

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:

**John Strength,
Brittney O’Daniel, and
Cancun Enterprises, LLC,
Respondents.**

**ORDER TO CEASE AND DESIST
File No. 14053**

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division received information regarding alleged securities-related activities of John Strength (“Strength”), Brittney O’Daniel (“O’Daniel”), and Cancun Enterprises, LLC, (“Cancun Enterprises”) (collectively, the “Respondents”), which, if true, would constitute violations of the Act; and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

WHEREAS, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENTS

2. John Strength is a Texas resident with a last known address of 425 Beacon Hill Road, Coppell, Texas 75019.

3. Brittney O'Daniel is a Texas resident with a last known address of 425 Beacon Hill Road, Coppell, Texas 75019.

4. Cancun Enterprises is a Texas limited liability company with a last known address of 4237 Pinewood Dr., Plano, Texas 75093.

III. FINDINGS OF FACT

4. In or about 2006, Respondents Strength and O'Daniel formed Cancun Enterprises in Dallas, Texas.

5. Cancun Enterprises' alleged purpose was the development of a restaurant and entertainment venue called "Crocodile Rocks" (the "Venue") in Cancun, Quintana Roo, Mexico.

6. The Respondents solicited funds from numerous investors for the alleged purpose of developing the Venue.

7. In order to reach investors in South Carolina, the Respondents persuaded a South Carolina resident, himself an early investor, to solicit other South Carolina investors on their behalf ("Investor A").

8. Beginning in late 2006, directly and through Investor A, the Respondents offered and sold shares in Cancun Enterprises (the "Shares") to at least 20 South Carolina Investors (the "South Carolina Investors").

9. Neither the Shares, nor the Respondents, nor Investor A were registered with the Division or exempt from registration with the Division or the United States Securities and Exchange Commission.

10. The Respondents eventually obtained at least \$1,000,000.00 from the South Carolina Investors.

11. The Respondents paid in excess of \$25,000.00 in commissions to Investor A in exchange for his offer and sale of the Shares to the South Carolina Investors.

12. The Respondents, directly and through Investor A, represented to the South Carolina Investors that Cancun Enterprises had acquired the land and all necessary permits for the construction of the Venue.

13. The Respondents further represented that construction on the Venue would begin within six (6) months.

14. In reality, Cancun Enterprises had not obtained the necessary permits and the Venue could not be built on the land proposed for it.

15. The Respondents, without the knowledge of Investor A or the South Carolina Investors, diverted substantially all of the South Carolina Investors' funds, as well as the funds of other investors, in order to finance various personal extravagances, including, but not limited to the following:

- a. Personal salaries paid to Strength and O'Daniel of \$8,000.00 per month;
- b. A salary of \$6,000.00 per month and cash payments in excess of \$125,000.00 to a "Carlos Enrique";

- c. Over seven thousand dollars \$7,000.00 on luxury cruise accommodations;
and
- d. Over \$20,000.00 in fine dining, clothing, and home furnishings.

16. In connection with the offer and sale of Shares to the South Carolina Investors, the Respondents, directly and through Investor A, made numerous false and misleading statements and omissions, including, but not limited to the following:

- a. Falsely stating Cancun Enterprises had obtained all the necessary permits and that construction on the Venue was due to begin in six (6) months;
- b. Falsely stating that the South Carolina Investors' funds would be directed to the development and operation of the Venue;
- c. Omitting to disclose the significant contingent liability faced by Respondent Cancun Enterprises in light of its failure to register the Shares and the lack of applicability of any exemption from registration; and
- d. Omitting to disclose that the Shares could not legally be offered for sale in South Carolina.

17. To date, the Venue has not been constructed and the South Carolina Investors have lost the entirety of the at least \$1,000,000 invested in the Shares.

IV. CONCLUSIONS OF LAW

18. 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.

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

20. 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.

21. Pursuant to S.C. Code Ann. § 35-1-402 (d), it is unlawful for an issuer, engaged in offering, selling, or purchasing securities in this State, to employ or associate with an agent who transacts business in this State on behalf of that issuer unless that agent is registered under S.C. Code Ann. § 35-1-402 (a).

22. 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.

23. 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.

24. 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 as to that Respondent.

25. The Shares offered and sold by the Respondents constitute securities as defined by the Act.

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

27. Respondents Strength and O'Daniel and Investor A acted as agents in the offer and sale of the Shares to the South Carolina Investors on behalf of Cancun Enterprises.

28. Respondents Strength and O'Daniel acted as unregistered agents in violation of the Act.

29. The Respondents employed an unregistered agent in violation of the Act.

30. 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.

31. 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 each Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of any Respondent **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. The Respondents shall jointly and severally pay a civil penalty in the amount of \$100,000.00 if this Order becomes effective by operation of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed \$10,000.00 for each violation of the Act by that Respondent, 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 the Respondents 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 additional civil or criminal remedies that are available under the Act, including remedies related to the offers and sales of securities by the Respondents set forth above.

ENTERED, this the 31st day of October, 2014.

ALAN WILSON
SECURITIES COMMISSIONER

By: Tracy Meyers
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:



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

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 14053

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated October 31, 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:

Cancun Enterprises
4237 Pinewood Drive
Plano, Texas 75093

Document(s): Order to Cease and Desist

Mailed October 31, 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
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 31st day of October, 2014.

Law Attkin Carr
Notary Public for South Carolina

My commission expires: 3-10-18

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 14053

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated October 31, 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:

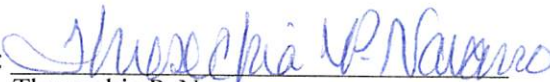
Mr. John Strength
425 Beacon Hill Road
Coppell, Texas 75019

Document(s): Order to Cease and Desist

Mailed October 31, 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:



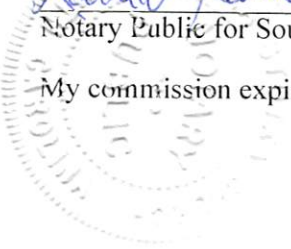
Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 31st day of October, 2014.



Notary Public for South Carolina

My commission expires: 3-10-18



STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE
File Number 14053

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated October 31, 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:

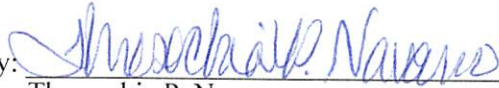
Ms. Brittney O'Daniel
425 Beacon Hill Road
Coppell, Texas 75019

Document(s): Order to Cease and Desist

Mailed October 31, 2014 from Columbia, South Carolina.

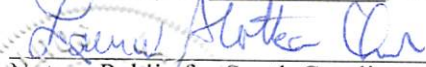
I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

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 31st day of October, 2014.



Notary Public for South Carolina

My commission expires: 3-10-18

