

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934  
Release No. 68285 / November 23, 2012

ADMINISTRATIVE PROCEEDING  
File No. 3-14948

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In the Matter of	:	ORDER MAKING FINDINGS
	:	AND IMPOSING SANCTIONS
FLORIN S. ILOVICI	:	BY DEFAULT

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The Securities and Exchange Commission (Commission) instituted this proceeding on July 12, 2012, pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The Order Instituting Proceedings (OIP) alleges that on July 5, 2012, the United States District Court for the District of Connecticut (District Court) entered a final judgment against Respondent Florin S. Ilovici (Ilovici), permanently enjoining him from future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder in SEC v. Ilovici, No. 3:11-CV-00981-WWE (Civil Action). OIP, p. 1.

Ilovici was served with the OIP on July 12, 2012. He failed to answer, to respond to my August 14, 2012, order to show cause, or to otherwise defend this proceeding. Accordingly, on September 12, 2012, I deemed Ilovici in default. On October 19, 2012, the Division of Enforcement (Division) filed a Motion for Imposition of Sanctions Against Ilovici (Motion), along with an Affidavit of Michael D. Foster in Support with five exhibits attached. The exhibits include, among other things, the Complaint and Final Judgment of Permanent Injunction, Disgorgement and Other Relief (Final Judgment) in the Civil Action. Ilovici did not respond to the Motion.

The Division's Motion is granted. This proceeding will be determined upon consideration of the record including the OIP, the allegations of which are deemed true. See 17 C.F.R. § 201.155(a). Additionally, because the District Court entered a default against Ilovici in the Civil Action, all of the well-pleaded allegations of the Complaint are deemed admitted. See Final Judgment, p. 1; Transatlantic Marine Claims Agency, Inc. v. Ace Shipping Corp., 109 F.3d 105, 108 (2d Cir. 1997).

**FINDINGS OF FACT**

Ilovici was a 49-year-old resident of Avon, Connecticut, during the time at issue. Complaint, p. 4. From January to October 2007, he was a registered representative of UVEST Financial Services Group, Inc. (UVEST), a broker-dealer registered with the Commission. OIP, p. 1; Complaint, p. 4. UVEST terminated Ilovici for violating its internal policies and

procedures, and he has not been registered with the Commission in any capacity since October 2007. Complaint, p. 4.

In approximately January 2008, Ilovici began using material misrepresentations to raise more than \$1 million from at least two investors, both of whom were elderly Connecticut women who lived alone and suffered from health problems. OIP, pp. 1-2; Complaint, pp. 5-11. One of the individuals, a former brokerage customer of Ilovici's, invested a total of \$126,000 with him between March and September 2008. OIP, p. 2; Complaint, p. 5. Another individual, a woman whom Ilovici befriended shortly after her husband passed away in approximately 2008, invested more than \$1 million with Ilovici between June 2008 and October 2010. Complaint, pp. 7-10.

Ilovici promised to invest these funds on behalf of the individuals. OIP, p. 2; Complaint, pp. 5, 7. Instead, he transferred the funds to his personal bank and brokerage accounts, where he either lost the funds in risky securities or foreign currency exchange trading or used the funds for personal expenses including mortgage and credit card payments, travel, and home improvements. OIP, p. 2; Complaint, pp. 6, 7-11. Ilovici's misconduct continued until April 2011. Complaint, pp. 10-11.

On July 5, 2012, the District Court entered the Final Judgment by default, permanently enjoining Ilovici from violating Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, ordering him to disgorge \$1,149,920.02 in profits gained as a result of the conduct alleged in the Complaint plus prejudgment interest, and ordering him to pay a civil penalty of \$900,000. Final Judgment, pp. 1-2.

## CONCLUSIONS OF LAW

Section 15(b)(6)(A) of the Exchange Act states that the Commission shall sanction any person who, at the time of the misconduct, was associated with a broker or dealer, if the sanction is in the public interest and the person is enjoined from any action, conduct, or practice specified in Section 15(b)(4)(C) of the Exchange Act. Ilovici is permanently enjoined from engaging in or continuing certain conduct or practice in connection with acting as a broker or dealer, or in connection with the purchase or sale of securities, within the meaning of Section 15(b)(4)(C) of the Exchange Act. Accordingly, a sanction shall be imposed on Ilovici if it is in the public interest. See Vladislav Steven Zubkis, Exchange Act Release No. 52876 (Dec. 2, 2005), 86 SEC Docket 2618, 2627, request for clarification denied, Exchange Act Release No. 53651 (Apr. 13, 2006), 87 SEC Docket 2584 (barring an unregistered, associated person of an unregistered broker-dealer from association with a broker or dealer).

## SANCTIONS

Associational bars are in the public interest, in accordance with the sanction considerations set forth in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff'd on other grounds, 450 U.S. 91 (1981). See Christopher A. Lowry, Advisers Act Release No. 2052 (Aug. 30, 2002), 55 S.E.C. 1133, 1141, aff'd, 340 F.3d 501 (8th Cir. 2003). Ilovici's conduct was egregious, recurrent, and involved scienter. Over the course of several years, he violated the antifraud provisions of the federal securities laws by operating a scheme to misappropriate funds

from elderly investors through the use of material misrepresentations. The egregiousness of Ilovici's conduct is further demonstrated by the District Court's order that he disgorge approximately \$1.1 million in illegally-obtained profits and pay a \$900,000 civil penalty. See Don Warner Reinhard, Exchange Act Release No. 63720 (Jan. 14, 2011), 100 SEC Docket 36940, 36947 & n.21 (citing Robert Bruce Lohmann, Exchange Act Release No. 48092 (June 26, 2003), 56 S.E.C. 573, 583 n.20 (finding that matters "not charged in the OIP" may nevertheless be considered "in assessing sanctions")). By his default in both proceedings, Ilovici has failed to offer assurances against future violations and to recognize the wrongful nature of his conduct.

Furthermore, the Commission has noted that "the fact that a person has been enjoined from violating antifraud provisions 'has especially serious implications for the public interest.'" Michael T. Studer, Exchange Act Release No. 50411 (Sept. 20, 2004), 57 S.E.C. 890, 898, reconsideration denied, Exchange Act Release No. 50600 (Oct. 28, 2004), aff'd, 148 F. App'x 58 (2d Cir. 2005) (unpublished) (quoting Marshall E. Melton, Advisers Act Release No. 2151 (July 25, 2003), 56 S.E.C. 695, 713). The Commission has also stated that "conduct that violates the antifraud provisions of the federal securities laws is especially serious and subject to the severest of sanctions under the securities laws." Marshall E. Melton, 56 S.E.C. at 713.

The Division seeks the full range of industry bars authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank). Motion, p. 8. Specifically, the Division requests that Ilovici be barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization. Id., p. 5. Because Ilovici's misconduct continued after the July 21, 2010, enactment of Dodd-Frank, a full collateral bar does not implicate any retroactivity issues and, thus, will be imposed.

### **ORDER**

It is ORDERED that, pursuant to Section 15(b) of the Securities Exchange Act of 1934, Florin S. Ilovici is barred from association with a broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

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Cameron Elliot  
Administrative Law Judge