

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

PETITION FOR ORDER

A.J. BALFOUR & GROUP
INCORPORATED, GLOBALONE
FINANCIAL, LLC, GLOBALONE
FINANCIAL, INC., JOSEPH LEONARD
ALLEN, ROBERTA R. COURI, and
MICHAEL JEFFERY SCOTT,
Respondents.

File No. S-228326 (EX)

The staff of the Bureau of Enforcement of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to Wis. Stat. § 551.56,¹ and as a result thereof alleges as follows:

1. A.J. Balfour & Group Incorporated ("Balfour") is a Florida corporation organized on June 5, 2008, with a last known business address of 401 East Las Olas Boulevard, Suite 1560, Fort Lauderdale, Florida 33301.
2. Joseph Leonard Allen ("Allen") (CRD# 1435384) is an individual who at all times material hereto has been an owner, officer, or controlling person of Balfour with a last known address of 6654 Villa Sonrisa Drive, #423, Boca Raton, Florida 33433.
3. GlobalOne Financial, LLC ("GlobalOne LLC") is Delaware sole member limited liability company organized on October 29, 2008, with a last known business address of 101 NE 3rd Avenue, Suite 1500, Fort Lauderdale, Florida 33301.
4. GlobalOne Financial, Inc. ("GlobalOne Inc.") is a Florida corporation organized on May 1, 2009, with a last known business address of 6451 North Federal Highway, Suite 1204, Fort Lauderdale, Florida 33308.
5. Michael Jeffery Scott ("Scott") (CRD# 2127424) is an individual who at all times material hereto has been an owner, officer, or controlling person of GlobalOne Inc., with a last known address of 101 NE 3rd Avenue, Suite 1500, Fort Lauderdale, Florida 33301, 216 Hermosa Avenue #5, Hermosa Beach, California 90254, and 1608 West 21st Street, San Pedro, California 90732. He is also the sole member of GlobalOne Financial, LLC as reflected in its operating agreement. The GlobalOne entities will be referred to collectively as "GlobalOne."
6. Roberta R. Couri ("Couri") is an individual who at all times material hereto has been an agent of either Balfour or GlobalOne, with a last known address of 21212 Harbor Way #146, Miami, Florida 33180-3592.
7. During the fall and winter of 2008, as an agent of Balfour, Couri offered and sold to at least one person in Wisconsin over 362,740 shares of stock in Automotive Warranty Solutions, LLC ("AWS") over \$362,740.

¹ Unless otherwise noted, all statutory references will be to the Wisconsin Statutes (2005-06), which were in effect at the time of the initial violation alleged herein and apply to this matter pursuant to Wis. Stat. § 551.703 (2007-08).

8. While offering the AWS stock to the Wisconsin investor, Couri told the Wisconsin investor that the company was looking for private equity investors to fund its expansion, and was planning to go public in the near future at \$3/share, and was expected to increase to \$14-20/share shortly after the initial public offering (“IPO”).
9. In offering the AWS stock to the Wisconsin investor, Couri failed to disclose to the Wisconsin investor the following material facts:
 - a. Balfour was not registered as a broker-dealer or investment adviser in Wisconsin.
 - b. Couri was not registered as a securities agent or investment adviser representative in Wisconsin.
 - c. Couri was the subject of a Cease and Desist Order issued on November 24, 2003 by the Maine Office of Securities for engaging in unlawful commodities trading.
 - d. On September 15, 2006, the United States District Court for the Eastern District of Pennsylvania entered a Consent Order for a permanent injunction against Allen for violations of the Commodities Exchange Act and its related regulations, prohibiting him from registering with the U.S. Commodities Futures Trading Commission (“CFTC”), and engaging in any further commodities trading or committing acts of fraud, and further ordered Allen to pay civil monetary penalties and restitution.
 - e. The stock being purchased belonged to Balfour, so the investment money would not go to the company for capital expansion, but to Balfour.
10. In offering the AWS units, Couri made the following material misrepresentations to the Wisconsin investor:
 - a. The Wisconsin investor would receive certificates for his shares of AWS, as promised by Couri.
 - b. AWS was planning to go public in the near future at \$3/share.
 - c. AWS would be worth significantly more than the IPO price after the IPO occurred.
11. In January 2009, Couri contacted the Wisconsin investor to inform him she had joined Scott, who had 20 years experience in financial services and founded GlobalOne, LLC, which she described as a start-up company planning to market electronic trading and financial software platforms.
12. Between January 2009 and May 2009, Couri and Scott offered and sold approximately 355,114 units of GlobalOne LLC at \$1/unit to the Wisconsin investor through unit purchase agreements, a redacted example of which is attached hereto as Exhibit 1.
13. In offering the LLC units to the Wisconsin investor, Couri and Scott spoke with the Wisconsin investor by telephone on several occasions, representing that GlobalOne, LLC would go public in about 18 months at \$3-4/unit, that this investment with the Balfour investments would make him a million dollars, and failing to disclose that the LLC units had not been registered for sale in Wisconsin, that Couri was not registered to sell

securities in Wisconsin, and was the subject of a Cease and Desist Order issued on September 23, 2003 by the Maine Office of Securities for engaging in unlawful commodities trading.

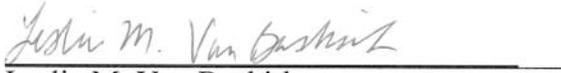
14. In the fall of 2009, Couri and Scott gave the Wisconsin investor a Confidential Private Offering Memorandum (“CPOM”) for Participating Convertible Preferred Stock in Global One Inc., to be exchanged for his units in GlobalOne LLC in October 2009.
15. The CPOM was the first written document the Wisconsin investor received that discussed any of the specifics of the investment in either GlobalOne entity. After receiving this document (months after he invested), the Wisconsin investor asked Couri about some of the risk factors listed, but since she told him that they didn’t mean anything, so he did not inquire further.
16. In early 2010, the Wisconsin investor grew uncomfortable with the lack of progress of GlobalOne, Inc., and requested his investment be returned. Despite Couri’s assurances that he would get his money back, the investor was never repaid.
17. A second Wisconsin investor was contacted by an agent of Scott in the fall of 2008 regarding an investment in a Wyoming LLC managed by Scott called LiveCore Health Technologies, LLC (“LiveCore”), which planned to help the homeless achieve financial independence through a reality TV show. Scott said it would be going public within a year, increasing its value substantially.
18. Between September 2008 and February 2009, Scott sold the second Wisconsin investor approximately 35,000 units of LiveCore for \$1/unit.
19. Between February 2009 and May 2009, Scott offered and sold the second Wisconsin investor \$125,000 units in GlobalOne LLC at \$1/unit, which were converted to shares of GlobalOne Inc., in October 2009, shortly after the second Wisconsin investor received the CPOM and executive summary for GlobalOne Inc., which was not given to him when he invested in the LLC units.
20. In offering the GlobalOne LLC units to the second Wisconsin investor, Scott and his agent failed to disclose that the GlobalOne LLC units had never been registered in Wisconsin, and that neither Scott nor his agent were registered as securities agents or investment adviser representatives in Wisconsin.
21. In offering the GlobalOne LLC units to the second Wisconsin investor, Scott made material misrepresentations to the second Wisconsin investor that GlobalOne LLC was planning to go public in 9 months to a year, and that GlobalOne LLC would be worth significantly more than the IPO price after the IPO occurred.
22. Because investors will not be involved in the day-to-day management of either GlobalOne LLC or Livecore, nor do the investors have the expertise or experience necessary to perform the necessary duties, the investments in the limited liability company units of GlobalOne LLC and LiveCore are investment contract securities as defined in Wis. Stat. § 551.102(28)(e).
23. Each Respondent violated Wis. Stat. § 551.301 by offering unregistered securities to investors in Wisconsin.

24. In connection with the offers of the securities described above, Balfour and Allen transacted business in Wisconsin as a "broker-dealer," as that term is defined by Wis. Stat. § 551.102(4).
25. At no time were either Balfour or Allen registered as a broker-dealer pursuant to Wis. Stats. Ch. 551.
26. Respondents Balfour and Allen violated Wis. Stat. § 551.401(1) by transacting business in Wisconsin as a broker-dealer without registration.
27. In connection with the offers of the securities described above, Couri transacted business in Wisconsin as an "agent" for Balfour and GlobalOne, as that term is defined by Wis. Stat. § 551.102(2).
28. Couri has never been registered as a securities agent pursuant to Wis. Stats. Ch. 551.
29. Couri violated Wis. Stat. § 551.402(1) by transacting business in Wisconsin as a securities agent without registration.
30. Allen, Balfour, Scott and GlobalOne violated Wis. Stat. § 551.402(4) by employing an unregistered agent to represent them in Wisconsin.
31. All Respondents violated Wis. Stat. § 551.501(2) by making material misstatements of material fact to the Wisconsin investors, and by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin as set forth above.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Orders pursuant to Wis. Stats. Ch. 551.

Dated this 30th day of April, 2014.


Chad R. MacHolz
Securities Examiner
Bureau of Enforcement


Leslie M. Van Buskirk
Attorney Supervisor
Bureau of Enforcement