### **ADMINISTRATIVE PROCEEDING**

### **BEFORE THE**

# SECURITIES COMMISSIONER OF SOUTH CAROLINA

Respondents.	)
Thomas G. Carls, Carls Financial Group, Bridgewater, Inc.	) ) )
Joel L. Gillespie,	)
IN THE MATTER OF:	)

**ORDER TO CEASE AND DESIST** 

File Number 07017

WHEREAS, the Securities Division of the South Carolina Office of the Attorney General ("the Division"), pursuant to authority granted in the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. §35-1-101 to 35-1-703 (Supp. 2009), in or around April 1,

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# **JURISDICTION**

The Securities Commissioner of the State of South Carolina (the "Commissioner") has 1. jurisdiction over this matter pursuant to Section 35-1-180 of the Act.

# **RESPONDENTS**

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local businesses to finance the businesses accounts' receivables.

11. In exchange for the loans, Carls Financial Group gave the investors promissory notes

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12. Carls, individually and on behalf of Carls Financial Group, represented to investors that interest from the loans would pay the agreed upon interest rates to the investors.

13. During the relevant time period, neither Carls Financial Group nor Respondent Carls was registered with the Division in any capacity.

14. The notes offered and sold by Carls and Carls Financial Group were not registered or

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Bridgewater bank accounts.

21. Respondent Carls offered and sold promissory notes issued by Bridgewater to investors in and from the State of South Carolina. Certain of the investors who received Bridgewater issued promissory notes also were Carls Financial Group noteholders.

22. Investors in Bridgewater who were solicited by Carls were told that the money lent to

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29. The notes issued by Bridgewater were for varying terms, and had stated rates of interest between eight and twelve percent.

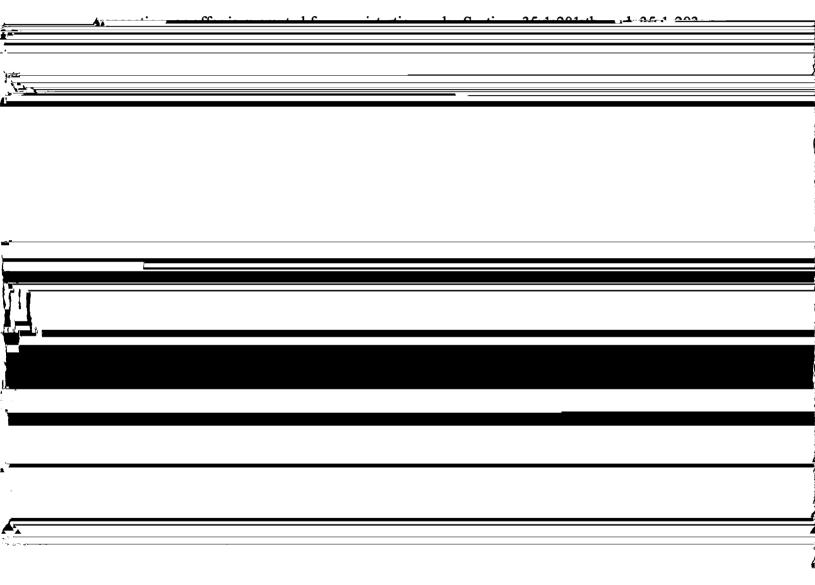
30. Respondent Carls would, at times, deliver the notes and the investments to Respondent Gillespie to get Gillespie's signature on the notes.

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32. Respondent Gillespie would, at times, deposit investor money into Respondent Gillespie's personal bank account.

39. Pursuant to Section 35-1-102(29) of the Act, the investment opportunities Respondents offered in and from South Carolina during the periods January 1, 2000, and May 1, 2000, to at least November 30, 2006, constitute securities under the Act and the Prior Act.

40. Pursuant to Section 35-1-301 of the Act, it is unlawful for a person to offer or sell a security in this State unless (1) the security is a federal covered security; (2) the security,



(3) the security is registered under the Act.

41. Pursuant to Section 35-1-402(a) of the Act, it is unlawful for a person to transact business in this State as an agent unless the individual is registered as an agent under the Act or is exempt from registration as an agent under the Act.

4? Pursuant to Section 35-1-402(d) of the Act it is unleveful for an issuer encoured in

	45. Pursuant to Section 35-1-602(a)(1) of the Act, the Securities Commissioner may conduct
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	violating, or is about to violate the Act or a rule adopted or order issued under the Act, or to aid
	in the enforcement of the Act or in the adoption of rules and forms under the Act.
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	Uniform Securities Act (the "Prior Act"), S.C. Code Ann. § 35-1-10 to 35-1-1590 (Supp. 2004),	
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#### **DIVISION'S DETERMINATION**

WHEREAS, based on the application of the law to the facts, the Division has determined that Respondents Gillespie, Carls, Carls Financial Group and Bridgewater have engaged, are engaging, or are about to engage in an act, practice, or course of business constituting a violation of the Act or the Prior Act or a rule adopted or order issued under the Act or the Prior Act as follows:

 During the time period on or about January 1, 2000, to November 30, 2006, Respondents Carls and Carls Financial Group offered and sold investment opportunities in and from the State of South Carolina.

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Respondents Gillespie, Carls, and Bridgewater offered and sold investment opportunities in and from the State of South Carolina

- c. The investment opportunities constituted "securities" both pursuant to the Act and the Prior Act.
- d. The securities offered and sold by Respondents were not registered for sale in or from the State of South Carolina.
- e. Respondents are not now and during the time of the offers and sales described

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Respondents Bridgewater and Carls Financial Group violated Section 35-1-402(d) h. of the Act and Section 35-1-410 of the Prior Act when they employed agents to offer and sell securities and allowed them to do so in and from this State without

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	agent registration.
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- b. Cease and desist from committing securities fraud, in violation of Section 35-1-501 of the Act; and
- c. Pay a civil penalty in the amount of fifty thousand dollars (\$50,000.00) if this Order

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by operation of law.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR

