

WHEREAS, the Bureau has conducted an investigation into certain activities occurring in the Marlton, New Jersey branch office of Investment Center during the period of November 2004 through May 2006; and

WHEREAS, Investment Center and the Bureau Chief wish to resolve these issues without the expense and delay that formal administrative proceedings would involve; and

WHEREAS, Investment Center consents to the form and entry on this Consent Order without admitting or denying the allegations set forth herein; and

WHEREAS, Investment Center has voluntarily made changes to certain supervisory procedures and has cooperated with the Bureau in its investigation; and

WHEREAS, the Bureau Chief has found that the entry of this Consent Order is appropriate in the public interest and consistent with the purposes fairly intended by the policy and provisions of the Securities Law and regulations promulgated thereunder; and

WHEREAS, this Consent Order concludes the investigation by the Bureau Chief and any civil or administrative action that could be commenced, pursuant to the Securities Law, on behalf of the Bureau Chief, as it relates to seeking civil monetary penalties or other relief against Investment Center for the conduct described herein.

FINDINGS OF FACT

The Bureau Chief makes the following findings of fact:

1. Investment Center (CRD #17839) having its principal place of business located at 1420 Route 206 North, Bedminster, New Jersey is a broker-dealer registered with the Bureau since June 26, 1986. At all times relevant herein, Investment Center conducted its business through approximately 300 agents working from

approximately 200 independently owned and operated branch offices throughout the United States of America.

2. Dominic Vricella (“Vricella”) (CRD #1525115) residing in Medford, New Jersey at all relevant times herein was the branch manager of Investment Center’s 4A Eves Drive, Suite 104, Marlton, New Jersey branch office (“Marlton Branch Office”). As branch manager, Vricella was responsible for the supervision of the Investment Center's agents working from that office. Such agents were also supervised by Investment Center’s home office. Vricella was registered with the Bureau as an agent and as an investment adviser representative of Investment Center from April 22, 1993 through December 31, 2006. The Central Registration Depository (“CRD”) states that he was terminated for cause for failing to abide by the firm’s policies and procedures. Vricella was also the owner operator and a control person of the Professional Consulting Group, L.L.C., an executive officer and control person of the North Shore Investment Fund, LP. and an executive officer and control person of the North Shore Investment Group.
3. Professional Consulting Group L.L.C. (“PCG”) having the same principal place of business as the Marlon Branch Office through which Vricella offered financial planning and other services was registered as an Investment Adviser with the Bureau from October 5, 1995 through March 31, 2000.
4. Anthony Faiola (“Faiola”) (CRD #2681693) residing in Cherry Hill, New Jersey was registered as an agent of Investment Center with the Bureau from March 1997 through May 2006. Faiola is not currently registered with the Bureau.

Faiola was employed in the Marlton Branch Office under the supervision of Vricella and Investment Center. During the Relevant Period he was a control person and an executive officer of the North Shore Investment Fund, LLP and the North Shore Investment Group, LLC.

5. North Shore Investment Group, LLP (“NSIG”) was a limited liability partnership with the same principal place of business as the Marlton Branch Office. The partnership was founded in or around December, 2003 by R. I., H. P. and K. W. . The partnership issued securities, shares in North Shore Investment Fund, LLP (“Fund”) which was described as a “hedge fund”.
6. At the time of NSIG’s formation, R.I., H.P. and K.W. were the managing partners in charge of trading at NSIG. At least one Private Placement Memorandum stated that the three were the “principal officers of the General Partner as well as the principal officers of the Investment Manager”. At least one Private Placement Memorandum stated that “[t]he success of the Partnership is expected to be significantly dependant upon the expertise of [H.P. and R.I.]”
7. Faiola and Vricella, whose names are not disclosed as principals for either entity in the Private Placement Memorandum, were the promoters of NSIG.
8. On or about April 27, 2004, the three managing partners resigned leaving Vricella and Faiola in sole control of NSIG. Faiola assumed the role of trading partner, despite having little or no experience as a professional trader or options trader on behalf of a hedge fund. Neither the resignations of the three managing partners, nor the assumption of trading responsibilities by Faiola were disclosed in sales materials to the investors. NSIG was to receive a fee of 1.9% of the money under

management and an incentive fee of 20% of the gross profits and income obtained by the Fund. As Vricella and Faiola were the sole control persons and employees of NSIG, they stood to be the sole recipients of fees obtained from the business.

9. From about December 2003 through April 2005, Faiola and Vricella raised over \$1.6 million from a total of ten individuals, including five who were also clients of Investment Center. Approximately \$1 million of the NSIG's assets came from one investor. The investors suffered losses due to market-related conditions.
10. At least two of the investors lacked the knowledge and experience to fully understand the risks associated with the NSIG investment and were otherwise unsuitable in light of their lack of investment experience, financial circumstances, and objectives.
11. An investor received a consolidated statement on NSIG letterhead that identified the "Investment Center" at the bottom of the page. Vricella failed to obtain approval from the Investment Center compliance department pursuant to company policy regarding correspondence. Faiola forged an investor's name on documents purporting to reflect the customer's authority to the transfer of funds out of a third party money-manager's account. Had the documents been presented to the investor, the investor would have been put on notice that their investment in the Fund was not an Investment Center product or being effectuated by Investment Center, although the customer signed the initial PPM, which document did not refer to the Investment Center.
12. Faiola and Vricella failed to disclose material risks and the principals' lack of experience and knowledge in fund management.

13. In connection with the offer, sale, and management of the Fund, Faiola and Vricella misrepresented material facts and failed to disclose material facts to investors.

**INVESTMENT CENTER FAILED TO REASONABLY SUPERVISE THE
ACTIVITIES OF FAIOLA AND VRICELLA**

14. Despite the fact that Faiola and Vricella had been operating NSIG and the Fund from the Marlton office for almost two years, and various apparent red flags, Investment Center did not detect and prevent Faiola's and Vricella's selling away.
15. All of the activity relating to the offer and sale of the investments in the Fund, the establishment of on line bank and securities accounts, the trading of securities on behalf of the fund, the employment of non-Investment Center personnel, the calculations of losses and profits, and all correspondence and communications with investors occurred in the Marlton branch office of Investment Center.
16. Internal audits conducted by Investment Center of the Marlton branch office of the years 2002, 2003 and 2004 uncovered numerous violations of the firm's policies and procedures including:
- a. On two occasions in 2002, Vricella was cited for having business cards with unauthorized e-mail addresses that avoided Investment Center's surveillance and he was cited for failure to have customer correspondence reviewed before dissemination or keep copies of correspondence; and
 - b. On August 25, 2004, Investment Center made an unannounced visit to the Marlton office, and found that Vricella had displayed unapproved advertising in the form of a PCG brochure in that office. The brochure identified both PCG and Vricella as registered investment advisers when,

at the time, PCG was not a registered investment adviser. The brochure also contained the same unapproved e-mail address that had been noted as a violation on the office's business cards during the 2002 audits.

- c. Investment Center was unaware of any communication via e-mail with anyone regarding any investment in the Fund. Vricella and Faiola purposefully maintained files related to the Fund and for investors who purchased Fund shares in the branch separate and apart from any Investment Center customer files.

17. During the period from at least January 2002 and continuing to at least December 2005, Investment Center did not have any written procedures relating to the inspection of the electronic documents of its branch offices and, as a matter of practice, did not examine the electronic devices of their branch offices.

18. Despite the discovery of unauthorized email addresses, the unauthorized PCG Brochure, and other red flags uncovered during its exams of the offices in 2002 and 2005, Investment Center did not examine the computers on the premises of the Marlton office.

19. Investment Center first became aware of Vricella and Faiola's selling away in March 2006 following the commencement of legal action by an investor who had lost \$1 million in the scheme. Despite knowledge that Vricella had violated firm policy and federal and state laws and self-regulatory organizations rules, Investment Center allowed him to conduct business out of the Marlton office until December 2006 while Investment Center conducted its investigation.

20. Investment Center's failure to prevent and detect violations after discovering deficiencies by branch audits constitutes a failure to reasonably supervise which is grounds pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(xi) for the entry of an order to suspend or revoke the registration of Investment Center.

INVESTMENT CENTER FAILED TO MAINTAIN REQUIRED BOOK AND RECORDS

21. Investment Center failed to secure, preserve or otherwise maintain the Marlton branch office records including the branch office correspondence files, electronic emails and the blotters and ledgers evidencing the manager's review, prior to Vricella's termination.
22. During the period of approximately two years prior to May 21, 2007, Investment Center closed four branch offices without securing or maintaining the branch office records of those offices prior to closing.
23. By failing to maintain the records of Branch offices that discontinued association with the firm, Investment Center failed to maintain required books and records in violation of N.J.S.A. 49:3-59(b) and N.J.A.C. 13:47A-1.10 and N.J.A.C. 13:47A-1.10A which is grounds pursuant to N.J.S.A. 49:3-70.1 for the entry of an order to assessing monetary penalty against Investment Center.

CONCLUSIONS OF LAW

Solely for the purpose of this Consent Order, Investment Center consents to the Bureau Chief making the following Conclusions of Law:

1. Investment Center's conduct described above constitutes a failure to reasonably supervise its agents, pursuant to N.J.S.A. 49:3-58(a)(2)(xi).
2. Investment Center's conduct described above resulted in a failure to maintain required books and records in violation of N.J.S.A. 49:3-59(b) and N.J.A.C. 13:47A-1.10 and N.J.A.C. 13:47A-1.10A.

ORDER

On the basis of the Findings of Fact, Conclusions of Law, and Investment Center's consent to the entry of this Consent Order,

It is on this 27th day of August 2010, HEREBY ORDERED:

1. That Investment Center is assessed and shall pay a civil monetary penalty in the amount of \$75,000 due and payable upon entry of this Consent Order to "State of New Jersey, Bureau of Securities," 153 Halsey Street, 6th Floor, Newark, New Jersey 07102, or to be mailed to "Bureau of Securities," P.O. Box 47029, Newark, New Jersey 07101. The civil monetary penalty payment shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

The undersigned, by their signatures below certify their authority to bind the parties to the agreements herein.

THE INVESTMENT CENTER

By:  _____

Name: Ralph DeVito
Title: President

DATED:

NEW JERSEY BUREAU OF SECURITIES

By:  _____
Marc B. Minor
Chief, Bureau of Securities

DATED: 8/27/10