

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

**IN THE MATTER OF: SIMON GREENE INVESTMENT  
ADVISORY FIRM fka ZANISKARI MANAGEMENT;  
AND XAVIER HONABLUE**

**FILE NO. C1200268**

**ORDER OF PROHIBITION**

**TO THE RESPONDENT: SIMON GREENE INVESTMENT ADVISORY FIRM  
(CRD# 158331)  
Attn: Xavier Honablue  
One World Trade Suite 8500  
New York, NY 10007**

**ZANISKARI MANAGEMENT (CRD# 158331)  
Attn: Xavier Honablue  
One World Trade Suite 8500  
New York, NY 10007**

**XAVIER HONABLUE (CRD# 5255980)  
93 Arnold Street  
Staten Island, NY 10301**

WHEREAS, the above-captioned matter came to be heard on November 14, 2017, pursuant to the Amended Notice of Hearing dated April 26, 2016, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, Jon K. Ellis, in the above-captioned matter have been read and examined.

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WHEREAS, the proposed Findings of Fact of the Hearing Officer concerning Respondents Xavier Honablue and Simon Greene Investment Advisory Firm ("fka") Zaniskari Management are correct in part and incorrect in part and are hereby adopted as modified as the Findings of Fact of the Secretary of State:

1. The Illinois Securities Department ("Department") issued a Notice of Hearing dated March 23, 2016 and an Amended Notice of Hearing dated April 26, 2016 to the Respondents Simon Greene Investment Advisory Firm fka Zaniskari Management, and Xavier Honablue (hereafter collectively "the Respondents").
2. The matter was heard on November 14, 2017 at the offices of the Department located at 421 E. Capitol Avenue, 2<sup>nd</sup> Floor, Springfield, Illinois 62701.
3. Respondent Xavier Honablue filed an Answer to the allegations as set forth in the Amended Notice of Hearing as instructed by the Notice and as is required by Section 130.1104 of the Procedures for Administrative Hearings (14 *Ill.Admin.Code* Section 130.1104).
4. The Exhibits and testimony have been offered and received from the Department, and a proper record of all proceedings has been made and preserved as required by law.
5. The Hearing Officer has ruled on all motions and objections timely made and submitted.
6. Respondents Xavier Honablue and Simon Greene Investment Advisory Firm ("fka") Zaniskari Management failed to appear at the hearing, in person, or by a representative or by counsel, Respondents are therefore deemed to be in default.
7. Respondent Simon Greene Investment Advisory Firm formerly known as ("fka") Zaniskari Management (CRD# 158331) ("Zaniskari") was a New York based Investment Adviser and is not registered in the State of Illinois.
8. Respondent Zaniskari engages in the business of providing investment advisory services, for compensation, to the general public. Its last known address is One World Trade Suite 8500, New York, New York 10007.
9. Xavier Honablue ("Honablue"), at all relevant times herein was the President and Chief Compliance Officer for Respondent Zaniskari. Respondent Xavier was not registered in the State of Illinois to offer and/or sale securities or offer investment advice. His last known address is 93 Arnold Street, Staten Island, New York 10301.
10. Investor LG is an Illinois resident and 69 years of age at the relevant times herein.

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11. In or around January 2012, Respondent Honablue cold called Investor LG, soliciting investor to allow respondents to manage his investments.
12. After receiving multiple calls from Respondent Honablue, Investor LG agreed to allow respondents to manage a portion of his investment portfolio.
13. On or about February 2, 2012, Investor LG opened a trading account with Interactive Brokers naming Respondent Honablue as his advisor and authorizing Respondent Honablue to trade on his behalf.
14. Respondent Honablue engaged in day trading of LG's account using an algorithm in which respondent developed.
15. Respondent Honablue's day trading activity in LG's account in 2012 resulted in \$1090.07 being paid to brokerage firm and \$427.97 in advisory fees, in the few short months in which the account was open.
16. In April and May 2012, the account experienced \$14,331,350.00 and \$14,319,900.00 in sells of E-mini futures contracts, respectively, that resulted in an \$11,450.00 loss in Investor LG's account.

WHEREAS, the Secretary of State finds the proposed Conclusions of Law of the Hearing Officer to be correct in part and incorrect in part and are hereby adopted as modified, based on the law and the record in this matter, and adopts them as the Conclusions of Law of the Secretary of State:

1. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and the subject matter dealt with herein, due and proper notice have been previously given as required by statute in this Matter.
2. Section 2.1 of the Act defines the term "Security" as any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into, relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or

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warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not mean a mineral investment contract or a mineral deferred delivery contract; provided, however, the Department shall have the authority to regulate these contracts as hereinafter provided.

3. Section 2.5 of the Act defines the term "Sale or Sell" to include the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in a security for value.
4. Section 2.5a of the Act defines the term "Offer" to include every offer to sell or otherwise dispose of, or solicitation of an offer to purchase, a security or interest in a security for value; provided that the term "Offer" shall not include preliminary negotiations or agreements between an issuer and any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or the circulation or publication of an identifying statement or circular or preliminary prospectus, as defined by rules or regulations of the Secretary of State.
5. Section 2.11 of 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 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."
6. Section 2.12b of the Act defines investment adviser representative as, "with respect to and investment adviser who is required to register under this Act any partner, officer, director of (or a person occupying a similar status or performing similar functions), or other natural person employed by or associated with an investment adviser,...who in this State: (1) makes any recommendations or otherwise renders advice regarding securities; (2) manages accounts or portfolios of clients; (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."
7. Respondent Honablue's activities described above, namely the recommendations to Investor LG to sell and buy certain securities in his brokerage accounts constitute the activities of an Investment Adviser and/or Investment Adviser Representative as defined in Sections 2.11 and 2.12b of the Act.
8. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act or offered and sold in transactions exempt under

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Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.

9. The Secretary of State does have jurisdiction over the subject matter hereof pursuant to the Act, and has personal jurisdiction over Respondents under the Act and the Rules and Regulations.
10. The Respondents and/or their attorney failed to appear at the time and place set for hearing, in accordance with Section 130.1109 of the Rules and Regulations, and therefore have waived the right to present evidence, argue, object or cross examine witnesses; or otherwise participate at the hearing.
11. Section 2.11 of the Act defines, in pertinent part, 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 ... securities ..."
12. Section 2.12.b of the Act, defines "investment adviser representative" as, "...with respect to an investment adviser who is required under this Act, any partner, officer, director of (or a person occupying a similar status or performing similar functions), or other natural person employed by or associated with an investment adviser...who in this State: (1) makes any recommendations or otherwise renders advice regarding securities; (2) manages accounts or portfolios of clients; (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."
13. Section 8.A also provides, *inter alia*, that all investment advisers and investment adviser representatives, except as otherwise provided, shall be registered as such with the Illinois Secretary of State.
14. Section 8.D of the Act provides, *inter alia*, that an "application for registration as an investment adviser, executed, verified, or authenticated by or on behalf of the applicant, shall be filed with the Secretary of State, in such form as the Secretary of State may by rule or regulation prescribe ...."
15. Section 8.D-5 provides, *inter alia*, that "a registered investment adviser or federal covered investment advisers desiring to register an investment adviser representative shall file an application with the Secretary of State..."
16. That during the period of January 2012 through June 30, 2012, Respondents provided investment advisory services to resident of the State of Illinois when not in compliance with the registration requirements of Section 8.A of the Act.

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17. At all relevant times, Respondents failed to file an application for registration as an investment adviser with the Illinois Secretary of State pursuant to Section 8.D and 8.D-5 of the Act.
18. Section 130.839 of the Rules of Regulations provides, *inter alia*, that:
  - a) Effective October 1, 2002, each new applicant filing as an investment adviser or federal covered investment adviser shall file with the NASD, utilizing the IARD, a complete Form U-4 for each investment adviser representative and pay the filing fee specified in Section 130.110 of this Part.
  - b) For purposes of the annual re-registration of investment adviser representatives, each investment adviser and federal covered investment adviser shall file with the NASD, utilizing the IARD, and pay the filing fee specified in Section 130.110 of this Part.
19. Respondent Zaniskari failed to file a complete U-4 for each Investment Adviser Representative and to pay the filing fee as specified in Section 130.110.
20. Section 12.C of the Act provides, *inter alia*, that it shall be a violation for any person to act as an investment adviser or investment adviser representative unless registered as such.
21. Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
22. By virtue of the foregoing Respondents violated Sections 12.C and 12.D of the Act.
23. Section 130.285(b) of the Rules and Regulations under the Act (14 *Ill.Admin.Code* Section 130.285) states that "[t]he failure of any investment adviser to comply with Section 130.853 of this Part shall constitute an inequitable practice in the sale of securities and a fraudulent business practice."
24. Section 130.853 of the Rules and Regulations Under the Illinois Securities Law of 1953 states that:

Effecting or causing to be effected by or for any client's account, any transactions of purchase or sale which are excessive in size or frequency or unsuitable in view of the financial resources and character of the account, shall constitute an act, practice, or course of business on the part of the registered investment adviser or its representative effecting such

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transactions or causing the transactions to be effected that is fraudulent, deceptive or manipulative.

25. Rather than represent the Investor in a reasonable and proper manner, Respondent Honablue effected or caused to be effected transactions of purchases and/or sales in complainant's account which were excessive in size and frequency.
26. Respondent Honablue's excessive trading in Investor LG's brokerage accounts constitutes a violation of Section 130.853 of the Rules.
27. Section 12.F of The Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (The "Act") states that it shall be a violation of the provisions of this Act for any person 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."
28. Respondent Honablue's trading that he effected in Investor LG's account was done without Investor LG's knowledge and full disclosure of the impact that the costs, fees, and commissions that Respondent Honablue's trades would cause to Investor LG's accounts. Moreover, the excessive trading was unsuitable given the size and character of Investor LG's account.
29. By virtue of the foregoing, Respondents violated Section 12.F of the Act.
30. Section 12.G of the Act states, *inter alia*, that it shall be a violation of the provisions 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 light of the circumstances under which they were made, not misleading."
31. Respondent Honablue's day trading which he effected in Investor LG's account generated commissions, although not paid were to respondents, were at the detriment of Investor LG. Additionally, Respondent Honablue failed to fully disclose the impact that the costs, fees, and commissions that the Respondent Honablue's trades would cause to Investor LG's accounts.
32. By virtue of the foregoing, Respondents violated Section 12.G of the Act.
33. Section 12.J(3) of the Act provides, *inter alia*, that it shall be a violation of the provisions of the Act for any person to "when acting as an investment adviser, investment adviser representative, by any means or instrumentality, directly or indirectly to engage in any act, practice or course of business which is fraudulent, deceptive, or manipulative.

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34. Respondent Honablue's day trading which he effected in Investor LG's account generated commissions, although not paid were to respondents, were at the detriment of Investor LG and were in effect deceptive.
35. By virtue of the foregoing, Respondent Honablue violated Section 12.J(3) of the Act.
36. By virtue of the foregoing, Respondents have violated Sections 8.A, 8.D, 12.C, 12.D, 12.F, 12.G, and 12.J of the Act.
37. Section 11.E(1) of the Act provides, *inter alia*, that if the Secretary of State finds that the offer or sale or proposed offer or sale or method of offer or sale of any securities by any person, whether exempt or not, in this State, is fraudulent, or would tend to work a fraud or deceit, or is being offered or sold in violation of Section 12, or there has been a failure or refusal to submit any notification filing or fee required under the Act, the Secretary of State may by written order prohibit or suspend the offer or sale of securities by that person or deny or revoke the registration of the securities or the exemption from registration for the securities.
38. Section 11.E(2) of the Act provides, *inter alia*, that if the Secretary of State shall find that any person has violated subsection C, D, F, G or J 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 this State.
39. Section 11.E(3) of the Act provides, *inter alia*, that if the Secretary of State shall find that any person is acting or has acted as an investment adviser or investment adviser representative, without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit or suspend the person from acting as an investment adviser or investment adviser representative, in this State.
40. Pursuant to Section 11.E(4) of the Act provides that in addition to any other sanction or remedy contained in Section 11.E of the Act, 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.

WHEREAS, the Hearing Officer recommended that:

1. Respondents Xavier Honablue and Simon Greene Investment Advisory Firm ("fka") Zaniskari Management be permanently prohibited from offering and/or selling securities and acting as investment advisers and investment adviser representatives in the State of Illinois.



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2. An Order be entered fining Respondents in the amount of \$10,000.00 for each violation for a total of \$90,000.00, for at least 9 separate violations of the Act, jointly and severally.

WHEREAS, the Hearing Officer found the Respondents Xavier Honablue and Simon Greene Investment Advisory Firm ("fka") Zaniskari Management in default and recommended that the Secretary of State PROHIBIT Respondents Xavier Honablue and Simon Greene Investment Advisory Firm ("fka") Zaniskari Management from offering and/or selling securities and acting as investment advisers and investment adviser representatives in the State of Illinois; and the Department accepts the recommendation of the Hearing Officer.

WHEREAS, the Secretary of State accepts the Recommendations of the Hearing Officer and has determined based upon the Findings of Fact and Conclusions of Law that an Order shall be entered permanently PROHIBITING Respondents Xavier Honablue and Simon Greene Investment Advisory Firm ("fka") Zaniskari Management from offering and/or selling securities and acting as investment advisers and investment adviser representatives in the State of Illinois and Respondents Simon Greene Investment Advisory Firm ("fka") Zaniskari Management be fined, jointly and severally, \$90,000.00 for at least 9 separate violations of the Act.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Xavier Honablue is **PERMANENTLY PROHIBITED** from offering and/or selling securities and acting as investment advisers and investment adviser representatives in the State of Illinois;
2. Simon Greene Investment Advisory Firm ("fka") Zaniskari Management is **PERMANENTLY PROHIBITED** from offering and/or selling securities and acting as investment advisers and investment adviser representatives in the State of Illinois;
3. Xavier Honablue and Simon Greene Investment Advisory Firm ("fka") Zaniskari Management is **FINED** in the amount of \$90,000.00, with joint and several liability.

ENTERED: This 26th day of March 2018.

  
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JESSE WHITE  
Secretary of State  
State of Illinois

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Date of Mailing: 27<sup>th</sup> day of March 2018

**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. (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 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.

Attorney for the Secretary of State:  
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