

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9480 / November 20, 2013

SECURITIES EXCHANGE ACT OF 1934
Release No. 70904 / November 20, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15211

In the Matter of

GREGG C. LORENZO,
FRANCIS V. LORENZO, and
CHARLES VISTA, LLC,

Respondents.

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS AND
A CEASE-AND-DESIST ORDER
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933 AND
SECTIONS 15(b), 21B, AND 21C OF THE
SECURITIES EXCHANGE ACT OF 1934
AS TO RESPONDENTS GREGG C.
LORENZO AND CHARLES VISTA, LLC**

I.

On February 15, 2013, the Securities and Exchange Commission (“Commission”) instituted proceedings against Gregg C. Lorenzo (“Gregg Lorenzo”), Francis V. Lorenzo (“Frank Lorenzo”), and Charles Vista, LLC (“Charles Vista”) (collectively “Respondents”) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Sections 15(b), 21B, and 21C of the Securities Exchange Act of 1934 (“Exchange Act”).

II.

Respondents Gregg Lorenzo and Charles Vista (collectively, the “Settling Respondents”) have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, the Settling Respondents consent to the entry of this Order Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist

Order Pursuant to Section 8A of the Securities Act of 1933 and Sections 15(b), 21B, and 21C of the Securities Exchange Act of 1934 (“Order”), as set forth below.

III.

On the basis of this Order and the Offer, the Commission finds¹ that

Summary

1. Beginning in or about September 2009, Respondents Gregg Lorenzo, Frank Lorenzo, and Charles Vista, a broker-dealer controlled by Gregg Lorenzo, made fraudulent misrepresentations to several customers of Charles Vista to induce them to invest in convertible debentures issued by a start-up waste management company called Waste2Energy Holdings, Inc. (“W2E”).

2. In telephone conversations with at least three Charles Vista customers, Gregg Lorenzo attempted to convince them to purchase highly risky W2E debentures by (a) making false, misleading, and unfounded statements designed to create the impression that the debentures were less risky than they actually were, and (b) making unfounded positive predictions about the upside of the investment, including the future price of W2E stock and the likelihood that the stock would trade on the NASDAQ.

3. Frank Lorenzo also engaged in fraudulent efforts to sell the W2E debentures to Charles Vista customers, by sending at least two Charles Vista customers emails containing false and/or misleading statements concerning W2E’s assets and alleged contracts.

4. Charles Vista committed fraud through the actions of Gregg Lorenzo and Frank Lorenzo, described above.

Respondents

5. Gregg Lorenzo, age 30, has been the indirect owner of Charles Vista -- a formerly registered broker-dealer -- from February 2009 through the present. Gregg Lorenzo operated and controlled Charles Vista as a broker-dealer through at least June 2013, and he was listed as a registered representative at Charles Vista. He resides in Staten Island, New York. From April 2002 through February 2009, Gregg Lorenzo was a registered representative associated with various other broker-dealers registered with the Commission. In 2005, Gregg Lorenzo settled civil fraud and other charges with the State of Montana -- related to his employment at a brokerage firm -- and agreed to withdraw his securities license in Montana for two years and pay a \$35,000 fine. In February 2007, the National Association of Securities Dealers found that Gregg Lorenzo had violated agreements with the New Jersey and Indiana securities authorities, which had

¹ The findings herein are made pursuant to the Settling Respondents’ Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

imposed strict supervision requirements on Gregg Lorenzo. In February 2008, Gregg Lorenzo entered into a consent order with the Iowa Securities and Regulated Industries Bureau requiring heightened supervision of Gregg Lorenzo and precluding him from performing supervisory responsibilities for two years. In a July 16, 2009 Agreement and Order with the Idaho Department of Finance, *Idaho v. John Thomas Financial, et al.*, Docket No. 2008-7-11, the Idaho Securities Division sanctioned Gregg Lorenzo for negligently failing to disclose the Iowa consent order in his form U-4. The order directed Gregg Lorenzo to withdraw his application for registration as an investment adviser representative and to pay a civil penalty of \$1,250. On June 18, 2013, the Financial Industry Regulatory Authority (“FINRA”) barred Gregg Lorenzo from associating with any FINRA member firm for his refusal to appear for an on-the-record interview (pursuant to FINRA Rule 8210) regarding a FINRA investigation of Charles Vista.

6. Frank Lorenzo, age 52, resides in Westwood, New Jersey and is currently registered with Hunter Wise Securities, LLC, a registered broker-dealer based in Irvine, California. Frank Lorenzo works at the firm’s New York City office. Frank Lorenzo holds Series 7 and 63 licenses. He began working at Mercer Capital in February 2007 and then followed Gregg Lorenzo to John Thomas Financial and Charles Vista. Frank Lorenzo acted as an investment banker at Mercer Capital, John Thomas Financial and Charles Vista.

7. Charles Vista is a registered broker-dealer controlled by Gregg Lorenzo. In February 2009, through an entity that he owned, Gregg Lorenzo purchased a registered broker-dealer shell company called DC Evans and Company LLC (“DC Evans”) and renamed it Charles Vista, LLC. On December 16, 2009, FINRA denied Charles Vista’s application to transfer membership from DC Evans to Charles Vista. On August 10, 2010, FINRA upheld its earlier decision, citing Gregg Lorenzo’s regulatory history. On June 24, 2013, Charles Vista filed a Form BDW (request for withdrawal from broker-dealer registration) with the Central Registration Depository operated by FINRA. In 2009 and 2010, Charles Vista participated in offerings of W2E debentures convertible to W2E stock, which is a penny stock.

Other Relevant Entities

8. According to W2E’s SEC filings, W2E is a Delaware corporation formed in 2008 as Maven Media Holdings, Inc. (“Maven Media”). In May 2009, Maven Media’s wholly-owned subsidiary, Waste2Energy Acquisition Co., acquired Waste2Energy, Inc., a privately held Delaware corporation that held 95% of the issued and outstanding shares of EnerWaste International Corporation (“EWI”), a company that manufactured a so-called “Batch Oxidation System” for converting waste into energy. EWI owned 50% of EnerWaste Europe, Ltd. (“EWE”), a company based in Iceland that operated a waste processing facility in that country. In April 2008, Waste2Energy, Inc. formed a wholly-owned subsidiary, EnerWaste, Inc., to acquire the other 50% of the stock of EWE. In July 2009, Maven Media (which prior to the acquisition of Waste2Energy, Inc. had been a shell corporation with publicly registered stock) changed its name to Waste2Energy Holdings, Inc. Shortly thereafter, W2E’s stock began to be quoted on the Over-The-Counter Bulletin Board (“OTCBB”).

W2E's Operations and Financial Condition

9. According to W2E's SEC filings, Waste2Energy, Inc. was incorporated in Delaware on April 10, 2007. On August 27, 2007, Waste2Energy, Inc. filed a Form D notice that it was engaged in a \$6 million private offering of securities pursuant to Rule 506 of Regulation D, 17 C.F.R. § 230.506. According to its September 4, 2007 private placement memorandum, Waste2Energy, Inc. was formed to acquire 95% of the "issued and outstanding shares of capital stock" of EWI.

10. According to W2E's SEC filings, Waste2Energy, Inc. completed the EWI acquisition in or about November 2007, thereby acquiring 50% of EWE. Through EnerWaste, Inc., Waste2Energy acquired the remaining 50% of the stock of EWE. Waste2Energy, Inc.'s total purchase price for EWE was \$8 million, which it paid in roughly equal parts in cash, W2E stock and a W2E promissory note.

11. According to W2E's SEC filings, when Waste2Energy, Inc. acquired EWE, EWE had a contract with Ascot Environmental Ltd. ("Ascot") to develop a waste-to-energy facility in the Dargaval area of Dumfries, Scotland. In 2008, W2E took over this contract through its Isle of Man subsidiary, Waste2 Energy Limited.

12. On June 30, 2009, W2E filed a Form 8-K with the SEC that contained its first "unaudited" public post-merger financial statements. The financial statements stated, among other things, that, as of December 31, 2008, W2E had total assets of \$13,987,764, total liabilities of \$9,563,673, and that W2E "had been operating at a substantial operating loss each year since inception." Of the nearly \$14 million in assets as of December 31, 2008, W2E attributed over \$10 million to "intangibles" (including a \$1.9 million deferred tax liability), \$0.5 million to goodwill, and \$3 million to "cost and estimated earnings of billings on uncompleted contracts." The Form 8-K also disclosed that EWE had been placed in involuntary receivership in February 2009. The filing listed \$28,171 in cash as of December 31, 2008 and further disclosed that W2E's current business operations were dependent on generating substantial revenues from one customer, Ascot, which subjected W2E to "significant financial and other risks in the operation of our business." The anticipated revenue from the contract with Ascot, at the time it was entered into, was less than \$15 million, and by the time the Form 8-K was filed in June 2009, the contract was operating at a net loss for W2E. Furthermore, by September 2009, W2E had received all, or virtually all, of the payments it was entitled to under its contract with Ascot.

13. On October 1, 2009, W2E filed an amended Form 8-K ("Form 8K/A") and its Form 10-Q for the period ended June 30, 2009. The financial statements contained in the October 1 filings included "unaudited" numbers for the period ended June 30, 2009 and, apparently, audited numbers for the period ended March 31, 2009. For the period ended March 31, 2009, W2E reported total assets of \$367,581 (including \$27,360 in cash), total liabilities of \$6,676,163, and an operating loss of \$1,972,637. For the period ended June 30, 2009, W2E reported total assets of \$660,408 (including \$54,543 in cash), total liabilities of \$3,942,356, and an operating loss of \$1.5 million. The alleged \$11 million in intangible assets and goodwill that

W2E had reported in the Form 8-K that it filed June 30, 2009 were no longer reported as assets on the balance sheet that appeared in its October 1, 2009 Form 10-Q and Form 8-K/A filings.

14. W2E's October 1, 2009 Form 8-K/A explained the complete write-off of \$11 million in intangibles and goodwill as follows:

In January 2009, the Company engaged a consultant to assist in the evaluation of the Dargavel project [for Ascot] due to continued delays and concerns over the design and plans for the facility, as well as the progress and ability to complete the project in accordance with the contract. The initial plans, designs, and knowhow that were the foundation of the project plan also served as the basis of the Technology assets we acquired with the purchase of [EWE]. The conclusion reached was that the Company needed to completely change the project plans, technology and controls that would enable the company to deliver the project according to the contract specifications. As a result, management made a determination that the value of the assets acquired were of no value and the Company's IP platform would be built on a new set of plans, design specifications and technology that was developed starting in January through the expected conclusion of the project in late 2009. As a result, an impairment charge in the amount of \$10,538,029 was recorded to write-off the value of the Technology.

Additionally, when the Company acquired [EWE], Goodwill was assigned based on the value of the workforce. At the time of the Iceland economic collapse and subsequent termination of the contract between EWE and the company, and the signing of the new contract with another Company subsidiary, the majority of the workforce where the value was placed did not continue on with the Dargavel project or any other efforts supporting the continued development of the Technology and knowhow of the business. As a result of the above, management determined that Goodwill was impaired and an impairment in the amount of \$496,594 was recorded to write-off the value of the Goodwill.

15. On November 16, 2009, W2E filed a Form 10-Q for the period ending September 30, 2009. In this filing, W2E reported that as of September 30, 2009, the value of all of W2E's assets was \$905,582, its total liabilities were \$6,510,247, and it had an accumulated deficit of \$23,675,381. The value of contracts receivable was listed as zero and unbilled amounts due on uncompleted contracts was \$499,857.

W2E's \$15 Million Debenture Offering

16. From in or about September 2009 through May 2010, Gregg Lorenzo's firm, Charles Vista, was the exclusive placement agent for an issuance of 12% W2E debentures, with a

maximum issuance amount of \$15 million (the “Debentures”). The Debentures were convertible to W2E stock, which is a penny stock.

17. Charles Vista’s financial interest in the Debentures offering was considerable. According to documents attached to some of W2E’s SEC filings, Charles Vista was to receive (1) a 10% “commission” on the gross proceeds of all Debentures sales; (2) a 3% “expense allowance” on the same proceeds; (3) a consulting fee of \$10,000 per month for twelve months starting “at the initial closing” of the Debentures offering; (4) an “investment banking fee equal to \$125,000 for each \$2,500,000 of Debentures sold, up to a total of \$750,000”; (5) another 13% commission/expense allowance “upon the exercise of the Warrants issued to the purchasers of the Debentures”; and (6) a “warrant to purchase up to 4.5 %” of W2E’s outstanding shares “proportionate to [the] amount of Debentures sold” (at a \$.01 exercise price).

18. Charles Vista sent potential investors written materials concerning W2E and the Debentures, including a lengthy private offering memorandum (“POM”) prepared by W2E, Charles Vista, and their respective attorneys. The POM stated that the Debentures “are highly speculative in nature, involve a high degree of risk and should be purchased only by persons who can afford to lose their entire investment.” The POM also listed a number of individual risks concerning investment in the Debentures.

19. In addition to the POM, investors received, and were required to sign, a subscription agreement that contained risk disclosures similar to the POM.

Gregg Lorenzo’s False Statements to Investors

20. Gregg Lorenzo personally attempted to sell the Debentures to numerous potential investors. In his oral sales pitches to at least three potential investors, Lorenzo made false and misleading statements designed to (i) ameliorate concerns about the investment’s downside risk by misrepresenting W2E’s financial condition and business prospects; and (ii) make the Debentures’ stock conversion feature appear valuable by making baseless predictions about the future price of the company’s stock and its future listing on a major exchange.

Investor A

21. Gregg Lorenzo spoke to Investor A several times, including in a recorded telephone conversation on September 23, 2009. During that telephone conversation, Gregg Lorenzo knowingly or recklessly made the following materially false and/or misleading statements to induce Investor A to purchase the Debentures:

(a) Discussing W2E, Gregg Lorenzo falsely told Investor A that “right now they have a contract. They have a contract that’s totaling \$100 to \$200 million, but I don’t know how fast they’re going to get that money, so I can’t really say what type of cash roll they’re going to generate.”

(b) Gregg Lorenzo made the following statements to assure Investor A that investment in the Debentures was not as risky as the written risk disclosures had made it seem, and that Investor A will “get [his] money back” because W2E allegedly would have “\$7 million” in cash to repay debenture holders regardless of its future revenue:

But I got to tell you this. If this is a private placement, and there weren't protective features in the transaction, and it wasn't somewhat of an insurance policy, I would tell you, you're right, don't do it. But the fact that there is and you get the benefit of having a debenture and it being senior and being in front of everything else that this company has, accrued salary, shareholders, you name it, and it's the only debt the company will have on their book, I mean, I— it's hard really -- it's hard to really put this into a very, very risky category despite what those documents read because at the end of the day, . . . this company is still going to have close to \$7 million in the bank, and I'm talking no revenue at all.

So I understand where you're coming from, but there is nothing in this market, there is nothing in this industry in my opinion with you being a client of my firm that can do what this deal can do for you because I'm telling you now, with our reputation on the line, me saying this to you, if you don't want to convert because you feel that the market is not there, the company hasn't executed, you are getting your money back.

They're going to be left with these – close to or exactly the amount of cash that they were given. Now again, I, I'm going to hold them accountable to pay this money back out of revenue.

* * *

But I look at it like this. I'll be honest with you. Based on their burn rate, and what they're going to get left with, they're still going to have close to \$7 million in cash. If I have to raise a measly 8 million bucks to help them at worst case scenario, I'm not worried about that. These are the – this is the worst case scenario that I can possibly think of. I just – I just don't see that happening. I, you know, I, I'm sorry. And if they do, I am prepared as the chairman of Charles Vista to make sure that the investors get paid back.

* * *

You know, the odds of you being successful are, are highly likely.

* * *

I also want you to know that this is a very, very strong transaction.

* * *

I will make sure that you get paid back your money in this transaction. I don't believe that you will even take back your money. I have full confidence you will convert this note into stock at a dollar because the stock will be trading at a significant premium with liquidity because the company has executed their business plan.

* * *

And you're going to have a year to watch it for yourself. I don't have to say anything. The proof will be in the pudding, and you'll be able to decide what you want to do. It's like, it's like being able to place a bet and making a decision if you want to keep that bet a year from now.

* * *

But you are getting your money back, and you're going to get your final interest payment, and you are getting your warrants up front, and you'll be able to decide if you want to keep going. That [other] stock cannot offer you that. No public stock can offer you that. It's just not out there.

(c) During the September 23, 2009 telephone call with Investor A, Gregg Lorenzo also made the following baseless prediction regarding W2E's alleged future listing on NASDAQ: "I believe [W2E] will be a NASDAQ trading stock within 12 months. I believe they will meet the listing requirements."

(d) On the same call, Gregg Lorenzo also made equally baseless statements concerning the future price of W2E's stock, into which the Debentures could be converted. He told Investor A that "I have full confidence you will convert this note into stock at a dollar because the stock will be trading at a significant premium with liquidity because [W2E] has executed their business plan." Later in the call, while trying to convince Investor A to invest \$75,000 more than he already had decided to invest in the Debentures, Gregg Lorenzo stated that an additional \$75,000 means "150,000 more shares in a company that could potentially be \$5 to \$10 a share within 12 months. And that's what I'm looking at. You're giving up on that, and I just don't want you to do that. 150,000 shares at \$5 is almost a million dollars to you. It's 700, it's close to \$750,000."

(e) Gregg Lorenzo also told Investor A on September 23, 2009 that he was in possession of favorable non-public information concerning W2E, stating: "I can tell you things

that are not even public yet that I shouldn't tell you, but it's not going to make a difference. You're going to want to see these things happen."

(f) Finally, Lorenzo falsely told Investor A on September 23, 2009 that the "debenture [was] senior and being in front of everything else that [W2E] has, accrued salary, shareholders, you name it, and it's the only debt the company will have on their book."

22. Gregg Lorenzo had no reasonable basis for making the statements set forth in paragraph 21 above because, as he knew or recklessly disregarded:

(a) W2E never had a contract for "\$100 to \$200 million"; its only substantial contract, with Ascot, was worth less than \$15 million at the outset, and as of September 23, 2009, when Lorenzo had the call with Investor A, W2E already had received all, or virtually all, payments due under that contract.

(b) W2E's last public filing prior to September 23, 2009 -- its May 28, 2009 Form 8-K -- reported, not that the company had "\$7 million in the bank" as Lorenzo told Investor A, but that (i) as of December 31, 2008, W2E had only \$28,171 in cash; and (ii) as of May 28, 2009, the company had only \$194,369 in cash. Furthermore, W2E's Form 10-Q for the period that ended June 30, 2009 (filed October 1, 2009) reported that the company had only \$54,543 in cash and less than \$700,000 in total assets; and W2E's Form 10-Q for the period ended September 30, 2009 (filed November 16, 2009) reported total assets of \$905,582, total liabilities of \$6,510,247, an accumulated deficit of \$23,675,381, contracts receivable valued at zero, and unbilled amounts due on uncompleted contracts at \$499,857.

(c) and (d) W2E was an extremely speculative stock — it was a start-up company at an early stage of development, and its financial condition was extremely precarious. Furthermore, on September 23, 2009 — the day that Gregg Lorenzo made his stock price and NASDAQ listing predictions to Investor A — W2E filed a Form 8-K reporting that on August 20, 2009, FINRA had notified the company that if it did not file a delinquent Form 10-Q by September 21, its stock could be de-listed from the OTCBB, a trading venue with much less demanding listing requirements than the NASDAQ. In addition, the POM reported that (1) the "sole member of our board of directors was a defendant in prior litigation arising [sic] alleging violation of the Federal Securities laws, which may prevent or make more difficult listing on a national exchange and/or NASDAQ"; and, after further describing the litigation, (2) "[t]here can be no assurance that [the Director's] actions and/or involvement in the prior litigation will not negatively impact and/or prevent [W2E's] ability to be listed on an exchange and/or NASDAQ, even if [W2E] were to meet such listing qualifications, which it will not for the foreseeable future."

(e) No "non-public information concerning W2E" existed, and none of W2E's public statements after September 23, 2009 indicate that any such undisclosed favorable information about the company existed on or around September 23, 2009.

(f) As Gregg Lorenzo knew, as of September 23, 2009, W2E had millions of dollars in debt on its books that was senior to the debt W2E was issuing through the Debentures offering.

23. On September 25, 2009 and October 1, 2009, Investor A invested a total of \$200,000 in the Debentures.

Investor B

24. In or about August, 2009, Gregg Lorenzo spoke to Investor B concerning the Debentures. During his conversations with Investor B, Lorenzo knowingly or recklessly falsely told investor B that he would make several times his money if he invested in the Debentures.

25. After speaking to Gregg Lorenzo, Investor B invested \$200,000 in the Debentures.

Investor C

26. In or about April and May 2010, Gregg Lorenzo made the following false or misleading statements to Investor C, for which there was no reasonable basis. He told Investor C that:

(a) If he invested in the Debentures, Investor C was guaranteed to get the principal invested in the Debentures back plus interest after one year; and

(b) W2E would be doing very well in a year, at which point Investor C would have the option to convert the Debentures into W2E stock.

27. After speaking to Gregg Lorenzo, Investor C invested a total of \$125,000 in the Debentures: \$25,000 on April 1, 2010 and \$100,000 on May 12, 2010.

The Fraudulent Emails to Investors

28. As stated in paragraphs 13-14 above, on October 1, 2009, W2E filed an amended Form 8-K and its Form 10-Q for the period ended June 30, 2009. Those filings stated that W2E had written off almost all of its previously-reported assets (totaling approximately \$14 million) as of June 30, 2009, consisting primarily of \$11 million in “intangibles” and “goodwill.”

29. On October 1 and the morning of October 2, Frank Lorenzo notified Charles Vista’s brokers (including Gregg Lorenzo) by email of W2E’s October 1, 2009 filings and included links in his email to the W2E filings on the SEC’s website.

30. On October 2, 2009, Frank Lorenzo’s assistant, acting on behalf of, and at the direction of, either Frank Lorenzo or Gregg Lorenzo, or both, sent emails to Investor B and another

Charles Vista client with the subject-heading “W2E Debenture Deal Points.” The emails, designed to solicit those clients’ investments in the Debentures, purported to “summarize several key points of the Waste2Energy Holdings, Inc. Debenture Offering,” and contained the following false and/or misleading statements concerning W2E:

There are 3 layers of protection:

- (I) The Company has over \$10 mm in confirmed assets
- (II) The Company has purchase orders and LOI’s [letters of intent] for over \$43 mm in orders
- (III) Charles Vista has agreed to raise additional monies to repay these Debenture holders (if necessary)

31. The first statement was false because, by October 1, 2009, W2E had written off nearly all of its assets, and had no “\$10 mm in confirmed assets.”

32. The second statement was misleading because, as of October 1, 2009, W2E had only a single, non-binding, letter of intent for \$43 million and negligible “purchase orders.”

33. The third statement was misleading because, when it was made, it was far from certain that W2E could sell the full \$15 million in Debentures it was offering, much less “raise additional monies to repay [those] Debenture holders.”

34. At the time that Frank and/or Gregg Lorenzo caused Charles Vista to send the October 2, 2009 emails to potential W2E investors, they each knew, or recklessly disregarded, that the statements excerpted in paragraph 30 above were false and/or misleading statements about W2E.

35. On October 5, 2009, Frank Lorenzo and Gregg Lorenzo received an email authored by the Chief Financial Officer of W2E, Craig Brown, which expressly informed them of the “write-off of all of [W2E’s] intangible assets . . . of about \$11 million.”

36. On October 14, 2009, Frank Lorenzo sent two additional emails to Charles Vista customers that contained the very same false and misleading statements that were in the October 2, 2009 emails. Frank Lorenzo sent the October 14 emails to solicit investments in the Debentures.

37. At the time Frank Lorenzo sent the October 14 emails, he knew, or recklessly disregarded, that the statements contained in those emails about W2E were false and/or misleading.

38. At least one of the recipients of Frank Lorenzo’s October 14, 2009 emails invested in the Debentures after receiving the email.

Violations

39. As a result of the conduct described above, the Settling Respondents willfully violated Section 17(a) of the Securities Act, which makes it unlawful for any person in the offer or sale of any securities, directly or indirectly, to employ any device, scheme, or artifice to defraud, or to obtain money or property by means of any untrue statement of a material fact or any omission 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 to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

40. As a result of the conduct described above, the Settling Respondents willfully violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which make it unlawful for any person, directly or indirectly, to employ any device, scheme, or artifice to defraud, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

41. As a result of the conduct described above, Respondent Charles Vista violated Section 15(c)(1) of the Exchange Act, which prohibits a broker or dealer from effecting any transaction in, or inducing or attempting to induce the purchase or sale of, any security by means of any manipulative, deceptive, or other fraudulent device or contrivance, defined in Rule 15c1-2 to include any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, and Rule 10b-3(a), which makes it unlawful for any broker or dealer, directly or indirectly, to use or employ, in connection with the purchase or sale of any security, any act, practice, or course of business defined by the Commission to be included within the term “manipulative, deceptive, or other fraudulent device or contrivance,” as such term is used in Section 15(c) of the Exchange Act.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in the Offer.

Accordingly, pursuant to Section 8A of the Securities Act, and Sections 15(b), 21B and 21C of the Exchange Act, it is hereby ORDERED that:

A. Respondent Gregg Lorenzo cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder; and

Respondent Charles Vista cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, and Sections 10(b) and

15(c)(1) of the Exchange Act and Rules 10b-5 and 10b-3(a) thereunder.

B. Respondent Gregg Lorenzo be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

C. Any reapplication for association by Gregg Lorenzo will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Gregg Lorenzo, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondents Gregg Lorenzo and Charles Vista shall, within three business days of the entry of this Order, pay disgorgement of \$130,000 and prejudgment interest of \$20,000 (“Disgorgement Payment”) to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.

E. Gregg Lorenzo shall, within three business days of the entry of this Order, pay a civil penalty in the amount of \$375,000 (“Lorenzo Penalty Payment”) to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

F. Charles Vista shall, within three business days of the entry of this Order, pay a civil penalty in the amount of \$4,350,000 (“Charles Vista Penalty Payment”) to the Securities and Exchange Commission. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

G. Payment of the Disgorgement Payment, the Lorenzo Penalty Payment, and the Charles Vista Penalty Payment must be made in one of the following ways:

- (1) the Settling Respondents may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (2) the Settling Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the paying Respondent as a respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Robert J. Keyes, Associate Regional Director, Division of Enforcement, Securities and Exchange Commission, 3 World Financial Center, Rm. 400, New York, N.Y. 10281-1022.

H. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and penalties referenced in paragraphs IV.D., IV.E., and IV.F. above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, the Settling Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of the Settling Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, the Settling Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against the Settling Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission

Elizabeth M. Murphy
Secretary