



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
THE STOCK EXCHANGE TRADING) Case No. AP-19-12
COMPANY, LLC, and its unknown employees)
and agents,)
)
)
Respondent.)

FINAL ORDER TO CEASE AND DESIST AND ORDER AWARDING CIVIL PENALTIES AND COSTS AS TO RESPONDENT THE STOCK EXCHANGE TRADING COMPANY, LLC, AND ITS UNKNOWN EMPLOYEES AND AGENTS

Now on this 20th day of December, 2019, the Missouri Commissioner of Securities (“the Commissioner”), having reviewed this matter, issues the following findings and order:

I. PROCEDURAL BACKGROUND

1. On August 22, 2019, the Enforcement Section of the Missouri Securities Division of the 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”).
2. On August 22, 2019, the Enforcement Section emailed a copy of the Petition to Respondents’ email addresses at invest@yourstockexchange.com and contact@marsillelaw.com.
3. On August 22, 2019, the Enforcement Section mailed a copy of the Petition, via U.S. Mail, to Shavonne M. Downey (“Downey”), registered agent of The Stock Exchange Trading Company, LLC, at 326 South Campbell, Springfield, Missouri 65806.
4. On August 23, 2019, the Commissioner issued an Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties and Costs Should Not be Imposed (“the Order”) against Respondents.
5. On August 23, 2019, the Missouri Securities Office Manager sent, via email, a copy of the Order, and Notice of Right to Request a Hearing to Respondents’ last known email addresses mentioned in 2 above. The Missouri Securities Office Manager received an electronic message back that stated “Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server.”

6. On August 23, 2019, the Missouri Securities Office Manager sent, via certified U.S. mail, return receipt requested, a copy of the Order, and Notice of Right to Request a Hearing to Downey at the address mentioned in 3 above.
7. The Order is publicly available on the Secretary of State's website, and has been since on or around August 22, 2019.¹
8. On September 16, 2019, Downey called the Enforcement Section and stated, among other things, that Downey has no association with Respondents and that Downey's Missouri business, The Stock Exchange Trading Company, LLC, a thrift shop, has been dormant for years. The Enforcement Section requested Downey provide a written statement confirming Downey has no association with Respondents but, to date, Downey has failed to do so. The Enforcement Section has no evidence that Downey is associated with Respondents.
9. Further investigation by the Enforcement Section indicates Respondents are citizens of the country of Mexico. To date, all mail and emails from the Enforcement Section to these individuals have not been responded to.
10. On September 26, 2019, the Enforcement Section emailed a copy of the Order to officials associated with the Mexico National Banking and Securities Commissions.
11. On October 1, 2019, Ethel S. Ramirez Morales, General Director for International Affairs with the Mexico Banking and Securities Commissions, emailed the Enforcement Section and advised the information would be passed along to their supervisory division and indicated more information may be requested later.
12. On October 23, 2019, an Affidavit of Compliance pursuant to Section 409.6-611(b)² was filed demonstrating that reasonable steps were taken to give notice to the Respondents and that substitute service on the Commissioner was justified. The Securities Office Manager emailed the Affidavit of Compliance and Notice of Copy of the Process Provided to the Commissioner to Respondents' email addresses mentioned in 2 above on the same date.
13. As of December 12, 2019, no request for a hearing has been submitted by Respondent.
14. On December 12, 2019, the Enforcement Section submitted a Motion for Final Order.
15. On December 12, 2019, a Statement of Penalties and Costs, totaling \$28,379.40, was submitted with the Motion for Final Order as Exhibit A.
16. The Commissioner has not ordered a hearing in this matter pursuant to Section 406.6-604.

¹ <https://www.sos.mo.gov/CMSImages/Securities/AP-19-12.pdf>

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

II. FINDINGS OF FACT

A. Respondent and Related Parties

17. The Stock Exchange Trading Company, LLC (“TSETC”), purports to have an address at 149 Park Central Square, Springfield, Missouri 65806, and maintains a website at yourstockexchange.com.
18. 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

19. On August 20, 2019, the Enforcement Section was contacted by a 68 year-old Newport, Rhode Island resident (“RIR”).
20. On August 19, 2019, RIR was contacted via telephone call by an individual purporting to be associated with TSETC based in Springfield, Missouri.
21. The individual expressed interest in purchasing RIR’s stock shares in a Mexican time share.
22. 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.
23. The individual offered \$3,600 per share for RIR’s purported 65 shares for a total purchase price of \$234,000.
24. 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 stock from RIR to TSETC.
25. The contract displays TSETC’s address at 149 Park Central Square, Springfield, Missouri 65806, and identifies TSETC as the “Broker”.
26. 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.”
27. According to the contract, TSETC would earn \$4,680 in commissions for the transaction.
28. The contract is signed by the alleged attorney and agent for TSETC.
29. 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.

30. After the 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.
31. 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 law firm in Massachusetts.

yourstockexchange.com

32. 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.”;
33. The Enforcement Section found no evidence that TSETC was ever a member of FDIC or SIPC.³
34. On August 20, 2019, the Springfield, Missouri Police Department checked TSETC’s claimed address at 149 Park Central Square, a state office building, and learned that TSETC did not have an office at that location.

³ 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.

35. 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; and
 - d. falsely claiming to have an office location at 149 Park Central Square, Springfield, Missouri.

III. CONCLUSIONS OF LAW

Violation of Transacting Business as an Unregistered Broker-Dealer

36. **THE COMMISSIONER CONCLUDES** 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.
37. 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.
38. Respondent transacted business in Missouri without being registered or exempt from registration as a broker-dealer in violation of Section 409.4-401(a).
39. 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).
40. 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

41. **THE COMMISSIONER FURTHER CONCLUDES** 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.
42. Respondents' activities constitute giving investment advice in the state of Missouri in violation of Section 409.4-403(a).

43. At all times relevant to this matter, Respondent had no registration or granted exemption from registration as an investment adviser.
44. 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).
45. 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

46. **THE COMMISSIONER FURTHER CONCLUDES** 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.
47. 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).
48. 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.
49. This 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).

IV. ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, 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.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty of \$6,000 for violation of Section 409.4-401(a) when the violation was committed against an elderly person. This amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty of \$6,000 violation of Section 409.4-403(a) when the violation was committed against an elderly person. This amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(d), Respondent shall pay a civil penalty of \$15,000 for more than one violation of Section 409.5-501 when at least one of these violations was committed against an elderly person. This amount shall be made payable to the State of Missouri and paid within 30 days of the date of this Final Order. The Secretary of State shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri. This amount shall be sent to the Missouri Securities Division at 600 West Main Street, P.O. Box 1276, Jefferson City, Missouri 65102.

IT IS FURTHER ORDERED that, pursuant to Section 409.6-604(e), Respondent shall pay \$1,379.40 in actual costs for investigation into, and the proceedings associated with, this matter. This amount shall be payable to the Missouri Secretary of State's Investor Education and Protection Fund and paid within 30 days of the date of this Final Order. This amount shall be sent to the Missouri Securities Division at 600 West Main, P.O. Box 1276, Jefferson City, Missouri 65102.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 20th DAY OF DECEMBER, 2019.



JOHN R. ASHCROFT
SECRETARY OF STATE


DAVID M. MINNICK
COMMISSIONER OF SECURITIES

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of December, 2019, a copy of the foregoing Final Order to Cease and Desist and Order Awarding Civil Penalties and Costs As to Respondent The Stock Exchange Trading Company, LLC, and its unknown employees and agents, in the above styled case was **emailed to:**

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

And hand delivered to:

Steven Reed, Director of Enforcement
Securities Division
Missouri Secretary of State's Office
600 West Main Street, Room 229
Jefferson City, Missouri 65101



Laurie Dawson
Securities Office Manager