

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN RE: Patrick Mazza)	
)	DOCKET NO. 20-026-S
Evolution Mentor Capital Inc.)	

Ex Parte Order to Cease and Desist

Based on the Motion of the Securities Division of the Department of Financial Regulation (“the Department”), pursuant to 9 V.S.A. §§ 5403 and 5604 for an order requiring Patrick Mazza and Evolution Mentor Capital Inc., to cease and desist from offering or selling securities within the meaning of 9 V.S.A. § 5102(28) pending further order of the Commissioner because of violations of 9 V.S.A. §§ 5301, 5401, and 5501 by Mr. Mazza and Evolution and the immediate need to protect the financial health and welfare of Vermont residents who may be affected by Mr. Mazza’s and Evolution’s conduct, the Commissioner hereby renders the following Findings of Fact and Conclusions of Law and enters the following Order:

I. FINDINGS OF FACT

1. On or about June 2, 2020, the Vermont Department of Financial Regulation (the Department) received communications from both the United States Secret Service and a representative of People’s United Bank (“People’s”) regarding a Vermont resident and People’s customer who had wired money to Patrick Mazza’s account at TD Bank in Ontario, Canada in connection with an

“Investment Partnership Agreement” relative to a Crypto Currency mining investment which appears to be fraudulent.

2. Patrick Mazza (Mr. Mazza) is a resident of Toronto, Ontario.
3. Evolution Mentor Capital Inc. is a corporation formed under the laws of Ontario, with its principle place of busines at 350 Bay Street, Toronto, Ontario.
4. The complainant is a resident of Peru, Vermont. She suffers from mental health conditions which diminish her mental capacity.
5. On May 10, 2020, Patrick Mazza contacted the complainant by email to solicit her participation in an “Investment Partnership” known as Evolution Mentor Capital Inc., a cryptocurrency mining scheme through which the complainant was to invest \$100,000, and Mr. Mazza was to manage the investment, provide the hardware and software, and handpick the cryptocurrency mining equipment. *Affidavit of William R. Carrigan*, June 8, 2020, ¶ 10.
6. Mr. Mazza attached to his email a Power Point presentation featuring a photograph of Pope Francis and other celebrities and promising returns of 507%. He further promised that, “you invest \$100,000. That is the extent of the work you do.” *Carrigan Aff.* ¶ 22.
7. In his initial email, Mr. Mazza stated he had found the complainant through “Bob Proctor’s MSI ”¹ and that “I believe we are in vibrational harmony.” *Id.* ¶ 10.

¹ Bob Proctor is one of the principals of Proctor Gallagher Institute, a “personal development company” which promises increased wealth and better quality of life with such slogans as “Think and Grow Rich.” On information and belief, the complainant had previously had some association with Proctor Gallagher.

8. Pursuant to an Investment Agreement dated May 19, 2020, the complainant wired \$100,030, in two installments on May 19 and May 21, to Mr. Mazza's account in Toronto. *Id.* ¶ 11,12.
9. The stated purpose of the "partnership" was a crypto currency mining agreement which Mr. Mazza said in the PowerPoint presentations would provide complainant a guaranteed 507% return. *Id.* ¶ 22.
10. Section 8 of the Investment Agreement promised the complainant returns, guaranteed with 0 risk, on her \$100,000 investment on August 19, 2020 and an additional return of \$900,000 on May 19, 2021. *Id.* ¶ 14.
11. Shortly after wiring the second installment to Mr. Mazza's account, the complainant became concerned about the legitimacy of the purported investment. *Id.* ¶ 13, 15.
12. The complainant filed a fraud claim with TD Bank and filed complaints with the Federal Trade Commission and the Vermont State Police. As a result, TD Bank has placed a hold on the funds and has not yet released them to Mazza. *Id.* ¶ 13,16.
13. TD Bank has represented to the Department that Mr. Mazza has been pressuring and threatening them with litigation, and that absent a court order, it will be required to release the funds to Mazza after 10 days. *Id.* ¶ 16.
14. On May 22, 2020, after learning of the fraud claim, Mr. Mazza emailed the complainant, threatening, among other things, to sue her if she did not retract the fraud claim and allow TD Bank to release the funds to him. He stated, " we will be seeking punitive damages, loss of future earnings, and restitution in the

amount of at least \$500,000..." and "Carolyn, Allison and Robert are in for a rough ride due to your/their fraudulent actions."² He further threatened, "We've spoken to our contacts at James Madison and have gotten information on Carolyn. We have contacts." *Id.* ¶ 27, 28.

15. Mazza has continued to threaten the complainant and the complainant's family by telephone and email. *Id.* ¶ 27.

16. Neither Mr. Mazza nor Evolution Mentor Capital Inc. is registered in any capacity with the Department of Financial Regulation. *Id.* ¶ 31-33. The investment contracts offered by Mr. Mazza were not registered as securities. *Id.* ¶ 33.

17. Absent an Order, TD Bank has said that it will release after ten days the funds the complainant wired to Mr. Mazza.

II. CONCLUSIONS OF LAW

18. Pursuant to 9 V.S.A. § 5301, it is unlawful for a person to sell a security unless that security has been registered with the Department. Pursuant to 9 V.S.A. § 5401, it is unlawful for an individual to offer a security for sale without being registered to do so.

19. Pursuant to 9 V.S.A § 5102(28), the term "security" includes investment contracts and related types of participation in profit-sharing agreements.

² On information and belief, Carolyn and Allison are the complainant's children, and Robert is her husband.

20. Pursuant to 9 V.S.A. § 5102(3), the term “broker-dealer” means a person engaged in the business of effecting transactions in securities.
21. Mr. Mazza violated 9 V.S.A. § 5301 by offering securities which had not been registered with the Securities Division.
22. Mr. Mazza violated 9 V.S.A. § 5401 by acting as a broker-dealer without being properly registered to do so.
23. Pursuant to 9 V.S.A. § 5501(1), it is unlawful for a person to employ a scheme, device, or artifice to defraud another person.
24. Pursuant to 9 V.S.A. § 5501(3), it is unlawful for a person to engage in a practice or course of business that operates or would operate as a fraud or deceit upon another person.
25. By convincing the complainant to enter into the above-described fraudulent investment contract and to pay \$100,000 to Mazza’s account, then attempting to withdraw those funds, Mr. Mazza deceived and defrauded Ms. T in violation of 9 V.S.A. § 5501(1) and 5501(3). The Investment Contract promised unrealistic returns and contained numerous other indicia of fraud.
26. If and to the extent Mr. Mazza entered into investment contracts with other Vermont residents, he committed additional violations of 9 V.S.A. §§ 5301 and 5401 and may have committed additional violations of 9 V.S.A. § 5502.

III. Commissioner’s Authority

27. Pursuant to 9 V.S.A. § 5604(a)(1), the Commissioner may issue orders or directives to any person to cease and desist from specific conduct if the

Commissioner finds that the person has engaged, is engaging or is about to engage in an act, practice or course of business which constitutes a violation of 9 V.S.A. Chapter 150, the Vermont Uniform Securities Act.

28. Pursuant to 9 V.S.A. 5604(b) and Section 13 of Department Reg 82-1 (Revised), the Commissioner may issue such orders without prior notice or an opportunity to be heard.

29. In light of the known violations of 9 V.S.A. §§ 5301, 5401 and 5501, the threats made by Mr. Mazza, and the risk that the financial health and welfare of additional Vermont residents may be affected by Mr. Mazza's conduct, an *ex parte* order is appropriate in this case.

30. The Commissioner may require the production of records pursuant to 8 V.S.A. § 13 and 9 V.S.A. § 5602(b).

IV. ORDER

31. Given the above findings of fact and conclusions of law, **IT IS HEREBY ORDERED:**

(1) Mr. Mazza and Evolution shall immediately cease and desist from offering or selling securities in Vermont; (2) Mr. Mazza and Evolution shall immediately cease and desist from having further contact with the complainant in connection with this matter, either personally or through agents; (3) Mr. Mazza and Evolution shall cease and desist from taking action to withdraw, transfer, or in any manner convert to his or Evolution's use the funds wired by the complainant; and (4) Mr. Mazza and Evolution and their agents shall not withhold, destroy, mutilate, or by any means

alter or modify any documentary material in his possession that is relevant to this matter, and (5) Mr. Mazza and Evolution shall produce to the Department within 10 days of the entry of this Order all documentary materials relating to this matter, including all records related to investment contracts between Mr. Mazza or Evolution and any Vermont resident and any bank account records related thereto.

Dated at Montpelier, Vermont this 8th day of June 2020

A handwritten signature in black ink, appearing to read 'M. Pieciak', written over a horizontal line.

Michael S. Pieciak, Commissioner
Vermont Department of Financial Regulation