



Without admitting or denying the Finding of Facts and Conclusions of Law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondents and the subject matter of this proceeding, which are admitted, the Respondents, having been advised of their right to counsel, expressly consent to the entry of this Consent Order, which resolves the allegations against them set forth herein. The Respondents elect to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order

## **II. JURISDICTION**

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

## **III. RELEVANT PERIOD**

2. Except as otherwise expressly stated, the conduct described herein occurred during the period of January 1, 2017, to December 31, 2022 (the “Relevant Period”).

## **IV. RESPONDENTS**

3. SRB is a resident of the state of Georgia and the owner, president, and registered agent of Bishop Insurance. SRB was licensed as a South Carolina insurance producer between August 12, 2014, and October 31, 2020.

4. STB is a resident of the state of Georgia and an employee of Bishop Insurance. STB has been a licensed South Carolina insurance producer since August 19, 2015. Upon information and belief, STB is the son of SRB.

5. Bishop Insurance is a corporation located at 255 Racetrack Road, McDonough, Georgia 30252. Bishop Insurance purports to be an insurance agency. Bishop Insurance had a South Carolina office located at 110 Traders Cross, Bluffton, South Carolina 29909, and the Bishops transacted business at this location.



Muratore and Thomas Brad Pearsey, and later James Ikey and Brunson (collectively, the “Heartland Principals”).

14. Atlantic Coast Advisors and Atlantic Coast Fund, at the direction of the Bishops and Bishop Insurance, were Feeder Funds.<sup>3</sup>

15. Under Heartland's feeder

check—the commission check—was deposited into a Wells Fargo account in the name of Atlantic Coast Advisors.<sup>4</sup> Immediately thereafter, from the Atlantic Coast Advisors Wells Fargo account, a check was written to STR—with the memo line containing the name of the investor and “finder fee” or “commission” or an abbreviation for the commission (e.g. “comm.” or “com.”), and a second check written to Bishop Insurance—with the memo line containing the name of the investor followed by “finder fee” or “commission” or an abbreviation for commission (e.g. “comm.” or “com.”) or simply “Steve’s Comm.” The check for Bishop Insurance went to pay SRB.<sup>5</sup> These various checks were signed by SRB, STB, or SRB’s wife.

20. In most instances, the Respondents retained a commission of 7.5% for its role in these transaction.<sup>6</sup>

21. By way of example, a South Carolina investor (“SC Investor 1”) had a cashier’s check drawn from his account in the amount of \$250,000 in the name of Atlantic Coast Fund. The check was dated July 19, 2021. The check was endorsed on the back by STB and deposited into the Atlantic Coast Fund Wells Fargo account on July 20, 2021. The same day—July 20, 2021—a check was written from the Atlantic Coast Fund Wells Fargo account payable to the order of Heartland in the amount of \$232,500. SC Investor 1’s name was written on the memo line, and the check was signed by SRB’s wife. The next day, on July 21, 2021, \$17,500, which is 7% of the original cashier’s check amount, was electronically transferred to the Atlantic Coast Advisors Wells Fargo account. On July 22, 2021, a check was written from the Atlantic Coast Advisors Wells Fargo account payable to the order of Bishop Insurance in the amount of \$8,750—half of

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<sup>4</sup> In some instances, the Respondents simply completed an electronic transfer of the commission funds.

<sup>5</sup> The Bishop Insurance bank account was used to pay SRB personal expenses.

<sup>6</sup> Of note, the Di31.c7.755 0 TD(60 Tc0 Tw3s wvhsion ( Of)o Tc0u0 Tc0d sto S)3.8(e)v2(xp1(rTw3s w )6(b1)8.2(no)5.4( Tc0u Tc0

the \$17,500 commission transferred into the Atlantic Coast Advisors Wells Fargo account the day before. Written on the memo line of this check was “[SC Investor 1’s name] Com.”, and the check was signed by SRB’s wife. SRB endorsed the back of the check, and it was deposited into the Bishop Insurance bank account. On July 22, 2021, a second check was written from the Atlantic Coast Advisors Wells Fargo account payable to the order of STR in the amount of \$8,750—the other half of the \$17,500 commission transferred into the Atlantic Coast Advisors Wells Fargo account the day before. Similarly, written on the memo line of this check was “[SC Investor 1’s name] Com.”, and the check was signed by SRB’s wife. STB endorsed the back of the check, and it was deposited into his bank account. A few weeks later, on August 10, 2021, two more checks for \$625 each were drawn on the Atlantic Coast Advisors Wells Fargo account after \$1,250 was transferred into that account from the Atlantic Coast Fund Wells Fargo account the day before. One check was written payable to the order of Bishop Insurance, and the other was written payable to the order of STR. “Additional com. on [SC Investor 1]” was written in the memo line of each check, and these additional commission checks were endorsed by the respective Bishops and deposited into their respective bank accounts.

22. With the initial \$17,500 and additional \$1,250 that was paid to SRB and STB, the Bishops together received a commission of 7.5% from SC Investor 1’s investment.

23. A similar pattern of pass-thru fee money occurred in instances involving SDIRA Accounts. For example, for a second South Carolina investor (“SC Investor 2”), MainStar Trust company—a SDIRA Account custodian for several of the Respondents’ clients—wired \$418,392.65 to Atlantic Wealth Fund on September 11, 2020. On the same day, a check written out to Heartland was drawn on the Atlantic Wealth Fund Wells Fargo account in the amount of \$387,013.21, and \$31,350 was transferred to the Atlantic Coast Advisors Wells Fargo account.

The \$31,350 was then immediately split into two checks for \$15,675 each for the Bishops' respective commissions.

24. The Bishops received a commission of 7.5% from SC Investor 2's investment.

25. At no time did the Wells Fargo checking accounts for Atlantic Coast Fund or Atlantic Coast Advisors respective Wells Fargo checking accounts maintain more than the bare minimum required balance to avoid bank fees. In other words, while thousands of dollars flowed through the accounts each month, the monthly ending balances for these respective checking accounts were almost always at or well below the minimum \$500 balance requirement.

26. During the Relevant Period, the Respondents solicited investors around the country for Heartland.

27. On April 2, 2020, the State of Michigan Department of LICE



30. On July 2, 2020, Heartland wired \$10,000 to SRB to reimburse him for the fine money he had paid to the Michigan Securities Bureau.

31. Of note, with regard to SC Investor 1, SC Investor 2, and two other South Carolina investors, SRB was involved with and received commissions from these securities offerings and were effectuated *after* the Michigan Securities Bureau ordered SRB to cease and desist from engaging in these activities in the Michigan Cease and Desist Order.

32. During the Relevant Period, the Respondents engaged as Feeders and/or Feeder Funds for Heartland from and/or into South Carolina.

33. During the Relevant Period, the Respondents received at least \$65,555 in transaction-based compensation in the form of commissions for referring at least five South Carolina investors who collectively invested \$925,392.65 in the Heartland Offerings.

#### **B. Resolute Capital Partners, LTD, LLC and Homebound Resources, LLC**

34. Resolute Capital Partners LTD, LLC (“Resolute”) is a Nevada limited liability company with offices in Texas, California, and Minnesota. Resolute describes itself as a private equity firm that “gives smart investors access to beyond-Wall Street assets, such as oil and gas wells.”

35. Homebound Resources, LLC (“Homebound”) is a Texas limited liability company operating in Texas. Homebound is a subsidiary of Homebound Financial Group, LP (“Homebound Financial Group”).

36. PetroRock Mineral Holdings, LLC (“PetroRock”) is also a subsidiary of Homebound Financial Group.

37. Homebound and PetroRock, and their parent company, Homebound Financial Group, were founded by Stefan Tiberiu Toth (“Toth”). Toth is co-owner, chairman, and chief

executive officer of Homebound Financial Group, and also operates and controls its subsidiaries, including Homebound and PetroRock.

38. Resolute and its affiliates created numerous oil and gas debt and equity investment vehicles using wells identified by Homebound (the “Resolute and Homebound Offerings”). Homebound acted as project sponsor for the Resolute and Homebound Offerings and was responsible for identifying and purchasing the oil and gas wells in which the Resolute investment vehicles owned working interests.

39. Between 2016 and 2019, Resolute and Homebound sold more than \$250 million of debt and equity securities in unregistered Resolute and Homebound Offerings, based on working interests in oil and gas wells, to retail investors. Specifically, Resolute and Homebound sold equity securities to investors in the form of membership interests in certain pooled investment vehicles, and investors were supposed to receive monetary distributions based on oil and gas well revenue plus any subsequent sale of the wells. Resolute and Homebound also sold debt securities in the form of promissory notes issued by certain companies wholly owned by PetroRock, which raised money and lent it back to PetroRock.

40. Resolute and Homebound offered the Resolute and Homebound Offerings through general solicitation, including seminars, dinners, and paid radio shows.

41. Salespeople, acting on behalf of Resolute and Homebound, directed investors with traditional retirement accounts that did not allow investments in unregistered oil and gas offerings to companies that assisted the investors in opening and transferring their retirement funds to SDIRA Accounts. Investors then used these newly created SDIRA Accounts to purchase the Resolute and Homebound Offerings.

42. Resolute and Homebound paid transaction-based compensation in the form of commissions to salespeople who referred investors to the Resolute and Homebound Offerings.

43. The SEC issued an order instituting an administrative and cease-and-desist proceeding against Resolute, Homebound, Toth, and Resolute's owner, Thomas Powell, on September 24, 2021.<sup>8</sup> The SEC alleged that Resolute, Homebound, Toth, and Powell, as well as salespeople acting on their behalf: (i) sold more than \$250 million in unregistered securities to retail investors; (ii) provided insufficiently supported projections of future oil production; (iii) made statements about potential tax benefits that were unavailable to certain investors; (iv) overstated cash reserves; and (v) made incomplete disclosures regarding potential uses of investor funds, including the amount of funds that would be used for payments to prior investors (and in that way, operated as a Ponzi scheme).

44. During the Relevant Period, the Bishops and Bishop Insurance engaged as salespeople acting on behalf of Resolute and Homebound.

45. During the Relevant Period, the Bishops and Bishop Insurance received at least \$101,991.57 in transaction-based compensation in the form of commissions for referring at least seven South Carolina invest

## **VI. CONCLUSIONS OF LAW**

48. Paragraphs 1 through 47 are incorporated by reference as though fully set forth herein.

49. The Heartland Offerings and the Resolute and Homebound Offerings are securities, pursuant to S.C. Code Ann. § 35-1-102(29).

50. The Respondents offered and sold securities, which were neither registered with the Division, nor exempt from such registration, in violation of S.C. Code Ann. § 35-1-301.

51. Each violation of S.C. Code Ann. § 35-1-301 is a separate violation of the Act.

52. SRB acted as an agent, as defined by S.C. Code Ann. § 35-1-102(2), in connection with the offer and sale of securities in South Carolina.

53. SRB was not registered as an agent with the Division or exempt from such registration in violation of S.C. Code Ann. § 35-1-402(a).

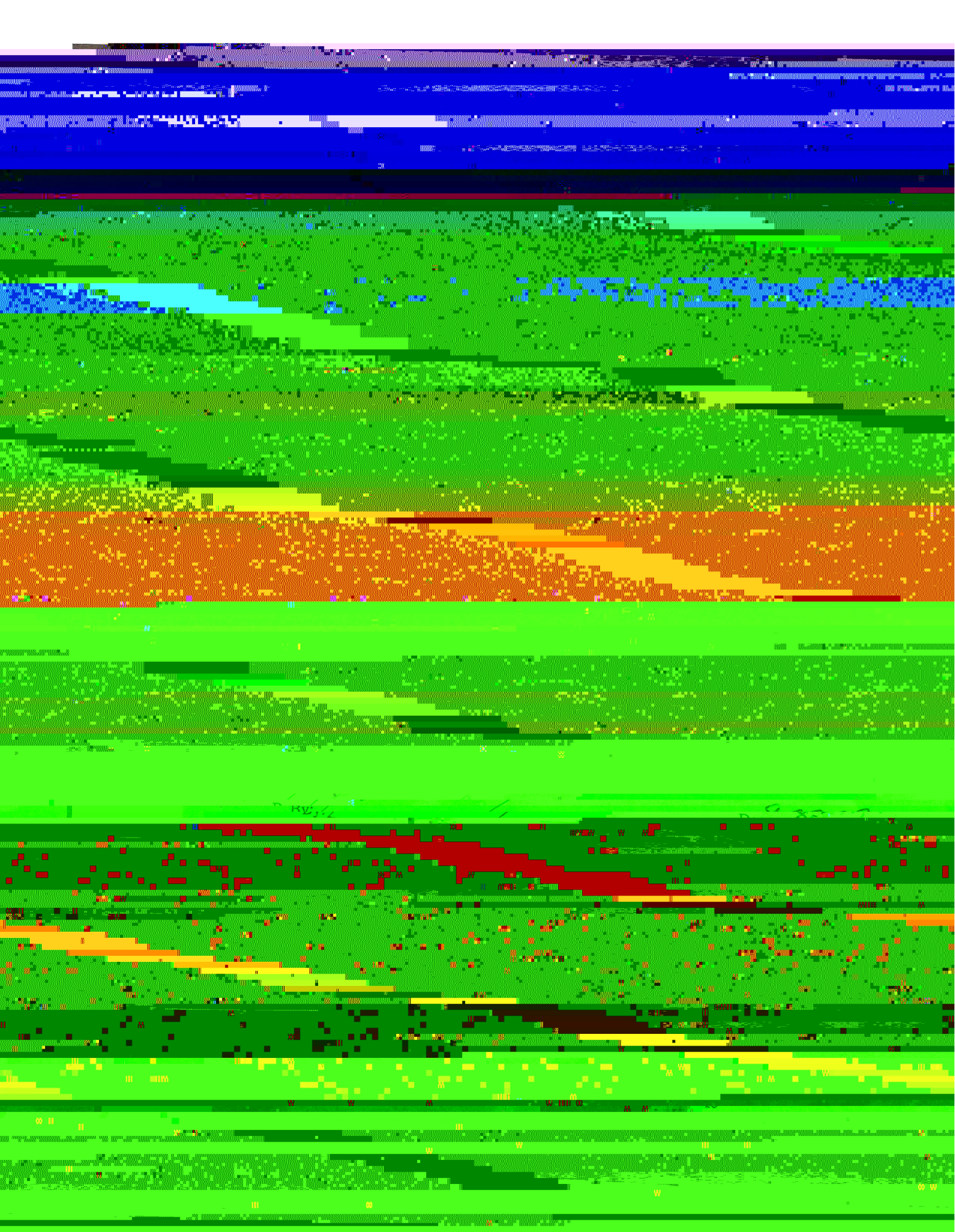
54. STB acted as an agent, , as defined by S.C. Code Ann. § 35-1-102(2), in connection with the offer and sale of securities in South Carolina.


55. STB was not registered as an agent with the Division or exempt from such registration in violation of S.C. Code Ann. § 35-1-402(a).

56. Pursuant to S.C. Code Ann. § 35-1-501, 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 untrue statements of a material fact or to omit to state a material fact necessary in order to make the statements

57. The Respondents failed to disclose that they were not registered as agents to offer or to sell securities in or from South Carolina.





  
Attorney General

8/28/2023