

**STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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IN THE MATTER OF: )  
)  
)

ELIE MELLUL, a/k/a ELI MELLUL,  
(CRD 2126020) )

TRADERS' CAPITAL, LLC., D/B/A )

TRADERS' CAPITAL PROPRIETARY )

TRADING, LLC., D/B/A )

TRADERS CAPITAL )

EDUCATIONAL SERVICES, LLC., D/B/A )

TRADERS CAPITAL BROKERAGE, LLC., )  
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FILE NO. 1100008

**ORDER OF PROHIBITION**

TO RESPONDENTS:

ELIE MELLUL  
401 S. LaSalle Street  
Ste. 403  
Chicago, IL 60605

ELIE MELLUL  
3900 Maple Ave.  
Northbrook, IL 60062

TRADERS CAPITAL, LLC.  
233 S. Wacker Drive  
84<sup>th</sup> Floor  
Chicago, IL 60606

TRADERS CAPITAL, LLC.  
30 South Wacker Drive  
Chicago, IL 60606

TRADERS CAPITAL, LLC.  
C/O ARIEL WEISSBERG, AGENT  
401 S. LaSalle Street  
STE 403  
Chicago, IL 60605

WHEREAS. A Temporary Order of Prohibition was issued by the Secretary of State on December 6, 2011, which prohibited Elie Mellul, a/k/a Eli Mellul, and his Traders Capital, LLC., including all their predecessors, successors, assigns, and present and former partners (“Respondents”) from offering or selling securities in or from the State of Illinois until further order from the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the “Act”), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the Temporary Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State’s Findings of Fact as follows:

1. Respondent **ELIE MELLUL** a/k/a **ELI MELLUL** (“**MELLUL**”), has a last known address of 3900 Maple Avenue in Northbrook Illinois.
2. Respondent **TRADERS CAPITAL LLC.** (“**TRADERS CAPITAL**”), is an Illinois entity created on June 5, 2009, that is wholly owned and operated by **MELLUL** and has its principal office listed as 233 South Wacker Drive, 84<sup>th</sup> Floor in the Willis Tower, Chicago, Illinois.
3. **TRADERS CAPITAL**’s incorporation documents lists Ariel Weissberg at 401 South LaSalle Street, suite 403, in Chicago, Illinois as the entity’s agent.
4. On information and belief **MELLUL** and his **TRADERS CAPITAL** moved its principal office to 30 South Wacker Drive in Chicago, Illinois soon after **MELLUL** incorporated **TRADERS CAPITAL**.
5. Neither **MELLUL** nor **TRADERS CAPITAL** were registered to offer or sell securities in Illinois, nor anywhere in the United States.
6. “**TRADERS CAPITAL PROPRIETARY TRADING, LLC.**,” “**TRADERS CAPITAL EDUCATIONAL SERVICES, LLC.**,” and “**TRADERS CAPITAL BROKERAGE, LLC.**” are unincorporated “does business as” aliases used by **MELLUL** and his **TRADERS CAPITAL** to promote his fraudulent investment scheme detailed below.

7. In 1997 the states of Michigan, New Hampshire, Minnesota, Iowa, California and Texas along with the Financial Industry Regulatory Authority (“FINRA”) f/k/a the National Association of Securities Dealers, took actions against **MELLUL** for violations of their respective securities laws and rules. **MELLUL** had, at this time, already been barred from offering or selling securities by the states of Arkansas, Illinois, Mississippi, and Maryland for violations of their respective securities laws. **MELLUL** also refused to pay an arbitration award levied against him by FINRA for his violation of FINRA rules that resulted in losses in excess of \$30,000.00 to a brokerage client.
8. Beginning in 2009 **MELLUL** represented to the public that he was operating a proprietary trading organization, **TRADERS CAPITAL**, and obtained Illinois investor money by telling Illinois investors that the money would be invested by “the best traders using a rigorous vetting procedure that includes a proprietary psychological analysis...” **MELLUL** also represented that his management team has “over four decades of combined experience in the trading industry.”
9. **MELLUL**, on his website for **TRADERS CAPITAL**, made general solicitations to the public for investments into his **TRADERS CAPITAL** as well as offers for individuals to become proprietary traders for him.
10. **MELLUL** stated, on his **TRADERS CAPITAL** website, that his “investor network consists completely of accredited investors who place an average of \$15,000 to \$400,000 per trader and are looking to bet on people. Our investors include individuals in New York, London and Dubai.”
11. **MELLUL** provided prospective investors private placement offerings into **TRADERS CAPITAL** which included information on **TRADERS CAPITAL** such as various names of the “management team” of traders that would generate profits by investing investor money into the various markets.
12. **MELLUL** offered individuals subscription agreements for membership units in **TRADERS CAPITAL** to become a proprietary-trader (“Prop-trader”) for **TRADERS CAPITAL**.
13. **MELLUL** also offered and issued private placement offerings into **TRADERS CAPITAL** to residents of Illinois. These were passive investments wherein the investor provided capital to **MELLUL** but did not trade in any market, but rather, was promised a profit based upon the work of “the best traders” **MELLUL** had purportedly retained and trained.
14. **MELLUL** did not disclose, on his website or in any of his documents provided to prospective prop-traders or investors, his regulatory history.

15. In or about July of 2010 **MELLUL** sold one Illinois resident a private placement into **TRADERS CAPITAL** for \$25,000.00. This investor was to be provided a list of prop-traders and information on the respective prop-trader's historical trading results so that the investor could choose what trader to allocate the money to be invested in various markets. This investor never received any information on prop-traders to choose from.
16. In or about July of 2010 **MELLUL** sold a second Illinois resident a private placement into **TRADERS CAPITAL** for \$12,500.00. This investor was to be provided a list of prop-traders and information on the respective prop-trader's historical trading results so that the investor could choose what trader to allocate the money to be invested in various markets. This investor never received any information on prop-traders to choose from.
17. In or about August 2010 **MELLUL** sold at least two Illinois residents a \$10,000.00 subscription agreement to operate as a prop-trader for **TRADERS CAPITAL**.
18. None of the afore-mentioned investors and prop-traders were accredited investors as defined by Illinois Law.
19. In or about August of 2010 **MELLUL** sold one Oregon resident a \$10,000.00 subscription agreement to operate as a prop-trader for **TRADERS CAPITAL**. When the Oregonian was unable to institute spot trade the FOREX through **TRADERS CAPITAL**, **MELLUL** told him to trade in currency futures. The Oregonian reviewed the spreads available through **MELLUL** and his **TRADERS CAPITAL** and after determining that those spreads were nonsensical, in October of 2010 requested his money back. **MELLUL** represented to the investor that he would send the money to him throughout the rest of 2010 and early 2011. **MELLUL** never returned the investor's money.
20. **MELLUL** sold more private placements to investors in his **TRADERS CAPITAL** as well as subscription agreements allowing investors to become prop-traders, however, as explained below, the identities of these investors are unknown at this time.
21. **MELLUL** maintained a bank account for **TRADERS CAPITAL** with Wachovia bank, an account for which **MELLUL** had sole control over.
22. **MELLUL** frequently deposited investor and prop-trader money into the Wachovia account through counter-credits, leaving no copies of checks or information to identify the source of the money. In 2010 **MELLUL** deposited approximately \$250,000.00 into the account through counter credits.
23. **MELLUL** co-mingled all investor and all prop-trader money into the one account.

24. **MELLUL** misappropriated investor and prop-trader money by withdrawing a total of approximately \$100,000.00 from the co-mingled account in 2010, in violation of the charges and fees he had represented in the various subscription agreements and private placement documents.
25. **MELLUL** did not invest the investor money as he stated he would; that is, there were no segregated accounts directing investor money to particular prop-traders to invest with.
26. **MELLUL** utilized Cunningham Futures Clearing to buy and sell futures through. However, that account was not properly maintained; running a deficit which resulted in the account being frozen during early 2011.
27. On January 21, 2011 the Illinois Securities Department issued a Request For Information letter, pursuant to Section 11.C of the Illinois Securities Act of 1953 (“the Act”) to **MELLUL** and **TRADERS CAPITAL** requesting certain documents and information pertaining to his prop-trader business and his offerings of direct investments into **TRADERS CAPITAL**.
28. On or about January 28, 2011, **MELLUL** sent a non-responsive response by electronic mail; claiming he was beyond the reproach of regulators by attaching copies of various exemption from registration statutes enacted by, among other entities, the State of Illinois, SEC, and CFTC.
29. In reality, **MELLUL** and **TRADERS CAPITAL** were not exempt from registration from any of the above-referenced Agencies, Commissions and Consumer Protection Laws. In fact, **MELLUL** filed fraudulent exemptions with the various Agencies and Commissions, claiming he was only selling to accredited investors, and falsely claiming other factors allowing for exemptions.
30. **MELLUL** refused to provide any information responsive to the Request for Information Letter, and when pressed for information about the investments into **TRADERS CAPITAL** **MELLUL** lied; denying that he offered or sold direct investments into his company.
31. **MELLUL**'s refusal to cooperate with the investigation has further limited the availability of information to identify other individuals defrauded by **MELLUL**.
32. **MELLUL** informed his investors and prop-traders, in early 2011 that he and his **TRADERS CAPITAL** was out of business due to the failing market.

33. However, it has been brought to the attention of the Department that as of August of 2011 **MELLUL** has maintained his operation at 30 South Wacker Drive and continues to institute trades in various markets.

**VIOLATIONS: SECURITIES FRAUD, FAILURE TO REGISTER,  
REFUSAL TO COOPERATE**

34. The private placement offerings **MELLUL** sold to investors constitute “securities” as defined in Section 2.1 of the Illinois Securities Law of 1953 (The Act”).
35. Section 12. A of the Act states that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of the Act.
36. Section 5 of the Act requires all securities sold or offered to be sold in Illinois to be registered with the Illinois Secretary of State.
37. Section 8. A. of the Act requires Investment Advisors and salespersons to register with the Illinois Secretary of State.
38. Section 12. C of the Act states in pertinent part that it is a violation of the Act for any person to act as a dealer, salesperson, investment advisor or investment advisor representative, unless registered as such, where such registration is required, under the provisions of the Act.
39. Section 12. D. of the Act states in pertinent part that it is 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 this Act.
40. Section 12. F. of the Act states in pertinent part that it is a violation of the 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.
41. Section 12. G. of the Act provides that it shall be a violation of the 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 the light of the circumstances under which they were made, not misleading.
42. **MELLUL** and **TRADERS CAPITAL** did not register the private placement offerings with Illinois, and therefore, is in violation of Sections 12.A and 5 of the Act.

43. Neither **MELLUL** nor **TRADERS CAPITAL** were registered to offer or sell securities in Illinois nor are they registered to provide investment advice in Illinois, yet they did by offering and selling unregistered securities to Investors, in violation of Sections 8.A, 12. A and 12. C of the Act.
44. **MELLUL** and **TRADERS CAPITAL** violated Section 12. F. of the Act by selling at least five unregistered securities to Investors without a reasonable basis to make such a recommendation to Investors; for failing to disclose that **MELLUL** and **TRADERS CAPITAL** were not registered to offer or sell securities; for failing to disclose that **MELLUL** and **TRADERS CAPITAL** would co-mingle investor money with prop-trader money; that **MELLUL** would take investor money as well as **TRADERS CAPITAL** assets and use them for his own personal gain instead of investing, and; for failing to disclose **MELLUL**'s history of regulatory misconduct.
45. **MELLUL** and **TRADERS CAPITAL** violated Section 12. G. of the Act by, among other things, making affirmative misstatements to Investors regarding the quality of his and **TRADERS CAPITAL** ability to invest in the market, and by not disclosing that **MELLUL** would use investor money to finance his own personal lifestyle.

**NOW THEREFORE IT IS HEREBY ORDERED:** That pursuant to Section 11.F of the Act, Respondents **ELIE MELLUL** a/k/a **ELI MELLUL**, **TRADERS CAPITAL, LLC.**, their predecessors, successors, assigns, and present and former partners, and any and all "does business as" entities associated with **MELLUL** or his agents, are hereby permanently **PROHIBITED** from offering or selling securities in or from this State of Illinois.

ENTERED: This 19<sup>th</sup> day of January 2012.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized monogram or initials.

JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. and the Rules and Regulations of the Illinois Securities Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

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Suite 1220  
Chicago, IL 60602