



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

THE STOCK EXCHANGE TRADING
COMPANY, LLC, and its unknown employees
and agents,

Respondent.

Serve: The Stock Exchange Trading Company, LLC
invest@yourstockexchange.com and
contact@marsillelaw.com

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) Case No. AP-19-12
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**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY
RESTITUTION, CIVIL PENALTIES, AND COSTS SHOULD NOT BE IMPOSED**

On August 22, 2019, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("the Enforcement Section"), through Director of Enforcement Steven C. Reed, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed ("the Petition"). After reviewing the Petition, the Missouri Commissioner of Securities ("the Commissioner") issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

From at least August 20, 2019, The Stock Exchange Trading Company, LLC ("TSETC"), through its website yourstockexchange.com, has been intentionally misleading the investing public by, among other things, claiming to have an address in Springfield, Missouri, when it does not and offering investment advisory services when it is not registered to offer such services.

B. Respondent and Related Parties

1. TSETC purports to have an address at 149 Park Central Square, Springfield, Missouri 65806 and maintains a website at yourstockexchange.com.

2. A check of the records maintained by the Commissioner, the Securities and Exchange Commission, and the Financial Industry Regulatory Authority indicates that TSETC has never been registered as a broker-dealer or investment adviser

Enforcement Section's Investigation

3. On August 20, 2019, the Enforcement Section was contacted by a 68 year-old Newport, Rhode Island resident ("RIR").
4. On August 19, 2019, RIR was contacted via telephone call by an individual purporting to be associated with TSETC based in Springfield, Missouri.
5. The individual expressed interest in purchasing RIR's stock shares in a Mexican time share.
6. RIR knew immediately the telephone call "was a scam, but I played along." RIR was associated with a time share in Mexico but never owned stock in it.
7. The individual offered \$3,600 per share for RIR's purported 65 shares for a total purchase price of \$234,000.
8. On August 19, 2019, an attorney claiming to be from Massachusetts and representing TSETC contacted RIR via telephone and later emailed RIR an "Off-Shore Trading Contract" that detailed the sale of the purported stock from RIR to TSETC.
9. The contract displays TSETC's purported address at 149 Park Central Square, Springfield, Missouri 65806, and identifies TSETC as the "Broker".
10. The contract indicates that RIR would be paid \$3,600 per share for RIR's purported 65 shares for a total of \$234,000. An investment bank located in New York was listed on the contract and was "designated for the regulation and protection of the transaction."
11. According to the contract, TSETC would earn \$4,680 in commissions for the transaction.
12. The contract is signed by the purported attorney and agent for TSETC.
13. The contract provides that RIR will set up and fund a "trading account" and provide account information to the "Broker" in order to complete the transaction.
14. After the purported attorney read RIR the entire contract line by line, the purported attorney asked RIR if the transaction could be completed. RIR told the attorney that no deal would be completed because RIR knew this was some type of scam.
15. RIR googled the "Broker" who signed the contract as an agent of TSETC and found a securities-registered person with the same name in Dallas, Texas. RIR called that

individual who claimed to have no knowledge of TSETC or the purported law firm in Massachusetts.

yourstockexchange.com

16. The Enforcement Section reviewed TSETC's website at yourstockexchange.com and found, among other things, the following:
 - a. they claim to have an address located at 149 Park Central Square, Springfield, Missouri 65806;
 - b. "We provide our knowledge and guidance to help magnify all elements of your financial and personal life. You are in the right place with the right people at the right time.";
 - c. "Wealth management, offered through Stock Exchange, creates a relationship between you and a dedicated advisor who can work with you and for you to plan around your full financial picture and provide clear recommendations.";
 - d. "Here in Your Stock Exchange, our Fixed income Specialists are fully dedicated to provide you the best options working one-on-one for you to get the BEST dividends in the market.";
 - e. "With our Customer Protection Guarantee, we reimburse for losses from unauthorized activity in your accounts. We also participate in asset protection programs such as FDIC and SIPC to help provide the best service possible."; and
 - f. "Achieve your fixed income investing in your goals on your own terms with our professional guidance.";
17. The Enforcement Section found no evidence that TSETC was ever a member of FDIC or SIPC.¹
18. On August 20, 2019, the Springfield, Missouri Police Department checked TSETC's purported address at 149 Park Central Square, a state office building, and learned that TSETC did not have an office at that location.
19. TSETC, through its website yourstockexchange.com, is intentionally omitting to disclose material information and making misleading statements that are likely to deceive the investing public by, among other things:

¹ The Federal Deposit Insurance Corporation ("FDIC") is an independent agency of the federal government that, among other things, insures deposits in banks and thrift institutions for at least \$250,000. The Securities Investor Protection Corporation ("SIPC") is a non-profit corporation whose main mission includes restoring investors' assets when a securities firm fails financially.

- a. making it appear TSETC is properly securities-registered when it is not;
 - b. claiming TSETC is a member of the FDIC and SIPC when it is not;
 - c. not disclosing who the principals or managers of TSETC are, including their business experience and business acumen; and
 - d. falsely claiming to have an office location at 149 Park Central Square, Springfield, Missouri.
20. The Enforcement Division's investigation will continue in an effort to identify the individuals behind the fraudulent website and violations of Missouri Securities laws.

II. COMMISSIONER'S DETERMINATIONS AND FINDINGS

Violation of Transacting Business as an Unregistered Broker-Dealer

21. **THE COMMISSIONER FURTHER DETERMINES** that Respondent and its agents and employees transacted business as an unregistered, non-exempt broker-dealer in the state of Missouri by engaging, or attempting to engage, in the business of effecting transactions in securities for the account of others.
22. At all times relevant to this matter, Respondent was not registered as a broker-dealer either with the Securities and Exchange Commission or with the state of Missouri.
23. Respondent transacted business in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a).²
24. At the time Respondent engaged in the conduct set forth above, at least one investor was more than 60 years old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
25. Respondent's conduct in violation of Section 409.4-401(a) constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Violation of Transacting Business as an Unregistered Investment Adviser

26. **THE COMMISSIONER FURTHER DETERMINES** that Respondent and its agents and employees transacted business as an unregistered investment adviser in the State of Missouri by advising others as to the value of securities or the advisability of selling securities.

² Unless otherwise noted, all statutory references are to the 2016 Revised Statutes of Missouri.

27. Respondent's activities constitute giving investment advice in the State of Missouri in violation of Section 409.4-403(a).
28. At all times relevant to this matter, Respondent had no registration or granted exemption from registration as an investment adviser.
29. At the time Respondent engaged in the conduct set forth above, at least one investor was more than 60 years old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
30. Respondent's conduct in violation of Section 409.4-403(a) constitutes an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Making an Untrue Statement, Omitting to State Material Facts or Engaging in An Act, Practice, or Course of Business that Would Operate as a Fraud or Deceit Upon Another Person in Connection with the Offer or Sale of a Security

31. **THE COMMISSIONER FURTHER DETERMINES** that TSETC, through its website yourstockexchange.com, is intentionally omitting to disclose material information and making misleading statements that are likely to deceive the investing public by, among other things:
 - a. making it appear TSETC is properly securities-registered when they are not;
 - b. claiming TSETC is a member of the FDIC and SIPC when they are not;
 - c. not disclosing who the principals or managers of TSETC are, including their business experience and business acumen;
 - d. falsely claiming to have an office location at 149 Park Central Square, Springfield, Missouri; and
 - e. engaging in a course of business that operates as a fraud or deceit upon another person and thereby obtaining, or attempting to obtain, confidential financial information from RIR.
32. At the time Respondent engaged in the conduct set forth above, at least one investor was more than 60 years old and was an elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
33. Respondent and its agents and employees made an untrue statement of material fact, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person

in violation of Section 409.5-501, and engaged in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

34. An order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. *See* Section 409.6-605(b).

III. ORDER

NOW, THEREFORE, it is hereby ordered that Respondent, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.4-401(a), by transacting business as an unregistered broker-dealer firm;
- B. Section 409.4-403(a), by providing investment advice as an unregistered investment adviser; and
- C. Section 409.5-501, by, in connection with the offer or sale of securities, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

IV. STATEMENT

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. \$6,000 against Respondent for violation of Section 409.4-401(a), when at least one of these violations was committed against an elderly person, in a final order, unless Respondent requests a hearing and show cause why the penalties should not be imposed;
- B. \$6,000 against Respondent for violation of Section 409.4-403(a), when at least one of these violations was committed against an elderly person, in a final order, unless Respondent requests a hearing and shows cause why the penalties should not be imposed;
- C. \$15,000 against Respondent for more than one violation of Section 409.5-501, when at least one of these violations was committed against an elderly person, in a final order, unless Respondent requests a hearing and show cause why the penalties should not be imposed;
- D. an order to pay restitution for any loss, including the amount of any actual damages that may have been caused by the Respondent's conduct, and interest from the date of the

violation causing the loss, or disgorge any profits arising from any violation of Sections 409.3-301, 409.4-401, 409.4-402, and 409.5-501;

- E. an order awarding the costs of the investigation against Respondent in this proceeding, awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondent requests a hearing and shows cause why an award should not be made; and
- F. an order that the Commissioner provide such other relief as he deems just. All of the preceding relief is sought on behalf of the persons injured by the acts and practices of Respondent that constitute violations of the Missouri Securities Act.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 22nd DAY OF AUGUST, 2019.



JOHN R. ASHCROFT
SECRETARY OF STATE

DAVID M. MINNICK
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:

THE STOCK EXCHANGE TRADING
COMPANY, LLC, and its unknown employees
and agents,

Respondent.

Serve: The Stock Exchange Trading Company, LLC
invest@yourstockexchange.com and
contact@marsillelaw.com

Case No. AP-19-12

NOTICE

TO: Respondent and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo, and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing. A request for a hearing must be mailed or delivered, in writing, to:

David M. Minnick, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of August, 2019, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed in the above styled case was **mailed via certified U.S. mail and emailed to:**

The Stock Exchange Trading Company, LLC:

invest@yourstockexchange.com and
contact@marsillelaw.com

Laurie Dawson
Securities Office Manager