

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: SEAN COOK, TONY FLOWERS)
SR., SAM FLOWERS, LIBERTY)
TRADING L.P., AND ITS)
OFFICERS, DIRECTORS,) File No. 1300365
EMPLOYEES, AFFILIATES,)
SUCCESSORS, AGENTS AND)
ASSIGNS)

ORDER OF PROHIBITION

TO THE RESPONDENTS:

Sean Cook, Tony Flowers Sr., Sam Flowers, & Liberty Trading, L.P.
c/o Brian R. Kalb, Esq.
Byron Carlson Petri & Kalb, LLC
411 St. Louis St.
Edwardsville, IL 62025

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on March 14, 2014 prohibiting Sean Cook, Tony Flowers Sr., Sam Flowers, and Liberty Trading, L.P. from offering and/or selling securities in or from the State of Illinois until further order of the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act"), the failure to request a hearing within thirty days of the entry of the Temporary Order of Prohibition shall constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Sean Cook, Tony Flowers Sr., Sam Flowers, and Liberty Trading, L.P. have failed to request a hearing on the matters contained in said Temporary Order within thirty days of the entry of said Temporary Order and are hereby deemed to have admitted the facts alleged in said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in said Temporary Order as the Secretary of State's final Findings of Fact as follows:

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1. Liberty Trading, L.P. is an Illinois limited partnership with a last known address of 422 W. Gallatin St., Vandalia, Illinois 62471.
2. Sean Cook, Tony Flowers Sr., and Sam Flowers are individuals and, upon information and belief, partners in Liberty Trading.
3. Tony Flowers Sr. is Sean Cook's father-in-law and Sam Flowers' father. At one time, the three men operated, at least, five storefronts on Gallatin Street in Vandalia, Illinois.
4. Liberty Trading sells coins, precious metals (gold and silver), and firearms.
5. Respondent, Liberty Trading, issued a Promissory Note dated November 2, 2011 to an Illinois resident ("D.F.") for fifty thousand dollars (\$50,000) which was signed by Sean Cook. Liberty Trading was to pay D.F. \$833.33 a month. D.F. was told that the payments could be made in cash or in precious metals. There was no end date and no rate of interest was provided.
6. D.F. received monthly payments until around or about July 2013. Upon information and belief, she has received no payments since then.
7. During or about the summer of 2012, D.F. told her brother ("R.C.") and his wife ("L.C.") about her investment in Liberty Trading.
8. When R.C. talked to Sean Cook about investing in Liberty Trading, Cook boasted that a St. Louis hockey player had invested one hundred thousand dollars (\$100,000) and it had turned into one million dollars (\$1,000,000).
9. Respondent, Liberty Trading, issued a Promissory Note dated August 8, 2012 to R.C. and L.C. (also Illinois residents), for fifty thousand dollars (\$50,000) which was signed by Sean Cook, Tony Flowers Sr., and Sam Flowers. Respondents were to pay R.C. and L.C. \$416.16 by check or \$726.35 in precious metals every month, for at least six months. The agreement could be extended if all the parties wished to do so. If R.C. and L.C. wanted 25% of the principal or less, they had to give the Respondents five business days to pay. If R.C. and L.C. wanted more than 25% of the principal, they had to give the Respondents up to 30 days to pay. The agreement specified that the investment was to be used to purchase inventory for the business.
10. R.C. and L.C. received monthly payments until around or about May 2013. Upon information and belief, they have received no payments since then.
11. Shortly after the promissory note payments stopped, on July 2, 2013, a warning article was posted on the St. Louis Better Business Bureau website which urged consumers to be cautious when buying from Liberty Trading. The article named Sean Cook as the owner. The article cited stories of several customers with whom Liberty Trading had not fulfilled

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agreements, despite the customers paying thousands of dollars for coins and precious metals in online auctions. Cook was quoted as saying, "We just got way behind."

12. In a verified statement to the Department received on November 19, 2013, Tony Flowers admitted that the money received as a result of the promissory notes was used not only to buy inventory but for Liberty Trading's general operations. He further claimed that the promissory notes were exempt from registration pursuant to Sections 4.G and 4.Q of the Act.
13. On or about January 20, 2014, KMOV 4 News Team in St. Louis reported on the story, saying that:

Cook says this isn't his fault.

He blames a credit card processing company called Transfirst.

He says the company held money to process charge backs and it lead to the disaster he's facing now.

Transfirst denied that claim.

Cook says there are 36 customers caught in this bind, and dollar amounts range from a few hundred on the low end to nearly \$100,000 on the high end.

At the end of the day, Cook realizes it's his responsibility to fix this mess.

"We're hoping our attorneys can get us somewhere with the credit card company that's one thing," he said. "Another thing- liquidating assets that the shop had."

14. The promissory notes sold to Illinois investors are securities as defined in Section 2.1 of the Act.
15. Section 5 of the Act provides, *inter alia*, that all securities, unless otherwise provided in Section 2a, 3, 4, 6 or 7 of the Act, shall be registered prior to their offer or sale in the State of Illinois.
16. 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 Act.
17. At all times relevant hereto, the securities offered and sold by the Respondents were unregistered in the State of Illinois. Furthermore, Sections 4.G and 4.Q are not valid registration exemptions, because, at least as of March 14, 2014, Respondents failed to file Illinois Form 4G Report of Sale (or SEC Form D) and more than one promissory note was sold.

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18. Section 12.B of the Act provides, *inter alia*, that it shall be a violation of the Act to deliver to a purchaser any security required to be registered under the Act, unless accompanied or preceded by a prospectus that meets the requirements of the applicable subsection of Section 5, 6 or 7 of the Act.
19. At all times relevant hereto, the securities purchased by the Illinois investors were not accompanied or preceded by a prospectus as required by 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 Act.
21. At all times relevant hereto, the Respondents failed to file a registration application with the Secretary of State.
22. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act 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.
23. At all times relevant hereto, the Respondents' engaged in practices and a course of business in connection with the sale of a security offering(s) which worked or tended to work a fraud or deceit upon the potential purchasers thereof. The Respondents, as a course of business, defaulted on obligations to Liberty Trading's customers and deceived D.F., R.C., and L.C. into believing the Respondents were successfully fulfilling customer orders and operating normally.
24. Section 12.G of the Illinois Act provides that it is a violation of the Illinois Act 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.
25. At all times relevant hereto, the Respondents' failed to tell D.F., R.C., and L.C. when their principal would be repaid; failed to tell D.F., R.C., and L.C. what the rate of interest would be; failed to tell R.C. and L.C. that their money would be used for anything other than inventory; and failed to provide D.F., R.C., and L.C. with an accurate picture of Liberty Trading's financial status. Therefore, the disclosures that were made by the Respondents were misleading.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in said Temporary Order as the Secretary of State's final Conclusions of Law as follows:


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26. By virtue of the foregoing, the Respondents, Sean Cook, Tony Flowers Sr., Sam Flowers, and Liberty Trading, L.P., have violated Sections 12.A, 12.B, 12.D, 12.F, and 12.G of the Act.
27. By virtue of the foregoing, the Respondents, Sean Cook, Tony Flowers Sr., Sam Flowers, and Liberty Trading, L.P., are subject to, pursuant to Section 11.F of the Act, an Order which permanently prohibits them from offering and/or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Sean Cook, Tony Flowers Sr., Sam Flowers, and Liberty Trading, L.P. are hereby permanently PROHIBITED from offering and/or selling securities in or from the State of Illinois.

ENTERED: This 29th day of April, 2014



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the 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 for each offense.

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 Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 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.

Attorney for the Secretary of State:

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