

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

Edward Offutt

Offutt Group, LLC _____

Offutt Holding Company, LLC

Offutt Holding and Affiliates, LLC

Offutt Holding Company and Affiliates, LLC,

Respondents.

* * * * *

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Securities Division of the Office of the Attorney General of Maryland (the “Securities Division”), pursuant to the authority granted in Section 11-701 of the Maryland Securities Act, Md. Ann. Code, Corps. & Ass’ns, Sections 11-101, *et seq.* (2007 Repl. Vol. and 2008 Supp.) (the “Securities Act”), initiated an investigation into the activities of Edward Offutt, Offutt Group, LLC, Offutt Holding Company, LLC, Offutt Holding and Affiliates, LLC, and Offutt Holding Company and Affiliates, LLC, (collectively, the “Respondents”); and

WHEREAS, on the basis of that investigation the the Maryland Securities Commissioner (the “Commissioner”) determined that the Respondents had engaged and were about to engage in an act or practice constituting a violation of the registration provisions and the antifraud provisions of the Securities Act; and

WHEREAS, on the basis of that investigation, on October 3, 2008, the Commissioner issued a Summary Order To Cease And Desist (the “Order”) requiring the Respondents to cease

and desist from violating sections 11-301, 11-302, 11-401, 11-402, and 11-501 of the Securities Act pending the vacating or modification of the Order, to show cause why a monetary penalty should not be assessed against each for such violations, and to show cause why they should not be barred from engaging in the securities or investment advisory business in Maryland for or on behalf of others; and

WHEREAS, the Order gave each Respondent notice of the opportunity for a hearing in this matter, if requested in writing within fifteen days of service of that Order, and gave notice that as to any Respondent not requesting a hearing, a Final Order To Cease And Desist would be issued, imposing a bar from engaging in securities transactions on behalf of others and a monetary civil penalty; and

WHEREAS, in response to the Order, the Respondents retained counsel who attempted to resolve this matter;

WHEREAS, counsel for the Respondents notified the Securities Division on April 1, 2009, that he and his firm were no longer representing the Respondents in this matter;

WHEREAS, Respondents were notified by the Securities Division on May 20, 2009, of the options for proceeding in this matter, including the option of filing an Answer and a request for a hearing;

WHEREAS, as of June 17, 2009, the Securities Division has received no further communication from the Respondents;

WHEREAS, the Respondents failed to file an Answer or a request for a hearing;

NOW, THEREFORE, having determined that it is in the public interest to issue this Final Order to Cease and Desist, THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to Section 11-701.1 of the Securities Act.

II. RESPONDENTS

2. Edward Offutt (“Ed Offutt”) is the President and/or Chief Executive Officer (“CEO”) of Offutt Group, LLC, Offutt Holding Company, LLC, Offutt Holding and Affiliates, LLC, and Offutt Holding Company and Affiliates, LLC, (collectively, the “Offutt Group Companies”), with a business address at 8757 Georgia Avenue, Silver Spring, Maryland, 20910. Ed Offutt also uses an address at 1400 East West Highway, Silver Spring, Maryland, 20910.

3. Offutt Group, LLC, is a Maryland limited liability company since 2005, with an address at 8757 Georgia Avenue, Suite 420, Silver Spring, Maryland 20910.

4. Offutt Holding Company, LLC, is a Maryland limited liability company since 2004, with an address at 8757 Georgia Avenue, Suite 420, Silver Spring, Maryland 20910.

_____5._____ Offutt Holding and Affiliates, LLC, does not appear to be registered as a limited liability company in Maryland, or with any other state. Offutt Holding and Affiliates operates at 8757 Georgia Avenue, Suite 420, Silver Spring, Maryland 20910.

6. Offutt Holding Company and Affiliates, LLC, is a Maryland limited liability company since 2004, with an address at 8757 Georgia Avenue, Suite 420, Silver Spring, Maryland 20910.

III. FINDINGS OF FACT

7. In September 2008, the Securities Division received complaints from several individuals regarding Ed Offutt and the Offutt Group Companies. The Securities Division then undertook an investigation into the investment opportunities offered and sold by Ed Offutt and the Offutt Group Companies.

8. Ed Offutt and the Offutt Group Companies offered and sold in or from Maryland a number of different investment vehicles, called “Investment Partnership Agreement(s)” and “Investment Cube Partnership Agreement(s),” offering above-market rates of interest, both compounded and non-compounded. The Respondents’ investor documents promise a return on investment of \$110,000 on an initial investment of \$30,000, and further promise progressively higher rates of return for higher investment amounts, culminating in a promised return on investment of \$770,000 on an initial investment of \$120,000.

9. The Respondents’ investor documents state “Offutt Holding Company and Affiliates are private investors and advisors.”

10. The documents also identify Edward Offutt as the President of Offutt Holding Company and Affiliates, LLC.

11. The Respondents’ “Confidentiality Agreement” states: “In addition, you hereby acknowledge that you are aware (and that your Representatives who are apprised of this matter have been or will be advised) that the United States securities laws restrict persons with material non-public information about a company obtained directly or indirectly from that company from purchasing or selling securities of such company, or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is

likely to purchase or sell such securities.”

12. “Article I” of the Respondents’ “Investment Partnership Bylaws” states: “The purpose is to reduce risk, increase net-work [sic] and liquidity of the Partnership, by making systematic and strategic investments, through channel-strategy and management processes, to resolve and/or control compounding interest. The Partnership shall invest the assets of the Partnership in Business Management, Economics, Finance and Real Estate for the financial and educational benefit of the Partners, while employing fundamental principles and techniques of sound investment practices.”

13. “Article XIII” of the Respondents’ “Investment Partnership Bylaws” states: “All securities shall be purchased in the name of the Partnership. All securities shall be kept in the Partnership safe deposit box or with the broker. The Presiding Partner and the Assistant Presiding Partner shall be the custodians of all securities.”

14. The Respondents’ document entitled “Go Trade” states: “Disclaimer: Offutt Holding Company and Affiliates is not a United States Securities Dealer or Broker. Offutt Holding Company and Affiliates are private investors and Advisor. Any and all investment by, through, and for Offutt Holding Company and Affiliates are private, confidential, and at risk. Offutt Holding Company and Affiliates’ objectives are to relieve our partners of debt accumulation, free-up money for investments, and profit share. In this regard, Offutt Holding Company and Affiliates promises to act in good faith and make best efforts to reduce debt and produce assets for the Partnership. Offutt Holding Company and Affiliates’ web sites, mechanisms and systems are legal, private, and protected work-products. Each Investment Partner understands that investing in the Equity Options Markets is with great risk, and losses

can occur. Offutt Holding and Affiliates shall perform all services and make all decisions regarding investments. This includes, but is not limited to, the following: choice of targeted stock options, risk assessments, position timing (when to get in or out), sweeps, and payouts. Each Investment Partner assumes all risk connected to trading in the Equity Options Markets and accepts all responsibility for the management and performance of the trade.”

15. The Securities Division’s records do not reflect any registration in Maryland for Ed Offutt as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, or issuer agent.

16. The Securities Division’s records do not reflect any registration in Maryland for Offutt Group, LLC, Offutt Holding Company, LLC, Offutt Holding and Affiliates, LLC, or Offutt Holding Company and Affiliates, LLC, as a broker-dealer or investment adviser, nor is there any record of any companies by those names registered with the Financial Industry Regulatory Authority, Inc. (“FINRA”) in any capacity.

17. The Securities Division has no record of an application for securities registration or claim of securities exemption or preemption as a federal covered security for the securities of Offutt Group, LLC, Offutt Holding Company, LLC, Offutt Holding and Affiliates, LLC, or Offutt Holding Company and Affiliates, LLC.

18. None of the Offutt Group Companies nor anyone associated with the Offutt Group Companies provided potential investors in Maryland with disclosures regarding the company, its officers, the specific nature of the investments, the source of profits, or the risks relating to the investment programs offered by the Offutt Group Companies.

19. The “Investment Cube Partnership Agreement(s)” and “Investment Partnership

Agreement(s)” that have been offered and sold by the Respondents are “securities” within the meaning of Section 11-101 of the Securities Act.

20. Respondents offered and sold securities to approximately 80 investors, for an estimated total investment amount in excess of \$1,300,000. Respondents paid out in excess of \$1,100,000 for the benefit of investors. However, due the timing of when an investor began an investment relationship with the Respondents, some investors received a profit on their investments, while a substantial number of investors lost an aggregate amount in excess of \$540,000.

IV. CONCLUSIONS OF LAW

THE COMMISSIONER, THEREFORE, CONCLUDES THAT:

21. Respondents violated section 11-501 of the Securities Act by offering and selling unregistered securities in or from Maryland, for which no claim of preemption or exemption was filed.

22. Respondents violated the antifraud provisions of section 11-301 of the Securities Act by making material omissions and misrepresentations in connection with the offer and sale of securities.

23. Respondents violated section 11-302 of the Securities Act by acting as an investment adviser and engaging in a course of business that operated as a fraud on the investor.

24. Respondents violated section 11-401(a) of the Securities Act by transacting business in the offer or sale of securities in and from this state as a broker-dealer or securities agent without being registered pursuant to the Securities Act.

25. Respondents violated section 11-402(a) of the Securities Act by acting as a broker-dealer or issuer and employing or associating with an unregistered agent.

26. Respondents violated section 11-401(b) of the Securities Act by transacting business in Maryland as an investment adviser or investment adviser representative without being registered as such.

27. Respondents violated section 11-402(b) of the Securities Act by employing unregistered investment advisers or investment adviser representatives.

V. SANCTIONS

28. IT IS HEREBY ORDERED THAT:

(a) Respondents permanently cease and desist from offering, selling, or issuing in and from Maryland, in violation of the Securities Act, any securities subject to the Securities Act;

(b) Respondents permanently cease and desist from acting as a broker-dealer, an agent, an investment adviser, or investment adviser representative in violation of the Securities Act;

(c) Respondents shall not offer or sell any securities, whether registered or exempt, or engage in any transaction exempted under the Securities Act, without prior notification to the Securities Commissioner;

(d) Respondents, jointly and severally, shall pay a civil penalty pursuant to section 11-701.1 of the Securities Act in the amount of \$2,800,000 for the violations set forth in this Order. Such amount will be reduced by any restitution to investors Respondents pay within sixty (60) days of the issuance of this Order.

VI. JURISDICTION RETAINED

29. Jurisdiction shall be retained by the Commissioner for the purpose of enabling any party to this Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Order.

VII. NOTICE OF APPEAL RIGHTS

30. Pursuant to the Code of Maryland Regulations, COMAR 02.02.06.24, each Respondent has the right to file an appeal of this Order with the circuit court of Maryland . Any appeal must be filed within 30 days from the date this Order is mailed by the Division.

SO ORDERED

DATED: June 22, 2009

**Commissioner's Signature is
on File with Original Document**

Melanie Senter Lubin
Securities Commissioner