

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

IN THE MATTER OF:

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TC & P TRADE
DBA HIGH CAPITAL

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Securities Division No. 2007-607

and

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DAVID BROOK,

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Respondents.

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**FINAL ORDER TO CEASE AND DESIST
AND ORDER OF BAR**

WHEREAS, the Division of Securities of the Office of the Maryland Attorney General (the “Division”), pursuant to the authority granted by the Maryland Securities Act, Corporations and Associations Article, section 11-701, Annotated Code of Maryland (2007 Repl. Vol.) (the “Act”), instituted an investigation into the securities-related activities of TC & P Trade, dba High Capital (“TC & P”), and TC & P’s agent, David Brook (“Brook”) (together, the “Respondents”), among others; and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the “Commissioner”) concluded that the Respondents may have engaged in acts or practices constituting violations of the Act and further determined that action against the Respondents is in the public interest; and

WHEREAS, pursuant to section 11-701.1(a) of the Act, on February 25, 2008, the Commissioner issued a Summary Order To Cease and Desist and Order to Show Cause (the “Order”), incorporated herein by reference, requiring Respondents to immediately cease and desist

from soliciting investment in, offering or selling securities in the form of equity, fixed income, hedge and liquidity management products and other investment funds in or from Maryland, and offering investment advice in or from Maryland, pending a hearing in this matter or until such time as the Commissioner modifies or rescinds this Order; and further ordered each Respondent to show cause why: each Respondent should not be barred permanently from engaging in the securities and investment advisory business in Maryland; why a civil monetary penalty should not be entered against each Respondent; and why a final order should not be entered ordering each of the Respondents to cease and desist from further violations of the Act; and

WHEREAS, the Order gave Respondents notice of the opportunity for a hearing in this matter, provided that Respondents submit an answer within 15 days of service of the Order, including any request for a hearing, and gave notice to Respondents that failure to do so would be deemed a waiver of the right to a hearing and result in the entry of a final order; and

WHEREAS, a copy of the Order was served upon Respondents at their last known address in Maryland and upon the Commissioner in accordance with section 11-802 of the Act; and

WHEREAS, as to each Respondent, process was returned marked “left notice 2-26,” and neither of the Respondents has submitted an answer to the Order, nor a written request for a hearing,

NOW, THEREFORE, THE COMMISSIONER FINDS AND ORDERS:

I. JURISDICTION

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

II. RESPONDENTS

2. TC & P Trade, dba High Capital describes itself as an “international investment group operating on US and world stock markets under the name of High Capital.” Its European office and headquarters is at Borivojova 35, Prague 3, 13000 Czech Republic. As recently as December 11, 2007, its sole U.S. office was in Baltimore, Maryland. It now appears that it has additional U.S. offices in Connecticut, Tennessee, Utah and New York. TC & P Trade is not licensed to do business in Maryland.

3. David Brook appears to be a control person for TC & P Trade, dba High Capital. He is described as High Capital’s “head advisor” and supervises TC & P Trade’s Maryland representative. He is based in the Czech Republic, but uses a Maryland telephone number with a 240 area code.

III. FINDINGS OF FACT

The Commissioner finds as the basis for this Final Order To Cease And Desist and Order of Bar (“Final Order”):

4. High Capital solicited investors through the internet. The website provided telephone numbers for five U.S. offices where a potential investor could seek information about the programs, including application forms and bank account information for investment monies.

5. High Capital claimed that it started its activity in 1993, focusing mainly on U.S. and European stock markets. According to the website, High Capital decided to go public in 2003 and now has more than 10,000 investors from 37 countries.

6. High Capital claimed to have a team of investment professionals who manage various funds, using unique techniques of asset allocation and unique trading strategy that they

have developed. It offered various investment products, including products that offer fixed income or variable income, stock day trading and “drawdown protection.” High Capital helped “clients all over the world manage and move their financial assets. . . . Company management is aimed at becoming a leading global provider of investment management products and services” It provided “[a]ssistance from professional financial consultants.”

7. The website promised “products with above average fixed rates of return” and “products that provide high returns with no loss possibility,” and “above-average returns without above-average risk.” All of the variable income programs were described as having “drawdown protection,” such that the “only risk investor undertakes is the risk of not receiving any profit” because losses were covered from the company’s insurance fund or by the trader. Brook has told one of his agents that High Capital’s investments in real estate have no chance of significant drawdown, so that “our investors can always get their money back in full.” Allegedly, returns were “tax deferred (no matter under which plan you are investing).”

8. In particular, High Capital advertised its fixed return program as having four options. A one-year plan provided 10% per annum return; the three-year plan returned 18% per annum; the five-year plan returned 32% per annum; and the eight-year plan returned 35% per annum.

9. High Capital’s website set out the past performance for several of its variable return programs and funds:

Program	2008	2007	2006	Assets Under Management
Stock Day Trading	.63%	136.39%	128.41%	\$3,049,946
Micro Cap Stocks	3.56%	61.89%	68.47%	\$842,132

Small Cap Stocks	2.7%	31.93%	34.62%	\$1,210,733
Mid Cap Stocks	.37%	34.14%	9.1%	\$1,931,389
Large Cap Stocks	11.71%	8.95%	13.29%	\$1,643,054

10. High Capital has not filed with the S.E.C. a registration statement or other reports for its funds and other programs. Thus, the performance figures provided above have not been subjected to regulatory oversight or review.

11. High Capital solicited new representatives to provide information to its U.S. customers. It promised to pay its representatives a percent of customer's profit.

12. High Capital has made at least 30 offers from Maryland of its investment programs and funds to specific investors. At least one of the potential investors resides in Maryland.

13. High Capital sold investment products to at least thirteen investors in the United States for a total of about \$142,000. The head of High Capital's Baltimore office states that the firm sold investment products to at least 18 investors, and possibly many more.

14. David Brook may be an alias for someone working at High Capital. Investment Agreements are signed by someone named Igor Murav, as C.E.O. of the company. According to information provided investors, Viacheslav Piskorskii and Anna Tsigankova control the company.

15. High Capital's representatives in the United States told a member of the Division that its programs and products are registered and have complied with all applicable regulatory requirements.

16. In December 2007, Brook told a member of the Division that High Capital did not have to put a disclaimer on its website because it was not offering securities from Maryland.

17. The website, however, later included a disclaimer that it does not contain an offer to sell or buy securities. The disclaimer does not comply with the requirements of an order issued by the Maryland Securities Commissioner on March 18, 1998, that excludes certain internet communications from the scope of the phrase “transacting business” for the purpose of determining whether a broker-dealer or agent and an investment adviser or investment adviser representative must be registered in Maryland.

18. High Capital did not inform investors that its investment programs and funds and its representatives are not registered or exempt from registration in Maryland. High Capital’s offer of investment programs and funds also fails to state other material facts necessary in order to make the disclosure not misleading, such as relevant risk factors, current financial information, detailed uses of the proceeds, competition, and management experience and compensation, among other material disclosures.

19. The investments in High Capital’s programs and funds that have been offered and sold by the Respondents are “securities” within the meaning of section 11-101 of the Securities Act.

20. The Division has no record of securities registration for an offering by or in the name of TC & P Trade, dba High Capital; nor has any claim of exemption or status as a federal-covered security been made with the Division with respect to any such offering.

21. TC & P Trade, dba High Capital is not registered in Maryland as a securities broker-dealer or as an investment adviser.

22. The persons that High Capital had working for it at its U.S. offices do not appear to be registered to offer and sell securities in Maryland. Mary Ford, who operated the Maryland

office, is not a licensed securities agent.

23. David Brook is not registered in Maryland as a securities broker-dealer, a broker-dealer agent, an investment adviser or investment adviser representative.

24. The company's website was changed on about February 22, 2008, advising investors that the "site is closed, money will be returned in 3 days. Please consider any future activity of this site as fake and request withdrawal of your initial investments from the bank where money were going to." Subsequently, the site was shut down.

25. It appears that investors have not received the return of their funds.

IV. CONCLUSIONS OF LAW

The Commissioner concludes that:

26. The investment programs offered and sold by Respondents constitute "securities" pursuant to section 11-101(r) of the Act.

27. Respondents offered and sold securities in violation of section 11-501 of the Act.

28. Respondents offered and sold securities in Maryland without Brook being registered as a broker-dealer agent, and without either Brook or TC & P being registered as a broker-dealer, in violation of section 11-401 of the Act.

29. TC & P employed Brook and Ford who served as unregistered agents for the sale of securities, in violation of section 11-402 of the Act.

30. TC & P acted as an unregistered investment adviser by advising clients regarding securities and by providing financial and investment counseling or advice, for compensation, in violation of section 11-401 of the Act.

31. Respondents violated sections 11-301 and 11-302 of the Act, the anti-fraud

provisions, when it stated that its programs and products comply with all regulatory requirements, failed to inform investors of material facts such as relevant risk factors, current financial information, detailed uses of the proceeds, competition, and management experience and compensation, among other material disclosures, and promising such investment results as “high returns with no loss possibility.”

V. SANCTIONS

NOW, THEREFORE, the Commissioner finds it to be in the public interest to issue this Final Order, and IT IS HEREBY ORDERED THAT:

32. Respondents each permanently cease and desist from engaging in the offer and sale of unregistered, non-exempt securities in violation of section 11-501 of the Act.

33. Brook permanently cease and desist from acting as an unregistered agent or broker-dealer in Maryland in violation of section 11-401 of the Act.

34. TC & P permanently cease and desist from acting as an unregistered broker-dealer and unregistered investment adviser in Maryland in violation of section 11-401 of the Act.

35. TC & P permanently cease and desist from engaging in fraud in violation of section 11-301 and 11-302 of the Act.

36. Respondents are permanently barred from engaging in the securities and investment advisory businesses in Maryland for or on behalf of others, or from acting as a principal or consultant in any entity so engaged, or from acting as broker-dealers, broker-dealer agents, issuer-agents, investment advisers or investment adviser representatives.

37. Respondents are assessed, jointly and severally, a civil monetary penalty, pursuant to section 11-701.1 of the Act, in the amount of \$270,000 (\$5,000 for each of 18 transactions

with 3 violations of sections 11-501, 11-401 and 11-301 or 11-302 of the Act), payable by certified check to the order of the Office of the Attorney General.

VI. JURISDICTION RETAINED

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

VII. APPEAL RIGHTS

39. Any Respondent may appeal this Final Order to the appropriate Circuit Court of the State of Maryland within 30 days from the date this Final Order is mailed by the Division.

SO ORDERED:

March 27, 2008

**Commissioner's Signature is
on File with Original Document**
MELANIE SENTER LUBIN
Securities Commissioner

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