

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

IN THE MATTER OF:)	
RUSSELL H. SWENSON and)	No 0800504
05914, INC., their partners, officers and directors,)	
agents, employees, affiliates, successors and assigns.)	
)	

CONSENT ORDER OF PROHIBITION

TO RESPONDENTS: **Russell H. Swenson and**
 and
 05914, Inc.
 201 N. Tyler #236
 St. Charles, Illinois 60174

WHEREAS, Respondents on the 4th day of December 2009 executed a certain Stipulation to Enter Consent Order of Prohibition (the "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 the Amended Notice of Hearing of the Secretary of State, Securities Department, dated November 14, 2009 in this proceeding (the "Notice") and Respondents consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Respondents Swenson and 05914, Inc. acknowledged, that the following allegations contained in the Notice shall be, and are, adopted as the Secretary of State's Findings of Fact:

1. Respondent Russell H. Swenson (hereinafter "Swenson" or together with 05914, Inc., "Respondents") has a last known address of 201 North Tyler, Unit #236, St. Charles, Illinois 60174.
2. Respondent 05914, Inc. (hereinafter "05914, Inc." or together with Swenson "Respondents"). was an Illinois corporation with a last known address of 201 North Tyler, Unit #236, St. Charles, Illinois 60174.

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3. Swenson was the sole officer, director and employee of 05914, Inc. and as such controlled the operation of 05914, Inc. until its dissolution on August 10, 2007.
4. In January 2006 Swenson offered to at least two Illinois residents ("Investor #1" and "Investor #2, or collectively "Investors") the opportunity to invest their money in his trading enterprise, Respondent 05914, Inc.
5. Swenson told the Investors that he was a proficient futures "trader" who would sell each of the Investors one share of 05914, Inc. for \$15,000 and that each Investor would be paid 1% of all trading profits in exchange for the stock purchase.
6. Swenson promised both Investor #1 (who invested \$15,000) and Investor #2 (who invested \$27,038.92) that their investment would be used to trade futures and that 05914, Inc., would pay each of the Investors an amount equal to 1% of its profits earned from trading.
7. On January 26, 2006 Investor #1 gave Respondents a check for \$15,000 for the purchase of one share of 05914, Inc.
8. On or about January 8, 2006 Investor #2 gave Respondents a check for \$10,000, and on September 29, 2006 Investor #2 gave Respondents a check for \$5,000 for the purchase of one share of 05914, Inc.
9. On or about January 30, 2006 Investor #2 transferred an additional \$12,038.92 to Respondents from his Individual Retirement Account (IRA) for purchase of a share of the 05914, Inc. hedge fund.
10. The activities described above in paragraphs 4-9 constitute the offer and sale of a stock and/or a participation in a profit-sharing agreement and therefore a security as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").

FRAUD IN SALE OF SECURITIES

Investor #1

11. Instead of depositing Investor #1's \$15,000 check into 05914, Inc.'s bank account, on January 30, 2006 Swenson deposited Investor #1's check into his own personal bank account at Valley Community Bank (VCB personal).
12. Respondent Swenson converted and drew from this \$15,000 for his own personal benefit.

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13. On December 7, 2006 Respondents issued and delivered a check to Investor #1 in the amount of \$8011.

Investor #2

14. On or about January 8, 2006 Respondent Swenson deposited Investor #2's \$10,000 check into Swenson's personal bank account at VCB, and on or about Feb. 3, 2006 Swenson forwarded this \$10,000 to Swenson's personal futures trading account at the Oanda Forex Trading Company (Oanda personal).
15. Between February and July, 2006 Swenson traded futures with Investor #2's \$10,000 from the Oanda personal account, sustaining approximately \$7600 in losses and fees, and then in July 2006 returned the balance of approximately \$2400 to Swenson's VCB personal account, which Swenson used for his own personal benefit.
16. On or about January 30, 2006 Swenson deposited the \$12,038.92 proceeds of Investor #2's IRA into the VCB business account under the name of 05914, Inc. (VCB business).
17. On or about January 30, 2006 Swenson joined this \$12,038.92 from VCB business with an additional \$2961.08 from VCB business and wired the total of \$15,000 to the 05914, Inc. Oanda account (Oanda business).
18. Respondents never traded from this Oanda business account during any timeframe set forth herein.
19. Instead, between July 2006 and November 2006, Respondents withdrew the entire \$15,000 (withdrawals between \$450 and \$4975) and deposited it back into the VCB business account where it was used to pay for Swenson's personal expenses.
20. On September 29, 2006 Respondents deposited Investor #2's \$5,000 check into the 05914, Inc. bank account.
21. Respondents never traded futures or otherwise invested this \$5,000 but instead converted the funds and used them to pay for Respondent Swenson's personal expenses.
22. Respondents failed and refused to notify the Investors that they were commingling invested funds with their own funds and converting their investments to Respondents' own use and benefit, instead of using them for the stated purpose of trading futures.
23. That Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the provisions of the Act for any person, "to engage in any transaction, practice or

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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.”

24. That Section 12.G of the Act provides, *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 the light of the circumstance under which they were made, not misleading.”
25. That Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
26. That by virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I of the Act.

WHEREAS, by means of the Stipulation Respondents Swenson and 05914, Inc. acknowledged that the following shall be, and are, adopted as the Secretary of State’s Conclusions of Law:

Respondents Russell H. Swenson and 05914, Inc. violated Sections 12.F, 12.G and 12.I of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.E of the Act, Russell H. Swenson and 05914, Inc., their partners, officers and directors, agents, employees, affiliates, successors and assigns are **PROHIBITED** from offering or selling securities in or from this State until further Order of the Secretary of State.

Dated: This 7th day of December, 2009.



JESSE WHITE
Secretary of State
State of Illinois

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