

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

IN THE MATTER OF:)	
)	
Jessica Walsh; GSE Properties, LLC; and 544 South Joint Venture;)	
)	
)	ORDER TO CEASE AND DESIST
)	
Respondents.)	Matter No.: 20191640
_____)	

I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.* (the “Act”) and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Jessica Walsh (“Walsh”); GSE Properties, LLC (“GSE”); and 544 South Joint Venture (“544 South”) (collectively the “Respondents”), and in connection with its investigation has determined that evidence exists to support the entry of this Order to Cease and Desist.

II. PARTIES

1. The Securities Commissioner is charged with enforcing the Act, and the Securities Commissioner accomplishes certain of these statutory duties through the Division.
2. Walsh is a citizen and resident of the County of Georgetown, South Carolina.
3. GSE is a limited liability company organized and existing under the laws of the State of South Carolina, and doing business in the County of Horry, South Carolina. The last

known address of GSE is 10517 Ocean Hwy, Unit 4 #345, Pawleys Island, South Carolina 29585. Walsh is the owner, registered agent, and sole member of GSE.

4. 544 South is a business entity doing business in the County of Horry, South Carolina. According to a 544 South formation document, the members of 544 South are “Jessica Walsh DBA GSE Properties” and “Mike Tolbert DBA MT3 Properties.”¹ In the 544 South formation document, Walsh is listed as the “manager” of 544 South “after consulting with Mike Tolbert.” 544 South is characterized in formation documents as a “contractual joint venture.”

JURISDICTION

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

III. FINDINGS OF FACT

Promissory Note

9. On or about January 16, 2019, Walsh issued a promissory note on behalf of the Respondents to a South Carolina investor (the “Investor”). The promissory note provided, in part, as follows:

PROMISSORY NOTE
\$25,000.00
Pawley’s Island, South Carolina

January 16, 2019

One month after date for value received, we promise to pay to the order of [Investor] 50,000.00 Dollars in one installment of \$50,000.00 Dollars of principal and interest. In case said amount is not paid at maturity I promise

¹ MT3, Properties, LLC (“MT3”) MT3 is a business entity organized and existing under the laws of the State of North Carolina. MT3 is located at 8712 Matthews Farm Lane, Charlotte, North Carolina 28277. The members of MT3 are Maria Shianette Tolbert and William Tolbert, II. The registered agent for service of MT3 is Registered Agents, Inc. with the last known address of 4030 Wake Forest Road, Ste 349, Raleigh, North Carolina 27609. William Michael (“Mike”) Tolbert (“Tolbert”) is a citizen and resident of the County of Mecklenburg, North Carolina.

to pay all expenses incurred in collecting same, including attorney's fees for collection and attorney's fees for any litigation concerning the said debt.

As collateral security I pledge the interest of GSE Properties LLC in the profits of the 544 South Joint Venture (or any successor LLC) owned with MT3 LLC, that being a one-half interest. In addition a UCC will be filed with the Secretary of State against assets of Cornerstone Sports Marketing^[2] which [Investor] will assume if loan defaults.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 16th day of January, 2019

10. The Investor understood that he was investing in a business venture owned and operated by the Respondents. Specifically, the Investor understood that he was investing in a student housing project located near Coastal Carolina University on Savannah Bluff Road in Conway, South Carolina. Walsh provided the Investor with a business plan and financial information for the project, which stated in part that "this is an excellent opportunity for a successful investment." The business plan provided that "the Owner, MT3 Properties, LLC, has assembled a team of professionals to accomplish its goals. . . The team members all have vast experience with this type of project and working in this specific area."

11. In fact, there is no evidence to suggest that the Respondents had any experience with this type of project. Moreover, the rosy picture presented in the project plans provided no disclosures of the risks associated with investing in such a venture.

12. The records obtained in the course of the Division's investigation reveal that Walsh deposited the Investor's money into her personal bank account, and she used the Investor's money for her personal benefit.

² Cornerstone Sports Marketing ("Cornerstone") is a business entity doing business and incorporated in the State of South Carolina. According to the South Carolina Secretary of State's Office, Conerstone's registered agent is LegalCorp Solutions, LLC, 6650 Rivers Avenue, North Charleston, South Carolina 29406.

13. In addition, a search of the UCC filings at the Office of the South Carolina Secretary of State reveals no filing related to the Investor and/or Cornerstone (as defined in footnote 2).

14. After several months, in May 2019, Walsh made a partial payment of the principal owed to the Investor. She entered into a number of subsequent agreements promising to return the balance owed plus interest and “penalties.” Ultimately, the Investor filed suit in the Horry County Court of Common Pleas against Walsh, Tolbert, GSE, MT3, and 544 South. Alexander v. Jessica Walsh, et al., Case No. 2019-CP-26-08292 (Dec. 23, 2019). Walsh and her co-defendants failed to answer the complaint and were found to be in default.

15. In the course of its investigation, the Division discovered evidence that Walsh altered certain bank records, which she provided to the Investor in order to suggest to the Investor that she had access to funds to repay the Investor. Walsh asked the Investor not to share the altered document with the Division.

Division subpoenas

16. As part of its investigation, the Division has sent multiple subpoenas to Walsh to appear and produce documents. Walsh has failed to comply with the subpoenas propounded by the Division.

17. Specifically, on January 16, 2020, the Division served Walsh with a subpoena at multiple addresses to appear on February 5, 2020, to answer questions and to produce records regarding the Division’s investigation. An attorney contacted the Division on February 4, 2020. He stated he was going to meet with Walsh regarding his representation of Walsh, and at his request, the Division agreed to an extension to respond to the subpoena. Thereafter, a tentative

meeting with Walsh was going to be scheduled in March of 2020. Walsh never retained the attorney, and Walsh never appeared or produced the subpoenaed records.³

18. On November 18, 2020, after confirming that counsel was never retained, the Division served Walsh with a subpoena at multiple addresses, which required her to produce records by December 4, 2020. In subsequent emails and telephone calls to the Division, Walsh provided various excuses and employed a variety of delay tactics in order to avoid compliance with the Division's subpoena. The Division has never received the demanded records.

IV. CONCLUSIONS OF LAW

19. The Respondents offered and sold at least one promissory note, which, pursuant to S.C. Code Ann. § 35-1-102(29), constitutes a security.

20. The Respondents sold a security in South Carolina, which was neither registered with the Division nor exempt from such registration, in violation of S.C. Code Ann. § 35-1-301.

21. South Carolina Code Ann. § 35-1-501, provides in relevant part that "It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly (1) to employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under 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.

22. Respondents participated in the offer and sale of a security by means of a scheme to defraud; made untrue statements of a material fact or omitted to state material facts necessary in order to make the statements, in light of the circumstances under which they were made, not

³ The Division recognizes that the COVID-19 pandemic created delays with respect to some aspects of subpoena compliance.

misleading; and engaged in acts, practices, or courses of business that operated as a fraud on the Investor.

23. The Respondents' offer and sale of an unregistered, non-exempt security and fraudulent conduct in connection with the offer and sale of a security in South Carolina, in violation of the Act, provides the basis for the issuance of this Order, pursuant to S.C. Code Ann. § 35-1-604(a)(1).

24. This Order is in the public interest.

V. 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 the Respondents **CEASE AND DESIST** from transacting business in this State in violation of the Act;
- b. The Respondents shall jointly and severally pay a civil penalty in the amount of twenty-five thousand dollars (\$25,000) 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 and the actual cost of the investigation or proceeding; and
- c. The Respondents shall jointly and severally pay five thousand dollars (\$5,000) for the costs associated with this investigation, or, if a Respondent seeks a

hearing and any legal authority resolves this matter, pay the actual costs associated with the investigation and legal proceeding in accordance with S.C. Code Ann. § 35-1-604(e).

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 the Act has been and is **PERMANENTLY REVOKED**.

VI. NOTICE OF OPPORTUNITY FOR HEARING

The Respondents are hereby notified that each has 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: Securities Division, within thirty (30) days after the date of service of this Order, 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 the Respondent, will schedule a hearing for the Respondent.


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 agency, including without limitation civil and criminal law enforcement agencies, 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 18th day of February, 2021.

ALAN WILSON
SECURITIES COMMISSIONER

By: 

JONATHAN B. WILLIAMS
Assistant Deputy Attorney General