

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

IN THE MATTER OF:	*	No. 2011-0322
CASEY CHARLES	*	
INFINITE EQUITY STRATEGIES, LLC	* *	
Respondents.	*	

* * * * *

**FINAL ORDER TO CEASE AND DESIST
ORDER OF BAR**

WHEREAS, the Maryland Securities Division (the “Securities Division”), pursuant to the authority granted in Section 11-701 of the Maryland Securities Act, Md. Ann. Code, Corps. & Ass’ns, §§11-101, *et seq.* (2007 Repl. Vol. & 2011 Cum. Supp.) (the “Securities Act”), initiated an investigation into the activities of Casey Charles (“Charles”) and Infinite Equity Strategies, LLC (“IES”) (collectively, “Respondents”); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Securities Commissioner”) concluded that Respondents violated the Securities Act by engaging in violations of Sections 11-301, 11-302, 11-401, 11-501 and related Code Of Maryland Regulations; and

WHEREAS, pursuant to Section 11-701 of the Securities Act, on October 7, 2011, the Securities Commissioner issued a Summary Order To Cease And Desist And Order To Show

Cause (the “Summary Order”), incorporated herein by reference, requiring Respondents to show cause why: Respondents should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a civil monetary penalty should not be entered against Respondents for each violation of the Securities Act and related regulations; and why a final Order should not be entered ordering Respondents to cease and desist from further violations of the Securities Act and related regulations; and

WHEREAS, the Summary Order gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submitted an answer within 15 days of service of the Summary Order, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, on October 10, 2011, a copy of the Summary Order was served upon Respondents via personal service at Respondent Charles’ residential address, *see* Ex. 1, Affidavit of Frank Barlow; and

WHEREAS, on or about October 12, 2011, Respondent Charles called the Securities Division and left a message for the staff to call him regarding certain questions relating to the Summary Order; and

WHEREAS, on or about October 13, 2011, the Securities Division contacted Respondent Charles via telephone to respond to his inquiries, and advised him that he had the option to request an extension of time to respond to the Summary Order; and

WHEREAS, on October 23, 2011, Respondents sent an email to the Securities Division, attaching a letter requesting an extension of time to respond to the Summary Order, *see* Exs. 2

and 3, respectively, copies of email from Respondents Charles and letter attached to that email;
and

WHEREAS, on October 24, 2011, the Securities Division responded to Respondent Charles, agreeing to an extension of time to respond to the Summary Order until November 15, 2011, *see* Ex. 4, copy of email from the Securities Division to Respondents extending the deadline for responding to the Summary Order; and

WHEREAS, on October 24, 2011, Respondent Charles responded to the Securities Division, acknowledging the deadline to respond to the Summary Order as November 15, 2011, and stating that he would “soon” provide an update, *id.*, copy of email from Respondent to the Securities Division acknowledging the new deadline for responding to the Summary Order; and

WHEREAS, to date, Respondents have neither answered the Summary Order nor requested a hearing with respect to the Summary Order; and

WHEREAS, the Securities Commissioner has determined that it is in the public interest to issue this Final Order.

NOW, THEREFORE, THE SECURITIES COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION AND VENUE

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

II. RESPONDENTS

2. Respondent Charles is a Maryland resident with a residence located in Baltimore

City.

3. Respondent IES is a Maryland-chartered limited liability company as of August 2007.

4. At all times relevant to the facts contained in this Order, Respondent IES has held out as having business offices located in Maryland, including a location on Calvert Street in Baltimore City.

5. Respondent Charles regularly used a business card identifying himself as a “Financial Specialist” with “Safe Money Advisors” offering “HIGH RETURNS WITHOUT HIGH RISK” (emphasis in original). The back of the card stated, “WE HAVENT [sic] LOST A DIME IN THE RECESSION . . . WANT TO KNOW HOW?” (emphasis in original).

III. STATEMENT OF FACTS

6. Respondents have held out to Maryland investors as investment advisers with an office in Baltimore City. Respondents have solicited investors to use their financial services including by the use of postcards sent through the mail, and through relationships with other financial service providers who made referrals to clients to use Respondents’ services.

7. Respondents convinced at least five people to allow Charles to act as their investment adviser in handling their IRA monies: AG, TS, CB, PC and BC (collectively “the investors”). The investors he dealt with included senior citizens, and a widow in her 70's. Respondents convinced the investors that Equity Trust Company (“ETC”), a trust company located in Ohio, was a reputable IRA custodial company.

8. Respondents caused the investors to establish IRA custodial accounts at ETC.

Respondents then caused each individual to deposit her IRA monies into an account at ETC. Respondents then caused withdrawals to be made from each individual's account to invest in promissory notes issued by Respondents.

9. In advance of the withdrawals from investors' ETC accounts, paperwork was completed directing investment monies to be deposited into a account at a bank under the custody and control of Respondents. Withdrawals were regularly made from customers' ETC accounts without their authorization or consent.

10. Respondents caused faxes to be sent to ETC, purporting to be from his customers by the use of their name and address, however, they were not sent pursuant to any authorization from the customers and contained no customer signatures. The faxes directed the handling of the monies relating to the customers' ETC accounts, and used Respondents' phone and email address.

11. On information and belief, Respondents forged customer signatures on ETC paperwork needed to authorize the investment of monies for investors. In that same vein, Respondents caused ETC paperwork to be filed and accepted by ETC, stating that no verbal confirmations from the customers were necessary to verify their authorizations to invest.

12. Respondents caused investors to withdraw monies from safe, secure investments to be deposited into ETC so that he could more easily direct their investment monies into accounts under his custody and control. Respondents directed the majority of investor monies into a bank account at PNC bank, in IES' name.

Respondents' Dealings with Investor AG

13. Investor AG learned about Respondents' services through an individual she used

to refinance her residence. AG used her home's equity to obtain cash to pay off bills. She had approximately \$60,000 left over after paying her bills. Respondents urged her to invest those monies in an annuity. AG agreed.

14. Respondent provided AG with fabricated account statements suggesting that she had monies invested in an ING annuity. In reality, however, ING confirmed on AG's behalf that she does not have an annuity invested in her name. Furthermore, the account statements Respondents created are very dissimilar to an actual ING annuity account statement.

15. Respondents also provided AG with a statement on IES's letterhead suggesting that the purported ING annuity in her name had appreciated in value. Also Respondents falsely claimed that AG had monies invested in a money market earning 2.8% interest. Furthermore, IES paperwork falsely suggested that IES had an office located at 111 E. Calvert Street.

16. Respondents also gained access to AG's retirement monies. AG had approximately \$313,000 from her retirement with Verizon. Respondents convinced AG to transfer those monies to ETC. After the monies were transferred, Respondents caused AG's monies to be invested in promissory notes issued by Respondents.

17. On information and belief, Respondents repeatedly forged AG's signature on ETC forms, and falsely represented via fax communications that AG had authorized the investment of monies into Respondents' promissory notes. Virtually all of AG's Verizon retirement monies were invested in the notes and transferred to Respondents' bank account.

Respondents' Dealings with Investor CB

18. Investor CB had an experience with Respondents, similar to that of AG. CB learned of Respondents' investment advisory services through a company she used to refinance

her home. She gave Respondents \$5,000 to invest in an IRA. She withdrew some of those monies and Respondents advised her that she had approximately \$2,900 remaining in an IRA.

19. Subsequently, at Respondents' suggestion, CB rolled over her approximate \$23,000 IRA account to ETC. Respondents claimed that by doing so she could then invest in different forms of investments. CB was not aware, however, that Respondents later invested her monies in a note issued by Respondents. The monies were transferred to Respondents' bank account.

20. CB did not learn about the note investment until she contacted ETC. After contacting ETC, the company informed her that her signatures did not look the same on some of the documents in their records. In CB's and AG's case, among others, ETC accepted a form permitting the investment of monies without a verbal confirmation.

Respondents' Dealings with Investor PC

21. Investor PC also dealt with Respondents. She agreed to open an account at ETC pursuant to Respondents' suggestion, using retirement account monies she had invested at Morgan Stanley – more than \$30,000. The accounts were opened in a name not used by her, PC-B (a hyphenated name), and documents relating to the account routinely referred to that name.

22. After Respondents opened PC's account at ET, he caused monies to be withdrawn to invest her in promissory notes issued by IES, including a note for \$20,000 and a note for \$9,600. At no time did she ever authorize Respondents to invest monies in any notes or other investment vehicles once the monies reached ETC. Notwithstanding that fact, ETC records reflect that numerous documents were submitted to ETC reflecting a signature that was not PC's actual signature, purportedly authorizing the notes.

23. Respondent also purportedly invested other monies he received from PC in what he claimed on an IES account statement was a “S & P 500 . . . stock index in the United States of America,” however, on information and belief that investment does not exist.

24. Upon requesting a repayment of her monies, Respondents advised her that her monies were invested at a brokerage firm where accounts had been frozen pursuant to a New York regulatory investigation – a claim he had also made with respect to other investors.

Respondents’ Dealings with Investor BC

25. Respondents began dealing with BC in March 2010, at a time when it was clear from a personal meeting at her home that her elderly husband was dying. Notwithstanding that fact, however, Respondent quickly seized upon BC’s retirement monies which were invested with the Maryland State Retirement System (“MSRP”), and with T. Rowe Price (“TRP”).

26. Respondents wasted no time in having BC, who became a widow shortly after meeting with Respondents, sign forms transferring her monies over to ETC. Once the transfers were effected, Respondents easily obtained access to the monies by the use of forged signatures on ETC forms.

27. Not only were BC’s signatures forged on numerous ETC forms, but some of the forged signatures did not even contain the correct spelling of BC’s last name. Among the forged documents was a form authorizing BC’s investment in promissory notes with Respondents, and forms allowing investments to be made without BC’s verbal confirmation.

28. Respondents also manipulated BC’s account by using the same form of faxes, containing directives regarding BC’s account and purporting to be from BC, used with respect to his other ETC clients. The faxes did not contain a signature, and in at least one instance

misspelled BC's last name.

29. When forms were completed and sent to ETC authorizing the investment of BC's monies in Respondents' promissory notes, pursuant to BC's forged signatures, the forms contained Respondents' fax and email address. BC did not receive ETC account statements, and therefore was unaware of the true status of her ETC account.

30. At one time, when BC's ETC account was initially established, BC set up online access using a particular PIN and code word. On information and belief, Respondents were aware of the PIN and code word, because BC later found that the code word had been changed unbeknownst to her.

31. On information and belief, Respondents caused ETC account statements to be available online only (not via regular mail to BC). Until very recently, BC did not even have a home computer and therefore online access was not readily available to her. BC obtained assistance from a relative to initially set up her ETC account's PIN and code word.

32. BC believed, from meeting with Respondent early on, that her monies would be invested in stocks and other mainstream types of investments. Initially Respondent had completed forms with ETC to have BC's monies invested in AARP mutual funds but he later canceled those directives (all the while, representing to be BC).

33. Respondents not only drained BC's account of virtually all of the money she had invested in her retirement accounts with MSRP and TRP, but Respondents caused her account to be charged fees for the expedited processing of the forms used to withdraw monies from her account for deposit into Respondents' account.

Respondents' Dealings with Other Investors

34. Upon information and belief, other investors with whom Respondents dealt, including LS, TR, MB and DB, invested monies with Respondents and were not established in ETC accounts.

35. Investor LS believed that Respondents used \$6,000 total in investment monies to open an IRA account at ETC, however, she recently learned from ETC that in fact she did not have an account set up in her name as Respondents had alleged.

36. Investor TR invested approximately \$27,000 with Respondents and later “withdrew” approximately \$10,000 out of that investment, but Respondents never informed TR as to what he was invested in. TR received no account statements or other documentation. Upon requesting statements or other verification of his investment, Respondents advised that he was “waiting on the company” and would get back to him. On information and belief, however, TR has yet to receive any return of his monies.

37. Investors MB and DB gave Respondents \$7,500 to invest in “a WRIT account, which [according to Respondents would] overtime [sic] would gain interest and accumulate the value.” Respondents sent MB and DB documents suggesting that they were invested in a promissory note and that the investment had grown in value to more than \$10,000. In July 2011 MB and DB completed documents they received from Respondents for a “withdrawal” of their investment monies within 10-15 days. After initially speaking with Respondent Charles, who advised that he would take care of it shortly, he did not return phone calls. On information and belief, to date MB and DB have not received any return of their monies.

Respondents' Overall Scheme

38. In repeated instances, the ETC forms authorizing the investment of monies from Respondents' customers' ETC accounts, with no need for a verbal confirmation from the customer, contained forged customer signatures. Furthermore, as stated above, faxes containing Respondents' fax and phone number, falsely claiming to be from Respondents' customers, were routinely sent to ETC regarding customer accounts.

39. The IES account at PNC Bank, used to deposit investor monies, was under Respondents' custody and control. The account was used regularly to pay for expenditures at dining establishments, Wal-Mart, Home Depot, Marshalls and 7-Eleven purchases, mortgage payments, trips to the dentist, and other personal expenditures.

40. Respondents did not provide investors with relevant disclosure information regarding their note investments, including any financial information regarding Respondent Charles or IES. Customers in many cases were not even aware that their monies were being "invested" in notes, with the proceeds deposited into Respondents' bank account(s).

41. Respondents advised some investors that he had an interest in a diamond company located in Sierra Leone, Africa. He claimed to travel back and forth to Sierra Leone to attend board meetings. An internet web page lists one "Casey Charles" of Baltimore, Maryland as a "diamond dealer and owner of GAIA Minerals."

42. Altogether Respondents misappropriated nearly \$500,000 in investor monies by way of withdrawals from their ETC accounts into purported promissory note investments. The promissory notes promised above-market rates of return and contained varying maturity dates.

43. Records available to the Securities Division reflect that Respondent Charles is not

now, nor has he ever been, registered as a broker-dealer agent, investment adviser or investment adviser representative, in Maryland or with any other regulator. Furthermore, prior to the date of the issuance of this Summary Order, Charles has not at any time been registered in Maryland as an issuer agent.

44. Records available to the Securities Division reflect that IES is not now, nor has IES ever, been registered as a broker-dealer or investment adviser, in Maryland or with any other regulator.

45. The records of the Securities Division reflect that there is no record of any securities registration, or claim of exemption or status as federal-covered securities issued under the name “Casey Charles” or any name beginning with “Infinite Equity.” State Department of Assessments and Taxation records reflect that IES’ charter is not in good standing.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Securities Commissioner concludes that:

46. In connection with the facts contained in the Statement of Facts contained within this Final Order, incorporated in this Section by reference, Respondents Casey Charles and Infinite Equity Strategies, LLC have engaged in violations of the Securities Act, Sections 11-301 (securities antifraud provisions), 11-302 (investment advisory antifraud provisions), 11-401 (unregistered broker-dealer/agent registration provisions and unregistered investment adviser provisions) and 11-501 (offer and sale of unregistered, non-exempt securities that are not federal-covered securities), as well as Code Of Maryland Regulations 02.02.05.03B (failure to act in the best interests of investment advisory clients), 02.02.05.04 (failure to comply with investment

adviser regulations relating to the custody of client funds or securities), and 02.02.05.05 (failure to comply with the “Brochure Rule” regarding the disclosure of information to investment advisory clients).

V. SANCTIONS

NOW, THEREFORE, the Securities Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY **ORDERED** THAT:

47. Respondents permanently cease and desist from engaging in activities in violation of Sections 11-301, 11-302, 11-401, and 11-501 of the Securities Act, as well as Code Of Maryland Regulations 02.02.05.03B, 02.02.05.04, and 02.02.05.05.

48. Respondents are permanently barred from the securities and investment advisory business in Maryland.

49. Respondents are assessed a civil monetary penalty, pursuant to Section 11-701.1 of the Securities Act, in the amount of \$195,000 (to be mitigated by any restitution paid to investors by Respondents subsequent to the issuance of this Final Order), payable by certified check to the order of the Office of the Attorney General.

VI. JURISDICTION RETAINED

50. Jurisdiction is retained by the Securities Commissioner for the purposes of enabling any party to this Final Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.

VII. APPEAL RIGHTS

51. Respondents may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Securities Division.

DATED: November 28, 2011

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

Melanie Senter Lubin
Securities Commissioner