

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 76166 / October 15, 2015**

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4229 / October 15, 2015**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16904**

**In the Matter of**

**Jerry A. Cicolani, Jr.,**

**Respondent.**

**ORDER INSTITUTING ADMINISTRATIVE  
PROCEEDINGS PURSUANT TO SECTION  
15(b) OF THE SECURITIES EXCHANGE  
ACT OF 1934 AND SECTION 203(f) OF THE  
INVESTMENT ADVISERS ACT OF 1940  
AND NOTICE OF HEARING**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Jerry A. Cicolani, Jr. (“Cicolani”).

**II.**

After an investigation, the Division of Enforcement alleges that:

**A. RESPONDENT**

1. Cicolani was associated with PrimeSolutions Securities, Inc. (“PSSI”) from August 2010 until May 2014. PSSI, based in Cleveland, Ohio, has been registered with the Commission as a broker-dealer since 1999 and is registered with several states as an investment adviser.

## B. RESPONDENT'S CRIMINAL CONVICTIONS

1. On May 29, 2014, the Commission filed a Complaint in the United States District Court for the Northern District of Ohio ("Court"), captioned *SEC v. Abdallah et al.* Cicolani was among the numerous defendants.

2. The Commission's Complaint alleged that from at least October 2012 through May 2014, Cicolani and others solicited investors to invest in KGTA Petroleum, Ltd. ("KGTA"), purportedly a petroleum company that earned profits by buying and reselling crude oil and refined fuel products. In reality, the KGTA oil business was a sham and a Ponzi scheme. Cicolani, in particular, was alleged to have recklessly offered and sold interests in KGTA despite glaring red flags that KGTA was a scam. Cicolani was also alleged to have hidden from investors that he was being paid enormous commissions – over \$4 million. Cicolani also did not disclose these investments or his KGTA sales activity to his employer, PSSI. His KGTA commissions were hidden by routing the funds through undisclosed entities controlled by Cicolani and his girlfriend, Kelly Hood ("Hood"). Moreover, since KGTA was a Ponzi scheme, these commissions were taken from investor funds. Cicolani was also alleged to have violated the registration provisions of the Securities Act of 1933. The Complaint named Hood as a relief defendant for her receipt of these commissions.

3. On May 4, 2015, Cicolani pleaded guilty to two criminal counts: sale of unregistered securities [15 U.S.C. §§ 77e(a) and 77e(c)] and structuring [31 U.S.C. §§ 5324(a)(1) and (3)]. The criminal information filed against Cicolani on April 14, 2015 stated that the unregistered securities sold by Cicolani were the private investments in KGTA Petroleum, Ltd. The information filed against Cicolani stated that the funds Cicolani withdrew in violation of the structuring statute constituted commission fees paid to entities owned by Cicolani and Hood from KGTA. Cicolani and Hood withdrew these funds after they each received a subpoena from the Commission requesting information about, among other things, payments received from KGTA.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II above are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act; and

C. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 203(f) of the Advisers Act.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, Respondent may be deemed in default and the proceedings may be determined against him upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent as provided for in the Commission's Rules of Practice.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Brent J. Fields  
Secretary