

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF)	
)	CONSENT ORDER
YOUNG AMERICA CAPITAL, LLC)	
GEORGE M. GOULD)	NO. CO-2024-0015
)	
<u> RESPONDENTS</u>)	

CONSENT 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, upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. YOUNG AMERICA CAPITAL, LLC ("YAC"), Central Registration Depository ("CRD") #150443, is a broker dealer with a business address of 141 East Boston Post Road, Mamaroneck, New York 10543. Commission records reflect YOUNG AMERICA CAPITAL, LLC ("YAC"). has never been registered as a broker dealer in the State of Alabama.

2. GEORGE M. GOULD ("GOULD"), Central Registration Depository ("CRD") #4312853, was represented to be a broker-dealer agent of YOUNG AMERICA CAPITAL, LLC, with a business address of 141 East Boston Post Road, Mamaroneck, New York 10543. Commission records reflect that GOULD has never been registered as a broker-dealer agent with YAC in the State of Alabama.

STATEMENT OF FACTS

3. On February 21, 2023, YOUNG AMERICA CAPITAL, LLC submitted a broker dealer application electronically, via CRD, for broker dealer registration in the State of Alabama.
4. On February 28, 2023, the Commission staff issued a Phase II deficiency letter to YOUNG AMERICA CAPITAL, LLC requesting among other things a statement of undertaking advising whether any securities activity had occurred in the State of Alabama by YAC.
5. On February 28, 2023, the Commission staff received a Regulation Form D Rule 506(b) filing, Bloomfield Robotics, LO# 454615-1084007 with prior sales through an unregistered broker dealer, YAC.
6. On March 4, 2023, the Commission staff received a response to the Phase II deficiency letter stating the firm raised seed capital for the limited offering filing, Bloomfield Robotics, Inc. The capital raised was a SAFE Note dated November 10, 2020. The document reflected sales to two Alabama clients with a total investment amount of \$200,000 and commission of \$20,000 received by YAC, with GOULD as the agent for the transactions.
7. On March 7, 2023, the Commission staff issued a visitation letter to Zanbato Securities, LLC CRD# 279028, YAC's clearing firm, an unregistered clearing firm in Alabama requesting documentation regarding all securities transactions effected by YAC on behalf of Alabama client accounts.
8. On March 7, 2023, the Commission staff issued via email, a continued deficiency letter to YAC stating the firm effected securities transactions on behalf of two Alabama clients and to provide copies of all documents for the accounts to include opening account forms and the dates the accounts were opened, account transfer forms, the change of address forms, and a detailed list of all transactions effected for the Alabama clients along with the trade confirmations for the transactions. The Commission also informed YAC that transacting securities on behalf of Alabama clients without benefit of registration is unlawful pursuant to Code of Alabama, 1975,

Section 8-6-3(a). And therefore, the firm and its agents should cease from conducting any further securities activity until the prior business activity has been resolved.

9. On March 7, 2023, the Commission staff received a response from YAC which included a Private Placement Allocation excel spreadsheet, PPM for the SAFE Note, Amended SAFE Notes, the Convertible Promissory Notes, and seed invoices for commissions. The response also reflected the sales to two Alabama clients with a total investment amount of \$400,000 and commission received by YAC of \$40,000, with GOULD as the agent for the transactions.

10. On March 13, 2023, the Commission staff received the visitation response from Zanbato Securities, LLC CRD# 279028 stating according to their records, no transactions were executed by YAC through Zanbato for the account of any Alabama client. Zanbato is not involved in any capacity in the opening or management of client accounts in any jurisdiction, including, without limitation, Alabama, by YAC.

11. On March 27, 2023, the Commission staff issued rescission instructions to YAC. Additionally, the Commission staff advised the firm to cease all securities business in the State of Alabama until registration has been approved.

12. On April 24, 2023, the Commission staff received the firm's preliminary drafts of the rescission offer letters for the Alabama clients for review.

13. On April 25, 2023, the Commission staff sent the firm an email requesting revision to the rescission letters.

14. On May 9, 2023, the Commission staff received the revised rescission documents from YAC for the Alabama clients. The rescission offers reflected SAFE Notes dated November 22, 2021, and Convertible Promissory Notes dated August 12, 2022. The details of the transaction reflected the sales to two Alabama clients with a total investment amount of \$400,000 and commission received by YAC of \$40,000, with GOULD as the agent for the transactions.

15. On May 12, 2023, the Commission staff emailed YAC that the rescission offers were cleared for issuance to the Alabama clients.

16. On June 6, 2023, the Commission staff received from YAC the Alabama clients' US Postal Service receipts, priority mail envelopes, and tracking numbers showing deliveries completed. In addition, YAC submitted the signed copies of the rescission letters from the Alabama clients rejecting in full the total rescission offers.

CONCLUSIONS OF LAW

1. Pursuant to Code of Alabama 1975, §8-6-3(a), it is unlawful for any person to transact business in this state as a dealer or agent for securities unless he or she is registered under the Act. YOUNG AMERICA CAPITAL, LLC, an entity not registered as a securities dealer in the State of Alabama, effected securities transactions for two Alabama residents in violation of the Act.

2. Pursuant to Code of Alabama 1975, § 8-6-3(a), it is unlawful for any dealer or issuer to employ an agent unless the agent is properly registered under this Act. YOUNG AMERICA CAPITAL, LLC employed GEORGE M. GOULD although he was not registered in the State of Alabama, in violation of the Act.

WHEREAS, RESPONDENTS admit that securities transactions were effected in the State of Alabama prior to registration, and state that the information and assertions presented to the Commission during its investigation of this matter are true and correct; that RESPONDENTS understand the Commission relied upon such information and assertions in its determination to accept this Order and that should such information or assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Act.

WHEREAS, RESPONDENTS have voluntarily waived all rights to a hearing upon entry of this Order and have consented to the entry of this Order, and

WHEREAS, the Commission finds this Order necessary and appropriate in the public interest for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act, and

WHEREAS, the Commission and RESPONDENTS are desirous of settling this matter as hereafter set forth and agree to the entry of this Order,

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That RESPONDENTS shall until such time as properly registered in the State of Alabama, refrain from effecting securities transactions into, within or from the State of Alabama.
2. That RESPONDENTS shall ensure that proper policies and procedures are enacted to preclude any future non-compliance with the Act.
3. That RESPONDENTS shall provide training to all employees to ensure that all securities transactions are effected by registered persons in compliance with state laws.

ACCEPTANCE AND CONSENT

1. Pursuant to Code of Alabama 1975, §8-6-19(j)(1), YOUNG AMERICA CAPITAL, LLC shall pay to the **State of Alabama** an administrative assessment in the total sum of Forty Thousand Dollars (\$40,000), said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.
2. Pursuant to Code of Alabama 1975, §8-6-19(k)(1), YOUNG AMERICA CAPITAL, LLC shall pay to the **Alabama Securities Commission**, as partial reimbursement for the Commission's cost for investigating this matter, the sum of Two Thousand Five Hundred Dollars (\$2,500.00), said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.

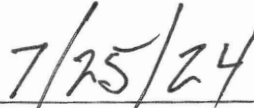
3. That to the extent that RESPONDENTS' representations to the Commission as stated herein are true and correct, the terms set forth in this Agreement represent the complete agreement and settlement among the parties as to its subject matter, but in no way preclude legal proceedings by or on behalf of the Commission for acts and/or omissions not specifically addressed in this Order.

AGREED AND CONSENTED to on dates indicated:

YOUNG AMERICA CAPITAL, LLC




Peter J. Formanek
President & CCO



DATE

APPROVED AND AGREED this 2nd day of August 2024.



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

AMANDA L. SENN
Director