

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

Ditto Trade, Inc.
CRD # 151915
Respondent

)
)
) ORDER TO CEASE & DESIST
)
) I-2015000037
)

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:26-a.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:23, the Secretary of State has the authority to issue and cause to be served an order requiring any person appearing to him to be engaged or about to be engaged in any act or practice constituting a violation of RSA 421-B or any rule or order thereunder, to cease and desist from violations of RSA 421-B.

Pursuant to RSA 421-B:24, I, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:23 shall be guilty of a class B felony.

Pursuant to RSA 421-B:26, the Secretary of State has the authority to impose administrative penalties of up to \$2,500 for each violation of New Hampshire securities law and rules.

NOTICE OF RIGHT TO REQUEST A HEARING

The above named respondent has the right to request a hearing on this order to cease and desist and order to show cause, as well as the right to be represented by counsel. Any such request for a hearing shall be in writing, shall be signed by the respondent, or by the duly authorized agent of the above named respondent, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301.

Under the provisions of RSA 421-B:23, I, if respondents fails to request a hearing on this order within 30 calendar days of receipt of this order, respondents shall be deemed in default, and this order shall, on the thirty-first day, become permanent.

Upon request for a hearing being received by the Bureau of Securities Regulation, in the manner and form indicated above, a hearing shall be held not later than ten days after such request is received by the Bureau, after which hearing, the Secretary of State, or such other person authorized by statute, shall issue a further order vacating or modifying this order, or making it permanent, as the circumstances require.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated January 25, 2016 (a copy of which is attached hereto) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

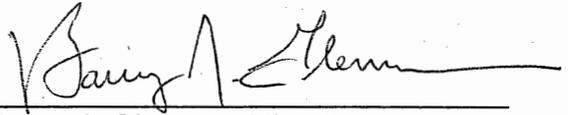
WHEREAS, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested,

It is hereby ORDERED, that:

1. The Respondent is hereby ordered to immediately cease and desist from the above indicated acts and from in any other way violating RSA 421-B;
2. The Respondent shall pay the outstanding fine of \$200.00 for late filing of FYE 2011 financial statements.
3. The Respondent shall, in accordance with RSA 421-B:26, III pay an administrative fine in the amount of \$25,000.
4. The Respondent shall pay penalty fees of \$25 for each day of late filing of its audited financial statement, to be calculated when Respondent's financials are received.
5. The Respondent shall pay the Bureau's costs of investigation in the amount of \$5,000.
6. Failure to request a hearing within 30 days of the date of receipt of this Order shall result in a default judgment being rendered, including imposition of fines and penalties upon the defaulting Respondent.

SIGNED,
WILLIAM M. GARDNER
Secretary of State
By His Designee:

Dated: _____

A handwritten signature in black ink, appearing to read "Barry J. Glennon", written over a horizontal line.

Barry J. Glennon, Director
N.H. Bureau of Securities Regulation

STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION
25 CAPITOL STREET
CONCORD, NH 03301

STAFF PETITION FOR RELIEF IN THE MATTER OF:

Ditto Trade, Inc. (CRD# 151915)

I-2015000037

- I. The State of New Hampshire, Department of State, Bureau of Securities Regulation (the "Bureau"), petitions the Director and makes the following statement of facts:

STATEMENT OF FACTS

1. Ditto Trade, Inc. ("Ditto") is an Illinois based broker-dealer with its principle place of business at 155 North Whacker Drive, Suite 4250 Office 51, Chicago, Illinois. It has been licensed with the SEC since 2009 in addition to New Hampshire and the Financial Industry Regulatory Authority ("FINRA") since 2010.
2. To maintain its license, Ditto is required to provide certain information to the State of New Hampshire, such as audited financials (or a financial statement from the firm), on an annual basis. Ditto has failed to provide this information to the Bureau in a timely manner in the past, having submitted late financials for its fiscal year ending ("FYE") in 2010 and 2011. For these late financial statements, the Bureau agreed to waive the late fee for 2010 and assess a \$200 fine for the late 2011 financial statement.
3. Here, Ditto has failed to provide audited financials to the Bureau for its FYE December 31, 2014 as well as a \$200 fine for its late FYE 2011 financial statement. In an attempt to receive the FYE 2014 financial statement and \$200 fine, the Bureau attempted to contact Ditto multiple times through mail, e-mail, and telephone. More specifically, these communications included:
 - a. The Bureau contacting Ditto in a letter dated February 2, 2015 to remind the firm that its audited financials for FYE 2014 were due on or before March 1, 2015.
 - b. After the Bureau sent this letter to Ditto, D. Jonathan Rosenberg, the chief compliance officer for Ditto e-mailed the Bureau requesting an extension. On March 16, 2015, the Bureau sent a letter to Mr. Rosenberg notifying him that Ditto's request

was accepted and the deadline for audited financials was extended by 60 days, to May 1, 2015.

- c. The Bureau sent a letter via certified mail on April 21, 2015 requesting payment of the \$200 fine for its late FYE 2011 financials. Ditto did not respond to this written request.
- d. On June 11, 2015, the Bureau sent Ditto a letter notifying the firm that its financial statement were due May 1, 2015 and Ditto was incurring a fine of \$25 for each day its submission was late. The letter requested the audited financials and payment of the late fee. Again, Ditto did not reply to this written request.
- e. The Bureau sent Ditto a second notice on July 9, 2015 reminding the firm that its FYE 2014 financial statement was still late. This letter requested Ditto to reply by submitting the late financial statement and paying the late fee. Ditto did not reply to this written request either.
- f. The Bureau sent a third and final notice on July 10, 2015 via certified mail. Like the preceding notices, this letter requested the audited financial statement and payment of the late fee. According to USPS records, Ditto received this letter on July 14, 2015. Again, Ditto did not reply to the Bureau's written request.
- g. On November 24, 2015, Staff Attorney Alexander Vitale called Ditto regarding the late financials and spoke to Ditto's Chief Executive Officer Yoseph Fox. Mr. Vitale explained to Mr. Fox that Ditto's financials were late and requested Ditto provided them immediately. Mr. Fox said that he was unaware that the financials were late and asked for a copy of the correspondences that the Bureau sent to Ditto. Later that day, the Bureau e-mailed Mr. Fox requesting the audited financials in writing and providing copies of the Bureau's correspondences with Ditto.
- h. The Bureau sent a follow-up e-mail to Mr. Fox the next day, November 25, 2015, to confirm that Mr. Fox received the November 24, 2015 e-mail. Mr. Fox replied explaining he received the e-mail and wrote "In speaking to David Rosenberg in our office, he was pretty certain that the 2014 audit was sent out. I'm awaiting confirmation. Either way, I'll email the audit later today." Mr. Fox never sent the audited financials to the Bureau as promised in his e-mail.
- i. The Bureau also sent Ditto a letter demanding the FYE 2014 audited financials and payment of the \$200 fine on November 25th. While this letter requesting a reply from Ditto, the firm did not respond.

- j. The Bureau sent another e-mail dated December 1, 2015 to Mr. Fox requesting the audited financials and payment of the outstanding \$200 fine in addition to a reply from Ditto. Ditto did not respond to this written request.
- k. Finally, the Bureau sent a letter via certified mail and e-mail to Ditto on December 21, 2015 making a final demand for audited financials, payment of the \$200 fine, and requesting a response from Ditto. According to the USPS, Ditto received the paper copy of this letter on December 28, 2015. The letter had a response deadline of December 30, 2015 and, as of today, Ditto has not responded.

STATEMENTS OF LAW

II. The Bureau petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, N.H. RSA 421-B (2015):

1. Ditto is a “broker-dealer” and “person” within the meaning of RSA 421-B:2, III and XVI.
2. As a broker-dealer conducting business in New Hampshire, Ditto is required to submit a financial statement under oath within 60 days after the close of its fiscal year under RSA 421-B:8, I. Under RSA 421-B:8, II, the Bureau may extend the filing period by an additional 60 days. Here, Ditto’s FYE is December 31. Accordingly, its audited financial statement was originally due on March 1, 2015; however, the Bureau eventually extended that deadline to May 1, 2015 in response to Ditto’s request for a 60-day extension.
3. A broker-dealer who fails to file their financial statement shall be assessed \$25 for each day of delinquency. RSA 421-B:8, II. Here, Ditto’s FYE 2014 financial statement is more than 251 days past due and the firm currently owes \$6,275.
4. Additionally, Ditto’s outstanding \$200 fine for late FYE 2011 was assessed under RSA 421-B:8, II. Their refusal to pay the fine, is a violation of RSA 421-B:8, II.
5. Under RSA 421-B:8, II, the Bureau may refuse to continue, suspend, or revoke the license of a broker dealer who fails to file a financial statement when due. Ditto is subject to these provisions as it is yet to provide its FYE 2014 financial statement or pay the \$200 fine.
6. Furthermore, under RSA 421-B:8, V, any officer, manager or agent of a broker-dealer, doing securities business in New Hampshire shall reply promptly in writing or in other designated form, to any written inquiry from the Bureau requesting a reply. Here, the

Bureau sent numerous written inquires to Ditto's corporate officers requesting the firm's financial statements. Ditto failed to respond to at least 8 of these inquiries. This constitutes 8 separate violations of RSA 421-B:8, V as outlined in section I, paragraphs 3(a) through (k).

7. Pursuant to RSA 421-B:22, in any investigation to determine whether any person has violated this section upon the Secretary of State's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the Secretary of State, the Secretary of State shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under RSA 421-B. Ditto is subject to this provision and should be ordered to pay the Bureau's costs of investigation and enforcement of this matter.
8. Pursuant to RSA 421-B:23, I, whenever it appears to the Secretary of State that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or any rule or order under RSA 421-B, the Secretary of State shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of RSA 421-B. Ditto is subject to this provision and should be ordered to cease and desist from further violations of RSA 421-B
9. Pursuant to RSA 421-B:26, III, any person who violates a provision of the chapter may be subject to an administrative fine not to exceed \$2,500, with each act constituting a separate violation. Ditto is subject to this provision and should be ordered to pay an administrative fine for each violation of RSA 421-B as outlined in this document.

RELIEF REQUESTED

III. The Bureau makes the following requests for relief in this matter as permitted under RSA 421-B:

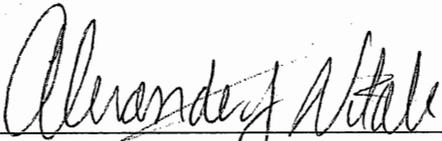
1. Find as fact the statements contained in Section I, the Statement of Facts.
2. Make conclusions of law relative to the statements contained in Section II, the Statements of Law.
3. Pursuant to RSA 421-B:23, order that Ditto immediately cease and desist from further violations of RSA 421-B.
4. Pursuant to RSA 421-B:8, II, revoke Ditto's license to conduct business as a broker-dealer.

5. Pursuant to RSA 421-B:8, II, order Ditto to provide audited financials for FYE 2014 and assess a late fee of \$25 per day, to be calculated when Ditto's financials are received.
6. Pursuant to RSA 421-B:8, II, order Ditto to pay the outstanding \$200 fine for late FYE 2011 financials.
7. Pursuant to RSA 421-B:26, III, order Ditto to pay an administrative fine of \$25,000, which is in addition to the relief requested in paragraphs 5 and 6 of this section.
8. Pursuant to RSA 421-B:22, IV, order that Ditto pay the Bureau's costs of investigation and enforcement in the amount of \$5,000.

RIGHT TO AMEND

The Bureau staff reserves the right to amend this Petition for Relief and to request that the Director of the Bureau take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under RSA 421-B.

Respectfully submitted by:



Alexander J. Vitale, Staff Attorney

1/25/16
Date