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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

Market4Cast Hedge Fund, LP; Michael  
George Calhoun,

Respondents.

Order Number S-09-200-11-FO01

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL  
ORDER TO CEASE AND DESIST,  
IMPOSE FINES, AND RECOVER COSTS

THE STATE OF WASHINGTON TO:

Market4Cast Hedge Fund, LP  
Michael George Calhoun

On February 28, 2011, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Issue an Order to Cease and Desist, Impose Fines, and Recover Costs, S-09-200-10-SC01, hereinafter referred to as "Statement of Charges," against Market4Cast Hedge Fund, LP and Michael George Calhoun.

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as "Notice of Opportunity for Hearing," and an Application for Adjudicative Hearing, hereinafter referred to as "Application for Hearing," was received by Market4Cast Hedge Fund, LP and Michael George Calhoun on September 12, 2011. The Notice of Opportunity for Hearing advised Market4Cast Hedge Fund, LP and Michael George Calhoun that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. The Statement of Charges advised Market4Cast Hedge Fund, LP and Michael George Calhoun that if a hearing was not requested by a Respondent, the Securities Administrator intends to adopt the "Tentative Findings of Fact" and "Conclusions of Law," as set forth in the Statement of Charges, as final, and enter a final order against that Respondent to cease and desist from violations of the Securities Act, to impose the fine, and recover costs.

ENTRY OF FINDINGS OF FACT AND  
CONCLUSIONS OF LAW AND FINAL  
ORDER TO CEASE AND DESIST, IMPOSE  
FINES, AND RECOVER COSTS

1 Market4Cast Hedge Fund, LP and Michael George Calhoun failed to request an administrative  
2 hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for  
3 Hearing, either on the Application for Hearing provided or otherwise. The Securities Administrator  
4 therefore will adopt as final the findings of fact and conclusions of law as set forth in the Statement of  
5 Charges and enter a final order against Market4Cast Hedge Fund, LP and Michael George Calhoun to  
6 cease and desist from violations of the Securities Act, to impose the fine, and recover costs.

7 The Securities Administrator makes the following findings of fact and conclusions of law:

8  
9 **FINDINGS OF FACT**

10 Respondents

11 1. Market4Cast Hedge Fund, LP (“Market4Cast Hedge Fund”) was established in December  
12 2007. Michael George Calhoun operated the Market4Cast Hedge Fund from his former residence on  
13 Bainbridge Island, Washington.

14 2. Michael George Calhoun (“Calhoun”) is an individual believed to be residing in  
15 California. Calhoun previously resided in Washington until approximately March 2010. Calhoun is  
16 the founder and fund manager of the Market4Cast Hedge Fund.

17 Nature of the Conduct

18 *Introduction*

19 3. It is believed that while residing in Washington, Respondent Calhoun offered and sold  
20 limited partnership interests in the Market4Cast Hedge Fund to at least 12 investors, including at least  
21  
22

1 one Oregon resident. The limited partnership interests were sold for \$10,000. Respondent Calhoun  
2 operated the hedge fund from his residence on Bainbridge Island, Washington.

3 4. Investments in the Market4Cast Hedge Fund were advertised on a blog Respondent  
4 Calhoun maintained at <http://Market4Cast.blogspot.com>. On the blog, Respondent Calhoun also  
5 offered a weekly trading forecast service, for \$90 per forecast, for traders who either wanted to trade  
6 their own account or didn't have the capital necessary to invest in the hedge fund.

7  
8 *Sale of Limited Partnership Interest to Oregon Resident*

9 5. In November 2008, an Oregon resident saw a posting on the craigslist.org website about  
10 the weekly trading forecast service offered by Respondent Calhoun. The Oregon resident was  
11 interested in the service, and soon began corresponding with Respondent Calhoun via email. The  
12 Oregon resident was directed to the Market4Cast blog for more information. According to the blog,  
13 with 25% of capital invested in each weekly trade, the service has a win/loss ratio of 3:1, an average  
14 win of 104%, and an average loss of 46%.

15 6. On November 11, 2008, Respondent Calhoun sent the Oregon resident a compounding  
16 table via email. The compounding table calculated the weekly return for 24 weeks, on a \$1,000 initial  
17 investment, using Respondent Calhoun's trading methodology. The weekly forecasts ranged from a  
18 16% return in week two, to a 2,101% return by week twenty-four. The total projected return was  
19 \$105,412 at the end of twenty-four weeks.

20 7. The Oregon resident saw that investments in the Market4Cast Hedge Fund were  
21 advertised on the blog, and requested additional information about the investment from Respondent  
22

1 Calhoun. Respondent Calhoun represented to the Oregon resident that the Market4Cast Hedge Fund  
2 currently had eleven members. Respondent Calhoun further represented that the Market4Cast Hedge  
3 Fund took the same trades as the weekly trading forecast service he offered.

4 8. On November 19, 2008, Respondent Calhoun emailed the Oregon resident a cover letter,  
5 Market4Cast Hedge Fund Application, Market4Cast Hedge Fund Private Memorandum Offering, and a  
6 Market4Cast Hedge Fund Limited Partnership Agreement. Respondent Calhoun represented in the  
7 cover letter that the hedge fund would be devoted exclusively to derivatives swing trading.

8 9. According to the Market4Cast Hedge Fund Private Memorandum Offering, which  
9 consisted of two pages, the hedge fund is compensated through a 2.5% annual administrative fee plus  
10 capital gains commissions.

11 10. The Oregon resident decided to purchase a limited partnership interest in the hedge fund  
12 for \$10,000. The Oregon resident completed the forms and mailed the Market4Cast Hedge Fund  
13 Application and Market4Cast Hedge Fund Limited Partnership Agreement to Respondent Calhoun's  
14 Washington address. On November 26, 2008, the Oregon resident sent a \$10,000 cashier's check to  
15 Respondent Calhoun in California, where Respondent Calhoun was vacationing at the time.

16 11. Subsequent to his investment, the Oregon resident received an account statement for  
17 December 2008, via mail from Respondent Calhoun's Washington address. Included with the  
18 December 2008 statement was a check payable to the Oregon resident for \$856.02, representing his  
19 share of gains earned that month.

20 12. Account statements for January and February 2009 were emailed to the Oregon resident.  
21 In January 2009, the investment was down 12.6%.



1 Based upon the above Findings of Fact, the following Conclusions of Law are made:

2 **CONCLUSIONS OF LAW**

3 1. The offer and/or sale of the limited partnership interests, as described above, constitutes  
4 the offer and/or sale of a security as defined by RCW 21.20.005(14) and (17), formerly codified as  
5 RCW 21.20.005(10) and (12).

6 2. The offer and/or sale of said securities were in violation of RCW 21.20.140 because the  
7 limited partnership interests were not registered in the State of Washington.

8 3. The offer and/or sale of said securities were in violation of RCW 21.20.040 because  
9 Michael George Calhoun offered and/or sold said securities while not registered as a securities  
10 salesperson or broker-dealer in the State of Washington.

11 4. The offer and/or sale of said securities were made in violation of RCW 21.20.010  
12 because, as set forth in the Tentative Findings of Fact, Respondents Michael George Calhoun and  
13 Market4Cast Hedge Fund, LP omitted to state material facts necessary in order to make the statements  
14 made, in light of the circumstances under which they were made, not misleading.

15 5. Respondents Market4Cast Hedge Fund, LP and Michael George Calhoun acted as an  
16 investment adviser and an investment adviser representative, respectively, as defined in RCW  
17 21.20.005(8) and (9), formerly codified as RCW 21.20.005(6) and (14), by maintaining the hedge  
18 fund.

19 6. Respondents Market4Cast Hedge Fund, LP and Michael George Calhoun violated RCW  
20 21.20.040 by transacting business as an investment adviser and investment adviser representative,  
21 respectively, while not registered in the State of Washington.

1 **FINAL ORDER**

2 Based upon the foregoing and finding it in the public interest:

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4 It is hereby ORDERED that the Respondents Market4Cast Hedge Fund, LP and Michael  
5 George Calhoun shall cease and desist from offering or selling securities in violation of RCW  
6 21.20.140, the securities registration section of the Securities Act of Washington.

7 It is further ORDERED that the Respondent Michael George Calhoun shall cease and desist  
8 from violation of RCW 21.20.040(1), the broker-dealer and securities salesperson registration  
9 section of the Securities Act of Washington.

10 It is further ORDERED that the Respondents Market4Cast Hedge Fund and Michael George  
11 Calhoun shall cease and desist from violation of RCW 21.20.010, the anti-fraud section of the  
12 Securities Act of Washington.

13 It is further ORDERED that the Respondents Market4Cast Hedge Fund, LP and Michael  
14 George Calhoun shall cease and desist from violation of RCW 21.20.040(3), the investment adviser  
15 and investment adviser representative registration section of the Securities Act of Washington.

16 It is further ORDERED that the Respondents Market4Cast Hedge Fund, LP and Michael  
17 George Calhoun shall each be liable for and shall pay a fine of \$10,000.

18 It is further ORDERED that the Respondents Market4Cast Hedge Fund, LP and Michael  
19 George Calhoun shall be jointly and severally liable for and shall pay investigative costs in the  
20 amount of \$1,000.

1 **AUTHORITY AND PROCEDURE**

2 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW  
3 21.20.395, and is subject to the provisions of RCW 21.20.440 and RCW 34.05. The Respondents  
4 have the right to petition the superior court for judicial review of this agency action under the  
5 provisions of RCW 34.05. For the requirements for filing a Petition for Judicial Review, see RCW  
6 34.05.510 and sections following. Pursuant to RCW 21.20.395, a certified copy of this order may be  
7 filed in Superior Court. If so filed, the clerk shall treat the order in the same manner as a Superior  
8 Court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.  
9

10 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE**

11  
12 DATED AND ENTERED this 19th day of December, 2011.

13 By:

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15 \_\_\_\_\_  
16 William M. Beatty  
17 Securities Administrator

18 Approved by:

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20 \_\_\_\_\_  
21 Suzanne Sarason  
22 Chief of Enforcement

Presented by:

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21 Bridgett Fisher  
22 Enforcement Attorney

23 ENTRY OF FINDINGS OF FACT AND  
24 CONCLUSIONS OF LAW AND FINAL  
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