

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND

IN THE MATTER OF: *

SIDNEY J. CHARLES, Jr. * Securities Division No. 2012-0079
and
THE BORROWING STATION, LLC, *

RESPONDENTS. *

* * * * *

FINAL ORDER TO CEASE AND DESIST

WHEREAS, the Securities Division of the Office of the Maryland Attorney General, pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2007 Repl. Vol. & Supp. 2012) ("Securities Act" or "Act"), undertook an investigation into the securities-related activities of Sidney J. Charles, Jr., and The Borrowing Station, LLC (collectively "Respondents"); and

WHEREAS, on the basis of that investigation the Securities Commissioner ("Commissioner") found grounds to allege that Respondents have violated certain registration and anti-fraud provisions set forth at sections 11-301, 11-401(a), 11-402(a), and 11-501 of the Act; and

WHEREAS, the Commissioner issued an Order To Show Cause (the "Show Cause Order") to Respondents, ordering each to cease and desist from soliciting or accepting investments in Maryland pending a hearing in this matter, and to show cause why a fine of up to \$5,000 per violation should not be imposed and why each should not permanently be barred from engaging in the securities business; and

WHEREAS, the Show Cause 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, neither Respondent filed an Answer or requested a hearing;

NOW, THEREFORE, the Commissioner finds that it is in the public interest to issue this Final Order, and THE COMMISSIONER FINDS, CONCLUDES AND ORDERS:

I. JURISDICTION

1. The Commissioner has jurisdiction in this matter and over Respondents pursuant to section 11-701.1 of the Act.

II. RESPONDENTS

2. Sidney J. Charles, Jr. (“Charles”), whose last-known address is in Bowie, Maryland, at all relevant times was CEO of The Borrowing Station.

3. The Borrowing Station, LLC (“TBS”), at all relevant times was a Bowie-based company purportedly specializing in retirement and education savings programs.

III. STATEMENT OF FACTS

4. TBS held itself out as a “long-term investment company” that would generate income to assist individuals, and especially those taking early-retirement buyouts, in debt reduction, educational savings, mortgage-reduction plans, and retirement income production.

5. In late 2010, JT, a Maryland resident, opted to take an early-retirement buyout from her employer. Two friends, who had recently done the same, told JT of their investment in TBS in October 2010.

6. Sidney Charles, the president of TBS, spoke with JT about investing with TBS. He offered her an investment that would pay 10% return per month through a pooled program of forex trading.

7. Based upon those representations, in January 2011 JT invested \$55,000 with Charles for an interest in TBS. JT received checks in the amount of \$5,500 each from TBS for three months.

8. In May 2011, Charles sent a letter to JT stating that TBS no longer wanted to be in the short-term investment business, and no longer would continue to invest on JT's behalf. The letter stated that TBS would refund JT's money within 90 days.

9. No money has been forthcoming. JT has received none of the balance of her principal, and Respondents have not returned her calls.

10. In May 2012, the CFTC filed an action against Charles and TBS for operating an unlicensed commodity pool by dealing in forex for customers' mingled accounts, and for running the scheme as a ponzi.

11. TBS was not registered with SDAT to do business in Maryland at the time of the investment.

12. There is no record of registration, a claim of exemption from registration, or qualification as a federal covered security filed with the Division by or on behalf of TBS.

13. TBS is not registered in Maryland as an agent, broker-dealer, investment adviser or investment adviser representative.

14. Charles is not registered in Maryland as an agent, broker-dealer, investment adviser or investment adviser representative.

IV. CONCLUSIONS OF LAW

15. Respondents violated section 11-501 of the Securities Act by offering or selling unregistered securities in Maryland in the form of participatory interests in profit sharing, evidences of indebtedness, or investment contracts, for which no claim of preemption or exemption has been filed.

16. Respondents violated section 11-401(a) of the Act by transacting business in the offer or sale of securities in Maryland as a broker-dealer or securities agent, without being registered pursuant to the Act.

17. Respondent TBS violated section 11-402(a) of the Act by employing Charles as an

unregistered agent for the offer or sale of securities in Maryland.

18. Respondents violated section 11-301 of the Act by making material omissions and misrepresentations in connection with the offer or sale of securities.

V. ORDER

IT IS HEREBY ORDERED THAT:

19. Both Respondents, their employees, agents, and all persons acting under their control, permanently cease and desist from offering or selling securities in or from Maryland in violation of the Securities Act, from offering and selling any securities whether registered or exempt from registration, and from engaging in any transaction exempted under the Act; and it is further ORDERED that

20. Respondents are permanently barred from engaging in the securities business in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged; and it is further ORDERED that

21. Respondents, jointly and severally, are assessed a civil monetary penalty of \$50,000 for violations of the Securities Act pursuant to section 11-701.1(b) of the Act, payable by certified check to the Office of the Attorney General.

VI. JURISDICTION RETAINED

22. Jurisdiction is 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

23. 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 thirty (30) days from the date this Order is mailed by the Division.

IT IS SO ORDERED:

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

June 5, 2013

MELANIE SENTER LUBIN
SECURITIES COMMISSIONER