

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

IN THE MATTER OF:

AXEL BONILLA  
CRD# 2337142

Respondent.

SUMMARY BAR 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., (“Securities Law”), more specifically, N.J.S.A. 49:3-56, and after careful review and due consideration of (1) Plea Agreement with Axel Bonilla, dated December 11, 2003; (2) Information, United States of America v Axel Bonilla, Criminal No. 06-101(MLC), filed in or about February 2006, United States District Court, District of New Jersey (“Information”); and (3) Judgment in a Criminal Case, October 31, 2006 and Amended Judgment in a Criminal Case, December 7, 2006, United States of America v Axel Bonilla, Crim. No. 06-101(MLC), United States District Court, District of New Jersey (together “Criminal Judgment”), the Bureau Chief makes the following findings of fact and conclusions of law:

1. Axel Bonilla, CRD# 2337142, (“Bonilla”) residing in Paterson, New Jersey, was registered with the Bureau as an agent of various broker-dealers from March 1993 to February 2001.

2. The U.S Attorney alleges in the Information that between at least January 2000 and at least December 2002, Bonilla committed two counts of mail fraud, one involving an investment scheme and one involving a HUD scheme, both violations of 18 U.S.C. §§ 1341-42.

3. The count in the Information involving an investment scheme alleges that:

a) From January 2000 until December 2002, Bonilla knowingly and willfully devised a scheme to defraud investors by means of material false and fraudulent representations.

b) Bonilla encouraged investors to transfer funds to Jaron Asset Management Corporation, Sierra Financial Services LLC and Kastle Financial Group, Inc., all entities owned or controlled by Bonilla.

c) Bonilla told investors that they would realize large gains and no adverse tax consequences from their investments.

d) Bonilla then created and distributed false documents to investors indicating that their funds were being invested and earning interest as promised.

e) Instead of investing the money, Bonilla used investors' funds to purchase residential properties for his own personal benefit.

f) Bonilla falsely represented to investors that "dividends" or "interest" were being paid when, in reality, the money was embezzled from new investors.

g) Bonilla's scheme resulted in his personal and unjust enrichment of over \$1.2 million dollars.

4. The count in the information involving a HUD scheme alleges that:

a) Between 1997 and April 27, 2001, Bonilla knowingly and willfully devised a scheme to defraud FHA, a division of HUD.

b) Bonilla sought out and encouraged unqualified borrowers to apply for FHA mortgages.

c) Bonilla then created and used false W-2 forms, pay stubs, letters confirming employment positions and letters of credit to make unqualified borrowers appear eligible for FHA insured loans.

d) Bonilla also falsified borrowers' employment history, income and assets entries on loan applications.

e) Bonilla knowingly submitted these false applications to his supervisor for approval.

f) For every fraudulent application approved by Bonilla's supervisor, Bonilla paid his supervisor between \$500 and \$1,500, which was disguised as a consulting fee.

g) As a result of this scheme, and loan defaults, HUD suffered a loss of approximately \$76,000.

5. On February 20, 2006, Bonilla pled guilty to both charges in the Information and violating 18 U.S.C. § § 1341-42.

6. On December 7, 2006, Bonilla was sentenced to, among other things, imprisonment for a term of eighteen months and was ordered to pay restitution and forfeiture in the amount of \$1,531,062.00

7. Bonilla was released from prison in April, 2008.

8. Bonilla is currently doing business as "Kastle Financial Group" and offers and sells promissory notes. Kastle Financial Group is not registered with the Bureau in any capacity.

9. Bonilla's conviction of crimes involving theft and fraudulent practices in regard to federal securities and HUD law are, pursuant to N.J.S.A. 49:3-56(k), grounds to summarily

bar Bonilla from being a partner, officer or director of an issuer, broker-dealer or investment adviser, or from occupying a similar status or performing a similar function or from directly or indirectly controlling or being controlled by an issuer, broker-dealer or investment adviser, or from acting as a broker-dealer, agent or investment adviser in New Jersey.

10. Based upon the foregoing, it is in the public interest to revoke and deny Bonilla certain exemptions from registration.

For the reasons stated above, it is on this 6<sup>m</sup> day of January 2015,

**ORDERED** that Axel Bonilla be, and hereby is, summarily barred, pursuant to N.J.S.A. 49:3-56(k), from being a partner, officer or director of an issuer, broker-dealer or investment adviser, or from occupying a similar status or performing a similar function or from directly or indirectly controlling or being controlled by an issuer, broker-dealer or investment adviser, or from acting as a broker-dealer, agent or investment adviser in New Jersey; and it is further

**ORDERED** that exemptions to certain securities transactions provided by N.J.S.A. 49:3-50 are hereby denied; and it is further

**ORDERED** that the exemptions to the registration requirements provided by N.J.S.A. 49:3-56 are hereby denied.

A copy of this Order shall be promptly served upon Axel Bonilla

By: Laura Posner  
Laura H. Posner  
Chief, Bureau of Securities

### **NOTICE OF RIGHT TO HEARING**

Pursuant to N.J.S.A. 49:3-56(k), any person barred by this subsection shall be entitled to request a hearing by the same procedures as set forth in subsection (c) of N.J.S.A. 49:3-50. Pursuant to N.J.S.A. 49:3-50(c)(1), upon service of the order issued by the Bureau Chief, the respondent shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. The Bureau Chief shall, within five days of receiving the answer and a request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau. Orders issued pursuant to subsection (c) shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order 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.

Pursuant to N.J.S.A. 49:3-50(c)(2) if a respondent fails to respond by either filing a written answer and written request for a hearing with the Bureau or moving to vacate an order within the 15 day prescribed period, the respondent shall be deemed to have waived the opportunity to be heard. If no hearing is requested, the Order shall become a Final Order and will remain in effect until modified or vacated upon notice to all interested parties by the Bureau Chief.

**NOTICE OF OTHER ENFORCEMENT REMEDIES**

You are advised that the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., 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, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69.

You are further advised that the entry of this Order 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.