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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Derek Galli, d/b/a Galli Financial & Insurance Services
821 Alpine Street
Jackson, CA 95642

Scott R. Bogue, President
Brian Torrance, Vice President
Fortune Recovery Group, Inc.
1333 Howe Avenue, Suite 200
Sacramento, CA 95825

1321 Howe Avenue, Suite 101
Sacramento, CA 95825

2280 Grass Valley Highway, Suite 212
Auburn, California 95603

1232 Q Street, 1st Floor
Sacramento, California 85811

Scott R. Bogue, Manager
Brian Torrance, Manager
BT Management & Development Group, LLC
14460 New Falls of Neuse Road, Suite 149-296
Raleigh, North Carolina 27614

11768 Atwood Road, Suite 12 and 18
Auburn, California 95603

8510-102 Six Forks Road
Raleigh, North Carolina 27615

Scott R. Bogue, President
Brian Torrance, Vice President
BT Management Group, Inc.
BT Partners, LLC
8510-102 Six Forks Road
Raleigh, North Carolina 27615

1321 Howe Avenue, Suite 101
Sacramento, CA 95825

DESIST AND REFRAIN ORDER

(For violations of section 25110, 25210 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1 1. At all relevant times, Derek Galli, Certified Senior Advisor, doing business as Galli Financial
2 & Insurance Services (hereinafter “Galli”) with a business address of 821 Alpine Street, Jackson,
3 California, solicited investors for Fortune Recovery Group, Inc. (hereinafter “Fortune Recovery
4 Group”), a California corporation with business addresses of 1333 Howe Avenue, Suite 200, and
5 1321 Howe Avenue, Suite 101, in Sacramento, California, and 2280 Grass Valley Highway, Suite
6 212, Auburn, California, and a registered address of 1232 Q Street, 1st Floor, Sacramento, California.

7 2. At all relevant times, Scott R. Bogue (hereinafter “Bogue”) was President of Fortune
8 Recovery Group.

9 3. At all relevant times, Brian Torrance (hereinafter “Torrance”) was Vice President of Fortune
10 Recovery Group.

11 4. At all relevant times, Bogue and Torrance were also Managers of BT Management &
12 Development Group, LLC (hereinafter “BT Management & Development”), a Nevada limited
13 liability company, with business addresses of 14460 New Falls of Neuse Road, Suite 149-296,
14 Raleigh, North Carolina, 11768 Atwood Road, Suite 12 and 18, Auburn, California and 8510-102 Six
15 Forks Road, Raleigh North Carolina 27615. BT Management & Development and BT Management
16 Group, Inc. (hereinafter “BT Management”), a Nevada corporation with business addresses of 8510-
17 102 Six Forks Road, Raleigh, North Carolina and 1321 Howe Avenue, Suite 101, Sacramento,
18 California, were Managers of BT Partners, LLC (hereinafter “BT Partners”), a Nevada limited
19 liability company with a business address of 8510-102 Six Forks Road, Raleigh, North Carolina.
20 Bogue was President, Chief Executive Officer and Director for BT Management, and Torrance was
21 Vice President, Secretary, Treasurer and Director of BT Management.

22 5. Beginning in or about September, 2005, Galli, Bogue, Torrance, Fortune Recovery Group, BT
23 Management & Development, BT Management and BT Partners offered or sold securities in the form
24 of promissory notes by Fortune Recovery Group, or limited liability interests (hereinafter “LLC
25 Interests”) in BT Partners.

26 6. Through in-home consultations resulting from financial seminars advertized by mass mailings
27 or other means of general solicitation, Galli, Bogue, Torrance, Fortune Recovery Group, BT
28 Management & Development, BT Management and BT Partners offered or sold Sixty (60) Month

1 Secured Notes for a minimum of \$25,000 a note to raise five million dollars for Fortune Recovery
2 Group, or 10,000 LLC Interests at a purchase price of \$1,000 per LLC Interest to raise a non-
3 specified amount for BT Partners.

4 7. The purported purpose of the offering for Fortune Recovery Group was to raise funds to
5 purchase excess credit card debt from banks for pennies on the dollar. The purported purpose of the
6 offering for BT Partners was to raise funds to invest “pursuant to a proprietary trading strategy and
7 methodology that involves the sale and purchase of U.S. equity securities”.

8 8. Galli solicited potential investors through means of general solicitation for Fortune Recovery
9 Group and was engaged in the business of effecting transactions in securities in the state of California
10 for the account of others or his own account.

11 9. These securities were offered or sold in this state in issuer transactions. The Department of
12 Corporations has not issued a permit or other form of qualification authorizing any person to offer
13 and sell these securities in this state.

14 10. In connection with these offers and sales, Galli, Bogue, Torrance, Fortune Recovery Group,
15 BT Management & Development, BT Management and BT Partners misrepresented to investors or
16 omitted to disclose to investors that:

17 a. the civil lawsuit by the Pennsylvania Securities Commission on June 15, 2000 against
18 Bogue and Trend Invest, L.P. also named as a defendant, a company called JC Partners, LLC. Bogue
19 was a “general partner” of Trend Invest, L.P. and a managing member of JC Partners, LLC. In
20 addition to alleging securities registration violations, the lawsuit also alleged violations of the anti-
21 fraud provisions of the Pennsylvania Securities Act of 1972, and in June, 2000 the court froze
22 \$126,000 in an account used by Trend Invest, L.P. and ordered the defendants to stop selling interests
23 in Trend Invest, L.P. On January 25, 2001, the court entered a Consent Decree under which investors
24 were repaid over \$380,000 and the sale of interests in Trend Invest, L.P. and JC Partners in and from
25 Pennsylvania was permanently stopped.

26 b. the June, 2000 civil lawsuit by the Pennsylvania Securities Commission referenced
27 above also alleged violations by Bogue of a prior order issued February 10, 2000 by the Court of
28 Common Pleas of Montgomery County, Pennsylvania in another lawsuit by the Pennsylvania

1 Securities Commission against U.S. Estate Group, LLC, Bogue and other defendants. The February
2 10, 2000 order prohibited sales of interests in the Eagle Cash Management Account System for Debt
3 Recovery Program.

4 c. the Pennsylvania lawsuit against U.S. Estate Group, LLC, Bogue and other defendants
5 also alleged in part that the monthly “profit” payments made to investors were not the result of profits
6 earned by the debt recovery program in which investors were sold interests, but rather were payments
7 from returning the investors’ principal or were payments made from funds invested by new investors.
8 In addition, the lawsuit alleged that the defendants did not disclose or misrepresented material facts
9 about the debt recovery program to investors.

10 Based upon the foregoing findings, the California Corporations Commissioner is of the
11 opinion that the promissory notes of Fortune Recovery Group, Inc. and LLC Interests in BT Partners,
12 LLC are securities subject to qualification under the California Corporate Securities Law of 1968 and
13 are being or have been offered or sold without being qualified in violation of Corporations Code
14 section 25110. Pursuant to section 25532 of the Corporate Securities Law of 1968, Derek Galli,
15 doing business as Galli Financial & Insurance Services, Scott R. Bogue, Brian Torrance, Fortune
16 Recovery Group, Inc., BT Management & Development Group, LLC, BT Management Group, Inc.
17 and BT Partners, LLC are hereby ordered to desist and refrain from the further offer or sale in the
18 State of California of securities, including but not limited to promissory notes or LLC Interests,
19 unless and until qualification has been made under the law. This Order is necessary, in the public
20 interest, for the protection of investors and consistent with the purposes, policies, and provisions of
21 the Corporate Securities Law of 1968.

22 In addition, based upon the foregoing, the California Corporations Commissioner is of the
23 opinion that Derek Galli, doing business as Galli Financial & Insurance Services, has effected
24 transactions in securities as a broker-dealer without having first applied for and secured from the
25 Commissioner a certificate, authorizing this person to act in that capacity, in violation of section
26 25210 of the Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate
27 Securities Law of 1968, Derek Galli, doing business as Galli Financial & Insurance Services, is
28 hereby ordered to desist and refrain from effecting any transaction in, or inducing or attempting to

1 induce the purchase or sale of, any security in this state, unless and until they have applied for and
2 secured from the Commissioner a certificate, then in effect, authorizing these persons to act in that
3 capacity, or unless exempt.

4 Further, the California Corporations Commissioner is of the opinion that the securities of
5 Fortune Recovery Group, Inc. and BT Partners, LLC were offered or sold in this state by means of
6 written or oral communications which included an untrue statement of a material fact or omitted to
7 state a material fact necessary in order to make the statements made, in the light of the circumstances
8 under which they were made, not misleading, in violation of section 25401 of the Corporate
9 Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Derek
10 Galli, doing business as Galli Financial & Insurance Services, Scott R. Bogue, Brian Torrance,
11 Fortune Recovery Group, Inc., BT Management & Development Group, LLC, BT Management
12 Group, Inc. and BT Partners, LLC are hereby ordered to desist and refrain from offering or selling or
13 buying or offering to buy any security in the State of California, including but not limited to
14 promissory notes of Fortune Recovery Group, Inc. and LLC Interests in BT Partners, LLC, by means
15 of any written or oral communication which includes an untrue statement of a material fact or omits
16 to state a material fact necessary in order to make the statements made, in the light of the
17 circumstances under which they were made, not misleading. This Order is necessary, in the public
18 interest, for the protection of investors and consistent with the purposes, policies, and provisions of
19 the Corporate Securities Law of 1968.

20 Dated: April 12, 2010
21 Sacramento, California

22 PRESTON DuFAUCHARD
23 California Corporations Commissioner

24
25 By _____
26 ALAN S. WEINGER
27 Deputy Commissioner
28 Enforcement Division