

1  
2  
3  
4  
5  
6  
7  
8

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

IN THE MATTER OF DETERMINING ) Order No. S-10-026-13-SC02  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE OF INTENT  
) TO ENTER ORDER TO CEASE AND DESIST,  
Catalyst Management Group, LLC, d.b.a. Catalyst ) TO IMPOSE FINES AND CHARGE COSTS  
Investment Club; Jeffrey M. Slowik, a.k.a. Jeff )  
Slowik; Michelangelo Viliami Domine, a.k.a. Miki )  
Domine; and Rollin P. Shatto, a.k.a. Rollie Shatto, )  
)  
Respondents. )  
)

**THE STATE OF WASHINGTON TO:** Catalyst Management Group, LLC; Jeffrey M. Slowik,  
Michelangelo Viliami Domine, and Rollin P. Shatto

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondents, Catalyst Management Group, LLC, d.b.a. Catalyst Investment Club; Jeffrey M. Slowik, a.k.a. Jeff Slowik; Michelangelo Viliami Domine, a.k.a. Miki Domine, and Rollin P. Shatto, a.k.a. Rollie Shatto have each violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondent to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390 and under RCW 21.20.395 to impose fines. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**I.**

Respondents

1. Catalyst Management Group, LLC (Catalyst), d.b.a. Catalyst Investment Club (the Club), is a Nevada limited liability company with its principal place of business in Maple Valley, Washington.
2. Jeffrey M. Slowik (Slowik), is a co-managing member of Catalyst and a resident of Maple Valley, WA. Slowik has been licensed with the Washington Office of the Insurance Commissioner as an insurance producer, license number 249906, since 2009.
3. Michelangelo Viliami Domine (Domine) is a co-managing member of Catalyst and a resident of West Covina, California.

1 4. Rollin P. Shatto (Shatto) is a Washington resident. Shatto was formerly licensed with the  
2 Washington Office of the Insurance Commissioner as an insurance agent, OIC#266510 from 2006 to 2011 and the  
3 Washington Dept. of Financial Institutions-Consumer Services Division as a loan originator, #510-LO-35870, in  
4 2007.

5 **II.**

6 Nature of the Conduct

7 *Investment Pool/Investment Club*

8 5. In 2008, Respondents Slowik and Domine offered to Washington and other state residents an  
9 investment scheme in which they pooled the investors' money into a communal account for the express purpose of  
10 investing in a variety of investment options. Respondents described the investment pool in marketing materials as the  
11 Catalyst Investment Club (the Club). Respondents Catalyst Management Group, LLC, Jeffrey M. Slowik, and  
12 Michelangelo Viliami Domine were to make investment recommendations to and decisions on behalf of investors in  
13 the investment pool/Club and receive compensation in the form of management fees and other fees for managing the  
14 group's investments. Respondents were to receive 30% of the net profits of the investment pool/Club.

15 6. Respondents Slowik and Domine recruited investors in person, by word of mouth, and through the  
16 distribution of a flyer that explained the purpose and goals of the Club. Slowik and Domine did not contribute any  
17 capital to the investment pool/Club and recruited at least seven individuals to invest funds through the investment  
18 pool/Club. At least five of the investors were Washington residents, one a California resident, and one a Nevada  
19 resident. At the time of investment, no formal structure was created for the Club and no meetings of the Club were  
20 held. Most investors never had any form of contact with one another. Investors did not participate in the management  
21 of the investment pool/Club or in the purchase and sale of investments made on their behalf.

22 7. Respondents Catalyst, Slowik, and Domine recommended two different investments that were  
23 purchased by investors in the investment pool/Club. The first was what Respondents described as "bond investments"  
24 and the second was a "medium term note." Collectively, the Respondents raised at least \$1,500,000 from investors  
25 through the investment pool/Club. Respondents collected at least \$175,000 of investors' funds as their compensation  
for managing the "bond investments" and medium term note transactions.

*Finder's Fee*

8. Respondents Catalyst and Slowik paid Rollin P. Shatto, one of the Washington investors and a former  
co-worker of Slowik, a "finder's fee" for recruiting investors to the investment pool/Club. Shatto's finder's fee was  
based on a percentage of the money invested by others with the investment pool. Slowik paid Shatto a finder's fee on  
four separate occasions for a total of approximately \$1,246.

*Bond Investment*

1 9. Slowik and Domine distributed a one page document entitled “INVERSE FLOATER BOND  
2 INVESTMENT” to prospective investors. In the document, Slowik and Domine represented that “Historically, the  
3 club has seen gross returns of 2 to 5 percent, with the broker’s intention to sell the bonds on the clubs [sic] behalf if  
4 returns should fall below 1.5% on a given month.” Slowik and Domine stated that the qualifications for the  
5 investment required membership in the Investment Club and required a minimum \$100,000 to a \$2,000,000 maximum  
6 investment. However, Catalyst represented that, as the Managing Director, it could pool an investor’s money with  
7 other members to purchase a bond. Slowik and Domine did in fact pool investors’ money into a single account in  
8 order to purchase “bond investments.” Investors’ money was initially transferred into a personal account for Slowik at  
9 the Andrew Garrett brokerage firm and later transferred to an account at the firm that was later created for Catalyst.

10 10. Respondents Slowik and Domine paid themselves approximately \$100,000 in fees for management of  
11 the investment pool/Club bond investments.

12 11. The Respondents solicited at least \$875,000 from seven investors for bond investments from 2008 to  
13 2009 and had returned approximately \$727,000 to investors by February, 2014. The balance available to be  
14 distributed to the investors is estimated to be at less than \$3,000 at the end of February, 2014.

*Bond Anti-fraud violations*

15 12. Respondents Catalyst Management Group, LLC, Jeffrey M. Slowik, and Michelangelo Viliami  
16 Domine misrepresented to investors that the Club had historically seen gross returns of 2 to 5 percent when they had  
17 no basis in fact for such a statement.

18 13. Respondents Catalyst Management Group, LLC, Jeffrey M. Slowik, and Michelangelo Viliami  
19 Domine represented to investors that they would use registered brokers in purchasing investments, but paid Rollin  
20 Shatto approximately \$1,246 in finder’s fees for recruiting investors and relied on the advice of and paid to California  
21 resident John Terence Baxter, a.k.a. Terry Baxter (Baxter) approximately \$70,000 in commissions and fees in  
22 connection with “bond” purchases. Neither Rollin Shatto nor John Baxter was registered as a broker-dealer or a  
23 securities salesperson with the Securities & Exchange Commission or with any state securities regulatory authority.  
24 John Baxter was not registered as an investment adviser with the Securities & Exchange Commission or as an  
25 investment adviser or investment adviser representative with any state securities regulatory authority.

14. Respondents Catalyst Management Group, LLC, Jeffrey M. Slowik, and Michelangelo Viliami  
Domine failed to disclose material facts to investors regarding the risks of bond trading, such as market, interest rate,  
and prepayment risk.

*Medium Term Notes*

15. In 2009, Respondent Domine contacted one of the Washington investors in the investment pool/Club  
regarding the opportunity to invest in a “medium term note” that Domine represented was going to yield between two

1 to four per cent on a monthly basis. Domine told the investor that the investor would pay a reduced management fee  
2 for the investment. The Washington investor invested \$625,000 in “medium term notes.” Catalyst deposited the  
3 investor’s money into a one of its bank accounts. Domine withheld \$55,000 and forwarded the remaining \$570,000 to  
4 a third party located in Hawaii. The investor has not been repaid his investment.

5 *Medium Term Note Anti-fraud violations*

6 16. Respondent Domine misrepresented to an investor that the medium term note investment was going to  
7 yield between two to four per cent on a monthly basis when he had no basis in fact for such statement.

8 17. Respondent Domine did not provide the investor with the material information about the investment  
9 such as the upfront fees that were to be taken out of the investment, the background of the issuer, the persons  
10 managing the investment, the risks of the investment, and issuer financial information, including financial statements.

11 **III.**

12 Registration Status

13 18. Catalyst Management Group, LLC, Jeffrey M. Slowik, and Michelangelo Viliami Domine are not  
14 currently registered to sell securities in the state of Washington and have not previously been so registered, nor have  
15 they filed a claim of exemption from registration.

16 19. Jeffrey M. Slowik, Michelangelo Viliami Domine, and Rollin Shatto are not currently registered as a  
17 securities salesperson or broker-dealer in the state of Washington and have not previously been so registered.

18 20. Catalyst Management Group, LLC is not currently registered as an investment adviser in the state of  
19 Washington and has not previously been so registered.

20 21. Jeffrey M. Slowik and Michelangelo Viliami Domine are not currently registered as an investment  
21 adviser or investment adviser representative in the state of Washington and have not previously been so registered.

22 Based upon the above Findings of Fact, the following Conclusions of Law are made:

23 **CONCLUSIONS OF LAW**

24 **I.**

25 The offer and/or sale of investment pool, investment club membership, bond investments, and medium term  
notes described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17) to wit:  
an investment contract, note and/or evidence of indebtedness.

**II.**

The offers and/or sales of said securities are in violation of RCW 21.20.140 because no registration for such  
offers and/or sales is on file with the Securities Administrator.

**III.**

Catalyst Management Group, LLC has violated RCW 21.20.040(1) by offering and/or selling said securities while not being registered as a broker-dealer in the state of Washington.

**IV.**

Jeffrey M. Slowik, Michelangelo Viliami Domine, and Rollin P. Shatto have violated RCW 21.20.040(1) by offering and/or selling said securities while not being registered as a broker-dealer or securities salesperson in the state of Washington.

**V.**

The offer and/or sale of said securities was made in violation of RCW 21.20.010 because Respondents Catalyst, Slowik, and Domine misrepresented to investors that they would only be dealing with registered brokers, misrepresented the expected rate of investment returns, and failed to disclose the material facts about the investments to be acquired on behalf of investors such as the risks of the investments, and financial information, including financial statements of issuers.

**VI.**

Catalyst Management Group, LLC has violated RCW 21.20.040(3) by providing investment advice to investors for compensation while not registered as an investment adviser in the state of Washington.

**VII.**

Jeffrey M. Slowik and Michelangelo Viliami Domine have violated RCW 21.20.040(3) by providing investment advice to investors for compensation while not registered as an investment adviser or investment adviser representative in the state of Washington.

**VIII.**

Respondents Catalyst Management Group, LLC, Jeffrey M. Slowik, and Michelangelo Viliami Domine violated RCW 21.20.030(1) by entering into a contract with investors in which they were to be compensated on the basis of a share of capital gains on or capital appreciation of the investment pool/Club investments.

**NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.20.390(1), that Catalyst Management Group, LLC, Jeffrey M. Slowik, Michelangelo Viliami Domine, and their agents and employees each shall cease and desist from violations of RCW 21.20.010, RCW 21.20.030, RCW 21.20.140, and/or RCW 21.20.040 and that Rollin P. Shatto shall cease and desist from violations of RCW 21.20.040.

**NOTICE OF INTENT TO IMPOSE FINES**

1 Pursuant to RCW 21.20.395 and based upon the Tentative Findings of Fact and Conclusions of Law, the  
2 Securities Administrator intends to order that Catalyst Management Group, LLC, Jeffrey M. Slowik, and  
3 Michelangelo Viliami Domine shall each be liable for and pay a separate fine of \$5,000.

**NOTICE OF INTENT TO RECOVER COSTS**

4 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the  
5 Securities Administrator intends to order that Catalyst Management Group, LLC, Jeffrey M. Slowik, and  
6 Michelangelo Viliami Domine shall be jointly and severally liable for and shall pay investigative costs of not less than  
7 \$5,000.

**AUTHORITY AND PROCEDURE**

8 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the  
9 provisions of Chapter 34.05 RCW. The Respondents, Catalyst Management Group, LLC, Jeffrey M. Slowik,  
10 Michelangelo Viliami Domine, and Rollin P. Shatto may each make a written request for a hearing as set forth in the  
11 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If a  
12 Respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the  
13 above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist  
14 as to that Respondent, to impose any fines sought against that Respondent, and to charge any costs sought against that  
15 Respondent.

Signed and Entered this 6th day of June, 2014.



William M. Beatty  
Securities Administrator

19 Approved by:

20 Suzanne Sarason  
21 Chief of Enforcement

Presented by:

  
Cordell, Martin  
Financial Legal Examiner

22 Reviewed by:



23 Jack McClellan  
24 Financial Legal Examiner Supervisor