

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

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IN THE MATTER OF:	)	
	)	
	)	
MAHENDRA WAGHA, an individual,	)	File No. 1300304
PORTFOLIO DIVERSIFICATION	)	
GROUP, INC., an Illinois corporation.	)	
	)	
	)	
	)	

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**CONSENT ORDER**

**TO THE RESPONDENTS:** Mahendra Wagha  
(CRD # 1019062)  
1475 S. Crowfoot Circle  
Hoffman Estates, IL 60194

Portfolio Diversification Group  
(CRD # 121867)  
1975 Crowfoot Circle South  
Hoffman Estates, IL 60169

WHEREAS, Mahendra Wagha (Wagha) and Portfolio Diversification Group, (PDG) by and through its duly authorized representative, on the 31st day of March, 2014 executed a certain Stipulation to Enter Consent Order (“the Stipulation”), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Wagha and PDG have admitted to the jurisdiction of the Secretary of State, Securities Department, and has consented to the entry of this Consent Order.

WHEREAS, by means of the stipulation, Wagha and PDG acknowledges, that the Secretary of State makes the following Findings of Facts:

1. Portfolio Diversification Group (Collectively with the Respondent Mahendra Wagha “Wagha”) is an Illinois corporation with the last known address of 1975 Crowfoot Circle South Hoffman Estates, IL 60169.
2. Mahendra Wagha (Collectively with the Respondent Portfolio Diversification Group “PDG”) is the President of PDG.

3. Respondent PDG has been a registered Investment Adviser with the Secretary of State, Illinois Department of Securities (“IDS”) since April 2002.
4. Respondent Wagha has been registered as an Investment Adviser Representative with the IDS since April 2002.
5. In February 2011, PDG and Wagha entered into a contract with Investor A to act as an investment adviser.

## COUNT I

### FAILURE TO AMEND U4 FORM

6. On January 21, 2013, Investor A filed suit against Wagha and PDG in the United States District Court, for the Northern District of Illinois Eastern Division, alleging breach of contract, fraud, breach of fiduciary duty, and violation of § 10(b), 15 U.S.C. § 78j(b).
7. A change that renders no longer accurate any information contained in any application for registration or re-registration as an investment adviser representative must be reported to the Secretary of State within ten (10) business days after the occurrence of the change. 815 ILCS 5/8.D-5. (the “Act”).
8. The application on file with the Securities Department shall be amended whenever a change occurs that renders inaccurate any information contained in the application. The amendment shall be filed, utilizing the CRD, within ten (10) business days after the occurrence of the change. 14 ILL. Adm. Code 130.839(d).
9. The relevant portion of the U4 Form states the following:  
14I. (1) Have you ever been named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were involved in one or more *sales practice violations* and which;  
    (a) Is still pending.
10. Wagha failed to disclose and/or amend his U 4 Form within the ten (10) business days to include the pending civil litigation filed by Investor A regarding investment related allegations.
11. Section 12.D states that it shall be a violation of the provisions of this Act 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 or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
12. For the foregoing reasons, Wagha violated section 12.D of the Act.

**COUNT II**

**FAILURE TO MAINTAIN ADEQUATE RESERVES**

13. During the course of the Secretary of State Department of Securities investigation an audit was conducted into PDG to ascertain the state of its affairs.
14. The audit revealed several deficiencies in PDG including failure to maintain adequate reserves to pay expected operating costs.
15. The registration of an investment adviser may be denied, suspended, or revoked if the Secretary of State finds that the investment adviser is insolvent. 815 ILCS 5/8.E(1)(d).

WHEREAS, by means of the Stipulation, Wagha and PDG have acknowledged, without admitting or denying the truth thereof, that the following shall be adopted as the Secretary of State's Conclusions of Law:

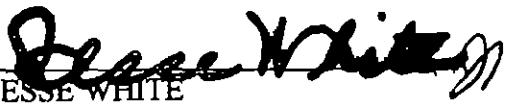
1. Illinois has jurisdiction over this matter pursuant to the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act");
2. The Respondents have violated Section 12.D of the Act;
3. WHEREAS, Respondent PDG agrees to take the necessary action within ten (10) business days of the execution of this order regarding its registration as an investment adviser in the State of Illinois;
4. WHEREAS, Respondent Wagha agrees to take the necessary action within ten (10) business days of the execution of this order regarding his registration as an investment adviser representative in the State of Illinois;
5. WHEREAS, Respondents Wagha and PDG agree to withdraw their applications with the Secretary of State, and PDG shall not re-apply;
6. WHEREAS, Respondent Wagha agrees not to register or act as a principal of an Investment Adviser, and agrees not to hold more than a five percent (5%) interest in an Investment Adviser.
7. WHEREAS, the Respondents agree to deliver a copy of this Consent Order, along with a cover letter stating that if the recipient has any questions regarding the consent order to contact the Illinois Securities Department, to all of his current and former investment

advisory clients 10 business days prior to registering as an investment advisor representative with a registered investment adviser.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. By means of the Stipulation, Wagha and PDG have acknowledged and agreed that they will take the necessary action to comply with this order within ten (10) business days of execution of this order regarding registration of the Respondent Wagha as an investment adviser representative, and Respondent PDG as an investment adviser in the state of Illinois;
2. Respondents PDG and Wagha shall **WITHDRAW** their applications with the Secretary of State as investment adviser and investment adviser representative, respectfully, and PDG shall not re-submit an application with the Illinois Secretary of State;
3. Respondent Wagha is permanently **BARRED** from registering or acting as a principal of an Investment Adviser, and is **BARRED** from holding more than a five percent (5%) interest in an Investment Adviser.
4. The Respondents shall deliver a copy of this Consent Order, along with a cover letter stating that if the recipient has any questions regarding the consent order to contact the Illinois Securities Department, to all of his current and former investment advisory clients 10 business days prior to registering as an investment adviser representative with a registered investment adviser;
5. The Notice of Hearing dated March 31, 2014, as it relates to Respondents Wagha and PDG, will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Order;
6. The entry of this Order ends the Secretary of State Securities Department's formal hearing of this matter.

Entered: This 31st day of March, 2014.

  
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.**

**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 Act (14 111. 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.**

Attorneys for the Secretary of State:  
Frank Loscuito  
Office of the Secretary of State  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
Telephone: (312) 793-7319