

IN THE CIRCUIT COURT OF THE  
FIFTEENTH JUDICIAL CIRCUIT IN AND  
FOR PALM BEACH COUNTY, FLORIDA

PASI MARTIN;  
CITY-RAKENNUS MARTIN OY,  
a foreign entity;  
CITY-AIR OY, a foreign entity;  
GPW INTERNATIONAL, INC., a foreign entity;  
JALKARNAN KAUPPAKESKUS OY,  
a foreign entity; and  
OCTOPUS GROUP INTERNATIONAL, INC.,  
a Florida corporation;

CASE NO.: 2014CA002061XXXXMBAD

Plaintiffs,

vs.

NEXT FINANCIAL GROUP, INC.,  
a Texas corporation; and  
HEIDI WIVOLIN;

Defendants.

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**COMPLAINT**

Plaintiffs, Pasi Martin; Raine Martin; City-Rakennus Martin OY, a foreign entity; City-Air OY, a foreign entity; GPW International, Inc., a foreign entity; Jalkarnnan Kauppakeskus OY, a foreign entity; Octopus Group International, Inc., a foreign entity (collectively "Plaintiffs"); sue Defendants, NEXT Financial Group, Inc. ("NEXT") and Heidi Wivolin ("Wivolin"), and state:

1. This is a civil action seeking damages in excess of \$15,000, exclusive of interest, costs and attorneys' fees.
2. Plaintiff, Pasi Martin, is a resident and citizen of Finland, who is a part-time resident of Palm Beach County. He is over 18 years of age and *sui juris*. Pasi Martin maintains brokerage

or securities accounts with Defendants and/or engages in business transactions with Defendants in Palm Beach County, Florida.

3. Plaintiff, Raine Martin, is a resident and citizen of Finland, who is a part-time resident of Palm Beach County. He is over 18 years of age and *sui juris*. Raine Martin maintains brokerage or securities accounts with Defendants and/or engages in business transactions with Defendants in Palm Beach County, Florida.

4. City-Rakennus Martin OY, is a Finnish entity, which maintains brokerage or securities accounts with Defendants and/or engages in business transactions with Defendants in Palm Beach County, Florida. Pasi Martin is an authorized representative of this entity and/or controls it.

5. City-Air OY, is a Finnish entity, which maintains brokerage or securities accounts with Defendants and/or engages in business transactions with Defendants in Palm Beach County, Florida. Pasi Martin is an authorized representative of this entity and/or controls it.

6. GPW International, Inc., is a Finnish entity, which maintains brokerage or securities accounts with Defendants and/or engages in business transactions with Defendants in Palm Beach County, Florida. Pasi Martin is an authorized representative of this entity and/or controls it.

7. Jalkarnnan Kauppakeskus OY, is a Finnish entity, which maintains brokerage or securities accounts with Defendants and/or engages in business transactions with Defendants in Palm Beach County, Florida. Pasi Martin is an authorized representative of this entity and/or controls it.

8. Octopus Group International, Inc. ("Octopus"), is a Florida corporation formed on February 25, 2009, and has its principal place of business in Palm Beach County, Florida. Octopus maintains brokerage or securities accounts with Defendants and/or engages in business transactions

with Defendants in Palm Beach County, Florida. Pasi Martin is an authorized representative of this entity and/or controls it.

9. Defendant, NEXT, is a Virginia corporation having its principal place of business in Texas, which maintains an office for the operation of a business in the ordinary course, specifically an office located in Manalapan, Palm Beach County, Florida. NEXT is subject to the jurisdiction of this Court because it maintains an office in the State of Florida; has agents working for it in the State of Florida; and actively conducts business in the State of Florida, including managing brokerage accounts of numerous Florida residents.

10. Wivolin is a resident and citizen of the State of Florida, and is *sui juris*. Wivolin resides at 6670 Paul Mar Drive, Lantana, Florida, 33462, where she claims a Florida homestead exemption. Therefore, Wivolin is domiciled in and a citizen of Florida.

11. Wivolin, since February 10, 2009, and at all times material, was a registered representative of NEXT (CRD#46214) under the FINRA rules. FINRA's website currently lists Wivolin as a registered representative of NEXT.

12. Venue is proper in this Court because the cause of action accrued in Palm Beach County; a substantial portion of the events which give rise to this claim occurred within Palm Beach County; NEXT and Wivolin maintain an office for the regular course of their business within Palm Beach County; and Wivolin is a resident of Palm Beach County.

13. Venue and jurisdiction are proper in state court because there is not complete diversity and, moreover, this action is non-removable under 28 U.S.C. § 1441(b)(2), because one or more of the Defendants are residents of the forum state, Florida.

## FACTUAL ALLEGATIONS

14. Plaintiffs entrusted monies to Wivolin and NEXT for the purposes of investing in securities, particularly low risk municipal bonds. Specifically, beginning in or about February 2009, Wivolin and NEXT solicited Plaintiffs to entrust millions of dollars to her with the belief that the funds would be suitably invested in bonds and would be overseen by NEXT.

15. Over the next five years, following the instructions of NEXT broker Wivolin, Plaintiffs wired or transferred from other account millions of dollars to bank accounts where they believed their funds were to be held until Wivolin made investments in various low risk bonds.

16. Plaintiffs and their representatives met with Wivolin at the NEXT offices on a regular basis to review their investments and ensure the safety of them. During visits to the Lake Worth area from his home in Finland, Pasi Martin on behalf of Plaintiffs (his wife and certain entities he represents and/or controls) attended meetings several times annually in NEXT's Palm Beach County office then located at 205 South Ocean Boulevard, Manalapan, Palm Beach County, Florida. (The office has since been "re-located" to Wivolin's house at NEXT's direction.)

17. During these meetings, Martin would review Plaintiffs' bond portfolio with Wivolin. Throughout the year Martin and others would communicate with Wivolin by email. Because they have virtually no ability to speak or write in English, Plaintiff relied upon NEXT broker Wivolin, who is fluent in Finnish, to provide them with honest and accurate information.

18. Unbeknownst to Plaintiffs, it appears that Wivolin, while under the supervision of NEXT, failed to properly invest the monies entrusted to her, and instead has misappropriated the funds and provided false and fraudulent financial statements to Plaintiffs.

19. On Friday, January 24, 2014, Martin contacted Wivolin to discuss a potential error in the computation of accrued interest on a statement he had received from Wivolin. By his calculation, the accrued interest was overstated by some \$137,000 and he wanted to discuss it. Wivolin asked if the meeting could be put off until Monday.

20. On Monday, January 27, 2014, as Martin was leaving for the meeting at the NEXT's Manalapan office, Wivolin called to say that her "superiors" at NEXT were looking into the matter and suggested that they meet somewhere else. Nevertheless, Martin went to NEXT's office where he spent many hours with Wivolin and Shawn O'Sullivan.

21. It appears that O'Sullivan was, at all times material, unregistered, having been formerly a registered representative of a different entity. Under NEXT's supervision, O'Sullivan was allowed to maintain an office within NEXT's Manalapan office. The building signage shows that FirsTrust Securities' name is on the building and NEXT's promotional materials list FirsTrust; therefore, NEXT was aware of the relationship of multiple firms within the same office.

22. Wivolin and O'Sullivan both confessed to having misused the millions entrusted to Wivolin and NEXT. During the confession, Martin and others witnessed several hours of this confession, during which Wivolin and O'Sullivan admitted that there was no bond portfolio; that the funds were lost in various unauthorized investments, including real estate projects in Costa Rica and Dominican Republic; that Plaintiffs funds had been misused to make six figure loans to friends; and that Plaintiffs' funds had for many years paid the expenses of the NEXT office as well as the personal living expenses of Wivolin and O'Sullivan.

23. The following day Tuesday, January 28, 2014, Martin called Wivolin at the NEXT office and was led to believe that the FBI was coming to the office in the next 15 minutes. Martin

immediately drove to the NEXT office in Manalapan. There were no FBI agents present. The next time that Martin visited this office, someone had removed all of the NEXT designations from the windows and what appeared to be NEXT promotional materials from desks within the NEXT office.

24. A cursory review of FINRA records reveal that Wivolin and O'Sullivan worked together for more than a decade. They started at Securities America in May 1997 and subsequently both moved to Delta Equity Services in 2002 and then to Sterling Financial in July 2002. Next knew or should have known that O'Sullivan has not been registered with FINRA since September 2005, but nevertheless allowed him to utilize and maintain an office within NEXT's Manalapan office, where O'Sullivan operated an investment firm with NEXT's registered representative, Wivolin.

25. A search of Florida corporate records reveals that Wivolin and O'Sullivan are currently involved together in a number of entities, most of which list the NEXT Financial office at 205 S. Ocean Blvd, Manalapan, as their address, including: FirsTrust Investments; FirstTrust Mortgage & Lending Group; Global Land & Property Group; Global Land Finance Group; Global Insurance Trust Corporation; FirstTrust Financial; FirstTrust Insurance Services; and Finn Trust Inc.; FirsTrust Investments promotional literature provided to Plaintiffs indicates that FirsTrust offers securities and advisory services through NEXT Financial.

26. NEXT owed a duty to Plaintiffs to supervise the activities taking place at its Manalapan office. Had NEXT performed even a cursory review of Florida public records and the promotional materials in its office, it would have been aware of the questionable relationship between Wivolin and O'Sullivan and the potential risks for which Plaintiffs were exposed.

27. Next failed reasonably to supervise Wivolin with a view to preventing and detecting her violations of state law and the applicable FINRA rules and regulations. Specifically, NEXT did

not have policies and procedures in place which were reasonably designed to detect and prevent securities fraud or, if its did, it failed to diligently comply with such policies and procedures. Had NEXT implemented and followed appropriate and reasonable policies and procedures, it would have likely uncovered Wivolin's fraud.

28. Next was responsible for having a system to implement the firm's policies and procedures regarding the periodic review of all activities of NEXT's registered representatives. Because Next failed to developed and diligently follow a system for periodic reviews of the activities of all of NEXT's registered representatives, it failed reasonably to supervise Wivolin with a view to preventing and detecting her violative conduct.

29. NEXT employs an independent contractor broker model, which requires greater supervision than that of a traditional wire house brokerage firm. *See, e.g., In the Matter of Royal Alliance Assocs., Inc., Exchange Act Rel. No. 38174 (Jan. 15, 1997).* Despite the need to have stronger supervision, NEXT failed to establish reasonable policies and procedures for its review of Wivolin's operations.

30. NEXT's regulatory records reflect a number of significant supervisory issues which occurred during the time period that Plaintiffs' funds were mismanaged and misappropriated, including a \$1 million dollar fine by FINRA in 2009 for issues related to the supervision of registered representatives including OSJ branch managers. In 2010, FINRA fined NEXT \$400,000 for failing to have adequate supervisory control procedures in place. In 2011, FINRA fined NEXT \$50,000 for compliance issues related to outside business activities. Despite these prior activities and fines, and presumably in contravention of NEXT's policies and procedures manuals, NEXT did

not learn its lesson because it failed to implement appropriate supervisory procedures over the Manalapan office and the registered representatives working there.

31. The undersigned have been retained as counsel for Plaintiffs, and Plaintiffs have agreed to pay the undersigned a reasonable fee for their services.

32. All conditions precedent to the bringing and maintaining of this action have been met, have occurred or have been waived.

**COUNT I - FRAUD AGAINST WIVOLIN**

33. Plaintiffs restate the allegations of paragraphs 1 through 32 above.

34. Wivolin represented to Plaintiffs that she would invest funds entrusted to her in securities, consistent with the stated objectives of Plaintiffs. Specifically, Wivolin represented that she would hold and maintain any funds entrusted to her, and invest those funds in municipal bonds.

35. Plaintiffs reasonably relied upon the representations of Wivolin, a registered representative of NEXT, by entrusting substantial sums, in excess of \$6 million collectively, to Wivolin.

36. As it turns out, Wivolin did not invest any of the monies entrusted to her in securities or municipal bonds, but instead misappropriated the funds and used them solely for the benefit of her and others.

37. In addition, Wivolin prepared and distributed to Plaintiffs false and misleading statements reflecting investments that Wivolin was required to make, but had failed to make.

38. As a direct and proximate result of Wivolin's representations, upon which Plaintiffs reasonably relied, Plaintiffs have suffered substantial damages, including compensatory damages; loss of use of their funds; prejudgment interest, and such other damages as the jury deems



appropriate. In addition, Plaintiffs reserve the right to seek to amend this claim to include punitive damages upon a proper showing in the record.

WHEREFORE, Plaintiffs demand judgment against Wivolin for compensatory damages, prejudgment interest, costs, attorneys' fees pursuant to any applicable contract or statute, and such further relief as the Court deems appropriate.

**COUNT II - NEGLIGENT SUPERVISION AGAINST NEXT**

39. Plaintiffs restate the allegations of paragraphs 1 through 32 above.

40. NEXT, as a brokered dealer with registered representatives throughout the United States, is subject to various obligations under state law and FINRA regulations, among others.

41. Among NEXT's duties was the duty to supervise its office in Manalapan and its registered representative, Wivolin.

42. NEXT owed a duty to Plaintiffs to supervise its registered representatives and to ensure compliance with applicable laws, rules and regulations.

43. NEXT breached its duty to Plaintiffs by failing to properly supervise and maintain appropriate levels of compliance with respect to the Manalapan office and Wivolin's service as a registered representative.

44. Plaintiffs' claims appear to be the result of supervisory oversights that are very similar, if not identical to the matters which have resulted in these previous regulatory investigations and fines. Therefore, NEXT was clearly on notice of these potential issues, and failed to take steps required by law, the applicable regulatory agencies, and its own policies and procedures, and failed to take such steps as would a reasonable person under similar circumstances.

45. Wivolin was a valuable member of the NEXT brokerage team, and she was a supervisor with managerial responsibility over other NEXT registered representatives.

46. NEXT's supervision and compliance procedures with respect to the Manalapan office were wholly inadequate and insufficient to comply with its duties under applicable law, and fell woefully short of the minimum standards which would have been employed by a reasonable person under similar circumstances.

47. As a direct and proximate result of NEXT's breach of its duties, Plaintiffs have suffered damages.

WHEREFORE, Plaintiffs demand judgment against NEXT for compensatory damages, prejudgment interest, costs, attorneys' fees pursuant to any applicable contract or statute, and such further relief as the Court deems appropriate.

Dated: February 19, 2014

MRACHEK, FITZGERALD, ROSE,  
KONOPKA THOMAS & WEISS, P.A.  
505 South Flagler Drive, Suite 600  
West Palm Beach, Florida 33401  
Telephone: (561) 655-2250  
Facsimile: (561) 655-5537  
Email: [arose@mrachek-law.com](mailto:arose@mrachek-law.com); [mchandler@mrachek-law.com](mailto:mchandler@mrachek-law.com)  
Counsel for Plaintiffs

By: /s/ Alan B. Rose  
Alan B. Rose (Florida Bar No. 961825)

and

DICKENSON MURPHY REX AND SLOAN  
Bank of America Building  
150 E. Palmetto Park Road, Suite 500  
Boca Raton, FL 33432  
(561) 391-1900 Telephone  
(561) 391-1933 Facsimile  
Email: [bobrex@dmrslaw.com](mailto:bobrex@dmrslaw.com); [tnm@dmrslaw.com](mailto:tnm@dmrslaw.com)  
[tmurphy@dmrslaw.com](mailto:tmurphy@dmrslaw.com); [hsg@dmrslaw.com](mailto:hsg@dmrslaw.com)

By: /s/ Robert H. Rex  
Robert H. Rex (Florida Bar No. 240060)

By: /s/ Thomas N. Murphy, Jr.  
T. N. Murphy, Jr. (Florida Bar No. 138365)