

TRAVIS J. ILES  
SECURITIES COMMISSIONER



CLINTON EDGAR  
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310

## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.texas.gov

E. WALLY KINNEY  
CHAIR

MIGUEL ROMANO, JR.  
MEMBER

KENNY KONCABA  
MEMBER

ROBERT BELT  
MEMBER

MELISSA TYROCH  
MEMBER

---

IN THE MATTER OF	§
WINCHESTER FINANCIAL GROUP;	§
PCI GROUP COMPANIES, INC;	§
PCI GROUP COMPANIES, LTD; AND	§
STEPHEN CHARLES PETERSON	§

---

**Order No. ENF-20-CDO-1806**

### **Winchester Financial Group**

1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316  
3033 Chimney Rock Road, Suite 100, Houston, Texas 77056  
86-90 Paul Street, 4th Floor, London, England EC2A4NE

### **PCI Group Companies, Inc.**

1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316  
3033 Chimney Rock Road, Suite 100, Houston, Texas 77056  
86-90 Paul Street, 4th Floor, London, England EC2A4NE

### **PCI Group Companies, Ltd.**

1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316  
3033 Chimney Rock Road, Suite 100, Houston, Texas 77056  
86-90 Paul Street, 4th Floor, London, England EC2A4NE

### **Stephen Charles Peterson**

1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316  
3033 Chimney Rock Road, Suite 100, Houston, Texas 77056  
86-90 Paul Street, 4th Floor, London, England EC2A4NE  
401 East Sample Road, Deerfield Beach, Florida 33064

## **EMERGENCY CEASE AND DESIST ORDER**

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, Tex. Rev. Civ. Stats. Ann. arts. 581-1 to 581-45 (the "**Texas Securities Act**").

The Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find:

## FINDINGS OF FACT

1. Winchester Financial Group ("**Respondent Winchester**") is a division and/or assumed name of PCI Group Companies, Inc., and maintains last known addresses of 1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316; 3033 Chimney Rock Road, Suite 100, Houston, Texas 77056; and 86-90 Paul Street, 4th Floor, London, England EC2A4NE.
2. PCI Group Companies, Inc. ("**Respondent PCI Inc.**") is a Wyoming corporation and the parent company of Respondent Winchester. It maintains last known addresses of 1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316; 3033 Chimney Rock Road, Suite 100, Houston, Texas 77056; and 86-90 Paul Street, 4th Floor, London, England EC2A4NE.
3. PCI Group Companies, Ltd. ("**Respondent PCI Ltd.**") is a Seychelles domiciled limited corporation and the parent company of Respondent PCI Inc., and maintains last known addresses of 1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316; 3033 Chimney Rock Road, Suite 100, Houston, Texas 77056; and 86-90 Paul Street, 4th Floor, London, England EC2A4NE.
4. Stephen Charles Peterson ("**Respondent Peterson**") is a Florida resident, and President or controlling person of Respondents Winchester, PCI Inc., and PCI Ltd. He has last known addresses of 1931 Cordova Road, Suite 3017, Ft. Lauderdale, Florida 33316; 3033 Chimney Rock Road, Suite 100, Houston, Texas 77056; 86-90 Paul Street, 4th Floor, London, England EC2A4NE; and 401 East Sample Road, Deerfield Beach, Florida 33064.

## THE PUBLIC SOLICITATION

5. Respondent Winchester, Respondent PCI Inc., Respondent PCI Ltd., and Respondent Peterson (collectively "**Respondents**") published an advertisement in the financial services section of the Craigslist website targeting residents of Houston, Texas.
6. The advertisement claims Respondent Winchester can earn returns of 100% of principal per month for investors. Respondents represent Respondent Winchester is able to provide these returns "whether the market is going up or down."

## THE INVESTMENTS

7. Respondents are offering for sale investments in foreign currency exchange ("**Forex**") trading services and binary options trading services.
8. Respondents describe Forex trading as "the act of buying and selling currencies...[T]raders exchange currency for a variety of reasons, including balancing the market, facilitating international trade, or making a profit."
9. Respondents describe binary options as "financial exotic option[s] in which the payoff is either some fixed monetary amount or nothing at all. The two main types

of binary option [are] the cash-or-nothing binary option and the asset-or-nothing binary option.”

10. Respondents are offering investments of \$500.00 up to \$1,000,000.00.
11. Respondents promise “100% return[s] per month with proof of income provided by the [Respondents] to Investor.”
12. Respondents also offer to compound the investor's returns on a monthly basis for a period of up to one year.

#### REGISTRATION VIOLATIONS

13. Respondents have not been registered with the Securities Commissioner as a dealer or agent at any time material to this Order.
14. The investments in the Forex and binary option trading program have not been registered by qualification, notification, or coordination at any time material to this Order, and no permit has been granted for their sale in Texas.

#### FRAUD AND THE BACKGROUND OF STEPHEN PETERSON

15. In connection with the offer of investments in the Forex and binary options trading program, Respondents are promising profitability while intentionally failing to disclose the following material facts:
  - A. On or about September 20, 2000, Respondent Peterson was charged by indictment in State of Arizona v. Stephen Charles Peterson, No. CR-2000-014784, in the Superior Court of the State of Arizona, in and for the County of Maricopa. Respondent Peterson was charged with one count of fraudulent schemes and artifices, a Class 2 felony, six counts of theft, a Class 3 felony, and one count of illegally conducting the affairs of an enterprise, a Class 3 felony. Respondent Peterson pleaded guilty to two counts of theft and was sentenced to ten years imprisonment and ordered to pay restitution of \$789,881.56 to his victims.
  - B. On or about May 2, 1991, Respondent Peterson was charged by indictment in State of Arizona v. Stephen Charles Peterson, No. CR-91-03551, in the Superior Court of the State of Arizona, in and for the County of Maricopa. Respondent Peterson was charged with three counts of fraudulent schemes and artifices, a Class 2 felony, two counts of sale of unregistered securities, a Class 4 felony, two counts of sale of a security by an unregistered salesman, a Class 4 felony, one count of theft, a Class 3 felony, and one count of illegally conducting the affairs of an enterprise, a Class 3 felony. Respondent Peterson pleaded guilty to one count of fraudulent schemes and artifices and to the theft count and was sentenced to five years imprisonment and ordered to pay \$200,000.00 in restitution to his victims.
  - C. On or about June 14, 1988, Respondent Peterson was charged in State of Minnesota v. Steven Peterson aka Stephen Charles Peterson, No. 27-CR-

88-901725, in Hennepin County, Minnesota, with three counts of aggravated theft by swindle and one count of failure to pay withholding tax. Respondent Peterson pleaded guilty to two counts and was sentenced to 343 days in the Hennepin County Workhouse, and the sentence was probated over 10 years.

- D. On or about November 13, 1987, Respondent Peterson was charged in State of Minnesota v. Steven Peterson aka Stephen Charles Peterson, No. 27-CR-87-903185, in Hennepin County, Minnesota, with one count of theft by swindle. Respondent Peterson pleaded guilty and was sentenced to 343 days in the Hennepin County Workhouse, and the sentence was probated over 10 years.
- E. On or about December 14, 2015, Respondent Peterson filed for Chapter 7 bankruptcy protection in Cause No. 2:15-bk-15662-EPB, in the United States Bankruptcy Court for the District of Arizona, Phoenix Division. The case was dismissed because Respondent Peterson failed to appear as required by bankruptcy procedures.
- F. On or about October 12, 2015, Respondent Peterson filed for Chapter 13 bankruptcy protection in Cause No. 2:15-bk-13013-DPC, in the United States Bankruptcy Court for the District of Arizona, Phoenix Division. The case was dismissed because Respondent Peterson failed to appear as required by bankruptcy procedures.

#### FRAUD AND UNDISCLOSED RISKS ASSOCIATED WITH FOREX

- 16. In connection with the offer of investments in the Forex and binary options trading program, Respondents are promising profitability while intentionally failing to disclose material facts, including the following risks associated with Forex trading:
  - A. Fluctuations in a country's interest rates may lead to fluctuations in a currency's value, thereby negatively impacting the ability to close a trade for profit;
  - B. Fluctuations in the foreign exchange rate between the time of placing a trade and the time of closing a trade may negatively impact the price of Forex; and
  - C. A system or technical failure in a platform used for executing trades may negatively impact the ability to close a trade for profit.

#### FRAUD AND UNDISCLOSED RISKS ASSOCIATED WITH BINARY OPTIONS

- 17. In connection with the offer of investments in the Forex and binary options trading program, Respondents are promising profitability while intentionally failing to disclose material facts, including the following risks associated with trading binary options:

- A. Traders may lose the entirety of their original investment when they fail to correctly wager on the market's direction and price at the time of expiration;
- B. Fluctuations in markets may negatively impact the profitability of a binary option;
- C. Traders must wait until the option expiration date before they can take their profits or losses, and such illiquidity of the investment may negatively impact the ability to trade for a profit; and
- D. Binary option platforms are thinly regulated, and the lack of regulation may negatively impact the ability to securely trade the investments.

#### FRAUD AND THE GUARANTEE OF PROFITABILITY

- 18. In connection with the offer of investments in the Forex and binary options trading program, Respondents are promising profitability while intentionally failing to disclose the following material facts:
  - A. Respondents' assets, liabilities, and cash flow, as well as any other financial information that reflect their ability to pay promised returns to investors if the Forex and binary options trading program fails to yield profits; and
  - B. Respondents' past performance in honoring promised returns for investors in the Forex and binary options trading program or any other program.

#### CONCLUSIONS OF LAW

- 1. The investments in the Forex and binary options trading program are securities as the term is defined by Section 4.A of the Securities Act.
- 2. Respondents are violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
- 3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.
- 4. Respondents are engaging in fraud in connection with the offer for sale of securities.
- 5. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
- 6. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

## ORDER

1. It is therefore ORDERED Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered pursuant to an exemption from registration under the Securities Act.
2. It is further ORDERED Respondents immediately CEASE AND DESIST from acting as a securities dealer or agent in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.

## NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 27<sup>th</sup> day of May, 2020.

  
\_\_\_\_\_  
TRAVIS J. ILES  
Securities Commissioner