

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

Frank Mazzola (CRD# 2371623)

SUMMARY
REVOCATION ORDER

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities (“Bureau”) by the Uniform Securities Law, as amended, L. 1997, c. 276 N.J.S.A. 49:3-47 et seq., (“Law”), more particularly, N.J.S.A. 49:3-58, and after careful review and due consideration of the complaint in the civil action captioned Securities and Exchange Commission v. Frank Mazzola, et. al., filed on March 14, 2012 in the United States District Court for the Northern District of California (the “SEC Complaint”), the Final Judgment As To All Defendants in the civil action captioned Securities and Exchange Commission v. Frank Mazzola, et. al., No. 12-CV-1258, in the United States District Court for the Northern District of California, entered into on March 10, 2014, and the Securities and Exchange Commission’s (“SEC”) Order Instituting Administrative and Proceedings Pursuant to Sections 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“SEC Order”) dated March 20, 2014, the Bureau Chief has determined that the agent registration of Frank Mazzola shall be **REVOKED** pursuant to the reasons that follow:

FINDINGS OF FACT

1. Felix Investments, LLC (CRD# 148441) (“Felix Investments”), has been registered with the Bureau as a broker-dealer since August 14, 2009. It has a principal place of business of 600 East Crescent Avenue, Suite 105, Upper Saddle River, NJ 07458-1846.

2. Frank Mazzola (CRD# 2371623) (“Mazzola”), residing in Upper Saddle River, NJ, has been registered with the Bureau as an agent of various broker-dealers since March 1997. He has been registered with the Bureau as an agent of Felix Investments since September 28, 2009.

3. Felix Investments served as the exclusive placement agent for several funds created and managed by Mazzola and others. Felix Investments solicited investors for the private funds through its registered representatives, including Mazzola and others, provided the funds’ offering materials to potential investors, and effected investors’ purchases of interests in the funds.

4. Facie Libre Management Associates, LLC (“Facie Libre”) is a Delaware limited liability company that served as the investment adviser to two pooled invested vehicles affiliated with Felix Investments: Facie Libre Associates I, LLC and Facie Libre Associates II, LLC, (collectively, “FLA Funds”), both of which engaged primarily in the business of investing in pre-IPO Facebook securities. During the relevant time period, Mazzola was co-managing member of Facie Libre. As of January 2011, Facie Libre managed more than \$41 million for hundreds of investors in the FLA funds.

5. The SEC Complaint in the civil action captioned Securities and Exchange Commission v. Frank Mazzola, et al., No. 12-CV-1258, in the United States District Court for the Northern District of California (the “Civil Action”) alleged that Mazzola and Felix Investments engaged in a series of misrepresentations and deceptions to actual and prospective

investors in the FLA Funds and other, similar pooled investment funds designed to invest in the securities of popular technology companies that had yet to go public.

6. The SEC Complaint included allegations that:

- a. For nearly a year, Mazzola and Felix Investments failed to inform investors and prospective investors that Facebook had blocked the transfer of Facebook shares to the FLA Funds in several pending transactions;
- b. Mazzola and Felix Investments failed to disclose that Felix Investments had a written fee referral agreement with another broker-dealer and, as a result, Mazolla and Felix Investments misrepresented and failed to disclose the full amount of compensation that Felix Investments received as the exclusive placement agent for the FLA Funds;
- c. Mazzola and Felix Investments solicited investors for the FLA Funds and another fund created to invest in Twitter stock by making claims for which they had no reasonable basis; and
- d. Mazzola and Felix Investments falsely led investors to believe that a fund created to invest in Zynga stock owned such stock when it in fact did not.

7. On March 10, 2014, Mazzola and Felix Investments consented to the entry of a final judgment, without admitting or denying any of the complaint's allegations against them, in the Civil Action ("Final Judgment").

8. The Final Judgment, among other things, permanently enjoined Mazzola from violations of Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5(b) thereunder ("Exchange Act"), and Section 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder; and permanently

enjoined Felix Investments from violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder.

9. Pursuant to the Final Judgment, Mazzola and Felix Investments were liable, on a joint and several basis, for the disgorgement of \$218,000 in profits gained as a result of their conduct, together with prejudgment interest thereon in the amount of \$22,000. Mazzola and Felix Investments were also liable for civil penalties in the amounts of \$100,000 and \$160,000, respectively.

10. Mazzola and Felix Investments also consented to the entry of the SEC Order without admitting or denying the SEC's findings, which are incorporated herein by reference.

11. The SEC Order provided that, among other things:

- a. Mazzola was barred from association with any financial investment firm, including but not limited to, broker-dealers and investment advisers, with the right to apply for reentry after three years; provided, however, that Mazzola was permitted to continue, until August 31, 2014, to remain associated with Felix Investments and Felix Advisors, LLC, subject to certain limitations and subject to the oversight of an independent third-party consultant.
- b. Mazzola's reentry was subject to the applicable laws and regulations governing the reentry process and was conditioned upon satisfaction of any disgorgement ordered against him, any arbitration award related to the conduct that served as the basis of the SEC Order, and any arbitration award or restitution order issued by a self-regulatory organization.
- c. Felix Investments was censured.

CONCLUSIONS OF LAW

MAZZOLA IS THE SUBJECT OF AN ORDER BY THE SECURITIES AND EXCHANGE COMMISSION BARRING HIM FROM THE SECURITIES INDUSTRY

N.J.S.A. 49:3-58(a)(1)

N.J.S.A. 49:3-58(a)(2)(vi)

3. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

4. Pursuant to N.J.S.A. 49:3-58(a):

[t]he bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant . . . (vi) is the subject of an order entered within the past five years by any federal or state securities, commodities, banking, insurance or investment advisory administrator or self-regulatory organization denying or revoking a securities, commodities, banking, insurance, or investment advisory license or registration under federal or state securities, commodities, banking, insurance or investment advisory law, including, but not limited to registration as a broker-dealer agent, investment adviser, investment adviser representative or issuer, or the substantial equivalent of those terms as defined in this act, or is the subject of an order of the Securities and Exchange Commission, a self-regulatory organization, the Commodity Futures Trading Commission, an insurance regulator, or a federal or state banking regulator, suspending or expelling him from a national securities or commodities exchange or national securities or commodities association registered under the "Securities Exchange Act of 1934"...

5. Mazzola is the subject of an SEC Order barring his association with any participant in the securities industry with the ability to reapply after three years. This is cause, pursuant to N.J.S.A. 49:3-58(a)(2)(vi), to suspend his registration.

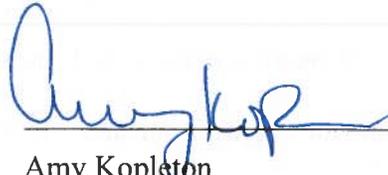
6. Based upon the foregoing, the revocation of Mazzola's registration as agent is in the public interest, and necessary for the protection of investors.

CONCLUSION

For the reasons stated above, it is on this 2nd DAY of May 2014 **ORDERED** that:

1. The agent registration of Mazzola be **REVOKED** pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-58(a)(2)(vi), effective immediately for a period of at least three years, but subject to certain wind-down activities enumerated in the SEC Order. Specifically, Mazzola may continue, until August 31, 2014, to remain associated with Felix Investments and Felix Advisors, LLC subject to the limitations of the SEC Order and subject to the oversight of an independent third-party consultant retained for such purpose, in order to permit the orderly, scheduled resolution of certain funds.
2. Upon reapplication:
 - a. Mazzola must satisfy all disgorgement and penalties ordered against him, any arbitration award related to the conduct that served as the basis of the SEC Order, and any arbitration award or restitution order issued by a self-regulatory organization.
 - b. Mazzola must be in compliance with all provisions of the Final Judgment and the SEC Order.
 - c. Mazzola will be subject to a Heightened Supervision Agreement.
3. Mazzola is denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraphs 9, 10 and 11 and subsection (b).

4. Mazzola is denied all exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g).



Amy Kopleton
Acting Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., specifically, N.J.S.A. 49:3-58(c), the bureau chief shall entertain on notice of no less than three (3) days, a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 15 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within 20 days after it is

requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall be entered as a Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.