

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
Blackbox Pulse, LLC and Thomas)	
L. Lanzana (a/k/a Thomas L. Lanza),)	File No. 20171867
)	
<u>Respondents.</u>)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division received information regarding alleged activities of Blackbox Pulse, LLC (“Blackbox”) and Thomas L. Lanzana (“Lanzana”) (collectively, the “Respondents”) that, if true, would constitute violations of the Act; and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENTS

2. Respondent Lanzana is a South Carolina resident who, upon information and belief, now resides at 177 Greenfield Road, Pawleys Island, South Carolina 29585, but recently resided at 109 Dornoch Drive, Pawleys Island, South Carolina 29585.
3. Respondent Blackbox is a New Jersey limited liability company with its registered office and main business address located at 7855 Boulevard East, Apartment 30E, North Bergen, New Jersey 07047.

4. At all times relevant to this Order, Respondent Lanzana was the chief control person of Respondent Blackbox.

III. FINDINGS OF FACT

5. In or about April 2012, Respondent Lanzana began soliciting investors to open trading accounts with Respondent Blackbox, through which the Respondents would ostensibly trade in securities on investors' behalves and for investors' benefit.
6. In connection with offering trading services, Respondent Lanzana represented to investors that, through the Respondents, they could invest in equities and off-exchange foreign currency transactions ("FOREX").
7. Further, Respondent Lanzana stated that the Respondents would build conservative portfolios on investors' behalves and for investors' benefit.
8. Further, Respondent Lanzana stated that these portfolios would be built and maintained using a proprietary algorithm developed by the Respondents.
9. The profits to be generated from the venture were to come solely from the Respondents' efforts.
10. Based on the Respondents' representations, at least fifteen (15) people invested with the Respondents between 2012 and 2016.
11. Between 2012 and 2016, Respondent Lanzana sent annual tax documents to investors showing purported investment gains.
12. Between 2012 and 2016, and especially in 2016, investors began demanding the return of their funds.
13. As investors began demanding the return of their funds, Respondent Lanzana solicited some investors to move funds from their existing equity accounts with Respondent Blackbox to FOREX accounts with Respondent Blackbox.
14. In connection with offering the investment opportunities, Respondent Lanzana made numerous material misrepresentations to investors and failed to disclose material information to them.
15. To wit, in or about November 2016, Respondent Lanzana solicited an investor whose funds were purportedly traded in equities to move his investments over to FOREX.

16. Additionally, on or about December 21, 2016, Respondent Lanzana sent out a mass email solicitation to investors promoting the FOREX market in an attempt to garner further investments.
17. Respondent Blackbox did not maintain any FOREX accounts at any time relevant to this order.
18. Respondent Lanzana had personally maintained FOREX accounts, but they were closed in September 2016.
19. Respondent Lanzana failed to include the information in Paragraphs 17-18 above in his solicitations and omitted to disclose that he needed additional funds to meet investor withdrawal requests.
20. Further, in or about late 2016, Respondent Lanzana falsely told at least one investor that their investment was in hedge funds.
21. Further, in connection with offering the investment opportunities, Respondent Lanzana emailed investors statements with falsified information regarding trades and profits.
22. Further, and contrary to the Respondents' representations, Respondent Lanzana transferred no investor funds into FOREX trading accounts in the name of Respondent Blackbox. He transferred a small portion of investments into his personal FOREX trading accounts.
23. Further, and contrary to the Respondents' representations, Respondent Lanzana misappropriated investor funds by using new investor funds to pay other investors who requested funds back, consistent with a Ponzi scheme.
24. Further, and contrary to the Respondents' representations, Respondent Lanzana used investor funds for his own personal use and benefit.
25. Further, and contrary to the Respondents' representations, the Respondents neither created nor used a proprietary trading algorithm.
26. Respondent Lanzana represented Respondent Blackbox in effecting or attempting to effect the above transactions in securities.
27. At no time relevant to the events stated herein was Respondent Blackbox registered with the Division as a broker-dealer, and no exemption from registration has been claimed.

28. At no time relevant to the events stated herein was Respondent Lanzana registered with the Division as a broker-dealer agent, and no exemption from registration has been claimed.

IV. CONCLUSIONS OF LAW

29. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.
30. The investment opportunities offered and sold by the Respondents constitute securities as defined by the Act under S.C. Code Ann. § 35-1-102(29).
31. In connection with the events above, Respondent Blackbox transacted business in this State as an unregistered broker-dealer in violation of S.C. Code Ann. § 35-1-401(a).
32. In connection with the events above, Respondent Lanzana transacted business in this State as an unregistered agent in violation of S.C. Code Ann. § 35-1-402(a).
33. In connection with the events above, Respondent Blackbox employed or associated with an unregistered agent in violation of S.C. Code Ann. § 35-1-402(d).
34. In connection with the events above, the Respondents (1) employed a device, scheme, or artifice to defraud; (2) made one or more untrue statements of material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (3) engaged in acts, practices, or courses of business that operated as a fraud or deceit upon investors, in violation of S.C. Code Ann. § 35-1-501.
35. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondents be ordered to cease and desist from engaging in the above-enumerated practices, which constitute violations of the Act, and pay an appropriate civil penalty for their wrongdoing.

V. CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Respondent Blackbox Pulse, LLC and every successor, affiliate, control person, agent, servant, and employee of Blackbox Pulse, LLC and every entity owned, operated, or indirectly or directly controlled by or on behalf of Blackbox Pulse, LLC **CEASE AND DESIST** from transacting business in this State in violation of the Act;

- b. Respondent Thomas L. Lanzana **CEASE AND DESIST** from transacting business in this State in violation of the Act;
- c. Respondent Blackbox Pulse, LLC pay a civil penalty in the amount of four hundred fifty thousand dollars (\$450,000) if this Order becomes effective by operation of law, or, if Blackbox seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Blackbox, and the actual cost of investigation or proceeding; and
- d. Respondent Thomas L. Lanzana pay a civil penalty in the amount of three hundred thousand dollars (\$300,000) if this Order becomes effective by operation of law, or, if Lanzana seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act by Lanzana, and the actual cost of investigation or proceeding.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. §§ 35-1-604(a)(2) and (3), any exemption from registration with the Division upon which the Respondents may claim to rely under S.C. Code Ann. §§ 35-1-201(3)(C), (7), or (8); 35-1-202; 35-1-401(b)(1)(D) or (F); or 35-1-403(b)(1)(C), has been and is **PERMANENTLY REVOKED**.

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Each Respondent is hereby notified that it has the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Wanda Ealy, within thirty (30) days after the date of service of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from the Respondent, will schedule the hearing for that Respondent.

In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If a Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to

such a hearing. Failure by a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty and any assessed costs, becoming final as to that Respondent by operation of law.

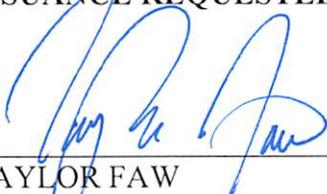
This Order does not prevent the Division or any law enforcement agency from seeking additional civil or criminal remedies as are available under the Act, including remedies related to the offers and sales of securities by the Respondents set forth above.

ENTERED, this the 7th day of May, 2018.

ALAN WILSON
Securities Commissioner

By: Tracy Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:



TAYLOR FAW
Assistant Attorney General
Securities Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, South Carolina 29201

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 20171867

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated May 7, 2018, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

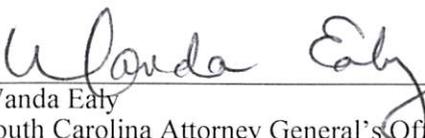
Blackbox Pulse, LLC
7855 Boulevard East Apartment 30E
North Bergen, New Jersey 07047

Document(s): Order to Cease and Desist

Mailed May 7, 2018 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By:


Wanda Ealy
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 7th day of May, 2018.


Notary Public for South Carolina

My commission expires: 6/29/21

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 20171867

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated May 7, 2018, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Thomas L Lanzana (a/k/a Thomas L. Lanza)
109 Dornoch Drive
Pawleys Island, South Carolina 29585

Document(s): Order to Cease and Desist

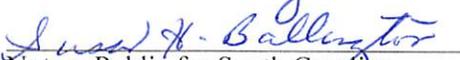
Mailed May 7, 2018 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By:


Wanda Ealy
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 7th day of May, 2018.


Notary Public for South Carolina

My commission expires: 6/29/21



Handwritten text at the top of the page, possibly a header or title, which is mostly illegible due to fading and bleed-through.

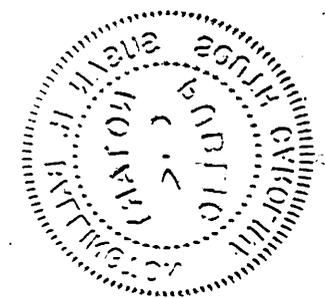
Handwritten text in the upper middle section of the page, appearing as several lines of a letter or document.

Handwritten text in the middle section of the page, continuing the document's content.

Handwritten text in the lower middle section of the page, possibly a signature or a specific note.

Handwritten text in the lower section of the page, appearing as a few lines of text.

Handwritten signature or name in the lower middle section of the page.



STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 20171867

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated May 7, 2018, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

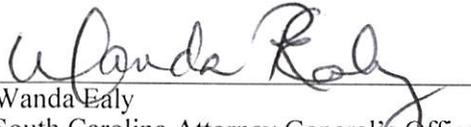
Thomas L Lanzana (a/k/a Thomas L. Lanza)
177 Greenfield Road
Pawleys Island, South Carolina 29585

Document(s): Order to Cease and Desist

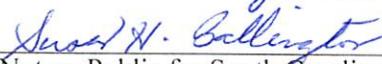
Mailed May 7, 2018 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By:


Wanda Ealy
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 7th day of May, 2018.


Notary Public for South Carolina

My commission expires: 6/29/21



STATE OF TEXAS
COUNTY OF [illegible]

[illegible text]

[illegible signature]

