



## FACTUAL HISTORY

1. Defendant M. K. [redacted] South Carolina resident

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8. In offering materials distributed in connection with offers and sales of ACC shares, Respondent McKee, acting on behalf of himself and Respondent ACC, made false or misleading statements of material fact, including but not limited to the following:

- a. "Peter [McKee] received his B.S. in Engineering and his MS from Ohio State University."
- b. "Mr. McKee co-founded the Data I/O Corp."
- c. The term "unmanufacturing" has been trademarked by ACC to "describe its unique disassembly technique".

- e. John W. Foster of the law firm of Kilpatrick Stockton, L.L.P., Columbia, South Carolina, serves as general counsel for American Converting Corporation.

c. McKee has not paid any distribution, of any kind, to any shareholders  
or investors in any of his past business ventures

d. McKee has filed for bankruptcy multiple times.

10. In a letter to investor TB, a South Carolina resident, Respondent McKee, acting on behalf  
of himself and Respondent ACC made several false or misleading claims including but

a. "I have agreed to personally guarantee your \$20,000 investment in  
American Converting Corp. This guarantee will be backed up with the  
assets of my family trust. The name of the trust is MACH II

ELECTRONICS LIMITED (A 100% UK and Dutch American Corp)"

c. "We just got an award from Shaw Air Force Base as vendor of the year for what we're doing. And the head shed from the Air Force he was down there on other business, nothing to do with us, but he's the one that just gave me the award three weeks ago. We do all the Air Force recycling"

and that keyboard and that battery and five chips off the motherboard

and we take them off and put them in a box and we send them down

20. Pursuant to S.C. Code Ann. § 35-1-402(d), it is unlawful for a broker-dealer, or an issuer

engaged in offering, selling, or purchasing securities in this State to employ or assist

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

b. Respondents violated S.C. Code Ann. § 35-1-301 by offering securities in and from the State of South Carolina when the securities offered by Respondents are not now and during the time period of their offering in and from the State of South Carolina were not registered for sale in or from the State of South Carolina.

c. Respondents violated S.C. Code Ann. § 35-1-401 when Respondents, who are not now and during the time of the offering described above were not registered to offer or sell securities in or from the State of South Carolina, offered and sold securities in and from the State of South Carolina.

d. The Respondents have not asserted to the Division any claim of exemption from registration, either on their own behalf or on behalf of the security.

e. Respondents violated S.C. Code Ann. § 35-1-501 and engaged in securities fraud

when they (1) made misrepresentations of one or more material facts, and (2) omitted to state one or more material facts concerning themselves, their prior business experience, the security, the use of funds gathered from the investors, and past distributions to investors, in connection with the offer of the security in and from the State of South Carolina.

f. Respondents violated S.C. Code Ann. § 35-1-402 when they employed and [redacted] with an unregistered agent who identified and solicited potential investors for



b. Pay a civil penalty in the amount of fifty thousand dollars (\$50,000.00) if this Order becomes effective by operation of law, or, if either Respondent seeks a hearing and a hearing officer or any other legal authority resolves this matter, pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by each Respondent, and the actual cost of the investigation or proceeding.

**REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING**

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

WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES

UNLESS OTHERWISE SPECIFIED, ALL REFERENCES TO "THE ORDER" ARE TO THE ORDER DATED 11/11/00.

THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION  
OR THE FILING OF CRIMINAL CHARGES UNDER 8 C.F.R. 251.509