

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

IN THE MATTER OF:)

Martin P. Travis,)

The Scarlet Group, Inc. and its)
partners, members, officers, directors,)
agents, employees, affiliates, successors)
and assigns.)

File No. 0800139

ORDER OF PROHIBITION

TO THE RESPONDENTS:

Martin P. Travis
6840 S. South Shore Drive #2
Chicago, IL 60649

The Scarlet Group, Inc.
6840 S. South Shore Drive #2
Chicago, IL 60649

WHEREAS, a Temporary Order of Prohibition was issued by the Illinois Secretary of State, on February 4, 2010, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois for a maximum period of ninety (90) days.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et seq.*] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order of Prohibition shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Respondents **Martin P. Travis** and **The Scarlet Group, Inc.** have failed to request a hearing on the matters contained in the Temporary Order of Prohibition within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

FRAUD IN THE OFFER AND SALE OF SECURITIES

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1. Respondent **Martin P. Travis** ("Travis") is the President of **The Scarlet Group, Inc.** ("Scarlet Group") and holds himself out to be the manager of a hedge fund called the M. Patrick Travis Hedge Fund ("the Fund"). Travis and Scarlet Group have a last known address of 6840 S. South Shore Drive #2, Chicago, IL 60649.
2. On or about January 3, 2006, Travis began circulating the Fund's prospectus in order to induce individuals to invest in the Fund.
3. On or about July 23, 2006, Travis distributed this prospectus to potential investors during a presentation in an attempt to solicit investments in the Fund.
4. The prospectus that Travis distributed to investors contained a number of intentionally fraudulent statements.
5. Specifically, Travis lied about his professional qualifications, the risk of investing in the Fund, and the procedures for withdrawing money from the Fund.
6. For example, in regard to Travis's professional qualifications, the prospectus states:

Martin P. Travis has successfully completed the Series 7 Stock Broker Licensing Program. Quest Capital Management is the listed sponsor for Licensing.

7. In fact, Martin P. Travis has never taken the Series 7 Examination, and has never been registered with Quest Capital Management.
8. Furthermore, regarding the risk of investing in the Fund, the prospectus guarantees investors that they cannot lose money in the first year of investing in the Fund. The prospectus states in large, bold print:

THE FUND MANAGER OF THE M. PATRICK TRAVIS HEDGE FUND WILL COVER ANY AND ALL LOSSES SUSTAINED IN YOUR ACCOUNT FOR THE 1ST YEAR!!! GUARANTEED!!!!

QUESTION: WHAT DOES THIS MEAN?

ANSWER: IT MEANS THAT AFTER ONE YEAR THE WORST YOU CAN DO IS BREAK EVEN. YOU LITERALLY HAVE NOTHING TO LOSE

9. The prospectus also discusses the procedures for making withdrawals from the Fund. The prospectus states:

QUESTION: How long must I keep my money in the Hedge Fund Account?

ANSWER: One (1) year.

QUESTION: So after one year I can close the account out?

ANSWER: Yes

10. One of the individuals present for this presentation was Investor A. After listening to Travis's presentation and reading the prospectus she decided to invest \$500.00 in the Fund.
11. Approximately one year after making the investment, Investor A received a statement from Travis that stated the balance in her account was \$681.52.
12. On or about August 29, 2007, Investor A made a request for her account to be closed and for the \$681.52 in her account to be deposited into her bank account.
13. Despite the request, and despite what was stated in the prospectus, Respondent Travis failed to return any of the \$681.52 in Investor A's account to her.
14. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
15. Section 12.F of the Act provides that it shall be a violation of the provisions of this 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.
16. Section 12.G of the Act provides that it shall be a violation of the provisions of this Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission 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.
17. Section 12.H of the Act states that it shall be a violation of the provisions of this Act for any person "to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue."
18. Section 12.I of the Act provides that it shall be a violation of the provisions of this Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.

OFFER AND SALE OF UNREGISTERED SECURITIES

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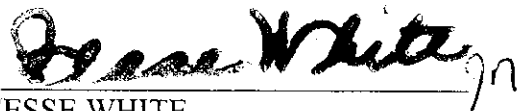
19. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 “shall be registered either by coordination or qualification prior ... to their offer or sale” in the State of Illinois.
20. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
21. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
22. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State’s Conclusions of Law as follows:

1. By virtue of this conduct, Respondents Martin P. Travis and The Scarlet Group, Inc. violated Sections 12.A, 12.D, 12.F, 12.G, 12.H and 12.I of the Act.
2. By virtue of the foregoing, Respondents Martin P. Travis, The Scarlet Group, Inc., and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns are subject to, pursuant to Section 11.F of the Act, an Order which permanently prohibits them from offering or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to Section 11.F of the Act, Respondents **Martin P. Travis** and **The Scarlet Group, Inc.** and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns are hereby **PROHIBITED** from offering or selling any securities in or from the State of Illinois.

Dated: This 10th day of March, 2010.



JESSE WHITE
Secretary of State
State of Illinois

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NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, {735 ILCS 5/3-101 et seq.} and the Rules and Regulations of the Illinois Securities Act, {14 Ill. Admin. Code Ch. 1, Section 130.1123}. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:

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