COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2014-00012

PACIFIC WEST SECURITIES, INC.,
Defendant

SETTLEMENT ORDER

The Division of Securities and Retail Franchising ("Division") of the State Corporation Commission ("Commission") conducted an investigation of Pacific West Securities, Inc. ("Pac West" or "Defendant"), pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code"). Based on its investigation, the Division alleges as follows:

(1) Pac West's agents in the Commonwealth of Virginia ("Virginia") made material misrepresentations and untrue statements of fact in the offer and sale of a class of high risk securities, commonly referred to as "alternative investments," in violation of § 13.1-502 (2) of the Act. Specifically, these agents improperly marketed alternative investments, designated as high risk securities, to some of their retail brokerage clients in Virginia as lower to moderate risk securities. Pac West also failed to implement adequate compliance procedures to monitor the total concentration levels of alternative investments within a client's portfolio. As a consequence, in selling these high risk securities, Pac West's agents also recommended the purchase of, and sold these securities in, high and unsuitable concentrations to some Virginia clients in violation of 21 VAC 5-20-280 A (3) of the Commission's Rules Governing Broker-dealers, Broker-dealer Agents and Agents of the Issuer, 21 VAC 5-20-10 *et seq.* ("Rules").

(2) Pursuant to Rule 21 VAC 5-20-260 B, a broker-dealer must exercise diligent supervision over the securities activities of all of its agents. By failing to adequately train its agents and by failing to establish, maintain and implement adequate compliance procedures to track and monitor the concentration levels of alternative investments within a client's investment portfolio, Pac West violated Rules 21 VAC 5-20-260 B and 21 VAC 5-20-260 D. Also, pursuant to Rule 21 VAC 5-20-260 A, a broker-dealer is responsible for the acts, practices, and conduct of its agents in connection with the sale of securities. Accordingly, Pac West violated § 13.1-502 (2) of the Act when its agents made misrepresentations regarding the risks associated with alternative investments to Pac West clients. Also, Pac West violated Rule 21 VAC 5-20-280 A (3) for clearing trades made by its agents that were unsuitable for some clients.

The Defendant's and its Agents' Backgrounds

(3) Pac West was a registered broker-dealer (CRD #6390) registered to transact business in securities within Virginia. In the first quarter of 2012, due to financial difficulty, Pac West ceased operating as a brokerage firm and terminated its registration on March 5, 2012.

(4) James F. Crawford ("Crawford") is a broker-dealer agent registered (CRD #1327638) to offer and sell securities within Virginia. On July 1, 2005, Crawford became registered to act as an agent of Pac West. From this date until December 31, 2011, Crawford offered and sold securities exclusively through Pac West out of an affiliated office in Harrisonburg, Virginia.

(5) Neal M. Woodard ("Woodard") is a broker-dealer agent registered (CRD #5461015) to offer and sell securities within the Commonwealth. On January 31, 2008, Woodard became registered to act as an agent of Pac West. From this date until December 31, 2011, Woodard offered and sold securities exclusively through Pac West out of an affiliated office in Harrisonburg, Virginia, alongside Crawford.

(6) During their time as agents with Pac West, Crawford and Woodard offered, as part of a total investment strategy, a class of securities referred to as "alternative investments" to some Pac West clients which included investments tied to real estate such as real estate investment trusts ("REITs"). Crawford, to a lesser extent, also sold tenancy-in-common interests ("TICs"). Crawford and Woodard also offered and sold investment interests in funds investing in oil and gas ventures. Crawford and Woodard presented these alternative investment strategies to some of their clients whom they believed met the general suitability requirements to purchase such investments.

Background on Alternative Investments Sold by the Defendant and its Agents

(7) A REIT is a complex investment generally involving a company that owns income-producing real estate or assets related to real estate. REITs provide a way for individual investors to earn a share of the income produced through commercial real estate ownership by purchasing interests or shares in the REIT. The income-producing real estate assets owned by a REIT may include office buildings, shopping malls, apartments, hotels, resorts, self-storage facilities, warehouses, and mortgages or loans. A REIT is distinguishable from other real estate companies in that a REIT must acquire and develop its real estate properties primarily to operate them as part of its own investment portfolio over an extended period of time, as opposed to reselling those properties after they have been developed.

(8) REITs may be registered with the Securities and Exchange Commission ("SEC") and can be traded publicly on exchanges. These are known as publicly traded REITs. There also are however, REITs that are non-publicly traded. Non-publicly traded REITs are illiquid, long-term investments and generally require investors to maintain the investment for a long holding period before investors are able to liquidate their principal investment. Additionally, for tax purposes, a

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real estate fund must meet certain specific criteria to be qualified as a REIT. Almost all REITs offered by Woodard and Crawford to their brokerage clients were non-publicly traded REITs.

(9) A TIC is a complex real estate investment in which an investor owns a physically undivided interest in a parcel of property with a group of other investors. Each investor is entitled to share with the other investors the associated rights to a proportionate share of rents or profits from the property, to transfer the interest, and, in some cases, to demand a partition of the property. TICs offer investors with smaller sums of money to invest the opportunity to own larger and more expensive real estate holdings such as commercial property.

(10) An investment in a TIC can provide some investors with the ability to defer capital gains taxes. This feature can be attractive for those investors who have obtained funds from the sale of individually owned real estate since the investment allows them to take advantage of Section 1031 of the Internal Revenue Code, 26 U.S.C. § 1031. Such a transaction is commonly referred to as a "1031 Exchange."

(11) The oil and gas alternative investments offered by Crawford and Woodard typically were for shares or other forms of investment interests in entities involved in oil and gas extraction.

(12) In almost every single case, the REITs offered by Crawford and Woodard were for start-up or early stage funds or investment pools with limited or no operating histories. TICs offered by Crawford were similarly for early stage companies. The oil and gas alternatives were also early-stage or start-up companies with limited or no operating histories. The REITs and TICs offered by Crawford and Woodard typically had sponsoring companies with principals, managers and board members managing such investments and investment funds for the benefit of retail and institutional investors. The REITs, TICs and many of the oil and gas ventures

typically had a projected holding period of five to seven years and in some cases could not be redeemed, sold or liquidated during this time period.

Risks Associated with Alternative Investments

(13) Nearly all illiquid alternative investments offered by Crawford and Woodard involved a high degree of risk and were speculative in nature. These products were expressly designated as such in the disclosure documents for these investments.

(14) Other significant risks associated with these products as generally expressed in the disclosure documents, and summarized here, included the following:

- Because some of the products were not publicly traded, there was a substantial barrier to their resale and any resale would likely occur at a discount from the purchase price.

- The companies and funds associated with these investments were in every case early stage companies and had limited operating histories making future performance difficult to predict and largely speculative.

- The general risks involved in ownership of real estate created no guarantees of any return on investment and loss of investment throughout the life of the investment.

- Many of the early-stage REIT operations for the investments offered and sold resulted in net losses making their future performance difficult, if not impossible, to predict.

- There was no guarantee of income distributions for the REITs and TICs over time because of operational risks.

- REITs were permitted to use offering proceeds to pay distributions to investors and to borrow funds to pay distributions.

- Certain REITs had the ability to incur debt for operations from the equity in the property purchased which could have led to an inability to pay distributions to shareholders and could have decreased the value of the investment in the event that income on the property fell or the value of the property secured by debt fell.

- REITs depended on the financial health of an outside advisor to manage the fund and to select the properties associated with the REIT.

- There were conflicts of interest between the outside REIT advisors and their other affiliated funds including significant conflicts in allocating time among the funds they managed and other similar programs they sponsored.

- For REITs, if the issuer failed to raise the maximum amount of offering proceeds, it could result in the REIT issuer not investing in a diverse portfolio of properties making the value of the investment variable based on the performance of a more limited number of properties in the portfolio.

- The REITs in many cases were not pre-qualified as REITs and could have potentially failed to meet the tax requirements to qualify as a REIT causing payment of additional taxes and reducing funds available to make distributions and also the value of the fund in general.

- Investors purchasing TICs could be faced with the prospect of a "capital call" by the TIC manager requiring the investor to pay additional funds into the TIC above and beyond their initial principal investment in the event a TIC property devalued or the company operating the TIC went bankrupt.

Pac West's Failure to Provide Adequate Training to its Agents and Failure to Implement Adequate Suitability Standards for Selling Alternative Investments

(15) The alternative investments offered and sold by Crawford and Woodard were listed in Pac West's compliance manual for registered agents ("Manual") as non-conventional investments ("NCIs"). At minimum, both Crawford and Woodard were required to follow at least these guidelines for NCIs in determining whether these alternative investments were suitable for their clients.

(16) The Manual expressly stated that the disclosures made in the prospectuses or disclosure documents for NCIs alone were not sufficient to satisfy the agent's due diligence requirements when evaluating risk for their clients. Therefore, the Manual required that Crawford and Woodard, in evaluating risk, obtain additional information about the NCI and, if such information was unavailable, the product was to be considered inappropriate for sale. Therefore, not only was the information relating to risks within disclosure documents pertinent

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and relevant to a sale, but an agent was required to go beyond the disclosure document and uncover or learn of additional risks associated with the product.

(17) Because NCIs are complex and not easily understood, an agent could not rely solely on a client's financial status as the basis for recommending an NCI for purchase. In fact, the Manual specifically referenced the National Association for Securities Dealers ("NASD") Notice to Members 03-71 ("Notice"). The NASD Notice expressly cautioned agents that NCIs with particular risks might only be suitable for a very narrow band of investors capable of evaluating and being financially able to bear those risks.

(18) In recommending the purchase of alternative investments, Crawford and Woodard were required to use care to ensure the concentration of alternative investments within a client's investment portfolio were suitable for the client, in part, because of the liquidity and other risks associated with these investments. However, Pac West failed to implement adequate guidelines for concentration within the Manual to assist in determining suitable concentrations of alternative investments for Pac West clients on a subjective basis.

(19) Despite having internal compliance measures for the sale of NCIs, Pac West also failed to provide adequate training or guidance to Crawford and Woodard in determining suitable concentrations of alternative investments within a client's portfolio.

Pac West Agents' Misrepresentations of Risk Associated with Alternative Investments

(20) Crawford and Woodard marketed themselves to clients as specialists in alternative investments and routinely offered these products to some of their clients as "alternatives" to traditional securities publicly traded over national exchanges. Crawford and Woodard offered these products to their customers as part of an investment strategy they believed added diversity to a portfolio beyond holding only traditional exchange-traded securities. Almost all alternative

investments offered and sold by Crawford and Woodard were non-publicly traded products. Crawford and Woodard derived the majority of their commissions from the sale of these products.

(21) On several occasions, Crawford and Woodard understated the material risks associated with the alternative investments they sold to some of their clients and minimized the possibility of a total loss, in violation of the Act and Manual. Specifically, Crawford and Woodard misrepresented or misled some of their clients to believe that these high risk and speculative securities carried a lower risk than what was expressed in the disclosure documents for these products.

(22) In some cases, Crawford downplayed the risks represented in the disclosure documents for these products, as referenced above, when the documents were provided to some of their clients. In many cases, he referred to the high risk language and express risk factors in these documents as "boilerplate," despite express compliance and regulatory requirements contained in the Act, the Manual and training materials provided to Pac West agents cautioning against the minimization of risks stated in disclosure documents for investment products.

(23) In some cases, Crawford told his clients they could achieve a 12% return on investment while the risks associated with the products were minimized. In one case, Crawford represented to a couple to whom he sold TICs, following the couples' sale of a substantial piece of their farmland for over $2 million, that they could obtain "a six figure income" with zero capital gains taxes. The couple ("Investors 1 and 2") was advised by Crawford to invest almost half the proceeds of the sale of their farmland into four different TICs to take advantage of the 1031 Exchange allowing them to defer their capital gains tax liability from the sale of their farmland. Crawford minimized the capital call risks, discussed above, associated with the

product. After Investor 1 expressly asked about the possibility of the risk, Crawford stated to the client that it was unlikely and downplayed the capital call risks and other risks stated in the disclosure documents for these products. Crawford also minimized the potential tax liability risk in the event the TIC property was devalued or the TIC went bankrupt causing a loss on the principal investment which would require the investor to pay any deferred capital gains tax from other sources.

(24) In one of the four TICs purchased by Investors 1 and 2, the TIC manager exercised its right to a capital call because the TIC failed. The couple was required to pay more money into the TIC above and beyond their principal investment. Upon the TIC failing, they became immediately liable to pay the deferred capital gains tax from the 1031 Exchange on this TIC. They were unable to pay the tax from the principal investment in the failed TIC and, in turn, had to pay from other sources.

(25) In another case, Crawford recommended to a client ("Investor 3") that he move $450,000 in personal savings and in cash he had obtained from the sale of stock that he inherited in a major pharmaceutical company into high risk and speculative alternative securities. Crawford and Woodard minimized the risks associated with these products to the client who indicated that he was led to believe they carried little risk. The client has since lost a substantial portion of the $450,000 discussed above.

(26) As a general practice, when selling REITs, Crawford and Woodard employed an investment strategy whereby they usually offered and sold REITs to clients at the end of an offering period for each particular REIT. Crawford and Woodard represented to their clients that by purchasing REITs at the tail end of an offering period, the specific risks as expressed in the offering documents were mitigated because the REIT fund was close to raising or had raised all

the money it intended and also had purchased a substantial book of properties from which to draw income. Crawford and Woodard also represented to clients that by adding this type of real estate investment to their portfolios, the total portfolio risk became generally safer and less volatile than one containing only traditional securities such as stocks and mutual funds.

(27) It was improper to represent that the express risks disclosed in the offering documents for these products were reduced as a result of employing this strategy. At no time did the risk factors as referenced in the disclosure documents change. The risk factors expressly referenced in the disclosure documents remained during, and well after, the offering period ended for the REITs in question. Simply approaching or reaching the target maximum funds during the offering period and even purchasing properties within a REIT did not mitigate the operational risk of the fund or the tax consequences for those REITs over the life of the investment. As stated previously, nearly all alternative investments offered by Crawford and Woodard were in early-stage funds or companies with limited or no operational history. The offering period for these products typically represented only a 10- to 18-month period and reaching the target offering amount did not eliminate the risks associated with the investment, as stated in the disclosure documents, over the five- to seven-year projected period the investor could be holding the security.

(28) For example, fluctuations in the value of real estate over time would have had a dramatic influence on the value of a REIT and reaching the target offering amount did nothing to mitigate this risk. The performance of the businesses in leased REIT properties and their ability to continue meeting their lease obligations also was a factor unrelated to the amount of offering proceeds collected. These risks and others, as expressed above in paragraph (14), continued throughout the life of these investments and were minimized by Crawford and Woodard.

Pac West Agents' Failure to Conduct an Adequate Suitability Determination

(29) On several occasions, Crawford and Woodard also failed to make an appropriate suitability determination when recommending the alternative investments they sold to some of their clients. Crawford and Woodard relied too heavily on a client's financial status and net worth in recommending the purchase of alternative investments and improperly placed some clients into high concentrations of alternative investments.

(30) In the case of Investor 3, a former production control manager, his alternative investment holdings comprised more than one-third of his total net worth at the time of his investment, exclusive of equity in his personal residence. In the case of Investors 1 and 2, the funds they obtained from the sale of their farmland represented almost half of their net worth, exclusive of equity in their personal residence at the time of their investment. Also, Investors 1 through 3 were placed into high concentrations of these risky investments despite the fact that they classified themselves as "moderate risk" investors and their new account forms with Pac West designated them as having "moderate" risk tolerances.

(31) The above-referenced transactions were carried through in large part because Pac West failed to implement adequate compliance guidelines that could detect and flag transactions in alternative investments that would result in Pac West clients having excessive concentrations of these products within their investment portfolios. Despite being made aware of high concentrations for some clients on the trade forms, Pac West cleared the trades for Investors 1, 2 and 3 and for some other clients of Crawford and Woodard's who in some cases had concentrations of alternative investments in excess of 20% of their net worth.

(32) Based on Pac West's failure to adequately train its agents, failure to supervise its agents and failure to implement adequate compliance procedures and guidelines for the sale of alternative investments, Pac West clients are known to have lost more than $1 million.

Allegations

(33) Based on the conduct as described above, the Division alleges that Pac West violated § 13.1-502 (2) of the Act by making materially untrue statements or omissions of fact in the offer and sale of securities through Crawford and Woodard. The Division further alleges that Pac West violated Rule 21 VAC 5-20-280 A (3) by allowing Crawford and Woodard to recommend to Pac West clients the purchase of alternative investments without reasonable grounds to believe that the recommendation was suitable for their clients based upon reasonable inquiry concerning their client's investment objectives, financial situation, risk tolerance and needs, and any other relevant information known by the broker-dealer.

(34) By failing to adequately train its agents and by failing to establish, maintain and implement adequate compliance procedures to track and monitor the alternative investment sales activities of Crawford and Woodard, Pac West violated Rules 21 VAC 5-20-260 B and 21 VAC 5-20-260 D.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of Virginia the amount of Fifty Thousand Dollars ($50,000) in monetary penalties.

(2) Within 30 days of the date of entry of this Order, the Defendant will provide a copy of this Order via certified U.S. mail to all Virginia clients having opened a securities account with Crawford and Woodard through Pac West from July 1, 2005, to December 31, 2011. Within 45 days of the date of entry of this Order, proof of such mailing shall be provided to the Division.

(3) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted.

(2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement.

(3) This Order concludes the investigation by the Commission and any other action that the Commission could commence against the Defendant under applicable law on behalf of Virginia as it relates to the violations described in this Order, up to and including activity occurring through the date of this Order.

(4) This case is dismissed and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Anitra T. Cassas, Esquire, Counsel for Defendant, McGuire Woods, LLP, 901 East Cary Street, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v. CASE NO. SEC-2014-00012

PACIFIC WEST SECURITIES, INC.,
Defendant

ADMISSION AND CONSENT

Pacific West Securities, Inc. ("Defendant"), admits to the jurisdiction of the State Corporation Commission ("Commission") as to the parties and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("Order").

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

Date: 6-4-2014

By: [signature]
Authorized Rep. for Pac West

Seen and Approved by:

[signature]
Anitra T. Cassas, Esquire
Counsel for Pac West

Magnum. Based upon the investigation, the Division alleges that the Defendant was paid by Magnum to offer and sell securities of Magnum.

Based upon the investigation and the subsequent examinations of Integral and GMG, the Division alleges that the IAs failed to comply with numerous record keeping requirements under the Commission's Rules. After the first examination, the Division required the firms to address record keeping deficiencies found during the examination. However, the Division discovered in its second examination that the deficiencies were not addressed and that there were additional Rule violations. As a result of the investigation, the Division conducted a second investigation of the Defendant, GMG and Integral.

The records reviewed during the Division's investigation found, in addition to the numerous record keeping and rule deficiencies noted in its prior examinations, registration violations. Specifically, the Division found that: (i) the Defendant received fees in both 2010 in 2011 from Magnum; and (ii) that the Defendant was not registered as an agent of the issuer Magnum, to make such referrals.

The Division also discovered that the Defendant acquired Integral on December 4, 2011, and as of that date, had become the sole owner ("Owner") of Integral.

As a result of its investigation and subsequent examinations, the Division alleges that the Defendant violated numerous registration provisions and record keeping requirements under the Act through his roles with Magnum, Integral and GMG.

First, the Division alleges that the Defendant violated the following registration provisions: (i) § 13.1-504 A (i) of the Act by acting as an unregistered agent of the issuer Magnum by receiving compensation for referring investors to Magnum and (ii) § 13.1-504 A (ii) of the Act by conducting business as an unregistered IAR for Integral from December 5, 2011 to

December 31, 2013, by providing investment advice to Magnum and receiving fees for that advice in 2012. 14064019

Second, the Division alleges that the Defendant, as President of GMG violated the following record keeping requirements under the Act: (iii) 21 VAC 5-80-160 A (3) and 21 VAC 5-80-160 A (10) of the Commission's Rules governing Investment Advisors, 21 VAC 5-80-10 *et seq.* ("Rules"), for GMG's failure to comply with record keeping requirements for IAs; and (iv) Rule 21 VAC 5-80-40 A for failure to comply with updates and amendments required by Form ADV.

Third, the Division alleges that the Defendant, as IAR of Integral violated (v) Rule 21 VAC 5-80-200 B (15) for his failure to act as a fiduciary by not acting primarily for the benefit of his clients.

Fourth, the Division alleges that the Defendant, as Owner of Integral, violated the following Rules concerning record keeping and prohibited business conduct: (vi) Rule 21 VAC 5-80-160 A (6) for Integral's failure to make, keep current, maintain and preserve all trial balances, and financial statements prepared in accordance with generally accepted accounting principles; (vii) Rule 21 VAC 5-80-145 (B)(1)(d)(3) for failure to send each limited partner at least quarterly, account statements identifying the amount of funds and each security of which the investment advisor has custody from December 5, 2011 to December 31, 2013; (viii) Rule 21 VAC 5-80-145 (C)(3) for Integral's failure to obtain an annual audit of the account of the limited partnership for the fiscal year 2012 and for failure to distribute the audited financial statements to all limited partners within 120 days of the limited partnership's fiscal year; (ix) Rule 21 VAC 5-80-145 (B)(3)(b) for Integral's failure to use a qualified independent party in the payment of the limited partnership's fees, expenses, and capital withdrawals from

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December 5, 2011 to December 31, 2013; and (x) Rule 21 VAC 5-80-40 A for Integral's failure to update Integral's Form ADV.

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendant admits to the alleged violation of § 13.1-504 A (i) of the Act, neither admits nor denies the remaining allegations, and admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) Pursuant to § 13.1-519 of the Act, the Defendant agrees to be enjoined from registering with the Division in any capacity for a period of five (5) years from the date of entry of this Order.

(2) Within thirty (30) days of entry of this Order, the Defendant will provide investors of Magnum information regarding the value of their investment(s) in Magnum.

(3) Within thirty (30) days of entry of this Order, the Defendant will provide the custodian of the investors' funds information regarding the value of their investment(s) in Magnum.

(4) The Defendant will not violate the Act or Rules in the future.