

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 9402 / May 7, 2013

SECURITIES EXCHANGE ACT OF 1934
Release No. 69530 / May 7, 2013

INVESTMENT COMPANY ACT OF 1940
Release No. 30508 / May 7, 2013

ADMINISTRATIVE PROCEEDING
File No. 3-15318

In the Matter of

ZIAD K. ABDELNOUR,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE AND CEASE-AND-
DESIST PROCEEDINGS PURSUANT TO
SECTION 8A OF THE SECURITIES ACT
OF 1933, SECTIONS 15(b) AND 21C OF
THE SECURITIES EXCHANGE ACT OF
1934, AND SECTION 9(b) OF THE
INVESTMENT COMPANY ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A CEASE-
AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b) and 21C of the Securities Exchange Act of 1934 (“Exchange Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Respondent Ziad K. Abdelnour (“Respondent” or “Abdelnour”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

SUMMARY

1. This matter concerns a scheme by registered representative Abdelnour to offer and sell fictitious “prime bank” securities. From at least September 2009 to April 2011 (the “Relevant Period”), Abdelnour, acting through Blackhawk Partners, Inc. (“Blackhawk”), a purported private equity “family office,” solicited investors to invest in trading programs that purportedly yielded returns of up to 600% in as little as seven days, with no risk. None of this was true, however. Abdelnour, a long-time registered representative with an MBA from one of the top business schools, attempted to sell the programs by means of representations on Blackhawk’s website and in emails to prospective investors that he knew, or was reckless in not knowing, were false, and he continued to do so even after receipt of a Commission subpoena.

2. Although Abdelnour did not succeed in selling any of the fictitious securities, as a result of his fraud, Abdelnour willfully violated Sections 17(a)(1) and (3) of the Securities Act, and by engaging in unregistered broker-dealer activity, he violated Section 15(a) of the Exchange Act.

RESPONDENT

3. **Abdelnour**, age 52, is, and was at all relevant times, the president, chief executive officer and, together with his wife, co-owner of Blackhawk, a New York, New York-based unregistered private equity “family office.” Abdelnour is currently, and has been almost continuously since at least 1986, in the securities industry, and holds Series 7 and 63 licenses. He was registered for most of the Relevant Period, first with the firm with which he is currently associated and was previously associated from March 2002 until approximately November 2009, and then with a different registered broker-dealer from September 2010 until March 2011. Abdelnour is a resident of New York, New York.

ABDELNOUR'S SCHEME

4. Abdelnour, through Blackhawk, purports to trade commodities and provide financial consulting services to wealthy clients seeking private equity investment opportunities, and to prepare business plans for clients and advise them on how to attract investors.

5. Blackhawk's website extolls Abdelnour's credentials, including his Master's Degree in Business Administration from The Wharton School, University of Pennsylvania, and his long career as an investment professional. The website also touts Blackhawk's sophisticated "team." In fact, however, Blackhawk is Abdelnour, and it is Abdelnour who created or selected all of the material that appeared on Blackhawk's website or was otherwise provided to prospective clients during the Relevant Period.

6. During the Relevant Period, Abdelnour also offered to sell participations in fictitious investment programs, referred to on Blackhawk's website and in emails as "private placement programs" or "trading programs" (collectively, "private placement programs"), involving a chain of purported "intermediaries" and finders. According to Abdelnour, these programs involved the use of investors' monies that would be loaned or otherwise made available to one or more "top 25 world banks." The banks would then use the investors' monies as collateral for loans that the banks would use to fund their trading of "bank instruments," including "medium term notes" and "MTNs."

7. Beginning in at least January 2010, Abdelnour used blogs on Blackhawk's website to offer the private placement programs. He also solicited at least two investors by emailing materials about the private placement programs to finders, who, like Abdelnour, were to receive a percentage of the investor's profits.

8. On Blackhawk's website, Abdelnour described the private placement programs offered by Blackhawk as geared towards high net worth individuals or entities, requiring a minimum investment ranging from \$10 million to \$100 million, and running in duration from one day to forty weeks. The website touted the programs' returns as "historically [] in the hundreds of percentage points" and ranging from 50% to 100% per week, and represented that investor principal would not be at risk.

9. According to the website, the "rules" governing private placement programs required secrecy and "for[bade] the contracting parties from discussing any aspect of the transaction for a number of years." The website provided that if anyone participating in the private placement programs disclosed the existence of the programs, or tried to contact the bank with questions, the individual ran the risk of being "blacklisted." The website also discouraged prospective investors from heeding Commission and FBI warnings about private placement programs, stating:

WARNING ON SCAMS

It is very common to find on the internet so many web-sites, or message boards/links to so-called official documents, or reports of the “Financial Authorities” warning the public that this business ‘does not exist’ and any of these offers are always scams. The reports in question could have been written by the SEC, FBI, ICC or any of the regulatory authorities. . . .

You should all understand that most people that work at banks, securities houses, accountant firms, etc., have no insight into this kind of trading, and they are very eager to listen and comply with everything by the authorities. So if SEC, FBI and others say that this is all a scam, then they believe so.

For all you nay-Sayers and disbelievers out there who are looking for evidence that this kind of trading exist[s]; try to learn and understand monetary history and banking and you will understand that this can, in fact, work- in theory. You don’t have to run around and try to find evidence, because unless you have USD10M to test it for yourself, then you need to rely upon others who are vouching. So we suggest that you find out the truth yourself, without listening to what others are saying.

10. Abdelnour represented through the website that Blackhawk had successfully participated in the private placement programs, and in emails that he sent to finders, he represented that Blackhawk was the “Authority in th[e] business.”

11. In addition, in emails that Abdelnour sent to finders and potential investors beginning in at least September 2009, he represented that investments in the private placement programs would return up to 400% per week, and that in certain instances, returns of up to 100% were possible in one day programs and returns of up to 600% could be achieved in as little seven days.

12. Abdelnour also represented to finders and potential investors that funds invested in the private placement programs would be pooled to “build a larger trade base[.]”

13. Abdelnour, a long-time investment professional, knew or recklessly disregarded that the representations he made about the private placement programs on Blackhawk’s website and in documents he provided to potential investors were false. Neither Abdelnour nor Blackhawk had in fact engaged in any private placement programs, which did not exist. Accordingly, he knew that his representations about Blackhawk’s experience and expertise in this area were false. And he knew or recklessly disregarded that his representations about the programs themselves were false. Those representations were inherently implausible, and Abdelnour was offering programs premised on a fictitious “secret” banking system and transactions that he knew, or was reckless in not knowing, did not exist.

14. In addition, as a registered representative of a broker-dealer during part of the Relevant Period, Abdelnour had a duty reasonably to investigate the truth of the representations

he made concerning the private placement programs. Abdelnour, however, failed to conduct due diligence on the private placement programs and thus, made representations about the programs that he knew, or was reckless in not knowing, were false.

15. Abdelnour continued to negotiate at least one transaction involving the private placement programs until January 2011 – after receipt of a Commission subpoena in December 2010. The transaction was aborted by the prospective investor after it became apparent that the account with his principal would have a co-signatory, thus allowing the co-signatory to access the account and placing the investor’s funds at risk. Although the transaction was terminated, Abdelnour continued to tout the programs until at least April 2011.

16. As a result of the conduct described above, Abdelnour willfully violated Sections 17(a)(1) and (3) of the Securities Act, which prohibit fraudulent conduct in the offer or sale of securities.

17. Abdelnour also willfully violated Section 15(a) of the Exchange Act by attempting to induce the purchase of securities without being registered with the Commission as a broker or dealer.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Abdelnour’s Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b) and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Respondent Abdelnour cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 15(a) of the Exchange Act.

B. Respondent Abdelnour be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the

issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock,

with the right to apply for reentry after five (5) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

C. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Respondent shall pay civil penalties in the amount of \$25,000 to the United States Treasury. Payment shall be made in the following installments: \$10,000 by no later than 21 days after the entry of this Order; \$7500 by no later than November 1, 2013 and \$7500 by no later than May 1, 2014. If any payment is not made by the date required by this Order, the entire outstanding balance of civil penalties, plus any additional interest accrued pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

(1) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

(2) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Abdelnour as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Leslie Kazon, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, 3 World Financial Center, Suite 400, New York, New York 10281.

By the Commission.

Elizabeth M. Murphy
Secretary