

II. RESPONDENTS

2. Walter Wayne Brown is a Kentucky resident with a last known address of 4101 Tates Creek Center, Suite 150-181, Lexington, Kentucky 40517.

3. Twin Bridge is a dissolved New Mexico limited liability company with a last known address of 4101 Tates Creek Center, Suite 150-181, Lexington, Kentucky 40517.

III. FINDINGS OF FACT

A. Overview of the Scheme.

4. Respondent Brown allegedly established Respondent Twin Bridge to serve as a feeder fund for the Texas-based CRW Management LP (“CRW”).

5. CRW was owned and operated by Ray M. White (“White”), a Texas resident.

6. Respondent Brown reiterated White’s claim that White and CRW invested money on behalf of investors in the Foreign Currency Exchange (“Forex”) Markets, promising an above-market return of an average of seven percent (7%) a week.

7. Respondent Brown solicited investors on behalf of White and CRW.

8. Beginning in early 2008, Brown offered and sold the opportunity to invest in CRW through Respondent Twin Bridge (the “Investment Opportunity”) to at least four South Carolina residents (“Investor A,” “Investor B,” “Investor C,” and “Investor D,” collectively, the “South Carolina Investors”).

9. The Investment Opportunity was not registered with the Division nor offered under a claim of an exemption from registration.

10. Respondent Brown was not registered as an agent with the Division nor operating under a claim of an exemption from registration.

11. CRW was, in fact, a Ponzi scheme, in which White diverted CRW's funds to pay commissions and for personal expenses.

B. Brown Schemes to Ensnare South Carolina Investors.

12. In June of 2008, Investor A invested twenty thousand dollars (\$20,000) in the Investment Opportunity, and Respondent Brown promised him a rate of return of ten percent (10%) per month.

13. Shortly after he wired Investor A's investment to CRW, Respondent Brown received in return a commission of thirteen thousand dollars (\$13,000) from White and CRW.

14. Respondent Brown omitted to disclose the large commission he would receive from White and CRW for soliciting the Investment Opportunity to Investor A.

15. Subsequently, Respondent Brown would receive at least an additional thirty-eight thousand dollars (\$38,000) in commissions from White and CRE for the sale of the Investment Opportunity.

16. Following Investor A's investment, Investor B, Investor C, and Investor D invested a collective total of twenty-one thousand dollars (\$21,000) in the Investment Opportunity.

17. Rather than direct Investor B, Investor C, and Investor D's investments to CRW, Respondent Brown diverted the totality of these investments for personal use, using the funds to

pay for various personal expenses, including, but not limited to travel expenses, food expenses, and the purchase of a BMW 5-Series Sportwagon.

18. In addition to omitting to disclose that he had no intention of investing Investor B, Investor C, and Investor D's investments in the either CRW or the Forex Markets, Respondent Brown, on his own behalf and on behalf of Respondent Twin Bridge, also made numerous other false statements and omissions of material facts in connection with his offer and sale of the Investment Opportunity to each of the South Carolina Investors, including, but not limited to:

- a. Falsely stating that the South Carolina Investors could expect above-market rates of return;
- b. Omitting to disclose to the South Carolina investors his filing for bankruptcy protection under Chapter 7 of the United States Bankruptcy Code or the unsatisfied 2006 tax lien filed against him by the Commonwealth of Kentucky;
- c. Omitting to disclose that he had failed to conduct any due diligence on CRW and White or the Investment Opportunity;
- d. Omitting to disclose the significant contingent liability faced by the Respondents in light of their failure to register properly the Investment Opportunity and the lack of applicability of any exemption from registration; and
- e. Omitting to disclose that the Investment Opportunity could not legally be offered for sale in this state.

C. CRW Collapses.

19. In March of 2009, both the United States Securities and Exchange Commission and the United States Commodities Futures Trading Commission filed suit against CRW alleging, *inter alia*, that White and CRW were operating a Ponzi scheme.

20. Subsequently, White was charged by the United States of America with commodities fraud in violation of Title 7 U.S.C. §§ 6(b)(a)(2) and 13(a)(2), pled guilty, and was sentenced to ten (10) years in federal prison.

D. Brown Fails to Repay the South Carolina Investors.

21. Respondent Brown, who, as of this date, has not been charged by the United States of America in connection with the CRW Ponzi scheme, failed to honor his agreements with the South Carolina Investors.

IV. CONCLUSIONS OF LAW

22. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.

23. Pursuant to S.C. Code Ann. § 35-1-102(2), an agent is an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities, or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.

24. Pursuant to S.C. Code Ann. § 35-1-102(29), investment contracts, and certificates of interest or participation in profit-sharing agreements, *inter alia*, constitute securities.

25. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless that security is registered, a federal covered security, or exempt from registration.

26. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business as an agent in this State unless that individual is registered or exempt from registration.

27. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person in connection with the offer or sale of a security in this State: (1) to employ a scheme, device, or artifice to defraud; (2) to make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

28. Pursuant to S.C. Code Ann. §35-1-604(a)(1), if the Securities Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act, the Securities Commissioner may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with the Act.

29. Pursuant to S.C. Code Ann. § 35-1-604(b), an order issued under § 35-1-604(a) is effective on the date of issuance and must include a statement of any civil penalty or costs of investigation sought, a statement of the reasons for the order, and notice that, within fifteen (15)

days after the receipt of a request in a record from a Respondent, the matter will be scheduled for a hearing.

30. The Investment Opportunity offered and sold by the Respondents constitutes a security as defined by the Act.

31. The Investment Opportunity offered and sold by the Respondents was neither federal covered securities, exempt from registration, nor registered with the Division and were therefore sold in violation of the Act.

32. Respondent Brown acted as an agent in the offer and sale of the Investment Opportunity to the South Carolina Investors on behalf Respondent Twin Bridge and CRW.

33. The Respondents sold securities in this State: (1) while employing a scheme, device, or artifice to defraud; (2) through the making of untrue statements of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading; and (3) by engaging in an act, practice, or course of business that operated as a fraud or deceit upon another person.

34. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondents be ordered to cease and desist from engaging in the above enumerated practices which constitute violations of the Act and pay an appropriate civil penalty for their wrongdoing.

V. CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. The Respondents and every successor, affiliate, control person, agent, servant, and employee of the Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of either of the Respondents **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof; and
- b. Respondent Brown pay a civil penalty in the amount of Fifty Thousand Dollars (\$50,000) if this Order becomes effective by operation of law, or, if Respondent Brown seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed Ten Thousand Dollars (\$10,000) for each violation of the Act by Respondent Brown, and the actual cost of the investigation or proceeding.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. § 35-1-604(a)(2) and (3), any exemption from registration with the Division that either Respondent may claim to rely upon under S.C. Code Ann. §§ 35-1-201(3)(C), (7), or (8); 35-1-202; 35-1-401(b)(1)(D) or (F); or 35-1-403(b)(1)(C), has been and is **PERMANENTLY REVOKED**.

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

The Respondents are hereby notified that they each have the right to a hearing on the matters contained herein. To schedule such a hearing, a Respondent must file with the Securities Division, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina,

29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from a Respondent, will schedule the hearing for the requesting Respondent(s).

In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.


Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty and any assessed costs, becoming final as to that Respondent by operation of law.

This Order does not prevent the Division or any other law enforcement agency from seeking such other civil or criminal remedies that are available under the Act, including remedies related to offers or sales of securities by the Respondents which may or may not be set forth above.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING ADDITIONAL ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES PURSUANT TO S.C. CODE ANN. § 35-1-508.

ENTERED, this the 20th day of March, 2014.

ALAN WILSON
SECURITIES COMMISSIONER

By: 
TRACY A. MEYERS
Assistant Deputy Attorney General

ISSUANCE REQUESTED BY:



IAN P. WESCHLER
Assistant Attorney General
Securities Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, S. C. 29201

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 10012

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated March 20, 2014, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Walter Wayne Brown
Individually and on behalf of
Twin Bridge Holdings, LLC
4101 Tates Creek Center
Suite 150-181
Lexington, KY 40517

Document(s): Order to Cease and Desist

Mailed March 20, 2014 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: 

Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 20 day of March, 2014.



Notary Public for South Carolina

My commission expires: 7/2/18