

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15211**

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In the Matter of

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

Respondents.  
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**FRANCIS V. LORENZO'S PROPOSED**  
**FINDINGS OF FACT<sup>1</sup> AND CONCLUSIONS OF LAW**

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<sup>1</sup> Based on Frank Lorenzo's financial situation no transcript was ordered and a complete transcript was not provided by the SEC. The statements provided herein are either based upon the transcript or information and belief; to the extent that the two vary, the court will rely on the transcript.

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Pursuant to Rule 340 of the Securities and Exchange Commission's Rules of Practice, and the Court's September 19, 2013 directive at the close of the hearing in this matter, Hantman & Associates respectfully submits its Proposed Findings of Fact and Conclusions of Law on behalf of Respondent Francis Lorenzo.

## **PROPOSED FINDINGS OF FACT**

### **I. Background**

1. Francis Lorenzo is an established professional in the financial services industry with over 27 years of experience in the capital markets and financial services industry.
2. Throughout the course of his career, Lorenzo has maintained an exemplary professional record, never having been the subject of any complaints or regulatory issues prior to the pending case and was NOT the primary target of the SEC's investigation.
3. Upon graduation from the University of Colorado, Lorenzo began his career in 1986 as an arbitrage assistant at Speer, Leeds & Kellogg/Investors, Inc., and eventually advanced to serve as an arbitrage trader in the XMI Major Market Index (futures and options) on the American Stock Exchange.
4. In 1995, Lorenzo formed the Loren Investment Group, which focused on counseling companies seeking to go public through the reverse-merger process, as well as advising companies requiring capital.
5. In 2002, Lorenzo founded and served as Chief Executive Officer of OTC Solutions, LLC, a specialized corporate finance advisory firm that assisted micro cap

companies trading in the Over-the-Counter market with capital formation, public and private equity financing and strategic business development.

6. Since leaving Charles Vista, Frank has been with Hunter Wise Financial Group, LLC, where he is a Managing Director who primarily focuses on the funding of private and public companies as well as identifying investment banking opportunities for the firm. He is gainfully employed and supports his mother.
7. Charles Vista, LLC is a full service broker-dealer and investment banking firm located in New York City.

## **II. Lorenzo's Work at Charles Vista**

8. Charles Vista was founded by Gregg Lorenzo (no relation to Francis Lorenzo) and Michael Molinaro.
9. Francis Lorenzo had met Gregg Lorenzo and Michael Molinaro when the three men had worked together at John Thomas Financial ("JTF") in approximately 2008.
10. Frank resigned from JTF on or about late October 2008, primarily because of stress-related medical issues, which manifested themselves as a result of the strenuous work environment at JTF.
11. At the beginning of 2009, Gregg Lorenzo and Michael Molinaro contacted Frank about an investment banking position at their new brokerage firm, Charles Vista.
12. Frank was told that Charles Vista, although a start-up, would be properly funded by Gregg's investors and that it was their intention to start a conservative firm with quality products such as fixed income, mutual funds and insurance, research, transactional business, and high-quality investment banking.

13. As the Vice President of Investment Banking at Charles Vista, it was Francis Lorenzo's job to identify potential investment banking projects and introduce them to Charles Vista management, and, if the project was approved, find appropriate brokerage firms and strategic partners for Charles Vista to work with.
14. Francis Lorenzo was neither a principal nor an owner of Charles Vista, and was never in a compliance or supervisory position while registered with the Company.
15. Gregg Lorenzo and Mike Molinaro, who was in charge of Compliance at Charles Vista, assured Frank verbally that they would formalize their discussions in a contract within six months and that he would be reimbursed for all out-of-pocket expenses.
16. No such contract was ever entered into, and Frank was never reimbursed for his expenses.
17. From August 2009 through November 2009, in the months leading up to the issues that were addressed at the SEC hearing on September 18<sup>th</sup> and 19<sup>th</sup> of 2013, Charles Vista was essentially a floundering start-up whose management was cultivating a toxic work environment.
18. By the end of November 2009, Charles Vista owed Frank a total of \$83,100.00, and in order to continue to support himself and his widowed mother, Frank was forced to go into debt and borrow money from friends and associates in order to make ends meet.

19. The stress of this situation put an intense amount of stress on Frank; there were physical manifestations of this, and he had trouble sleeping as his health continued to deteriorate.
20. Unfortunately, because of money and time issues, he wasn't able to go for physical therapy as often as he needed to, and the work environment became more nerve-wracking every day.
21. By September 2009, Frank was unable to focus on his work and was always tired, run-down, and constantly under pressure by the demands of the Company.
22. The environment at Charles Vista was one of tension and animosity; the Company culture was one of stress and disrespect.

### **III. Waste2Energy Holdings and Charles Vista**

23. Waste2Energy Holdings, Inc. (W2E) was an alternative energy company devoted to turning waste into renewable energy. (Tr. At 190: 13-18).
24. In May 2009, W2E became a public company through a reverse merger with a public shell company called Maven Media Holdings, Inc. (Tr. At 42:5-8, 54:24-55:8; Div. Ex. 15 at 1 of 175 (describing reverse merger)).
25. On or about Spring 2009, W2E became an investment banking client of Charles Vista's. (Tr. At 191:6-13). The Company's job was to help W2E market and sell a variety of securities. (Tr. At 77:24-78:3, 191:14-192:4, 194:16-23).
26. There was no proof that Francis Lorenzo knew of or had any previous relationship with W2E.
27. During Frank Lorenzo's tenure, W2E was Charles Vista's largest client (Tr. at 195:3-5).

28. Throughout the time Frank worked at Charles Vista, he expressed his concerns that the Company was not well-diversified, and mentioned several times that too much of the Company's assets were in W2E, and that this subjected both the clients and the firm to far too much risk exposure.
29. Frank suggested numerous solutions that would allow diversification, all of which were met with disdain and disrespect, particularly by Gregg Lorenzo.
30. Since at least April 2009, Lorenzo had been asking W2E about the origin of its purported "intangible" assets. (Tr. at 331:8-20; Div. Ex. 27).
31. For example, on April 29, 2009, Lorenzo emailed W2E executives about the "Approximately \$10mm" of "intangibles" and asked "[c]an someone tell me what this is?" (Div. Ex. 27 at 2.).
32. Unfortunately, Frank never received the answers he was looking for, either from W2E or his superiors at Charles Vista, Gregg Lorenzo and Adam Spero.
33. Nevertheless, Gregg was constantly trying to pitch the W2E debentures to the registered representative's clients, but many of the registered representative's didn't feel comfortable with this, so there was always tension and confrontations regarding this issue.

#### **IV. W2E Deal Points Emails**

34. On or about October 14, 2009, Gregg Lorenzo instructed Frank to send out two Deal Points emails that Gregg had prepared to potential investors Dr. Carey Williams and Mr. Vishal Goolcharan, because Gregg wanted them to come from the Charles Vista investment banking department.



35. Francis Lorenzo did not know either of these two men personally, and did not know anything about their relationship to Charles Vista.
36. Francis Lorenzo was not the registered broker for either of these men.
37. Frank sent out the emails because his superior, Gregg Lorenzo, instructed him to do so.
38. Neither Dr. Williams nor Mr. Goolcharan responded to Frank's inquiry in any meaningful way; in fact, Frank did not exchange any follow-up correspondence with either man.
39. Of these two emails, only Mr. Goolcharan ultimately ended up investing in W2E, Dr. Williams did not purchase the Debentures.
40. Dr. Williams' email was in a spam folder in his inbox.
41. The emails explicitly stated that they were sent at the request of W2E executives Adam Spero and Gregg Lorenzo from the investment banking division of Charles Vista, and their purpose was to summarize "several key points of the Waste2Energy Holdings, Inc. Debenture Offering."
42. At the time Frank sent the two emails, he had already been suffering from exhaustion and other ailments as a result of his stressful work environment, and wasn't as focused as he should have been in performing his tasks.
43. Frank did not prepare the email, nor did he carefully review it before sending it out on Gregg's behalf.
44. Aside from this pending issue, Francis Lorenzo is a model citizen, caring for his elderly mother and active in both his church and community.

45. He did not even think he needed a lawyer when he gave his statements to the SEC, which are now being used against him.

46. Even those statements are ambiguous and unclear as to what he knew when the e-mails were sent out as follows:

Q: "You knew at the time?" – as to e-mails being inaccurate and misleading.

A: "At the time? I can't sit here and say that I didn't know."

"I was not there mentally any more." p 141 lines 9-25

47. The above statements are ambiguous and unclear, consistent with a person under intense pressure, while the testimony clearly demonstrates that he was undoubtedly confused as he was being questioned by the SEC.

#### **V. Lorenzo Did Not Commit Securities Fraud:**

48. Section 17(a) of the Securities and Exchange Act of 1934 governs the use of interstate commerce for fraud and deceit, and states that:

It shall be unlawful for any person in the offer or sale of any securities (including security-based swaps) or any security-based swap agreement (as defined in section 78c (a)(78) [1] of this title) by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly—

(1) to employ any device, scheme, or artifice to defraud, or

(2) 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

(3) to engage in any transaction, practice, or course of business which operates or would

operate as a fraud or deceit upon the purchaser.

35. Rule 10b-5 governs the employment of manipulative and deceptive devices, and states that:

It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange,

(a) To employ any device, scheme, or artifice to defraud,

(b) 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

(c) 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.

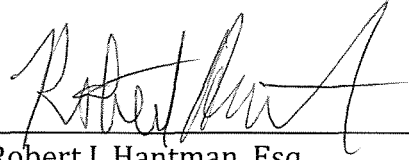
36. Frank Lorenzo did not commit securities fraud, as it was not demonstrated that he acted with the requisite scienter by a preponderance of the evidence. See *Aaron v. Securities and Exchange Commission*, 446 U.S. 680, 100 S. Ct. 1945, 64 L. Ed. 2d 611 (1980); *Ernst & Ernst*, 425 U.S. 185, 96 S. Ct. 1375, 1382 and n. 12 (1976) (Scienter requires an intent to deceive, manipulate or defraud - not just innocently or negligently.); *Merck & Co. Inc v. Reynolds*, 130 S. Ct. 1784, 1796 (2010); *In re Tremont Securities Law, State Law and Insurance Litigation*, 703 F. Supp. 2d. 362, 370-71 (S.D.N.Y. 2010). See *Steadman v. SEC*, 450 U.S. 91 (1981); *Herman & MacLean v. Huddleston*, 459 U.S. 375, 390 (1983) (In an action by the SEC to establish fraud under Section 17(a) of the Securities Act, proof by a

preponderance of the evidence suffices to establish liability); see also *SEC v. Lorin*, 877 F. Supp. 192, 194-95 (S.D.N.Y. 1995) (holding that the SEC's standard of proof was preponderance of the evidence where the SEC alleged violations of Section 17(a)(1) of the Exchange Act).

## **VI. Conclusion**

37. As the emails in question suggest, Frank was simply following orders from his superiors. The emails were truly "from" Gregg Lorenzo and Adam Spero; as Vice President of the Investment Banking Department. The email was only "from" Frank Lorenzo on its face, in reality, it was from Spero and G. Lorenzo, the directors of Charles Vista.
38. Frank did not intentionally attempt to deceive or defraud the potential investors by sending out the two emails in question.
39. His ongoing frustrations with Gregg Lorenzo and the deplorable corporate culture at Charles Vista caused him to mentally "check out," and as a result, he failed to question Gregg about the purpose and accuracy of the contents of the emails.
40. Overall, while he is doing fine at the present time, it is submitted that his actions were aberrational, not consistent with his normal behavior, out of character, and an anomaly.
41. As important, his testimony was forthright and he was genuinely sorry for his actions.
42. Based on the foregoing, the findings requested by the SEC are not warranted and the degree of punishment requested by the SEC, while understandable, is out of proportion to the actions complained of.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Robert J. Hantman". The signature is written in a cursive style with a horizontal line underneath it.

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