

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: SCOTT C. WINTERS

FILE NO. 0300688

CONSENT ORDER OF CENSURE AND FINE

TO THE RESPONDENT: Scott C. Winters
 (CRD #: 2598188)
 8163 Sunset Road
 Willowbrook, Illinois 60527

C/o Nexus Advisors Inc.
One Tower Lane, Suite 1700
Oakbrook Terrace, Illinois 60181

WHEREAS, Respondent on the 10th day of December executed a certain Stipulation to Enter Consent Order of Censure and Fine (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated October 3, 2003 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Censure and Fine ("Consent Order").

WHEREAS, by means of the Stipulation, Respondent has acknowledged, while neither admitting nor denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

1. That on April 24, 2003 the Respondent filed a Form U-4 application become registered with the Secretary of State as an investment adviser representative in the State of Illinois pursuant to Section 8 of the Act. Subsequently, the Respondent became registered in this capacity on May 13, 2003.
2. That on March 27, 2003 the State of California Department of Corporations, entered a Desist and Refrain Order ("Order") against the Respondent which found, among other things, that the Respondent violated Section 25401 of the Corporation Code. Specifically, the Order found:

Consent Order of Censure and Fine

-2-

- a. At all, relevant times, the Respondent was President of Titan Securities, LLC ("Titan Securities"). Titan Securities is or was a Delaware limited liability company, formed in February 2000. The Respondent is or was the sole principal shareholder, office and director of Titan Securities.
- b. Beginning in or about March 1, 2000, the Respondent and Titan Securities offered or sold securities in the form of limited partnership interests of Titan Fund 1, L.P. ("Titan Fund"), a Delaware Limited Partnership. Titan Fund was organized in February 2000 and Titan Securities served as the general partner and investment manager of the Partnership.
- c. The Respondent through Titan Securities offered and sold over \$800,000 worth of limited partnership interests in Titan Fund to approximately 5 of his clients from about March 2000 through October 2000.
- d. The purported purpose of Titan Fund was to seek substantial capital appreciation by investing in, and trading equities, options and other securities.
- e. In connection with these offers and sales, the Respondent through Titan Securities represented to investors that:
 - i. The fund had millions of dollars, including \$2,000,000 of the Respondent's own money; in fact the fund only had around \$800,000, none of which belonged to him;
 - ii. The fund had over 25 investors; in fact the fund only had about 5 investors;
 - iii. The fund would invest in conservative investments and be diversified to limit risk; in fact the fund consisted of risky investments and was not diversified; and.
 - iv. That the Respondent was an agent with a licensed broker-dealer; in fact he ceased being an agent of First Union Securities, Inc. in or around April 2000 and solicited clients to invest in Titan Fund while unlicensed.
- f. The California Corporations Commissioner is of the opinion that the securities of Titan Fund were offered or sold in this state by means or written or oral communications which included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light, of the circumstances under which they were made, not misleading, in violation of section 25401 of the CSL. Pursuant to Section 25532 of the CSL, the Respondent and Titan Securities are hereby ordered to desist and refrain from offering or selling

Consent Order of Censure and Fine

-3-

or buying or offering to buy any security in the State of California, including but not limited to limited partnership interests, by means, of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

3. That the Order was not and is not reflected in the Central Registration Depository.
4. That the aforementioned Order was mailed to the Respondent by means of certified mail return receipt requested on March 28, 2003. The Respondent received this Order on or about April 30, 2003.
5. The Respondent has failed to amend his Form U-4 to reflect the existence of the aforementioned Order.
6. That Rule 839.d of the Rules and Regulations promulgated under the Act, (Procedures for Registration as an Investment Adviser Representative Under Section 8.D/5 of the Act) provides, inter alia, that the application on file with the Securities Department shall be amended whenever a change occurs that renders inaccurate shall be filed with the NASD, utilizing the IARD, within ten business days after the occurrence of the change.
7. That Section 12.D provides, inter alia, that it shall be a violation of the provisions of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
8. That Section 8.E(1)(g) of the Act provides that the registration of an investment adviser representative may be revoked if he has violated any of the provisions of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's registration as an investment adviser representative in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(g) of the Act.

That pursuant to Section 11.F(4) of the Act in addition to any other sanction the Secretary of State may, upon finding a violation, may impose a fine for each violation of this Act, may issue an order of public and may charge as costs of investigation all reasonable expenses.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that:

Consent Order of Censure and Fine

-4-

1. He shall be CENSURED.
2. He shall be FINED. Said FINE shall be in the sum of Seven Hundred and Fifty dollars (\$750.00), and shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, and shall be due within thirty (30) days from the entry of the Consent Order.
3. He shall pay the sum of Seven Hundred and Fifty dollars (\$750.00) to the Secretary of State, Investors Education Fund, as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund, and shall be due within thirty (30) days from the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Scott C. Winters shall be and is CENSURED.
2. Scott C. Winters shall be and is FINED. Said FINE shall be in the sum of Seven Hundred and Fifty dollars (\$750.00), and shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, and shall be due within thirty (30) days from the entry of the Consent Order.
3. Scott C. Winters shall pay the sum of Seven Hundred and Fifty dollars (\$750.00) to the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund, and shall be due within thirty (30) days from the entry of this Consent Order.

Consent Order of Censure and Fine

-5-

4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 12th day of December 2003.

Handwritten signature of Jesse White in cursive script.

JESSE WHITE
Secretary of State
State of Illinois