

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

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<b>IN THE MATTER OF:</b>	)	
<b>RUSSELL H. SWENSON and</b>	)	
<b>05914, INC., their partners, officers and directors,</b>	)	<b>No 0800504</b>
<b>agents, employees, affiliates, successors and assigns.</b>	)	
	)	

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**NOTICE OF HEARING**

**TO RESPONDENTS: Russell H. Swenson and  
and  
05914, Inc.  
201 N. Tyler #236  
St. Charles, Illinois 60174**

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 4th day of November, 2009 at the hour of 10:00 a.m. or as soon thereafter as possible before George Berbas, Esq. or such other designated Hearing Officer as the Secretary of State may appoint.

Said hearing will be held to determine whether a permanent Order shall be entered prohibiting Respondents **Russell H. Swenson and 05914, Inc.**, and their partners, officers and directors, agents and employees, affiliates, successors and assigns from offering or selling securities in or from the State of Illinois and/or granting such other relief as may be authorized under the Act, including but not limited to, the imposition of a monetary fine in the maximum amount pursuant to Sec. 11.E(4) of the Act, payable within ten (10) days of the Order.

The grounds for such proposed action are as follows:

1. Respondent Russell H. Swenson (hereinafter "Swenson" or together with 05914, Inc., "Respondents") has a last known address of 201 North Tyler, Unit #236, St. Charles, Illinois 60174.
2. Respondent 05914, Inc. (hereinafter "05914, Inc." or together with Swenson "Respondents"), was an Illinois corporation with a last known address of 201 North Tyler, Unit #236, St. Charles, Illinois 60174.
3. Swenson was the sole officer, director and employee of 05914, Inc. and as such controlled the operation of 05914, Inc. until its dissolution on August 10, 2007.

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4. In January 2006 Swenson offered to at least two Illinois residents (“Investor #1” and “Investor #2, or collectively “Investors”) the opportunity to invest their money in his trading enterprise, Respondent 05914, Inc.
5. Swenson told the Investors that he was a proficient futures “trader” who would sell each of the Investors one share of 05914, Inc. for \$15,000 and that each Investor would be paid 1% of all trading profits in exchange for the stock purchase.
6. Swenson promised both Investor #1 and Investor #2 that their \$15,000 (total \$30,000) would be used to trade futures and that 05914, Inc., would pay each of the Investors an amount equal to 1% of its profits earned from trading.
7. On January 26, 2006 Investor #1 gave Respondents a check for \$15,000 for the purchase of one share of 05914, Inc.
8. On January 8, 2006 Investor #2 gave Respondents a check for \$10,000, and on September 29, 2006 Investor #2 gave Respondents a check for \$5,000 for the purchase of one share of 05914, Inc.
9. The activities described above in paragraphs 4-8 constitute the offer and sale of a stock and/or a participation in a profit-sharing agreement and therefore 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] (the “Act”).

### **FRAUD IN SALE OF SECURITIES**

#### **Investor #1**

10. Instead of depositing Investor #1’s check into 05914, Inc.’s bank account, on January 30, 2006 Swenson deposited Investor #1’s check into his own bank account.
11. On February 6, 2006 Respondents did wire \$15,000 from the 05914, Inc. bank account to 05914, Inc.’s futures trading account at Oanda.com, a forex trading company, but made no trades through the account, and instead Respondents withdrew the entire \$15,000 (9 withdrawals between \$450 and \$4975) between July and November of 2006 and converted the \$15,000 for Swenson’s personal use and benefit.
12. At the same time Respondent Swenson maintained a separate Oanda.com account in his own name (the “Swenson trading account”) into which he wired \$10,000 on February 2, 2006 from his personal bank account.
13. Swenson traded futures through the Swenson trading account between February 2006 and November 2006 until Swenson’s losses, and a withdrawal of \$1475, reduced the balance to approximately \$13.00, when he ceased trading.
14. On December 13, 2006 Respondents repaid Investor #1 \$8,011 from the 05914, Inc. bank account.

**Investor #2**

15. On January 8, 2006 Respondents deposited Investor #2's \$10,000 check into the 05914, Inc. bank account.
16. As stated in paragraph 11 above, on February 6, 2006 Respondents wired \$15,000 from the 05914, Inc bank account to 05914, Inc.'s futures trading account at Oanda.com, but made no trades through the account, and instead Respondents withdrew the entire \$15,000 between July and November of 2006, and converted the \$15,000 for Swenson's personal use and benefit.
17. As stated in paragraph 12 above, Respondent Swenson maintained a separate Oanda.com account in his own name (the "Swenson trading account") into which he wired \$10,000 on February 2, 2006 from his personal bank account.
18. On September 29, 2006 Respondents deposited Investor #2's \$5,000 check into the 05914, Inc. bank account and from there into the Swenson trading account where he suffered losses as described in paragraph 13 above.
19. Respondents failed and refused to notify the Investors that they were commingling invested funds with their own funds and converting their investments to Respondents' own use and benefit, instead of using them for the stated purpose of trading futures.
20. 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".
21. 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 light of the circumstances under which they were made, not misleading".
22. 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".

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules") to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. 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.

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 any Respondent has, upon notice, moved for and obtained a continuance.


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A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of notice to the designated Representative of any of the respondents constitutes service upon such respondent.

Dated: This 9<sup>th</sup> day of September 2009.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

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