

**ADMINISTRATIVE PROCEEDING**

**BEFORE THE**

**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

<b>IN THE MATTER OF:</b>	)	
	)	<b>ORDER TO CEASE AND DESIST</b>
<b>WILLIAM B. STEIGER, JR. AND</b>	)	
<b>BOARDROOM PRIVATE</b>	)	<b>File No. 16013</b>
<b>INVESTMENT GROUP</b>	)	
<u>                    <b>Respondents.</b></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 securities-related activities of William B. Steiger, Jr. (“Steiger”) and Boardroom Private Investment Group (“Boardroom”) (collectively referred to as the “Respondents”); 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 AND RELATED PARTIES**

2. William B. Steiger, Jr. is a Connecticut resident with a last known address of 24 Terra Nova Circle, Westport, Connecticut, 06880.
3. Boardroom Private Investment Group is an alleged business with an alleged last known address of the Trump Building, 40 Wall Street, 28<sup>th</sup> Floor, New York City, New York, 10005.

## **III. FINDINGS OF FACT**

4. Respondent Steiger is not registered as an agent in South Carolina.
5. Respondent Boardroom is not registered to offer or sell securities in South Carolina.
6. In or around January 2016, Respondent Boardroom advertised an investment in a Conrad Hilton Hotel located on “prime oceanfront property” on the website “Newsmax.”
7. The investment opportunity referred to in item 6 is a security as defined by the Act.
8. The “Newsmax” website is available to all residents of South Carolina via the internet.
9. In or around January 2016, an investigator with the Division requested information through a contact link available on the “Newsmax” web site.
10. Respondent Steiger responded to the request for information on behalf of the Respondents.
11. Respondent Steiger sent at least five (5) follow-up communications to the Division investigator, including a document labeled “prospectus.”
12. The “prospectus” provided to the Division did not include any financial data or detailed information about the project. It did include numerous photos of hotel rooms and amenities and numerous references to the Conrad Hotel that was supposed to be built and numerous references to and logos of the Hilton Worldwide Corporation.

13. The “prospectus” also did not give any details on the background of those involved other than Respondents or anyone else involved the development outside of the Hilton Worldwide Corporation.
14. In the “prospectus,” Respondent Steiger is referred to as “a financial guru and author, former CEO of the WBS Corporation with over 20,000 properties under management.” Background materials further indicate he has personally amassed a \$250 million dollar portfolio of America’s finest real estate. These materials also state that he has “played a pivotal role as lead investor for the Ritz Carlton and Mandarin Oriental developments in Chicago, Baltimore, and Washington D.C.”
15. The “prospectus” further indicated investors would receive “\$4,166 to \$14,166 net monthly income guaranteed until 2026.” The investment was referred to as a “100% passive investment, 100% hands off” for an investment of “\$100K in liquid capital.”
16. The “prospectus” further promised that the investment would be “Securitized by Oceanfront Hilton real estate in your name,” and that it would yield a “Guaranteed 10% net-net annual return for the first 10 years.”
17. The “prospectus” further states: “What does this mean for you as an investor? Well, investing in a prestigious Hilton property is a whole lot safer bet than investing in ‘no name’ Real Estate. Hilton has been in business since 1919 and has invested billions of dollars building its brand and image and wouldn’t risk that on one development unless they were sure of its success.”
18. The “prospectus” and accompanying documentation and communications from Respondents do not disclose to potential investors that Respondent Steiger was served with a Cease and Desist Order by the Attorney General of North Dakota on May 1, 2009,

for violations of the North Dakota Consumer Fraud Law and North Dakota False Advertisement Law.

19. On April 1, 2016, the Division subpoenaed Hilton Worldwide, Inc. for all documents related to the “prospectus” and the Respondents.
20. On or about April 29, 2016, the Division received a response from Hilton Worldwide, Inc. The response stated:

*Please accept this letter as Hilton Worldwide, Inc.’s (“Hilton”) response to the above-referenced subpoena issued on April 1, 2016 seeking documents and communications related to the Prospectus issued by the Boardroom Private Investment Group (“BPIG”) (the “Subpoena”). As a preliminary matter, after conducting a thorough search, Hilton has no documents or communications responsive to the Subpoena.*

*In order to respond to the Subpoena, Hilton conducted an internal investigation into the sales and marketing of the condominium units at the Conrad Fort Lauderdale Beach, FL (the “Hotel”) as referenced in BPIG’s Prospectus. As you may know, Hilton, through its wholly-owned subsidiary Conrad Management LLC, manages the Hotel through a Management Agreement, for a third-party owner, CFLB Partnership, LLC (“Ownership”).*

*Additionally, through a separate Condominium Marketing License Agreement (“CMLA”) with Ownership, Hilton licenses certain trademarks to Ownership for its use in the marketing and sale of the condominium residences. In exchange for the use of these trademarks, Ownership agrees to market the residences in accordance with all applicable laws and to provide Hilton with samples of all marketing materials for review and approval prior to distribution. Prior to receiving the Prospectus from your agency, Hilton had not received a copy of these materials. Moreover, based on our investigation, Hilton has no reason to believe that Ownership implicitly or explicitly authorized the production and/or distribution of the Prospectus.*

*Through the investigation, Hilton has not uncovered any evidence indicating that either Hilton’s personnel or Ownership’s personnel engaged in communications with BPIG. In order to reach this conclusion, Hilton undertook the following steps:*

- *Conducted interviews of key personnel including the Hotel's General Manager, Ownership's primary point of contact, and Ownership's independent legal counsel;*
- *Performed a keyword search of the Hotel's General Manager and Finance Director's email accounts; and Reviewed on-site records and materials.*

*Additionally, Hilton will send a cease and desist letter to BPIG. If you'd like, we are happy to share with you a copy of that letter and any response we receive.*

*In closing, I wanted to let you know that we were surprised to receive this subpoena and learn about the Prospectus. Hilton strives to comply with every law and regulation, and endeavors to provide a best-in-class experience for our guests and owners. Please be assured that we will do what we can to curtail this improper marketing and will do anything we can to aid in your investigation.*

#### **IV. CONCLUSIONS OF LAW**

21. 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.
22. Pursuant to S.C. Code Ann. § 35-1-102(29), notes, investment contracts, stock, and certificates of interest or participation in profit-sharing agreements, *inter alia*, constitute securities.
23. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless that security is a federal covered security, exempt from registration, or registered.
24. Pursuant to S.C. Code Ann. § 35-1-102(17), an "issuer" is a person that issues or proposes to issue a security.
25. Pursuant to S.C. Code Ann. § 35-1-102(2), an "agent" includes an individual who represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.

26. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business in this State as an agent unless that individual is registered or exempt from registration.
27. Pursuant to S.C. Code Ann. § 35-1-402(d), it is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this State, to employ or associate with an agent who transacts business in this State on behalf of broker-dealers or issuers unless the agent is registered or exempt from registration.
28. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit 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; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.
29. The securities offered and sold by the Respondents were not federal covered securities, exempt from registration, nor registered with the United States Securities and Exchange Commission or the Division and were therefore offered and sold in violation of S.C. Code Ann. § 35-1-301.
30. Respondent Boardroom, on at least one occasion, transacted business in this State as an issuer.
31. Respondent Steiger, on at least one occasion, transacted business in this State as an unregistered agent.
32. Respondent Boardroom, on at least one occasion, employed or associated with an

unregistered agent who transacted business on behalf of Boardroom while that agent was not registered.

33. The Respondents, on at least one occasion and in connection with the offer, sale, or purchase of a security, directly or indirectly (1) employed a device, scheme, or artifice to defraud; (2) made an untrue statement of a 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; or (3) engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon another person, in violation of S.C. Code Ann. § 35-1-501.
34. 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 William B. Steiger, Jr. **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;
- b. Respondent Boardroom Private Investment Group **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;

- c. Respondent William B. Steiger, Jr. pay a civil penalty in the amount of thirty thousand dollars (\$30,000) if this Order becomes effective by operation of law, or, if a Respondent 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 Steiger, and the actual cost of investigation or proceeding; and
- d. Respondent Boardroom Private Investment Group pay a civil penalty in the amount of thirty thousand dollars (\$30,000) if this Order becomes effective by operation of law, or, if a Respondent 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 Boardroom Private Investment Group, 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 he has the right to a hearing on the matters contained herein. To schedule such a hearing, the Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina, 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of issuance 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 the 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 of 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 other 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 Respondent set forth above.

**ENTERED**, this the 8<sup>th</sup> day of ~~June~~<sup>July</sup>, 2016.

ALAN WILSON  
SECURITIES COMMISSIONER

By: Tracy Meyers  
TRACY A. MEYERS  
Deputy Securities Commissioner

**ISSUANCE REQUESTED BY:**

Taylor Faw

TAYLOR FAW  
Assistant Attorney General  
Securities Division  
Rembert C. Dennis Building  
1000 Assembly Street  
Columbia, South Carolina 20201

STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL  
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND  
AFFIDAVIT OF COMPLIANCE  
File Number 16013

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated July 8, 2016, 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:

Mr. William B. Steiger, Jr.  
24 Terra Nova Circle  
Westport, CT 06880

Document(s): Order to Cease and Desist

Mailed July 8, 2016 from Columbia, South Carolina.

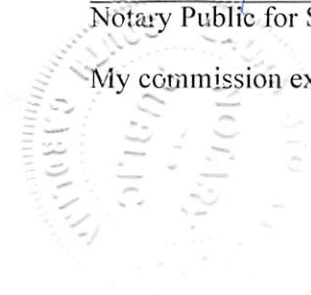
I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: Thresechia P. Navarro  
Thresechia P. Navarro  
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 8<sup>th</sup> day of July, 2016.

Shawn Attkin Clark  
Notary Public for South Carolina

My commission expires: 3-10-18



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF EDUCATION  
OFFICE OF THE SECRETARY

EDUCATION SECRETARIAL OFFICE  
1003 REYES CORTEZ BUILDING  
MUNICIPAL OFFICE BLDG. - ANGELES

MEMORANDUM FOR THE SECRETARY  
SUBJECT: [Illegible]

DATE: [Illegible]  
TIME: [Illegible]

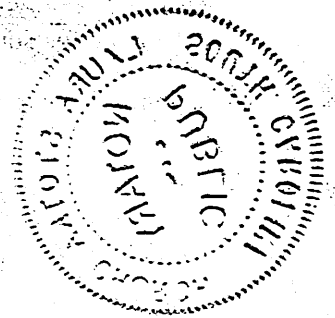
TO: [Illegible]

FROM: [Illegible]

RE: [Illegible]

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STATE OF SOUTH CAROLINA  
OFFICE OF THE ATTORNEY GENERAL  
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND  
AFFIDAVIT OF COMPLIANCE  
File Number 16013

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated July 8, 2016, 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:

Boardroom Private Investment Group  
Trump Building  
40 Wall Street  
28<sup>th</sup> Floor  
New York, NY 10005

Document(s): Order to Cease and Desist

Mailed July 8, 2016 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: Thresechia P. Navarro  
Thresechia P. Navarro  
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 8<sup>th</sup> day of July, 2016.

Laura Stoltz Clark  
Notary Public for South Carolina

My commission expires: 3-10-18

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF EDUCATION  
BUREAU OF EDUCATION

OFFICE OF THE SECRETARY  
1000 BRUNNEN DRIVE  
MANILA, PHILIPPINES

MEMORANDUM FOR THE SECRETARY  
SUBJECT: [Illegible]

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