

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:

**MONTE CRISTO RESORTS INTERNATIONAL)
RANDALL WAYNE SMITH)

RESPONDENTS)**

**ADMINISTRATIVE ORDER
NO. CD-2016-0007**

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority 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. **MONTE CRISTO RESORTS INTERNATIONAL ("MCRI")** was a Nevada corporation with a principal business address of 101 Convention Center Drive, 7th Floor, Las Vegas, Nevada 89109. **MCRI's** status in Nevada is now "revoked."

2. **RANDALL WAYNE SMITH ("SMITH")** is the Owner and President of **MCRI** with a principal business address of 3325 Willis Drive, Vestavia, Alabama 35243-4932.

STATEMENT OF FACTS

4. On January 15, 2016, the Commission received information that **MCRI** and **SMITH** had entered into an investment contract with an Alabama investor ("Investor") with the representation that for an initial investment of \$5,700.00, the investor would receive an investment return of \$2,000,000.00.

5. The Investor provided an e-mail which he received from **SMITH** on July 30, 2015. In this e-mail, **SMITH** states, "I have a company with offices in Brussels and Singapore. They have a 25 million Bank Guarantee that is backed by cash so its easily monetized as it's just like a CD worth 25 million. There is a one-time charge upfront of \$5,700.00. That is a booking fee that the bank charges to issue the 25M bank Bank Guarantee. Once the fee is paid 10 calendar days later they monetize the Bank Guarantee at 90% of its value...the \$5700.00 is sent directly to the company to monetize the BG instrument...in exchange for this I offer a \$2M payment to the party putting up the funds."

6. The Investor provided a copy of an **MCRI** "Contractual Agreement" ("Agreement"), dated August 7, 2015. The Investor received the Agreement by e-mail, and was already signed by **SMITH**. The parties to the Agreement are **MCRI/SMITH** and the Investor. The Agreement states, "Returns to (Investor) will be \$2,000,000.00 from an invested amount, being \$5,700.00." The Agreement also states that if the transaction does not occur, the investment principal would be returned within 90 days.

7. On August 21, 2015, the Investor wired \$5,700.00 to a bank account controlled by **SMITH** at Wells Fargo Bank. On August 24, 2015, **SMITH** wired the Investor's funds to an entity identified as Skybridge Finance with a foreign bank account at Rietuma Banka, a Latvian commercial bank.

8. The Investor never received the \$2,000,000.00 investment return as represented in the Agreement. The Investor did not receive a return of the \$5700.00 investment principal within the 90 days as represented in the Agreement.

9. On May 24, 2016, Commission staff interviewed **SMITH**. **SMITH** stated that he formed **MCRI** eight years ago with the intention to build resort properties. **SMITH** said **MCRI** has not built any resort properties yet. **SMITH** stated that the Investor funds were a fee to obtain a loan to finance **SMITH**'s plans to build condominiums in Mexico. **SMITH** said a company called Skybridge Finance in Brussels, Belgium was going to fund the loan. **SMITH** also said he is still waiting on the funding, and that is why he has not paid the Investor as

represented in the Agreement. However, **SMITH** stated that if the Investor wanted a refund of the investment principal, he would borrow the funds and repay the Investor.

10. On June 1, 2016, **SMITH** repaid the Investor by way of a cashier's check in the amount of \$5700.00.

11. A search of the online records of the Nevada Secretary of State disclosed that **MCRI** has a status of "Revoked" as of October 17, 2008.

12. On August 24, 2000, **SMITH** pled guilty to one count of wire fraud in federal court in Birmingham, Alabama and was sentenced to 18 months' detention and ordered to pay over \$2,000,000.00 in restitution for his involvement in an investment scam. **SMITH** failed to disclose this information to the Investor.

13. On October 4, 2001, the Arizona Corporation Commission issued an Order to Cease and Desist, Order of Restitution and Order for Administrative Penalty, Decision No. 64080, to **SMITH** for his involvement in Joint Venture Investment Management Programs. The Arizona Corporation Commission concluded that **SMITH** offered and sold unregistered securities in Arizona while **SMITH** was not registered as a dealer and/or salesman within Arizona. The Arizona Corporation Commission also concluded that **SMITH** made several untrue statements of material fact and omitted to state material facts in connection with the offers and sales of securities in Arizona. **SMITH** failed to disclose this information to the Investor.

14. On April 28, 2016, a review of the Commission's registration files disclosed no record of registration for **SMITH** or **MCRI** as a broker dealer, broker dealer agent or as an investment advisor representative or as a restricted agent.

15. On July 18, 2016, a search of the United States Securities and Exchange Commission ("SEC") EDGAR website disclosed no filing for **MCRI**.

CONCLUSIONS OF LAW

16. Pursuant to Code of Alabama 1975, Section 8-6-2(10), the definition of a security includes any investment contract. The Contractual Agreement offered by **MCRI**, through **SMITH**, constituted an investment contract and is a security under the Act.

17. Pursuant to Code of Alabama 1975, Section 8-6-17(a)(1), it is unlawful for any person to employ any device, scheme, or artifice to defraud another person in connection with the offer or sale of a security. **SMITH** solicited and accepted investment from an Alabama investor, in which he employed a scheme commonly known as an "Advanced Fee Loan Scheme". Such schemes promise large returns, in the form of low or no interest loans often described as non-recourse loans, in exchange for an initial investment or front fee. The promised returns cannot be supported by any legitimate financial analysis and **SMITH's** use of such scheme is a violation of the Act.

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

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

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the state of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security into, within or from the state of Alabama.

Entered at Montgomery, AL, this 1st day of August, 2016.



ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
Montgomery, AL 36104
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. The signature is stylized with long, sweeping strokes.

Joseph P. Borg
Director