

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

IN THE MATTER OF:

Terrence G. LeGall,
Portia R. LeGall, and
LeGall Holdings, Inc.,

Respondents.

**SUMMARY PENALTY AND
CEASE AND DESIST ORDER**

Pursuant to the authority granted to Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -83 (“Securities Law”) and certain regulations thereunder, and based upon documents and information obtained during an 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”) against Terrence G. LeGall (“Terrence LeGall”), Portia R. LeGall (“Portia LeGall”) (collectively, “the LeGalls”), and LeGall Holdings, Inc. (“LeGall Holdings”) (collectively, “Respondents”).

SUMMARY

During October and November of 2016, Terrence LeGall and his wife Portia LeGall, both of Linden, New Jersey, offered and sold \$167,000 of unregistered securities issued by their company LeGall Holdings (“LeGall Securities”) to thirty-five investors, including thirty-three from New Jersey. Terrence LeGall, who has a history of securities law violations, and Portia LeGall were co-chief executive officers of LeGall Holdings. The LeGalls sold the LeGall Securities to investors without providing a prospectus that would have disclosed to prospective investors the nature and risks of the investment, the company’s financial condition, and other material information, including how the proceeds from the sale of the securities would be used by the company. Instead, the LeGalls told investors that the proceeds from the sale of the LeGall Securities would be used to acquire, build, and operate a global chain of Caribbean-American casual restaurants called Le Grille, and to develop and sell a proprietary branded jerk sauce. Ultimately the funds were commingled with personal funds and used by the LeGalls to pay for personal expenses, including utility bills; car payments to BMW and Infiniti; payments to numerous credit cards, including Discover, Gap, and American Express; debit card purchases from numerous businesses, including Victoria’s Secret and a company that designs and installs automatic lawn sprinkler systems; and purported business trips to Los Angeles, Honolulu, and Miami to market the jerk sauce.

FINDINGS OF FACT

A. Respondents

1. Respondent Terrence LeGall is an individual who, at all relevant times, resided in Linden, New Jersey, where he operated a consulting and tax preparation business, and operates LeGall Holdings. Terrence LeGall has never been registered with the Bureau in any capacity.

2. Respondent Portia LeGall is an individual and the wife of Terrence LeGall who, at all relevant times, resided in Linden, New Jersey, where she operates LeGall Holdings. Portia LeGall has never been registered with the Bureau in any capacity.

3. Respondent LeGall Holdings is a Delaware corporation formed on September 26, 2016. Terrence LeGall and Portia LeGall serve as co-chief executive officers of LeGall Holdings. The company is operated from the LeGalls' residence in Linden, New Jersey. Portia LeGall is the majority shareholder of LeGall Holdings. Terrence LeGall is also a shareholder of LeGall Holdings. LeGall Holdings has never been registered with the Bureau in any capacity.

B. Terrence LeGall's History of Regulatory Actions and Pending Criminal Charges

4. Terrence LeGall was previously the subject of a Bureau investigation and regulatory enforcement action captioned Milgram v. New Century Investor, Inc. and Terrence LeGall, No. UNN-C-6-08 (N.J. Super. Ct. Ch. Div.). On June 16, 2008 and pursuant to N.J.S.A. 49:3-69(a)(2), the New Jersey Superior Court entered Final Judgment by Default, adjudging that Terrence LeGall had acted as an unregistered investment adviser representative, and New Century Investor, Inc. had acted as an unregistered investment adviser and employed an unregistered investment adviser representative since March 2003 in violation of the Securities Law. The court permanently enjoined and restrained Terrence LeGall and New Century from acting, directly or indirectly, as an investment adviser or investment advisor representative. A monetary judgment was also entered against Terrence LeGall and New Century in the total amount of \$1,119,922.34,

representing \$119,922.34 in restitution and disgorgement and \$1,000,000 in civil monetary penalties. To date, the judgment remains unpaid.

5. In an Order dated September 13, 2017, in an action captioned SEC v. Terrence LeGall, No. 1:17-MC-291 (S.D.N.Y. Sep. 13, 2017), the United States District Court for the Southern District of New York directed Terrance LeGall to comply with a United States Securities and Exchange Commission (“SEC”) investigative subpoena. In a subsequent Order dated December 26, 2017, the court found Terrance LeGall to be in civil contempt for failing to comply with the court’s September 13, 2017 Order directing compliance with a SEC investigative subpoena.

6. Terrance LeGall is currently under federal criminal indictment in the United States District Court for the District of New Jersey, USA v. LeGall, 19-CR-00252, (D.N.J. April 8, 2019), on eleven counts of aiding and abetting the preparation of false tax returns and eight counts of income tax evasion in connection with his tax preparation business.

C. Offer and Sale of the Unregistered LeGall Securities

7. Beginning on October 7, 2016 and continuing through November 30, 2016, the LeGalls and LeGall Holdings, through the LeGalls, offered and sold the LeGall Securities – shares of stock in LeGall Holdings – to thirty-five investors, thirty-three of whom were located in New Jersey.

8. The investors were friends and/or clients of Terrance LeGall from his consulting business.

9. All offers and sales of the LeGall Securities took place in New Jersey.

10. Portia LeGall participated with Terrance LeGall in discussions with prospective investors to effect the sale of the LeGall Securities. Terrance LeGall spoke with each investor

about the investment, purportedly showed them a business plan, and obtained money from each investor for their purchase of the LeGall Securities.

11. Portia LeGall signed thirty-four of the thirty-five subscription agreements as co-chief executive officer on behalf of LeGall Holdings. Terrence LeGall signed one subscription agreement on behalf of LeGall Holdings as co-chief executive officer.

12. The LeGall Securities were not registered with the Bureau, not exempt from registration, and not federally covered.

13. The LeGall Securities were sold to investors without the benefit of being provided with a prospectus. Investors were told that the proceeds from the sale of the LeGall Securities were to be used to acquire, build, and operate a global chain of Caribbean-American casual restaurants called Le Grille, and develop and sell a proprietary branded jerk sauce.

14. Investor funds were commingled with personal funds and used by the LeGalls to pay for personal expenses, including utility bills; car payments to BMW and Infiniti; payments to numerous credit cards, including Discover, Gap, and American Express; debit card purchases from numerous businesses, including Victoria's Secret and a company that designs and installs automatic lawn sprinkler systems; and purported business trips to Los Angeles, Honolulu, and Miami to market the jerk sauce.

15. The LeGalls and LeGall Holdings have not opened any restaurants, and only claim to be in discussions to place the jerk sauce for sale in various retail establishments.

CONCLUSIONS OF LAW

**THE LEGALLS AND LEGALL HOLDINGS OFFERED AND SOLD UNREGISTERED
SECURITIES**

N.J.S.A. 49:3-60

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

17. Terrence LeGall, Portia LeGall and LeGall Holdings, through Terrence LeGall and Portia LeGall, offered and sold securities in the form of shares of stock in LeGall Holdings that were not registered with the Bureau.

18. The LeGall Securities are securities as defined in N.J.S.A. 49:3-49(m).

19. The LeGall Securities were not registered with the Bureau, not exempt from registration, and not federally covered.

20. Each offer and sale of the unregistered LeGall Securities by Terrence LeGall, Portia LeGall and LeGall Holdings, through Terrance LeGall and Portia LeGall, 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, the denial of certain exemptions, and directing them to cease and desist from further illegal activity or doing acts in furtherance thereof.

THE LEGALLS ACTED AS AGENTS WITHOUT REGISTRATION

N.J.S.A. 49:3-56(a)

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

22. Terrence LeGall and Portia LeGall acted as agents, as defined in N.J.S.A. 49:3-49(b), in effecting or attempting to effect transactions in the LeGall Securities from or in New Jersey.

23. Terrence LeGall and Portia LeGall were not registered with the Bureau as agents of LeGall Holdings.

24. Terrance LeGall and Portia LeGall violated N.J.S.A. 49:3-56(a) which provides, among other things that only individuals registered with the Bureau may lawfully act as agents.

25. Each sale of the LeGall Securities to investors by Terrance LeGall and Portia LeGall, whether individually or jointly, constitutes a separate violation of N.J.S.A. 49:3-56(a) and is cause for the imposition of civil monetary penalties for each separate violation pursuant to N.J.S.A. 49:3-70.1, the denial of certain exemptions, and directing them to cease and desist from further illegal activity or doing acts in furtherance thereof.

LEGALL HOLDINGS UNLAWFULLY EMPLOYED UNREGISTERED AGENTS

N.J.S.A. 49:3-56(h)

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

27. LeGall Holdings employed or engaged agents as defined in N.J.S.A. 49:3-49(b), specifically Terrence LeGall and Portia LeGall, to attempt to effect transactions in securities in or from New Jersey.

28. LeGall Holdings' conduct constituted employing agents who were not registered with the Bureau to sell the LeGall Securities, in violation of N.J.S.A. 49:3-56(h).

29. Each violation of N.J.S.A. 49:3-56(h) is cause for the imposition of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1, the denial of certain exemptions, and directing it to cease and desist from further illegal activity or doing acts in furtherance thereof.

ORDER

THEREFORE, based upon all of the foregoing, it is on this 3rd day of October,

2019, hereby **ORDERED** that:

30. Terrence LeGall, Portia LeGall and LeGall Holdings and any person, employee, officer, director, entity, agent, finder, or independent contractor under their individual or collective direction or control shall immediately **CEASE AND DESIST** from:

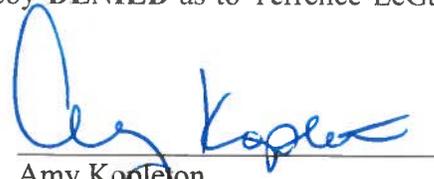
- a. Offering for sale any security in New Jersey until the security is registered with the Bureau or is offered for sale pursuant to an exemption under the Securities Law;
- b. Acting as agents in New Jersey until each is registered with the Bureau or are acting pursuant to an exemption from registration under the Securities Law; and
- c. Violating any other provisions of the Securities Law and any rules promulgated thereunder for the sale of any security in New Jersey.

31. Terrence LeGall, Portia LeGall and LeGall Holdings are jointly and severally assessed and liable to pay civil monetary penalties in the amount of \$500,000, pursuant to N.J.S.A. 49:3-70.1, for the violations of the Securities Law described in this Order, which are immediately due and payable.

32. Payment of civil monetary penalties shall be made by certified check, bank check, or an attorney trust account check, payable to "State of New Jersey, Bureau of Securities," and delivered to the Bureau of Securities, Attn: Bureau Chief, 153 Halsey Street, 6th Floor, Newark, New Jersey 07102. The civil monetary penalties shall be deposited in the Securities Enforcement Fund, pursuant to N.J.S.A. 49:3-66.1.

33. All exemptions contained in N.J.S.A. 49:3-50 subsection (b) paragraph 12, are hereby **DENIED** as to Terrence LeGall, Portia LeGall, and LeGall Holdings.

34. 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) are hereby **DENIED** as to Terrence LeGall, Portia LeGall, and LeGall Holdings.



Amy Kopleton
Deputy Bureau 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 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, 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.