

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

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Reginaldo Carmelia, et al.

Securities Docket No. 2009-0259

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Respondents *

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CONSENT ORDER

AS TO

Reginaldo Carmelia

AND

Dominion Partners Worldwide, LLC

WHEREAS, the Securities Division of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Corporations and Associations Article, Title 11, Annotated Code of Maryland (2007 Repl. Vol. and 2009 Supp.) (the “Securities Act”), undertook an investigation into the securities activities of New Image, LLC (“New Image” or “Respondent New Image”), Haskell Feldman (“Feldman” or “Respondent Feldman”), Dominion Partners Worldwide, LLC, (“DPW, LLC” or “Respondent DPW”), and Reginaldo Carmelia (“Carmelia” or “Respondent Carmelia”) (collectively, “Respondents”); and

WHEREAS, on the basis of that investigation the Maryland Securities Commissioner (the “Commissioner”) has found grounds to conclude that Respondents have engaged in acts or practices constituting violations of the securities and antifraud provisions of the Securities Act; and

WHEREAS, on March 18, 2010, the Commissioner issued an Order to Show Cause (the

“Order”), which is incorporated by reference, ordering each Respondent to show cause why a final order should not be issued, ordering each Respondent to cease and desist from further violations of the Securities Act, assessing each Respondent the statutory penalty of up to \$5,000 per violation of the Securities Act, permanently barring each Respondent from engaging in the securities and investment advisory business in Maryland, and imposing against each Respondent any other sanction or combination of sanctions as permitted under section 11-701.1 of the Securities Act; and

WHEREAS, Respondents Reginaldo Carmelia and Dominion Partners Worldwide, LLC failed to file an Answer to the Summary Order and failed to make a request for a hearing; and

WHEREAS, the Commissioner and Respondents Carmelia and DPW have reached an agreement in this action whereby Respondents Carmelia and DPW, without admitting or denying any conclusions of law except to admit to the jurisdiction of the Commissioner in this matter and over them in this matter, consent to the terms of this Consent Order; and

WHEREAS, Respondents Carmelia and DPW waive their right to a hearing and any rights they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order;

NOW, THEREFORE, THE COMMISSIONER FINDS, CONCLUDES, AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this proceeding pursuant to section 11-701.1 of the Securities Act.

II. RESPONDENTS

2. At all times relevant to this matter, Haskell Feldman has maintained a place of business in Baltimore, MD.

3. At all times relevant to this matter, Reginaldo Carmelia conducted business from an office located in Baltimore, MD.

4. At all times relevant to this matter, New Image, LLC has maintained a place of business in Baltimore, MD. New Image is owned by Haskell Feldman.

5. At all times relevant to this matter, Dominion Partners Worldwide, LLC conducted business from an office located in Baltimore, MD. DPW, LLC is owned by Reginaldo Carmelia.

III. STATEMENT OF FACTS

6. Haskell Feldman was introduced to Lennie Mungo by Reginaldo Carmelia, who occasionally worked out of Feldman's office.

7. Mungo was looking for investors that could put up funds to invest in Collateralized Mortgage Obligation notes (CMOs) being offered through John Baxter of Baxter Global and Richard Schulenberg, an attorney located in California. Mungo introduced Feldman to Schulenberg.

8. Carmelia also introduced Feldman to R.J. R.J. and his partner, R.S., owned SJC, Inc., a construction business, and ANTH, LLC, in North Carolina. R.J. and R.S. were looking to raise funds for their construction business.

9. Feldman approached R.J. about the CMO investment opportunity being offered

through Schulenberg and solicited his investment. R.J. expressed an interest in the CMO investment.

10. Feldman arranged the terms of the CMO investment with Schulenberg. Per the terms of the investment, as set forth in a Purchase Agreement dated November 24, 2008, between Feldman's company, New Image, LLC, and Schulenberg, New Image would purchase from Schulenberg a CMO with a face value of \$100,000,000.

11. The investment funds used to purchase the CMO would come from ANTH, LLC. In return for its investment, ANTH, LLC expected the return of its principal plus a profit. Feldman and New Image would receive 5% of any profit received by ANTH, LLC.

12. R.J. and R.S. were initially told that the CMO transaction would require an investment of \$600,000.

13. On or about November 20, 2008, at the direction of Feldman, ANTH, LLC wired \$600,000 to a bank account held in the name of Grace Title, LLC, a title company owned by Feldman's mother-in-law and managed by his wife.

14. That same day, Feldman informed R.J. and R.S. that only \$500,000 was needed to purchase the CMO.

15. R.J. and R.S. requested the return of the extra \$100,000. Feldman asked R.J. and R.S. if he could keep \$10,000 of the \$100,000 as additional compensation for his services in setting up and facilitating the CMO transaction. R.J. and R.S. acquiesced.

16. Feldman then wired \$90,000 back to SJC, Inc. and \$10,000 to a bank account held in the name of New Image, LLC.

17. On or about November 24, 2008, the remaining \$500,000 was wired to a bank

account held in the name of Richard Schulenberg to purchase the CMO.

18. Within days of wiring the \$500,000 to Schulenberg's account, Schulenberg wired \$317,500 to a bank account held in the name of LEM Enterprises, LLC, a company owned by Lennie Mungo. The monies represented compensation paid in connection with the CMO investment transaction.

19. On or about November 26, 2008, Mungo then paid \$120,000 to CHL, LLC, a company owned by Mungo's partner, Shawn Campbell, \$41,875 to John Baxter¹, and \$35,000 to Grace Title for the benefit of Feldman and Carmelia. Mungo's share of the compensation was \$120,000.

20. Out of the \$35,000, Feldman directed that \$25,000 be transferred from Grace Title's account to New Image, LLC's bank account and \$10,000 to an account held in the name of DPW, LLC, a company owned by Carmelia. The \$35,000 was not split evenly between Feldman and Carmelia because of a prior personal debt owed by Carmelia to Feldman.

21. There is no evidence that the funds were actually used to purchase the promised CMO.

22. New Image, LLC is not now, nor has it ever been, registered in Maryland as a broker-dealer, agent, investment adviser, or representative.

23. Neither Feldman nor Carmelia is now, or has ever been, registered in Maryland as a broker-dealer, agent, investment adviser, or investment adviser representative.

24. There is no record of registration, a claim of exemption from registration, or

¹ Baxter is currently the subject of an FINRA action alleging that he misrepresented that he held the Series 7, 22, 63 and 66 securities licenses and failing to respond to requests.

qualification as a federal covered security filed with the Division by or on behalf of the CMO investment purportedly purchased with funds from ANTH, LLC.

25. Shortly after this CMO investment transaction, New Image sought out other investors for additional CMO transactions.

26. A.J. knew Feldman's daughter, L.M., through prior real estate transactions. L.M. told A.J. about the CMO investment opportunity being offered through New Image.

27. A.J. met with both Feldman and Carmelia to discuss the CMO investment opportunity.

28. A.J. was told by Feldman and Carmelia that his funds along with the funds from other investors would be used to purchase a CMO in the amount of \$500,000. A.J. was told that his funds would be held in escrow by Grace Title until the full \$500,000 was raised through other investors. In return for his investment of funds, A.J. was promised a return of his principal plus a monthly return of 20%.

29. A.J. was given New Image disclosure documents that provided a description of CMOs and the structure of the CMO program offered by New Image. In one disclosure document, New Image described the "CMO packages" as being "comprised of A paper mortgages" and, in describing the duration of the investment, explained that "[t]here is no time commitment; the appropriate party(ies) can have their funds returned after thirty-day (30) days from the date the funds are committed."

30. A.J. decided to invest \$50,000 with New Image.

31. To evidence A.J.'s investment, on or about December 9, 2008, A.J. and New

Image executed a document entitled Memorandum of Understanding for Capital Investment (“MOU”). The MOU was executed by Reginaldo Carmelia on behalf of New Image.

32. According to the MOU, A.J. would make a capital investment of \$50,000 with New Image. The \$50,000 would be deposited into a bank account held in the name of Grace Title, LLC. The capital investment would be “continuously reinvested . . . for as long a time period as Lender and Borrower desire to continue with the transaction.” Further, the capital investment would be “held by Grace Title, LLC . . . in its escrow/trust account” and returned to A.J. “at the time of the funding of the investment return, which is guaranteed to be twenty (20) percent per month,” and A.J. would have a “One Hundred (100%) Percent ownership/equity in his portion in the investment.”

33. The MOU also set forth a schedule of compensation that would be earned by New Image and Carmelia as a result of their participation in the investment transaction.

34. On or about the 18th of December, 2008, A.J. presented Feldman and Carmelia with a \$50,000 check made payable to Grace Title, LLC. That check was taken by Feldman and deposited into Grace Title’s bank account.

35. In January 2009, Feldman and Carmelia told A.J. that he would be receiving the return of his investment of \$50,000 plus a 20% return of \$10,000 by January 26, 2009.

36. That statement never materialized.

37. Shortly thereafter, A.J. learned the true fate of his \$50,000 investment. On or about January 9, 2009, at the direction of Feldman, funds representing the \$50,000 invested by A.J. were wired from Grace Title’s bank account to an account held in the name of, or for the benefit of, ANTH, LLC, the company owned by R.S. and R.J.

38. According to Feldman, the funds were forwarded to ANTH, LLC as a loan to

R.S.'s and R.J.'s construction business. R.S.'s and R.J.'s investment in the CMO transaction had not paid off as expected and their construction business was in need of capital.

39. A.J. never authorized, and was never told by Respondents, that his investment funds were to be loaned to R.S.'s and R.J.'s business. Instead, as disclosed to him in writing and orally, he fully expected that his funds would be held in escrow until \$500,000 was raised through other investors and then used to purchase a CMO.

40. To date, A.J.'s funds have not been returned to him.

41. On or about January 19, 2009, New Image entered into a "Joint Venture Agreement" in which New Image agreed to transfer to ANTH, LLC ownership of the CMO purportedly purchased by New Image with funds from ANTH, LLC.

42. According to the Joint Venture Agreement, ANTH, LLC would then trade the CMO on a platform and, as a result, make a profit.

43. Based upon an expected profit of one million dollars, one-time payments in the amount of \$40,000 would be paid to New Image for its role as "broker," and \$10,000 each to DPW, LLC and other agents for their roles as "finders." An additional \$65,000 would be paid to New Image "for the repayment of [a] promissory note dated January 9, 2009." New Image, Dominion Partners Worldwide, and other agents also would receive continuing payments based upon the income generated from the reinvestment of the CMO.

44. To date, New Image has neither received nor transferred the CMO to ANTH, LLC. It is unclear as to whether New Image ever owned the CMO in question.

45. Respondents failed to disclose to investors they were not registered to offer or sell securities or advise others to purchase or sell securities in Maryland.

46. Respondents failed to disclose the risks associated with the CMO investments.

47. Respondents failed to disclose that the CMO investment offerings were not registered or exempted from the registration requirements in Maryland.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

48. Respondents DPW and Carmelia violated section 11-501 of the Securities Act by offering and/or selling unregistered securities.

49. Respondents DPW and Carmelia violated section 11-301 of the Securities Act by failing to tell investors, among other things, that the CMO investments offered or sold by them were not registered or exempted from the registration requirements and the risks associated with the CMO investments.

50. Respondents DPW and Carmelia violated sections 11-302(a) and (c) of the Securities Act by failing to tell investors, among other things, that the CMO investments offered or sold by them were not registered or exempted from the registration requirements and the risks associated with the CMO investments.

51. Respondents DPW and Carmelia violated section 11-401 of the Securities Act by acting as an unregistered broker-dealer, agent, investment adviser and/or investment representative.

52. Respondent DPW violated section 11-402 of the Securities Act by employing or associating with unregistered agents and representatives, in violation of section 11-402 of the Securities Act; and

V. SANCTIONS

NOW THEREFORE, IT IS HEREBY ORDERED, and Respondents Carmelia and DPW expressly consent and agree:

53. Respondents DPW and Carmelia shall permanently cease and desist from violating sections 11-301, 11-302(a) and (c), 11-401, 11-402, and 11-501 of the Securities Act.

54. Respondents DPW and Carmelia are barred from engaging in the securities or investment advisory business in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged.

55. Respondents DPW and Carmelia, jointly and severally, are assessed a civil monetary penalty pursuant to section 11-702 of the Act in the amount of \$50,000 for the violations set forth in this Order. In light of the sworn financial statements submitted by Respondents DPW and Carmelia, incorporated by reference herein, collection of all but \$5,000 of the penalty shall be waived. Payment shall be by certified check payable to the Office of the Attorney General; however, collection of the penalty shall be reduced by the amount of restitution made by Respondents DPW and Carmelia to A.J. Payment of restitution shall be made in installments, as follows: \$500 payable within ninety (90) days of the date of this Order; and payments of \$500 each payable by the 10th of the month beginning each successive quarter (the “quarterly due dates”), unless the \$5,000 is paid in full sooner. The quarterly due dates are as follows: January 10th, April 10th, July 10th, and October 10th. Each check shall be payable to the “Office of the Attorney General.” Payment shall be made in full by no later than January 10, 2013. The restitution shall be distributed to A.J. by the Office of the Attorney General in a manner within its discretion. In the event of a default by Respondents DPW and Carmelia that is not cured within a reasonable time as determined by the

Commissioner, the remaining balance of restitution owed under this paragraph shall be collectible as a civil monetary penalty.

56. Respondents DPW and Carmelia shall comply fully with the Securities Act and the regulations promulgated thereunder.

VI. JURISDICTION RETAINED

57. Jurisdiction shall be retained by the Commissioner for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.

58. If a Respondent fails to comply with any term of this Consent Order, the Commissioner may institute administrative or judicial proceedings against that Respondent to enforce this Consent Order and/or to sanction that Respondent for violating an Order of the Commissioner, and may take any other action authorized under the Securities Act or under any other applicable law, including the issuance of fines or penalties as provided by the Securities Act. In any such proceeding, the Division may also seek other sanctions for the violations that initiated this matter. For the purpose of determining those sanctions, the Statement of Facts and violations of the Securities Act set forth in this Consent Order shall be deemed admitted, and may be introduced into evidence against that Respondent.

59. In the event that judicial intervention in this matter is sought by the Commissioner or Respondent, subject matter jurisdiction will lie in the Circuit Court for Baltimore City pursuant to section 11-702 of the Securities Act. The Circuit Court for Baltimore City will have personal jurisdiction over Respondent pursuant to section 6-103(b) of the Courts and Judicial Proceedings

Article, Title 6, Annotated Code of Maryland (2006 Repl. Vol. and 2009 Supp.). Venue will be properly in that Court pursuant to Section 6-201(a) and 6-202(11) of that article.

60. The terms of this Consent Order may be vacated or modified only by a subsequent order issued by the Commissioner.

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

Date: August 16, 2010

Melanie Senter Lubin
Securities Commissioner

BY CONSENT:

/S/
Reginaldo Carmelia

/S/
Dominion Partners Worldwide, LLC
by: Reginaldo Carmelia, President

August 10, 2010
Date

August 10, 2010
Date

Subscribed and sworn to before me
this ____ day of _____, 2010.

Subscribed and sworn to before me
this ____ day of _____, 2010.

Notary Public
My Commission expires _____

Notary Public
My Commission expires _____