

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
SECURITIES DIVISION**

IN THE MATTER OF:)	
)	
)	
GINA PALASINI)	Administrative Proceeding
2033 Highway 82 E)	Number LS-13-0730-13-329
Leland, MS 38756-3032)	
)	
)	
Respondent)	

**SUMMARY CEASE AND DESIST ORDER AND NOTICE OF
INTENT TO IMPOSE ADMINISTRATIVE PENALTY AND TO
ORDER RESPONDENT TO PAY RESTITUTION**

COMES NOW Cheryn Netz, Assistant Secretary of State, Securities Division of the Mississippi Office of the Secretary of State (“Division”), on behalf of Secretary of State C. Delbert Hosemann, Jr., and issues this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty against and order Respondent Gina Palasini (“Respondent”) to Pay Restitution, for violating provisions of the Mississippi Securities Act (“Act”), Miss. Code Ann. Section 75-71-101 *et. seq.* In support thereof, the Division respectfully submits as follows:

I. JURISDICTION

The Act gives authority to the Secretary of State to administer and enforce the Act and regulate the offer and sale of securities in Mississippi including the firms and persons who offer or sell securities or who provide investment advice regarding securities.

Responder is a Mississippi resident. During 2011, Respondent offered to sell securities, made offer to and obtained money, from at least one elderly Mississippi resident under the

pretense of selling “annuity contracts.” For these reasons, the Secretary of State has jurisdiction in this matter.

II. FINDINGS OF FACT

1. Ray Aultman (“Aultman”), born February 8, 1932, is a Mississippi resident. Aultman is eighty-one (81) years old.
2. On October 11, 2011, Respondent wrote a check on the Veteran’s Pension Planners of America (“VPPA”) Expense Account at Guaranty Bank & Trust Company (“Guaranty Bank”) for One Hundred Thousand Five Hundred Dollars (\$102,500.00) to Curtis Graham (the “Graham Check”). The balance of the VPPA Expense Account on October 1, 2011 was Seventy-Seven Dollars and Ninety-Two Cents (\$77.92).
3. In October 2011, Respondent, doing business as VPPA, visited Aultman and his son Ken Aultman (“Ken”) in Covington Ridge Nursing home in Collins, Mississippi.
4. On October 17, 2011, Ken issued a check on behalf of Aultman in the amount of One Hundred Fifty Thousand Dollars (\$150,000.00) made payable to VPPA (the “Aultman Check”), for the purposes of purchasing an annuity contract from VPPA.
5. Aultman entered into a contract with VPPA for an annuity with ten percent (10%) interest to be paid over five (5) years. The contract named Ken as the primary beneficiary. According to the contract, the annuity was issued on October 19, 2011.
6. On October 17, 2011, Respondent received a Notice of Non-Sufficient Funds from Guaranty Bank on the VPPA Expense Account, as the Graham Check was rejected for non-sufficient funds.
7. On October 18, 2011, the Aultman Check was deposited in the VPPA Expense Account.

8. On October 20, 2011, Respondent wire transferred One Hundred Two Thousand Five Hundred Dollars (\$102,500.00), to an account held by Graham, which was the same amount as the Graham Check that bounced for insufficient funds.

9. The Division alleges that Respondent paid Graham for a previous “contract” with money received from Aultman.

III. APPLICABLE LAW

1. Miss. Code Ann. Section 75-71-501 states:

It is unlawful for a person in connection with the offer, sale, or purchase of a security, directly or indirectly:

- (1) To employ a device, scheme, or artifice to defraud;
- (2) To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (3) To engage in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person.

2. Miss. Code Ann. Section 75-71-604(a) states that if the administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this chapter or a rule adopted or order issued under this chapter, the administrator may:

- (1) Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this chapter;

* * * *

- (3) Issue an order:
 - (A) Under Section 75-71-204;
 - (B) Imposing a civil penalty in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter;

- (C) Barring or suspending the person from association with a broker-dealer or investment advisor registered in this state; or
- (D) Requiring the person to pay restitution for any loss or disgorge any profits arising from the violation, including interest.

3. Miss. Code Ann. Section 75-71-613(d) states:

The amount of the civil penalty described in Section 75-71-604(d) is a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each violation, provided that an additional civil penalty may be imposed up to a maximum of Fifteen Thousand Dollars (\$15,000.00) for violations of the chapter committed against elders or disabled persons.

IV. CONCLUSIONS OF LAW

The previous paragraphs are incorporated herein by reference.

1. Respondent obtained monies from investors by a deceptive, manipulative and/or fraudulent device or scheme. Respondent fraudulently entered into “annuity contracts” with investors and on at least one occasion used the money obtained to pay another person on a previous “contract.” *See* Miss. Code Ann. Section 75-71-501.

2. Aultman is an elder as he was seventy-nine (79) years old in October 2011 when Respondent fraudulently entered into the annuity contract with Aultman. *See* Miss. Code Ann. Section 75-71-613(d)(1).

V. NOTICE OF INTENDED ACTION

The previous paragraphs are incorporated herein by reference. As provided in Miss. Code Ann. Section 75-71-604, the Secretary of State intends to take the following actions:

A. Order Respondent to Cease and Desist from further illegal activity in the state of Mississippi.

B. Impose an administrative penalty of up to Twenty-Five Thousand Dollars (\$25,000.00) for each offense against Respondent—with each violation to be considered a separate offense in a single proceeding.

C. Impose an administrative penalty of up to Fifteen Thousand Dollars (\$15,000.00) for each offense against Respondent—with each violation committed against an elder or disabled person to be considered a separate offense in a single proceeding.

D. Order Respondent to make restitution to investor.

This Order shall remain in effect until further directive of the Secretary of State.

VI. PUBLIC INTEREST

The actions taken and proposed to be taken herein by the Secretary of State are in the public interest and are consistent with the purposes set forth in Miss. Code Ann. Section 75-71-101, *et. seq.*

VII. AMENDMENTS

The Division reserves the right to amend this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty and Order Respondent to Pay Restitution.

VIII. RIGHT TO AN ADMINISTRATIVE HEARING

An administrative hearing may be requested in this matter. NOTICE is hereby given that Respondent has thirty (30) days from the date of receipt of this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty and Order Respondent to Pay Restitution to provide written notice of her request for an administrative hearing to Cheryn Netz, Assistant Secretary of State, Securities Division, Office of the Secretary of State, Post Office Box 136, 700 North Street, Jackson, Mississippi 39205-0136.

If such hearing is requested, written notice of the date, time and place of such hearing, as well as a designation of the Hearing Officer, will be provided to all parties via certified mail, return receipt requested. Respondent may appear at the hearing with or without the assistance of counsel. Respondent will have the right to cross-examine witnesses and present testimony,

evidence and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and paper on Respondent's behalf.

In the event such written notice for a hearing is not received within thirty (30) days, a FINAL CEASE AND DESIST ORDER AND ORDER IMPOSING ADMINISTRATIVE PENALTY AND ORDER RESPONDENT TO PAY RESTITUTION may be entered in this proceeding without further notice.

IX. ORDER

IT IS, THEREFORE, ORDERED AND ADJUDGED, pursuant to the authority set forth in Miss. Code Ann. Section 75-71-101, *et. seq.*, that Respondent shall immediately CEASE AND DESIST FROM ANY FURTHER ILLEGAL ACTIVITY IN, OR ORIGINATING FROM, the State of Mississippi in connection with offer or sale of securities.

ISSUED, this, the 31st day of July, 2013.

C. DELBERT HOSEMANN, JR.
Secretary of State
State of Mississippi

by: 
CHERYN NETZ
Assistant Secretary of State
Securities Division

CERTIFICATE OF SERVICE

I, Cheryn Netz, do hereby certify, that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty and Order Respondent to Pay Restitution to the following:

Gina Palasini
2033 Highway 82 E
Leland, MS 38756-3032

This the 31st day of July, 2013.



CHERYN NETZ
Assistant Secretary of State
Securities Division

Cheryn Netz, MSB # 9008
Mississippi Secretary of State's Office
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Jackson, Mississippi 39205
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