

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

IN THE MATTER OF:
SHAWN D. BADLWIN,
and CMG INSTITUTIONAL TRADING, LLC and
its managers, officers, affiliates, subsidiaries, representatives,
successors, and assigns.

FILE NO. 09-00290

NOTICE OF HEARING

TO RESPONDENTS:

**Shawn D. Baldwin
61 West 15th Street
Chicago, Illinois 60605**

**CMG Institutional Trading, LLC
542 South Dearborn, Suite 450
Chicago, Illinois 60605**

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

The grounds for such proposed action are as follows:

1. Respondent CMG Institutional Trading, LLC, ("CMG") is an Illinois limited liability company with a last known address of 542 South Dearborn, Suite 450, Chicago, Illinois 60605.
2. Respondent Shawn D. Baldwin ("Baldwin") is the President of CMG and has effective control of CMG. Respondent Baldwin's last known address is 61 West 15th Street, Chicago, Illinois 60605.
3. In December 2007, Baldwin solicited investments from at least one Illinois resident ("Investor").

4. Respondent Baldwin represented to the Investor that the investment funds would be invested in a debenture deal he was undertaking for an Asian business man.

COUNT I

FRAUD IN THE OFFER AND SALE OF SECURITIES

5. On December 10, 2007, the Investor entered into a written agreement with Respondent Baldwin to wire \$39,500.00 from her newly opened Charles Schwabb Account ("Schwabb") to CMG in exchange for a promise by Respondent Baldwin to invest the entire sum of \$39,500.00 in a debenture that would mature and be payable in full on August 10, 2008. The written agreement stated that the Debenture will pay interest in fifteen percent (15%) cash, twenty percent (20%) payment-in-kind or a combination thereof.
6. Respondent Baldwin's activities described above involve the offer and sale of a note and/or an investment contract as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
7. Respondent Baldwin requested that the Investor have Schwabb wire the \$39,500.00 from her account to CMG's Bank of America account on December 20, 2007. After this transaction, the Respondent Baldwin avoided any contact with the Investor until March 4, 2008. At this time, Respondent Baldwin assured the Investor that the debenture investment would mature in eight months on August 10, 2008.
8. On August 10, 2008, the Respondent failed to adhere to the terms of the investment contract. From August 10, 2008 to February 13, 2009, the Investor contacted the Respondent several times, via text messages and telephone calls, to inquire when the debenture would be payable.
9. On February 13, 2009, Respondent Baldwin informed the Investor that the company defaulted on the debenture. In addition, Baldwin stated that he would go bankrupt personally along with the company.
10. Contrary to the representations the Respondent made to the Investor, Baldwin misappropriated the Illinois Investor's \$39,500.00 and dissipated the money for his own personal use within seven days of the money wire.
11. For example, between December 20, 2007 and December 31, 2007, Respondent Baldwin made a number of debit credit card purchases from Respondent CMG's Bank of America checking account ("BOA") totaling approximately \$35,856.00. Specifically, Respondent Baldwin made **ATM cash withdrawals** from the BOA account totaling \$21,000.00. The expenditures were not related to the investment of a debenture deal Respondent Baldwin was undertaking for Asian businessman.
12. To date, the Investor has not received any return on said investment plan.

13. 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”.
14. Section 12.G of the Act provides, *inter alia*, 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.
15. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the 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”.
16. By virtue of the foregoing, Harrell violated Sections 12.F, 12.G and 12.I of the Act.

COUNT II

FAILURE TO REGISTER SECURITIES

17. Section 5 of the Act provides, *inter alia*, that “all securities except those set forth under Section 2a of this Act...or those exempt...shall be registered...prior to their offer or sale in this State.
18. Respondent CMG and Respondent Baldwin failed to file an application with the Secretary of State to register the investment contract as required by the Act, and as a result the investment contract was not registered as such prior to their sale in the State of Illinois.
19. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act to offer or sell any security except in accordance with the provisions of the Act.
20. Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the Act to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
21. By virtue of the foregoing, CMG and Baldwin violated Sections 12.A and 12.D of the Act.

Notice of Hearing

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You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 111. Adm. Code 130) ("the rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. The answer and all other pleadings and motions must be filed with the Illinois Securities Department by addressing them to:

Maria Pavone
Enforcement Attorney
Illinois Department of Securities
69 West Washington, Suite 1220
Chicago, Illinois 60602

A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing. Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default. Unless the Respondent has upon due notice moved for and obtained a continuance.

The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>. Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 17th day of March 2011



JESSE WHITE
Secretary of State
State of Illinois

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