant funds and registration violations.

The Order finds that, beginning in August 2011, Vasquez, acting individually and through VGI, defrauded and deceived at least 19 participants who invested at least \$583,491 in the Vasquez pool. The Order further finds that Vasquez told prospective pool participants that he was a successful trader and that the VGI pool was a "no risk" investment. In fact, the Order finds that of the \$583,491 solicited and accepted from pool participants, Vasquez and VGI lost \$65,374 trading commodity futures and misappropriated \$331,556 by using those funds to pay for VGI's operating costs and for Vasquez's personal expenses, including travel, restaurants, and retail purchases. During that time, according to the Order, Vasquez did not disclose his trading losses and misappropriation and, instead, issued false statements to the pool participants regarding the profitability and value of their shares of the pool.

The CFTC appreciates the efforts of the North Carolina Department of the Secretary of State, Securities Division.

The CFTC cautions victims that restitution orders may not result in the recovery of money lost because the wrongdoers may not have sufficient funds or assets. The CFTC will continue to fight vigorously for the protection of customers and to ensure the wrongdoers are held accountable.

The CFTC Division of Enforcement staff members responsible for this case are Elizabeth N. Pendleton, Joseph Patrick, Susan Gradman, Nancy Hooper, Scott Williamson, and Rosemary Hollinger.

All investors are strongly encouraged to contact the Securities Division at (919) 733-3924 or toll-free at (800) 688-4507 to check that their investment professional is properly registered **before** transferring any assets to that person's control. One five-minute telephone call to the Securities Division could protect your entire life's savings from being stolen from you. For a wealth of investor education information, please visit our Web site, [www.sosnc.com](http://www.sosnc.com). Click on the yellow box entitled "Investment Securities".

This newsletter is produced by the Investor Education Program of the Securities Division of the North Carolina Department of the Secretary of State. If you have questions or comments about this publication, or would like to schedule an investor education presentation with your group or organization, please email [John Maron](mailto:John.Maron), Director of the Investor Education Program, or call (919) 807-2106.

**Please help us publicize the educational information in this mailing by forwarding it to your contacts around the state.** If you no longer wish to receive mailings from the Securities Division, please send an email to: [jmaron@sosnc.com](mailto:jmaron@sosnc.com) with "Remove from mailing list" in the subject line.

Remember that if an investment sounds too good to be true, it ***probably*** is!