

TRAVIS J. ILES
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IN THE MATTER OF §
JAMES FREDERICK WALSH AKA JIM WALSH §
AKA "STORMY" WALSH §

Order No. ENF-20-CDO-1800

TO: JAMES FREDERICK WALSH AKA JIM WALSH AKA "STORMY" WALSH
6850 S. Villa Drive, Boca Raton, Florida 33433

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas (the "**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (the "**Securities Act**").

The Enforcement Division of the Texas State Securities Board (the "**Enforcement Division**") has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. James Frederick Walsh aka Jim Walsh aka "Stormy" Walsh (hereinafter referred to as "**Respondent Walsh**") can be served at 6850 S. Villa Drive, Boca Raton, Florida 33433.

OVERVIEW

2. Respondent Walsh is promoting a forex investment program that returns as much as 11 percent per month.
3. The Enforcement Division determined the investments in the forex investment program are regulated by the Securities Act, and Respondent Walsh was violating the Securities Act.
4. The Enforcement Division afforded Respondent Walsh the opportunity to voluntarily stop violating the Securities Act and become compliant with the law.
5. Respondent Walsh agreed to comply with the law and promised he would cease and desist violating the Securities Act.

6. Although Respondent Walsh agreed to comply with the law, he is continuing to illegally and fraudulently offer securities, and he is now threatening immediate and irreparable harm to Texas residents.
7. As described herein, Respondent Walsh is now preying on concerns over the recent decline in the securities markets, changes to the economy and the threat of coronavirus disease 2019, also known as COVID-19.

THE SOLICITATIONS

8. Respondent Walsh published an advertisement in an online forum for financial services dedicated to residents of Houston, Texas.
9. The advertisement promotes investments in a forex trading program managed by Respondent Walsh.
10. The advertisement claims Respondent Walsh achieves a winning average of more than 76 percent.
11. The advertisement further claims investors receive average monthly returns of between eight and 11 percent of their net account balances.
12. The advertisement directs potential investors to contact Respondent Walsh.

THE MASTER ACCOUNT CLIENT TRADING PROGRAM

13. Respondent Walsh has been referring to the forex trading program as his Master Account Client Trading Program, and he has been telling potential investors that investments in the Master Account Client Trading Program are "basically risk free."
14. Respondent Walsh has been directing potential investors to open an account with a specific broker and set up a subaccount under his master account.
15. Respondent Walsh has been explaining that, under this umbrella, he will trade in a virtual account that mirrors the subaccount.
16. Respondent Walsh claims to be paying 60 percent of profits derived from the trading to investors while retaining the remaining 40 percent of the profits as payment for his services.
17. Respondent Walsh has also been charging investors \$150 per month to help cover the costs of banker charts and other data used to develop his trading strategies.

THE INVESTIGATION AND SUBSEQUENT PROMISE TO COMPLY WITH THE LAW

18. The Enforcement Division investigated Respondent Walsh and determined the investments in the Master Account Client Trading Program are regulated as securities.

19. The Enforcement Division also determined Respondent Walsh was violating the registration and disclosure provisions of the Securities Act.
20. The Enforcement Division contacted Respondent Walsh. It explained Respondent Walsh was violating the law and afforded him the opportunity to become compliant with the law.
21. Respondent Walsh thereafter agreed to cease and desist violating statutory registration and disclosure requirements.

RESPONDENT WALSH IS CONTINUING TO
SOLICIT TEXANS AND IS NOW PREYING ON THEIR CONCERNS ABOUT COVID-19

22. Although Respondent Walsh agreed to cease and desist violating statutory registration and disclosure provisions of the Securities Act, he is continuing to illegally, fraudulently and deceptively offer investments in the Master Account Client Trading Program to Texas residents as described herein.
23. Moreover, Respondent Walsh is now preying on concerns over the recent changes in the securities markets, changes in the economy and the threat of COVID-19. He is representing as follows:
 - A. Respondent Walsh is describing the Master Account Client Trading Program as a "safe haven" in the context of "all the turmoil the last few weeks about the virus and its massive effects on the world's financial markets;"
 - B. Respondent Walsh is claiming the "world is entering a 'Bear market' and a recession is just around the corner" but this investment is "recession-proof;"
 - C. Respondent Walsh is explaining he can provide a source of supplemental income that can help when investors "cannot go out of [their] house[s] and take care of [their] famil[ies];"
 - D. Respondent Walsh is representing that he "would think after this [sic] past two weeks it has become very clear to you that the writing is on the wall" and that forex is "an important asset" to "your life and well[-]being;" and
 - E. Respondent Walsh is claiming that, given the changes to the financial markets, investments in the Master Account Client Trading Program are perfect investments for retirees.
24. Respondent Walsh is also continuing to tout the profitability of the investments in the Master Account Client Trading Program as follows:
 - A. Respondent Walsh is claiming that most weeks he averaged five percent profits but that over "[t]he last three weeks, while everyone was losing, I took a 16 k account and made \$6500;"
 - B. Respondent Walsh is claiming he earned \$46,000 on an account valued at \$100,000 over the last 10 days; and

- C. Respondent Walsh is claiming he is earning greater profits now that COVID-19 has impacted the financial markets and that returns on investments in the Master Account Client Trading Program have tripled their value over the last four weeks.

REGISTRATION VIOLATIONS

25. Respondent Walsh has not been registered with the Securities Commissioner as a dealer or agent at any time material hereto.
26. Investments in the Master Account Client Trading Program have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.

SECURITIES FRAUD

27. In connection with the offer of investments in the Master Account Client Trading Program, Respondent Walsh is intentionally failing to disclose the following material facts about the risks associated with trading foreign currency:
- A. Fluctuations in a country's interest rates may lead to fluctuations in a currency's value, thereby negatively impacting the ability to close a trade for a profit;
 - B. Macroeconomic statistics, such as inflation, can have a significant impact on forex markets;
 - C. Stock, bond, commodity and other capital markets have a strong influence on exchange rates;
 - D. International trade numbers, such as trade deficits and surpluses, play a vital role in forex markets;
 - E. Fluctuations in the foreign exchange rate between the time of placing a trade and the time of closing a trade may negatively impact the price of forex;
 - F. A system or technical failure in a platform for executing trades may negatively impact the ability to close a trade for a profit;
 - G. Leveraging transactions on margin, once called, may lead to substantial losses in excess of initial investments; and
 - H. Political news can be important for forex traders, and unexpected news can negatively impact forex trading.
28. In connection with the offer of investments in the Master Account Client Trading Program, Respondent Walsh is intentionally failing to disclose the following material facts relating to the Enforcement Division:

- A. The Enforcement Division determined the investments in the Master Account Client Trading Program are securities regulated by the Securities Act;
- B. The Enforcement Division determined that Respondent Walsh was violating the statutory registration and disclosure requirements through his offer of investments in the Master Account Client Trading Program; and
- C. Respondent Walsh represented to the Enforcement Division he would cease and desist violating the statutory registration and disclosure requirements and that he is now acting contrary to his representation to the Enforcement Division.

MISLEADING AND DECEPTIVE PRACTICES

29. Respondent Walsh is capitalizing on concerns over the recent decline in the securities markets, changes to the economy and the threat of COVID-19. As described herein, he is representing as follows:
- A. Respondent Walsh is describing the investments in the Master Account Client Trading Program as a "safe haven" in the context of "all the turmoil the last few weeks about the virus and its massive effects on the world's financial markets;"
 - B. Respondent Walsh is claiming the "world is entering a 'Bear market' and a recession is just around the corner" but this investment is "recession-proof;"
 - C. Respondent Walsh is explaining he can provide a source of supplemental income that can help when investors "cannot go out of [their] house[s] and take care of [their] famil[ies];"
 - D. Respondent Walsh is stating that "I would think after this [sic] past two weeks it has become very clear to you that the writing is on the wall" and that forex is "an important asset" to "your life and well[-]being;" and
 - E. Respondent Walsh is claiming that, given the changes to the financial markets, investments in the Master Account Client Trading Program are the perfect investments for retirees.
30. These statements are materially misleading or otherwise likely to deceive the public because they tout the purported safety, security and profitability of investments in the Master Account Client Trading Program but do not reflect the considerable risks described herein.

CONCLUSIONS OF LAW

- 1. The investments in the Master Account Client Trading Program are "securities" as that term is defined in Section 4.A of the Securities Act.

2. Respondent Walsh is violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with or permitted by the Securities Commissioner.
3. Respondent Walsh is violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.
4. Respondent Walsh is engaging in fraud in connection with the offer for sale of securities.
5. Respondent Walsh is making an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
6. Respondent Walsh's conduct, acts, and practices threaten immediate and irreparable public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

ORDER

1. It is therefore ORDERED that Respondent Walsh immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondent Walsh immediately CEASE AND DESIST from acting as a securities dealer or agent in Texas until he is registered with the Securities Commissioner or is acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondent Walsh immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED that Respondent Walsh immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Securities Act is a criminal offense punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 3rd day of April 2020.

A handwritten signature in black ink, appearing to read 'T. Iles', is written over a horizontal line.

TRAVIS G. ILES
Securities Commissioner