

1 II.

2 OFFER AND SALE OF STOCK

3 During 1996, Funes offered and sold more than \$95,000 worth of Texas American Group, Inc. stock to at least
4 five Washington investors. Funes represented to investors that Texas American Group was a Texas corporation that
5 owned overseas resorts and hotel complexes.

6 III.

7 UNREGISTERED SECURITIES

8 Texas American Group, Inc. was never registered to sell its securities in the state of Washington.

9 IV.

10 UNREGISTERED BROKER-DEALER AND SALESPERSON

11 In 1996, Jeffrey Nissim Funes was not registered as a securities salesperson or broker-dealer in the state of
12 Washington.

13 V.

14 MISREPRESENTATIONS AND OMISSIONS

15 When offering and selling the Texas American Group stock, Funes failed to disclose that he was offering and
16 selling unregistered stock. He failed to disclose that he was not a registered securities salesperson and that he had been
17 barred by the NASD in 1990 for misuse of customer funds. Funes failed to give the investors any historical financial
18 statements for Texas American Group. Funes falsely represented to some investors that American Diversified
19 Companies was a broker that handled Texas American Group stock.

20 VI.

21 CONVERSION OF INVESTOR FUNDS

22 Instead of using the investors' funds to purchase Texas American Group stock, Funes gave the funds to American
23 Diversified Services, Inc. ("ADS"), a Washington corporation and insurance agency, without the knowledge or approval
24

1 of the investors. Funes failed to disclose that he was employed as an independent consultant for ADS. Funes failed to
2 give the investors any financial statements for American Diversified Companies or ADS. It appears that the investors'
3 funds were used to pay ADS's business operating expenses. Funes never gave the investors the Texas American Group
4 stock that he had promised.

5 VII.

6 THREAT TO THE INVESTING PUBLIC

7 The Securities Administrator finds that Funes' repeated and knowing misuse of investor funds constitutes a threat
8 to the investing public.

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

10 CONCLUSIONS OF LAW

11 I.

12 The offer and sale of the investments described above constitutes the offer and sale of a security as defined
13 in RCW 21.20.005(10) and (12), to wit: stock.

14 II.

15 The offer and sale of said securities is in violation of RCW 21.20.140 because no registration for such offer or
16 sale is on file with the Washington Securities Administrator.

17 III.

18 Jeffrey Nissim Funes has violated RCW 21.20.040 by offering and selling said securities while not registered as a
19 securities salesperson or broker-dealer in the state of Washington.

20 IV.

21 The offer and sale of said securities was made in violation of RCW 21.20.010 because, as described in paragraphs
22 V and VI of the Tentative Findings of Fact, in connection with the offer and sale of the securities, Respondent made
23 untrue statements of material fact or omitted to state material facts necessary in order to make the statements made not

1 misleading to investors and because Respondent engaged in acts and practices and a course of business that operated as
2 a fraud on the investors.

3
4 V.

5 The Securities Administrator finds that an emergency exists, that Respondent's continued violations of RCW
6 21.20.010, RCW 21.20.040, and RCW 21.20.140 constitute a threat to the investing public and that summary orders to
7 cease and desist from those violations are in the public interest and necessary for the protection of the investing public.

8 **SUMMARY ORDER**

9 Based upon the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Jeffrey
10 Nissim Funes and his employees, agents and representatives shall each cease and desist from offering and/or selling
11 securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of
12 Washington.

13 It is further SUMMARILY ORDERED that Jeffrey Nissim Funes and his employees, agents and representatives
14 shall each cease and desist from violation of RCW 21.20.040, the broker-dealer and salesperson registration section of
15 the Securities Act.

16 It is further SUMMARILY ORDERED that Jeffrey Nissim Funes and his employees, agents, and representatives
17 shall each cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act.

18 **AUTHORITY AND PROCEDURE**

19 This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of Chapter
20 34.05 RCW. Respondent, Jeffrey Nissim Funes, may make a written request for a hearing as set forth in the NOTICE
21 OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If the
22 respondent fails to request a hearing within the allowed time, the Securities Administrator

23
24
25 SUMMARY ORDER TO CEASE AND
26 DESIST

1 intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to make the
2 Summary Order to Cease and Desist permanent.

3 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

4 DATED this _____ day of _____, 2000.

5
6 _____
7 DEBORAH R. BORTNER
8 Securities Administrator

9 Presented by:

10 _____
11 Janet So
12 Securities Examiner

13 Approved by:

14 _____
15 Michael E. Stevenson
16 Chief of Compliance

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25 SUMMARY ORDER TO CEASE AND
26 DESIST