

PARAGRAPH FOUR

Intentionally failing to disclose that the assets of **NAFTA HOLDINGS, LLC** were pledged **100% to FIRST NATIONAL BANK**, as of the **10TH DAY OF JUNE, 2008**, said information being a material fact; and

PARAGRAPH FIVE

Intentionally failing to disclose that the certificate of deposit in the amount of **\$2,050,000** that the Defendant represented would constitute his half of the investment required to form an insurance company in Texas was pledged **100% to FIRST NATIONAL BANK**, as of the **10TH DAY OF JUNE, 2008**, said information being a material fact; and

PARAGRAPH SIX

Intentionally failing to disclose that throughout 2006 and 2007, the **TEXAS DEPARTMENT OF INSURANCE** received numerous complaints against **NAFTA GENERAL AGENCY**, a company owned and controlled by **DANIEL THOMAS HERNANDEZ**, of which only one complaint was found to be unjustified, said information being a material fact; and

PARAGRAPH SEVEN

Intentionally failing to disclose that on or about the **12TH DAY OF FEBRUARY, 2008**, the **TEXAS DEPARTMENT OF INSURANCE** conducted a market examination of **NAFTA GENERAL AGENCY**, a company owned and controlled by **DANIEL THOMAS HERNANDEZ**, which resulted in the Commissioner of Insurance of Texas issuing an Emergency Cease & Desist Order (08-0199) on the **14TH DAY OF MARCH, 2008** which was pending at the time the Defendant offered the investment opportunity to **ENRIQUE GARRIDO**, said information being a material fact; and

PARAGRAPH EIGHT

Intentionally and knowingly misrepresenting the financial condition of the existing companies owned or controlled by the Defendant, said information being a misrepresentation of a relevant fact; and

PARAGRAPH NINE

Intentionally and knowingly misrepresenting the Defendant as a successful businessman, said information being a misrepresentation of a relevant fact; and

PARAGRAPH TEN

Intentionally and knowingly misrepresenting that the amount of money needed to form an insurance company in Texas was \$4,000,000, when in fact in 2008, the amount needed was \$2,000,000 of capital and surplus in cash, said information being a misrepresentation of a relevant fact; and

PARAGRAPH ELEVEN

Intentionally and knowingly misrepresenting that funds invested by **ENRIQUE GARRIDO** would remain in escrow until all parties contributed the necessary \$4,000,000 needed to form the insurance company, said information being a misrepresentation of a relevant fact;

And it is further presented in and to said Court that all of the said amounts were obtained pursuant to one scheme or continuing course of conduct, and the aggregate value of the property obtained was \$100,000 or more.

COUNT II

AND THE GRAND JURORS AFORESAID, upon their Oaths in said Court, do further present that **ALBERTO ALBA VILLARREAL**, hereinafter called the Defendant, on or about the **7TH DAY OF NOVEMBER, 2008**, and anterior to the presentment of this indictment, in the County of Cameron and State of Texas, did then and there unlawfully appropriate, by acquiring or otherwise exercising control over, property, to-wit: **U.S. Currency**, of the value of **\$200,000 or more**, from **ENRIQUE GARRIDO**, the owner thereof, without the effective consent of the owner, namely, by deception, and with intent to deprive the owner of the property,

against the peace and dignity of the State.

FILED 11:20 O'CLOCK a M
AURORA DE LA GARZA, DIST. CLERK

NOV - 6 2013

DISTRICT COURT, CAMERON COUNTY TEXAS
BY [Signature] DEPUTY

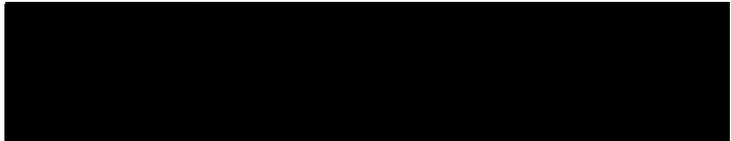
[Signature]
Foreman of the Grand Jury

Memorandum

THE STATE OF TEXAS VS VILLARREAL, ALBERTO ALBA

OFFENSE	OFFENSE CODE	STATUTE	MAGISTRATE #	BOND AMOUNT
FALSE STATEMENT SECURITIES >=\$10K<\$100K; THEFT PROP>=\$200K	26990161; 23990013; 26070076; 23990013	581-29(C)(3); 31.03(e)(7)	UNARRESTED	

DEFENDANT: VILLARREAL, ALBERTO ALBA



ARREST AGENCY: Texas State Securities Board ARREST DATE: Not arrested on this charge

AGENCY CASE #:

IN THE 103RD JUDICIAL DISTRICT COURT
OF CAMERON COUNTY, TEXAS

JULY, 2013 TERM

THE STATE OF TEXAS 1. SECURITIES W/O REGISTRATION 581-29 (C)
VS. 2. THEFT PROP>=\$200K 31.03(e)(7)

DANIEL THOMAS HERNANDEZ

02/05/1970

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF TEXAS:

THE GRAND JURORS, for the County of Cameron, State of Texas, duly organized, upon their oaths present in the said Court, and for the term aforesaid, present that **DANIEL THOMAS HERNANDEZ**, hereinafter called the Defendant, on or about the **7TH DAY OF NOVEMBER, 2008**, and anterior to the presentment of this indictment, in the County of Cameron and State of Texas, did then and there sell and offer for sale a membership interest in **NAFTA HOLDINGS, LLC**, said membership interest being a security, to wit: **an investment contract and/or an instrument representing or secured by any or all of the capital, property, assets, profits or earning of any company, to ENRIQUE GARRIDO** in the amount of **\$1,000,000**, and said Defendant committed fraud in connection with the sale of said security by:

PARAGRAPH ONE

Intentionally failing to disclose that funds invested by **ENRIQUE GARRIDO** would be used for purposes other than those intended, said information being a material fact; and

PARAGRAPH TWO

Intentionally failing to disclose that funds invested by **ENRIQUE GARRIDO** would be used for the benefit of, and to pay the personal expenses of the Defendant, said information being a material fact; and

PARAGRAPH THREE

Intentionally failing to disclose that funds invested would be used to pay outstanding insurance claims of existing companies owned or controlled by the Defendant and **ALBERTO ALBA VILLARREAL**; said information being a material fact; and

PARAGRAPH FOUR

Intentionally failing to disclose that the certificate of deposit in the amount of **\$2,050,000** that the Defendant represented would constitute his half of the investment required to form an insurance

2013-DCR-03190

company in Texas was pledged **100%** to **FIRST NATIONAL BANK**, as of the **10TH DAY OF JUNE, 2008**, said information being a material fact; and

PARAGRAPH FIVE

Intentionally failing to disclose that throughout **2006 and 2007**, the **TEXAS DEPARTMENT OF INSURANCE** received numerous complaints against **NAFTA GENERAL AGENCY**, a company owned and controlled by **DANIEL THOMAS HERNANDEZ**, of which only one complaint was found to be unjustified, said information being a material fact; and

PARAGRAPH SIX

Intentionally failing to disclose that on or about the **12TH DAY OF FEBRUARY, 2008**, the **TEXAS DEPARTMENT OF INSURANCE** conducted a market examination of **NAFTA GENERAL AGENCY**, a company owned and controlled by **DANIEL THOMAS HERNANDEZ**, which resulted in the Commissioner of Insurance of Texas issuing an Emergency Cease & Desist Order (08-0199) on the **14TH DAY OF MARCH, 2008**, which was pending at the time the Defendant offered the investment opportunity to **ENRIQUE GARRIDO**, said information being a material fact; and

PARAGRAPH SEVEN

Intentionally and knowingly misrepresenting the financial condition of the existing companies owned or controlled by the Defendant, said information being a misrepresentation of a relevant fact; and

PARAGRAPH EIGHT

Intentionally and knowingly misrepresenting the Defendant as a successful businessman, said information being a misrepresentation of a relevant fact; and

PARAGRAPH NINE

Intentionally and knowingly misrepresenting that the amount of money needed to form an insurance company in Texas was \$4,000,000, when in fact in 2008, the amount needed was \$2,000,000 of capital and surplus in cash, said information being a misrepresentation of a relevant fact; and

PARAGRAPH TEN

Intentionally and knowingly misrepresenting that funds invested by **ENRIQUE GARRIDO** would remain in escrow until all parties contributed the necessary \$4,000,000 needed to form the insurance company, said information being a misrepresentation of a relevant fact;

PARAGRAPH ELEVEN

And it is further presented in and to said Court that all of the said amounts were obtained pursuant to one scheme or continuing course of conduct, and the aggregate value of the property obtained was \$100,000 or more.;

COUNT II

AND THE GRAND JURORS AFORESAID, upon their Oaths in said Court, do further present that DANIEL THOMAS HERNANDEZ, hereinafter called the Defendant, on or about the 7TH DAY OF NOVEMBER, 2008, and anterior to the presentment of this indictment, in the County of Cameron and State of Texas, then and there unlawfully appropriate, by acquiring or otherwise exercising control over, property, to-wit: U.S. Currency, of the value of \$200,000 or more, from ENRIQUE GARRIDO, the owner thereof, without the effective consent of the owner, namely, by deception, and with intent to deprive the owner of the property,

against the peace and dignity of the State.

FILED 11:20 O'CLOCK a M
AURORA DE LA GARZA, DIST. CLERK

NOV - 6 2013

DISTRICT COURT, CAMERON COUNTY TEXAS
BY Edna Alvarez DEPUTY

Pasa M Allamirano
Foreman of the Grand Jury

Memorandum

THE STATE OF TEXAS VS HERNANDEZ, DANIEL THOMAS

OFFENSE	OFFENSE CODE	STATUTE	MAGISTRATE #	BOND AMOUNT
SECURITIES W/O REGISTRATION; THEFT PROP>=\$200K	26990161; 23990013; 26990161; 23990013	581-29 (B); 31.03(e)(7)	UNARRESTED	30,000.00;

DEFENDANT: HERNANDEZ, DANIEL THOMAS



ARREST AGENCY: Cameron County Sheriff's Department
on this charge

ARREST DATE: Not arrested

AGENCY CASE #: Texas State Securities Board
