

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

In the Matter of

CEASE AND DESIST ORDER
(CONSENT)

LAWRENCE M. FORMAN,

File No. S-231319 (EX)

Respondent.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("the Division"), having authority to administer and provide for enforcement of the Wisconsin Uniform Securities Law, Wis. Stats. Chapter 551, ("WUSL"), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order directing Respondent to immediately Cease and Desist from violating the WUSL.

Based upon the consent of the Respondent and the evidence obtained by the Division's Bureau of Enforcement, there are grounds sufficient for the Administrator to make the following findings of fact and conclusions of law:

RESPONDENT

1. Lawrence M. Forman, aka Larry Forman ("Forman") is an adult resident of the State of Wisconsin with last known residential addresses of 4626 W. Deer Run Dr., Apt. 203, Milwaukee, WI 53223 and 12420 Russet Court, Germantown, WI 53022.

FINDINGS OF FACT

2. In or about March 2009, Forman entered into an agreement with a Wisconsin resident (hereafter "investor") for Forman to manage investments on behalf of the investor.
3. Pursuant to their agreement, Forman assisted the investor with establishing an account with Scottrade, an online retail broker.
4. At all material times, Forman was employed as a bartender and he had no formal training, education or experience in trading securities or managing investments.
5. Forman has never been registered with the Division or any other entity to transact securities business in any capacity whatsoever, including as a broker-dealer or investment adviser.
6. The investor agreed to compensate Forman for managing his investments by paying a \$99 monthly fee on Forman's behalf so that Forman could access training for options trading from an internet website.
7. After setting up the account, Forman utilized the investor's personal user name and password to access the account and make purchases and sales of securities for the

investor's behalf and benefit, instead of executing a required Trading Authorization form naming Forman as the investor's authorized agent for conducting trades.

8. Between 2009 and 2013, the investor deposited approximately \$8,000 into the Scottrade account for Forman to manage. By the end of 2011, Forman had lost more than \$6,000 in account value due to trading losses.
9. In or about January 2014, the investor deposited an additional \$23,000 into the Scottrade account for Forman to manage. Forman and the investor agreed that Forman would utilize the funds to buy and sell securities on behalf of the investor, and after recouping previous losses, Forman would receive as compensation for his services 15% of any gains in the total account value.
10. By the end of 2014, Forman's trades on the investor's behalf resulted in nearly all of the funds in the Scottrade account being depleted due to trading losses. In or about December 2014, the investor closed the account, which had a value at that time of only about \$5,000.

CONCLUSIONS OF LAW

11. Forman conducted business as a "broker-dealer" as that term is defined by Wis. Stat. § 551.102(4) because he engaged in the business of effecting transactions in securities for the account of another.
12. Forman violated Wis. Stat. § 551.401(1) by transacting business in this state as a broker-dealer without being registered with the Division as a broker-dealer and without an exemption from registration.
13. Forman misrepresented himself as the investor by conducting securities transactions in the Scottrade account using the investor's personal name and password, thereby violating Wis. Stat. § 551.501(2) by making untrue statements of fact in connection with the offer, sale or purchase of securities.

Therefore, pursuant to Wis. Stat. § 551.604(1),

IT IS ORDERED THAT:

- a. RESPONDENT, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Wis. Stats. Ch. 551 or successor statute.
- b. All exemptions from registration set forth at Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by RESPONDENT, his successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.
- c. RESPONDENT, his successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by

or on his behalf, is prohibited from violating Wis. Stats. Ch. 551 or successor statute that might otherwise apply to any offer or sale of security of or by RESPONDENT.

d. RESPONDENT is prohibited from registering with the State of Wisconsin Division of Securities as a securities professional, including but not limited to investment adviser, investment adviser representative, broker-dealer agent, and agent for issuer.

This Order consented to by the Respondent prohibits Respondent from transacting securities business in the State of Wisconsin, effective upon the date issued, and shall have the same effect on Respondent as a permanent injunction entered by a circuit court pursuant to Wis. Stat. § 551.603(2)(a).

EXECUTED at Madison, Wisconsin, this 6th day of July, 2015.

(SEAL)



Patricia D. Struck
Administrator
Division of Securities