

# STATE OF NORTH CAROLINA



Department of The  
Secretary of State

In the Matter of: )

**THE NORTH CAROLINA SECURITIES DIVISION,** )

Petitioner, )

vs. )

**VASQUEZ GLOBAL INVESTMENTS, LLC, and** )  
**EDWIN A. VASQUEZ** )

Respondents. )

**TEMPORARY ORDER  
TO CEASE AND DESIST**

**FILE NO. 13-SEC-100**

**PURSUANT TO THE AUTHORITY** granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act) ("Securities Act"), and the rules promulgated thereunder, the Securities Division ("Division") of the Department of the Secretary of State ("Department") has investigated the activities of VASQUEZ GLOBAL INVESTMENTS, LLC, and EDWIN A. VASQUEZ (collectively "Respondents"), to determine if these Respondents or any one of them, has engaged in, or is about to engage in, any act or practice constituting a violation of the Securities Act or any rule or order thereunder.

**THE DIVISION** has filed an Administrative Petition against the above-named Respondents seeking, among other remedies, a temporary and summary Cease and Desist Order

as to each Respondent pursuant to the provisions of N.C.G.S. § 78A-47(b)(2).

**THE SECRETARY OF STATE**, acting by and through her duly authorized Deputy Securities Administrator, from the investigation and the information derived therein, as shown in the Administrative Petition and supported by affidavit, and for the protection and preservation of the public welfare and in the public interest, makes the following:

**FINDINGS OF FACT**

(1) Respondent VASQUEZ GLOBAL INVESTMENTS, LLC (“VGI”) is a business entity organized under the law of the State of North Carolina. VGI’s registered agent is James Randolph Downs, who maintains an office address in Asheville, North Carolina. VGI also has its principal office, at which it transacts business, at an address in Fletcher, North Carolina. VGI operates under the direction of Vasquez.

(2) At no time and in no capacity has VGI been registered under Chapter 78A with the Administrator.

(3) Respondent EDWIN A. VASQUEZ (“Vasquez”) is a natural person. Vasquez resides in Arden, North Carolina and transacts business at an address in Fletcher, North Carolina. Vasquez transacts securities business through VGI.

(4) At no time and in no capacity has Vasquez been registered under Chapter 78A with the Administrator.

(5) Respondents allege that their investment enterprise transacts business as a boutique global trading firm that trades in futures contracts and commodities.

(6) Upon information and belief, beginning around May 2013 and continuing through the present, from their office location in Fletcher, North Carolina, Respondents solicited persons via

several methods to purchase an investment interest from their enterprise. VGI allegedly operated by using investors' funds in part to invest in futures contracts and commodities.

(7) VGI, through Vasquez, controlled the web site located at <http://www.vasquezglobal.com> ("VGI Website"). The VGI Website domain name was created on 23 November 2011. VGI used its web site to solicit investors and advertise its investment opportunities.

(8) On the VGI Website, VGI states that it offers to sell "to individuals, joint tenants, businesses and institutional investors" its "sustainable investment notes." VGI describes the investment opportunity as "a senior obligation of Vasquez Global LLC." VGI also describes its investment opportunities offered for sale to investors as featuring "very competitive terms from one to five years, interest rates ranging from single to double digits and payment options from monthly, quarterly, annually or held to maturity." Further, the VGI Website diagrams the process for its investment enterprise with a graphic showing that, initially, investors invest money in VGI's enterprise, which VGI then uses to generate revenue through trading in futures contracts and commodities. The process is completed with VGI returning the revenue from its trading activities in part to pay interest to investors.

(9) Upon information and belief, in addition to soliciting investors via the internet, VGI also had agents acting as sales personnel solicit investors via telephone to purchase VGI's investment opportunities. VGI conducted its telephone solicitations at its office in Fletcher, North Carolina. VGI required its agents to make hundreds of telephone calls per day to prospective investors. VGI provided its agents with a list of prospective investors and a script to assist the sales pitch for VGI's investment opportunities. The list of prospective investors included residents of both North Carolina and other states. In more than one instance, VGI had

no pre-existing and substantive business relationship with the individual being solicited for investment with VGI.

(10) On 08 May 2013, VGI filed with the Department a Form D Notice of Exempt Offering of Securities (“Form D”) as a notice filing indicating an exemption from registration under the Securities Act of 1933 in reliance on Regulation D, Rule 506 (17 C.F.R. § 230.506), and, what is now, Section 4(a)(5) (15 U.S.C. § 77d(a)(5)). VGI’s Form D described the type of securities it offered for sale as “debt.” The Form D indicated that, as of the date of filing, VGI had made no sales of the “debt” securities. The same day, VGI filed the same Form D with the U.S. Securities and Exchange Commission via the Electronic Data Gathering and Retrieval system (“EDGAR”).

(11) Again via EDGAR, on 05 June 2013 VGI filed a Form D/A (“Amended Form D”), which amended its previous Form D. On the Amended Form D, VGI declared that it had sold \$3,550,000 of its “debt” securities, with total remaining to be sold at \$46,450,000. VGI also declared that it had sold its “debt” securities to thirty-six “accredited investors” and to zero “non-accredited investors.” VGI also declared that it had used none of the proceeds from its offering of “debt” securities for payments to its executive officers, directors, or promoters.

(12) At the time of VGI’s transactions herein, Regulation D, Rule 502 (17 C.F.R. § 230.502), under the Securities Act of 1933, prohibited general solicitation and general advertising in connection with the use of exemptions from registration under Regulation D, Rules 505 (17 C.F.R. § 230.505) and 506. Thus, Regulation D, Rules 505 and 506, were not available to VGI as a strategy to comply with federal securities law.

(13) Vasquez signed both the Form D and the Amended Form D as “President & CEO” of VGI.

(14) It is in the public interest of the citizens of North Carolina or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of Chapter 78A that Respondents be prohibited from violating the provisions of the Securities Act in connection with selling or making offers to sell securities, or buying or soliciting offers to buy securities.

(15) The offer or sale of the debt instrument by Respondents as described herein constitutes the "offer" or "sale" of a "security" within the meaning of N.C.G.S. §§ 78A-2(8) and 78A-2(11).

(16) The debt instrument security as offered by Respondents as described herein is, and was not, registered with the Division prior to being offered or sold, or both, into or from North Carolina, as required by N.C.G.S. § 78A-24.

(17) By offering and selling the security described herein to the public in North Carolina, Respondents transacted business and acted as a "dealer" in securities or "salesman" of securities, or both, within the meaning of N.C.G.S. §§ 78A-2(2) and 78A-2(9).

(18) At all relevant times herein, Respondents were registered neither as a dealer in securities, nor a salesman of, securities as required by N.C.G.S. § 78A-36.

(19) Respondents presently continue to have the ability to engage or attempt to engage in the foregoing violations of the provisions of N.C.G.S. §§ 78A-24 and 78A-36.

(20) It is in the public interest of the citizens of North Carolina or for the protection of investors public and consistent with the purposes fairly intended by the policy and provisions of Chapter 78A that each Respondent, any person acting on behalf of each Respondent, or any entity, officer, director, employee or agent of each Respondent, be prohibited from violating the provisions of the Securities Act in connection with selling or making offers to sell securities,

buying or soliciting offers to buy securities, or transacting business as a dealer in, or salesman of, securities including, but not limited to, being prohibited from offering to sell or selling the unregistered securities of the Respondents or any other entities under their control and being prohibited from acting as unregistered securities dealers or salesmen.

(21) Respondents' solicitation of the investor public poses an immediate and significant danger to the public welfare because the securities offered have not been registered with the Division and Respondents have not registered as a dealer in, or salesman of, securities. Proper registration of securities is an essential safeguard serving to protect the public from securities fraud. Further, the registration of dealers and salesmen, as required by the Securities Act, ensures that persons transacting business in North Carolina are competent and properly authorized to do so.

(22) An immediate Temporary Order to Cease and Desist is necessary and appropriate to address Respondents' violation of the Securities Act. Delay in issuing an order, under N.C.G.S. §47(b)(1), will result in irreparable harm to the public interest by allowing persons to continue to transact business in North Carolina in violation of its laws, and will result in irreparable harm to its citizens in the form of economic loss resulting from investment in securities sold in violation of its laws.

### **CONCLUSIONS OF LAW**

(1) The Secretary has statutory authority pursuant to N.C.G.S. §78A-47(b)(2) to enter and issue a temporary and summary Cease and Desist Order against each Respondent to halt further violations of the Securities Act.

(2) There is reasonable cause to believe each Respondent has engaged, or is about to engage, in any act or practice constituting a willful violation of the Securities Act, specifically

N.C.G.S. § 78A-24 and § 78A-36.

(3) There is reasonable cause to believe each Respondent might continue to commit acts and omissions in violation of the Securities Act.

(4) It is necessary and appropriate for the protection and preservation of the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of Chapter 78A that each Respondent be summarily ordered to cease and desist from making offers and sales of securities in violation of the Securities Act.

(5) The public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. § 78A-47(b)(1).

**NOW, THEREFORE, IT IS ORDERED**, pursuant to the authority contained in N.C.G.S. § 78A-47(b)(2), that each Respondent, and any person, employee, officer, director, entity, or independent contractor under the direction or control of any such Respondent, immediately cease and desist, in this State, offering for sale, soliciting offers to purchase, or selling, any security of any issuer, howsoever denominated, including but not limited to the securities of Respondents or other entities under their control, or otherwise holding themselves out to be or engaging in the business of securities dealers or salesmen, unless and until any such:

- a. Securities have been registered under the provisions of the Securities Act; and
- b. Respondent, and any person or entity under the direction or control of any such Respondent, is properly registered as a securities dealer or salesman under the provisions of the Securities Act.

**NOTICE IS HEREBY GIVEN** that each Respondent may request a hearing upon this matter by transmitting such request, in writing, to David S. Massey, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, Post Office Box 29622,

Raleigh, North Carolina 27626-0622. A copy of any such request shall be served by first class mail upon Colin Miller, Enforcement Attorney, Securities Division, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such a request is made, this matter shall be scheduled for hearing in accordance with Chapter 150B of the North Carolina General Statutes within twenty (20) days after receipt by the Deputy Securities Administrator of the written request. If no request for hearing, other responsive pleading or submission is received by the Deputy Securities Administrator within thirty (30) business days of the receipt of service hereof, this Temporary Order To Cease and Desist shall become final and remain in effect as to each Respondent that fails to request a hearing unless it is modified or vacated by the Secretary of State in her capacity as Administrator of the Securities Act.

**WITNESS MY HAND AND THE OFFICIAL SEAL** of the North Carolina

Department of the Secretary of State, this the 22nd day of October 2013.

Time of entry: 5:27 P.M.



ELAINE F. MARSHALL SECRETARY OF THE  
STATE OF NORTH CAROLINA and  
SECURITIES ADMINISTRATOR

By: \_\_\_\_\_  
DAVID S. MASSEY ✓  
DEPUTY SECURITIES ADMINISTRATOR