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SOAH DOCKET NO. 312-09-3375 SSB DOCKET NO. IC09-03

IN THE MATTER OF THE AGENT
AND INVESTMENT ADVISER
REPRESENTATIVE REGISTRATIONS
OF JOSE LUIS VINAS

§
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§
§

Order No. IC09-CDO-11

DEFAULT ORDER

Be it remembered that this is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of a DEFAULT ORDER pursuant to Sections 14 and 23.B of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2008) ("Texas Securities Act") and § 105.8(a)(2) of the Rules and Regulations of the Texas State Securities Board, 7 Tex. Admin. Code Chapter 101 et seq. (Supp. 2009) ("Board Rules").

The staff of the Inspections and Compliance Division of the Texas State Securities Board (the "Staff") has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. On or about March 31, 2009, a Notice of Hearing, SOAH DOCKET NO. 312-09-3375, SSB DOCKET NO. IC09-03 (the "Notice") was mailed by certified mail to Jose Luis Vinas ("Respondent") at the Respondent's last known residential and business addresses as filed with the Securities Commissioner. The Notice informed Respondent that the hearing was scheduled for 9:00 AM central time on May 11, 2009.
2. Within the Notice, the Staff requested that the registrations of Respondent as an agent and investment adviser representative with the Securities Commissioner be REVOKED and that Respondent be ordered to CEASE AND DESIST engaging in fraudulent conduct, and set forth the following matters:
 - a. Respondent is a natural person whose last known personal address as filed with the Securities Commissioner is 11419 Noblewood Crest Lane, Houston, TX 77082 and whose last known business address as filed with the Securities Commissioner is 717 Texas Avenue, Suite 3050, Houston, TX 77002.

- b. From on or about September 8, 2004 to on or about August 14, 2008, Respondent was registered with the Securities Commissioner as an agent and investment adviser representative of UBS International Inc. ("UBS").
- c. On or about July 25, 2008, Respondent registered with the Securities Commissioner as an agent and investment adviser representative of Citigroup Global Management Inc. ("Citigroup"). These registrations are currently effective.
- d. Shortly after Respondent began his employment with UBS, he solicited an elderly, married couple residing in Mexico (the "Client") to open an account at UBS. In or about November 2004, the Client opened a retail investment account at UBS ("Retail Account"). The Client knew Respondent prior to 2004 and trusted Respondent because Respondent had previously handled some investments for the Client at a financial institution in Mexico.
- e. In or about February 2007, a line of credit account ("Credit Line Account") was opened at UBS in the Client's name. The Client did not request this line of credit or otherwise authorize it to be established, and was unaware of it until on or about March 25, 2009.
- f. On or about May 26, 2007 and July 27, 2007, Respondent forged the Client's signature on UBS documents in order to increase the line of credit UBS extended to the Credit Line Account.
- g. Respondent's forgeries on the UBS documents related to the Credit Line Account are fraudulent business practices and, pursuant to Section 14.A(3) of the Texas Securities Act, constitute bases for the revocation of Respondent's registrations with the Securities Commissioner. Furthermore, Respondent's forgeries are fraudulent practices with respect to rendering services as an investment adviser representative and, pursuant to Section 23.B of the Texas Securities Act, constitute bases for the Securities Commissioner to order that Respondent cease and desist from engaging in fraudulent conduct.
- h. Respondent forged the Client's signature on documents in connection with the following unauthorized disbursements from accounts at UBS:
 - i. On or about February 14, 2007, ninety thousand dollars (\$90,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
 - ii. On or about February 15, 2007, eighty six thousand dollars (\$86,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
 - iii. On or about February 16, 2007, ninety five thousand dollars (\$95,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;

- iv. On or about February 20, 2007, eighty eight thousand five hundred dollars (\$88,500.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- v. On or about February 28, 2007, ninety two thousand nine hundred fifty dollars (\$92,950.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- vi. On or about March 28, 2007, ninety six thousand dollars (\$96,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- vii. On or about April 11, 2007, seventy eight thousand five hundred dollars (\$78,500.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- viii. On or about April 30, 2007, forty six thousand nine hundred fifty dollars (\$46,950.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- ix. On or about May 30, 2007, ninety three thousand five hundred dollars (\$93,500.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- x. On or about June 7, 2007, ninety seven thousand eight hundred fifty dollars (\$97,850.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xi. On or about June 11, 2007, eighty eight thousand nine hundred fifty dollars (\$88,950.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xii. On or about July 5, 2007, ninety four thousand two hundred fifty dollars (\$94,250.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xiii. On or about July 11, 2007, sixty one thousand dollars (\$61,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xiv. On or about July 26, 2007, ninety one thousand two hundred fifty dollars (\$91,250.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xv. On or about July 30, 2007, eighty nine thousand eight hundred fifty dollars (\$89,850.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;

- xvi. On or about August 29, 2007, ninety five thousand seven hundred fifty dollars (\$95,750.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xvii. On or about September 13, 2007, ninety one thousand five hundred dollars (\$91,500.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xviii. On or about January 17, 2008, ninety seven thousand five hundred fifty dollars (\$97,550.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xix. On or about February 21, 2008, ninety eight thousand two hundred twenty dollars (\$98,220.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xx. On or about May 8, 2008, forty seven thousand five hundred dollars (\$47,500.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- xxi. On or about July 22, 2008, sixty one thousand dollars (\$61,000.00) was wired from the Retail Account to an account at a financial institution in Mexico;
- i. The Client had not requested or otherwise authorized Respondent to cause any of the disbursements listed in 2.h.i – 2.h.xxi, above.
- j. Respondent's forgeries on the documents related to disbursements from the Credit Line Account and the Retail Account are fraudulent business practices and, pursuant to Section 14.A(3) of the Texas Securities Act, constitute bases for the revocation of Respondent's registrations with the Securities Commissioner. Furthermore, Respondent's forgeries are fraudulent practices with respect to rendering services as an investment adviser representative and, pursuant to Section 23.B of the Texas Securities Act, constitute bases for the Securities Commissioner to order that Respondent cease and desist from engaging in fraudulent conduct.
- k. On or about July 22, 2008, the Credit Line Account was paid off through a transfer of funds from the Retail Account. This resulted in the Retail Account being almost entirely depleted of funds.
- l. On or about September 16, 2008, the Retail Account was closed and the Client's assets were transferred to an account at Citigroup. Until on or about March 25, 2009, the Client was unaware of the fact that the Retail Account was closed and transferred to Citigroup.

- m. After the Retail Account was closed, Respondent sent documents to the Client, which appeared to be UBS account statements related to the Retail Account. These included: (1) a document that Respondent represented to be a November 2008 statement for the Retail Account and (2) a document that Respondent represented to be a January 2009 statement for the Retail Account. Both of these documents created the false impression that the Client's Retail Account had millions of dollars in assets in November 2008 and January 2009. Those documents were not actual UBS account statements as the Client did not have an account at UBS after September 2008.
 - n. Respondent's creation and delivery of false account statements related to the Retail Account are fraudulent business practices and, pursuant to Section 14.A(3) of the Texas Securities Act, constitute bases for the revocation of Respondent's registrations with the Securities Commissioner. Furthermore, Respondent's actions are fraudulent practices with respect to rendering services as an investment adviser representative and, pursuant to Section 23.B of the Texas Securities Act, constitute bases for the Securities Commissioner to order that Respondent cease and desist from engaging in fraudulent conduct.
3. Pursuant to §105.8(a)(2) of the Board Rules, the Securities Commissioner may make an informal disposition of a contested case by default upon proof to the Securities Commissioner that the Notice was mailed to Respondent by certified mail, to the Respondent's last known address as shown by the records of the Texas State Securities Board, and that the Respondent has failed to appear on the day and at the time set for the hearing, whether or not a written response has been filed.
 4. Respondent failed to appear in person or through a legal representative at the hearing.
 5. On May 11, 2009, after entering its appearance at the hearing, the Staff requested that the matter be dismissed from the SOAH docket for informal disposition pursuant to the Board Rules.
 6. On May 11, 2009, Administrative Law Judge Rebecca Smith issued an Order of Dismissal based upon the Staff's motion.

CONCLUSIONS OF LAW

1. Pursuant to § 105.8(a)(2) of the Board Rules, the following matters set forth in the Notice, are deemed admitted as true:
 - a. Respondent is a natural person whose last known personal address as filed with the Securities Commissioner is 11419 Noblewood Crest Lane, Houston, TX 77082 and whose last known business address as filed with the Securities Commissioner is 717 Texas Avenue, Suite 3050, Houston, TX 77002.

- b. From on or about September 8, 2004 to on or about August 14, 2008, Respondent was registered with the Securities Commissioner as an agent and investment adviser representative of UBS International Inc. ("UBS").
- c. On or about July 25, 2008, Respondent registered with the Securities Commissioner as an agent and investment adviser representative of Citigroup Global Management Inc. ("Citigroup"). These registrations are currently effective.
- d. Shortly after Respondent began his employment with UBS, he solicited an elderly, married couple residing in Mexico (the "Client") to open an account at UBS. In or about November 2004, the Client opened a retail investment account at UBS ("Retail Account"). The Client knew Respondent prior to 2004 and trusted Respondent because Respondent had previously handled some investments for the Client at a financial institution in Mexico.
- e. In or about February 2007, a line of credit account ("Credit Line Account") was opened at UBS in the Client's name. The Client did not request this line of credit or otherwise authorize it to be established, and was unaware of it until on or about March 25, 2009.
- f. On or about May 26, 2007 and July 27, 2007, Respondent forged the Client's signature on UBS documents in order to increase the line of credit UBS extended to the Credit Line Account.
- g. Respondent's forgeries on the UBS documents related to the Credit Line Account are fraudulent business practices and, pursuant to Section 14.A(3) of the Texas Securities Act, constitute bases for the revocation of Respondent's registrations with the Securities Commissioner. Furthermore, Respondent's forgeries are fraudulent practices with respect to rendering services as an investment adviser representative and, pursuant to Section 23.B of the Texas Securities Act, constitute bases for the Securities Commissioner to order that Respondent cease and desist from engaging in fraudulent conduct.
- h. Respondent forged the Client's signature on documents in connection with the following unauthorized disbursements from accounts at UBS:
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 - ii. On or about February 15, 2007, eighty six thousand dollars (\$86,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
 - iii. On or about February 16, 2007, ninety five thousand dollars (\$95,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;

- iv. On or about February 20, 2007, eighty eight thousand five hundred dollars (\$88,500.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
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- vi. On or about March 28, 2007, ninety six thousand dollars (\$96,000.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- vii. On or about April 11, 2007, seventy eight thousand five hundred dollars (\$78,500.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
- viii. On or about April 30, 2007, forty six thousand nine hundred fifty dollars (\$46,950.00) was wired from the Credit Line Account to an account at a financial institution in Mexico;
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- xxi. On or about July 22, 2008, sixty one thousand dollars (\$61,000.00) was wired from the Retail Account to an account at a financial institution in Mexico;
- i. The Client had not requested or otherwise authorized Respondent to cause any of the disbursements listed in Conclusion of Law 1.h.i – 1.h.xxi, above.
- j. Respondent's forgeries on the documents related to disbursements from the Credit Line Account and the Retail Account are fraudulent business practices and, pursuant to Section 14.A(3) of the Texas Securities Act, constitute bases for the revocation of Respondent's registrations with the Securities Commissioner. Furthermore, Respondent's forgeries are fraudulent practices with respect to rendering services as an investment adviser representative and, pursuant to Section 23.B of the Texas Securities Act, constitute bases for the Securities Commissioner to order that Respondent cease and desist from engaging in fraudulent conduct.
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- n. Respondent's creation and delivery of false account statements related to the Retail Account are fraudulent business practices and, pursuant to Section 14.A(3) of the Texas Securities Act, constitute bases for the revocation of Respondent's registrations with the Securities Commissioner. Furthermore, Respondent's actions are fraudulent practices with respect to rendering services as an investment adviser representative and, pursuant to Section 23.B of the Texas Securities Act, constitute bases for the Securities Commissioner to order that Respondent cease and desist from engaging in fraudulent conduct.
2. Pursuant to § 105.8(a)(2) of the Board Rules and Sections 14 and 23 of the Texas Securities Act, the relief requested in the Notice is granted.

ORDER

1. It is therefore ORDERED that the registrations of Jose Luis Vinas as an agent and investment adviser representative are hereby REVOKED.
2. It is further ORDERED that Jose Luis Vinas CEASE AND DESIST from engaging in fraudulent conduct with respect to rendering services as an investment adviser representative.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 15th
day of May, 2009.


DENISE VOIGT CRAWFORD
Securities Commissioner