

STATE OF NEW JERSEY  
BUREAU OF SECURITIES  
153 Halsey Street  
P.O. Box 47029  
Newark, New Jersey 07101  
Telephone (973) 504-3600

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IN THE MATTER OF: :  
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GLOBAL ALLIANCE CAPITAL, LLC : **ADMINISTRATIVE CONSENT ORDER**  
and MARK MARCHI :  
(CRD # 1677447) :  
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BEFORE LAURA H. POSNER, BUREAU CHIEF

Pursuant to the authority granted to Laura H. Posner, Chief of the New Jersey Bureau of Securities (“Bureau Chief”) by the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., (“Securities Law”), more specifically N.J.S.A. 49:3-70.1, and after investigation, careful review and due consideration of the facts, including documents provided to the Bureau, the Bureau Chief hereby finds that there is good cause, it is in the public interest and it will preserve resources to enter into an Administrative Consent Order (“Consent Order”) with Respondents Global Alliance Capital, LLC (“Global”) and Mark Marchi (“Marchi”), and Global and Marchi hereby agree to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Consent Order.

The New Jersey Bureau of Securities (“Bureau”) is the State agency with the responsibility to administer and enforce the Securities Law. Pursuant to N.J.S.A. 49:3-67, the Bureau Chief is authorized to issue such orders as are reasonably necessary to carry out the provisions of the Securities Law, upon a finding that the action is necessary and appropriate in the public interest for the protection of investors or consistent with the purposes fairly intended by the provisions of

the Securities Law. The Bureau has conducted an investigation into certain activities of Global and Marchi as set forth in this Consent Order, and could commence formal proceedings against Global and Marchi. The Bureau Chief, Global and Marchi wish to resolve these issues without the expense and delay that formal proceedings would involve. Global and Marchi, in reliance upon the advice of counsel, consent to the form and entry of this Consent Order. Accordingly, Global and Marchi waive the following rights:

- a. To be afforded the opportunity for a hearing on the Bureau Chief's findings and conclusions of law in this Consent Order after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2); and
- b. To seek judicial review of, or otherwise challenge or contest, the validity of this Consent Order.

This Consent Order concludes the investigation by the Bureau Chief and any civil or administrative action that could be commenced, pursuant to the Securities Law, on behalf of the Bureau Chief, as it relates to Global and Marchi for the conduct described herein.

Global and Marchi consent to the entry by the Bureau Chief of the following findings of fact and conclusions of law for the purpose of this proceeding and without admitting or denying the allegations contained herein.

#### **FINDINGS OF FACT**

1. Global is a New Jersey limited liability company with a primary business address at 87 Main Street, Matawan, NJ 07747. Global has been in business since 2009.
2. Global was formed by Marchi. Marchi is Global's Managing Member and sole Class A member.

3. According to the Central Registration Depository (“CRD”), Marchi was registered as an agent at various broker-dealers between 1987 and 1992. Most recently, Marchi was registered with the Bureau as an agent of GKN Securities Corp. (CRD # 19415) from May 1991 until August 1991.

4. Neither Marchi nor Global are currently registered with the Bureau in any capacity.

5. In 1999, Marchi was barred by the New York Stock Exchange from “membership, allied membership, approved person status, and from performing fund-runner association in any capacity with any member or a member organization” after pleading guilty to conspiracy to violate Section 17(a) of the Securities Exchange Act of 1934 (15 U.S.C. § 78(a)) and Regulation 240.17a-3 (17 C.F.R. § 240.17a-3).

6. As set forth below, between 2009 and August 2015 (the “Relevant Period”), Marchi and Global through Marchi: 1) offered a training course Marchi developed to individuals seeking to learn how to day trade securities; 2) provided trading access with market analysis and investment strategies by Marchi to individuals seeking to day trade their own funds; and 3) used discretionary authority to manage the accounts of others.

#### **Training Courses**

7. During the Relevant Period, Marchi taught one and three day classes throughout the country, two to three times per year. The classes included introduction to trading and trading styles and strategies. Marchi also offered a three day class in New Jersey at Global’s Matawan, New Jersey office, for \$2,195.00. Attendees of this class were given access to an on-line book, Trading Market Technicals, authored by Marchi. Trainees were taught methods for trading securities and would watch Marchi trade in securities. Approximately 60 persons a year would attend the training course in Matawan.

## **Trading Services**

8. Global through Marchi offered individuals the opportunity to trade securities as Class B Members of Global (“Active Class B Members”). The Active Class B Members entered into the Amended and Restated Operating Agreement of Global Alliance Capital, LLC (“Operating Agreement”) and an “Investor Agreement of Global Alliance Capital, LLC” (the “Investor Agreement”) or a “Trader Agreement of Global Alliance Capital LLC” (the “Trader Agreement”) with Global. The Investor Agreement and Trader Agreement provided that Global would establish a subaccount for the Active Class B Member within Global’s master proprietary trading account. The subaccount, defined as a “Designated Trading Account,” was an internal bookkeeping method used by Global through Marchi to reflect the Active Class B Member’s “capital contribution” funds that could be used for trading. The “Designated Trading Account” also reflected the Active Class B Members’ securities trading activity.

9. Since 2009, Global has had at least eighteen Active Class B Members.

10. Certain attendees of the Marchi’s Matawan classes became Class B members who traded their own accounts through Global.

11. The Active Class B Members’ capital contribution checks were payable to Global and deposited in a Global bank account, either by Marchi or by the Active Class B Member at Marchi’s direction.

12. Marchi then transferred the Active Class B Members’ initial and subsequent capital contributions to a Global account at Stock USA Investments, Inc. (CRD # 107403) (the “Stock USA Account”).

13. Each Active Class B Member had, for a fee, access to software that provided tools needed to employ the trading strategies taught by Marchi.

14. Active Class B Members were also provided with access to a computer terminal in a shared trading room in Global's office.

15. Pursuant to Article IV, Section 4.05(b) of the "Operating Agreement, and paragraph 5A of both the Trader Agreement and the Investor Agreement, 100% of a Class B member's losses were allocated to the Class B Member. However, Marchi and/or Global through Marchi generally were entitled to 10% of the Active Class B Member's trading profits pursuant to their Trader Agreement. Pursuant to the Trader Agreement or Investor Agreement, profits were calculated and collected "on the last day of each clearing broker's month and shall mean the difference between the opening account equity and the closing sub-account equity plus or minus any debit, credit or distribution which accrued during the month of the Designated Trading Account at said clearing broker."

16. Marchi was regularly at Global during the trading day, and discussed market analysis and investment strategies with Active Class B Members.

17. Marchi also discussed and used software that could assist the Active Class B Members with managing trading losses by incorporating the Active Class B Member's risk tolerance and capital to determine a cut-off amount, referred to as a "stop-loss" amount. Marchi entered the stop-loss amount into the trading software, and once that amount was reached, the trading software halted additional purchases and notified the Active Class B Member to cease trading and liquidate positions. In some instances, Marchi orally advised Active Class B Members to stop trading.

18. Each Active Class B Member's Trader Agreement or Investor Agreement stated that, "[Global] shall have the right to stop the Member from trading at any point during the day," and that, "[t]he Member agrees to follow the trading instructions orally conveyed to the Member from time to time by the Company supervisory personnel."

### **Managed Accounts**

19. In certain instances, Marchi and Global through Marchi, and others permitted by Marchi, were authorized or allowed to obtain authorization to trade on behalf of certain of other Class B Members in exchange for compensation ("Passive Class B Members").

20. Between 2009 and 2011, Global permitted Marchi and others to trade on behalf of at least twelve (12) Passive Class B Members, including at least nine (9) who reside in New Jersey.

21. These Passive Class B Members entered into the Operating Agreement and executed a Trader Agreement or an Investor Agreement, including a "Schedule E," that authorized Global and Marchi and/or other persons to trade on behalf of the Passive Class B Members for compensation.

22. As with the Active Class B Members, Marchi transferred the Passive Class B Members' funds into and out of Global's bank account and the Stock USA Account.

23. Marchi and Global through Marchi managed the Passive Class B Members accounts and, pursuant to the Passive Class B Member's Trader Agreement or Investor Agreement, directly or through a Schedule D to such agreement, were entitled to compensation up to the amount of 50% of the trading profits from these accounts.

24. Marchi and Global through Marchi allowed Active Class B Members to solicit persons to become Passive Class B Members and trade on behalf of the Passive Class B Members.

25. Brian McCahery (CRD # 2342887) (“McCahery”) was an Active Class B Member who was allowed by Marchi and Global through Marchi to solicit persons to for the purpose of trading those persons’ funds through Global from August 2009 until approximately March 2011. Global was entitled to receive 10% of the trading profits from trading of such funds that McCahery in fact contributed to Global, and McCahery was entitled to receive varying amounts of trading profits for these accounts.

26. Marchi failed to properly monitor McCahery’s actions in the accounts that McCahery was managing, or to verify with the persons solicited by McCahery, that McCahery had deposited the correct and actual amount of funds given to McCahery by his Passive Class B Members.

27. On March 18, 2013, a judgment of conviction was entered against McCahery in United States of America v. McCahery, United States District Court, Case No. 3:12-615-01, under 18 U.S.C. § 1957(a), which prohibits “money laundering (transacting in criminal property),” pursuant to a plea resulting from allegations that McCahery, defrauded one or more persons he solicited for investments at Global.

### **CONCLUSIONS OF LAW**

#### **GLOBAL ACTED AS AN UNREGISTERED BROKER-DEALER** **N.J.S.A. 49:3-56(a)**

28. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

29. Global acted as an unregistered broker-dealer by, among other things:

- (a) depositing Active Class B Member and Passive Class B Member investment funds into its bank account before transferring the funds to its registered broker-dealer;

(b) deducting fees and its portions of trading profits directly from the accounts of its Active Class B Members and Passive Class B Members;

(c) providing market analysis and investment strategies to Active Class B Members on various securities;

(d) obtaining and exercising authority to order or cease trading; and

(e) limiting Active Class B Member losses through a stop-loss feature of the firm's trading software.

30. Each violation of N.J.S.A. 49:3-56(a) is a separate violation and cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**MARCHI ACTED AS AN UNREGISTERED AGENT**

**N.J.S.A. 49:3-56(a)**

31. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

32. Marchi acted as an unregistered agent by, among other things:

(a) managing the transfers into and out of Global's capital and brokerage accounts on behalf of Active Class B Members and Passive Class B Members;

(b) providing market analysis and investment strategies to Active Class B Members on various securities;

(c) obtaining and exercising authority to order or cease trading; and

(d) limiting Active Class B Member losses through a stop-loss feature of the firm's trading software.

33. Each violation of N.J.S.A. 49:3-56(a) is a separate violation and cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**GLOBAL EMPLOYED AN UNREGISTERED AGENT**

N.J.S.A. 49:3-56(h)

34. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

35. Since 2009, Global employed Marchi to act as an agent in effecting or attempting to effect transactions in securities from or in New Jersey.

36. Marchi acted as an agent for Global as defined in N.J.S.A. 49:3-49(b), without being registered as an agent with the Bureau.

37. Global's conduct constituted employing an agent who was not registered with the Bureau to sell securities in violation of N.J.S.A. 49:3-56(h).

38. Each violation of N.J.S.A. 49:3-56(h) is a separate violation and cause for the imposition of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

**THEREFORE**, based upon the Bureau Chief's findings of fact and conclusions of law, it is on this 19<sup>th</sup> day of October, 2015, **HEREBY ORDERED AND AGREED THAT:**

39. Mark Marchi and Global Alliance Capital, LLC shall cease and desist from violating the Securities Law or any regulation or order under the Securities Law.

40. Mark Marchi and Global Alliance Capital, LLC shall cease and desist from engaging in the conduct described in the Bureau Chief's findings of fact and conclusions of law.

41. Global Alliance Capital, LLC and Mark Marchi are jointly and severally assessed and liable to pay a civil monetary penalty in the amount of Sixty-Five Thousand Dollars (\$65,000.00) for violations of N.J.S.A. 49:3-56(a) and N.J.S.A. 49:3-56(h).

42. Respondents shall pay the civil monetary penalty as follows ("Penalty Installment Plan"):

- a. At least Five Thousand Dollars (\$5,000.00) no later than the date this order is entered;
- b. Five Hundred Dollars (\$500.00) by the fifteenth of each month beginning November 15, 2015 through and including October 15, 2018; and
- c. Thirty-Two Thousand Dollars (\$32,000.00) no later than November 15, 2018.

43. Ten Thousand Dollars (\$10,000.00) of the civil monetary penalty shall be suspended if the Respondents do not default on any of the terms and conditions of this Order, including payment in accordance with the Penalty Installment Plan.

44. In the event of any default, the full balance of the civil penalty then outstanding shall become immediately due and payable.

45. Each payment of the civil monetary penalty shall be made by attorney trust fund account check, certified check or other guaranteed funds, made payable to the "State of New Jersey, Bureau of Securities" and delivered to the attention of the Bureau Chief at: New Jersey Bureau of Securities, 153 Halsey Street, 6<sup>th</sup> Floor, Newark, NJ 07102.

46. The first Ten Thousand Dollars (\$10,000) of the civil monetary penalty shall be deposited into the Bureau's investor education fund and the remainder of the civil monetary penalty shall be deposited into the Securities Enforcement Fund pursuant to N.J.S.A. 49:3-66.1.

47. Global Alliance Capital, LLC and Mark Marchi are denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraphs 9, 10 and 11 and subsection (b). The exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g) are revoked as to Global Alliance Capital, LLC and Mark Marchi.

48. Global Alliance Capital, LLC and Mark Marchi understand and acknowledge that by virtue of the denial and revocation of exemptions set forth in paragraph 45, that they shall not act as an investment adviser as defined in N.J.S.A. 49:3-49(g), including directly or indirectly providing securities investment advice and/or trading advice to any person as defined in N.J.S.A. 49:3-49(i).

49. Mark Marchi shall and agrees to cooperate with the Bureau in any related inquiry, investigation, case, proceeding, litigation, or other process. Mark Marchi's cooperation is material to the Bureau in entering into this Consent Order and shall include, but is not limited to:

- a. at the Bureau's request, voluntarily and promptly appearing, without a subpoena and at Mark Marchi's own expense, to serve as a witness at any hearing or trial and to testify completely and truthfully;
- b. at his own expense, voluntarily and promptly attending and completing any meeting request by the Bureau including, but not limited to, witness preparation sessions at the Bureau's office at least fourteen (14) days prior to the first day of hearing or trial;
- c. at his own expense, voluntarily and promptly responding to the Bureau's requests for documents or evidence; and
- d. cooperating fully and promptly with the Bureau and/or the Office of the Attorney General in any pending or subsequently initiated inquiry, investigation, proceeding or other process relating in any way to the subject of this Consent Order, which shall, without respect to registration status with the Bureau, voluntarily include production of documents, appearance at times and locations

requested by the Bureau, and disclosure of any information relevant to the subject matter of the Consent Order.

50. Failure to perform under the conditions of this Consent Order shall be deemed a failure to cooperate under the Securities Law and shall constitute a default of this Consent Order, and entitle the Bureau to seek all remedies available in law and in equity.

51. The Bureau Chief is entering into this Consent Order in reliance on: the assurances and representations by Marchi and Global set forth in paragraphs 48 and 49 above; the representations by Marchi and Global about their financial situation; and further representations and assurances by Global Alliance Capital, LLC and Mark Marchi that Mark Marchi, Global Alliance Capital, LLC and any entity controlled by Marchi will operate in compliance with all federal and state securities laws and this Consent Order, all of which is material to the Bureau Chief.

52. Nothing in this Consent Order shall in any matter limit or affect the rights of any persons, other than the Bureau, as it pertains to the findings of fact and conclusions of law, who may have a claim against Global Alliance Capital, LLC and Mark Marchi.

53. Global Alliance Capital, LLC and Mark Marchi agree that for the purpose of settling this matter or any future proceedings to enforce this Consent Order, that this Consent Order shall have the same effect as if proven and ordered after a full hearing pursuant to N.J.S.A. 52:14B-1 et seq.

54. New Jersey law shall govern this Consent Order and enforcement thereof.

55. Nothing contained herein shall be in any manner be construed to limit or affect any position that the Bureau or any other governmental agency may take in any future or pending action not specifically encompassed herein.

56. Nothing contained herein shall be in any manner be construed to limit or affect any position that the Bureau Chief may take in settlement with any other party.

57. This Consent Order shall not bind any person not a party hereto, except as provided herein.

58. Each of the undersigned has read this Consent Order, understands it, and agrees to be bound by its terms. Global Alliance Capital, LLC and Mark Marchi represent that they have consulted with counsel before entering into this Consent Order.

59. This Consent Order is fully integrated and contains the entire settlement terms between Global Alliance Capital, LLC and Mark Marchi and the Bureau as to the conduct herein. No employee, attorney, official or representative of the Bureau or the State of New Jersey has made any additional promise or representation to Global Alliance Capital, LLC and Mark Marchi regarding this Consent Order.

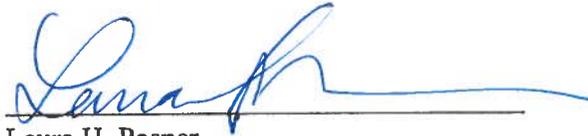
60. Pursuant to N.J.A.C. 1:1-19.1(d), this Consent Order shall be deemed the final decision as to Global Alliance Capital, LLC and Mark Marchi.

61. Global Alliance Capital, LLC and Mark Marchi consent to entry of this Consent Order and voluntarily waive an opportunity for hearing, and waive any right to assert any defenses or to raise any challenge that they otherwise may have had to this Consent Order.

62. Global Alliance Capital, LLC and Mark Marchi shall not represent or imply that any business practice or other act or practice hereinafter used or engaged in by Global Alliance Capital, LLC or Mark Marchi, has been required or approved, in whole or in part, by the Attorney General of New Jersey, the Bureau, the State of New Jersey or any of the State's agencies, agents or subdivisions.

63. Nothing in the Consent Order is intended to limit or supersede any authority or remedy available to the Bureau Chief under the Securities Law.

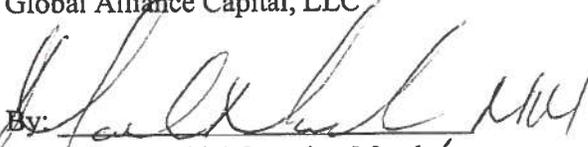
64. If any portion of this Consent Order is held invalid or unenforceable by operation of law or court order, the remaining terms of this Consent Order shall remain in full force and effect. This Consent Order may be signed in counterparts, each of which shall be deemed to be an original.



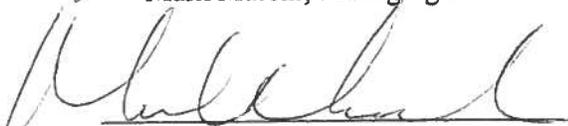
Laura H. Posner  
Chief of the New Jersey Bureau of Securities

Consent to the Form, Content and  
Entry of this Administrative Consent Order:

Global Alliance Capital, LLC

By:   
Mark Marchi, Managing Member

Dated: 10/16, 2015

  
Mark Marchi

Dated: 10/16, 2015