



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)	
)	
MANZUR AHMED MAZUMDER, CRD No. 2780858,)	Case No. AP-16-48
)	
<i>Respondent.</i>)	
)	
Serve:)	
)	
MANZUR AHMED MAZUMDER at:)	
1800 Adair Bridge Cove)	
Germantown, Tennessee 38138-3108)	

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY
RESTITUTION, CIVIL PENALTIES, AND COSTS SHOULD NOT BE IMPOSED**

On December 2, 2016, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“Enforcement Section”), through Enforcement Counsel Scott Snipkie, submitted a Petition for Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed (“Petition”). After reviewing the Petition, the Commissioner issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

1. The Petition alleges that Manzur Ahmed Mazumder (“Mazumder”) told Jon Moore (“Moore”), among other things, that he was a successful securities trader with years of experience. Mazumder convinced Moore that they should start a hedge fund telling Moore that investment risk would be “non-existent,” and got Moore to solicit a total of \$335,000 from two long-time friends, one of whom is a Missouri Resident, to start the hedge fund. Mazumder took the investors’ money and gave them promissory notes; then he spent the vast majority of the money on personal expenses, losing the rest in questionable trading in his personal accounts.

B. Respondent and Related Parties

2. The Petition alleges that Mazumder is a Tennessee resident with a last known address of 1800 Adair Bridge Cove, Germantown, Tennessee 38138-3108. A check of the Central Registration Depository (“CRD”) indicates that Mazumder is assigned number 2780858, but he has never been registered as an agent or investment adviser representative with a broker-dealer or investment advisory firm.
3. Moore was a Missouri-registered broker-dealer agent and investment adviser representative with various firms during the period February 2008 through July 2015. Moore was registered through the CRD with number 5487704, and currently resides at 111 Link Drive, Sikeston, Missouri 63801.

C. Enforcement Section Investigation

4. On January 5, 2016, the Enforcement Section returned a telephone call to Moore.
5. Moore told the Enforcement Section, among other things, that he had met Mazumder in or around 2012 or 2013 when both men worked at an insurance agency.
6. Mazumder persuaded Moore to connect him with investors to start a hedge fund with the intention of raising at least \$400,000. Mazumder’s responsibility would be trading securities while Moore’s responsibility would be sales.
7. Mazumder represented himself to Moore as an experienced securities trader with a successful background and that investment risk was “non-existent.”
8. Moore solicited two friends, one of which was a Missouri Resident, to invest a total of \$335,000. The Missouri Resident’s investments are described in detail below. Mazumder supplied the investors with promissory notes that included Moore’s signature that Mazumder affixed without authorization.
9. Moore would later learn that Mazumder opened Fidelity and Merrill Lynch brokerage accounts, in Mazumder’s name only, where Mazumder made in excess of 400 trades with investor funds. Moore believed that Mazumder transferred some investor funds to a Bank of America (“BOA”) account in which Mazumder was the sole signatory.
10. In late 2015, Moore began receiving complaints from the investors about missed interest payments. Moore researched Mazumder on the internet and found numerous liens, judgments, and the November 2013 Final Order to Cease and Desist and Order Awarding Restitution and Costs and Imposing Civil Penalties (“2013 Missouri C&D Order”) issued by Missouri (see Case No. AP-13-18). Moore said the Order “read like the history of what I’ve been through.”
11. As Moore began to question Mazumder about the investments, Mazumder became more distant. Moore’s last communication with Mazumder was in late 2015 when Mazumder

sent Moore a message via text that stated, “I know how your mind works like the back of my hand.”

Missouri Resident (“MR”)

12. On February 4, 2016, the Enforcement Section interviewed a 66-year-old Missouri resident (“MR”).
13. Among other things, MR told the Enforcement Section that MR has known Moore for several years and had met Mazumder approximately four times.
14. In late 2014 or early 2015, Moore met with MR in MR’s home to discuss investing in a “trading business” that Moore and Mazumder wanted to start. Mazumder participated in the discussions by telephone. The discussions concerned Mazumder’s purported abilities to generate good returns using Mazumder’s trading strategies.
15. On January 2, 2015, MR invested \$60,000 via wire transfer to a Fidelity brokerage account under Mazumder’s control. Shortly after this investment, Mazumder supplied MR with a signed promissory note that stipulated, among other things, that “[t]he unpaid principal and \$30,000 accrued interest shall be payable in full on or by March 31, 2015.”
16. The promissory note was dated December 24, 2014.
17. Shortly after the first investment, MR invested an additional \$40,000 after being solicited by Mazumder. Mazumder wanted MR to invest \$200,000. The purpose of the funds was to further Mazumder’s and Moore’s efforts to start a hedge fund.
18. MR did not receive a promissory note for the second investment. MR’s investments were derived from the proceeds of a house sale.
19. MR received two \$2,500 payments for a total of \$5,000 in returns on the investments. When MR complained to Moore, who passed the complaint on to Mazumder, Moore told MR that Mazumder insisted the money had to be locked up in the account for one year and payments would begin at the end of 2015 or early 2016. The payments never materialized.
20. Mazumder never discussed liquidity or the availability of the funds with MR prior to investment.

Review of MR’s Investment After Deposit

21. A review of the Fidelity Cash Management Account ending in #4864 from January 1, 2015 to March 31, 2015, in which Mazumder was the sole authorized person, revealed, among other things:
 - a. a beginning balance of -\$15.86 on January 1, 2015;

- b. MR's \$60,000 investment deposited via wire on January 2, 2015;
 - c. a \$25,000 debit on January 6, 2015, for "EFT Funds Paid-Money Line Paid." These funds were sent to and commingled with another investors' funds in a Merrill Lynch account ending in #6W61 in which Mazumder was the sole signatory and an examination of the account over the same time frame as noted above revealed, among other things:
 - i. payments in excess of \$13,000 to restaurants, hotels, gas stations, department stores, Netflix, and American Airlines;
 - ii. ATM/Cash Advances totaling \$43,840; and
 - iii. Approximately 653 options trades resulting in substantial losses; and transfers into another account in which Mazumder was the sole signatory totaling \$33,400;
 - d. MR's \$40,000 investment deposited via wire on January 26, 2015;
 - e. \$27,436 in cash withdrawals;
 - f. payments in excess of \$7,500 to department stores, restaurants, hotels, grocery stores, and Disneyland;
 - g. \$77,230.26 withdrawn/transferred to a Fidelity Individual account ending in #6564 in which Mazumder was the sole authorized person;
 - h. \$37,065.59 deposited via transfers from the Fidelity Individual account ending in #6564 in which Mazumder was the sole authorized person; and
 - i. an ending account balance of \$15.22 on March 31, 2015.
22. A review of the Fidelity Individual account ending in #6564 from January 1, 2015 to March 31, 2015, in which Mazumder was the sole authorized person, revealed, among other things:
- a. a beginning balance of \$4.87 on January 1, 2015;
 - b. \$77,230.26 in deposits via transfers from the Fidelity Cash Management Account ending in #4864 in which Mazumder was the sole authorized person;
 - c. \$37,065.59 withdrawn/transferred to the Fidelity Cash Management Account ending in #4864 in which Mazumder was the sole authorized person;
 - d. \$17,279 in cash withdrawals;

- e. payments in excess of \$8,000 to restaurants, gas stations, department stores, grocery stores, Enterprise Rent-A-Car, and jewelry stores;
 - f. in excess of 400 securities trades resulting in substantial losses;
 - g. \$5,723.22 in total transaction costs, loads, and fees; and
 - h. an ending account balance of \$71.97 on March 31, 2015.
23. Prior to the offer and sale of securities, Mazumder failed to disclose to MR, among other things, the following information:
- a. a \$12,800.86 judgment against Mazumder in favor of the Missouri Division of Employment Security on September 29, 2008;
 - b. a \$2,101.43 judgment against Mazumder in favor of the Missouri Division of Employment Security on March 13, 2009;
 - c. a \$1,535.22 judgment against Mazumder in *Hardins Sysco Food v. Harmac Stores*, case number 09CG-AC01493-01, on September 14, 2009;
 - d. a Missouri tax lien in the amount of \$2,972.62 on December 20, 2010;
 - e. a Chapter 7 bankruptcy that was finalized on March 9, 2011;
 - f. a Missouri tax lien in the amount of \$7,812.99 on April 5, 2011;
 - g. a Missouri tax lien in the amount of \$1,297.09 on October 5, 2011;
 - h. the 2013 Missouri C&D Order;
 - i. a \$29,735.39 judgment against Mazumder and in favor of Bankers Life & Casualty Co. on January 27, 2016, case number 14CG-AC00374;
 - j. specific information pertaining to purported trading abilities and promised investment returns based on Mazumder's purported abilities;
 - k. the financial health of Mazumder; and
 - l. that Mazumder was not licensed to offer and sell securities.

II. COMMISSIONER'S DETERMINATION AND FINDINGS

Multiple Violations of Offering and Selling Unregistered, Non-Exempt Securities

24. **THE COMMISSIONER DETERMINES** that Respondent offered and/or sold

unregistered, non-exempt securities in the State of Missouri by, among other things:

- a. soliciting MR to invest with Respondent;
 - b. providing and executing a promissory note with MR and guaranteeing a return of \$30,000 in interest on MR's investment plus a return of the \$60,000 principal on their investment, which return was dependent upon the efforts of others and not on the efforts of the investor;
 - c. receiving funds to invest from MR;
 - d. soliciting and receiving from MR a second investment of \$40,000, which investment by MR was made with the expectation of deriving a similar profit as above, based on Respondent's expertise and work therein; and
 - e. pooling the investor funds with Respondent's personal funds and the funds of other investors.
25. These activities constitute an offer and/or sale as those terms are defined in Section 409.1-102(26), RSMo. (Cum. Supp. 2013).¹
 26. The investments that Respondent offered and/or sold constitute securities as that term is defined in Section 409.1-102(28).
 27. At all times relevant to this matter, there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for the securities offered and/or sold by Respondent.
 28. Respondent offered and/or sold securities in Missouri without these securities being (1) federal covered securities, (2) exempt from registration under Sections 409.2-201 or 409.2-203, or (3) registered under the Missouri Securities Act of 2003, in violation Section 409.3-301.
 29. At the time Respondent engaged in the conduct set forth above, MR was over the age of 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
 30. Respondent's conduct in violation of Section 409.3-301 constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

¹Unless otherwise specified, all statutory references are to the 2013 cumulative supplement to the Revised Statutes of Missouri.

Multiple Violations of Transacting Business as an Unregistered Agent

31. **THE COMMISSIONER FURTHER DETERMINES** that Respondent transacted business as an unregistered agent in the State of Missouri.
32. Respondent transacted business in Missouri by, among other things, offering and/or selling investments to investors, including MR.
33. These activities constitute transacting business as an agent in the State of Missouri under Section 409.1-102(1).
34. At all times relevant, Respondent was not registered as an agent in the State of Missouri.
35. Respondent transacted business in Missouri by offering and/or selling securities without being registered or exempt from registration as an agent in violation of Section 409.4-402(a).
36. Respondent's conduct in violation of 409.4-402(a) constitutes an illegal act, practice, or course of business and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Omitting to State Material Facts in Connection with the Offer or Sale of a Security

37. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale or purchase of a security as described above, Respondent omitted to state to MR material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Such statements and material omissions included, but were not limited to, the following:
 - a. that Respondent would use investor funds for personal expenses;
 - b. a \$12,800.86 judgment against Respondent in favor of the Missouri Division of Employment Security on September 29, 2008;
 - c. a \$2,101.43 judgment against Respondent in favor of the Missouri Division of Employment Security on March 13, 2009;
 - d. a \$1,535.22 judgment against Respondent in *Hardins Sysco Food v. Harmac Stores*, case number 09CG-AC01493-01, on September 14, 2009;
 - e. a Missouri tax lien in the amount of \$2,972.62 on December 20, 2010;
 - f. a Chapter 7 bankruptcy finalized on March 9, 2011;
 - g. a Missouri tax lien in the amount of \$7,812.99 on April 5, 2011;

- h. a Missouri tax lien in the amount of \$1,297.09 on October 5, 2011;
 - i. the 2013 Missouri C&D Order;
 - j. a \$29,735.39 judgement against Mazumder and in favor of Bankers Life & Casualty Co. on January 27, 2016, case number 14CG-AC00374;
 - k. specific information pertaining to purported trading abilities and promised investment returns based on Mazumder's purported abilities;
 - l. the financial health of Mazumder; and,
 - m. that Mazumder was not licensed to offer and sell securities.
38. Respondent omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made not misleading in violation of Section 409.5-501.
39. At the time Respondent engaged in this conduct, MR was over the age of 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
40. Respondent's conduct in violation of Section 409.5-501 constitutes engaging in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.
41. This order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. See Section 409.6-605(b).

III. ORDER

NOW, THEREFORE, it is hereby ordered that Respondent, his agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301, by offering or selling any securities as defined by Section 409.1-102(28) in the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301;
- B. Section 409.4-402(a) by transacting business as an unregistered agent; and
- C. Section 409.5-501 by, in connection with the offer or sale of securities, omitting to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or engaging in an act,

practice, or course of business that operates or would operate as a fraud or deceit upon another person.

IV. STATEMENT

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. \$15,000 civil penalty against Respondent for more than one violation of Section 409.3-301, when at least one of these violations was committed against an elderly person;
- B. \$1,000 civil penalty against Respondent for violating Section 409.4-402(a);
- C. \$15,000 civil penalty against Respondent for more than one violation of Section 409.5-501, when at least one of these violations was committed against an elderly person;
- D. an order against Respondent to pay restitution for any loss, including the amount of any actual damages that may have been caused by the conduct, and interest at the rate of 8% per year from the date of the violation causing the loss or disgorge any profits arising from the violation of Sections 409.3-301, 409.4-402, and 409.5-501; and
- E. an order against Respondent to pay the costs of the investigation in this proceeding, after a review of evidence submitted by the Enforcement Section.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS FIFTH DAY OF DECEMBER, 2016.



JASON KANDER
SECRETARY OF STATE

Andrew M. Hartnett

ANDREW M. HARTNETT
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
MANZUR AHMED MAZUMDER, CRD No. 2780858,) Case No. AP-16-48
)
Respondent.)
)
Serve:)
)
MANZUR AHMED MAZUMDER at:)
1800 Adair Bridge Cove)
Germantown, Tennessee 38138-3108)

NOTICE

TO: Respondent and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (Cum. Supp. 2013), and 15 CSR 30-55.020.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

**Andrew M. Hartnett, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102**

CERTIFICATE OF SERVICE

I hereby certify that on this 6th day of December, 2016, a copy of the foregoing Order to Cease and Desist and Order to Show Cause why Restitution, Civil Penalties, and Costs Should not be Imposed in the above styled case was **mailed by certified U.S. mail to:**

Manzur Ahmed Mazumder
1800 Adair Bridge Cove
Germantown, Tennessee 38138-3108

and hand delivered to:

Scott Snipkie, Enforcement Counsel
Securities Division
Missouri Secretary of State's Office
600 West Main Street, Room 229
Jefferson City, Missouri 65101



Marsha Presley
Securities Office Manager