

THE STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
)
NEGUS CAPITAL INCORPORATED) ADMINISTRATIVE
AARON BROOKS BUTLER) ORDER NO. CD-2019-0013
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RESPONDENTS)

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, having confirmed information of the offer for sale of securities, into, within or from the State of Alabama, has determined as follows:

RESPONDENTS

1. NEGUS CAPITAL INCORPORATED ("NCI"), at all times relevant, was an Alabama corporation organized on June 24, 2016, with a principal address of the corporation listed as 505 W. Pasadena Avenue, Muscle Shoals, AL 35661.
2. AARON BROOKS BUTLER ("BUTLER"), at all times relevant, was an Alabama resident and owner/director of NCI with a business address of 505 W. Pasadena Avenue, Muscle Shoals, AL 35661.

STATEMENT OF FACTS

3. In June 2017, a Texas Resident became aware of NCI through social media posts on Facebook made by **BUTLER**. The posts advertised training and personal mentoring for “FOREX & FUTURES” trading with direct access to **BUTLER** and his company **NCI**. One such post was titled “GRP Mentorship”, (Get Rich Program).

4. The Texas Resident stated **BUTLER** guaranteed to return the initial investment amount to the Texas Resident if no interest was earned at the end of six months. Relying on **BUTLER**’s guarantee, the Texas Resident invested \$10,000 with NCI. The Texas Resident was provided an investment contract by **BUTLER** (wherein **BUTLER** is referred to as “The Entrepreneur”) which states:

Article 1:

The investor will contribute an amount that has been pre-specified through phone, text, social media, or in person on a one-time basis for a six-month trading period from when investment is received. The Entrepreneur will be required to present the six-month update to the investor on the status of the investment’s return. There is no specific or predetermined ROI. An ROI is also not guaranteed but if no ROI is reported, the Entrepreneur will be required to return the pre-specified investment amount to the investor.

Article 2:

The money provided by the Investor will be used for the following aspects within the venture and nothing further: Low-Risk Swing Trading, Low-Risk Scalping, both based on the high-accuracy “Confluence 3” method. Any additional aspects must be approved by the investor before the funding can be allocated.

Article 3:

For (his/her) investment, the funds will be directly deposited into any merchant that is connected to the Entrepreneur's receiving bank name/account/details.

Article 4:

This contract is valid and legally binding from (date or presentation) to (six months after presentation). The Entrepreneur shall make payments to the Investor in a (specified payment frequency) until the full amount has been paid. Under no circumstances may this contract be terminated before the six-month trading period is over. This contract shall be enforced according to the laws of {Investor's State}, regardless of the location of the Entrepreneur of the venture itself.

5. **BUTLER** solicited individuals to pay a one-time fee for training on commodities trading. **BUTLER** also solicited investors to trade binary options in commodities, such as foreign exchanged traded currencies (FOREX). The trading would be done through **BUTLER**'s company **NCI**, a commodity pool. **BUTLER** instructed investors to wire transfer their investments to bank accounts held in **BUTLER**'s name.

6. **BUTLER** stated that he would personally manage investments of \$10,000 or more, while investments of less than \$10,000 would be pooled and managed together. The majority of investments **BUTLER** and **NCI** received from investors were less than \$10,000 and were "pooled" investments.

7. On November 1, 2017, the Texas Resident and **BUTLER** electronically signed a **NCI** investment contract. On November 3, 2017, the Texas Resident's \$10,000 investment funds were wire transferred to a bank account provided by **BUTLER**. Two years after investing with **BUTLER**, the Texas Resident has not received any interest from his investment nor has he received his initial investment back.

8. On February 21, 2018, an Alabama Resident was solicited by **BUTLER** to invest with **NCI**. **BUTLER** told the Alabama Resident that the investment was guaranteed, and the initial amount invested would be returned if no interest was earned within six months after

investing. On February 21, 2018, the Alabama Resident invested \$7,000 after being solicited by **BUTLER**. The Alabama Resident never received any return on the investment and the \$7,000 investment was never refunded as promised by **BUTLER**.

9. The Commodity Futures Trading Commission's ("CFTC") issued an administrative subpoena on March 27, 2018 to **BUTLER**. The subpoena requested documents and affidavits related to the activities of **BUTLER** and **NCI**, including trading of binary options, futures, etc. **BUTLER** was served in person on March 29, 2108. **BUTLER** did not respond to the subpoena.

10. On October 10, 2018, the CFTC's submitted an Application for an Order to Show Cause to compel **BUTLER** to respond to the March 27, 2018 subpoena. The Application states that **BUTLER** "appeared to have fraudulently solicited customers and potential customers located in the United States (1) to provide training on commodities trading and (2) to trade binary options in commodities, such as foreign exchange traded currencies ("forex") through a commodity pool called **NCI** that was managed by Mr. Butler."

11. Furthermore, the CFTC's Application states that "Mr. Butler informed individuals that there were multiple pools based upon the level of funding."

12. On February 6, 2019, the U.S. District Court for the District of Columbia compelled **BUTLER** to respond to the CFTC Subpoena dated March 27, 2018 within 30 days of the date that **BUTLER** was served the Order and Application for an Order to Show Cause. **BUTLER** was properly served on February 25, 2019.

13. The Commission has received forty-five complaints related to **NCI** and **BUTLER**. The investors stated they never received refunds as promised by **BUTLER** in their **NCI** investment contracts.

14. A review of the files of the Registration Division of the Alabama Securities Commission was conducted on February 15, 2019, and found no record of registration, nor any perfected exemption from registration for the securities offered, or caused to be offered, by **BUTLER** or **NCI**.

15. A review of the files of the Registration Division of the Alabama Securities Commission was conducted on February 15, 2019 and found no record of registration for NCI as a broker-dealer, or investment advisor in the State of Alabama. The review also found no record of registration for **BUTLER** as broker-dealer agent or investment advisor representative in the State of Alabama.

CONCLUSIONS OF LAW

16. Section 8-6-2(10), Code of Alabama 1975, of the Act defines a security as, inter alia, any note, stock, bond, or investment contract. **BUTLER** provided investment contracts between NCI and investors. The investment contracts are securities under the Act.

17. Section 8-6-2(3), Code of Alabama 1975, of the Act defines a dealer as any person engaged in the business of effecting transactions in securities for the account of others or for his own account. NCI engaged in the business of effecting transactions in securities for the account of others and for his own account; thus, NCI acted as a dealer under the Act.

18. Section 8-6-2(2), Code of Alabama 1975, of the Act defines an agent as any individual other than a dealer who represents a dealer in effecting or attempting to effect sales of securities. **BUTLER** represented NCI in effecting or attempting to effect sales of securities; thus, **BUTLER** is an agent under the Act.

19. Section 8-6-2(18), Code of Alabama 1975, of the Act defines an investment adviser as any person who receives compensation for providing investment advice to others. NCI received compensation for providing investment advice to others, thus, acted as an investment adviser under the Act.

20. Section 8-6-2(19), Code of Alabama 1975, of the Act defines an investment adviser representative as any partner, officer, director of, or other individual employed by or associated with an investment adviser. **BUTLER** was the principal of NCI, thus, acted as an investment adviser representative under the Act.

21. Pursuant to Section 8-6-3(a), it is unlawful for any person to transact business in Alabama as a dealer or agent for securities unless he is registered under the Act. Neither NCI nor **BUTLER** were registered as a dealer or agent in violation of the Act.

22. Pursuant to Section 8-6-3(b), it is unlawful for any person to act as an investment adviser or investment adviser representative unless he or she is registered under the Act. NCI and **BUTLER** acted as investment adviser and investment adviser representative without registration or a perfected exemption from registration in Alabama in violation of the Act.

23. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for a person, in connection with the offer, sale or purchase of a security, to make any untrue statement or to omit a material fact necessary to make the statements made not misleading. **RESPONDENTS** stated to investors that their initial investment was guaranteed and could be returned after six months. **RESPONDENTS** never returned the initial investments in violation of the Act.

24. Pursuant to Sections 8-6-17(b)(2) & (4), Code of Alabama 1975, it is unlawful for a person who receives consideration from another, for advising the other person, to engage in fraudulent, dishonest or unethical practices as the Commission may define by Rule. **RESPONDENTS** engaged in fraudulent, dishonest and unethical behavior in violation of the Act by failing to return investors' initial investments despite a guarantee to do so and by failing to respond to a lawful subpoena within a reasonable amount of time.

25. Section 8-6-16, Code of Alabama 1975, the Securities Commission is authorized to issue a cease and desist order, with or without a prior hearing, against any person engaged in any act or practice constituting a violation of the Act.

This Order is appropriate in the public interest for the protection of investors and consistent with the purposes of the Alabama Securities Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

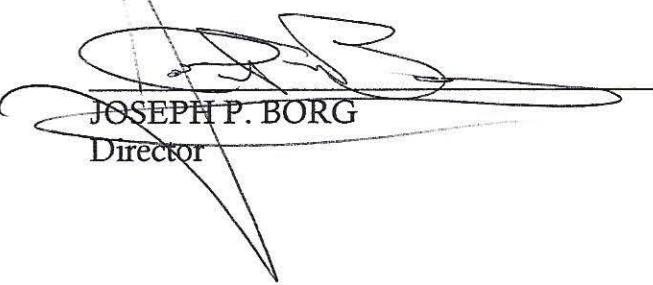
Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENTS** to make a timely request for hearing, or default of the **RESPONDENTS**, it is the intention of the Commission to impose sanctions upon the **RESPONDENTS**. Such sanctions may include, *inter alia*, an administrative assessment imposed on **RESPONDENTS**, an additional administrative assessment for investigative costs arising from the investigation of the violation(s) described herein against **RESPONDENTS**, and a permanent order to bar **RESPONDENTS** from participation in any securities related industry in the State of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENTS** immediately **CEASE AND DESIST** from further offers or sales of any security or providing investment advice into, within, or from the State of Alabama.

Entered at Montgomery, Alabama on this 28th day of March, 2019.

ALABAMA SECURITIES COMMISSION
445 Dexter Ave, Suite 12000
Montgomery, AL 36104
(334) 242-2984

BY:


JOSEPH P. BORG
Director