

Temporary Order of Prohibition

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5. The terms of the promissory note that Investor A purchased from Varlesi were:
 - a. Varlesi agreed to pay Investor A the principal of his investment plus seven percent (7%) interest per month;
 - b. The accrued interest payments were to be paid in quarterly installments of \$11,252.15 beginning on January 7, 2010;
 - c. The final interest payment and Investor A's \$50,000 principal was to be paid on or before October 7, 2011;
 - d. Investor A had the option to receive monthly interest payments in the amount of \$3,500 rather than the quarterly interest payments of \$11,252.15.
6. Prior to receiving Investor A's \$50,000 investment, Varlesi had only \$116.13 in his personal bank account.
7. Upon receiving Investor A's \$50,000 investment on October 5, 2009, Varlesi deposited the funds into his personal bank account that same day. The balance in Varlesi's personal bank account after Investor A's \$50,000 investment was deposited into the account was \$50,116.13.
8. The only other deposits into Varlesi's personal bank account between October 5, 2009 and October 25, 2009 totaled \$91.80. Accordingly, nearly all of the funds in Varlesi's personal bank account between October 5, 2009 and October 25, 2009 consisted of Investor A's \$50,000 investment.
9. After Investor A's \$50,000 investment was deposited into Varlesi's personal bank account, Varlesi issued six checks drawing on his personal bank account between October 5, 2009 and October 25, 2009. The checks that Varlesi issued totaled \$36,430.00. Varlesi issued the checks in the following manner:
 - a. **\$500.00 to "Cash" on 10/06/09**
 - b. **\$8,500.00 to Individual A on 10/13/09**
 - c. **\$4,250.00 to Individual B on 10/14/09**
 - d. **\$3,000.00 to "Cash" on 10/16/09**
 - e. **\$180.00 to an educational entity on 10/16/09**
 - f. **\$20,000.00 to Individual C on 10/19/09**
10. None of the checks referenced in paragraph 9 were issued to make investments in gold or commodities.

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11. Additionally, between October 5, 2009 and October 25, 2009, Varlesi also made a number of cash withdrawals from his personal checking account, totaling nearly \$10,000.00:

- a. **\$650.00 on 10/06/09**
- b. **\$1,500.00 on 10/07/09**
- c. **\$5,000.00 on 10/20/09**
- d. **\$2,500.00 on 10/22/09**

Total: \$9,650.00

12. In summary, Varlesi misrepresented to Investor A that his \$50,000 promissory note investment would be used to invest in gold and commodities. In fact, none of Investor A's money was invested in gold or commodities.

13. Rather than invest in gold or commodities, Varlesi converted Investor A's investment funds for his own personal use, and used much of the money to make payments to other individuals.

14. After making his initial investment with Varlesi, Investor A purchased Varlesi's promissory notes on at least three other occasions:

- a. \$50,000.00 on 11/15/09
- b. \$50,000.00 on 02/15/10
- c. \$500,000.00 on 03/15/10

15. In making these subsequent sales of promissory notes to Investor A, Varlesi omitted to tell Investor A that he had used the proceeds of Investor A's previous investment to fund his own personal lifestyle and to make payments to other individuals rather than invest the money in gold or commodities.

16. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").

17. Section 12.F of the Act states that it shall be a violation of the provisions of this Act for any person to, engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

18. Section 12.G of the Act states that it shall be a violation of the provisions of this Act for any person to, "obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

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19. Section 12.I of the Act states that it shall be a violation of the provisions of this Act for any person to, “employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.”
20. By virtue of the foregoing, Varlesi violated Sections 12.F, 12.G, and 12.I of the Act.

OFFER AND SALE OF UNREGISTERED SECURITIES

21. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 “shall be registered either by coordination or qualification prior ... to their offer or sale” in the State of Illinois.
22. Varlesi failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
23. Furthermore, Varlesi failed to file any notice filings with the Secretary of State claiming that the securities being offered were exempt from registration.
24. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
25. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
26. By virtue of the foregoing, Varlesi violated Sections 12.A and 12.D of the Act.

PROHIBITION

27. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
28. The entry of this **Temporary Order of Prohibition** prohibiting Respondents Varlesi, d/b/a Gold Coast Futures and Forex, or his agents, affiliates, successors and employees, from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

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NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **Christopher Varlesi, d/b/a Gold Coast Futures and Forex**, and each of his partners, members, officers and directors, agents, employees, affiliates, successors and assigns, are **Temporarily Prohibited** from offering or selling securities in or from this State for a maximum period of ninety (90) days.

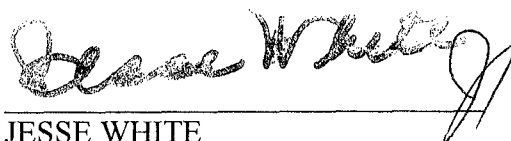
NOTICE is hereby given that the Respondent may request a hearing on this matter by transmitting such request in writing to:

James Gleffe
Enforcement Attorney
Illinois Securities Department
Office of the Secretary of State
69 West Washington Street, Suite 1220
Chicago, Illinois 60602

Such request must be made within thirty (30) calendar days of the date of entry of the **Temporary Order of Prohibition**. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition.

FAILURE OF ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated this 5th day of January, 2012.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

James Gleffe
Enforcement Attorney
Illinois Securities Department
Office of the Secretary of State
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