

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
ADMINISTRATIVE AGENCY ACTION NO. 2010-AH-1121**

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

FINAL ORDER

ENVIT CAPITAL HOLDINGS, INC.
ENVIT HOLDINGS, INC.
ENVIT CAPITAL, LLC
and

PHIL GARGANO

RESPONDENTS

STATEMENT OF FACTS

1. The Department of Financial Institutions (the “DFI”) is responsible for administering the provisions of Kentucky Revised Statutes (KRS) Chapter 292, the Securities Act of Kentucky (“the Act), as well as any applicable rules, regulations and orders entered pursuant to the Act.

2. Envit Capital, LLC is a Delaware limited liability company whose principal office is located at 58 Batterymarch Street, Suite 4, Boston, MA 02110.

3. Envit Holdings, Inc. is a Delaware corporation whose principal office is located at 100 Franklin Street, Boston, MA 02110.

4. Envit Capital Holdings, Inc. is the alter ego of Envit Capital, LLC and Envit Holdings, Inc. and its last known address is 2234 N. Federal Hwy #315, Boca Raton, FL 33431.

5. Phil Gargano (“Gargano”) worked for Envit Capital Holdings as a sales agent during the relevant time period giving rise to this administrative complaint.

6. In June 2009, Gargano made a cold call to Investor #1, a resident of Cadiz, Kentucky and advised him that he was an agent for Envit Capital Holdings. During said phone call, Gargano solicited Investor #1 to purchase Envit Capital Holding’s common stock.

7. Gargano told Investor #1 that Envit Capital Holding was the owner of a company called Rib World and that Investor #1 would receive a 30% return on his investment in ninety (90) days. Investor #1 sent a check payable to Envit Capital Holdings in the amount of one thousand dollars (\$1,000) in consideration for 100 shares of Envit Capital Holding’s common stock.

8. Prior to receiving Gargano’s phone call, Investor #1 had no prior dealings with Gargano or Envit Capital Holdings.

9. Investor #1 has not received any payments from Envit Capital Holdings since his purchase of the stock and he has been unable to contact Gargano.

10. On November 10th 2010, the DFI filed an Administrative Complaint against Envit Capital, LLC, Envit Holdings, Inc., Envit Capital Holdings, Inc. and Gargano, seeking: (a) the imposition of a five thousand dollar (\$5,000) fine for Envit Capital, LLC’s violation(s) of the Act; (b) the imposition of a five thousand dollar (\$5,000) fine for Envit Holdings, Inc.’s violation(s) of the Act; (c) the imposition of a five thousand dollar (\$5,000) fine for Envit Capital Holdings, Inc.’s violation(s) of the Act; (d) the imposition of a five thousand dollar (\$5,000) fine for Gargano’s violation(s) of the Act; (e) an **ORDER** that Gargano be permanently banned from engaging in the

securities business in Kentucky and (f) an **ORDER** that Envit Capital, LLC, Envit Holdings, Inc., Envit Capital Holdings, Inc. and Gargano, cease and desist from offering to sell or selling securities in violation of the Act and cease and desist from committing any other violations of the Act.

11. The Administrative Complaint was sent to Envit Holdings, Inc. at its last known address by certified mail return receipt requested. The U.S. Post Office returned the Administrative Complaint to the DFI on November 24, 2010. Envit Holdings, Inc. did not respond to the Administrative Complaint.

12. The Administrative Complaint was sent to Envit Capital, LLC at its last known address by certified mail return receipt requested. The U.S. Post Office returned the Administrative Complaint to the DFI on November 19, 2010. Envit Capital, LLC did not respond to the Administrative Complaint.

13. The Administrative Complaint was sent to Envit Capital Holdings, Inc. at its last known address by certified mail return receipt requested. The return receipt shows that the Administrative Complaint was received at Envit Capital Holdings, Inc.'s last known address on November 13, 2010. Envit Capital Holdings, Inc. did not respond to the Administrative Complaint.

14. The Administrative Complaint was sent to Gargano at his last known address by certified mail return receipt requested. The U.S. Post Office returned the Administrative Complaint to the DFI on November 19, 2010. Gargano did not respond to the Administrative Complaint.

STATUTORY AUTHORITY

15. Pursuant to KRS 292.310(19), the definition of security includes “stock” in a corporation.

16. Pursuant to KRS 292.340, “[i]t is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security.”

17. Pursuant to KRS 292.310(1), agent means “any individual, other than a broker-dealer, who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.”

18. Pursuant to KRS 292.330(3), “[i]t is unlawful for any person to transact business in this state as a broker-dealer or agent, unless the person is registered under this chapter.”

19. Pursuant to KRS 292.330(7), “[i]t is unlawful for a broker-dealer or an issuer to employ or associate with an agent unless the agent is registered....”

20. Pursuant to KRS 292.320(1), “[i]t is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly:

- (a) To employ any device, scheme, or artifice to defraud;
- (b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or
- (c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

21. Pursuant to KRS 292.500(14), the Commissioner may impose civil fines against any person who violates any provision of this chapter or any rule or order or voluntary agreement entered into under this chapter. Each act or transaction which violates

this chapter or administrative regulation, or orders or agreements entered into under this chapter, shall constitute a separate violation.

22. Pursuant to KRS 292.470, whenever it appears to the Commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter, the commissioner may in his or her discretion bring any or all of the following remedies: (3) Issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person or persons found to have engaged in, or about to be engaged in, activity that constitutes a violation of this chapter or any rule or order under this chapter:

(a) To cease and desist from the activity;

(b) To perform any other reasonable mandates directed by the commissioner pursuant to an appropriate remedy fashioned by the commissioner and reasonably calculated to carry out the provisions of this chapter; or

(c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15).

CONCLUSIONS OF LAW

23. The Envit Capital Holdings stock that Investor #1 purchased meets the definition of security in KRS 292.310(19).

24. The Respondents violated KRS 292.340 by offering to sell and/or selling securities in Envit Capital Holdings even though the securities were not registered, exempt from registration, or covered securities.

25. Gargano acted as an agent by effecting Investor #1's purchase of securities in Envit Capital Holdings.

26. Gargano violated KRS 292.330(3) by transacting business as an agent of Envit Capital Holdings even though he was not registered as an agent.

27. Envit Capital Holdings violated KRS 292.330(7) by employing Gargano as an agent even though he was not registered as an agent.

28. The Respondents violated KRS 292.320(1) by making misrepresentations and/or omissions of fact about Envit Capital Holdings to Investor #1 including, but not limited to, the promise of a 30% return on his investment and by making misrepresentations or omissions in the private placement memorandum provided to him.

29. The Administrative Complaint was served on Envit Holdings, Inc. at its last known address.

30. The Administrative Complaint was served on Envit Capital, LLC at its last known address.

31. The Administrative Complaint was served on Envit Capital Holdings, Inc. at its last known address.

32. The Administrative Complaint was served on Phil Gargano at his last known address.

ORDER

THEREFORE, based upon the foregoing statement of facts, statutory authority, and legal conclusions, the Commissioner **HEREBY ORDERS**:

1. Envit Holdings, Inc. shall pay a fine in the amount of five thousand dollars (\$5,000.00) for violations of the Act.

2. Envit Capital, LLC, shall pay a fine in the amount of five thousand dollars (\$5,000.00) for violations of the Act.

3. Envit Capital Holdings, Inc. shall pay a fine in the amount of five thousand dollars (\$5,000.00) for violations of the Act.

4. Phil Gargano shall pay a fine in the amount of five thousand dollars (\$5,000.00) for violations of the Act and shall be permanently banned from engaging in the securities business in Kentucky.

5. Envit Capital, LLC, Envit Holdings, Inc., Envit Capital Holdings, Inc. and Phil Gargano, shall **CEASE AND DESIST** from offering to sell or selling securities in violation of the Act and shall **CEASE AND DESIST** from committing any other violations of the Act.

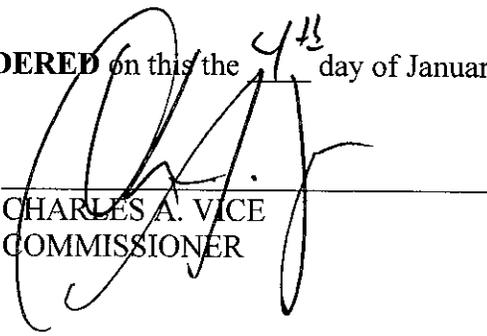
6. This is a **FINAL ORDER**.

This **ORDER** shall become effective upon completion of service as set forth in KRS 13B-050(2).

NOTICE OF APPEAL RIGHTS

Pursuant to KRS 292.490, you are hereby notified that you have the right to appeal this Final Order of the Commissioner. If you choose to appeal, you must file a written Notice of Appeal with the Franklin Circuit Court within thirty (30) days after entry of this Order.

IT IS SO ORDERED on this the ^{4th} day of January 2011.



CHARLES A. VICE
COMMISSIONER

Certificate of Service

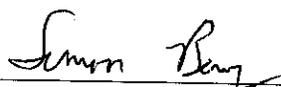
I hereby certify that a copy of the foregoing **Final Order** was sent by certified mail, return receipt requested, on this the 3rd day of January, 2011, to the following:

Envit Capital, LLC
Attn: Edward Laborio
Registered Agent
58 Batterymarch Street
Suite 4
Boston, MA 02110

Phil Gargano
58 Batterymarch Street
Suite 300
Boston, MA 02110

Envit Holdings, Inc.
Attn: Edward Laborio
100 Franklin Street
Boston, MA 02110

Envit Capital Holdings, Inc.
2234 N. Federal Hwy
#315
Boca Raton, FL 33431



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