

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

IN THE MATTER OF:

DCL CAPITAL, LLC, its managers, officers, affiliates,
subsidiaries, representatives, successors, and assigns, and;
SEAN L. MORAN, an individual.

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File No. 1500116

NOTICE OF HEARING

TO THE RESPONDENTS:

DCL Capital, LLC &
115 S. Wilke Road, Unit 207C
Arlington Heights, IL 60005

Sean L. Moran
803 N. Gibbons Avenue
Arlington Heights, IL 60005

You are hereby notified that pursuant to Section 11.E of the Illinois Securities law of 1953 [815 ILCS 5/1 et. Seq.] (The "Act") and Ill. Adim. Code 130, Subpart K, a public hearing will be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 13th day of July, 2017, at the hour of 10:00 AM, or as soon as possible thereafter, before Canella (Connie) Henrichs or such duly designated Hearing Officer of the Secretary of State.

Said Hearing will be held to determine whether an Order shall be entered pursuant to Sections 11.E and 11.F of the Act prohibiting Respondents from selling or offering for sale securities in the State of Illinois, and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to 11.E(4) of the Act, payable within ten (10) business days of the order.

COUNT I

FRAUD

1. Respondent DCL Capital, LLC ("DCL") was an Illinois limited liability company with a last known address of 115 S. Wilke Road, Unit 207C, Arlington Heights, IL 60005. Respondent DCL was in the business of offering investment advice and managing

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individuals' accounts. DCL's status as an LLC was involuntarily dissolved by the Illinois Secretary of State on February 13, 2015.

2. Respondent Sean L. Moran ("Moran") is an Illinois resident with the last known address of 803 N. Gibbons Avenue, Arlington Heights, IL 60005. Respondent Moran is the founder and managing member of Respondent DCL. Respondent Moran has not been registered in the State of Illinois to offer or sell securities since 2007. Respondent Moran has taken and failed the Uniform Investment Adviser Law Examination four times, and therefore has never been registered as an investment adviser or investment adviser representative in the State of Illinois.
3. Beginning in early 2013, Victim A, an Illinois resident, had a discussion with Respondent Moran's father, whereby Victim A expressed his displeasure with his current securities broker. Respondent Moran's father informed Victim A that his son, Respondent Moran, was managing his accounts, and was doing very well for him.
4. Victim A met with Respondent Moran to discuss investment options. Respondent Moran iterated to Victim A that he was using a strategy called PAIR trading, which would decrease the risk in trading but result in small gains.
5. PAIR trading is defined as a market-neutral trading strategy that matches a long position with a short position in a pair of highly correlated instruments such as two stocks, exchange-traded funds, currencies, commodities or options. The strategy's profit is derived from the difference in price change between the two instruments, rather than from the direction in which each moves.
6. Victim A was interested in this investment strategy as his investment goals were centered on preservation of capital rather than making large returns.
7. On January 23, 2013, Victim A invested \$200,000 with Respondents DCL and Moran which was subsequently deposited into Respondent DCL's bank account. On January 31, 2013, Victim A invested another \$50,000 with Respondents DCL and Moran which was again deposited into Respondent DCL's bank account.
8. Respondent Moran, by and through Respondent DCL, ultimately transferred the funds to a trading account controlled by Trade Lifts, LLC, where the funds were to be managed. During this time, Respondent Moran would provide Victim A with statements which showed he was making money on his investments.
9. Due to the fact that Victim A believed his investment with Respondents DCL and Moran was performing well, he decided to invest another \$225,000 with Respondents DCL and Moran.
10. On November 2, 2013, Victim A invested \$225,000 with Respondents DCL and Moran which was subsequently deposited into Respondent DCL's bank account.

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11. However, the \$225,000 was never used for its intended purpose of being invested. The funds were never transferred to any trading accounts, and were used solely, over a period of several months, to pay for Respondents DCL and Moran's personal and business expenses.
12. At the end of December 2013, Victim A received a statement from Respondents DCL and Moran showing that he had made a profit of \$34,000 on his investments.
13. During 2014, Respondents DCL and Moran provided statements to Victim A showing that Victim A's investments were doing well. Respondents DCL and Moran informed Victim A that if he had any additional funds he should allow DCL and Moran to invest them for him.
14. Respondents DCL and Moran proposed that Victim A provide additional funds which would thereby be used to open a Merrill Lynch trading account to purchase blue chip equities.
15. Victim A again decided to invest more money with the Respondents. In early October 2014, Victim A wire transferred \$275,000 to Respondent DCL's bank account.
16. The \$275,000 was never used to open a Merrill Lynch trading account. In fact, \$200,000 of the \$275,000 was wire transferred to an entity known as Hot-to-Trot Racing, LLC which was an Illinois Limited Liability Company that was involuntarily dissolved in March 2013 by the Illinois Secretary of State, and which purported itself to be in the business services industry.
17. The remaining \$75,000 of the \$275,000 October 2014 investment was used by Respondents DCL and Moran for personal and business expenses.
18. Victim A did not receive any further statements from Respondents DCL and Moran after the October 2014 investment. On January 28, 2015, Victim A received a phone call from Respondent Moran's father informing him that all his invested money was gone.
19. Section 2.11 of the Illinois Securities Law of 1953, (the "Act") defines an investment adviser as any person who, for compensation, engages in this State in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities or who, in this State for direct or indirect compensation and as part of a regular advisory business, issues or promulgates analyses or reports concerning securities or any financial planner or other person who, as an integral component of other financially related services, provides the foregoing investment advisory services to others for compensation and as part of a business or who holds himself or herself out as providing the foregoing investment advisory services to others for compensation.

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20. Section 2.12b of the Act defines an investment advisor representative as with respect to an investment adviser who is required to register under this Act, any partner, officer, director of, or other natural person employed by or associated with an investment adviser, except clerical or ministerial personnel, who in this State: 1) makes any recommendations or otherwise renders advice regarding securities; 2) manages accounts or portfolios; 3) determines what recommendation or advice regarding securities should be given; 4) supervises any employee who performs any of the foregoing; or 5) solicits, refers, offers, or negotiates for the sale of, or sells, investment advisory services.
21. During this time, Respondents DCL and Moran were engaged in the business of investment adviser and investment adviser representative within the meaning of Sections 2.11 and 2.12b of the Act.
22. Section 12.J of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person when acting as an investment advisor, investment advisor representative, or federal covered investment advisor, by any means or instrumentality, directly or indirectly:
 - 1) to employ any device, scheme or artifice to defraud any client or prospective client;
 - 2) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client;
 - 3) engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative.
23. Respondents DCL and Moran, while acting as an investment adviser and investment adviser representative respectfully, defrauded Victim A by using his invested funds, which were meant to be invested in a trading account, for his personal and business expenses. Moreover, Respondents DCL and Moran engaged in deceptive practices by providing Victim A with statements showing gains on his account when in actuality, he had loss a majority of Victim A's investment.

NOTICE

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, or other responsive pleading within 30 (thirty) days of this notice. Your failure to do this within the prescribed time shall be deemed 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 by you.


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A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department's website:

<http://www.cyberdriveillinois.com/departments/securities/abtil.html>

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Date of Mailing: 10th day of February 2017



JESSE WHITE
Secretary of State
State of Illinois

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