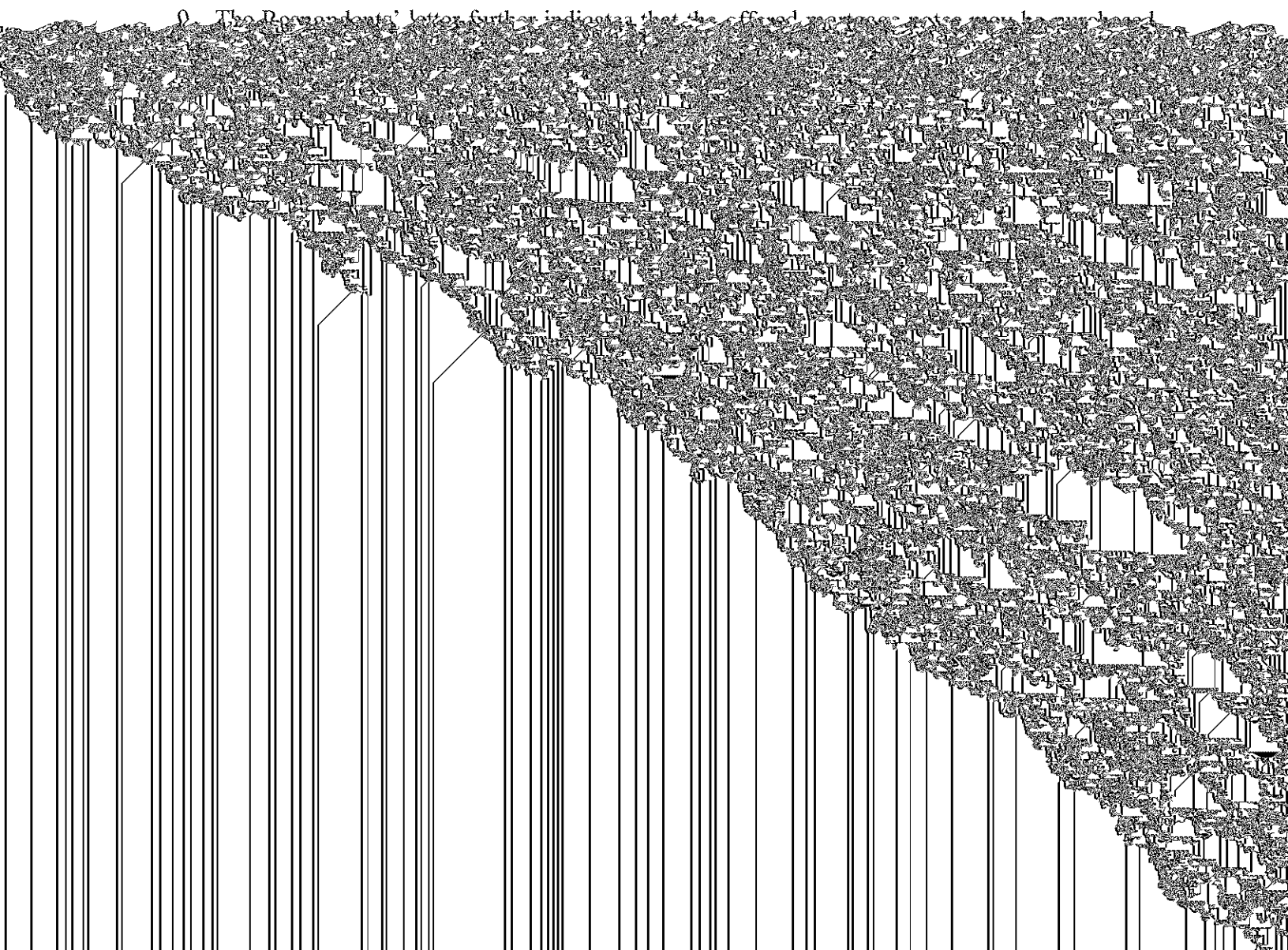




3. Respondent KIH is not registered as a corporation with the Secretary of State in South Carolina.
4. The Respondents are not registered to sell securities in South Carolina.
5. No products offered by the Respondents are registered or notice filed with the Division.
6. On or about October 11, 2010, the Respondents sent a letter to a South Carolina registered broker dealer representative offering an investment in "mortgage notes."
7. The Respondents' letter outlined an investment opportunity which would pay 11% annual interest for 10 years, and was purportedly backed by real estate.
8. The Respondents' letter provides that all responsibilities related to servicing the mortgages and caring for the underlying property would be undertaken by unnamed third parties.

9. The Respondents' letter further indicates that the offered mortgages are to be purchased





b. Specifically, 2000 and 2001 (2) policies investments in "mortgage notes" is a f

