

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)
)
IL Enterprises LLC, and Kevin Alonzo)
Tremayne Smith,)
)
Respondents.)

ORDER TO CEASE AND DESIST

File No. 14107

WHEREAS, the Securities Division of the Office of the Attorney General of the State of

South Carolina (the "Division") has been authorized and directed by the Securities

Commissioner of South Carolina (the "Securities Commissioner") to administer the provisions of

II. RESPONDENTS

2. Respondent Smith is a South Carolina resident with a last known address of 504 Flanders Court, Greenville, South Carolina 29607.
3. Respondent IL Enterprises is a South Carolina corporation with a last known address of 512 Golden Pine Court, Piedmont, South Carolina 29673.
4. Respondent IL Enterprises was incorporated on or about July 17, 2007.
5. ~~At all times relevant to this Order Respondent Smith was the owner registered agent~~

and chief control person of Respondent IL Enterprises.

III. FINDINGS OF FACT

The Hawaiian Investors

6. ~~On or about June 29, 2012, the Respondents began corresponding with a real estate~~

upon completion of the Project.

11. On or about July 27, 2013, in exchange for the Hawaiian Investors' respective investments in the Project, the Respondents signed a \$50,000 promissory note to one of the Hawaiian Investors and a \$20,000 promissory note to the other Hawaiian Investor.
12. Through the promissory notes, the Respondents guaranteed repayment in full of the

principal plus thirty percent (30%) interest.

13. The promissory notes stated that the Respondents would repay the balance of the

upon sale of the Properties, whichever came first.

obligations to the Foundation.

19. To date, the Project has not come to fruition.
20. To date, the Respondents have not repaid the Foundation or the Hawaiian Investors.

The Arizona Investor

21. On or around January 9, 2014, while the Respondents were still obligated to the Hawaiian Investors, the Respondents solicited an investment from a third investor (the "Arizona Investor") to finish the renovation and resale of one of the Greenville, South Carolina properties

22. The Respondents signed promissory notes for all of the Arizona Investor's investments promising a fifteen percent (15%) return and repayment a month from the date of execution of the promissory notes.

23. The Respondents purportedly secured some of the Arizona Investor's investment by mortgaging the property to the Arizona Investor.

24. During the period of January 10, 2014 through February 20, 2014, the Arizona Investor deposited a total of \$30,500 into accounts controlled solely by the Respondents.

25. Contrary to representations made in connection with the offer and sale of securities to the Arizona Investor, the Respondents did not spend a significant portion of the Arizona Investor's money on renovating or reselling one of the Greenville, South Carolina properties.

26. In addition, the Respondents used some of the Arizona Investor's money on personal

27. In connection with the offer and sale of the securities, the Respondents made numerous

false and misleading statements and omissions, including but not limited to the

following:

- a. The Respondents' falsely stating that the Hawaiian Investors' investment would be used to finance the Project;
- b. The Respondents' falsely stating that the Hawaiian Investors could each expect a thirty percent (30%) return on their investments;

Division as an agent, and no exemption from registration has been claimed by Respondent Smith.

31. At no time relevant to the events stated herein were the securities at issue registered with the Division or federal covered securities and no exemption from registration has been

IV. CONCLUSIONS OF LAW

32. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.
33. Pursuant to S.C. Code Ann. § 35-1-102(29), investment contracts, promissory notes, and certificates of interest or participation in profit-sharing agreements, *inter alia*, constitute securities.

proceed in offering, selling, or purchasing securities in this State, to partner or associate

with an agent who transacts business in this State on behalf of broker-dealers or issuers

purchase of a security, directly or indirectly (1) employed a device, scheme, or artifice to

~~defraud (2) ...~~

necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (3) engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon another person, in violation of S.C. Code Ann. § 35-1-501.

46. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondents be ordered to cease and desist from engaging in the

~~...~~

penalty in an amount not to exceed \$10,000 for each violation of the Act by Respondent IL Enterprises, and the actual cost of investigation or proceeding;

1. Respondent shall be liable to pay a civil penalty of \$10,000 for each violation of the Act by Respondent IL Enterprises, and the actual cost of investigation or proceeding;

This Order becomes effective upon the expiration of ten days after Respondent Smith seeks a hearing.

shall result in this Order, including the stated civil penalty and any assessed costs, becoming

final and unreviewable.

IT IS ORDERED that the Respondent pay to the Commission the civil penalty and costs assessed herein.

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