

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:

SPYGLASS EQUITY SYSTEMS, INC., and) **No 0900145**
FLATIRON SYSTEMS, LLC., their partners,)
officers and directors, agents, employees,)
affiliates, members, successors and assigns.)

TEMPORARY ORDER OF PROHIBITION

TO RESPONDENTS: Spyglass Equity Systems, Inc.
10114 Georgetown Pike
Great Falls, VA 22066

And

Spyglass Equity Systems, Inc.
5250 West Century Blvd
Los Angeles, CA 90045

And

Flatiron Systems, LLC
6777 Heritage Grande
Suite 208
Boynton Beach, FL 33437

And

Flatiron Systems, LLC
10114 Georgetown Pike
Great Falls, VA 22066

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

1. Respondent Spyglass Equity Systems, Inc (at times hereinafter "Spyglass" and together with Flatiron Systems, LLC, "Respondents") was at all times relevant

herein a corporation doing business in Illinois with last known addresses of 10114 Georgetown Pike, Great Falls, VA 22066 and 5250 West Century Blvd, Los Angeles, CA 90045.

2. Respondent Flatiron Systems, LLC (at times hereinafter "Flatiron" or together with Spyglass "Respondents") was, at all times relevant herein, a limited liability company doing business in Illinois with last known addresses of 6777 Heritage Grande, Suite 208, Boynton Beach, FL 33437 and 10114 Georgetown Pike, Great Falls, VA 22066.
3. In January 2009 Respondent Spyglass, through its employees cold called by telephone at least 2 Illinois investors ("Investor #1" and "Investor #2", or together "Investors") and offered to sell each of them "an automatic stock daytrading system ("System")...which had tremendous proven results in the past".
4. Spyglass employees further told Investors that each must "establish a brokerage account for trading with Flatiron Systems".

INVESTOR #1

5. Investor #1 was assured that there is a "100% guarantee if there is not satisfactory performance in 6 months" and that Investor #1, upon request, would be given "a full refund".
6. Investor #1 paid \$5,475.00 to Spyglass to purchase the System and an additional \$5,000.00 to Flatiron to establish a brokerage account.
7. In approximately July 2009, after waiting 6 months, Investor #1 was not satisfied with the System, and on multiple occasions requested a refund of his funds paid; however he has been given no refund and is unable to contact Respondents.

INVESTOR #2

8. Investor #2 was promised through a Spyglass employee who referred to himself as "Mark Damas" that "any funds paid were 100% refundable at any time:
9. In January 2009, immediately after the cold call from Spyglass, Investor #2 paid Spyglass \$6995.00 through use of his credit card, but within minutes believed he had made a poor decision, and had what he called "buyers remorse".

Temporary Order of Prohibition

-3-

10. Investor #2 attempted to “stop payment” by calling his credit card company but was unsuccessful.
11. Investor #2 called “Mark Damas” who advised him that he could not get his refund at that time.
12. Later attempts by Investor #2 to cancel the transaction were unsuccessful and he is no longer able to contact Respondent Spyglass.
13. The activities described above in paragraphs 3-12 constitute the activities of a “dealer” as that term is defined in Section 2.7 of the Illinois Securities Law of 1953 [815 ILCS 5] (the “Act”).

FRAUD IN CONNECTION WITH SECURITIES

14. Respondents failed to refund Investors any of sums paid as promised.
15. Respondents failed and refused to notify Investors of the risk involved in the investments that could result in the loss of the money paid by the Investors.
16. In fact, Respondent Flatiron Systems LLC, which purported to provide a trading platform to Investors, is not registered as a broker/dealer.
17. Section 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person “to act as a dealer...unless registered as such...under the provisions of this Act.”
18. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
19. By virtue of the foregoing, Respondents violated Sections 12.C and 12.F of the Act and will violate it again if they make further offers, or act as a “dealer”, or if they buy or sell securities, or engage in any further activities regarding securities in the State of Illinois.
20. The aforementioned findings are based upon credible evidence.
21. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
22. The entry of this Temporary Order of Prohibition prohibiting Respondents, or their agents, affiliates, members, successors and employees, from offering or

Temporary Order of Prohibition

-4-

selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents **Spyglass Equity Systems, Inc.** and **Flatiron Systems, LLC**, their partners, officers and directors, agents, employees, affiliates, members, successors and assigns are **Temporarily Prohibited** from offering or selling securities in or from this State until the further Order of the Secretary of State.

NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for sixty (60) days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 15th day of February 2011.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

James J. Tierney
Illinois Securities Department
69 West Washington Street
Chicago, Illinois 60602
312-793-9650