

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the matter of:)
)
) **ORDER NO. 14-1442-S**
)
4 GLOBAL ARENA CAPITAL CORP.;)
BARBARA DESIDERIO;) **FINAL CEASE AND DESIST ORDER**
5 JONAH ENGLER;) **AS TO**
HECTOR PEREZ;) **GLOBAL ARENA CAPITAL CORP.;**
6 JONATHAN SHEKLOW;) **BARBARA DESIDERIO;**
PETER SNETZKO; and) **JONAH ENGLER;**
7 JOSHUA TURNEY) **HECTOR PEREZ;**
) **JONATHAN SHEKLOW; and**
8 Respondents.) **JOSHUA TURNEY**
)
_____)

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Administrator”), has conducted an investigation into certain business activities of Global Arena Capital Corp. (“Global”), Barbara Desiderio, Jonah Engler, Hector Perez (aka Bruce Johnson), Jonathan Sheklow, Peter Snetzko, and Joshua Turney (collectively, the “Respondents”), and has determined that Respondents violated certain provisions of the Alaska Securities Act, Alaska Statute (“AS”) 45.55.

I. BACKGROUND

On June 24, 2015, the Administrator sent a Temporary Cease and Desist Order Effectively Immediately, Assessing Civil Penalties, with Notice of Hearing Rights and Notice of Final Cease and Desist Order (“Temporary Cease and Desist Order”) by first class and certified mail, return receipt requested, to Global’s attorney Chris Albanese at Gusrae Kaplan Nusbaum PLLC, 120 Wall St., Suite 1102, New York, New York, 10005. Moreover, the Administrator sent additional copies of the Temporary Cease and Desist Order by first class and certified mail, return receipt requested, to Ms. Desiderio at her residential address in East

1 Windsor, New Jersey; to Mr. Engler at his residential address in New York, New York; to Mr.
2 Perez at his residential address in Kearney, New Jersey; to Mr. Sheklow at his residential
3 address in Shelton, Connecticut; to Mr. Snetzko at his residential address in Brooklyn, New
4 York; and to Mr. Turney at his residential address in White Plains, New York.

5 On June 29, 2015, J.M. at Gusrae Kaplan Nusbaum PLLC received and signed for the
6 Temporary Cease and Desist on behalf of attorney Chris Albanese.

7 Peter Snetzko was the only Respondent who submitted a request for hearing to the
8 Administrator within the required time period, and is excluded from the terms of this Final
9 Cease and Desist Order. None of the other Respondents requested a hearing.

10 II. FINDINGS OF FACT

11 1. Global (Central Registration Depository (“CRD”) No. 16871) is a broker-dealer
12 with an address of 880 Third Avenue, Suite 1214, New York, New York, 10022. Global has
13 been registered as a broker-dealer in Alaska since March 5, 2009; however, it submitted a
14 request through CRD on June 5, 2015 for its registration to be terminated in Alaska.

15 2. Ms. Desiderio (CRD No. 2080713) is a resident of East Windsor, New Jersey. She
16 was the president of Global from October 23, 2013 to June 5, 2015, and was registered as a
17 broker-dealer agent for Global in Alaska from October 31, 2013 to June 5, 2015.

18 3. Mr. Engler (CRD No. 4216259) is a resident of New York, New York. He was a
19 principal of Global from October 29, 2013 to April 16, 2015. Mr. Engler was not registered
20 as a broker-dealer agent for Global in Alaska.

21 4. Mr. Perez (CRD No. 5431109) is a resident of Kearney, New Jersey. He was a
22 principal of Global from October 29, 2013 to June 5, 2015, and was registered as a broker-
23 dealer agent for Global in Alaska from November 8, 2013 to June 5, 2015.

24 5. Mr. Sheklow (CRD No. 4906207) is a resident of Shelton, Connecticut. He was a

1 principal of Global from October 29, 2013 to June 5, 2015, and was registered as a broker-
2 dealer agent for Global in Alaska from November 8, 2013 to November 12, 2013.

3 6. Mr. Snetzko (CRD No. 5632129) is a resident of Brooklyn, New York. He was a
4 principal of Global from October 29, 2013 to June 3, 2015, and was registered as a broker-
5 dealer agent for Global in Alaska from November 8, 2013 to June 5, 2015.

6 7. Mr. Turney (CRD No. 4510219) is a resident of White Plains, New York. He was
7 a principal of Global from October 29, 2013 to June 5, 2015, and was registered as a broker-
8 dealer agent for Global in Alaska from November 8, 2013 to June 5, 2015.

9 8. Ms. Desiderio, Mr. Engler, Mr. Perez, Mr. Sheklow, Mr. Snetzko, and Mr. Turney
10 acted as agents for Global by researching and selecting investments, directing junior agents to
11 offer and sell those investments to potential clients throughout the United States, and
12 personally contacting potential clients to offer and sell the investments themselves.

13 9. During the first week of March 2014, 78 year old Alaska resident B.B., who was
14 then and continues to be in very poor health, received an unsolicited phone call from a junior
15 agent (“Agent One”) at Global regarding a potential investment. B.B. had never heard of
16 Global before and did not know how Global obtained his phone number. After speaking with
17 B.B., Agent One generated a qualified lead card and passed it along to another junior agent
18 (“Agent Two”) to do a follow-up call to B.B.

19 10. Prior to making a phone call to B.B., Agent Two and other junior agents at
20 Global were advised by Respondents to offer and sell potential clients Nii Capital Corp 10%
21 Bonds as a safe investment. At the time, the bonds were rated Caa2 by Moody’s Investors
22 Service, Inc. (“Moody’s) and CCC- by Standard & Poor’s Financial Services LLC (“Standard
23 & Poors”), one step above default.

24 11. A short time later during the first of week of March 2014, B.B received a call

1 from Agent Two who referred to the qualified lead card and attempted to get B.B. to invest
2 with Global. During the conversation, the agent pitched the idea of B.B. purchasing the Nii
3 Capital Corp 10% Bonds as a safe investment. From the conversation, B.B. understood these
4 bonds to be a safe investment and agreed to open an account with Global. Shortly thereafter,
5 Agent Two generated a new account form (acct. no. xxx-xx570) for B.B.

6 12. On March 10, 2014, Agent Two FedExed the account form to B.B. for him to
7 sign. Included with the new account form was confirmation of an offer to B.B. for him to
8 invest \$12,000 in 20 Nii Capital Corp 10% Bonds maturing on August 15, 2016 with an
9 estimated yearly interest payout of approximately \$2,000. The next day, B.B. signed the
10 account form and sent it back along with a check for \$12,000 to purchase the bonds in a
11 prepaid FedEx envelope provided by Global.

12 13. The account documentation B.B. received directed him to make his check out to
13 RBC Correspondent Services. RBC Correspondent Services is a division of RBC Capital
14 Markets, LLC, and RBC Capital Markets, LLC is a wholly owned subsidiary of the Royal
15 Bank of Canada. Because he understood the investments to be safe and because the
16 documentation directed him to send the money to an entity affiliated with the Royal Bank of
17 Canada, B.B. understood that he was depositing his money with the Royal Bank of Canada.
18 B.B. did not understand at the time that the money he was sending to Global through RBC
19 Correspondent Services was being used to purchase bonds.

20 14. The offer sent by Agent Two on March 10, 2014 stated that the cost to purchase
21 20,000 Nii Capital Corp 10% Bonds would be \$12,000. By the time Global received B.B.'s
22 check and was ready to effect the trade on March 18, 2014, the value of the bonds had
23 decreased such that the cost to purchase 20,000 bonds was only \$10,037.03. The remainder
24 of B.B.'s check, after Global's commission of \$382.53, was placed into a money market

1 account.

2 15. On March 14, 2014, before Global even received the money that B.B. sent for the
3 first bond purchase, Agent Two FedExed another offer to B.B. for him to invest an additional
4 \$15,000 in Nii Capital Corp 10% Bonds maturing on August 15, 2016 with an estimated
5 yearly interest payment of approximately \$2,500. At the time, Nii Capital Corp 10% Bonds
6 were still rated Caa2 by Moody's and CCC- by Standard & Poor's. B.B. sent a check for
7 \$15,000 to RBC Correspondent Services via prepaid FedEx envelope. B.B. again believed
8 that his investment was safe and that the investment was somehow affiliated with the Royal
9 Bank of Canada.

10 16. By the time Global received B.B.'s additional \$15,000 and was ready to effect the
11 trade on March 26, 2014, the value of the bonds had further decreased. Global purchased
12 32,000 of the Nii Capital Corp 10% Bonds at a price significantly lower than what had
13 originally been quoted to B.B. on March 10, 2014.

14 17. On March 19, 2014, Respondents mailed an offer to B.B. for him to invest
15 \$80,000 for 100 Saratoga Resources 12.5% Bonds maturing in 2016 with an estimated yearly
16 interest payment of approximately \$12,500. These bonds were not rated by Moody's and
17 Standard and Poor's. Agent Two was not involved in this offer, and B.B. did not invest in
18 these bonds.

19 18. In April 2014, B.B. received his first statement from Respondents for the time
20 period of March 1 – March 31, 2014 that showed a loss of several thousand dollars from his
21 \$27,000 initial investments.

22 19. In July 2014, B.B. received a second account statement from Respondents for the
23 time period of April 1 – June 30, 2014 that showed an additional several thousand dollar loss.

24 20. On July 11, 2014, Respondents mailed another offer to B.B. for him to invest

1 \$50,000 for Puerto Rico Sales Tax Revenue Bonds maturing in 2054. There would be no
2 interest payment on these zero coupon bonds and B.B. would be 119 years old by the time the
3 bonds reached maturity. Agent Two was not involved in this offer, and B.B. did not invest in
4 these bonds.

5 21. On August 14, 2014, the day before B.B. was scheduled to receive his first interest
6 payment, the 52,000 Nii Capital Corp 10% Bonds were sold from B.B.'s account. B.B.'s
7 account statement reflects a realized loss of \$16,066.60 from his \$24,387.05¹ purchase price,
8 which is a loss of almost 66% over a five month period. The proceeds from the sale were
9 swept into B.B.'s money market account and were not reinvested.

10 22. On or about November 20, 2014, B.B. contacted Respondents and requested that
11 Respondents close his account and send him a check for the money left in his account, which
12 his statement showed as \$10,324.92. On December 2, 2014, B.B. received a check for
13 \$10,324.92 from RBC.

14 III. CONCLUSIONS OF LAW

15 1. The bonds that Respondents offered and sold to B.B. were "securities" as that
16 term is defined in AS 45.55.990(32).

17 2. Respondents violated AS 45.55.010(a), AS 45.55.028(7) and AS 45.55.028(9) by
18 directing junior agents to cold call B.B. and other potential clients and to make deceptive and
19 misleading representations to B.B. and other potential clients by stating that the Nii Capital
20 Corp 10% Bonds were a safe investment when in fact they were rated just above default.

21 3. Respondents violated AS 45.55.025(3) by:

22 A. Offering Saratoga Resources 12.5% Bonds to B.B. that were not suitable based
23 on B.B.'s advanced age and very poor health; and

24 ¹ The remainder of B.B.'s investment, minus commissions paid to Global, was deposited into the money market account.

1 B. Offering Puerto Rico Sales Tax Revenue Bonds to B.B. that were not suitable
2 because the zero coupon bonds had no interest payments and would not reach
3 maturity until B.B. was 119 years old.

4 4. Respondents are subject to a civil penalty pursuant to AS 45.55.920(b) because they
5 knowingly and intentionally violated AS 45.55.010(a), AS 45.55.028(7), AS 45.55.028(9), and
6 AS 45.55.025(3).

7 **IV. ORDER and NOTICE**

8 Pursuant to AS 45.55.920, and on the basis of the Findings of Fact, Conclusions of
9 Law, the Administrator ORDERS Respondents to:

- 10 1. CEASE AND DESIST from further conduct violating the Alaska Securities Act.
11 2. Pay a civil penalty in the amount of one hundred fifty thousand dollars
12 (\$150,000)².

13 Respondents are jointly and severally liable for complying with the terms of this
14 Order including payment of the civil penalty.

15 //

16 //

17 //

18 //

19 //

20 //

21 //

22 //

23 //

24 _____

² Twenty-five thousand dollars (\$25,000) per Respondent. The civil penalty does not include Peter Snetzko.

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES
550 WEST SEVENTH AVENUE, SUITE 1850
ANCHORAGE, ALASKA 99501
(907)269-8140

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

Pursuant to AS 45.55.940(a), each Respondent may obtain a review of this Final Order in the superior court by filing, in accordance with the rules of Appellate Procedure, a notice of appeal. Pursuant to Appellate Rule 602(a)(2), the notice of appeal must be filed within 30 days from the date this Final Order is mailed or otherwise distributed to Respondents.

This Order is a publicly disclosable document.

IT IS SO ORDERED.

CHRIS HLADICK, Commissioner
Department of Commerce, Community and
Economic Development

DATED: July 30, 2015

/s/ Kevin Anselm
BY: Kevin Anselm, Director
Division of Banking and Securities