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PA DEPARTMENT OF  
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

|                                  |   |                               |
|----------------------------------|---|-------------------------------|
| COMMONWEALTH OF PENNSYLVANIA     | : |                               |
| DEPARTMENT OF BANKING AND        | : |                               |
| SECURITIES, BUREAU OF SECURITIES | : |                               |
| COMPLIANCE AND EXAMINATIONS      | : | Docket No. : 240016 (SEC-OSC) |
|                                  | : |                               |
| v.                               | : |                               |
|                                  | : |                               |
| CAPITAL SOURCE 2000, INC.        | : |                               |
| CS2K, LLC <sup>1</sup>           | : |                               |
| WILLIAM BROMLEY                  | : |                               |
| JOSEPH COLE BARLETA              | : |                               |
|                                  | : |                               |

CONSENT AGREEMENT ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities (“Department”), Bureau of Securities Compliance and Examinations (“Bureau”), has conducted an investigation of certain securities-related activities of Capital Source 2000, Inc. (“Capital Source”), and CS2K, LLC (“CS2K”). Based on the results of its investigation, the Bureau has concluded that Capital Source and CS2K, have engaged in certain securities-related activities in violation of the Pennsylvania Securities Act of 1972, 70 P.S. §1-301 (“1972 Act”). Capital Source and CS2K in lieu of litigation, and without admitting or denying the allegations herein, and intending to be legally bound, hereby agree to the terms of this Consent Agreement and Order (“Order”).

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the 1972 Act.

<sup>1</sup> This Consent Agreement Order is only applicable to Capital Source 2000, Inc. and CS2K, LLC.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. The Bureau operates from the Department's main office located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

4. Capital Source was, at all times material herein, a Delaware corporation with an address at 200 West Elm Street, Suite 1223, Conshohocken, Pennsylvania 19428.

5. CS2K was, at all times material herein, a Delaware limited liability company with an address at 200 West Elm Street, Suite 1223, Conshohocken, Pennsylvania 19428.

6. From in or about December 2015 through February 2020, Capital Source offered for sale promissory notes ("Capital Source Notes") to investors throughout the United States.

7. Capital Source engaged in the business of providing short-term loans to merchants via what Capital Source termed "merchant cash advances" ("MCAs") secured by an interest in a designated portion of the merchant's future accounts and receivables.

8. The Capital Source Notes are "securities" within the meaning of Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

9. Capital Source is the "issuer" of the Capital Source Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

10. The Capital Source Notes were: (a) not registered under Section 201 of the 1972 Act, 70 P.S. §1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. §1-202; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. §1-211; and (d) that the offering relating to the Capital Source Notes was not exempt under Section 203 of the 1972 Act, 70 P.S. §1-203.

11. Capital Source failed to provide some or all of the Capital Source Investors with financial statements regarding Capital Source, which disclosure would have been material for a reasonable investor to make an informed decision. To the extent that Capital Source did not have disclosure documents, Capital Source failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

12. CS2K is a Pennsylvania entity registered as a Delaware Limited Liability Company on July 2, 2018.

13. From in or about August 2018 through March 2020, CS2K raised funds to invest in Capital Source through the sale of promissory notes (“CS2K Notes”) to investors.

14. The CS2K Notes are “securities” within the meaning of Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

15. CS2K is the “issuer” of the CS2K Notes within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

16. The CS2K Notes were: (a) not registered under Section 201 of the 1972 Act, 70 P.S. §1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. §1-202; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. §1-211; and (d) that the offering relating to the CS2K Notes was not exempt under Section 203 of the 1972 Act, 70 P.S. §1-203.

17. CS2K failed to provide some or all of the CS2K Investors with financial statements regarding CS2K, which disclosure would have been material for a reasonable investor to make an informed decision. To the extent that CS2K did not have disclosure documents, CS2K failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

## **VIOLATIONS**

18. By engaging in the acts and conduct set forth in paragraphs 6 through 16 above, Capital Source and CS2K, offered and sold the Capital Source Notes and CS2K Notes to Capital Source and CS2K Investors in violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

19. By engaging in the acts and conduct set forth in paragraphs 6 through 17 above, Capital Source and CS2K, in connection with the offer, sale, or purchase of the Capital Source Notes and CS2K Notes, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

## **RELIEF**

20. On or before the Effective Date of this Order, as defined in paragraph 28, Capital Source and CS2K shall pay the Department and administrative assessment of \$195,000.00. Payment shall be made by check, money order or wire transfer in immediately available funds made payable to the “Department of Banking and Securities” and shall be mailed or delivered in person to the Bureau of Licensing, Compliance and Examinations located at 17 North Second Street, Suite 1300, Harrisburg, PA 17101 or wired to a depository designated by the Department.

21. Capital Source and CS2K are ORDERED to comply with the 1972 Act, and Regulations adopted by the Department, and in particular Section 201 and 401(b) of the 1972 Act, 70 P.S. § 1-201 and § 1-401(b).

22. Should Capital Source and CS2K, fail to pay the assessment as set forth in paragraph 20 above, the sanctions set forth elsewhere in the Order shall continue in full force and effect until full payment is made. However, this provision shall not be construed as affording

Capital Source and CS2K the option of either paying the assessment or being indefinitely subject to the sanctions.

23. Should Capital Source and CS2K fail to comply with any and/or all provisions of this Order, the Department may impose additional sanctions and costs and seek other appropriate relief subject to their right to a hearing pursuant to the 1972 Act.

### **FURTHER PROVISIONS**

24. Consent. Capital Source and CS2K hereby knowingly, willingly, voluntarily and irrevocably consent to the entry of this Order pursuant to the Bureau's authority under the 1972 Act and agree that they understand all of the terms and conditions contained herein. Capital Source and CS2K, by voluntarily entering into this Order, waive any right to a hearing or appeal concerning the terms, conditions, and/or penalties set forth in this Order.

25. Entire Agreement. This Order contains the entire agreement between the Department and Capital Source and CS2K. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Department and Capital Source and CS2K.

26. Binding Nature. The Department, Capital Source and CS2K, and all officers, owners, directors, employees, heirs and assigns of Respondents intend to be and are legally bound by the terms of this Order.

27. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

28. Effectiveness. Capital Source and CS2K hereby stipulate and agree that the Order shall become effective on the date the Bureau executes the Order ("Effective Date").

29. Other Enforcement Action.

(a) The Department reserves all of its rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against Capital Source and CS2K in the future regarding all matters not resolved by this Order.

(b) Capital Source and CS2K acknowledge and agree that this Order is only binding upon the Department and not any other local, state or federal agency, department, or office regarding matters within this Order.

30. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

33. Counterparts. This Order may be executed in separate counterparts, by facsimile and/or by PDF.

31. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

32. Finding. The Department finds that it is necessary and appropriate in the public interest and for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the 1972 Act to issue this Order.

**WHEREFORE**, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities Compliance and Examinations and Capital Source 2000 Inc. and CS2K, LLC, intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES  
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS**

Redacted

Eric Pistilli, Deputy Secretary for Securities

Date: 12/17/2024



**FOR CAPITAL SOURCE, 2000 INC.**

Redacted

Redacted

**WILLIAM BROMLEY**

Date: 12/11/2024

**JOSEPH COLE BARLETA**

Date: 12/10/2024

**FOR CS2K, LLC.**

Redacted

**WILLIAM BROMLEY**

Date: 12/11/2024