

**UNITED STATES OF AMERICA**  
Before the  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19371**

**In the Matter of**

**Patrick L. O'Connor**

**Respondent.**

**DIVISION OF ENFORCEMENT'S MOTION FOR DEFAULT AND OTHER RELIEF**

The Division of Enforcement (the "Division"), pursuant to Rules 155(a) and 220(f) of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a) and 201.220(f), moves for entry of an Order finding Respondent Patrick L. O'Connor, ("O'Connor") in default and determining this proceeding against him upon consideration of the record. The Division sets forth the grounds below.

**I. History of the Case**

This matter arises out of Patrick O'Connor's conviction for one count of wire fraud and one count of money laundering in connection with the misappropriation of over \$9.6 million of investor funds in United States v. Patrick O'Connor, No. 19-cr-00044 (W.D. Wis.). During the time of his misconduct, O'Connor was acting as an unregistered investment adviser. Between October 2011 and June 2018, O'Connor, a licensed real estate agent and real estate developer in Waunakee, Wisconsin, made fraudulent misrepresentations and material omissions in soliciting investors to invest over \$12 million with Madison Financial Services, LLC ("MFS").

According to the criminal information, O'Connor misappropriated most of the funds raised from investors by using the money for expenses tied to his real estate development business, and to pay for various personal expenses. While he used some of the funds for trading, he either lost or withdrew most of the funds, and the trading rarely yielded any profit. In order to fool investors into believing that his investment transactions were legitimate, O'Connor operated a Ponzi scheme by making payments to some investors with the money provided to him from other investors. In addition, O'Connor created and disseminated account statements with fake year-to-date profits and sham portfolio balances.<sup>1</sup>

On April 4, 2019, O'Connor pleaded guilty in federal district court to one count of wire fraud and one count of money laundering. On July 30, 2019, O'Connor was sentenced to seven years' incarceration and ordered to pay \$9,180.748 in restitution.

The Commission issued the Order Instituting Proceedings ("OIP") on July 11, 2019 pursuant to Section 203(f) of the Investment Advisers Act of 1940 ("Advisers Act"). In summary, the OIP alleges that O'Connor, transacted business as an investment adviser without having registered as an adviser and made fraudulent misrepresentations and material omissions in soliciting investors.

On August 26, 2019, the Office of the Secretary ("OS") served O'Connor at the Federal Correctional Institution ("FCI") in Oxford, Wisconsin where he is currently incarcerated.<sup>2</sup> Under Rule 220(b) of the Commission's Rules of Practice, 17 C.F.R. § 201.220(b), O'Connor

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<sup>1</sup> See Exhibit 1 (Information, *U.S. v. O'Connor*, Case No. No. 19-cr-00044 (W.D. Wis.)).

<sup>2</sup> The Office of the Secretary ("OS") served O'Connor via certified mail, return receipt. Both O'Connor and his counsel were served on August 26, 2019. See Exhibit 2 (Email from OS to the Division confirming service and attaching tracking sheets). To date, OS has not received the signed green card receipts. On September 5, 2019, the Division did receive a letter from Respondent's counsel stating that Respondent was willing to enter into a "consent or default type order whereby he would be barred from transacting business in the future for other persons as an investment adviser." See Exhibit 3.

was required to file an Answer to the OIP's allegations within 20 days after the service of the OIP.<sup>3</sup> To date, O'Connor has not filed a response.<sup>4</sup>

## II. Memorandum of Law

### A. O'Connor's Criminal Case

On April 4, 2019, O'Connor pleaded guilty to one count related of wire fraud and one count of money laundering in a criminal action titled United States v. Patrick O'Connor.<sup>5</sup> On July 30, 2019, he was sentenced to seven years' incarceration and ordered to pay \$9,180,748 in restitution.<sup>6</sup>

### B. Facts

Based on O'Connor's default, the allegations of the OIP "may be deemed to be true." 17 C.F.R. § 201.155(a). Moreover, O'Connor's guilty plea binds him to the facts he admitted. *See Gary L. McDuff*, Exch. Act Rel. No. 74803, at 5 & n.18, 2015 WL 1873119 (Apr. 23, 2015); *Don Warner Reinhard*, Exch. Act Rel. No. 63720, at 11-12, 2011 WL 121451 (Jan. 14, 2011) (respondent who pleaded guilty "cannot now dispute the accuracy of the findings set out in the Factual basis for Plea Agreement); *Gary M. Kornman*, Exch. Act Rel. No. 59403, at 12, 2009 WL 367635 (Feb. 13, 2009) (criminal conviction based on guilty plea precludes litigation of issues in Commission proceedings), *aff'd*, 592 F.3d 173 (D.C. Cir. 2010).

The OIP as well as O'Connor's guilty plea establish the following:

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<sup>3</sup> OIP ¶ IV.

<sup>4</sup> However as previously noted stated in a September 5<sup>th</sup> letter to the Division that Respondent was willing to enter into a "consent or default type order whereby he would be barred from transacting business in the future for other persons as an investment adviser." *See* Exhibit 3.

<sup>5</sup> Exhibit 4 (Minute Entry, Plea of Guilty).

<sup>6</sup> Exhibit 5 (Judgment and Commitment).

Between October 2011 and June 2018, O'Connor, a licensed real estate agent and real estate developer in Waunakee, Wisconsin, made fraudulent misrepresentations and material omissions in soliciting individual investors to invest over \$12 million with MFS which is not registered with the Commission in any capacity. The counts on which O'Connor pled guilty to were wire fraud and money laundering<sup>7</sup>

**C. Entry of Default is Appropriate**

Under Rule 155(a) of the Commission's Rules of Practice, a party who fails to file a timely answer "may be deemed to be in default and the Commission 'may determine the proceeding against that party upon consideration of the record, including the order instituting proceedings, the allegations of which may be deemed to be true . . . .'" 17 C.F.R. § 201.155(a). Here, O'Connor has not filed an answer. Accordingly, the proceeding should be determined against him based on the record.

The facts established by O'Connor's default and his guilty plea show that the Division is entitled to the relief it seeks under Advisers Act Section 203(f), which provides in relevant part:

The Commission, by order, shall censure or place limitations on the activities of any person associated, seeking to become associated, or, at the time of the alleged misconduct, associated or seeking to become associated with an investment adviser, or suspend for a period not exceeding 12 months or bar any such person from being associated with an investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, if the Commission finds, on the record after notice and opportunity for hearing, that such censure, placing of limitations, suspension, or bar is in the public interest and that such person —

\* \* \* \*

(ii) has been convicted of any offense specified in [Advisers Act Section 203(e)(2)] within 10 years of the commencement of the proceedings under this paragraph . . . .

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<sup>7</sup> OIP ¶ II.B.1.

Here, O'Connor acted as an unregistered investment adviser. Section 202(a)(11) of the Advisers Act defines an investment adviser as any person who:

for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses concerning securities. . .

Persons who manage the funds of others for compensation are investment advisers within the meaning of § 202(a)(11). Abrahamson v. Fleschner, 568 F.2d 862, 870 (2d Cir. 1977). Any “economic benefit” received by the investment adviser satisfies the “for compensation” element of Section 202(a)(11). United States v. Elliott, 62 F.3d 1304, 1311 (11<sup>th</sup> Cir. 1995).

In this case, O'Connor acted as an investment adviser within the meaning of Section 202(a)(11).<sup>8</sup> O'Connor purported to advise his clients by deciding on the investments and strategy to be used by an investment fund called MFS Alpha Growth Fund (“MFS Alpha”).<sup>9</sup> The terms of the documentation provided that the funds invested in MFS Alpha would “be used to participate in capital growth investment strategies managed and directed by Patrick L. O'Connor.”<sup>10</sup> As part of his solicitations, O'Connor represented that MFS Alpha would use their money for trading in an online TradeStation account. Also, O'Connor was to receive compensation for his services by charging annual fees for the managing the fund equal to 10% of the annual investment profit.<sup>11</sup> Consequently, each of the requirements of the provisions—timely issuance of the OIP, conviction under a qualifying statute, and misconduct committed while acting as an investment adviser are satisfied here.

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<sup>8</sup> OIP ¶ II.B.4.

<sup>9</sup> OIP ¶ II.B.3.

<sup>10</sup> See Exhibit 6 (MFS Alpha Growth Fund Agreement).

<sup>11</sup> OIP ¶ II.B.3

**a. The Division Timely Filed this Action**

The Division must commence a proceeding under Section 203(f) within “10 years” of the criminal conviction. *See Joseph Contorinis*, Adv. Act Rel. No. 3824, at 4-6, 2014 WL 1665995 (Apr. 25, 2014) (10-year limitations period governs Section 203(f) proceeding; limitations period runs from date of conviction, not underlying conduct). Here, O’Connor was convicted in July of 2019, and the OIP was issued on August 22, 2019. Therefore, this matter was timely filed.

**b. O’Connor Was Convicted of a Qualifying Offense**

Under the Advisers Act, the Commission may sanction O’Connor for an offense that “involves. . . embezzlement, fraudulent conversion, or misappropriation of funds.” *See* Advisers Act Section 203(e)(2)(c). Here, O’Connor’s conviction was for wire fraud and money laundering. Furthermore, his plea of guilty with respect to wire fraud in violation of 18 U.S.C. § 1343 is also a specifically enumerated offense under Advisers Act Section 203(e)(2)(D). Therefore this condition is satisfied.

**c. O’Connor Acted as an Adviser at the Time of his Misconduct**

O’Connor meets the requirements of having acted as an unregistered investment adviser within the meaning of Section 202(a)(11) by deciding on how to employ MFS Alpha’ investments and strategy, and by receiving compensation for his services through annual fees for the managing the fund equal to 10% of the annual investment profit. According to the criminal information, O’Connor started soliciting individual investors to invest in MFS beginning in 2011 representing that MFS would invest their money on their behalf into an online TradeStation

account.<sup>12</sup> Moreover, deemed admitted is the OIP's allegation that O'Connor made fraudulent misrepresentations and material omissions between October 2011 and June 2018.<sup>13</sup>

**d. An Industry Bar Is an Appropriate Sanction**

In determining whether an industry bar is in the public interest, the Commission considers, among other things:

the egregiousness of the respondent's actions, the isolated or recurrent nature of the infraction, the degree of scienter involved, the sincerity of the respondent's assurances against future violations, the respondent's recognition of the wrongful nature of his or her conduct, and the likelihood that the respondent's occupation will present opportunities for future violations.

*Vladimir Boris Bugarski*, Exch. Act Rel. No. 66842, at 5 & n.18, 2012 WL 1377357 (Apr. 20, 2012) (citing *Steadman v. SEC*, 603 F.2d 1126, 1140 (5th Cir. 1979), *aff'd on other grounds*, 450 U.S. 91 (1981)). "Absent extraordinary mitigating circumstances, an individual who has been convicted cannot be permitted to remain in the securities industry." *Frederick W. Wall*, Exch. Act Rel. No. 52467, at 8, 2005 WL 2291407 (Sept. 19, 2005) (quotation omitted); *accord Shreyans Desai*, Advs. Act Rel. No. 4656, at 6, 2017 WL 782152 (Mar. 1, 2017).

Here, these factors weigh in favor of an industry bar. First, O'Connor's actions were egregious. His conviction establishes a knowing conversion of a significant amount of funds for his own use. The second factor weighs in favor of O'Connor, since he pled only to a single episode of wire fraud and a single episode of money laundering. As to the third factor, the level of scienter is high, giving rise to a criminal conviction.

With respect to the fourth and fifth factors, notwithstanding his guilty pleas, O'Connor has not participated in this matter thus providing no assurances that he will avoid *future* violations of the law. Although "[c]ourts have held that the existence of a past violation, without

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<sup>12</sup> See Exh.1 (Information).

<sup>13</sup> OIP ¶ II.B.

more, is not a sufficient basis for imposing a bar. . . the existence of a violation raises an inference that it will be repeated.” *Tzemach David Netzer Korem*, Exch. Act Rel. No. 70044, at 10 n.50, 2013 WL 3864511 (July 26, 2013) (quotation and alternations omitted). O’Connor has offered no evidence to rebut that inference. Sixth, although O’Connor is currently in custody, he will eventually be released, and unless barred from the securities industry he will have the chance to harm investors.

In addition, a bar is appropriate in this matter given counsel’s statement to the Division that O’Connor was willing to enter into a “consent or default type order whereby he would be barred from transacting business in the future for other persons as an investment adviser.” See Exhibit 3.

### **III. Conclusion**

For the reasons discussed above, the Division asks the Commission to sanction O’Connor by barring him from association with any investment adviser, broker, dealer, municipal securities dealer, municipal advisor, transfer agent or NRSRO.

January 17, 2020

Respectfully submitted,

/s/ Charles J. Kerstetter

Charles J. Kerstetter  
Assistant Regional Director  
Division of Enforcement  
Securities and Exchange Commission  
Chicago Regional Office  
175 W. Jackson Blvd., Suite 1450  
Chicago, IL 60604  
(312) 353-7435  
(312) 353-7398 (Facsimile)  
[kerstetterc@sec.gov](mailto:kerstetterc@sec.gov)  
*Counsel for the Division of Enforcement*



**CERTIFICATE OF SERVICE**

I hereby certify that an original and three copies of the foregoing were filed with the Securities and Exchange Commission, Office of the Secretary, 100 F Street, N.E., Washington, D.C. 20549-9303, and that a true and correct copy of the foregoing has been served on this 17th day of January 2020, on the following persons entitled to notice:

**VIA CERTIFIED MAIL**

Patrick L. O'Connor # [REDACTED]

[REDACTED]

P.O. BOX [REDACTED]  
OXFORD, WI [REDACTED]

**VIA UPS**

Stephen L. Morgan  
Murphy Desmond S.C.  
33 East Main Street  
Suite 500  
Madison, WI 53703-3095

/s/ Charles J. Kerstetter  
Charles J. Kerstetter, Assistant Regional Director

DOC NO  
19-03/27/19

IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF WISCONSIN

MAR 27 AM 10:38

CLERK U.S. DIST. CT.  
WD OF WIS.

UNITED STATES OF AMERICA

INFORMATION

v.

Case No. **19 CR 44 WMC**

PATRICK O'CONNOR,

18 U.S.C. § 1343  
18 U.S.C. § 1956(a)(1)(B)(i)  
18 U.S.C. § 981(a)(1)(C)  
18 U.S.C. § 982

Defendant.

THE UNITED STATES ATTORNEY CHARGES:

COUNT 1

Background

1. At times material to this information:

a. Defendant PATRICK O'CONNOR was a licensed real estate agent and a real estate developer in Waunakee, Wisconsin.

b. On October 1, 2015, O'CONNOR opened a business checking account (account number XX9201) at Associated Bank in the name of "Madison Financial Services LLC." O'CONNOR and his wife were the only authorized signers on the account.

c. Associated Bank used the Federal Reserve Bank to process all domestic wire transfers. There was not a Federal Reserve Bank in Wisconsin.

d. Madison Financial Services LLC was not registered with the Financial Industry Regulation Authority, Inc. (FINRA), or the Securities and Exchange Commission (SEC).

Scheme to Defraud

2. During the period beginning in or about October of 2011, and continuing to in or about June of 2018, in the Western District of Wisconsin and elsewhere, the defendant,

PATRICK O'CONNOR,

knowingly, and with the intent to defraud, devised and participated in a scheme to defraud investors, and to obtain money by means of materially false and fraudulent pretenses, representations, omissions, and promises.

3. It was part of the scheme to defraud that O'CONNOR, beginning in 2011, started soliciting individuals to invest in "Madison Financial Services LLC." As part of his solicitations, O'CONNOR made various material misrepresentations to investors regarding Madison Financial Services. For example, O'CONNOR represented that Madison Financial Services would invest all of the funds on the investors' behalf into a TradeStation online brokerage account. O'CONNOR represented that he would use the TradeStation account to actively trade purchased securities and he projected an average annual return on the investment of 2% a month, or 24% annually. In fact, O'CONNOR used a large portion of the funds provided to him for investment in Madison Financial Services for his own personal

expenses, expenses related to his real estate development business, or to repay other investors. In addition, of the funds that O'CONNOR deposited into his TradeStation accounts and actively traded, he either lost or withdrew the vast majority of the funds and rarely generated any profit.

4. It was further part of the scheme to defraud that O'CONNOR used investment funds for Madison Financial Services to pay expenses related to his real estate development business and his personal lifestyle, including but not limited to:

- a. residence at [REDACTED], Waunakee, WI;
- b. real property located at [REDACTED] Poynette, WI;
- c. real property described as "Grand Legacy at Lake Wisconsin," Poynette, WI;
- d. 2015 Bennington Boat model: 2550GBR with a VIN: ETWA6617I415;
- e. 2011 Caterpillar bulldozer model-D4KLGP, Serial No. RRR00424.

5. It was further part of the scheme to defraud that O'CONNOR provided investors with purported account statements from their investments with Madison Financial Services. The account statements were fictitious and showed the investors' supposed year-to-date profits and their supposed current portfolio balance. By sending the account statements, O'CONNOR intended to lull investors into believing that he was investing their money in a legitimate investment. O'CONNOR knew that the account statements were fictitious.

6. It was further part of the scheme to defraud that O'CONNOR made payments to some investors using funds provided to him by other investors. O'CONNOR told these investors that the payments were income earned from stock trading, while in fact O'CONNOR knew his stock trades routinely lost money.

7. It was further part of the scheme to defraud that O'CONNOR failed to inform his investors that he lied to them about the true nature of their investment. O'CONNOR failed to tell the investors that he misappropriated their funds to pay for his personal expenses, real estate development expenses, and to provide returns to other investors.

8. It was further part of the scheme to defraud that O'CONNOR received \$12,442,318.63 in investor funds and used the vast majority of those funds for his own purposes and did not invest the vast majority of the funds on behalf of the investors.

9. On or about November 16, 2017, in the Western District of Wisconsin and elsewhere, the defendant,

PATRICK O'CONNOR,

for the purpose of executing the scheme, knowingly caused to be transmitted, by means of wire communications in interstate commerce, certain signals and sounds, namely: a bank wire transfer of \$200,000 from the account of T.W. at T.D. Bank in New York to the O'CONNOR's business checking account (account number [REDACTED])

at Associated Bank in the name of "Madison Financial Services LLC" in Waunakee, Wisconsin.

(In violation of Title 18, United States Code, Section 1343).

COUNT 2

1. Paragraphs 1-9 of Count 1 are incorporated here.
2. On or about January 28, 2014, in the Western District of Wisconsin and elsewhere, the defendant,

PATRICK O'CONNOR,

knowingly conducted a financial transaction affecting interstate commerce, namely, the negotiation of cashier's check number [REDACTED] drawn on O'CONNOR's BMO Harris personal checking account ending in [REDACTED], in the amount of \$200,000, which involved the proceeds of a specified unlawful activity, that is wire fraud in violation of Title 18 United States Code, Section 1343, knowing that the transaction was designed in whole or in part to conceal and disguise the nature, ownership, control, and source of the proceeds of the specified unlawful activity, and that while conducting and attempting to conduct such financial transaction knew that the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

(In violation of Title 18, United States Code, Section 1956(a)(1)(B)(i)).

FORFEITURE ALLEGATION

1. The allegations contained in Counts 1-2 are realleged and

incorporated here for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Sections 981(a)(1)(C), 982 and Title 28, United States Code, Section 2461(c).

2. Upon conviction of the offense in Count 1, the defendant, PATRICK O'CONNOR, shall forfeit to the United States of America, pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses. The property to be forfeited includes, but is not limited to, the following:

- a. Money Judgment - a sum of money equal to \$9,686,848.00 in United States currency, representing the amount of proceeds obtained as a result of wire fraud;
- b. the real property and improvements located at [REDACTED], Wisconsin, Tax Parcel ID Number [REDACTED];
- c. the real property and improvements located at [REDACTED] Road, Poynette, Wisconsin, Tax Parcel ID: 11032.A1 11010;
- d. \$285,146.31 in funds previously seized from TradeStation Securities, Inc. account number [REDACTED];
- e. \$50,000 in funds previously seized from TradeStation Securities, Inc. account number [REDACTED];

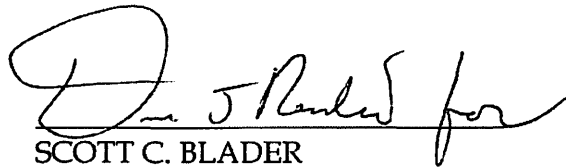
- f. \$11,173.06 in funds previously seized from BMO Harris bank account [REDACTED]
- g. 2015 Bennington Boat model: 2550GBR with a VIN: ETWA6617I415.
- h. 2011 Caterpillar bulldozer model-D4KLGP, Serial No. RRR00424.

3. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c).

3-27-19  
Date

  
SCOTT C. BLADER  
United States Attorney



**Kerstetter, Charles J.**

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**From:** Baldwin, Margaret  
**Sent:** Wednesday, October 2, 2019 12:26 PM  
**To:** Vasios, George; Richards, Gwendolyn (Contractor)  
**Cc:** Kerstetter, Charles J.; Stockwell, Timothy J; Adekunle, Opeyemi (Contractor)  
**Subject:** RE: Re: Administrative Proceeding Matters  
**Attachments:** 3-19371 USPS tracking 2.pdf; 3-19371 USPS tracking.pdf; 3-19245 USPS tracking.pdf

Hello George,

I have attached the three tracking sheets (Patrick O'Connor was served twice - once to his prison address and once to his attorney. The tracking indicates they were served but we have not received the signed green card (receipt) back yet. If we receive the green cards, Ope (cc'd on this email) will scan and send them to you.

Maggie

-----Original Message-----

**From:** Vasios, George <VasiosG@SEC.GOV>  
**Sent:** Thursday, September 26, 2019 4:44 PM  
**To:** Baldwin, Margaret <baldwinm@SEC.GOV>; Richards, Gwendolyn (Contractor) <richardsgw@SEC.GOV>  
**Cc:** Kerstetter, Charles J. <KerstetterC@SEC.GOV>; Stockwell, Timothy J <stockwellt@SEC.GOV>  
**Subject:** Re: Administrative Proceeding Matters

Good afternoon,

Could you please provide me with the return receipts for the two matters listed below?

- 1)Kimm C. Hannan (C-08575)
- 2)Patrick L. O' Connor (C-08587)

Thank you,

George Vasios

**Track Another Package +**

**Tracking Number: 70160910000166579738**

[Remove X](#)

Your item was delivered at 8:52 am on August 26, 2019 in OXFORD, WI 53952.

 **Delivered**

August 26, 2019 at 8:52 am  
Delivered  
OXFORD, WI 53952

[Feedback](#)

**Get Updates** 

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**Text & Email Updates**



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**Tracking History**



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**Product Information**



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**See Less** 

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Go to our FAQs section to find answers to your tracking questions.

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[Feedback](#)

[Track Another Package +](#)

**Tracking Number:** 70153430000092719223

[Remove X](#)

Your item was delivered at 6:28 am on August 26, 2019 in MANSFIELD, OH 44901.

 **Delivered**

August 26, 2019 at 6:28 am  
Delivered  
MANSFIELD, OH 44901

[Feedback](#)

[Get Updates](#) 

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[Text & Email Updates](#) 

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[Tracking History](#) 

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: Madison, WI 53701-2038  
: **Phone:**  
: 608.257.7181  
: **Fax:**  
: 608.257.2508  
: www.murphydesmond.com



Stephen L. Morgan  
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Facsimile 608.257.4333  
smorgan@murphydesmond.com

5 September 2019

VIA EMAIL

Charles J. Kerstetter, Esq.  
Division of Enforcement  
Chicago Regional Office  
175 W. Jackson Blvd. Suite 1450  
Chicago, IL 60604

Re: In the Matter of Patrick O'Connor, File No. 3-19371

Dear Attorney Kerstetter:

Please be advised that for the limited issues described in this letter that I am representing Mr. Patrick O'Connor but I will not be representing him if my proposal herein is not accepted.

Mr. O'Connor is willing to enter into a consent or default type order whereby he would be barred from transacting business in the future for other persons as an investment adviser. It is my understanding from our discussion last week that, if you decide to proceed with a consent or a default order, that upon any needed signatures for agreement, you would present such an order to the administrative law judge and that judge could permit the entry of the order if there were no objections.

Please let me know if this request to proceed in the above manner is acceptable to your office. Thank you for your courtesies extended.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen L. Morgan", is written over a printed name.

Stephen L. Morgan

SLM:lbg  
35541.180928  
Kerstetter lt  
cc: Patrick O'Connor  
4851-8477-6612, v. 1



U.S. Department of Justice  
Scott C. Blader  
United States Attorney  
Western District of Wisconsin

DOC NO  
19-00044/FILED  
MAR 27 AM 10:38  
Telephone 608/264-5158  
TTY 608/264-5006  
Administrative Facsimile 608/264-5183  
Civil Division Facsimile 608/264-5724  
Criminal Division Facsimile 608/264-5054

Address:  
222 West Washington Avenue  
Suite 700  
Madison, Wisconsin 53703

March 26, 2019

Bruce J. Rosen  
Murphy Desmond S.C  
33 East Main Street, Suite 500  
Madison, WI 53703

19 CR 44 WMC

Re: *United States v. Patrick O'Connor*  
Case No. 19-cr-\_\_\_

Dear Mr. Rosen:

This is the proposed plea agreement between the defendant and the United States in this case.

1. The defendant agrees to waive indictment and plead guilty to the two-count information filed by the U.S. Attorney in this case. Count 1 charges a violation of 18 U.S.C. § 1343, which carries maximum penalties of 20 years in prison, a \$250,000 fine, a three-year period of supervised release, a \$100 special assessment, and the entry of an appropriate restitution order. Count 2 charges a violation of 18 U.S.C. § 1956(a)(1)(B)(i), which carries maximum penalties of 20 years in prison, a \$500,000 fine, a three-year period of supervised release, a \$100 special assessment, and the entry of an appropriate restitution order. In addition to these maximum penalties, any violation of a supervised release term could lead to an additional term of imprisonment pursuant to 18 U.S.C. § 3583. The defendant agrees to pay the special assessment at or before sentencing. The defendant understands that the Court will enter an order pursuant to 18 U.S.C. § 3013 requiring the immediate payment of the special assessment. In an appropriate case, the defendant could be held in contempt of court and receive an additional sentence for failing to pay the special assessment as ordered by the Court.

2. The defendant acknowledges, by pleading guilty, that he is giving up the following rights: (a) to plead not guilty and to persist in that plea; (b) to a jury trial; (c) to be represented by counsel—and if necessary have the Court appoint counsel—at trial and at every other stage of the trial proceedings; (d) to confront and cross-examine adverse

March 26, 2019  
Page 2

witnesses; (e) to be protected from compelled self-incrimination; (f) to testify and present evidence; and (g) to compel the attendance of witnesses.

3. The defendant understands that upon conviction, if he is not a United States citizen, he may be removed from the United States, denied citizenship, and denied future admission to the United States. The defendant nevertheless affirms that he wants to plead guilty regardless of any removal and immigration consequences that his plea may entail, even if the consequence is automatic removal from the United States.

4. The United States agrees to recommend that the Court, in computing the advisory Sentencing Guideline range, and in sentencing the defendant, give the defendant the maximum available reduction for acceptance of responsibility. This recommendation is based upon facts currently known to the United States and is contingent upon the defendant accepting responsibility according to the factors set forth in USSG § 3E1.1. Further, the United States' agreement to recommend a reduction for acceptance of responsibility is also based on the defendant providing a full and truthful accounting in the required financial statement. The United States is free to withdraw this recommendation if the defendant has previously engaged in any conduct which is unknown to the United States and is inconsistent with acceptance of responsibility, or if he engages in any conduct between the date of this plea agreement and the sentencing hearing which is inconsistent with acceptance of responsibility. This recommendation is contingent on the defendant signing this plea letter on or before March 26, 2019.

5. The United States agrees that this guilty plea will completely resolve all possible federal criminal violations that have occurred in the Western District of Wisconsin provided that both of the following conditions are met: (a) the criminal conduct relates to the conduct described in the information; and (b) the criminal conduct was known to the United States as of the date of this plea agreement. This agreement not to prosecute is limited to those types of cases for which the United States Attorney's Office for the Western District of Wisconsin has exclusive decision-making authority. The defendant also understands that the United States will make its full discovery file available to the Probation Office for its use in preparing the presentence report.

6. The defendant agrees that total loss amount under U.S.S.G § 2B1.1(b)(1) is \$9,686,848.00.

7. The defendant agrees to forfeit to the United States immediately and voluntarily any and all assets and property, or portions thereof, subject to forfeiture, pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), whether in the possession or control of the United States or in the possession or control of the defendant or defendant's nominees. The assets to be forfeited specifically include a money judgment in the amount of \$9,686,848.00



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representing proceeds obtained as a result of wire fraud in Count 1 and all losses covered by the same course of conduct or common scheme or plan. Defendant agrees that during the period beginning in or about October of 2011, and continuing to in or about June of 2018, in the Western District of Wisconsin and elsewhere, he knowingly, and with the intent to defraud, devised and participated in a scheme to defraud investors, and to obtain money and property by means of materially false and fraudulent pretenses, representations, omissions, and promises. The defendant further agrees that it was part of the scheme to defraud that he used investor funds to pay expenses related to his real estate development business and his personal lifestyle, including but not limited to his residence at [REDACTED] Waunakee, WI; real property located at [REDACTED], Poynette, WI; real property described as "Grand Legacy at Lake Wisconsin," Poynette, WI; 2015 Bennington Boat model: 2550GBR with a VIN: ETWA6617I415; and 2011 Caterpillar bulldozer model-D4KLG, Serial No. RRR00424. The defendant also hereby agrees that the forfeiture described herein is not excessive and, in any event, the defendant waives any constitutional claims that he may have that the forfeiture constitutes an excessive fine.

8. The defendant agrees that the United States shall, at its option, be entitled to forfeiture of any property (substitute assets) of the defendant up to the value of \$9,686,848.00 in order to satisfy the money judgment. This Court shall retain jurisdiction to settle any disputes arising from application of this clause. The defendant agrees that forfeiture of substitute assets as authorized herein shall not be deemed an alteration of the defendant's sentence. The defendant agrees that the United States is not limited to the forfeiture of property specifically identified for forfeiture in this Plea Agreement. If the United States determines that as a result of any act or omission of defendant, property of the defendant identified for forfeiture cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty, defendant agrees the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and Title 28, United States Code, Section 2461(c). The defendant expressly consents to the forfeiture of any substitute assets sought by the United States. The defendant agrees that forfeiture of substitute assets as authorized here shall not be deemed an alteration of defendant's sentence.

9. The defendant agrees to take whatever steps are necessary to pass clear title to the United States of any assets sought to satisfy the money judgment. These steps include, but are not limited to, the surrender of title, the signing of a consent decree of forfeiture, and signing of any other documents necessary to effectuate such

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transfers.

10. The defendant further agrees to take all steps necessary to locate property which could be used to satisfy the money judgment and to pass title to the United States before the defendant's sentencing. To that end, the defendant agrees to fully assist the government in the recovery and return to the United States of any assets, or portions thereof, as described above wherever located. The defendant agrees to make a full and complete disclosure of all assets over which he exercises control and those which are held or controlled by a nominee.

11. Forfeiture of the defendant's assets shall not be treated as full satisfaction of any fine, restitution, cost of imprisonment, or any other penalty this Court may impose upon the defendant in addition to forfeiture.

12. The defendant agrees not to file a claim to any property in any civil, administrative or judicial proceeding, which has already been initiated or which may be initiated in the future including the forfeiture of the property located at [REDACTED] Waunakee, Wisconsin, and the property located at [REDACTED] Poynette, Wisconsin. The defendant agrees to waive all time limits and his right to notice of any forfeiture proceeding involving these properties. The defendant further agrees not to file a claim or assist others in filing a claim or attempting to establish an interest in any forfeiture proceeding.

13. The defendant agrees that he has an ownership interest in Madison Financial Services LLC, MFS 1 LLC, and Grand Developments LLC. On behalf of his interest in these corporate entities, the defendant waives Madison Financial Services LLC's, MFS 1 LLC's, and Grand Developments LLC's rights, if any exist, to file a claim or assist others in filing a claim or attempting to establish an interest in any forfeiture proceeding.

14. The defendant agrees that he is the joint owner, along with his wife, of the property located at [REDACTED], Waunakee, Wisconsin. The defendant also agrees that "Grand Developments LLC" is the sole owner of the property located at [REDACTED] Poynette, Wisconsin. The defendant agrees to hold the United States, its agents, and employees harmless from any claims in connection with the seizure or forfeiture of these two properties.

15. The defendant knowingly and voluntarily waives his right to a jury trial on the forfeiture of assets. The defendant knowingly and voluntarily waives all constitutional, legal, and equitable defenses to the forfeiture of these assets in any proceeding. The defendant agrees to waive any jeopardy defense or claim of double

March 26, 2019

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jeopardy, whether constitutional or statutory.

16. The defendant agrees to take all steps requested by the United States to pass clear title to forfeitable assets to the United States, and to testify truthfully in any judicial forfeiture proceeding. The defendant acknowledges that all property covered by this agreement is subject to forfeiture as proceeds of the illegal conduct.

17. In the event any federal, state, or local law enforcement agency having custody of the property decides not to pursue forfeiture of the property due to its minimal value, the defendant hereby abandons any interest he has in the property and consents to the destruction or any other disposition of the property by the federal, state, or local agency without further notice or obligation owing to the defendant.

18. The defendant agrees that the forfeiture provisions of this plea agreement are intended to, and will, survive the defendant, notwithstanding the abatement of any underlying criminal conviction after the execution of this agreement. The forfeitability of any particular property pursuant to this agreement shall be determined as if the defendant had survived, and that determination shall be binding upon defendant's heirs, successors, and assigns until the agreed forfeiture, including satisfaction of any preliminary order of forfeiture for proceeds.

19. The parties agree that the appropriate restitution figure based upon the defendant's relevant conduct in this case is \$9,686,848.00. It is the intent of the parties that any payments or monetary transfers made before sentencing by the defendant either to the victims or to trust accounts held for the benefit of the victims, should be credited towards the total restitution amount. The total amount of such credits shall be determined by the Court at sentencing. As of the date of this agreement, the parties agree that the total payments or monetary transfers made by the defendant to the victims or to trust accounts held for the benefit of the victims is \$693,285.40. It is also intention of the parties that the restitution amount should also be reduced by the value of the funds seized by the government from three bank accounts belonging to the defendant, which totaled approximately \$346,319.37. The defendant further agrees that the full amount of restitution, reduced by the credits discussed above, is due and payable immediately. The defendant acknowledges that immediate payment means payment in good faith from the liquidation of all non-exempt assets beginning immediately, including but not limited to the properties located at [REDACTED] Waunakee, Wisconsin, and [REDACTED] Poynette, Wisconsin, and all the assets listed in Attachment A.

20. The defendant agrees to complete the enclosed financial statement and

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return it to this office within one week of the guilty plea hearing. The defendant agrees that this financial statement will be a full and truthful accounting, including all available supporting documentation. The defendant also authorizes the U.S. Attorney's Office to run his credit report. The defendant also agrees that the probation office may disclose to the United States the net worth and cash flow statements to be completed by the defendant in connection with the preparation of the presentence report, together with all supporting documents. Finally, the defendant understands, as set forth in Paragraph 4 above, that the United States' agreement to recommend a reduction for acceptance of responsibility will be based, in part, on the defendant's full and truthful accounting, and the defendant's efforts to make the agreed-upon immediate restitution payments.

21. In the event of an appeal by either party, the United States reserves the right to make arguments in support of or in opposition to the sentence imposed by the Court.

22. The defendant understands that sentencing discussions are not part of the plea agreement. The defendant should not rely upon the possibility of a particular sentence based upon any sentencing discussions between defense counsel and the United States.

23. If your understanding of our agreement conforms with mine as set out above, please obtain the necessary signatures and return the plea letter to me. By his signature below, the defendant acknowledges his understanding that the United States has made no promises or guarantees regarding the sentence which will be imposed. The defendant also acknowledges his understanding that the Court is not required to accept any recommendations which may be made by the United States and that the Court can impose any sentence up to and including the maximum penalties set out

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above.

Very truly yours,

SCOTT C. BLADER  
United States Attorney

By:



AARON WEGNER  
Assistant United States Attorney

3-26-19

Date

*Bruce Rosen by Stephen L. Morgan*  
BRUCE ROSEN  
Attorney for the Defendant

3/26/19

Date

*Patrick O'Connor*  
PATRICK O'CONNOR  
Defendant

3/26/19

Date

# United States District Court

## Western District of Wisconsin

UNITED STATES OF AMERICA

**JUDGMENT IN A CRIMINAL CASE**  
(for offenses committed on or after November 1, 1987)

V.

**Case Number:** 0758 3:19CR00044-001

Patrick O'Connor

**Defendant's Attorney:** Bruce Rosen

The defendant, Patrick O'Connor, pleaded guilty to Counts 1 and 2 of the information.

The defendant has been advised of his right to appeal.

**ACCORDINGLY**, the Court has adjudicated the defendant guilty of the following offense(s):

| Title & Section           | Nature of Offense                | Date Offense Concluded | Count Number(s) |
|---------------------------|----------------------------------|------------------------|-----------------|
| 18 U.S.C. § 1343          | Wire Fraud, Class C felony       | June 2018              | 1               |
| 18 U.S.C. § 1956(a)(1)(B) | Money Laundering, Class C felony | June 2018              | 2               |

The defendant is sentenced as provided in pages 2 through 6 of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

**IT IS FURTHER ORDERED** that the defendant shall notify the United States Attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant shall notify the court and United States Attorney of any material change in the defendant's economic circumstances.

**Defendant's Date of Birth:** [REDACTED] 1958

July 30, 2019

**Defendant's USM No.:** 11560-090

Date of Imposition of Judgment

**Defendant's Residence Address:** [REDACTED]  
Waunakee, WI [REDACTED]

*/s/ William Conley*

**Defendant's Mailing Address:** Same as above

William M. Conley  
District Judge

July 31, 2019

Date Signed:

### IMPRISONMENT

As to Counts 1 and 2 of the information, it is adjudged that the defendant is committed to the custody of the Bureau of Prisons for a term of 84 months on each count, to run concurrently.

I recommend that the defendant be placed at an institution as close to his family in Madison, Wisconsin, as possible, ideally the Satellite Camp at Oxford, Wisconsin.

I also recommend that the defendant be afforded prerelease placement in a residential reentry center with work release privileges.

The U.S. Probation Office is to notify local law enforcement agencies, and the state attorney general, of defendant's release to the community.

The defendant is neither a flight risk nor a danger to the community. Accordingly, execution of the sentence of imprisonment is stayed until August 30, 2019, between the hours of noon and 2:00 p.m., when defendant is to report to an institution to be designated by further court order. The defendant's present release conditions are continued until that time.

### RETURN

I have executed this judgment as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_  
at \_\_\_\_\_, with a certified copy of this judgment.

\_\_\_\_\_  
United States Marshal

By \_\_\_\_\_  
Deputy Marshal

## **SUPERVISED RELEASE**

The defendant's term of imprisonment is to be followed by concurrent three-year terms of supervised release. In light of the nature of the offense and the defendant's personal history, I adopt mandatory conditions numbers 1 through 3 and special conditions numbers 1 through 4, 8, 9, and 11 through 17 as proposed and justified in the presentence report, noting that neither party raised any objections to those proposals.

If, when the defendant is released from confinement to begin his term of supervised release, either the defendant or the supervising probation officer believes that any of the conditions imposed today are no longer appropriate, either one may petition the Court for review.

The instant offense is not drug related and the defendant has no history of drug use. Therefore, the requirement for drug testing set forth at 18 U.S.C. § 3583(d) is waived.

---

Defendant is to abide by the statutory mandatory conditions.

### **Statutory Mandatory Conditions**

Defendant shall not commit another federal, state, or local crime. [Note: Any defendant that has been convicted of a felony offense, or is a prohibited person, shall not possess a firearm, ammunition, or destructive device pursuant to 18 U.S.C. §§ 921 and 922.]

Defendant shall not illegally possess a controlled substance. The defendant is subject to drug testing according to 18 U.S.C. §§ 3563(a)(5) and 3583(d).

Defendant shall cooperate with the collection of DNA by the U.S. Justice Department and/or the U.S. Probation and Pretrial Services Office as required by Public Law 108-405.

If this judgment imposes a fine or a restitution obligation, it shall be a condition of supervised release that defendant pay any such fine or restitution that remains unpaid at the commencement of the term of supervised release in accordance with the Schedule of Payments set forth in the Financial Penalties sheet of this judgment.

---

Defendant shall comply with the standard and special conditions that have been adopted by this court.

### **Standard Conditions of Supervision**

- 1) Defendant shall not knowingly leave the judicial district in which defendant is being supervised without the permission of the Court or probation officer;
- 2) Defendant is to report to the probation office as directed by the Court or probation officer and shall submit a complete written report within the first five days of each month, answer inquiries by the probation officer, and follow the officer's instructions. The monthly report and the answer to inquiries shall be truthful in all respects unless a fully truthful statement would tend to incriminate defendant, in violation of defendant's constitutional rights, in which case defendant has the right to remain silent;
- 3) Defendant shall maintain lawful employment, seek lawful employment, or enroll and participate in a course of study or vocational training that will equip defendant for suitable employment, unless excused by the probation officer or the Court;
- 4) Defendant shall notify the probation officer within seventy-two hours of any change in residence, employer, or any change in job classification;



- 5) Not imposed;
- 6) Not imposed;
- 7) Not imposed;
- 8) Defendant shall permit a probation officer to visit defendant at home, work, or at some other mutually convenient location designated by the probation officer at any reasonable time and shall permit confiscation of any contraband observed in plain view by the probation officer;
- 9) Defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
- 10) Not imposed;
- 11) Defendant shall report to the probation office in the district to which defendant is released within 72 hours of release from the custody of the Bureau of Prisons, unless instructed by a U.S. probation officer to report within a different time frame;
- 12) Defendant shall not possess a firearm, ammunition, destructive device, or dangerous weapon;
- 13) As directed by the probation officer, defendant shall notify employers and third parties providing volunteer opportunities, where defendant has any kind of fiduciary responsibility, of defendant's criminal record. The probation officer may also take steps to confirm defendant's compliance with this notification requirement or provide such notifications directly.

**Special Conditions of Release**

- 14) Provide the supervising U.S. Probation Officer any and all requested financial information, including copies of state and federal tax returns.
- 15) Refrain from incurring new credit charges, opening additional lines of credit or opening other financial accounts without the prior approval of the supervising U.S. Probation Officer.
- 16) Not transfer, give away, sell or otherwise convey any asset worth more than \$200 without the prior approval of the supervising U.S. Probation Officer.
- 17) Refrain from seeking or maintaining any employment that includes unsupervised financial or fiduciary-related duties, without the prior approval of the supervising U.S. Probation Officer.

**ACKNOWLEDGMENT OF CONDITIONS**

I have read or have had read to me the conditions of supervision set forth in this judgment, and I fully understand them. I have been provided a copy of them. I understand that upon finding a violation of probation or supervised release, the Court may (1) revoke supervision, (2) extend the term of supervision, and/or (3) modify the conditions of supervision.

\_\_\_\_\_  
Defendant

\_\_\_\_\_  
Date

\_\_\_\_\_  
U.S. Probation Officer

\_\_\_\_\_  
Date

## CRIMINAL MONETARY PENALTIES

Defendant shall pay the following total financial penalties in accordance with the schedule of payments set forth below.

| <u>Count</u> | <u>Assessment</u> | <u>Fine</u>   | <u>Restitution</u>    |
|--------------|-------------------|---------------|-----------------------|
| 1            | \$100.00          | \$0.00        | \$9,180,748.00        |
| 2            | \$100.00          |               |                       |
| <b>Total</b> | <b>\$200.00</b>   | <b>\$0.00</b> | <b>\$9,180,748.00</b> |

It is adjudged that the defendant is to pay a \$200.00 criminal assessment penalty (\$100 per count of conviction) to the Clerk of Court for the Western District of Wisconsin immediately following sentencing.

The defendant does not have the means to pay a fine under § 5E1.2(c) without impairing his ability to support himself upon release from custody.

## RESTITUTION

The defendant is also to pay mandatory restitution in the amount of \$9,180,748.00 to the Clerk of Court for the Western District of Wisconsin to be disbursed to the victims as noted in the presentence report. The defendant obviously lacks the economic resources to allow himself to make full payment of restitution in the foreseeable future under any reasonable schedule of payments. Pursuant to 18 U.S.C. § 3664(f)(3)(B), he is to begin making nominal payments of a minimum of \$250 each month, beginning within 30 days of defendant's release from custody.

While no interest is to accrue on the unpaid portion of the restitution, the defendant shall notify the Court and the Attorney General of any material change in defendant's economic circumstances that might affect defendant's ability to pay restitution.

## **SCHEDULE OF PAYMENTS**

Payments shall be applied in the following order:

- (1) assessment;
- (2) restitution;
- (3) fine principal;
- (4) cost of prosecution;
- (5) interest;
- (6) penalties.

The total fine and other monetary penalties shall be due in full immediately unless otherwise stated elsewhere.

Unless the court has expressly ordered otherwise in the special instructions above, if the judgment imposes a period of imprisonment, payment of monetary penalties shall be due during the period of imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of court, unless otherwise directed by the court, the probation officer, or the United States Attorney.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

In the event of a civil settlement between victim and defendant, defendant must provide evidence of such payments or settlement to the Court, U.S. Probation office, and U.S. Attorney's office so that defendant's account can be credited.

# MFS

MADISON FINANCIAL SERVICES, LLC

## **M F S ALPHA CAPITAL GROWTH FUND**

### RECEIPT OF INVESTMENT FUND DEPOSIT

Madison Financial Services, LLC (MFS) has received Two Hundred Fifty Thousand Dollars (\$250,000.00) on this 13<sup>th</sup> day of January, 2017 from [REDACTED] Investor, of [REDACTED]. These funds will purchase 24,674.79 investment units in the MFS Alpha Capital Growth Fund priced at \$10.1318 per unit (priced on 1-17-2017). Investor now holds a total of 76,659.94 Units on January 17, 2017.

These investment funds will be used to participate in capital growth investment strategies managed and directed by Patrick L. O'Connor of MFS. The funds will be held in the MFS TradeStation Securities Broker-Dealer investment brokerage account.

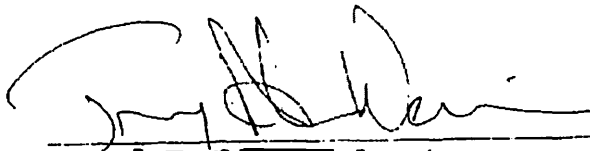
The investment objective of the MFS Alpha Capital Growth Fund is to seek short and long term capital appreciation by investing in U.S. equity and debt instruments, including the S&P 500 Stock Index (SPX) futures contracts. The nature of this investment is for a participation period longer than one year, though the Investors may withdraw any or all funds at any time with a ten day written request given to MFS at [REDACTED] Waunakee, WI [REDACTED].

It is understood and agreed that the annual fee for the management of this fund will be ten percent (10%) of the annual investment profit. In the event that there is no annual profit, there will be no fee earned by MFS or payable by Investor. MFS will calculate and provide Investor with an invoice for the earned fee by January 20<sup>th</sup> of the year following the investment period.

Investors represent that they meet the qualification of an "Accredited Investor" defined by the Securities and Exchange Commission as a person with an annual income of \$200,000 or having a net worth of \$1,000,000 (excluding their personal residence). Investors hereby state they understand and accept the inherent economic and market risks of investing in investment securities and the S&P 500 Stock Index (SPX) futures contract.

Investment results will be provided to Investors on a quarterly statement basis.

Dated this 17<sup>th</sup> day of January, 2017 by

  
[REDACTED], Investor

  
Patrick L. O'Connor, MFS

BUSINESS, FINANCIAL & ESTATE PLANNING • REAL ESTATE DEVELOPMENT • INVESTMENTS • MFS REALTORS  
[REDACTED]