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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:

Josh J. Murakami;  
GoTradeSignals,

Respondents

Order No.: S-15-1626-16-CO01

CONSENT ORDER

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**INTRODUCTION**

10 On June 16, 2016, the Securities Administrator of the Securities Division of the Department of  
11 Financial Institutions (“Securities Division”) issued a Statement of Charges and Notice of Intent to Issue an  
12 Order to Cease and Desist, Impose Fines, and Charge Costs (“Statement of Charges”), Order Number S-15-  
13 1626-15-SC01, against the Respondents Josh J. Murakami and GoTradeSignals. Pursuant to the Securities  
14 Act of Washington, Chapter 21.20 RCW, the Securities Division and the Respondents Josh J. Murakami  
15 and GoTradeSignals do hereby enter into this Consent Order in settlement of the matters alleged herein.  
16 The Respondents Josh J. Murakami and GoTradeSignals neither admit nor deny the Findings of Fact and  
17 Conclusions of Law stated below.

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**FINDINGS OF FACT**

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**Respondents**

1. Josh J. Murakami (“Murakami”) (CRD No. 4446699) is a resident of Redmond,  
Washington. Murakami has never been registered with the Securities Division in any capacity. At various  
times between approximately August 2001 and July 2003, Murakami was registered as an investment  
adviser representative in Oklahoma and Texas while employed with Profusion Holdings LLC (“Profusion  
Holdings”). Profusion Holdings was a commodity pool operator of which Murakami was a co-founder and

1 managing member.

2 2. GoTradeSignals is a sole proprietorship formed by Murakami in approximately 2011, with a  
3 principal place of business in Redmond, Washington. GoTradeSignals has never been registered with the  
4 Securities Division in any capacity.

5 **Prior Enforcement Actions against Murakami**

6 3. On March 1, 2004, the National Futures Association (“NFA”) issued a Complaint against  
7 Murakami, his business partner, and Profusion Holdings, alleging that Profusion Holdings borrowed funds  
8 from the pool it operated, used a non-approved disclosure document that contained inaccurate information  
9 and failed to include current information to solicit new customers, and distributed to pool participants  
10 account statements that failed to contain required information. The Complaint further alleged that  
11 Murakami and Profusion Holdings used deceptive and misleading promotional materials that labeled  
12 hypothetical performance results as actual performance results, failed to disclose that in the months  
13 preceding the results the pool had drawdowns of between 40-50%, and failed to include a required  
14 disclaimer. In addition, the Complaint alleged that Murakami and Profusion Holdings used promotional  
15 materials that contained material misstatements of fact. In a Decision issued by the NFA in March 2004,  
16 Murakami’s NFA membership was terminated and he was permanently barred from applying for future  
17 membership.  
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19 4. On December 22, 2009, the State of California, Department of Corporations, issued a Desist  
20 and Refrain Order against Murakami, his business partner, and Profusion Holdings. The State of California  
21 found that beginning in 2005, for a monthly fee, the respondents provided California residents with trading  
22 signals that were used to implement speculative options and futures trades. The State of California found  
23 that Murakami acted as an unregistered commodity trading advisor and/or commodity merchant and failed  
24 to disclose the prior 2004 NFA action to subscribers.  
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## Overview

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2 5. Between approximately January 2011 and the present, Murakami has published the  
3 GoTradeSignals subscription-based newsletter. This newsletter is disseminated by email, and contains  
4 educational information and recommendations to buy or sell particular options products. There have been  
5 at least 41 subscribers to GoTradeSignals, the majority of whom are Washington residents. Subscribers are  
6 charged monthly fees of either approximately \$99 or \$499 per month.

7 6. Murakami promoted auto-trading of the GoTradeSignals newsletter, which resulted in the  
8 provision of investment advice for compensation to subscribers. The majority of GoTradeSignals  
9 newsletter subscribers opened auto-traded brokerage accounts with a registered broker-dealer. Through  
10 this arrangement, Murakami's subscribers authorized their broker to automatically execute trades in their  
11 brokerage account using the trade signals contained in Murakami's newsletter. Nearly 40 GoTradeSignals  
12 subscribers established auto-trade accounts, including one subscriber who lost at least \$19,000 in his auto-  
13 trade accounts during a six-month period in 2014.

## GoTradeSignals Newsletter

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16 7. Between approximately October 2013 and September 2015, Murakami received over  
17 \$25,000 through the sale of GoTradeSignals subscriptions. GoTradeSignals presently offers only one  
18 subscription option, the Gold newsletter for \$99 per month. Prior to approximately March 2016,  
19 GoTradeSignals also offered a Platinum newsletter for \$499 per month. Both newsletters provide  
20 educational information and recommendations for trading iron condors, an options strategy with four  
21 options with different strike prices. The majority of subscriptions were to the Gold newsletter, which was  
22 designed for accounts of less than \$150,000. The Platinum newsletter was designed for accounts over  
23 \$150,000. However, Murakami did not inquire as to the amount of capital traded by subscribers.

24 8. Murakami used a variety of methods to find subscribers to his newsletter. Murakami  
25

1 solicited friends and acquaintances, who provided him with additional referrals. At least one subscriber  
2 attended a Meetup.com group that Murakami founded and hosted several times per month in the Seattle  
3 area. Murakami advertised the Meetup.com group as a place to discuss options trading. When meeting  
4 with group members, Murakami described his GoTradeSignals newsletter and invited group members to  
5 visit the GoTradeSignals website.

6 9. Murakami represented to at least one subscriber that he would earn a return of 3-9% per  
7 month through a subscription to the GoTradeSignals newsletter. The subscriber states that he was told that  
8 these returns were based on Murakami's previous iron condor trades. Murakami represented to the  
9 subscriber that he would not lose more than 10% of his account value with a GoTradeSignals subscription.  
10 Murakami failed to disclose that in fact, the investor could lose all of the funds in his account.

11 10. The Platinum newsletter was typically published 3-6 times per month, and the Gold  
12 newsletter was published less frequently. The newsletters were published at irregular intervals in response  
13 to specific market activity. The newsletters typically contained a brief market commentary, along with  
14 trade signals for U.S. index option products, including SPX (S&P 500 Index options) and SPXpm.  
15 Beginning in at least September 2015, GoTradeSignals also began disseminating a "Midweek Update" and  
16 "Weekend Update" which contained market commentary, but no trade signals.  
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18 *Auto-Trade Accounts*

19 11. As part of the GoTradeSignals newsletter, Murakami promoted auto-trading, which  
20 authorized the subscriber's broker to execute the trades recommended in the newsletter. Between at least  
21 November 2014 and February 2015, the GoTradeSignals website stated:

22 Autotrade with GoTradeSignals. Autotrading provides hands free  
23 trading to our subscribers with a direct connection between  
24 GoTradeSignals' trading technology and the subscriber's broker.  
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1 The website further stated that GoTradeSignals had “partnered with excellent brokers to facilitate  
2 individual accounts” and that the “benefit is immediate execution of trades as they are released.”

3 12. The majority of GoTradeSignals subscribers opened auto-trade accounts with a registered  
4 broker-dealer, which were available for no additional fee as part of their subscription. Between  
5 approximately January 2011 and the present, at least 39 subscribers to the Gold and Platinum newsletters  
6 established brokerage accounts at a registered broker-dealer that were auto-traded, including several  
7 retirement accounts. Subscribers established accounts with one of two auto-trade brokers used by  
8 GoTradeSignals. Subscribers completed paperwork directly with the broker-dealer to open auto-trade  
9 accounts (Murakami did not assist subscribers with completing this paperwork). Subscribers signed limited  
10 trading authorization (“LTA”) forms with the broker-dealer, which authorized the broker-dealer to  
11 automatically execute all trade signals recommended in the GoTradeSignals newsletter. Through this  
12 arrangement, GoTradeSignals has discretionary authority to purchase and sell securities on behalf of its  
13 auto-trading subscribers.

14 13. Murakami disseminated the GoTradeSignals newsletters via an email service provider which  
15 allowed for simultaneous delivery to subscribers and their auto-trade broker. The auto-trade brokers  
16 received one copy of each Gold and Platinum newsletter that was published. Murakami often sent follow-  
17 up messages with updates to the trading instructions included in the newsletters. On occasion, Murakami  
18 would also speak by telephone with the auto-trade brokers to answer questions regarding the trade  
19 instructions in the newsletter. The auto-trade brokers sent Murakami an email notifying him of the price at  
20 which the orders in each Gold and Platinum newsletter were filled. The Respondents were not paid any  
21 additional compensation by the subscriber or the broker for the auto-trades.  
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23 *Failure to Disclose Prior Enforcement Actions*

24 14. Murakami failed to disclose material information relating to his prior enforcement action in  
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1 2004. Murakami provided subscribers with a Subscription Agreement that omitted material information.

2 The Subscription Agreement stated, in part:

3 “A principle of GoTradeSignals was formerly registered with the NFA voluntarily, and enlisted an  
4 advisor to assist in launching a trading business just after college in 2001. There was a conflict of  
5 interest with the advisor resulting in improper advice given to the principle. The advisor was  
6 disciplined by a regulatory body for actions taken, and the principle was also targeted. Without the  
7 means to mount a legal team at the time, the NFA leveled accusations without inhibition. No  
8 accusations were admitted to, or proven. The principle did not misappropriate funds to  
9 themselves.” [sic]

10 15. Murakami failed to disclose that he is the “principle” of GoTradeSignals that is referenced  
11 in the Subscription Agreement. The Subscription Agreement states that the “principle” (Murakami) was  
12 “also targeted” but fails to clearly disclose that the NFA took action against him individually. The  
13 Subscription Agreement also states that the NFA “leveled accusations” that were not “admitted to, or  
14 proven” while failing to disclose the fact that the NFA issued a decision against Murakami that terminated  
15 his membership and permanently barred him from applying for future membership.

16 16. In addition to failing to fully disclose the 2004 NFA action, Murakami also failed to disclose  
17 to subscribers that he was subject to the 2009 California Desist and Refrain Order.

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

### 19 CONCLUSIONS OF LAW

20 1. Respondents GoTradeSignals and Josh J. Murakami acted as an investment adviser and an  
21 investment adviser representative, respectively, as defined in RCW 21.20.005(8) and (9) by, for  
22 compensation, engaging in the business of advising others, either directly or through publications or  
23 writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling  
24 securities, or, for compensation and as a part of a regular business, issuing or promulgating analyses or  
25 reports concerning securities.

2. Respondents GoTradeSignals and Josh J. Murakami violated RCW 21.20.040 by transacting

1 business as an investment adviser and investment adviser representative, respectively, while not registered  
2 in the State of Washington.

3 3. Respondents GoTradeSignals and Josh J. Murakami violated RCW 21.20.020 by engaging  
4 in an act, practice, or course of business which operated as a fraud or deceit upon subscribers.

5 **CONSENT ORDER**

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

7 IT IS AGREED AND ORDERED that the Respondents GoTradeSignals and Josh J. Murakami shall  
8 cease and desist from violation of RCW 21.20.040, the investment adviser registration section of the  
9 Securities Act of Washington.

10 IT IS FURTHER AGREED AND ORDERED that the Respondents GoTradeSignals and Josh J.  
11 Murakami shall cease and desist from violation of RCW 21.20.020, the investment adviser anti-fraud  
12 provision of the Securities Act of Washington.

13 IT IS FURTHER AGREED that the Respondents GoTradeSignals and Josh J. Murakami must be  
14 registered as an investment adviser and investment adviser representative in order to provide auto-trading  
15 of an investment newsletter (that contains trade signals for the purchase and sale of securities) for the  
16 brokerage accounts of paid newsletter subscribers.

17 IT IS FURTHER AGREED that the Respondents GoTradeSignals and Josh J. Murakami shall be  
18 jointly and severally liable for and shall pay the investigative costs incurred in the investigation of this  
19 matter in the amount of \$3,000. Respondents GoTradeSignals and Josh J. Murakami shall pay \$1,800  
20 before the entry date of this Consent Order, and shall make payments of \$100 per month for twelve (12)  
21 consecutive months. Each payment shall be due by the last day of the month. The first payment shall be  
22 due by December 31, 2018.

23 IT IS FURTHER AGREED that if the Respondents GoTradeSignals and Josh J. Murakami fail to  
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1 make any monthly payment, the investigative costs imposed in this Consent Order shall become immediately  
2 due and payable, and the Securities Division may seek enforcement of the Consent Order pursuant to RCW  
3 21.20.395.

4 IT IS FURTHER AGREED that the Respondents GoTradeSignals and Josh J. Murakami enter into  
5 this Consent Order freely and voluntarily and with a full understanding of its terms and significance.

6 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this order.

7 IT IS FURTHER AGREED that in consideration of the foregoing, the Respondents GoTradeSignals  
8 and Josh J. Murakami waive their right to a hearing and to judicial review of this matter pursuant to RCW  
9 21.20.440 and Chapter 34.05 RCW.

10 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE

11 SIGNED this 20th day of November, 2018.

12 Approved for Entry by:

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14 \_\_\_\_\_  
15 Kristi Favard, Attorney for Respondents  
16 Washington State Bar No. 34419

17 Signed by:

18 \_\_\_\_\_/s/  
19 Josh J. Murakami, individually

20 Signed by:

21 GoTradeSignals

22  
23 \_\_\_\_\_/s/  
24 Josh J. Murakami, sole proprietor



1 DATED AND ENTERED this 7th day of March, 2019.

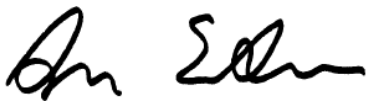
2 By:

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4  
5 William M. Beatty  
6 Securities Administrator

7 Approved by:

8 Presented by:

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11 Suzanne Sarason  
12 Chief of Enforcement

13 Bridgett Fisher  
14 Financial Legal Examiner

15 Reviewed by:

16 

17 Robert Kondrat  
18 Financial Legal Examiner Supervisor