

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

IN THE MATTER OF:)	
)	
)	
GINA PALASINI)	Administrative Proceeding
2033 Highway 82 E)	Number LS-13-0730-13-330
Leland, MS 38756-3032)	
)	
)	
Respondent)	

**SUMMARY CEASE AND DESIST ORDER AND NOTICE OF
INTENT TO IMPOSE ADMINSTRATIVE PENALTY**

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 Respondent Gina Palasini (“Respondent”), 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.

Respondent is a Mississippi resident. From July 2007 to February 2009, Respondent offered to sell securities, made offer to and obtained money, from at least one 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. Joe P. Babb (“Babb”) is a Mississippi resident.
2. On July 17, 2007, Babb entered into an “annuity contract” with Respondent, doing business as Medicaid Planning Specialists (“MPS”), paying Respondent Two Hundred Fifty Thousand Three Hundred Ninety-Four Dollars and Thirty-Nine Cents (\$250,395.39).
3. The contract stated a monthly income from the annuity of Two Thousand Two Hundred Twenty-One Dollars and Eighty-Six Cents (\$2,221.86). The contract also named Joseph A. Babb (“Joey”) and Walter Kenneth Babb (“Walter”) as the primary beneficiaries.
4. On January 18, 2008, Babb died.
5. On February 1, 2008, Joey met with Respondent to go over the annuity in order to file claim forms.
6. The first “interest payment” on the “annuity” came from the Respondent in the form of a cashier’s check from BankPlus. The payment did not come from an insurer.
7. Respondent made four “quarterly interest payments” to Joey from April 23, 2008, to February 17, 2009, then ceased making any payments on the “annuity.” The payments totaled Thirteen Thousand Fifty-Four Dollars and Two Cents (\$13,054.02). No additional “interest payments” were made.
8. On September 14, 2011, Joey and Walter obtained a default judgment in Chancery Court in Rankin County against Respondent, individually, and MPS for non-payment. The judgment ordered payment of Seventy-Seven Thousand Two Hundred Three Dollars and

Seventy-One Cents (\$77,203.71) to Joey and Eighty-Six Thousand Ninety-Four Dollars and Sixty-Seven Cents (\$86,094.67) to Walter.

9. On March 20, 2012, Respondent entered into a settlement agreement with Joey and Walter in satisfaction of the judgment. Respondent agreed to pay a reduced sum to Joey and Walter in exchange for the cessation of collection efforts.

III. APPLICABLE LAW

1. Miss. Code Ann. Section 75-71-701 provides:

(a) **Applicability of predecessor act to pending proceedings and existing rights.** The predecessor chapter exclusively governs all actions or proceedings that are pending on January 1, 2010, or may be instituted on the basis of conduct occurring before January 1, 2010. . . .

* * * *

(c) **Applicability of predecessor chapter to offers or sales.** The predecessor chapter exclusively applies to an offer or sale made within one (1) year after January 1, 2010, pursuant to an offering made in good faith before January 1, 2010, on the basis of an exemption available under the predecessor chapter.

(d) For the purposes of this chapter, “predecessor chapter” means Chapter 71 of Title 75, Mississippi Code of 1972, as it existed on December 31, 2009.

2. Miss. Code Ann. Section 75-71-501, of the Mississippi Securities Act in force during the relevant time period for Respondent’s alleged actions, states:

It is unlawful for a 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 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 any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

3. Miss. Code Ann. Section 75-71-715, of the Mississippi Securities Act in force during the relevant time period for Respondent’s alleged actions, states that if the Secretary of State determines that a person has engaged, is engaging, or is about to engage in an act or

practice constituting a violation of any provision of this chapter or any rule or order hereunder, the Secretary of State may:

- (1) Issue a cease and desist order, with or without prior hearing against the person or persons engaged in the prohibited activities, directing them to cease and desist from further illegal activity;
- (2)
 - (a) Issue an order in the case of an issuer of registered securities, broker-dealer, investment advisor, agent, investment adviser representative, or other person who violated this chapter, imposing an administrative penalty up to a maximum of Twenty-five Thousand Dollars (\$25,000.00) for each offense and each violation shall be considered a separate offense in a single proceeding or a series of related proceedings; to be paid to the Secretary of State and requiring reimbursement to the Secretary of State for all costs and expenses incurred in the investigation of the violation(s) and in the institution of administrative proceedings, if any, as a result thereof;
 - (b) For the purpose of determining the amount or extent of a sanction, if any, to be imposed under subparagraph (2)(a) of this section, the Secretary of State shall consider, among other factors, the frequency, persistence, and willfulness of the conduct constituting a violation of this chapter or a rule promulgated thereunder or an order of the Secretary of State, the number of persons adversely affected by the conduct, and the resources of the person committing, the violation;

* * * *

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. Respondent’s alleged actions occurred before January 1, 2010. *See* Miss. Code Ann. Section 75-71-701.

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.

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.

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 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 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
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 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
Post Office Box 136
700 North Street
Jackson, Mississippi 39205
(601) 359-1650