
*
IN THE MATTER OF: *
*
SAMUEL KLEIN *
*
VISUAL GROUP, LLC *
*
KF PECKSLAND, LLC *
*
(Collectively, “Respondents”) *
*

ORDER TO CEASE AND DESIST
NOTICE OF INTENT TO FINE
AND
NOTICE OF RIGHT TO HEARING
MATTER NO. CDF-22-8408-S

I. PRELIMINARY STATEMENT

1. The Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act.

2. Pursuant to Section 36b-26(a) of the Act, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, has conducted an investigation into the activities of Respondents to determine if Respondents have violated, are violating or are about to violate provisions of the Act or Regulations (“Investigation”).

3. As a result of the Investigation, the Commissioner has reason to believe that Respondents have violated certain provisions of the Act and Regulations. Accordingly, the Commissioner has reason to believe that a basis exists to: (a) issue a cease and desist order against Respondents pursuant to Section 36b-27(a) of the Act; and (b) impose a fine upon Respondents pursuant to Section 36b-27(d) of the Act.

II. RESPONDENTS

4. Samuel Klein (“Klein”) is an individual whose address last known to the Commissioner is 131 Pecksland Road, Greenwich, Connecticut 06831. Klein is not and has never been registered in any capacity under the Act.

5. Visual Group, LLC (“Visual Group”) is a limited liability company organized under the laws of the State of Connecticut with a principal place of business listed as 58 East Main Street, Plainville, Connecticut 06062. Klein is the sole member and control person of Visual Group. Visual Group is not and has never been registered in any capacity under the Act.

6. KF Pecksland, LLC (“KF Pecksland”) is a limited liability company organized under the laws of the State of Delaware and having its principal place of business at 131 Pecksland Road, Greenwich, Connecticut or at 300 First Stamford Place, Stamford, Connecticut 06902. KF Pecksland is not and has never been registered in any capacity under the Act.

III. STATEMENT OF FACTS

Visual Group, LLC Offerings

7. Beginning in August 2018, Klein solicited at least one investor to invest money in Visual Group for the supposed purpose of investing in distressed real estate debt. While soliciting the investment, Klein represented to the investor that she would double or triple her money if she invested. Klein personally guaranteed that the investor would receive her money back.

8. On August 6, 2018, the investor wrote a check made out to Visual Group for \$200,000. On August 8, 2018, Klein provided the investor with a signed letter confirming the investment of two hundred thousand dollars in the purchase and sale of distressed debt secured by real estate in Connecticut.

9. On or about August 24, 2018, Klein solicited additional funds from the investor claiming that the additional funds were necessary to complete the purchase of the initial investment. When soliciting the additional funds, Klein represented to the investor that she would receive a large return on her

investment within one month. At Klein's request, the investor then wired \$42,000 to Visual Group and provided Klein with \$8,010 in cash.

10. While Visual Group financial records failed to conclusively demonstrate that investor funds were being applied to the purchase of distressed debt, they did reveal personal payments benefiting Klein. At no point during communications with the investor did Klein disclose that money invested would be used for anything other than the purchase of distressed real estate debt.

11. The Visual Group offerings constitute securities within the meaning of Section 36b-3(19) of the Act, which securities were not registered under Section 36b-16 of the Act nor were they the subject of a filed exemption claim or claim of covered security status.

KF Pecksland, LLC Offerings

12. Beginning in approximately 2016, Klein offered and sold securities in the form of membership interests in KF Pecksland, LLC to at least one investor. Klein represented to investors that, by investing in KF Pecksland, their funds would be used for the sole purpose of purchasing Class A Common Stock in The Bleachers Corporation, a corporation of which Klein was the president.

13. The Bleachers Corporation, a non-respondent, is a corporation duly organized and existing under the laws of the State of Delaware with a principal place of business at 300 First Stamford Place, Stamford, Connecticut. The Bleachers Corporation was active from approximately 2012 until 2017.

14. While soliciting investors to purchase membership interests in KF Pecksland, Klein misled investors as to the value of The Bleachers Corporation, its sustainability and its profit potential. When investors purchased membership interests in KF Pecksland, Klein provided investors with purchase valuations for The Bleachers Corporation ranging between 25 and 50 million dollars, even though board member meetings held at the same time as the purchase indicate The Bleachers Corporation was struggling to stay solvent.

15. During the offer and sale of the membership interests in KF Pecksland, Klein a) guaranteed investors that they would receive their money back; b) failed to disclose accurate and true financial

information about both KF Pecksland and The Bleachers Corporation; and c) failed to disclose to investors that monies invested in KF Pecksland would be used by Klein for his personal benefit.

16. The KF Pecksland offerings constitute securities within the meaning of Section 36b-3(19) of the Act, which securities were not registered under Section 36b-16 of the Act nor were they the subject of a filed exemption claim or claim of covered security status.

Failure to Comply with Subpoena

17. In connection with the Investigation on November 27, 2018, the Division issued a subpoena to Samuel Klein and Visual Group pursuant to Section 36b-26 of the Act requesting that Respondents Klein and Visual Group appear before the Division on December 19, 2018 for on the record testimony and for the production of documents (“Deposition”).

18. In an email on December 17, 2018, Klein requested a continuance for the Deposition which the Division granted and gave a new appearance date of January 10, 2019. Klein failed to appear on January 10, 2019.

19. After contact with a representative of Klein, on January 22, 2019, the Division granted an additional extension to January 29, 2019. On January 28, 2019, a final request for extension was made and granted with a new appearance date of February 7, 2019. Ultimately, the Connecticut Superior Court intervened to order that production be made to the Commissioner (*Perez v. Klein*, HHD-CV19-6110630-S), but full production was not made notwithstanding the court order.

Klein’s Related Federal Conviction and Sentencing

20. On May 3, 2022, following a plea of guilty in an action brought by the Department of Justice, Klein was sentenced to a 36 month term of imprisonment for violating 18 U.S.C. Section 2314 (Interstate Transportation of Property Taken by Fraud) and a 36 month term of imprisonment for violating 18 U.S. C. Section 1957 (Money Laundering) (*United States of America v. Samuel Klein* (D. Conn. (Case No. 3:20-CR-00243-JCH(1))). The sentences would run concurrently. The facts underlying the federal action paralleled those set forth herein. In imposing sentence, the District Court also ordered Klein to pay

\$1,497,797.52 in restitution to the affected victims. In light of the District Court's order, although the Commissioner is authorized to order restitution to the affected victims pursuant to Section 36b-27(b) of the Act, the Commissioner is not seeking restitution in this Order to Cease and Desist, Notice of Intent to Fine and Notice of Right to Hearing, as it would be duplicative.

IV. STATUTORY BASIS FOR ORDER TO CEASE AND DESIST AND ORDER IMPOSING FINE

a. Violation of Section 36b-16 of the Act – Offer and Sale of Unregistered Securities

21. Paragraphs 1 through 20, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

22. Klein, Visual Group and KF Peckslund offered and sold unregistered nonexempt securities in and/or from Connecticut to at least one investor, as more fully described in paragraphs 7 through 16, inclusive, which securities were not registered in Connecticut under the Act. The offer and sale of such securities absent registration constitutes a violation of Section 36b-16 of the Act, which forms a basis for an order to cease and desist to be issued against Respondents under Section 36b-27(a) of the Act and for the imposition of a fine upon Respondents under Section 36b-27(d) of the Act.

b. Violation of Section 36b-4(a) of the Act –
Fraud in Connection with the Offer and Sale of any Security

23. Paragraphs 1 through 22, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

24. The conduct of Respondents, as more fully described in paragraphs 7 through 16, inclusive, constitutes, in connection with the offer, sale or purchase of any security, directly or indirectly employing a device, scheme or artifice to defraud, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person. Such conduct constitutes a violation of Section 36b-4(a) of the Act, which forms a basis for an order to cease and desist to be issued against

Respondents under Section 36b-27(a) of the Act and for the imposition of a fine upon Respondents under Section 36b-27(d) of the Act.

c. Violation of Section 36b-6 of the Act – Unregistered Agent Activity

25. Paragraphs 1 through 24, inclusive, are incorporated and made a part hereof as if more fully set forth herein.

26. Klein transacted business as an agent of issuer in this state absent registration, as more fully described in paragraphs 7 through 16, inclusive. Such conduct constitutes a violation of Section 36b-6(a) of the Act, which forms a basis for an order to cease and desist to be issued against Klein under Section 36b-27(a) of the Act, and for the imposition of a fine upon Klein under Section 36b-27(d) of the Act.

27. Visual Group and KF Peckslund each employed an unregistered agent of issuer in this state, as more fully described in paragraphs 7 through 16, inclusive. Such conduct constitutes a violation of Section 36b-6(b) of the Act, which forms a basis for an order to cease and desist to be issued against Visual Group and against KF Peckslund under Section 36b-27(a) of the Act, and for the imposition of a fine upon Visual Group and against KF Peckslund under Section 36b-27(d) of the Act.

**V. ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO FINE
AND NOTICE OF RIGHT TO HEARING**

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, Respondents Visual Group, LLC and KF Peckslund, LLC have each committed at least one violation of Section 36b-16 of the Act, at least one violation of Section 36b-6(b) of the Act and at least one violation of Section 36b-4(a) of the Act;

WHEREAS, as a result of the Investigation, the Commissioner finds that, with respect to the activity described herein, Respondent Samuel Klein has committed at least one violation of Section 36b-16 of the Act, at least one violation of Section 36b-4(a) of the Act and at least one violation of Section 36b-6(a) of the Act;

WHEREAS, the Commissioner further finds that the issuance of an Order to Cease and Desist and the imposition of a fine upon Respondents is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policies and provisions of the Act;

WHEREAS, notice is hereby given to Respondents that the Commissioner intends to impose a maximum fine not to exceed one hundred thousand dollars (\$100,000) per violation upon Respondents;

WHEREAS, the Commissioner **ORDERS** that **VISUAL GROUP, LLC**, its employees, officers, representatives, affiliates and successors in interest, **CEASE AND DESIST** from directly or indirectly violating the provisions of the Act and Regulations, including without limitation, (1) offering and selling unregistered securities in or from Connecticut; (2) employing unregistered agents; and (3) in connection with the offer, sale or purchase of any security, directly or indirectly employing any device, scheme or artifice to defraud, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person;

WHEREAS, the Commissioner **ORDERS** that **KF PECKSLAND, LLC**, its employees, officers, representatives, affiliates and successors in interest, **CEASE AND DESIST** from directly or indirectly violating the provisions of the Act and Regulations, including without limitation, (1) offering and selling unregistered securities in or from Connecticut; (2) employing unregistered agents of issuer; and (3) in connection with the offer, sale or purchase of any security, directly or indirectly employing any device, scheme or artifice to defraud, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person;

WHEREAS, the Commissioner **ORDERS** that **SAMUEL KLEIN CEASE AND DESIST** from directly or indirectly violating the provisions of the Act and Regulations, including without limitation,

(1) offering and selling unregistered securities in or from Connecticut; (2) in connection with the offer, sale or purchase of any security, directly or indirectly employing any device, scheme or artifice to defraud, making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, or engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person; and (3) transacting business as an unregistered agent of issuer in Connecticut;

THE COMMISSIONER FURTHER ORDERS THAT, pursuant to Section 36b-27 of the Act, Respondents will be afforded an opportunity for a hearing on the allegations set forth above if a written request for a hearing is received by the Department of Banking, Securities and Business Investments Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 or submitted by e-mail to DOB.hearingsupport@ct.gov within fourteen (14) days following Respondents' receipt of this Order. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to one of the above-referenced addresses. If any Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se".

Respondents may request that the hearing be held in person at the Department's offices or remotely via videoconference using Microsoft Teams. Once a written request for a hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of a request for a hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. If a hearing is requested, the hearing will be held on July 19, 2022, at 10 a.m.

If a hearing is requested, it will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, unless any Respondent fails to appear at the requested hearing. At such hearing, each Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner. Any remote hearing will be

held in accordance with Section 149 of June Special Session Public Act 21-2, and the Remote Hearing Guidelines are available on the Department's website at <https://portal.ct.gov/dob>.

If any Respondent does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegations herein against such Respondent will be deemed admitted. Accordingly, the Order to Cease and Desist shall remain in effect and become permanent against any such Respondent, and the Commissioner may order that the maximum fine be imposed upon any such Respondent.

Dated at Hartford, Connecticut,
this 20th day of June 2022.

_____/s/_____
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 21 day of June 2022, I caused to be mailed by certified mail, return receipt requested, the foregoing Order to Cease and Desist, Notice of Intent to Fine and Notice of Right to Hearing to: Samuel Klein, 131 Pecksland Road, Greenwich, Connecticut 06831, certified mail no 7019 1640 0000 1587 7730, Visual Group, LLC, 58 East Main Street, Plainville, Connecticut 06062, certified mail no. 7019 1640 0000 1587 7761 and KF Pecksland, LLC, 131 Pecksland Road, Greenwich, Connecticut 06831, certified mail no. 7019 1640 0000 1587 7754 and 300 First Stamford Place, Stamford, Connecticut 06902, certified mail no. 7019 1640 0000 1587 7747, Stanley A. Twardy, Esq., Day Pittney, LLP, One Stamford Plaza, 263 Tresser Blvd., 7th Floor, Stamford, CT 06901, certified mail no: 7019 1640 0000 1587 7723.

_____/s/_____
Myrta Feliciano
Administrative Clerk