

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

BACK BAY CAPITAL, INC.  
CAPITAL ACCESS PARTNERS, LLC  
ALBERT TOMMIE CARAZOLEZ

RESPONDENTS

ADMINISTRATIVE ORDER  
NO. OB-2005-0024

ORDER OF BAR

The Alabama Securities Commission ("Commission"), having the power to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities, into, within or from the state of Alabama, has determined as follows:

RESPONDENTS

1. BACK BAY CAPITAL, INC. ("BACK BAY") is an Alabama corporation, with a business address of 2801 Camino Del Rio South, Suite 310, San Diego, California 92108.

2. CAPITAL ACCESS PARTNERS, LLC ("CAPITAL LLC"), maintains 100% ownership of BACK BAY, with a business address of 2801 Camino Del Rio South, Suite 310, San Diego, California 92108.

3. ALBERT TOMMIE CARAZOLEZ ("CARAZOLEZ") is president/chief compliance officer, a control person of BACK BAY and owner of CAPITAL LLC, with a business address of 2801 Camino Del Rio South, Suite 310, San Diego, California 92108.

## STATEMENT OF FACTS

4. On January 2, 2004, BACK BAY filed an application for registration as a broker-dealer with the Commission via the CRD. BACK BAY has never been registered as a broker-dealer in Alabama.

5. By letter dated March 2, 2004, the Commission staff notified BACK BAY of certain deficiencies in the application and requested statements concerning any prior sales activity within the state of Alabama, whether BACK BAY would maintain custody of client funds, exercise discretionary authority in client accounts, and documentation relating to BACK BAY's disciplinary history.

6. On March 2, 2004, the Commission staff issued a visitation letter to Southwest Securities, Inc. ("SOUTHWEST"), BACK BAY's clearing firm, requesting all information relating to any accounts maintained on behalf of BACK BAY for any Alabama resident.

7. On May 13, 2004, the Commission staff issued a letter, addressed to CARAZOLEZ, notifying him of the Commission staff's intent to deny the application of BACK BAY for registration as a broker-dealer in Alabama based on the failure of BACK BAY to respond to the Commission deficiency letter of March 2, 2004.

8. By letter dated May 21, 2004, SOUTHWEST provided account statements for the Alabama residents. These statements indicated trading activity in three Alabama residents' accounts.

9. On May 27, 2004, BACK BAY filed a Form BDW request for withdrawal of the broker-dealer application for registration in Alabama, via CRD. By letter dated June 6, 2004, the Commission staff notified BACK BAY that withdrawal of the application for registration as a broker-dealer in Alabama would not be allowed until such time as BACK BAY provided information concerning the prior sales and all issues associated with such sales were resolved.

10. On October 12, 2004, the Commission staff notified CARAZOLEZ of the Commission's willingness to resolve the prior sales issues via a Consent Order which would be executed following a rescission offer by BACK BAY to all Alabama residents in whose accounts trading activity had occurred without registration as a broker-dealer in Alabama.

11. By letter dated October 14, 2004, the Commission staff provided the form and requirements for the rescission offer to be made to the Alabama resident account holders.

12. The Commission staff received copies of the rescission letters purportedly sent to the Alabama account holders. The letters included an explanation for the rescission offer and forms to execute concerning the clients' acceptance or rejection of the rescission offers. The copies provided were addressed to the Alabama account holders. None of the copies provided to the Commission staff were signed or executed by the Alabama account holders. Additionally, there were no mail receipts indicating that the documents had been delivered to the Alabama account holders.

13. The Commission staff attempted to contact CARAZOLEZ, via telephone, in three separate attempts during the following three weeks. Telephone messages were left at the offices of BACK BAY requesting confirmation of the executed rescission offers and/or proof of receipt by the Alabama residents.

14. On January 28, 2005, without receiving a response from CARAZOLEZ or BACK BAY, the Commission staff contacted two of the three Alabama account holders. Both confirmed that they received the rescission offers, but CARAZOLEZ had already marked the rescission offers as "rejected". Neither party signed the pre-marked rescission documents. Both Alabama residents stated that they had left messages with CARAZOLEZ at BACK BAY requesting to rescind the transactions in their accounts. As of January 28, 2005, neither had received a response from either CARAZOLEZ or BACK BAY.

15. Follow up in person interviews conducted with two of the three Alabama clients of BACK BAY disclosed that CARAZOLEZ sold unregistered securities. The Alabama residents indicated that CARAZOLEZ solicited investment funds to purchase interest in CAPITAL LLC, which he represented to be a Mexican trucking company.

16. CARAZOLEZ directed the withdrawal and transfer of funds from the clients' BACK BAY brokerage account. CARAZOLEZ liquidated client accounts and sent proceeds via wire and/or overnight delivery to clients. CARAZOLEZ then directed clients to return the funds directly to him and not BACK BAY for deposit into their brokerage account. CARAZOLEZ reportedly purchased shares of interest in CAPITAL LLC for the Alabama clients and after repeated requests provided clients with stock certificates evidencing the investments in CAPITAL LLC.

17. CARAZOLEZ omitted to disclose to the Alabama investors his ownership positions in BACK BAY and CAPITAL LLC and omitted to disclose that CAPITAL LLC was not a Mexican trucking company as initially described to investors.

18. On February 1, 2005, the NASD barred CARAZOLEZ from association with any NASD member firm in any capacity for fraudulent and deceptive sales practices and unsuitable recommendations made by a registered representative under his supervision. The NASD concluded that CARAZOLEZ knew the agent, Vladimir Feldman, was working without adequate supervision and without the benefit of written supervisory procedures. Furthermore, the NASD determined CARAZOLEZ failed to monitor, review and properly supervise Feldman and failed to establish a supervisory system and circulated no written supervisory procedures to Feldman and other brokers employed by BACK BAY. The NASD also determined that CARAZOLEZ failed to supervise properly to prevent violations of securities regulations and laws as a result of the engagement of an unregistered person in its securities business. The NASD also concluded that CARAZOLEZ lied in writing and under oath to deceive NASD investigators by concealing his involvement in a private offering of securities and his knowledge and responsibility for BACK BAY and Feldman's fraudulent sales practices.

19. On February 2, 2005, the NASD expelled BACK BAY from NASD membership for fraudulent and deceptive sales practices and unsuitable recommendations made by a registered representative working for BACK BAY. NASD concluded that BACK BAY knew the agent, Vladimir Feldman, was working without adequate supervision and without the benefit of written supervisory procedures. Furthermore, the NASD determined that BACK BAY failed to monitor, review and properly supervise Feldman and failed to establish a supervisory system and circulated no written supervisory procedures to Feldman and other brokers employed by BACK BAY. The NASD also concluded that BACK BAY failed to supervise properly to prevent violations of securities regulations and laws as a result of the engagement of an unregistered person in its securities business.

#### CONCLUSIONS OF LAW

20. It is unlawful for any dealer to effect or attempt to effect sales of securities in this state unless he is registered pursuant to § 8-6-3(a), Code of Alabama 1975. BACK BAY effected transactions in the accounts of three Alabama residents for approximately 2 years while not registered as a broker-dealer in Alabama.

21. It is unlawful for any agent to effect or attempt to effect sales of securities in this state unless he is registered pursuant to § 8-6-3(a), Code of Alabama 1975. CARAZOLEZ effected transactions in the accounts of three Alabama residents for approximately 2 years while not registered as an agent in Alabama.

22. Pursuant to § 8-6-17(a)(2), Code of Alabama 1975, it is unlawful to make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made not misleading. CARAZOLEZ engaged in an omission by failing to disclose to investors his ownership interest, as well as BACK BAY's ownership interest to CAPITAL LLC.

23. The Commission may by order deny, suspend or revoke any registrant in this State who is the subject of an order, adjudication or determination entered within the past 10 years by an association registered under the Securities Exchange Act of

1934, that the person has violated the securities law of any other state; but the commission may not enter any order under this subsection on the basis of an order unless that order was based on facts which would constitute a ground for an order under this section, pursuant to § 8-6-3(j)(6), Code of Alabama 1975. The NASD issued a bar against CARAZOLEZ on February 1, 2005 based in part on the failure of CARAZOLEZ to monitor, review and properly supervise a registered representative who engaged in fraudulent and deceptive sales practices and made unsuitable recommendations.

24. Pursuant to § 8-6-3(j)(7), Code of Alabama 1975, the Commission may by order deny, suspend or revoke any registrant in this State if the Commission finds the order is in the public interest and the registrant has engaged in dishonest and unethical business practices in the securities business. The NASD found that CARAZOLEZ lied in writing and under oath to deceive NASD investigators by concealing his involvement in a private offering of securities and his knowledge and responsibility for BACK BAY and the Vladimir Feldman's fraudulent sales practices.

25. The Commission may by order deny, suspend or revoke any registrant in this State who is the subject of an order, adjudication or determination entered within the past 10 years by an association registered under the Securities Exchange Act of 1934, that the person has violated the Securities Act of 1933, the Securities Exchange Act of 1934, or the federal mail and wire fraud statutes, or the securities law of any other state; but the commission may not enter any order under this subsection on the basis of an order unless that order was based on facts which would constitute a ground for an order under this section, pursuant to § 8-6-3(j)(6), Code of Alabama 1975. The NASD issued an expulsion order against BACK BAY on February 2, 2005 based in part on BACK BAY's fraudulent and deceptive sales practices and unsuitable recommendations made by Vladimir Feldman.

26. Pursuant to § 8-6-3(j)(7), Code of Alabama 1975, the Commission may by order deny, suspend or revoke any registrant in this State if the Commission finds the order is in the public interest and the registrant has engaged in dishonest and unethical

business practices in the securities business. The NASD found that BACK BAY conducted securities transactions that were fraudulent and deceptive.

27. Pursuant to § 8-6-3(a), Code of Alabama 1975, it is unlawful for any issuer to employ an agent unless the agent is registered. CAPITAL LLC offered securities through BACK BAY and CARAZOLEZ while neither was registered as a broker dealer or agent in Alabama.

28. Pursuant to § 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in this state unless it is registered. CARAZOLEZ offered the unregistered securities of CAPITAL LLC to Alabama residents.

This Order does not prevent the Alabama Securities Commission from seeking such other civil or criminal remedies that are available to it under the Act.

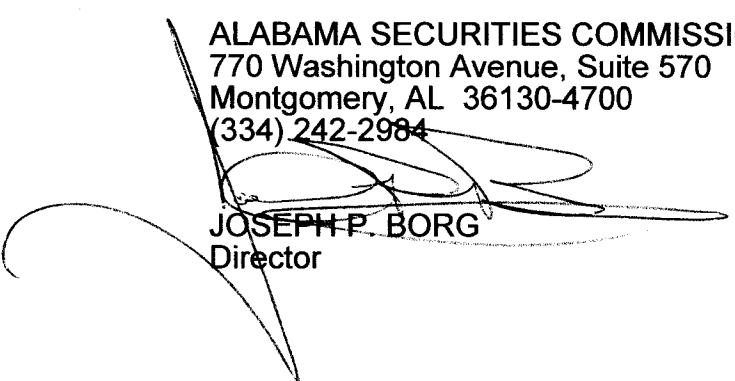
This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

**ACCORDINGLY, IT IS HEREBY ORDERED** that RESPONDENTS be BARRED from registration or engaging in securities activities into, within or from the state of Alabama.

Entered at Montgomery, Alabama, this 19<sup>th</sup> day of August, 2005.



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JOSEPH P. BORG  
Director