

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

In the Matter of,

UAB MID WEST GROUP aka
MID WEST GROUP, LLC,

Respondents.

SUMMARY ORDER TO CEASE AND
DESIST, REVOKING EXEMPTIONS AND
IMPOSING RESTITUTION WITH INTEREST

DFI Case No. S-240932 (EX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. Upon information and belief, UAB MID WEST GROUP aka MID WEST GROUP, LLC (UAB Mid West) is a business located at Lvovo 13-12, Vilnius, Lithuania 09313. The apparent director of UAB Mid West is Nerijus Ramanauskas.

Conduct

2. Investor OEM is an adult male located in Tomah, Wisconsin. In early April of 2020, OEM saw an advertisement on the internet for certificates of deposit apparently being offered by Global Financial Group HSBC.
3. OEM called the phone number provided in the advertisement and spoke on multiple occasions with an individual who identified himself as a senior account executive of Global Financial Group HSBC of Los Angeles, California and provided his CRD number.

4. OEM checked the HSBC business directory and confirmed HSBC has a long-term employee who is an investment adviser with the name and CRD number he had been provided.
5. The senior account executive explained to OEM that he could purchase a 12-month certificate of deposit at a 3.04% annual percentage rate. This was a higher rate than was available elsewhere.
6. The senior account executive further informed OEM the CD offer was limited for a short period of time, was only available to high net worth individuals, and that a minimum deposit of \$200,000 was required in order to receive the 3.04% annual rate. OEM was also told there was no penalty for early withdrawal and the CD was FDIC insured.
7. The senior account executive emailed to OEM a CD application on HSBC letterhead, a document listing various CD rates, and another document indicating the investment was FDIC insured.
8. OEM completed and signed the CD application on April 18, 2020. Several days later, OEM was informed his application had been approved.
9. On April 22, 2020, the senior account executive emailed to OEM his new account number, representing that OEM's new HSBC account was now active and ready for funding. The email included an attachment containing wire instructions that directed OEM to wire his funds to Revolut Bank, Ltd. in London to an account held by HSBC's "clearing partner" identified as UAB Mid West Group. The email included the following language: "Cleared by UAB Mid West Group through Revolut Bank an HSBC Company."
10. The wire instructions attached to the April 22, 2020 email also referred to UAB Mid West Group's affiliation with HSBC as follows:

Cleared by UAB Mid West Group through Revolut Bank an HSBC Company

UAB Mid West Group an HSBC Company

11. OEM followed the wire instructions, authorizing his bank to wire \$250,000 to Revolut Bank Ltd. for the benefit of UAB Mid West Group. The transaction was completed on April 22, 2020.
12. On April 23, 2020, the senior account executive confirmed receipt of the funds, and informed OEM he would receive a FedEx package containing the physical CD certificate and a temporary password to log into HSBC's client only portal to view

his account online. The senior account executive also stated he would forward a FedEx tracking number to OEM so he could track the package.

13. In the next several days, OEM made several attempts through phone and email to obtain the FedEx tracking number, the CD certificate and the client log in information.
14. Eventually, the senior account executive stopped responding to OEM's emails and his phone number stopped accepting calls. OEM never received the certificate of deposit or the client portal information. OEM made several demands for return of his funds and received no reply.
15. On June 19, 2020, OEM contacted HSBC's New York office and was informed that he did not have an account with HSBC and that the CD he had purchased was not offered by HSBC.
16. DFI through its investigation confirmed that the senior account executive at HSBC was a victim of identity theft and that fraudsters were using his identity and his affiliation with HSBC to lure victims to purchase bogus CDs.
17. HSBC informed DFI that it does not have any accounts with OEM and has no relationship with Revolut Bank or UAB Mid West Group, and it does not require customers to wire funds to the United Kingdom to fund US CD accounts. In addition, HSBC informed DFI that the documents OEM received were not authentic HSBC documents and it did not offer the CD which OEM believed he had purchased. Further, "Global Financial Group HSBC" is a fictitious entity with no affiliation with HSBC.
18. DFI through its investigation was able to confirm that OEM's \$250,000 was deposited into the Revolut Ltd¹ account owned by UAB Mid West Group. The day after the \$250,000 was deposited into the UAB Mid West Group account at Revolut Ltd, the funds were transferred to Dameng Trading Co. Ltd, which is believed to be located in China.
19. Information received from Revolut Ltd indicates that between April and May of 2020, UAB Mid West Group took in almost \$1.3 million from four investors (including OEM) and immediately transferred out nearly all of those funds to foreign accounts.
20. UAB Mid West Group aka Mid West Group LLC has never been registered with the Division in any capacity.
21. UAB Mid West Group aka Mid West Group LLC did not respond to DFI's requests for information.

¹ Revolut Bank Ltd appears to be a fictitious name; the correct corporate name is Revolut Ltd.

B. Conclusions of Law

Legal Authority and Jurisdiction

22. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.
23. Pursuant to Wis. Stat. § 551.102(28), the certificate of deposit offered and sold to Investor OEM is a security.
24. UAB Mid West Group aka Mid West Group LLC is a broker-dealer as defined under Wis. Stat. § 551.102(4) and DFI Sec. 1.02(5), Wis. Admin. Code.
25. Pursuant to Wis. Stat. § 551.401(1), it is unlawful for a person to transact business in Wisconsin as a broker-dealer unless the person is registered under Ch. 551 as a broker-dealer or is exempt from registration as a broker-dealer under Wis. Stat. § 551.401(2).
26. Pursuant to Wis. Stat. § 551.501(3), it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to engage in an act, practice or course of business that operates as a fraud or deceit upon another person.

Violations

27. Through the conduct described above, UAB MID WEST GROUP aka MID WEST GROUP, LLC violated Wis. Stat. § 551.401(1) by transacting business as a broker-dealer in Wisconsin without being registered under Ch. 551 or exempted from registration under Wis. Stat. § 551.401(2).
28. Through the conduct described above, UAB MID WEST GROUP aka MID WEST GROUP, LLC violated Wis. Stat. § 551.501(3), by conducting its business in connection with the offer, sale or purchase of a security, directly or indirectly, so as to operate as a fraud or deceit upon OEM.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

- (a) IT IS ORDERED summarily that RESPONDENT, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or

indirectly controlled or organized by or on behalf of the RESPONDENT, 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 federal covered securities, federal exempt securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).

- (b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENT, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of the RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED that all exemptions from registration set forth in Wis. Stat. §§ 551.201 and 551.202 that may otherwise apply to a specific security, transaction or offer of or by RESPONDENT, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED summarily that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (e) IT IS FURTHER ORDERED summarily that RESPONDENT, its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of RESPONDENT, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENT.
- (f) IT IS FURTHER ORDERED summarily that Respondent pay restitution to OEM within 30 days of the date of this order in the amount of \$250,000 with interest on such amount at the legal rate under Wis. Stat. § 138.04 starting from the date of the violation through the date of satisfaction, pursuant to Wis. Stat. § 551.604(4m).
- (g) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).

B. Service of Order

- (h) IT IS FURTHER ORDERED that this order shall be sent promptly by registered mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.
- (i) PLEASE TAKE NOTICE that if service is by registered mail, the date of the service of this order is the date it is placed in the mail. If service is by personal service, the date of the service of this order is the date personal service is completed.

C. Notice of Hearing Rights

- (j) PLEASE TAKE NOTICE that you have the right to request a hearing. Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the order shall:
 - (1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and
 - (2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.
- (k) PLEASE TAKE FURTHER NOTICE that you may file your written petition:
 - (1) By mailing the written petition to:
Division of Securities
Wisconsin Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768
 - (2) By delivering the written petition in person to:
Division of Securities
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower, 4th Floor
Madison, Wisconsin 53705
- (l) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a

hearing will be waived and the Summary Order shall become final by operation of law.

- (m) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).
- (n) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders, including restitution with interest, sought in a statement in the order, becomes final as by operation of law, pursuant to Wis. Stat. § 551.604(2), and the order may be filed as a certified final order with the clerk of a court of competent jurisdiction pursuant to Wis. Stat. § 551.604(6).
- (o) PLEASE TAKE FURTHER NOTICE violations of this order may be enforced by any investor, or by the Division pursuant to Wis. Stat. § 551.604(7) whether acting in its own right or on behalf of the investor, by petitioning any court of competent jurisdiction to enforce the terms of the order.
- (p) PLEASE TAKE FURTHER NOTICE failure to provide a copy of this Order to prospective investors may be a material misrepresentation in violation of Ch. 551 and this Order.
- (q) PLEASE TAKE FURTHER NOTICE that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin, and effective on this 1st day of October, 2020.



Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
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North Tower, 4th Floor
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