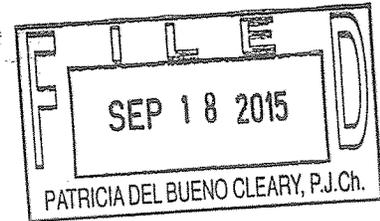


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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION: GENERAL EQUITY  
MONMOUTH COUNTY  
DOCKET NO. MON-C-160-14

JOHN J. HOFFMAN,  
Acting Attorney General of New Jersey,  
on behalf of LAURA H. POSNER,  
Chief of the New Jersey Bureau of  
Securities,

Plaintiff,

v.

VINCENT PETER FALCI, individually  
and d/b/a Saber Fixed Income  
Series, LLC, and d/b/a Saber  
Equity Income Series, LLC, as a  
Managing Member of Saber Funds  
LLC, and Saber Asset  
Management, LLC;  
SABER FUNDS, LLC,  
a New Jersey limited liability  
company;  
SABER ASSET MANAGEMENT, LLC,  
a New Jersey limited liability  
company;  
SABER FUNDS DISTRIBUTORS, LLC,  
a Delaware series limited liability  
company;  
FIXED TERM GOVERNMENT FUND,  
LLC,

Civil Action

**CONSENT ORDER AND FINAL  
JUDGMENT AS TO ALL  
DEFENDANTS AND NOMINAL  
DEFENDANTS**

a New Jersey limited liability company;  
MSI FUND I, LLC,  
a Delaware limited liability company;  
MSI EQUITY FUND II, LLC,  
a New Jersey limited liability company;  
BWX FUND, LLC,  
a New Jersey limited liability company; and  
PREFERRED INCOME PORTFOLIO I, LLC,  
a New Jersey limited liability company,

Defendants,

and

PHOENIX EQUITIES, LLC,  
a New Jersey limited liability company;  
HALLUS REALTY GROUP, LLC,  
a New Jersey limited liability company; and  
DONNA FALCI, individually; and  
VINCENT N. FALCI, individually,

Nominal Defendants.

THIS MATTER was brought before the Court by John J. Hoffman, Acting Attorney General of New Jersey (“Attorney General”), on behalf of Laura H. Posner, Chief of the New Jersey Bureau of Securities (“Bureau Chief” or “Plaintiff”) alleging violations of the New Jersey Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”). Plaintiff, through counsel (Victoria A. Manning and Isabella T. Stempler, Deputy Attorneys General, appearing), defendants Vincent Peter Falci, individually, and doing business as Saber Fixed Income Series, LLC and Saber Equity Income Series, LLC, and as managing member of Saber Funds, LLC and

Saber Asset Management, LLC (collectively, "Falci"), Saber Funds, LLC ("Saber Funds"), Saber Asset Management, LLC ("SAM"), Saber Funds Distributors, LLC ("SFD"), BWX Fund, LLC ("BWX"), Fixed Term Government Fund, LLC ("FTGF"), MSI Fund I, LLC ("MSI Fund I"), MSI Equity Fund II, LLC ("MSI Equity Fund II"), and Preferred Income Portfolio I, LLC ("PIP") (collectively with Falci, "Defendants"), and nominal defendants Hallus Realty Group, LLC ("Hallus Realty"), Phoenix Equities, LLC ("Phoenix Equities"), Donna Falci and Vincent N. Falci (collectively, "Nominal Defendants"), through counsel (Peter B. Bennett, Esq. and Christopher J. Marino, Esq. of Giordano, Halleran & Ciesla, P.C.) have agreed to resolve the issues in controversy set forth in the Complaint filed in this matter on the terms set forth in this Consent Order and Final Judgment ("Consent Order"), which terms have, with the consent of Plaintiff, Defendants and Nominal Defendants, been reviewed and approved by the Honorable Patricia Del Bueno Cleary, P.J. Ch. The Bureau Chief makes the following findings of fact and conclusions of law:

#### FINDINGS OF FACT

1. From January 2006 through at least December 2009 ("Relevant Time Period"), Falci, a former Middletown, New Jersey fire chief, and the Defendants through Falci fraudulently raised over \$6.7 million from the sale of unregistered securities in the form of interests in limited liability companies and investment contracts from approximately 182 investors of whom 152 reside in New Jersey. The investors include, among others, present and retired police officers, and public servant organizations, such as fire companies and police benevolent associations, throughout Monmouth County.

2. Falci, a resident of Middletown, New Jersey, created, operated and exclusively controlled and continues to control Defendants Saber Funds, SAM, SFD (collectively, "Saber Broker-Dealers"), BWX, FTGF, MSI Fund I, MSI Equity Fund II, PIP, the unformed entities Saber Fixed Income Series, LLC ("Saber Fixed Income") and Saber Equity Income Series, LLC ("Saber Equity") (collectively "Saber Investment Funds"), and nominal defendants Hallus Realty and Phoenix Equities.
3. During the Relevant Time Period, Falci's role and responsibilities at defendant Saber Broker-Dealers, Saber Investment Funds and nominal defendant Hallus Realty included, among other things: (a) handling the day-to-day management of all the entities; (b) making all investment decisions for the Saber Investment Funds; and (c) controlling the finances of the Saber Broker-Dealers, Saber Investment Funds, Hallus Realty and Phoenix Equities.
4. Falci was registered with the Bureau to sell securities from 1992 through 2002. However, during the Relevant Time Period, Falci was neither registered with the Bureau in any capacity nor exempt from registration.
5. Defendant SAM is a New Jersey limited liability company, formed on or about June 3, 2002, located in Middletown, New Jersey. SAM's only members were and continue to be Falci, who holds a fifty-one percent (51%) ownership interest, and his wife, nominal defendant Donna Falci, who holds a forty-nine percent (49%) ownership interest. SAM is the managing member and investment manager for MSI Fund I, FTGF and BWX. SAM has never been registered with the Bureau in any capacity.
6. Saber Funds is a New Jersey limited liability company, formed on or about December 30, 2005, located in Middletown, New Jersey. Saber Fund's only members were and continue to be Falci, who holds a fifty-one percent (51%) ownership interest, and Donna Falci who

- holds a forty-nine percent (49%) ownership interest. Saber Funds is the managing member and investment manager for MSI Equity Fund II, Saber Equity and Saber Fixed Income. Saber Funds has never been registered with the Bureau in any capacity.
7. SFD is a Delaware series limited liability company, formed on or about March 13, 2009, and located in Middletown, New Jersey. SFD's managing director is defendant Falci. SFD has never been registered with the Bureau in any capacity.
  8. MSI Fund I is a Delaware limited liability company, formed on January 4, 2006, located in Middletown, New Jersey. From approximately January 15, 2006 through approximately March 16, 2006, Falci and MSI Fund I, through Falci, issued, offered and sold securities in the form of limited liability interests ("MSI Fund I Securities") using a "confidential private placement memorandum" ("MSI Fund I PPM") to at least fifteen investors. The MSI Fund I Securities were not registered with the Bureau.
  9. FTGF is a New Jersey limited liability company, formed on March 30, 2006, located in Middletown, New Jersey. From approximately April 6, 2006 through at least February 19, 2009, Falci and FTGF, through Falci, issued, offered and sold securities in the form of limited liability interests ("FTGF Securities") using a "confidential private placement memorandum" ("FTGF PPM") to at least seventy-six investors. The FTGF Securities were not registered with the Bureau.
  10. Although defendant Falci sought an exemption from registration of the securities offered by MSI Fund I and FTGF by filing with the SEC a Notice of Sale of Securities Pursuant to Regulation D Section 4(6), and/or Uniform Limited Offering Exemption form ("Rule 506 Filing"), the requirements for exemption were not met. Specifically, prior to the MSI Fund I and FTGF Rule 506 Filings, there were at least thirty sales of the MSI Fund I Securities to

fifteen investors and there were at least 175 sales of the FTGF Securities to seventy-six investors.

11. MSI Equity Fund II is a New Jersey limited liability company, formed on or about September 17, 2008, located in Middletown, New Jersey. Since on or around September 17, 2008, Falci and MSI Equity Fund II, through Falci, issued, offered and sold securities in the form of limited liability interests ("MSI Equity Fund II Securities") to at least twenty-six investors. The MSI Equity Fund II Securities were not registered with the Bureau.
12. Saber Fixed Income is an unformed business association operated by Falci, located in Middletown, New Jersey. Beginning in or around June 2009, Falci doing business as Saber Fixed Income, issued, offered and sold securities in the purported form of limited liability interests ("Saber Fixed Income Securities") using a private placement memorandum ("Saber Fixed Income PPM") to at least four investors. The Saber Fixed Income Securities were not registered with the Bureau.
13. Saber Equity is an unformed business association operated by Falci, located in Middletown, New Jersey. Beginning in or around March 2009, Falci, doing business as Saber Equity, issued, offered and sold securities in the purported form of limited liability interests ("Saber Equity Securities") using a private placement memorandum ("Saber Equity PPM") to at least thirteen investors. The Saber Equity Securities were not registered with the Bureau.
14. BWX is a New Jersey limited liability company, formed on or about March 30, 2006, located in Middletown, New Jersey. Falci and BWX, through Falci, issued, offered and sold securities purportedly in the form of limited liability interests ("BWX Securities") to at

- least twenty-two investors. The BWX Securities were not registered with the Bureau.
15. PIP is a New Jersey limited liability company formed on or about June 3, 2002, located in Middletown, New Jersey. Defendants Falci and PIP, through Falci, issued, offered and sold securities in the form of limited liability units ("PIP Securities") using a "confidential private offering memorandum" ("PIP PPM") dated December 31, 2004, to at least twenty-six investors. The PIP Securities were not registered with the Bureau.
  16. Nominal defendant Hallus Realty is a New Jersey limited liability company, formed on or about December 30, 2005, located in Middletown, New Jersey. Hallus Realty's only members are Saber Funds, which holds a seventy-five percent (75%) ownership interest and nominal defendant Vincent N. Falci, who holds a twenty-five percent (25%) ownership interest.
  17. Nominal defendant Phoenix Equities is a New Jersey limited liability company, formed on or about February 20, 2007, located in Middletown, New Jersey. Phoenix Equities' only members are Falci, who holds a fifty percent (50%) ownership interest, and his son, nominal defendant Vincent N. Falci, who holds a fifty percent (50%) ownership interest. Phoenix Equities was formed by Falci and nominal defendant Vincent N. Falci, to use for day-trading.
  18. Nominal defendant Donna Falci, a resident of Middletown, New Jersey, is defendant Falci's wife. During the Relevant Time Period, nominal defendant Donna Falci held membership interests in: (a) SAM; and (b) Saber Funds. She has never been registered with the Bureau in any capacity, and is not exempt from registration.
  19. Nominal defendant Vincent N. Falci, a New Jersey resident, is defendant Falci's son. During the Relevant Time Period, nominal defendant Vincent N. Falci held membership

interests in: (a) Hallus Realty; and (b) Phoenix Equities.

20. During the Relevant Time Period, defendants Falci, the Saber Broker-Dealers and the Saber Investment Funds, through Falci, raised \$6,742,697.57 from the fraudulent offer and sale of MSI Fund I Securities, FTGF Securities, MSI Equity Fund II Securities, Saber Fixed Income Securities, Saber Equity Securities, BWX Securities and PIP Securities (collectively the "Saber Investment Funds Securities").
21. The Saber Investment Funds Securities were sold to 182 investors, 152 of whom were located in New Jersey.
22. The Saber Investment Funds Securities were neither registered with the Bureau, nor federally covered, nor exempt from registration.
23. Defendants Falci, the Saber Broker-Dealers through Falci, and the Saber Investment Funds through Falci, made materially false and/or misleading statements to the Saber Investment Fund investors including that:
  - (i) their money would be invested primarily in tax lien certificates; and
  - (ii) in 2005, such investments yielded a 7.24% rate of return.
24. In reality, Saber Investment Funds' financial documents demonstrated that Saber Investment Funds' investments in tax lien certificates never exceeded three percent (3%) of the total assets under management, and the 2005 rate of return for MSI Fund I was purely hypothetical as the MSI Fund I did not even exist in 2005.

**Representations to Saber Investment Funds Investors in the PPMs**

25. In connection with the offer and sale of securities, Falci provided investors with a MSI Fund I PPM, FTGF PPM, Saber Fixed Income PPM, Saber Equity PPM and/or PIP PPM (collectively, the "PPMs").

26. Investors in the BWX Securities and MSI Equity II Securities were given a MSI Fund I PPM by Falci.
27. Falci drafted the PIP PPM, the FTGF PPM, the Saber Fixed Income PPM and the Saber Equity PPM.
28. Falci was heavily involved in the drafting of the MSI Fund I PPM by providing information relating to the purpose and strategy of the fund and some of its components to his attorney, who drafted the MSI Fund I PPM. Falci then approved the language and representations in the MSI Fund I PPM.
29. Falci and MSI Fund I, Saber Fixed Income and Saber Equity Income, through Falci, represented to investors in the MSI Fund I PPM, Saber Fixed Income PPM and Saber Equity PPM, respectively, that: (a) the investment objective was to seek interest income by investing “primarily” in tax lien certificates and other fixed income instruments; (b) the funds contemplated investing most of their capital in tax lien certificates; (c) the fund could invest in other securities and interests in real property; and (d) the fund would buy and sell securities deemed by defendant Falci to be equity equivalents and that the fund could engage in trading that included, but was not limited to: selling securities short; purchasing and selling stock options and other derivatives; and buying securities on margin.
30. Falci and FTGF, through Falci, represented to investors in the FTGF PPM that: (a) the investment objective was to “seek interest by investing in tax lien certificates and other fixed income instruments;” (b) the fund contemplated investing most of its capital in tax lien certificates; (c) the fund could invest in other securities and interests in real property; and (d) the fund would buy and sell securities deemed by defendant Falci to be equity equivalents

and that the fund may engage in trading including, but not limited to, selling securities short, purchasing and selling stock options and other derivatives, and buying securities on margin.

31. The representations to investors that defendants MSI Fund I, Saber Fixed Income, Saber Equity and FTGF would invest “primarily” in tax lien certificates were false because Saber Investment Funds’ financial documents demonstrate that their investments in tax lien certificates never exceeded three percent (3%) of the total assets under management.

**Representations to Saber Investment Funds Investors in the Written Annual Update**

32. In or around December 2008, SFD, through Falci, provided a written update to Saber Investment Funds investors that falsely represented the percentage of fund allocations in tax lien certificates. Specifically the written update falsely stated that, ninety percent (90%) of the fixed income funds and eighty-five percent (85%) of the equities funds were allocated to tax lien certificates. In reality, Saber Investment Funds’ financial documents make clear that less than three percent (3%) of total assets under management were actually invested in tax lien certificates.

**Misuse of Investor Funds**

33. Investor funds were used for purposes other than those disclosed to investors. Falci controlled the finances for the Saber Broker-Dealers, the Saber Investment Funds, and nominal defendants Hallus Realty and Phoenix Equities.
34. Payments totaling approximately \$700,000.00 were made to Falci from the Saber Broker-Dealers, the Saber Investment Funds and nominal defendants Hallus Realty and Phoenix Equities.

35. Payments totaling approximately \$73,000.00 were made to nominal defendant Donna Falci from the Saber Broker-Dealers, the Saber Investment Funds and nominal defendants Hallus Realty and Phoenix Equities.
36. Payments totaling approximately \$340,000.00 were made to nominal defendant Vincent N. Falci from the Saber Broker-Dealers, the Saber Investment Funds and nominal defendants Hallus Realty and Phoenix Equities. Of the payments made to nominal defendant Vincent N. Falci, \$274,000.00 was from SAM, of which he was not a member.
37. Falci transferred approximately \$554,000 of MSI Fund I and FTGF investor money to nominal defendant Phoenix Equities, which was used for personal day-trading by Falci and nominal defendant Vincent N. Falci.
38. Falci transferred approximately \$3,000,000 to nominal defendant Hallus Realty from defendants MSI Fund I, FTGF, BWX, PIP and SFD.
39. The funds transferred to nominal defendant Hallus Realty were used by Falci to purchase at least seven New Jersey residential properties, which at the outset were deeded to defendant Falci and/or nominal defendant Donna Falci. At least two of the residential properties were sold, leaving title to the remaining five residential properties (the "Five Residential Properties") currently held by:
- a. Vincent P. Falci (10%) and Hallus Realty (90%), 60 Baldwin Avenue, Middletown, New Jersey, Block 209/Lot 20;
  - b. Vincent P. Falci (10%) and Hallus Realty (90%), 2 Grace Avenue, Middletown, New Jersey, Block 231/Lot 9;
  - c. Donna Falci (10%) and Hallus Realty (90%), 165 Lohsen Avenue, Middletown, New Jersey, Block 289/Lot 15;

d. Vincent P. Falci, 318 East Coventry Court, #100E, Lakewood, New Jersey, Block 1248/Lot 318.05; and

e. Vincent Falci, 1612 Rosewood Drive, Wall, New Jersey, Block 57/Lot 19.

40. Nominal defendant Hallus Realty, through Falci, manages the Five Residential Properties.

41. Title to the Five Residential Properties are encumbered with mortgage loans and leased to residential tenants. The tenant at 1612 Rosewood Drive is nominal defendant Vincent N. Falci.

42. In addition, Falci, without disclosure to the Saber Investment Funds investors, transferred millions of dollars between defendants the Saber Broker-Dealers and the Saber Investment Funds rather than invest them in tax liens certificates as represented in the PPMs. Investor money raised by Falci and the Saber Investment Funds through Falci, was deposited into one of the Saber Broker-Dealers bank accounts where it was pooled with other investor funds and, then transferred by Falci to what he and the Saber Investment Funds were investing in at that time, e.g., to buy tax liens certificates, securities or transferred to Hallus Realty, which purchased the Five Residential Properties and a sixth residential property that has since been sold, in Falci's or his wife's name.

43. Falci caused MSI Fund I, FTGF and BWX to issue PIK Notes to nominal defendants Hallus Realty and Phoenix Equities for purported "lines of credit."

44. Falci established the terms of and entered into the PIK Notes on behalf of all the entities on both sides of the transaction.

45. Falci, the Saber Broker-Dealers and the Saber Investment Funds, through Falci omitted to disclose to investors that he caused MSI Fund I, FTGF, and BWX to issue PIK Notes to

nominal defendants Hallus Realty and Phoenix Equities and that Falci, on behalf of all the entities, negotiated the terms of the PIK Notes.

46. Falci caused Saber Funds to enter into three promissory notes that, in total, loaned \$185,000.00 to a company owned by a SAM investor, whom Falci described as his best friend. Falci, the Saber Broker-Dealers and the Saber Investment Funds, through Falci, omitted to disclose to investors Falci's professional and personal relationship with the owner of said company.

47. Investors had no control over how their funds would be used.

48. Falci, the Saber Investment Funds, through Falci and/or the Saber Broker-Dealers, through Falci omitted material facts to investors, including, among other things, that:

- a. Falci was not registered with the Bureau to sell securities;
- b. MSI Fund I Securities were neither registered with the Bureau nor exempt from state or federal registration;
- c. FTGF Securities were neither registered with the Bureau nor exempt from state or federal registration;
- d. MSI Equity Fund II Securities were neither registered with the Bureau nor exempt from state or federal registration;
- e. PIP Securities were neither registered with the Bureau nor exempt from state or federal registration;
- f. BWX Securities were neither registered with the Bureau nor exempt from state or federal registration;

- g. Saber Fixed Income and Saber Equity Income were not formed as limited liability companies and, therefore, the investors did not purchase securities in the form of limited liability company interests;
- h. SAM was not registered with the Bureau in any capacity;
- i. Saber Funds was not registered with the Bureau in any capacity;
- j. SFD was not registered with the Bureau in any capacity;
- k. Investor funds were not invested in tax lien certificates to the extent represented;
- l. Falci controlled of all the entities to which investor funds were transferred;
- m. Certain investor funds would be transferred to nominal defendant Hallus Realty, a company controlled by defendant Falci, to purchase the residential properties, which were deeded at the outset to defendant Falci or nominal defendant Donna Falci;
- n. Certain investor funds were transferred to nominal defendant Phoenix Equities for day-trading by Falci and nominal defendant Vincent N. Falci;
- o. Falci caused defendants MSI Fund I, BWX and FTGF to enter into the PIK Notes with nominal defendants Hallus Realty and Phoenix Equities. Falci individually and acting on behalf of all the parties to the PIK Notes, and on behalf of all the entities, negotiated the terms of the PIK Notes
- p. Falci caused Saber Funds to enter into three promissory notes as a lender in the aggregate amount of \$185,000.00 to a company owned by a SAM investor, which Falci described as his best friend; and
- q. Falci failed to form certain limited liability companies in which he was selling limited liability interests.

### Falci's New Business Entities

49. In or around 2010, Defendant Falci formed Saber Opportunity Income Fund, L.P. ("SOIF"), a Delaware limited partnership, which offered and sold securities in the form of limited partnership interests ("SOIF Securities"). SFD is SOIF's general partner.
50. In or around 2012, Falci formed Pantheon Tax Receivables, L.P. ("Pantheon"), a Delaware limited partnership, which offers and sells securities in the form of limited partnership interests ("Pantheon Securities"). Vidon Capital Partners, LLC (Vidon") is Pantheon's general partner and manager. Falci is the managing member of and holds a 60% interest in Vidon. Nominal Defendant Vincent N. Falci owns a 40% interest in Vidon. Vidon receives 2% per annum of Pantheon's assets under management and a performance fee of 30% of its profits as the managing member. Falci and Vincent N. Falci receive a financial benefit from their interests in Vidon.
51. SOIF is an active entity, but its assets were invested by Falci in the Pantheon Securities.

### CONCLUSIONS OF LAW

52. The Saber Broker-Dealers through Falci, and Saber Investment Funds through Falci, violated the antifraud provisions of the Securities Law, specifically, N.J.S.A. 49:3-52(b) and (c), sold unregistered securities in the form of limited liability interests and investment contracts, in violation of N.J.S.A. 49:3-60, and employed unregistered agents, in violation of N.J.S.A. 49:3-56(h).
53. Falci violated the antifraud provisions of the Securities Law, specifically, N.J.S.A. 49:3-52(b) and (c), sold unregistered securities in the form of limited liability interests and investment contracts, in violation of N.J.S.A. 49:3-60, and acted as an agent without registration, in violation of N.J.S.A. 49:3-56(a).

54. Falci and Nominal Defendants were unjustly enriched by the Defendants' violations of the Securities Law.

THEREFORE, based on the Bureau Chief's foregoing findings of facts and conclusions of law, it is on this 18 day of September 2015, ORDERED AND AGREED THAT:

**PERMANENT INJUNCTION**

55. Defendants Vincent Peter Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds Distributors, LLC, Saber Investment Funds, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I, LLC, MSI Equity Fund II, LLC, and Preferred Income Portfolio I, LLC and nominal defendants Hallus Realty Group, LLC and Phoenix Equities, LLC, individually and by or through any person, corporation, business entity, agent, employee, broker, partner, officer, director, attorneys-in-fact, stockholder, and/or any other person who is directly or indirectly under their control or direction, are PERMANENTLY ENJOINED AND RESTRAINED from directly or indirectly:

- a. violating the Securities Law, including its anti-fraud provisions, N.J.S.A. 49:3-52(a) - (d);
- b. engaging in the securities business in New Jersey in any capacity including, but not limited to, an agent as defined in N.J.S.A. 49:3-49(b), a broker-dealer as defined in N.J.S.A. 49:3-49(c), an investment adviser as defined in N.J.S.A. 49:3-49(g), and an investment adviser representative as defined in N.J.S.A. 48:3-49(s);
- c. issuing, offering for sale or selling, offering to purchase or purchasing, distributing, promoting, advertising, soliciting, negotiating, advancing the sale of and/or promoting securities, or advising regarding the sale of any securities, in any manner

to, from or within New Jersey, including for or on behalf of Pantheon, Vidon and/or SOIF, except that defendant Falci may buy or sell securities for his own accounts through registered broker-dealers and Falci may acquire an interest in Pantheon or an entity that may be formed to invest in tax lien certificates in connection with actions to be taken to comply with §§ 55(e) and 61;

- d. engaging in the conduct described in the Complaint; and
- e. acting as an officer and/or director of an issuer, or from supervising employees of an issuer with respect to the offer and/or sale of any security or investment decisions of the fund or from owning or controlling a majority interest in any issuer that offers and/or sells any security, including, but not limited to, Pantheon, Vidon and SOIF;

56. Defendant Vincent Peter Falci is permanently enjoined and restrained from applying to the Bureau to be a broker-dealer, an agent, investment adviser, or investment adviser representative as defined by the Securities Law.

57. Defendant Vincent Peter Falci is permanently enjoined and restrained from recommending the purchase and/or sale of any investment including, but not limited to, tax lien certificates, to an issuer unless the issuer retains the ultimate authority and responsibility to approve and exercises that authority to approve the recommendation in writing.

58. Defendant Vincent Peter Falci is permanently enjoined and restrained from:

- a. Raising any capital in any form for any: (i) issuer; (ii) managing member of any issuer; and (iii) general partner or other controlling person or entity, of any issuer including, but not limited to, SOIF, Vidon and Pantheon;
- b. Managing or exercising control over investments and assets including, but not limited to, any finances for any: (i) issuer; (ii) managing member of any issuer; and (iii)

general partner or other control person or entity, of any issuer including, but not limited to, SOIF, Vidon and Pantheon; and

- c. Engaging in any investor relations and/or communications for or on behalf of any: (i) issuer; (ii) managing member of any issuer; and (iii) general partner of any issuer including, but not limited to, SOIF, Vidon and Pantheon.

59. Nominal Defendant Vincent N. Falci is permanently enjoined and restrained from acting as a proxy for any of the Defendants as to any of the enjoined conduct set forth in this Consent Order.

60. Nominal Defendant Vincent N. Falci is permanently enjoined and restrained from the following conduct:

- a. Acting as an officer and/or director of an issuer;
- b. Directly or indirectly supervising employees of an issuer; and
- c. Controlling any issuer that offers and/or sells any security.

61. Upon entry of this Consent Order, Defendant Falci shall be and remain in compliance with this Consent Order and shall immediately transfer control of and dilute his majority interests to minority interests, or transfer his entire interests in all: (i) issuers; (ii) managing members of issuers; and (iii) general partners and other control persons or entities, of issuers including, but not limited to, SOIF, Vidon and Pantheon.

#### RESTITUTION/DISGORGEMENT

62. Defendants Vincent Peter Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds Distributors, LLC, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I, LLC, MSI Equity Fund II, LLC, and Preferred Income Portfolio I, LLC are jointly and severally liable to Plaintiff for restitution in the amount of \$6,742,697.57 for the

investors who purchased the limited liability interests and/or investment contracts. Nominal Defendant Donna Falci shall disgorge \$2,108,524.32, pursuant to N.J.S.A. 49:3-69(a). Nominal Defendant Vincent N. Falci shall disgorge \$2,890,553.54, pursuant to N.J.S.A. 49:3-69(a). Nominal Defendant Hallus Realty Group, LLC shall disgorge \$2,035,511.23, pursuant to N.J.S.A. 49:3-69(a). The \$2,035,511.23 of disgorgement owed by Nominal Defendant Hallus Realty Group, LLC is included within both the \$2,108,524.32 of disgorgement owed by Nominal Defendant Donna Falci and the \$2,890,553.54 of disgorgement owed by Nominal Defendant Vincent N. Falci. The \$2,035,511.23 of disgorgement owed by Nominal Defendant Hallus Realty Group, LLC is jointly and severally owed by Defendants Vincent Peter Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds Distributors, LLC, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I, LLC, MSI Equity Fund II, LLC, and Preferred Income Portfolio I, LLC, and Nominal Defendants Donna Falci and Vincent N. Falci. Nominal Defendant Phoenix Equities shall disgorge \$514,176.49, pursuant to N.J.S.A. 49:3-69(a), which is jointly and severally owed by Defendants Vincent Peter Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds Distributors, LLC, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I, LLC, MSI Equity Fund II, LLC, and Preferred Income Portfolio I, LLC, and Nominal Defendant Vincent N. Falci. The restitution/d disgorgement shall be paid to Plaintiff over five years as follows:

- a. \$471,988.82 (seven percent (7%) of the \$6,742,697.57) on or before August 31, 2016;
- b. \$876,550.67 (thirteen percent (13%) of the \$6,742,697.57) on or before August 31, 2017;
- c. \$1,483,393.47 (twenty-two percent (22%) of the \$6,742,697.57) on or before August 31, 2018;
- d. \$1,887,955.33 (twenty-eight percent (28%) of the \$6,742,697.57) on or before August 31, 2019; and

e. \$2,022,809.28 (thirty percent (30%) of the \$6,742,697.57) on or before August 31, 2020.

63. The Bureau shall distribute the restitution/disgorgement payments to the investors and the Bureau Chief will determine, in her sole discretion, when such distributions will be made to investors.

#### CIVIL MONETARY PENALTIES

64. A civil monetary penalty may be imposed on Defendants Vincent Peter Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds Distributors, LLC, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I, LLC, MSI Equity Fund II, LLC, and Preferred Income Portfolio I, LLC pursuant to N.J.S.A. 49:3-70.1 for each violation of the antifraud and registration provisions of the Securities Law of not more than \$10,000 for the first violation and not more than \$20,000 for a second and each subsequent violation. In view of the specific facts of this case including, but not limited to, the permanent injunction agreed to by Defendants set forth above, the representations made by the Defendants through Vincent Peter Falci to Plaintiff through the date of entry of this Consent Order made orally and/or writing and/or in documentation regarding the Defendants' and Nominal Defendants' financial status, all of which are material to Plaintiff in entering into this Consent Order and assessing the civil monetary penalties, the civil monetary penalties are reduced. Defendants Vincent Peter Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds Distributors, LLC, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I, LLC, MSI Equity Fund II, LLC, and Preferred Income Portfolio I, LLC are jointly and severally assessed civil monetary penalties pursuant to N.J.S.A. 49:3-70.1 in the amount of \$800,000.00 for violations of

N.J.S.A. 49:3-52(b), N.J.S.A. 49:3-52(c), N.J.S.A. 49:3-56(a), N.J.S.A. 49:3-56(h) and N.J.S.A. 49:3-60, which is remedial and not punitive in nature.

65. The civil monetary penalties shall be paid in the same proportion as the restitution/disgorgement payments set forth in ¶ 62, unless accelerated pursuant to this Consent Order, as follows:

- a. \$75,000.00 within 120 days of entry of this Consent Order;
- b. \$50,750.00 on or before August 31, 2016;
- c. \$94,250.00 on or before August 31, 2017;
- d. \$159,500.00 on or before August 31, 2018;
- e. \$203,000.00 on or before August 31, 2019; and
- f. \$217,500.00 on or before September 15, 2020.

The penalty payments shall be deposited into the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1. Payment shall be made in accordance with the provisions in this Consent Order.

#### FINAL JUDGMENT

66. Final judgment in the amount of \$7,542,697.57 is entered against defendants Vincent Peter Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds Distributors, LLC, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I, LLC, MSI Equity Fund II, LLC, and Preferred Income Portfolio I, LLC, for violations of N.J.S.A. 49:3-52(b), N.J.S.A. 49:3-52(c), N.J.S.A. 49:3-56(a), N.J.S.A. 49:3-56(h) and N.J.S.A. 49:3-60, constituting \$6,742,697.57 in restitution and \$800,000.00 as civil monetary penalties pursuant to N.J.S.A. 49:3-70.1 (“Defendants’ Final Judgment”).

67. Final judgment is entered against Nominal Defendant Vincent N. Falci in the amount of \$2,890,553.54 as disgorgement in accordance with ¶ 62.

68. Final Judgment is entered against Nominal Defendant Donna Falci in the amount of \$2,108,524.32 as disgorgement in accordance with ¶ 62.

69. Final Judgment is entered against Nominal Defendant Hallus Realty Group, LLC in the amount of \$2,108,524.32 as disgorgement in accordance with ¶ 62.

70. Final Judgment is entered against Nominal Defendant Phoenix Equities in the amount of \$514,176.49 as disgorgement in accordance with ¶ 62.

#### ADDITIONAL PROVISIONS

71. In the event that: (i) Defendants and Nominal Defendants make each of the restitution/d disgorgement payments and the civil monetary penalties payments set forth in ¶¶ 62 and 65 above, to the Bureau in a timely manner; and (ii) a Triggering Event does not occur as set forth in ¶ 80, then \$217,500.00 of the civil monetary penalties due on September 15, 2020 will be considered suspended and not collected by the Bureau.

72. All payments shall be made by certified check, bank check or an attorney trust account check payable to the "State of New Jersey, Bureau of Securities," and delivered to the Bureau of Securities, 153 Halsey Street, 6<sup>th</sup> Floor, Newark, NJ 07102, to the attention of the Bureau Chief.

73. As collateral and/or an additional source of funds to be used to satisfy the Defendants' Final Judgment and Nominal Defendants' Final Judgment, the Defendants and Nominal Defendants represent to Plaintiff and agree to perform the following:

- a. Defendants and Nominal Defendants shall pay to the Bureau in annual installments any surplus rental income generated from the Five Residential Properties, after payment of the monthly carrying costs of insurance, monthly mortgage payments, maintenance and repairs, if any. Defendants and Nominal Defendants shall maintain all relevant documentation including, but not limited to, leases, backup documents, invoices, mortgage documents, evidencing the rental income and carrying costs, and

shall provide a copy of same to the Bureau within ten days of a request by the Bureau;

- b. Vincent Peter Falci is the insured and owner of a life insurance policy with a Three Million (\$3,000,000) Dollar death benefit issued by Reliastar Life Insurance Company (the "Insurer") on June 28, 2012, policy number AD [REDACTED] (the "Life Insurance Policy"). The beneficiary of the Life Insurance Policy is Saber Funds LLC. Vincent Peter Falci owns a fifty percent (51%) interest in Saber Funds LLC and Donna Falci owns a forty-nine percent (49%) interest in Saber Funds LLC. Vincent Peter Falci, individually, and as a member of Saber Funds LLC, and Donna Falci, individually, and as a member of Saber Funds LLC shall continue to make all required payments on the Life Insurance Policy until all the restitution/disgorgement and civil monetary penalty payments are paid as set forth in ¶¶ 62, 65 and 71. Vincent Peter Falci, individually, and as a member of Saber Funds LLC, and Donna Falci, individually, and as a member of Saber Funds LLC, at their own costs and expense, shall take such steps as are required by the Insurer to assign, transfer and set over to the "State of New Jersey, Bureau of Securities" the Life Insurance Policy and all claims, options, privileges, rights, titles and interest therein within ten days of entry of this Consent Order. Vincent Peter Falci represents to Plaintiff that there are no loans or other liabilities on the Life Insurance Policy that would reduce the death benefit. Neither Donna Falci, Saber Funds LLC nor any beneficiary shall assert any rights to the death benefit upon the death of Vincent Peter Falci. Plaintiff shall apply the death benefit toward the balance of the final judgment owed under this Consent

Order. In the event the balance owed to pay the final judgment is less than the death benefit, then Plaintiff shall turnover the difference to the beneficiary; and

c. Defendants and Nominal Defendants shall, at their sole cost and expense, take all necessary action to cause a mortgage lien to be drafted and recorded in favor of the “State of New Jersey” on the Five Residential Properties and 212 Taylor Lane, Middletown, New Jersey, Block 600/Lot 32. Such action shall include, but is not limited to, the following:

- i. Giordano, Halleran & Ciesla, P.C. (“GHC”) will order title reports on each of the properties to identify all recorded liens and encumbrances, and provide Plaintiff with a copy of the title reports;
- ii. The title company will file Notice of Settlement in applicable counties;
- iii. GHC will prepare mortgages in a form satisfactory to the Bureau naming the “State of New Jersey” as the secured party;
- iv. Promptly following the entry of the Consent Order, GHC will record the mortgages with the Office of the County Clerk of Monmouth County and Ocean County, as applicable, and shall provide proof of recording to Plaintiff. This Consent Order shall be attached as an exhibit to each mortgage. Once all the restitution/disgorgement and civil monetary penalty payments are paid as set forth in §§ 62, 65 and 71, the State of New Jersey shall provide Defendant Falci with documentation sufficient to discharge the lien. Defendants and Nominal Defendants shall be responsible for all costs and fees associated with the discharge of the lien;

- v. GHC will issue a legal opinion to the Bureau stating that each mortgage (i) is valid, binding and enforceable against the mortgagor, (ii) is in proper form for recording in the office of the clerk of the county in which the real estate is located, and (iii) upon execution and delivery, shall be effective to create a valid lien against the real property described therein.

74. Defendant Falci and the Saber Broker-Dealers and Saber Investment Funds through Falci, and the Nominal Defendants shall sign within fifteen business days all documents as may be requested by their counsel and/or Plaintiff to fulfill all of the obligations of Defendant Falci and the Saber Broker-Dealers and Saber Investment Funds, and the Nominal Defendants set forth in this Consent Order.

75. Defendant Falci shall dissolve each of the Saber Broker-Dealers and Saber Investment Funds within ninety days of entry of this Consent Order, except for Saber Funds, LLC.

76. In the related administrative action, IMO Vincent Peter Falci, et al., OAL Docket #13248-2014N BOS, the Bureau Chief entered a Summary Order on September 18, 2014 (“September 18, 2014 OAL Summary Order”). This Consent Order is subject to Defendants withdrawing their answers to the September 18, 2014 OAL Summary Order within ten (10) days of entry of this Consent Order and acknowledging that they do not contest the relief sought by the Bureau Chief. The September 18, 2014 OAL Summary Order will thereafter become a final order.

77. Defendants and Nominal Defendants shall provide the Bureau with a copy of their filed federal and state tax returns for each year within ten days of filing until all the restitution/disgorgement and civil monetary penalty payments are made as set forth in ¶¶ 62, 65 and 71.

78. Defendants shall not represent or imply that any act or practice hereinafter used or engaged in by Defendants or Nominal Defendants has been required or approved, in whole or part, by the State of New Jersey, the Attorney General of New Jersey, the Division of Law, the Bureau or any New Jersey agencies, agents, employees or subdivisions.
79. Upon any Triggering Event defined in ¶80, the Bureau and/or Bureau Chief may:
- a. declare to Defendants and Nominal Defendants that the unpaid portion of the Defendants' Final Judgment and Nominal Defendants' Final Judgment immediately due and payable; and/or
  - b. take any action permitted by law.
80. A "Triggering Event" is defined to include the following circumstances:
- a. A violation or breach of this Consent Order by Defendants and Nominal Defendants;
  - b. Defendants' and Nominal Defendants' failure to make timely restitution/disgorgement payments as set forth in ¶ 62;
  - c. The failure of Falci, Saber Funds LLC and/or Donna Falci, to timely make all required payments on the Life Insurance Policy;
  - d. Defendants' and Nominal Defendants' failure to submit filed yearly federal and state tax returns as set forth in ¶ 77;
  - e. Defendants' failure to make timely payments of the civil monetary penalties as set forth in ¶ 65; and/or
  - f. The discovery by the Bureau Chief of the falsity of any material representations made by the Defendants and Nominal Defendants as set forth in ¶ 64.
81. Defendants and Nominal Defendants transferring of assets of any kind between each other and/or any entity they control, directly or indirectly, shall be deemed a *prima facie*

fraudulent transfer under New Jersey's Uniform Fraudulent Transfer Act, N.J.S.A. 25:2-20 et seq. and common law.

82. In the event the Bureau and/or Bureau Chief choose, at their sole discretion, to assert rights under this Consent Order, Defendants and Nominal Defendants shall not assert any defenses based on jurisdiction, lack of standing, statutes of limitations, or statutes of repose, all of which defenses are hereby waived.
83. Any person with actual or constructive notice of this Consent Order who aids, abets, counsels, commands or instructs any person or entity to perform any act prohibited by this Consent Order shall be subject to any and all actions available at law and in equity to the Bureau Chief.
84. Within ten days of entry of this Consent Order, Falci shall provide a copy of this Consent Order to:
  - a. Current and future investors of the Defendants, SOIF, Vidon, Pantheon and any issuer who employs Defendant Falci or for whom Defendant Falci provides consulting services, compensated or uncompensated. Each investor shall be required to sign an acknowledgement confirming receipt of this Consent Order and such acknowledgments shall be available to the Bureau within three days upon written request to Falci; and
  - b. Current and future officers, directors, managers, supervisors, and/or partners of any issuer and general partner of an issuer who employs Defendant Falci or for whom Defendant Falci provides consulting services, compensated or uncompensated. Each such person shall be required to sign an acknowledgement confirming receipt of this

Consent Order and such acknowledgments shall be made available to the Bureau within three days upon written request to Falci.

85. This Consent Order constitutes the entire agreement between Plaintiff, Defendants and Nominal Defendants with respect to this litigation. This Consent Order is a complete and exclusive statement of the terms of the agreement among the Parties with respect to its subject matter and shall bind Defendants and Nominal Defendants, and their officers, directors, members, partners, agents, employees, successors, parent entity, subsidiaries, affiliates, assigns, executors and administrators. Nothing in this Consent Order shall be construed to limit or affect any position that the Bureau and/or Bureau Chief may take in any future or pending action not specifically encompassed herein.
86. Nothing in this Consent Order shall in any manner be construed to limit or affect the rights of any persons, other than the Bureau Chief, as it pertains to the allegations in the Complaint, who may have a claim against Defendants and/or Nominal Defendants.
87. Defendants and Nominal Defendants represent that an authorized representative of each has signed this Consent Order with full knowledge, understanding and acceptance of its terms and this person has done so with authority to legally bind the respective party.
88. This Consent Order may be signed in counterparts, each of which shall be deemed an original.
89. The terms and conditions of this Consent Order may be modified only with the written consent of the parties.
90. If any portion of this Consent Order is held invalid or unenforceable by operation of law or court order, the remaining terms of this Consent Order shall remain in full force and effect.

91. This Court retains jurisdiction to enforce, modify or otherwise hear any application arising from the terms of this Consent Order.
92. Defendants and Nominal Defendants waive any right to appeal this Consent Order.
93. Defendants and Nominal Defendants represent that they have had a full and complete opportunity to consult with counsel before signing this Consent Order.
94. Defendants and Nominal Defendants hereby consent to the jurisdiction of the Bureau.
95. Defendants and Nominal Defendants waive any right to assert any defenses or to raise any challenge that they otherwise may have to the terms of this Consent Order.

  
HONORABLE PATRICIA DEL BUENO CLEARY, P.J. CH.

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

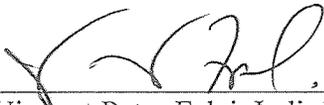
GIORDANO, HALLERAN & CIESLA  
125 Half Mile Road, Suite 300  
Red Bank, NJ 07701

BY: 

Dated: 9-15-15

Peter B. Bennett, Esq. (Attorney Id. #003071981)  
Attorneys for defendants and nominal defendants  
Vincent P. Falci, Saber Funds, LLC, Saber Asset Management, LLC, Saber Funds  
Distributors, LLC, BWX Fund, LLC, Fixed Term Government Fund, LLC, MSI Fund I,  
LLC, MSI Equity Fund II, LLC, Preferred Income Portfolio I, LLC, Hallus Realty Group,  
LLC, Phoenix Equities, LLC, Donna Falci and Vincent N. Falci

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:



Dated: 9-15-15

Vincent Peter Falci, Individually and d/b/a  
Saber Fixed Income Series, LLC and Saber  
Equity Income Series, LLC

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

Saber Funds, LLC

By: 

Dated: 9-15-15

Vincent Peter Falci  
Managing Member

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

Saber Asset Management, LLC

By:   
Vincent Peter Falci  
Managing Member

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

Saber Funds Distributor, LLC

By:   
Vincent Peter Falci  
Managing Member

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

Fixed Term Government Fund, LLC

By:   
Vincent Peter Falci  
Title: MB

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

MSI FUND I, LLC

By:   
Vincent Peter Falci  
Title: MB

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

BWX Fund, LLC

By:   
Vincent Peter Falci  
Title: MG

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

MSI Equity Fund II, LLC

By:   
Vincent Peter Falci  
Title: MG

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

Preferred Income Portfolio I, LLC

By:   
Vincent Peter Falci  
Title: MG

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

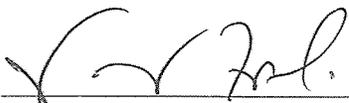
Hallus Realty Group, LLC

By:   
Vincent Peter Falci  
Title: MG

Dated: 9-15-15

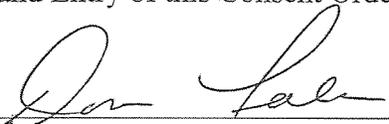
Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

Phoenix Equities, LLC

By:   
\_\_\_\_\_  
Vincent Peter Falci  
Title: MOA

Dated: 9-15-15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

  
\_\_\_\_\_  
Donna Falci, Individually

Dated: 9-15-15

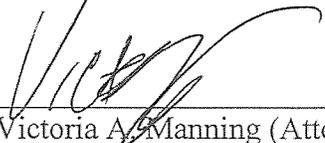
Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

  
\_\_\_\_\_  
Vincent N. Falci, Individually

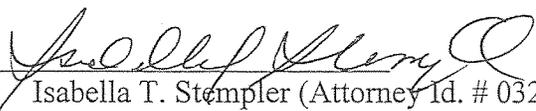
Dated: 9/15/15

Consent to the Form, Content  
and Entry of this Consent Order and Final Judgment:

JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Counsel for Plaintiff

By:   
Victoria A. Manning (Attorney Id. # 006371991)  
Attorney for Plaintiff

Dated: 9/16/15

By:   
Isabella T. Stempler (Attorney Id. # 032642001)  
Attorney for Plaintiff

Dated: 9/16/15