

III. FINDINGS OF FACT

3. Hunter, who held a Series 63 Securities License issued by the National Association of Securities Dealers, was formerly employed by Allianz Securities Incorporated, and was registered with the Division between 1999 and 2005.

4. In the years leading up to 2003, Hunter, a registered Insurance Producer, sold various insurance products to a resident of the State of South Carolina (the "Investor").

5. The Investor, a widowed senior citizen, utilized Hunter for most of her insurance needs.

6. In early 2003, Hunter became aware of Team Sports Entertainment, Incorporated ("Team Sports") an entity purportedly planning to, at an indeterminate point in the future, stage "NASCAR" style races using teams of cars and drivers competing against one another.

7. Team Sports offered shares of stock ("Shares") to investors through the Over-The-Counter Bulletin Board.

8. Hunter became enamored with Team Sports, expecting the Shares to rapidly increase in value.

9. In March of 2003, Hunter solicited the Investor to purchase Shares, telling her that Team Sports was "NASCAR," rather than an unproven competitor to NASCAR.¹

10. Hunter further stated to the Investor that her investment in Shares would rapidly increase in value and that he was in the process of purchasing Shares as an investment himself.

¹ The National Association for Stock Car Auto Racing or NASCAR is a privately-held corporation and its shares are not publically available.

11. On or about March 12, 2003, the Investor gave Hunter a check in the amount of twenty-five thousand dollars (\$25,000), expecting that Hunter would purchase Shares and manage her investment on her behalf.

12. The Investor made the check payable to Hunter and wrote "NASCAR" on the memo line.

13. On or about March 17, 2003, Hunter deposited the Investor's check in a trading account at Scott and Stringfellow, Incorporated, under the control of Hunter's nephew (the "Nephew").

14. Hunter allegedly requested that the Nephew use his account to purchase the Shares because Hunter believed he "could not properly manage the investment."

15. Eventually, in excess of twenty-four thousand dollars' (\$24,000) worth of the Shares were purchased by the Nephew, through the Nephew's account, allegedly on behalf of the Investor.

16. If the Shares purchased through the Nephew's account were, in fact, purchased on the Investor's behalf, Hunter never purchased any Shares on his own behalf.

17. In connection with his offer and sale of Shares to the Investor, Hunter made numerous false and misleading statements and omissions, including, but not limited to, the following:

- a. Falsely stating that he was in the process of purchasing Shares with his own money;
- b. Falsely stating that the Shares represented an investment in NASCAR;

- c. Omitting to disclose that the Shares represented an investment in Team Sports, an unproven competitor to NASCAR.
- d. Omitting to disclose that he did not intend to purchase the Shares or manage the Investor's investment himself;
- e. Omitting to disclose that the Shares represented an exceptionally risky investment; and
- f. Omitting to disclose that the Shares were wholly unsuitable as an investment for the Investor.

18. Following the Investor's investment, Hunter failed to provide her with any sort of written confirmation, or account documentation or statements of any kind.

19. The Investor frequently asked Hunter for information on the status of her investment, but he continually failed to give her any information post-investment until April, 2003.

20. In April, 2013, when the Investor again inquired of Hunter the status of her investment, he finally informed her that "NASCAR" had gone broke, the Shares had lost all value, and her investment had been wiped out.

IV. CONCLUSIONS OF LAW

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. The Shares offered and sold by the Respondent constitute securities as defined by the Act.

27. The Respondent 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.

28. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondent 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 Respondent and every successor, affiliate, control person, agent, servant, and employee of the Respondent, and every entity owned, operated, or indirectly or directly controlled by or on behalf of the Respondent **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, § 35-1-501 thereof; and
- b. Respondent Hunter pay a civil penalty in the amount of Ten Thousand Dollars (\$10,000) if this Order becomes effective by operation of law, or, if Respondent Hunter 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 Hunter, 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 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 Respondent is hereby notified that he has the right to a hearing on the matters contained herein. To schedule such a hearing, the 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 the Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from the Respondent, will schedule the hearing for the Respondent.

In the written Answer, the 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. If the Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Failure by the 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 the Respondent of the right to such a hearing. Failure of the 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 the 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 Respondent 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 27th day of March, 2014.

ALAN WILSON
SECURITIES COMMISSIONER

By: Tracy A. 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, S. C. 29201