

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

IN THE MATTER OF:

Alcibiades Cifuentes (CRD# 5738792),
individually, and d/b/a Cifuentes Fund
Management, LLC, and

Jennifer Wee Cifuentes a/k/a Jennifer F. Wee
(CRD# 4527765), individually, and d/b/a
Cifuentes Fund Management, LLC, and

Cifuentes Fund Management, LLC,

Respondents.

**SUMMARY PENALTY AND
CEASE AND DESIST ORDER**

Pursuant to the authority granted to Laura H. Posner, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”) and certain regulations thereunder, and based upon documents and information obtained during the investigation by the New Jersey Bureau of Securities (“Bureau”), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Penalty and Cease and Desist Order (“Order”), and makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

Respondents

1. Respondent Alcibiades Cifuentes (CRD# 5738792) (“A.Cifuentes”), residing in West New York, New Jersey, has never been registered with the Bureau in any capacity.

2. Respondent Jennifer Wee Cifuentes, also known as Jennifer F. Wee (CRD# 4527765) (“W.Cifuentes”), residing in West New York, New Jersey, has never been registered with the Bureau in any capacity. Between January 2003 to April 2004, W.Cifuentes was registered with other securities regulators as an agent for two broker-dealers.

3. Respondents W.Cifuentes and A.Cifuentes (collectively, the “Cifuenteses”) married in November 2011.

4. Respondent Cifuentes Fund Management, LLC (“CFM”) is a Delaware limited liability company formed on June 11, 2013, with a business address in West New York, New Jersey. CFM also had a virtual office located at 45 Rockefeller Plaza, 20th Floor, New York, New York, from in or about June 2013 to in or about December 2014.

5. Starting in or about April 2013, the Cifuenteses held CFM out as a private investment fund management company that invested in foreign currencies. CFM has never been registered with the Bureau in any capacity.

6. Delaware Secretary of State records state that at CFM’s formation, W.Cifuentes was the sole organizer and member of CFM.

A. A.Cifuentes’, W.Cifuentes’, and CFM’s Fraudulent Offer and Sale of Securities

7. Beginning in or about April 2013, prior to CFM’s formation, the Cifuenteses and CFM, through the Cifuenteses, offered unregistered securities in CFM. Thereafter, commencing in or around July 2013, the Cifuenteses and CFM, through the Cifuenteses, engaged in a Ponzi scheme and other misuse of investor funds to defraud investors by offering and selling

unregistered securities that the Respondents referred to as “limited partnership interest[s] of the Individual’s Investment[.]” The Respondents defined “Individuals” as “Alcibiades Cifuentes and / Jennifer Wee Cifuentes DBA Cifuentes Fund Management, LLC[.]”

8. A.Cifuentes is the Chief Executive Officer, Member, and Managing Principal of CFM. W.Cifuentes is the Managing Principal and the Head of Trading and Risk Management of CFM. The Cifuenteses used these titles, along with CFM’s virtual office in Rockefeller Center, New York, to appear credible to investors and to portray CFM as a legitimate investment fund management company.

9. The Cifuenteses and CFM, through the Cifuenteses, raised at least \$553,969.08 from the offer and sale of securities to at least 24 domestic and foreign investors.

10. Of the at least \$553,969.08 raised from investors, approximately 80% or \$438,775.00, was raised from the offer and sale of securities to or from New Jersey to 11 investors (the “New Jersey Investors”).

11. The Cifuenteses and CFM, through the Cifuenteses, falsely told investors that their funds would be invested in the currency market. In reality, the overwhelming majority of investor funds were used by CFM and the Cifuenteses for their own personal use, commingled in their personal accounts, and/or used to pay other investors in a Ponzi scheme.

12. The Cifuenteses and CFM, through the Cifuenteses, made false and misleading statements and omissions to New Jersey Investors in connection with the offer and sale of securities through oral representations, email communications, and/or documents, including offering documents (“Offering Documents”), Subscription Agreements, and/or monthly statements (“Investment Statements”).

13. The Subscription Agreements falsely stated that investors were “guaranteed” a monthly dividend equal to an amount of at least 10% for every amount “invested to the Individuals’ account,” to commence at a scheduled date and “paid every three (3) months thereafter.”

14. The Cifuentes and CFM, through the Cifuentes, however, failed to pay the “guaranteed” 10% monthly dividend as promised to most of the New Jersey Investors, and, with the exception of two New Jersey Investors, failed to pay New Jersey Investors’ redemption requests in full.

15. CFM’s Offering Documents offered prospective investors two investment options: (1) CFM’s “Currency Opportunities Capital Preservation Fund” (“Capital Preservation Fund”) and (2) CFM’s “FX Managed Accounts: USD & JPY Driven Funds” (“FX Managed Accounts”).

16. The “limited partnership interest of the Individual’s Investment,” the Capital Preservation Fund, and the FX Managed Accounts (collectively, the “Securities”) are securities as defined by N.J.S.A. 49:3-49(m) of the Securities Law.

17. Among other things, the Capital Preservation Fund Offering Documents falsely state:

- a) “This fund will seek to provide consistent investment income with a stable net asset value primarily by investing in a portfolio of high liquidity currencies to produce the income”;
- b) Prospective investors should consider investing in the fund if they have “an immediate need for . . . assets and wish to generate a fixed rate of return” which is “guaranteed” at 10% per month;
- c) “Investment in the Capital Preservation Fund requires \$20,000 to open and maintain an account and additional investments of \$5,000 may be added to an existing account”;

- d) “No transaction fees will be charged for investment in the fund”; and
- e) CFM does “not charge our clients any management fees.”

18. On at least one occasion, and contrary to the \$20,000 minimum investment requirement, the Cifuentes and CFM, through the Cifuentes, offered certain prospective investors the opportunity to invest a minimum of \$5,000 in the Capital Preservation Fund.

19. FX Managed Accounts Offering Documents falsely stated that CFM engages in foreign currency trading in the forex market through CFM’s “Managed Accounts.” The FX Managed Accounts’ Offering Documents further stated, among other things, that:

- a) FX Managed Accounts were “available to private clients on January 2010”;
- b) Prospective investors have the opportunity to invest in the foreign currency market;
- c) FX Managed Accounts service includes “[c]lient accounts . . . managed by Cifuentes Fund Management using a Limited Power of Attorney”;
- d) “Client funds are sent to established forex ECN brokerage, not to Cifuentes Fund Management”;
- e) “Accounts can be tracked 24/7, for balance, equity, statements, transactions, and fees”;
- f) The minimum investment required to invest in the FX Managed Accounts is \$1,000,000;
- g) FX Managed Accounts “offers immediate access to capital and safety of . . . investment . . . [and] is managed to very strict investment criteria, with risk management a priority . . . ”; and

h) CFM charges performance fees of 40% or \$50,000 (per \$1,000,000) per month, whichever is greater, and does not charge clients entry fees, set-up fees, or an annual management charge.

20. The Cifuentes and CFM's representations to the New Jersey Investors were a complete sham. As described more fully below, rather than use New Jersey investor funds to "invest[] in a portfolio of high liquidity currencies" or to "invest in the foreign currency market", the Cifuentes and CFM, through the Cifuentes, did not make any investments with the overwhelming majority of New Jersey Investors' funds, instead using the money to fund their personal lifestyles.

1. A.Cifuentes', W.Cifuentes', and CFM's Improper Commingling of New Jersey Investors' Funds

21. The Cifuentes and CFM, through the Cifuentes, deposited, directed the deposit, or transferred New Jersey Investor Funds into a number of different bank accounts, including: (1) CFM's Wells Fargo bank account ending in 2449 ("CFM a/c 2449"); (2) CFM's Santander bank account ending in 1166 ("CFM a/c 1166"); (3) A.Cifuentes' personal Citibank account ending in 3854 ("A.Cifuentes a/c 3854"); and (4) W.Cifuentes' personal bank accounts with Citibank ("Wee a/c 5358"), Navy Federal Credit Union ("Wee a/c 8483"), and Wells Fargo Bank ("Wee a/c 5570" and "Wee a/c 6450").

22. The Cifuentes were the only signatories on CFM a/c 2449 and CFM a/c 1166. A.Cifuentes was the only signatory on account A.Cifuentes a/c 3854, and W.Cifuentes was the only signatory on accounts Wee a/c 5358, Wee a/c 5570 and Wee a/c 6450. W.Cifuentes was the sole owner of Wee a/c 8483.

23. On at least three occasions, a total of \$70,000 of New Jersey Investors' funds were wired directly from the New Jersey Investors into three of W.Cifuentes' personal bank accounts.

24. In at least one instance, \$30,000 of a New Jersey Investor's funds was wired directly from the New Jersey Investor into A.Cifuentes' personal bank account.

25. New Jersey Investors' funds were commingled with other monies in CFM a/c 2449, CFM a/c 1166, and/or in the Cifuentes' personal bank accounts.

2. A.Cifuentes', W.Cifuentes', and CFM's Misuse of New Jersey Investors' Funds

26. Between June 2013 to present, at least \$412,775 of New Jersey Investors' funds were deposited into CFM a/c 2449, CFM a/c 1166, Wee a/c 8483, Wee a/c 5570, Wee a/c 5358, and A.Cifuentes a/c 3854. That money was then used by the Cifuentes in a manner that was contrary to what was represented to New Jersey Investors in the Offering Documents and Subscription Agreements and was not otherwise disclosed to the New Jersey Investors.

27. Specifically, New Jersey Investors' funds were misused by the Cifuentes to purchase items at, and/or pay such charges for, among other things:

- a) two luxury vehicles (Audi R8 and Audi Q5);
- b) luxury clothing/retail stores (including Ferragamo; Hugo Boss; and Hermès);
- c) a luxury watch store (Omega);
- d) a jewelry store (Sidney Thomas);
- e) a children's toy store;
- f) grocery stores;
- g) liquor stores;
- h) coffee shops;
- i) dental care;
- j) skin care;
- k) rent;

- l) amazon.com;
- m) cash withdrawals;
- n) hotel bills;
- o) utility bills;
- p) phone bills;
- q) fitness club bills;
- r) restaurant bills;
- s) PayPal payments;
- t) payments to other third-parties;
- u) Ponzi scheme payments to other New Jersey Investors;
- v) payments to a provider of virtual offices, meeting rooms and executive suites;
- w) transfers and/or payments to A.Cifuentes' personal bank accounts;
- x) transfers to W.Cifuentes' personal bank account;
- y) numerous debit card charges;
- z) various bank fees; and
- aa) various other retail stores.

3. A.Cifuentes', W.Cifuentes', and CFM's Misrepresentations to New Jersey Investors

28. The Cifuenteses and CFM, through the Cifuenteses, made numerous false and misleading statements to New Jersey Investors in connection with the offer and sale of the Securities, such as:

- a) Investors would receive a 10% "guaranteed" monthly dividend on their investment;
- b) CFM "maintains adequate liquid capital to cover all client deposits";

- c) “[CFM] get[s] paid AFTER our clients get paid” [emphasis in original];
- d) Investor funds “are totally off the balance sheet and cannot be used to pay back creditors in the unlikely event of default of the company”;
- e) Investor funds will be placed in segregated bank accounts and “[f]unds belonging to clients cannot be used for business operations and any other purposes”; and
- f) FX Managed Accounts were available to clients since January 2010 and “have traded into profits of 118.45% taking the average monthly ROI of over 12%.”

29. The Cifuentes and CFM, through the Cifuentes, also sent certain New Jersey Investors fabricated monthly Investment Statements that falsely stated, among other things, the amounts of returns earned for the month and the total amount of returns earned.

30. The Cifuentes and CFM, through the Cifuentes, also falsely stated to certain New Jersey Investors that difficulties with banks and the fraudulent cashing of checks by a New Jersey Investor caused their inability to pay the promised “guaranteed” 10% monthly dividend or redeem their investments. In reality, Respondents failed to pay the guaranteed 10% monthly dividend or honor redemption requests because they misused New Jersey Investors’ funds and failed to “maintain adequate liquid capital to cover all client deposits,” causing numerous overdraft fees and bounced checks.

31. For example, A.Cifuentes, on behalf of CFM, issued at least five checks from CFM a/c 2449 to a New Jersey Investor for purported “dividend[.]” payments. However, CFM a/c 2449 had insufficient funds to cover the checks.

4. A.Cifuentes’, W.Cifuentes’, and CFM’s Omissions of Material Fact to New Jersey Investors

32. The Cifuentes and CFM, through the Cifuentes, omitted material facts to New Jersey Investors, such as:

- a) The “limited partnership” described in the Subscription Agreement was not a legally formed entity and did not exist;
- b) New Jersey Investors’ funds would be used to pay the Cifuentes’ personal expenses, which included, but was not limited to the items described in paragraph 27;
- c) New Jersey Investors’ funds totaling at least \$46,297.73 would be transferred from a CFM business account (CFM a/c 2449) to W.Cifuentes’ personal accounts (Wee a/c 5570 and Wee a/c 6450);
- d) New Jersey Investors’ funds deposited directly into W.Cifuentes’ personal accounts (Wee a/c 5358, Wee a/c 5570, and Wee a/c 8483) and totaling at least \$18,764, would be transferred and/or paid to other personal accounts held in A.Cifuentes’ and W.Cifuentes’ names;
- e) Cash withdrawals of New Jersey Investors’ funds totaling at least \$146,957.68, would be made by A.Cifuentes and/or W.Cifuentes from CFM business accounts (CFM a/c 2449 and CFM a/c 1166);
- f) Cash withdrawals of New Jersey Investors’ funds totaling at least \$28,480.90, would be made by A.Cifuentes and/or W.Cifuentes from New Jersey Investors’ funds that were directly deposited into A.Cifuentes’ and W.Cifuentes’ personal accounts (Wee a/c 5358, Wee a/c 5570, Wee a/c 8483, and A.Cifuentes a/c 3854);
- g) New Jersey Investors’ funds would be commingled with other funds and not segregated; and
- h) CFM would not “maintain adequate liquid capital to cover all client deposits.”

CONCLUSIONS OF LAW

**A.CIFUENTES, W.CIFUENTES, AND CFM EMPLOYED A
DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD IN VIOLATION OF
N.J.S.A. 49:3-52(a)**

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

34. A.Cifuentes, W.Cifuentes, and CFM, through A.Cifuentes and W.Cifuentes, employed a device, scheme, or artifice to defraud New Jersey Investors in violation of N.J.S.A. 49:3-52(a) by, among other things: (a) making fictitious offerings of securities through misrepresentations and false statements orally and in the Offering Documents and the Subscription Agreements as more fully described in paragraphs 1 through 32, (b) omitting material information including, but not limited to, the omissions described more fully in paragraphs 1 through 32, and (c) fabricating Investment Statements.

35. Each violation of N.J.S.A. 49:3-52(a) by A.Cifuentes, W.Cifuentes, and CFM upon each New Jersey Investor is a separate violation and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**A.CIFUENTES, W.CIFUENTES, AND CFM MADE UNTRUE STATEMENTS OF
MATERIAL FACT AND/OR OMITTED TO STATE MATERIAL FACTS NECESSARY
IN ORDER TO MAKE THE STATEMENTS MADE IN LIGHT OF THE
CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING IN
VIOLATION OF N.J.S.A. 49:3-52(b)**

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

37. A.Cifuentes, W.Cifuentes, and CFM, through A.Cifuentes and W.Cifuentes, made materially false and misleading statements and/or omitted to state material facts necessary to make the statements made in light of the circumstances under which they were made, not

misleading to New Jersey Investors in connection with the offer and sale of the Securities, as more fully described in paragraphs 1 through 32.

38. Each omission or materially false or misleading statement is in violation of N.J.S.A. 49:3-52(b). Each violation of N.J.S.A. 49:3-52(b) by A.Cifuentes, W.Cifuentes, and CFM upon each New Jersey Investor is a separate violation of the Securities Law and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

A.CIFUENTES, W.CIFUENTES, AND CFM ENGAGED IN ACTS, PRACTICES, OR COURSES OF BUSINESS WHICH WOULD OPERATE AS A FRAUD OR DECEIT UPON ANY PERSON IN CONNECTION WITH THE OFFER, SALE OR PURCHASE OF SECURITIES IN VIOLATION OF N.J.S.A. 49:3-52(c)

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

40. A.Cifuentes, W.Cifuentes, and CFM, through A.Cifuentes and W.Cifuentes, engaged in acts, practices, and courses of business that operated as a fraud and/or deceit upon New Jersey Investors, as described in paragraphs 1 through 32.

41. Each violation by A.Cifuentes, W.Cifuentes, and CFM upon each New Jersey Investor is a separate violation of N.J.S.A. 49:3-52(c), and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

A.CIFUENTES, W.CIFUENTES, AND CFM SOLD UNREGISTERED SECURITIES IN VIOLATION OF N.J.S.A. 49:3-60

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

43. A.Cifuentes, W.Cifuentes, and CFM, through A.Cifuentes and W.Cifuentes, offered and sold securities that were not registered with the Bureau.

44. All investments offered and sold by the Respondents described in paragraphs 1 through 32 are securities that are required to be registered with the Bureau as required by N.J.S.A. 49:3-60.

45. Each offer and sale of unregistered securities constitutes a separate violation of N.J.S.A. 49:3-60 and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**A.CIFUENTES AND W.CIFUENTES ACTED AS AGENTS WITHOUT
REGISTRATION IN VIOLATION OF
N.J.S.A. 49:3-56(a)**

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

47. A.Cifuentes and W.Cifuentes each acted as an agent of CFM, as defined under N.J.S.A. 49:3-49(b), in effecting or attempting to effect transactions in the Securities in and from New Jersey.

48. A.Cifuentes and W.Cifuentes were not registered with the Bureau as agents of CFM.

49. A.Cifuentes and W.Cifuentes violated N.J.S.A. 49:3-56(a), which requires, among other things, that only persons registered with the Bureau may lawfully act as agents.

50. Each offer and sale to New Jersey Investors constitutes a separate violation of N.J.S.A. 49:3-56(a), and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

**CFM EMPLOYED UNREGISTERED AGENTS IN VIOLATION OF
N.J.S.A. 49:3-56(h)**

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

52. CFM employed A.Cifuentes and W.Cifuentes to act as its agents, as defined under N.J.S.A. 49:3-49(b), to effect or to attempt to effect transactions in securities in and from New Jersey.

53. A.Cifuentes and W.Cifuentes acted as agents, as defined under N.J.S.A. 49:3-49(b), in effecting or attempting to effect transactions in securities in and from New Jersey, without being registered as agents with the Bureau.

54. By employing agents who were not registered with the Bureau, CFM is in violation of N.J.S.A. 49:3- 56(h).

55. Each offer and sale to New Jersey Investors constitutes a separate violation of N.J.S.A. 49:3-56(h) and is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

THEREFORE, it is on this 21st day of MAY 2016, hereby **ORDERED** that:

56. Alcibiades Cifuentes, Jennifer Wee Cifuentes, and Cifuentes Fund Management, LLC shall cease and desist from violating the Securities Law or any regulation or order under the Securities Law;

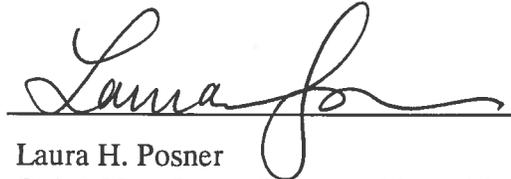
57. Alcibiades Cifuentes, Jennifer Wee Cifuentes, and Cifuentes Fund Management, LLC shall cease and desist from engaging in the conduct described in the Bureau Chief's findings of fact and conclusions of law;

58. Alcibiades Cifuentes, Jennifer Wee Cifuentes, and Cifuentes Fund Management, LLC are jointly and severally assessed and liable to pay civil monetary penalties in the amount of Two Million Dollars (\$2,000,000.00), pursuant to N.J.S.A. 49:3-70.1, for violations of the Securities

Law described in this Order, which is immediately due and payable to the “State of New Jersey, Bureau of Securities.”

59. Alcibiades Cifuentes, Jennifer Wee Cifuentes, and Cifuentes Fund Management, LLC are **DENIED** all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b).

60. The 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) are hereby **DENIED** as to Alcibiades Cifuentes, Jennifer Wee Cifuentes, and Cifuentes Fund Management, LLC.



Laura H. Posner
Chief, New Jersey Bureau of Securities

NOTICE OF RIGHT TO HEARING

You are advised that upon service of notice of this Summary Penalty and Cease and Desist Order issued by the Bureau Chief, Respondents shall have up to twenty (20) days to respond to the Bureau in the form of a written answer and written request for a hearing. A request for a hearing must be accompanied by a written response, which addresses specifically each of the reasons set forth in the Order which formed the basis for its entry. A general denial is unacceptable. Within five (5) business days of receiving the written answer and request for a hearing, the Bureau Chief shall either transmit the matter to the Office of Administrative Law for a hearing, or schedule a hearing at the Bureau of Securities. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney. If an applicant fails to respond by filing a written answer and request for a hearing with the Bureau within the twenty (20) day prescribed period, the Order shall become a final order and remain in effect until modified or vacated.

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, 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 a final 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.