

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

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

TEMPORARY ORDER OF PROHIBITION

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

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find :

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.
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 and Investor #2 that their \$15,000 (total \$30,000) 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.

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7. On January 26, 2006 Investor #1 gave Respondents a check for \$15,000 for the purchase of one share of 50914, Inc.
8. On 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. The activities described above in paragraphs 4-8 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

10. Instead of depositing Investor #1's check into 05914, Inc.'s bank account, on January 30, 2006 Swenson deposited Investor #1's check into his own bank account.
11. On February 6, 2006 Respondents did wire \$15,000 from the 05914, Inc. bank account to 05914, Inc.'s futures trading account at Oanda.com, a forex trading company, but made no trades through the account, and instead Respondents withdrew the entire \$15,000 (9 withdrawals between \$450 and \$4975) between July and November of 2006 and converted the \$15,000 for Swenson's personal use and benefit.
12. At the same time Respondent Swenson maintained a separate Oanda.com account in his own name (the "Swenson trading account") into which he wired \$10,000 on February 2, 2006 from his personal bank account.
13. Swenson traded futures through the Swenson trading account between February 2006 and November 2006 until Swenson's losses, and a withdrawal of \$1475, reduced the balance to approximately \$13.00, when he ceased trading.
14. On December 13, 2006 Respondents repaid Investor #1 \$8,011 from the 05914, Inc. bank account.

Investor #2

15. On January 8, 2006 Respondents deposited Investor #2's \$10,000 check into the 05914, Inc. bank account.
16. As stated in paragraph 11 above, on February 6, 2006 Respondents wired \$15,000 from the 05914, Inc bank account to 05914, Inc.'s futures trading account at Oanda.com, but made no trades through the account, and instead Respondents withdrew the entire \$15,000 between July and November of 2006, and converted the \$15,000 for Swenson's personal use and benefit.

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17. As stated in paragraph 12 above, Respondent Swenson maintained a separate Oanda.com account in his own name (the "Swenson trading account") into which he wired \$10,000 on February 2, 2006 from his personal bank account.
18. On September 29, 2006 Respondents deposited Investor #2's \$5,000 check into the 05914, Inc. bank account and from there into the Swenson trading account where he suffered losses as described in paragraph 13 above.
19. 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.
20. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person, "to engage in any transaction, practice or 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".
21. Section 12.G of the Act provides, *inter alia*, that it shall be a violation 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 light of the circumstances under which they were made, not misleading".
22. 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".
23. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I of the Act and will violate them again if they make further offers, or if they make any sales of investment contracts or other securities described above in the State of Illinois.
24. The aforementioned findings are based upon credible evidence.
25. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.

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26. The entry of this Temporary Order of Prohibition prohibiting the Respondents Russell H. Swenson and 05914, Inc. or their partners, officers and directors, agents, affiliates, successors and employees, from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

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

NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for sixty (60) days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 20th day of August 2009.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

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