

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

<b>IN THE MATTER OF:</b>	)	
	)	<b>ORDER TO CEASE AND DESIST</b>
<b>First Nationale Solutions, LLC, and</b>	)	<b>Matter No. 20181907</b>
<b>Perry J. Santillo,</b>	)	
<b>Respondents.</b>	)	
<hr/>		

**WHEREAS**, the Securities Commissioner of South Carolina (the “Securities Commissioner”) has authorized and directed the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Securities Division”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

**WHEREAS**, the Division received information regarding alleged securities-related activities of First Nationale Solutions, LLC (“FNS”) and Perry J. Santillo (“Santillo”) (collectively, the “Respondents”); and

**WHEREAS**, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

**WHEREAS**, in connection with the investigation, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

**I. JURISDICTION**

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

**II. RESPONDENTS**

2. Respondent Santillo is a resident of the State of New York with a last known address of 36 West Main Street, Rochester, New York 14614.

3. Respondent FNS is a Michigan limited liability company with a last known address of 44 Wall Street, 12th Floor, New York, New York 10005.

### **III. FINDINGS OF FACT**

#### Relevant Disciplinary History

4. The Respondents were the subjects of a Summary Order to Cease and Desist issued by the Maryland Securities Division on February 1, 2018 (amended February 14, 2018), which alleged, *inter alia*, that the Respondents had committed fraud in connection with the offer and sale of unregistered securities.

5. The Respondents were the subjects of a Final Order to Cease and Desist issued by the Maryland Securities Division on March 29, 2018, finding that the Respondents, *inter alia*, had committed fraud in connection with the offer and sale of unregistered securities.

6. The Respondents were the subjects of a Summary Order to Cease and Desist issued by the Nevada Securities Commission on March 23, 2018, which alleged, *inter alia*, that the Respondents had committed fraud in connection with the offer and sale of unregistered securities.

#### The Respondents' South Carolina-Based Scheme

7. In late 2017, the Respondent Santillo purchased the practice of a Greenville, South Carolina-based insurance agent (the "Insurance Agent").

8. Shortly thereafter, Respondent Santillo began soliciting the customers of that practice with the offer to purchase a "guaranteed" promissory note issued by Respondent FNS with a three (3) year term (the "Note Scheme").

9. The Respondents alleged that the Note Scheme would pool investor money and "[take] advantage of the unique opportunities that exist within today's real estate sector."

10. Respondent Santillo convinced at least ten (10) South Carolina residents (the "Victims") to surrender annuities previously bought through the Insurance Agent, and use the proceeds to invest in the Note Scheme.

11. The Note Scheme was not registered with the Division, and the Respondents have not provided any proof of any exemption from such registration.

12. In connection with the offer and sale of the Note Scheme to the Victims, the Respondents made numerous false and misleading material misstatements and omissions, including, but not limited to the following:

- a. Omitting to disclose that the Note Scheme could not legally be offered for sale in the State of South Carolina;
- b. Omitting to disclose the contingent liability faced by the Respondents in light of their failure to register the Note Scheme with the Division and the lack of applicability of any exemption from registration; and
- c. Falsely stating that the Note Scheme was “guaranteed.”

#### **IV. CONCLUSIONS OF LAW**

13. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.

14. Pursuant to S.C. Code Ann. § 35-1-102(29), notes, *inter alia*, constitute securities.

15. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless that security is registered, a federal covered security, or exempt from registration.

16. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person in connection with the offer or sale of a security in this State: (1) to employ a scheme, device, or artifice to defraud; (2) to make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

17. Pursuant to S.C. Code Ann. §35-1-604(a)(1), if the Securities Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act, the Securities Commissioner may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with the Act.

18. Pursuant to S.C. Code Ann. § 35-1-604(b), an order issued under § 35-1-604(a) is effective on the date of issuance and must include a statement of any civil penalty or costs of investigation sought, a statement of the reasons for the order, and notice that, within fifteen (15) days after the receipt of a request in a record from a Respondent, the matter will be scheduled for a hearing as to that Respondent.

19. The Note Scheme offered and sold by the Respondents constitutes a security as defined by the Act.

20. The Note Scheme offered and sold by the Respondents was neither a federal covered security, exempt from registration, nor registered with the Division and was therefore sold in violation of the Act.

21. The Respondents sold securities in this State: (1) while employing a scheme, device, or artifice to defraud; (2) through the making of untrue statements of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and (3) by engaging in an act, practice, or course of business that operated as a fraud or deceit upon another person.

22. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondents be ordered to cease and desist from engaging in the above enumerated practices which constitute violations of the Act and pay an appropriate civil penalty for their wrongdoing.

## **V. ORDER**

**NOW THEREFORE**, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. The Respondents and every successor, affiliate, control person, agent, servant, and employee of the Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of each Respondent **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301 and 35-1-501 thereof; and

- b. The Respondents shall jointly and severally pay a civil penalty in the amount of one hundred thousand dollars (\$100,000.00) if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000.00 for each violation of the Act by that Respondent and the actual cost of the investigation or proceeding.

**IT IS FURTHER ORDERED** that, pursuant to S.C. Code Ann. § 35-1-604(a)(2) and (3), any exemption from registration with the Division that either Respondent may claim to rely upon under S.C. Code Ann. §§ 35-1-201(3)(C), (7), or (8); 35-1-202; 35-1-401(b)(1)(D) or (F); or 35-1-403(b)(1)(C), has been and is **PERMANENTLY REVOKED**.

#### **VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING**

The Respondents are hereby notified that each has the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Wanda Ealy, within thirty (30) days after the date of service of this Order, a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from that Respondent, will schedule a hearing for that Respondent.

In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation, shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty and any assessed costs, becoming final as to that Respondent by operation of law.

This Order does not prevent the Division, or any other agency, including, without limitation, civil and criminal law enforcement agencies, from seeking additional civil or criminal

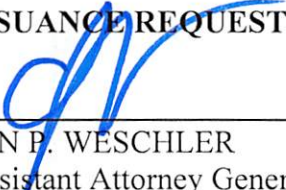
remedies that are available under the Act, including remedies related to the offers and sales of securities by the Respondents set forth above.

**ENTERED**, this the 24<sup>th</sup> day of May, 2018.

ALAN WILSON  
SECURITIES COMMISSIONER

By: Tracy A. Meyers  
TRACY A. MEYERS  
Deputy Securities Commissioner

**ISSUANCE REQUESTED BY:**

  
\_\_\_\_\_  
IAN P. WESCHLER  
Assistant Attorney General  
Securities Division  
Rembert C. Dennis Building  
1000 Assembly Street  
Columbia, South Carolina 29201

STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL  
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND  
AFFIDAVIT OF COMPLIANCE  
File Number 20181907

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated May 24, 2018, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

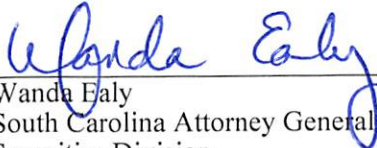
First Nationale Solutions, LLC  
44 Wall Street, 12<sup>th</sup> Floor  
New York, New York 10005

Document(s): Order To Cease And Desist

Mailed May 24, 2018 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By:

  
\_\_\_\_\_  
Wanda Ealy  
South Carolina Attorney General's Office  
Securities Division  
Post Office Box 11549  
Columbia, SC 29211-1549  
(803) 734-4731

Subscribed and sworn to before me on  
this 27 day of May, 2018.

  
\_\_\_\_\_  
Notary Public for South Carolina

My commission expires: 7/2/18



STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL  
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND  
AFFIDAVIT OF COMPLIANCE  
File Number 20181907

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated May 24, 2018, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Perry J. Santillo  
36 West Main Street  
Rochester, New York 14614

Document(s): Order To Cease And Desist

Mailed May 24, 2018 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By:

Wanda Ealy  
Wanda Ealy  
South Carolina Attorney General's Office  
Securities Division  
Post Office Box 11549  
Columbia, SC 29211-1549  
(803) 734-4731

Subscribed and sworn to before me on  
this 24 day of May, 2018.

[Signature]  
Notary Public for South Carolina

My commission expires: 7/2/18

