

1 5. Beginning in 2019, Fargo Trades asserts that it trades, exchanges, purchases or sells
2 various securities for consumers profit either through Fargo Trades own account or the consumers
3 account. Some of these securities transactions involve cryptocurrency.

4 6. CSL section 25004 defines “broker-dealer” as any person engaged in the business of
5 effecting transactions in securities in this state for the account of others or for his own account. CSL
6 section 25210, subdivision (a), prohibits a broker-dealer from effecting any transaction in or induce
7 or attempt to induce the purchase or sale of, any security in this state unless the broker-dealer has first
8 applied for and secured from the commissioner a certificate, then in effect, authorizing that person to
9 act in that capacity.

10 7. Fargo Trades has never obtained a certificate to act as a broker-dealer under CSL
11 section 25210 and is not exempt from the licensure requirement.

12 8. Beginning in at least 2019, Fargo Trades engaged in the business of providing
13 investment advice in connection with their website. Fargo Trades advised California residents
14 regarding investments made with and through Fargo Trades. On its website, Fargo Trades asserts that
15 it charges a fee and/or a commission for all investment services provided in connection with
16 providing investment advice.

17 9. Fargo Trades does not have a valid investment adviser certificate issued by the
18 Commissioner nor has Fargo Trades been registered as an investment adviser with the U.S. Securities
19 & Exchange Commission. Fargo Trades is not exempt from the certification requirement set forth in
20 the CSL.

21 10. CSL section 25230, subdivision (a) prohibits a person from conducting business as an
22 investment adviser in this state without first applying for and securing a certificate from the
23 Commissioner authorizing them to do so, unless exempt.

24 11. Under section 25235, subdivisions (a) and (b) of the CSL, it is unlawful for any
25 investment adviser, directly or indirectly, in this state to employ any device, scheme, or artifice to
26 defraud any client or prospective client; and to engage in any transaction, practice, or course of
27 business which operates or would operate as a fraud or deceit upon any client or prospective client.

28 12. In connection with the offer or sale of these securities in this state, Fargo

1 Trades asserted that it is licensed and “registered with the America Trading Council” holding
2 registration number “229-703-4658”. Also, in connection with the offer or sale of these securities in
3 this state, Fargo Trades failed to disclose that on June 24, 2019, the Alabama Securities Commission
4 issued a Cease and Desist Order, Administrative Order No. CD-2019-0023 to Fargo Trades for
5 multiple securities and broker dealer violations of Title 8, Chapter 6 of the Alabama Securities Act of
6 1975.

7 Based on the foregoing, the Commissioner of Business Oversight finds that the stock and
8 profit sharing agreement - investment agreements offered and sold by Fargo Trades, also known as
9 F.Trades, www.fargotrades.net and Fargo Trades Ltd., are securities subject to qualification under the
10 Corporate Securities Law of 1968. These investment agreements were offered and sold without being
11 qualified or exempt, in violation of Corporations Code section 25110.

12 Pursuant to Corporations Code section 25532 Fargo Trades, also known as F.Trades,
13 www.fargotrades.net and Fargo Trades Ltd., is hereby ordered to desist and refrain from the further
14 offer or sale in California of securities, including, but not limited to stock and profit sharing
15 agreement - investment agreements, unless and until qualification has been made under said law or
16 unless exempt.

17 Further, the Commissioner of Business Oversight is of the opinion that the securities in the
18 form of stock and profit sharing agreement - investment agreements were offered and sold in
19 California by means of a written or oral communication which included an untrue statement of
20 material fact or omitted to state a material fact necessary to make the statement made, in light of the
21 circumstances under which they were made, not misleading, in violation of section 25401.

22 Pursuant to section 25532, Fargo Trades, also known as F.Trades, www.fargotrades.net and
23 Fargo Trades Ltd., is hereby ordered to desist and refrain from offering or selling or buying or
24 offering to buy any security in California, including but not limited to investment agreements, by
25 means of any written or oral communication which includes an untrue statement of material fact or
26 omits to state a material fact necessary in order to make the statements made, in light of
27 circumstances under which they were made, not misleading.
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1 Also, based on the foregoing findings, the Commissioner is of the opinion that Fargo Trades,
2 also known as F.Trades, www.fargotrades.net and Fargo Trades Ltd., is subject to the laws regulating
3 broker-dealers under Corporate Securities Law of 1968, and has affected transactions in, or induced,
4 or attempted to induce the purchase or sale of, securities as broker-dealers, without having first
5 applied for and secured from the Commissioner a certificate authorizing these persons to act in that
6 capacity, in violation of CSL section 25210.

7 Pursuant to CSL section 25532, Fargo Trades, also known as F.Trades, www.fargotrades.net
8 and Fargo Trades Ltd., is hereby ordered to desist and refrain from conducting business as a broker-
9 dealer, unless and until certification has been made under said law or unless exempt.

10 Moreover, based upon the foregoing findings, the Commissioner is of the opinion that Fargo
11 Trades, also known as F.Trades, www.fargotrades.net and Fargo Trades Ltd., conducted business as
12 an investment adviser in this state without first securing from the Commissioner a certificate,
13 authorizing them to do so, in violation of section 25230 of the CSL.

14 Pursuant to section 25532 of the CSL, Fargo Trades, also known as F.Trades,
15 www.fargotrades.net and Fargo Trades Ltd., is hereby ordered to desist and refrain from conducting
16 business as an investment adviser in the State of California, unless and until Fargo Trades, also
17 known as F.Trades, www.fargotrades.net and Fargo Trades Ltd., has first applied for and secured
18 from the Commissioner a certificate, then in effect, authorizing him to act as an investment advisor or
19 unless exempt.

20 Finally, based upon the foregoing findings, the Commissioner is of the opinion that Fargo
21 Trades, also known as F.Trades, www.fargotrades.net and Fargo Trades Ltd., conducted business as
22 an investment adviser in this state and employed a device, scheme, or artifice to defraud any client or
23 prospective client and engaged in a transaction, practice, or course of business which operates or
24 would operate as a fraud or deceit upon any client or prospective client, in violation of section 25235,
25 subdivisions (a) and (b) of the CSL.

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1 Pursuant to section 25532 of the CSL, Fargo Trades, also known as F.Trades,
2 www.fargotrades.net and Fargo Trades Ltd., is hereby ordered to desist and refrain from directly or
3 indirectly employing any device, scheme, or artifice to defraud any client or prospective client and to
4 engage in any transaction, practice, or course of business which operates or would operate as a fraud
5 or deceit upon any client or prospective client.

6 This Order is necessary, in the public interest, for the protection of investors and consistent
7 with the purposes, policies and provisions of the Corporate Securities Law of 1968.

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9 Dated: January 24, 2020
10 Sacramento, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

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By _____

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MARY ANN SMITH
Deputy Commissioner
Enforcement Division

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