

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:) **ORDER TO CEASE AND DESIST**
Ronald E. Satterfield,)
and)
Graham Street FOREX Group, LLC,) **File No. 09044**
Respondents.)
_____)

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”), pursuant to authority granted in the South Carolina Uniform Securities Act of 2005 (the “Act”), S.C. Code Ann. §§ 35-1-101 to 35-1-703 (Supp. 2010), on or about April 30, 2009, received information regarding activities of Ronald E. Satterfield (“Satterfield”), and Graham Street FOREX Group, LLC (“Graham Street”), which could constitute violations of the Act;

WHEREAS, the information led the Division to open and conduct an investigation of Satterfield and Graham Street (collectively, the “Respondents”) pursuant to S.C. Code Ann. § 35-1-602;

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings and conclusions:

1. Respondent Satterfield is a South Carolina resident.

2. Respondent Graham Street is a company registered with the South Carolina Secretary of State's office.

3. Upon information and belief, the primary business address for the Respondents during the time period of the violations herein was 91 Anson Street, Charleston, South Carolina 29401.

4. During the period on or about March, 2006, to on or about March, 2009, the Respondents utilized one or more agents and direct contact by Satterfield to solicit investors in a foreign exchange ("FOREX") trading program.

5. The solicitations referred to in item 4 above occurred in and from South Carolina.

6. Offerees were told that their investment would be used in FOREX trading.

7. Offerees were told that their investment would be wholly returned to them after a specified period of time, usually one year, or they could elect to leave their funds in place for an extended period of earnings.

8. Offerees were also told that monthly interest, usually 2% to 4% per month, would be paid during the period of the investment, or they could elect to receive no monthly payout and have earned interest reinvested.

9. Offerees were told that the selling agent would also receive a payment.

10. Offerees were not told that FOREX trading is risky, nor were they told that they could lose all of the money they invested.

11. Multiple South Carolina investors were given a single page document titled "THE GRAHAM STREET FOREX GROUP CAPITALIZATION LOAN AGREEMENT" (the "Agreement").

12. The Agreement stated:

- a. The agreed upon interest will be paid monthly and mailed on the fifteenth of each month;
- b. At the end of the specified period, usually twelve months, the principal will be returned to the investor; and
- c. In the event that the Graham Street FOREX Group, LLC ceases trading, all principal and interest will be returned within sixty (60) days.

13. The Respondents received at least \$3.3 million dollars from investors during the period herein.

14. During the period of the violations, the Respondents opened multiple FOREX trading accounts with three established FOREX trading companies.

15. The Respondents deposited some investor funds into FOREX trading accounts and actively made trades.

16. Until trading by Respondent Satterfield ceased in March, 2009, whenever an investor asked about his account or the success of his FOREX trading, Respondent Satterfield consistently responded that he was making money for the investor or investors and there were no problems.

17. Bank and FOREX account documents show figures that conflict with what the Respondents told investors prior to March, 2009.

18. Bank and FOREX documents show:

- a. Only a portion of the funds given by investors to the Respondents was deposited in FOREX trading accounts. Of the approximately \$3.3 million dollars received from investors, only about \$1.2 million dollars, or about 36 percent, was placed into FOREX trading; and
- b. Respondent Satterfield's FOREX trading efforts consistently lost money and, by March, 2009, he had lost in excess of \$1.0 million dollars of investor funds.

19. From the beginning of the Respondents' trading program, monthly interest payouts to investors had to be taken directly from investor funds as the promised gains were not realized through FOREX trading.

20. Respondent Satterfield did not tell offerees that he would use investor funds for his own purposes and personal enrichment.

21. Respondent Satterfield used investor funds to give at least \$28,000 to his employer, St. John's Reformed Episcopal Church; to pay \$24,000 to a log home manufacturer; and for personal enrichment in an amount exceeding \$40,000 between February, 2008, and May, 2009.

22. In early March, 2009, just days prior to terminating trading due to lack of funds, Respondent Satterfield solicited additional investment from a South Carolina investor who had previously invested \$100,000 with the Respondents. In connection with the solicitation, Respondent Satterfield indicated that the Respondents' FOREX trading continued to be profitable and the investor's funds were safe.

23. In truth, the Respondents' net monthly FOREX trading from March, 2006, to February, 2009, had resulted in a loss each and every month.

24. In March, 2009, Respondent Satterfield advised investors by mail that trading had ceased and no funds remained.

25. An effort was made to interview Respondent Satterfield at his home on December 1, 2010. Respondent Satterfield declined to give an interview at that time or another.

26. The FOREX trading program investment opportunity Respondents offered pooled investor money in a common enterprise from which investors expected profits as a result of the efforts of persons other than the investors.

27. The FOREX trading program investment opportunity offered and sold by Respondents constitutes a security pursuant to S.C. Code Ann. § 35-1-102(29).

28. The investment opportunity offered and sold by Respondents was not registered for sale in or from the State of South Carolina, was not federal covered, and no claim of exemption from registration was filed with the Division.

29. Respondent Satterfield is not and has never been registered in the State of South Carolina as an agent, investment adviser representative, or other person authorized to give financial advice or to offer or sell securities in or from this State, nor has he claimed an exemption from registration pursuant to the Act.

30. Respondent Graham Street is not and has never been registered in the State of South Carolina as a broker-dealer, issuer, investment adviser or other person authorized to give financial advice or to offer or sell securities in or from this State, nor has it claimed an exemption from registration pursuant to the Act.

WHEREAS, the Division has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601; and

WHEREAS, during the period in or around March, 2006, to March, 2009, Respondents offered and sold an investment opportunity constituting a “security” under State law both in and from the State of South Carolina; and

WHEREAS, Respondents violated S.C. Code § 35-1-301 by offering securities in and from the State of South Carolina when such securities were not registered for sale with the Division, federally covered securities, or exempt from registration; and

WHEREAS, Respondent Satterfield violated S.C. Code Ann. § 35-1-402 when he transacted business in and from this State by offering and selling the investment opportunities described above while he was not registered as an agent or exempt from registration; and

WHEREAS, Respondent Graham Street violated S.C. Code Ann. § 35-1-401(a) when it transacted business in this State as a broker-dealer while it was not registered or exempt from registration; and

WHEREAS, Respondent Graham Street violated S.C. Code Ann. § 35-1-402(d) when Graham Street, while engaged in offering, selling or purchasing securities in this State, employed or associated Respondent Satterfield to transact business on behalf of Graham Street while Respondent Satterfield was not registered to offer or sell securities in or from this State, or to represent an issuer in or from this State; and

WHEREAS, Respondents violated S.C. Code Ann. § 35-1-501 and engaged in securities fraud by making untrue statements of one or more material facts and omitting to state one or more material facts concerning the profit investors would earn; the ability of investors to obtain a return of their principal; the Respondents’ intended use of the investors’ funds; the returns

Respondents earned through FOREX trading; Respondents' FOREX trading losses; and the risks involved in investing with Respondents.

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), IT IS HEREBY ORDERED, that each Respondent:

- a. Cease and desist from offering and/or selling securities in or from South Carolina, in violation of S.C. Code Ann. §§ 35-1-301, 35-1-401 and 35-1-402 (Supp. 2010);
- b. Cease and desist from employing a device, scheme, or artifice to defraud another person or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person in violation of S.C. Code Ann. § 35-1-501 (Supp. 2010);
- c. Cease and desist from making untrue statements and/or omissions of material fact in connection with the offer or sale of a security, and engaging in dishonest and unethical business practices in violation of S.C. Code Ann. § 35-1-501 (Supp. 2010); and
- d. Pay a civil penalty in the amount of ten thousand dollars (\$10,000.00) per Respondent and total costs of investigation of seven thousand five hundred dollars (\$7,500.00) if this Order becomes effective by operation of law, or, if any Respondent seeks a hearing and a hearing officer or any other legal authority resolves this matter, pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by that Respondent and the actual cost of the investigation or proceeding.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

The Respondents are hereby notified that they each have the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order a written Answer specifically requesting that a hearing be held to consider rescinding the Order.

In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation of the Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty (30) day period stated above shall be deemed a waiver by that Respondent of his right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty, becoming final as to that Respondent by operation of law.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR
SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING ADDITIONAL
ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER ADMINISTRATIVE
FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL
PENALTIES UNDER S.C. CODE ANN. § 35-1-508. REGARDING MATTERS
DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF

PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL CHARGES UNDER
S.C. CODE ANN. § 35-1-508 OR ANY OTHER APPLICABLE CODE SECTION.

IT IS SO ORDERED, this the 15th day of March, 2011.

Tracy Meyers

Tracy A. Meyers
Assistant Attorney General
Securities Division
Office of the Attorney General
Rembert C. Dennis Building
1000 Assembly Street
Columbia, S. C. 29201