

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

\_\_\_\_\_  
IN THE MATTER OF: THE MAXIM GROUP, LLC.  
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)  
) File No. 0800557  
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)

**CONSENT ORDER**

**TO THE RESPONDENT: THE MAXIM GROUP, LLC**  
**CRD #120708**  
**405 LEXINGTON AVENUE**  
**NEW YORK, NEW YORK 10174**

WHEREAS, Respondent, The Maxim Group, LLC, on the 26<sup>th</sup> day of July 2011 executed a certain Stipulation to Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated March 28, 2011 in this proceeding (the "Notice") and Respondent consented to the entry of this Consent Order ("Consent Order").

WHEREAS, by means of the Stipulation, Respondent, The Maxim Group, LLC, acknowledged that the following allegations contained in the Notice shall be, and are, adopted as the Secretary of State's Findings of Fact:

1. Respondent, The Maxim Group, LLC, at all relevant times herein was registered as a securities dealer with the Illinois Securities Department.
2. Eric Anthony Foster ("Foster") at all relevant times herein was registered in the State of Illinois as a salesperson for Respondent Maxim.
3. Between February 2003 and October 2008 ("Timeframe") Foster represented the Maxim trading account of two Illinois Investors, husband and wife.
4. Both Investors were retired and over the age of 70 years.
5. Rather than represent the Investors in a reasonable and proper manner during the Timeframe, Foster took advantage of the age and trading inexperience of the Investors to earn excessive income for himself and Maxim, all the while reducing the Investors account balance to zero.

**TURNOVER RATIO**

6. Foster created a portfolio “turnover” ratio between 2003 and 2007 (annualized at 5.3) with annual “turnovers” as follows:

2003: 1.3  
2004: 6.4  
2005: 7.1 (cash account)  
2005: .36 (margin account)  
2006: 1.6  
2007: 2.0

**COST/EQUITY RATIO**

7. Additionally, during the Timeframe, Maxim and Foster caused a Cost/Equity ratio in Investors’ account of 1.39 (equivalent to 25% annualized) with annual cost/equity ratios as follows:

2003: .06  
2004: .32  
2005: .33 (cash account)  
2005: .63 (margin account)  
2006: 1.2  
2007: 1.8  
2008: 5.8

**COST (COMMISSIONS & INTEREST)**

8. Although Investors deposited over \$82,000 into their Maxim account during the Timeframe, by October 31, 2008 they had a negative balance, while Respondent Maxim and Foster garnered over \$44,000.00 in commissions and interest charges, with annual commission and interest as follows:

2003: \$671.34  
2004: \$14,444.08  
2005: \$22,887.20 (cash account)  
2005: \$1,137.18 (margin account)  
2006: \$2,060.17  
2007: \$2,153.76  
2008: \$782.94

Consent Order

- 3 -

9. The true amount of the commissions was not posted on Investors' statements and because of this the Investors believed that the commissions were much less than the amount actually charged to Investors.
10. Foster did not have discretion to make trades in another investor account (Account #2) unless/until approved by that investor, but Foster made trades anyway without approval, which trades were not discovered until the Account #2 investor passed away and his estate executor learned that trades were made after this investor had died.
11. Foster should have been subject to enhanced supervision during the Timeframe because of his unauthorized trading in Account #2 which occurred prior to Foster's trading in the present matter, but Maxim failed to provide this level of supervision of Foster.
12. As the Maxim salesperson and representative for The Investors, Foster received compensation based, at least in part, on the number of transactions completed in the Investors' account.
13. Additionally, Maxim received compensation based on the number of transactions completed in Investors' account.
14. Section 12.A of the Act provides, *inter alia*, that shall be a violation of the Act for any person, "to offer or sell any security except in accordance with the provisions of this Act".
15. Section 12.F of the Act provides, *inter alia*, that it shall be 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".
16. By virtue of the foregoing Respondent Maxim has violated sections 12.A and 12.F of the Act.
17. By virtue of the foregoing the registration of The Maxim Group, LLC as a Dealer is subject to a suspension or revocation pursuant to Section 8.E.1(e) (i) and (iv), and Section 8.E.1 (f) and (m) of the Act.
18. Section 11.E(4) of the Act provides, *inter alia*, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.

Consent Order

- 4 -

19. By virtue of the foregoing, The Maxim Group, LLC is subject to a fine of up to \$10,000.00 per violation, an order of censure and an order that suspends or revokes its Dealer registration in the State of Illinois.

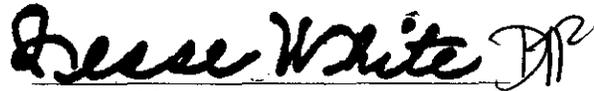
WHEREAS, by means of the Stipulation, Respondent The Maxim Group, LLC. acknowledged that the following shall be, and are, adopted as the Secretary of State's Conclusions of Law:

Respondent The Maxim Group, LLC violated sections 12.A and 12.F of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.E of the Act:

1. Respondent, The Maxim Group, LLC. shall pay restitution to the Investors in the amount of \$50,000, within 10 days of the entry of this Order.
2. Respondent, The Maxim Group, LLC. shall send to the Illinois Securities Department, within 10 days of receipt, a copy of any written complaint Maxim's compliance officer receives involving an Illinois customer for a period of one year from the date of the consent order.
3. Respondent, The Maxim Group, LLC is hereby censured.
4. Respondent, The Maxim Group, LLC shall pay a fine to the Illinois Securities Department in the amount of \$10,000, within 10 days of the entry of this Order.

Dated this 20<sup>th</sup> day of July, 2011.



Jesse White  
Secretary of State  
State of Illinois

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