

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

IN THE MATTER OF:
TODD C. SMITH,
TODD C. SMITH doing business as
RETIREMENT PLANNING SERVICES,
TRAVIS OLIVER,
BRUCE HONGSERMEIER, and
ELECTUS ASSET HOLDINGS LLC,
its managers, officers, affiliates, subsidiaries, representatives,
successors, and assigns.

FILE NO. 10-00302

CONSENT ORDER OF PROHIBITION

TO RESPONDENT:

**Bruce Hongsermeier
317 East Center Street
Mount Morris, Illinois 61054**

WHEREAS, Respondent Bruce Hongsermeier ("Respondent Hongsermeier"), on the 22nd day of February, 2013 executed a certain Stipulation to Enter Consent Order ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent Hongsermeier has admitted to the jurisdiction of the Illinois Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated October 14, 2011, in this proceeding (the "Notice") and has consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Respondent Hongsermeier has acknowledged that the following Findings of Fact and Conclusions of Law are intended to be a final determination of the issues in this case and agrees that he shall be estopped from making arguments contrary to the Findings of Fact and Conclusions of Law in any other legal proceeding(s).

WHEREAS, by means of the Stipulation, Respondent Hongsermeier has acknowledged that the following shall be adopted as the Secretary of State's Findings of Fact, and admits to the truth thereof:

- a. In or around 2009 to 2010, Respondents offered and sold to multiple Illinois Investors ("Illinois Investors") promissory notes in Electus Asset Holdings,

LLC ("Electus Holdings") in which the Investors were guaranteed a 12% annual interest rate on the principal amount invested.

- b. The Notes were mostly sold to senior citizens, and were purported to be safe secure investments.
- c. Multiple Illinois Investors invested in Electus Holdings Notes.
- d. Respondent Hongsermeier received the proceeds of the Notes from Respondent Electus Holding through the actions of Respondent Travis Oliver.
- e. Respondent Hongsermeier kept various amounts for his own personal use, forwarded a portion of the funds to Respondent Todd Smith and then forwarded the balance of the funds to a separate legal entity, Cash Flow Financial Club ("CFF Club"). Cash Flow Financial Club purported to run a commodity trading pool.
- f. In March 2011, the United States Commodity Futures Trades Commission filed a complaint against the CFF Club. According to the CFTC complaint, CFF Club failed to make material facts to actual and prospective pool participants, including that CFF principals were misappropriating pool participant's funds for personal use and to pay principal and purported returns to existing pool participants, as is typical of a Ponzi scheme.
- g. Respondent Hongsermeier failed to take any steps to disclose to Illinois Investors:
 - 1. Respondent Hongsermeier retained part of the investors' funds and those funds were being used for personal expenses.
 - 2. The true nature of the investment in Electus Holdings.
 - 3. Investor funds would be invested in an unregistered commodity pool.
 - 4. Respondents failed to perform any meaningful due diligence on the CFF Club, in that they failed, among other things, to take any action to verify the assets of the CFF Club, failed to perform background checks on the CFF Club operators, nor took any steps to verify the earnings of the CFF Club.
- h. To date, almost all of the Investors have not received the principal invested in Electus Holdings nor any return on said investment plan
- i. 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 conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
- j. By virtue of the foregoing, Respondent knowingly and intentionally violated Section 12.F of the Act.

- k 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.
- l. By virtue of the foregoing, Respondent knowingly and intentionally violated Section 12.G of the Act.

WHEREAS, by means of the Stipulation, Respondent Hongsermeier has acknowledged that the following shall be adopted as the Secretary of State's Conclusions of Law, and admits to the truth thereof:

1. Illinois has jurisdiction over this matter pursuant to the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act");
2. Respondent admits that he knowingly and intentionally violated Section 12.F and 12.G of the Act;
3. The Illinois Securities Department finds the following relief appropriate and in the public interest.

WHEREAS, by means of the Stipulation, Respondent Hongsermeier has admitted to the personal jurisdiction and subject matter jurisdiction of the Secretary of State, Securities Department, and have consented to the entry of this Consent Order.

WHEREAS, by means of the Stipulation, Respondent Hongsermeier acknowledges and agrees that he is permanently prohibited from offering and/or selling securities in or from the state of Illinois.

WHEREAS, by means of the Stipulation, Hongsermeier acknowledges and agrees that he is permanently prohibited from engaging in the business of offering investment advice for compensation, directly or indirectly, regarding the advisability of investing in, purchasing or selling securities in or from the state of Illinois.


WHEREAS, by means of the Stipulation, Respondent Hongsermeier acknowledges and agrees that he is permanently prohibited from securing any position of employment, management, or control (either directly or indirectly) of any entity engaged in the business of an Broker Dealer, Investment Adviser.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent Hongsermeier is permanently prohibited from engaging in the business of offering and/or selling securities in or from the state of Illinois.

2. Respondent Hongsermeier is **permanently prohibited** from engaging in the business of offering investment advice for compensation, directly or indirectly, regarding the advisability of investing in, purchasing or selling securities in or from the state of Illinois.
3. Respondent Hongsermeier is **permanently prohibited** from securing any position of employment, management, or control (either directly or indirectly) of any entity engaged in the business of an Investment Adviser.
4. The Notice of Hearing dated October 14, 2011, as it relates to Respondent Hongsermeier will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Consent Order.
5. The entry of this Order ends the Secretary of State Securities Department's formal hearing of this matter.
6. Respondent Hongsermeier shall pay investigative costs in the amount of \$5,000.00 to the Illinois Secretary of State, Securities Audit and Enforcement Fund, said payment shall be by certified or cashier's check. The payments are to be paid in accordance with the terms established in the Stipulation to Consent.

Entered: This 22nd day of February, 2013.


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 who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

Attorneys for the Secretary of State:
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