

1 STATE OF WASHINGTON  
2 DEPARTMENT OF FINANCIAL INSTITUTIONS  
3 SECURITIES DIVISION

4 IN THE MATTER OF DETERMINING ) Order Number S-09-465-12-CO01  
5 Whether there has been a violation of the )  
6 Securities Act of Washington by: ) CONSENT ORDER AS TO  
7 Jeffrey N. Funes; ) JEFFREY N. FUNES  
8 Abdulkadir H. Al-nakib; )  
9 Respondents )

10 **INTRODUCTION**

11 On June 5, 2012, the Securities Administrator of the State of Washington issued  
12 Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, to Charge Costs,  
13 and to Impose Fines, Order Number S-09-465-12-SC01, against Respondent Jeffrey N. Funes.  
14 Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the  
15 Department of Financial Institutions (“Securities Division”) and Respondent Jeffrey N. Funes  
16 do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent  
17 Jeffrey N. Funes neither admits nor denies the Findings of Fact and Conclusions of Law stated  
18 below.

19 **FINDINGS OF FACT**

20 Respondents

21 1. Jeffrey N. Funes (“Funes”) was a resident of Washington during the relevant  
22 time period.

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25 CONSENT ORDER AS TO JEFFREY N. FUNES

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760



1 MIDH. According to the OTC Markets Group website, Middle East Oil Corporation stock  
2 presently has no market makers, and is not presently listed, traded, or quoted on any stock  
3 exchange, or the Over-the-Counter Bulletin Board (OTCBB).

4 6. The Respondents generally represented to investors that they were selling their  
5 own personal shares of the stocks, and offered to sell the stocks at prices ranging from \$0.25  
6 per share to as high as \$10 per share. Funes solicited some of his former mortgage broker  
7 clients, as well as other persons that he met through poker games and tournaments in  
8 Washington. Funes and Al-nakib met investors at their homes, or at other public locations,  
9 such as restaurants and casinos.

10 7. The Respondents arranged for investors to pay for their investments in cash,  
11 cashier's checks, or through personal checks made out to one of the Respondents. Al-nakib  
12 instructed one investor to write three checks made out to him personally in the amount of  
13 \$7,000 each. Al-nakib drove with another investor to a credit union, so that the investor could  
14 withdraw \$8,000 in cash for the investment, while Al-nakib waited in a vehicle outside.

15 8. After providing their funds to Funes and Al-nakib, investors sometimes received  
16 stock certificates indicating that the investor owned restricted shares of Modular Concepts Inc.  
17 or Middle East Oil Corporation stock.

18 9. In November 2011, Funes solicited a couple residing in Washington to purchase  
19 some of his shares of Middle East Oil Corporation stock. Funes told the investors that he was  
20 in the oil business and was working on a "huge deal" that would make him millions. Funes  
21 told the Washington residents that he owned about one million shares of Middle East Oil  
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1 Corporation stock, and that the stock was valued at \$51 per share. Funes stated that he was  
2 willing to sell up to \$10,000 worth of stock for \$10 per share. Funes stated that they needed to  
3 “act fast” since the deal would be closing soon. Funes then began calling and sending text  
4 messages to the Washington residents, and offered to sell a block of 15,000 shares for only \$1  
5 per share because the Washington residents were his “good friends.” Funes stated that Al-  
6 nakib was the President of Middle East Oil Corporation, and that he could arrange for the  
7 investors to meet Al-nakib to further discuss the investment.  
8

9 Misrepresentations and Omissions

10 10. In connection with the offer and sale of Modular Concepts, Inc. and Middle East  
11 Oil Corporation stock, the Respondents made misleading statements, concerning, among other  
12 things, the potential future market price of the stocks and the potential returns that investors  
13 could earn. Al-nakib told one investor that he had “inside” information on a merger that was  
14 purportedly to take place with Modular Concepts Inc., and that the stock price would increase  
15 from approximately \$1.25 to \$1.50 per share to \$30 or \$40 per share or more. Funes told an  
16 investor that Modular Concepts stock would “rocket” and would double or triple in value.  
17 Funes told another couple that he expected that they would make \$280,000 on a \$2,500  
18 investment in Modular Concepts. Similarly, Funes told an investor that a \$2,000 investment in  
19 Middle East Oil Corporation would be worth \$100,000. Funes told another prospective  
20 investor that Middle East Oil Corporation stock that he was selling for \$1 per share would be  
21 worth “closer to \$80 a share.” The Respondents each failed to fully disclose the basis and  
22 assumptions underlying these stock price projections.  
23

1           11. The Respondents failed to disclose the speculative nature of Middle East Oil  
2 Corporation stock, and the fact that there was no assurance that an active trading market would  
3 develop for the stock. According to publicly available trading information, there has been  
4 little or no trading volume in Middle East Oil Corporation stock since it was assigned a trading  
5 symbol in January 2010. The Respondents also failed to disclose the fact that they sold  
6 Middle East Oil Corporation stock at arbitrary prices.  
7

8           12. Funes failed to disclose to some prospective investors that he had previously  
9 been barred by the NASD for securities violations, and that he was subject to a Summary  
10 Order to Cease and Desist from the Securities Division of the State of Washington for  
11 securities violations.

12           13. Funes caused information to be disseminated to investors that misleadingly  
13 represented that Middle East Oil Corporation stock was traded on the NASDAQ. Funes  
14 provided some prospective investors with a letter that letter misleadingly stated that Middle  
15 East Oil Corporation was “traded on the NASDAQ OTC exchange.” Funes also directed some  
16 prospective investors to visit Middle East Oil Corporation’s website, [www.meoilcorp.com](http://www.meoilcorp.com).  
17 Under a “News & Events” heading, the website misleadingly stated that Middle East Oil  
18 Corporation is “Trading on Nasdaq” and included a link to NASDAQ’s website. Another  
19 portion of the website stated that Middle East Oil Corporation is “is traded on NASDAQ.” In  
20 fact, Middle East Oil Corporation stock is not, and has never been listed or traded on the  
21 NASDAQ. The link to the NASDAQ’s website merely provides quotation information on  
22 over-the-counter stocks, such as Middle East Oil Corporation.  
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1 Based upon the Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 1. The offer or sale of the Modular Concepts, Inc. and Middle East Oil Corporation  
4 stock described above constitutes the offer or sale of a security as defined in RCW 21.20.005  
5 (14) and (17).

6 2. The offer or sale of the stock described above was made in violation of RCW  
7 21.20.010 because, as set forth in the Findings of Fact, Respondent Jeffrey N. Funes made  
8 misstatements of material facts or omitted to state material facts necessary in order to make the  
9 statements made, in light of circumstances under which they were made, not misleading.

10 **CONSENT ORDER**

11 Based upon the foregoing and finding it in the public interest:

12 IT IS AGREED AND ORDERED that Respondent Jeffrey N. Funes, and his agents and  
13 employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of  
14 the Securities Act of Washington.

15 IT IS FURTHER AGREED AND ORDERED that Respondent Jeffrey N. Funes shall be  
16 liable for and shall pay investigative costs of \$2,000, prior to the entry of this Consent Order.

17 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this  
18 Consent Order.

19 IT IS FURTHER AGREED that Respondent Jeffrey N. Funes enters into this Consent  
20 Order freely and voluntarily and with a full understanding of its terms and significance.

1 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Jeffrey N.  
2 Funes waives his right to a hearing and to judicial review of this matter pursuant to RCW  
3 21.20.440 and Chapter 34.05 RCW.

4 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

5 Signed this 11 day of September, 2012

6  
7 Approved for Entry by:

8 /s/  
9 Aric Bomsztyk, WSBA No. 38020  
10 Attorney for Respondent Jeffrey N. Funes

11 Signed by:

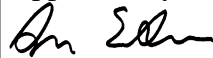
12 /s/  
13 Jeffrey N. Funes

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15  
16 Dated and Entered this 22nd day of October, 2012.

17  
18 

19 WILLIAM M. BEATTY  
20 Securities Administrator

21 Approved by:

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23 Suzanne E. Sarason  
24 Chief of Enforcement

25 Presented by:



Robert Kondrat  
Enforcement Attorney

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