

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

IN THE MATTER OF:

SCOTT WILLIAM BURNIM

and

THE TRADE GROUP WEST

RESPONDENTS.

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) **File No. 1700111**
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CONSENT ORDER OF PROHIBITION

TO RESPONDENTS:

Scott William Burnim
The Trade Group West
c/o John J. Muldoon, III
Muldoon & Muldoon
30 North LaSalle Street
Suite 2950
Chicago, IL 60602

WHEREAS, Scott William Burnim and The Trade Group West ("Respondents") on January 17, 2018, executed a certain Stipulation to Enter Consent Order Of Prohibition ("Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondents have admitted to the jurisdiction of the Secretary of State and service of Notice of Hearing in this matter and Respondents have consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Respondents have acknowledged that the following allegations shall be adopted as the Secretary of State's Findings of Fact and Conclusions of Law and has admitted to the truth thereof:

1. Acknowledge representation by Attorney John J. Muldoon, III of Muldoon & Muldoon at 30 North LaSalle Street, Suite 2950 Chicago, IL 60602.

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2. Acknowledge service upon them of the Notice of Hearing ("Notice") dated January 17, 2018.
3. Admit to the jurisdiction of the Secretary of State over them and the subject matter of this proceeding.
4. Waive compliance with the provisions of the Administrative Procedure Act [5 ILCS 100/10-5 *et seq.*] regarding contested cases pursuant to Section 25 thereof.
5. Waive any and all rights to hearing and post-hearing procedures otherwise available pursuant to the Illinois Securities Law of 1953 [815 ILCS 5/1 *et seq.*] ("Act").
6. Waive any rights they may have to judicial review by any court by way of suit, appeal or extraordinary remedy resulting from the entry of the Consent Order of Prohibition.

I. BACKGROUND

7. Respondent Scott William Burnim, ("Respondent Burnim") is an individual with a last known address of 2005 Costa Del Mar Rd. Unit 633 Carlsbad, CA 92009-6820.
8. Respondent The Trade Group West ("Respondent Trade Group") is a business with a last known address of thetradegroupwest@consultant.com
9. At all times alleged herein Respondent Burnim served as the Director of Respondent Trade Group.
10. During the time alleged herein Respondents made contact with Illinois residents via email address.
11. On or about October 18, 2016, Respondent Burnim and Respondent Trade Group solicited and induced an Illinois resident ("Investor 1") to pay \$15,000 for a 365 Day Spot Trade agreement ("Agreement #1").
12. Agreement #1 is dated October 18, 2016, signed by Respondent Burnim as the Director of Respondent Trade Group and provides, in part:

[Respondent Trade Group] is a Private Placement organization that offers Spot Trades to our Clients who are interested in receiving a 120% ROI at the end of a 365 day trading period, based on best efforts... Client will have the option to receive 110% of their principle plus the return of their membership fee if their Spot Trade fails to produce the expected 120% ROI at the end of the 365 day term, or the client has the option to remain in the trade until the disbursement of the ROI.

The Trade Group West stands by our product.

13. Agreement #1 further states “[t]he Platform will apply their credit line to the amount of the tranche to be traded. Once the tranche is completed based on the length of the trade, the Clients [sic] principle is returned along with the profits generated. The Clients [sic] funds never leave the Platform’s account.”
14. Agreement #1 provides that “[t]he funds are secured (insured) by the Platform’s bond or insurance policy against loss of principle...”
15. Agreement #1 provides that Investor #1 will deposit or wire the sum of \$15,000 to Bank of America in the account name of Respondent Trade Group with account number 3250 7655 3677 and routing number 121000358. Investor #1 made the wire transfer.
16. On or about October 24, 2016, Respondent Burnim and Respondent Trade Group solicited and induced Investor #1 to pay \$100,000 for a 180 Day Spot Trade agreement (“Agreement #2”).
17. Agreement #2 is dated October 24, 2016, signed by Respondent Burnim as the Director of Respondent Trade Group and provides, in part:

[Respondent Trade Group] is a Private Placement organization that offers Spot Trades to our Clients who are interested in receiving a 60% ROI at the end of a 180 day trading period, based on best efforts... Client will have the option to receive 110% of their principle plus the return of their membership fee if their Spot Trade fails to produce the expected 60% ROI at the end of the 180 day term, or the client has the option to remain in the trade until the disbursement of the ROI. The Trade Group West stands by our product.

18. Agreement #2 further states “[t]he Platform will apply their credit line to the amount of the tranche to be traded. Once the tranche is completed based on the length of the trade, the Clients [sic] principle is returned along with the profits generated. The Clients [sic] funds never leave the Platform’s account.”
19. ~~Agreement #2 provides that “[t]he funds are secured (insured) by the Platform’s bond or insurance policy against loss of principle...”~~
20. Agreement #2 provides that Investor #1 will deposit or wire the sum of \$100,000 to Bank of America in the account name of Respondent Trade Group with account number 3250 7655 3677 and routing number 121000358. Investor #1 made the wire transfer.

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21. On or about November 1, 2016, Respondent Burnim and Respondent Trade Group solicited and induced Investor #1 to pay \$140,000 for a 180 Day Spot Trade agreement ("Agreement #3").

22. Agreement #3 is dated November 1, 2016, signed by Respondent Burnim as the Director of Respondent Trade Group and provides, in part:

[Respondent Trade Group] is a Private Placement organization that offers Spot Trades to our Clients who are interested in receiving a 60% ROI at the end of a 180 day trading period, based on best efforts... Client will have the option to receive 110% of their principle plus the return of their membership fee if their Spot Trade fails to produce the expected 60% ROI at the end of the 180 day term, or the client has the option to remain in the trade until the disbursement of the ROI. The Trade Group West stands by our product.

23. Agreement #3 further states "[t]he Platform will apply their credit line to the amount of the tranche to be traded. Once the tranche is completed based on the length of the trade, the Clients [sic] principle is returned along with the profits generated. The Clients [sic] funds never leave the Platform's account."

24. Agreement #3 provides that "[t]he funds are secured (insured) by the Platform's bond or insurance policy against loss of principle..."

25. Agreement #3 provides that Investor #1 will deposit or wire the sum of \$140,000 to Bank of America in the account name of Respondent Trade Group with account number 3250 7655 3677 and routing number 121000358. Investor #1 used the \$100,000 from Agreement #2 referred to above and wire transferred the sum of \$40,000 to complete Agreement #3.

26. On or about December 27, 2016, Respondent Burnim and Respondent Trade Group solicited and induced an Illinois resident ("Investor #2") to pay \$75,000 for a High Yield Investment Contract ("Contract #1")

27. Contract #1 is dated December 27, 2016, signed by Respondent Burnim as the Director of Respondent Trade Group and provides, in part:

[Respondent Trade Group] is a Private Investment Fund that offers High Yield Investments to our Clients who are interested in receiving a 60% ROI at the end of a 180 day contract, based on best efforts... Client will have the option to receive 100% of their principle plus the return of their membership fee if their contract fails to produce the expected 60% ROI at the end of the 180

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day term, or the client has the option to remain in the contract until the disbursement of the ROI. The Trade Group West stands by our product.

28. Contract #1 further provides [t]he Client's principal is secured (insured) by the Platform's bond or insurance policy against loss... The Platform will apply their credit line to the amount of the principal invested. Once the contract is completed, the Clients [sic] principal is returned along with the profits generated."
29. Contract #1 provides that Investor #2 will deposit or wire the sum of \$75,000 to Bank of America in the account name of Respondent Trade Group with account number 3250 7655 3677 and routing number 121000358. Investor #2 directed the wire transfer to be made.
30. On or about October 26, 2016, Respondent Burnim and Respondent Trade Group solicited and induced an Illinois resident ("Investor 3") to pay \$20,000 for a 365 Day Spot Trade agreement ("Agreement #4").
31. Agreement #4 is dated October 26, 2016, signed by Respondent Burnim as the Director of Respondent Trade Group and provides, in part:

[Respondent Trade Group] is a Private Placement organization that offers Spot Trades to our Clients who are interested in receiving a 156% ROI at the end of a 365 day trading period, based on best efforts... Client will have the option to receive 110% of their principle plus the return of their membership fee if their Spot Trade fails to produce the expected 156% ROI at the end of the 365 day term, or the client has the option to remain in the trade until the disbursement of the ROI. The Trade Group West stands by our product.

32. Agreement #4 further states "[t]he Platform will apply their credit line to the amount of the tranche to be traded. Once the tranche is completed based on the length of the trade, the Clients [sic] principle is returned along with the profits generated. The Clients [sic] funds never leave the Platform's account."
33. Agreement #4 provides that "[t]he funds are secured (insured) by the Platform's bond or insurance policy against loss of principle..."
34. Agreement #4 provides that Investor #3 will deposit or wire the sum of \$20,000 to Bank of America in the account name of Respondent Trade Group with account number 3250 7655 3677 and routing number 121000358. Investor #3 made the wire transfer.

35. On or about October 28, 2016, Respondent Burnim and Respondent Trade Group solicited and induced Investor 3 to pay \$50,000 for a 365 Day Spot Trade agreement ("Agreement #5").
36. Agreement #5 is dated October 28, 2016, signed by Respondent Burnim as the Director of Respondent Trade Group and provides, in part:

[Respondent Trade Group] is a Private Placement organization that offers Spot Trades to our Clients who are interested in receiving a 156% ROI at the end of a 365 day trading period, based on best efforts... Client will have the option to receive 110% of their principle plus the return of their membership fee if their Spot Trade fails to produce the expected 156% ROI at the end of the 365 day term, or the client has the option to remain in the trade until the disbursement of the ROI. The Trade Group West stands by our product.

37. Agreement #5 further states "[t]he Platform will apply their credit line to the amount of the tranche to be traded. Once the tranche is completed based on the length of the trade, the Clients [sic] principle is returned along with the profits generated. The Clients [sic] funds never leave the Platform's account."
38. Agreement #5 provides that "[t]he funds are secured (insured) by the Platform's bond or insurance policy against loss of principle..."
39. Agreement #5 provides that Investor #3 will deposit or wire the sum of \$20,000 to Bank of America in the account name of Respondent Trade Group with account number 3250 7655 3677 and routing number 121000358. Investor #3 made the wire transfer.
40. On or about November 3, 2017, Respondents entered into a private settlement agreement with Investor #3. The Illinois Securities Department was not a party to the agreement nor was it involved with any settlement discussions.

II. FAILURE TO REGISTER

40. The Illinois Securities Department ("Department") re-alleges and incorporates herein ~~the allegations contained in paragraphs 1 through 39 above.~~
41. Respondents' activities described above involve the offer and sale of securities as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] ("Act").
42. Section 5 of the Act provides, *inter alia*, "all securities except those set forth under

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Section 2a of this Act ... or those exempt ... shall be registered ... prior to their offer or sale in this State.”

43. Respondents failed to file an application for the aforementioned Agreements and Contract with the Illinois Securities Department and as a result the Agreements and Contract were not registered as such prior to their offer and sale in the State of Illinois.
44. At the time of these transactions, Respondents were unaware of any requirement to register either themselves or the subject investments under Illinois law.
45. Section 12.A of the Act provides, *inter alia*, it shall be a violation of any person to offer or sell any security except in accordance with the provisions of the Act.
46. Section 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson, investment advisor, or investment adviser representative, unless registered as such, where registration is required, under the provisions of the Act.
47. Section 12.D of the Act provides, *inter alia*, it shall be a violation for any person “[t]o 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 ...”
48. At all times relevant herein, Respondents failed to register as either a dealer, salesperson, investment adviser or investment adviser representative pursuant to Section 8 of the Act.
49. Pursuant to the foregoing, Respondents violated Sections 12.A, 12.C and 12.D of the Act.

III. FAILURE TO PERFORM DUE DILIGENCE

50. The Illinois Securities Department (“Department”) re-alleges and incorporates herein the allegations contained in paragraphs 1 through 49 above.
51. At all times relevant herein, Respondents failed to have the funds from Agreements #1, #2 and #3 and Contract #1 secured or insured with an insurance policy.
52. At all times relevant herein, Respondents failed to account for the funds received from Agreements #1, #2, #3, 4 and #5 and Contract #1.
53. Respondents defaulted on Agreements #1, #2, #3, #4 and #5 and Contract #1.

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54. At all times relevant herein, Respondents failed to perform due diligence prior to entering into Agreements #1, #2, #3, 4 and #5 and Contract #1
55. In spite of numerous attempts by Investors to achieve repayment on the principal of the Agreements and the Contract and the corresponding interest on those securities, Respondents failed to make any payments on the principal of the Agreements and Contract.
56. Section 12.G of the Act provides, *inter alia*, it shall be a violation of the Act for any person "[t]o 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."
57. Respondents' actions, as stated herein, violated Section 12.G of the Act.

WHEREAS, Respondents have acknowledged that the allegations contained in the Stipulation shall be adopted as the Secretary of State's Conclusions of Law as follows:

58. Section 11.E(1) of the Act provides, *inter alia*, if the Secretary of State finds that the offer or sale or proposed offer or sale of any securities... is being offered or sold in violation of Section 12 of the Act, the Secretary of State may by written order permanently prohibit or deny the registration of the securities or the exemption from registration for the securities.
59. Section 11.E(2) of the Act provides, *inter alia*, if the Secretary of State finds that any person has violated subsections G of Section 12 of the Act, the Secretary of State may by written order permanently prohibit the person from offering or selling any securities in Illinois.
60. Section 11.E(4) of the Act provides, *inter alia*, the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation, or order not to exceed \$10,000, for each violation of the Act and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
61. Respondents are subject to permanent prohibition against offering or selling any securities in Illinois permanent prohibition from registering any securities or any exemptions from registration for any securities until such time as Respondents petitions the Secretary of State for a hearing to present evidence of rehabilitation or change in circumstances justifying the amendment or termination of the order of permanent prohibition pursuant to Section 11.E(2) of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

62. The allegations contained in the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusions of Law.
63. Respondents shall be liable to Investor #1 and Investor #2 for the full amount paid, together with interest from the date of payment for the securities sold at the rate of the interest or dividend stipulated in the securities sold less any income or other amounts received by the purchasers on the securities, upon offer to tender to the seller or tender into court of the securities sold or, where the securities were not received, of any contract made in respect of the sale pursuant to Section 13A(1) of the Act.
64. Respondents are **PERMANENTLY PROHIBITED** from registering any securities or any exemptions from registration for any securities and **PERMANENTLY PROHIBITED** from offering or selling any securities in or from the State of Illinois until further order of the Secretary of State.
65. Respondents will cease and desist from conduct in violation of the Act.
66. The Illinois Securities Department will retain jurisdiction over this proceeding for the purpose of enforcing the prohibitions of the Stipulation.

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67. This Consent Order will be binding upon Respondents, their affiliates, successors, and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events and conditions.

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 *et seq.* 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 this Order, shall be guilty of a Class 4 felony.

This is a Final Order subject to judicial review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 *et seq.* and the Rules and Regulations of the Act (14 Ill. 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. Mailing of this Order to the Respondent or representative of record constitutes service of the Order.

Dated: This 24th day of January 2018.



JESSE WHITE
Secretary of State
State of Illinois

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Illinois Securities Department
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