

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
)	
Larry K. Morey,)	
)	
James E. Brown,)	
)	
and)	
)	
ACE Development and Management-)	
McDonough, LLC ,)	File No. 08001
)	
D/B/A ACE Management, LLC,)	
)	
Respondents.)	
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WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (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 January 2008, received information regarding alleged activities of Larry K. Morey ("Morey"), James E. Brown ("Brown"), and ACE Development and Management-McDonough, LLC, D/B/A ACE Management, LLC ("Ace") which, if true, could constitute violations of the Act; and

WHEREAS, the information led the Division to open and conduct an investigation of Morey, Brown, and Ace (collectively, the "Respondents") pursuant to S.C. Code Ann. § 35-1-602; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings and conclusions:

1. Respondent Morey is a Georgia resident.
2. Upon information and belief, Respondent Morey's home address during the time period of the transactions alleged herein was 483 Walker Drive, McDonough, Georgia 30253.
3. Respondent Morey was, at all material times, an Organizer and a Member of Respondent Ace.
4. Respondent Brown is a South Carolina resident.
5. Upon information and belief, Respondent Brown's last known address is 4500 Hardscrabble Road, Apartment 111, Columbia, South Carolina.
6. Respondent Brown solicited investors for Respondent Ace.
7. Upon information and belief, Respondent Ace was, at all material times, a Georgia company with a principal office address of 483 Walker Drive, McDonough, Georgia 30253.
8. As of November 27, 2006, Respondent Ace was registered with the South Carolina Secretary of State's Office as a foreign entity.
9. In connection with the securities transactions described herein, Respondent Ace utilized one or more persons as solicitors.
10. In or about September 2006, Utah Resident PB ("Investor PB") was solicited by Ara Kalpak ("Kalpak") and James Heller ("Heller"), who were acting with Ace's knowledge.
11. At the time of the solicitation of Investor PB, Heller was operating in and from the State of South Carolina.

12. Heller and Kalpak, acting on behalf of themselves and Ace, offered Investor PB the opportunity to invest in what was represented to be a projected two billion dollar South Carolina real estate development.
13. The proposed development, near North Augusta, South Carolina, was promoted by Heller, Kalpak and Brown, on behalf of Ace.
14. The development was designated in sales materials distributed by Ace to be “The Antebellum at Heritage Springs” (“Antebellum”).
15. Based on representations by Kalpak and Heller, Investor PB invested \$200,000 in or with Respondent Ace.
16. Unknown to Investor PB, \$200,000 was needed by Respondent Ace as nonrefundable earnest money to enter a purchase contract on the land selected for Antebellum.
17. Instead, Investor PB had been told by Kalpak and Heller, who had been assured by Respondents Morey and Brown, that the necessary funding to complete the land purchase had been arranged, it was a “done deal.”
18. Kalpak and Heller provided Investor PB with a copy of highly detailed sales materials concerning the project.
19. The materials Kalpak and Heller provided Investor PB had been given to them by Respondent Morey for use in presentations to prospective investors.
20. In the promotional material distributed by Respondent Morey in connection with the offer and sale of securities issued by Respondent Ace, Respondent Moray represented:
 - a. Unicorp is a partner in the Antebellum development; and
 - b. Aiken County, South Carolina is “the hottest real estate market in the state and is outselling areas like Myrtle Beach and Hilton Head two to one.”

21. Upon information and belief, Unicorp was not a partner with Respondent Ace in the Antebellum development.
22. Upon information and belief, Aiken County is not and, at the time of the Respondents' representations above, was not "outselling areas like Myrtle Beach and Hilton Head two to one."
23. Publicly available sales data for the years 2004, 2005 and 2006 show that Aiken County is actually one of the least active real estate markets in the State of South Carolina in terms of the number of properties sold.
24. In verbal presentations and/or in promotional materials distributed in support of investor solicitations, Respondents Ace, Moray and Brown omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading.
25. Facts that Ace, Morey, and Brown failed to disclose to potential investors include but are not limited to the following:
 - a. Failing to disclose Respondent Brown previously had been indicted on multiple federal charges relating to the loss of investor funds entrusted to him by professional athletes;
 - b. Failing to disclose Respondent Brown had been convicted in November, 2002, for mail fraud;
 - c. Failing to disclose Investor PB's funds were placed as a down payment on property which Respondents could not purchase without additional funds; and
 - d. Failing to disclose to Investor PB his investment in Ace involved a high degree of risk.

26. Investor PB was told by Kalpak and Heller that his \$200,000 investment would only be used as earnest money, was not at risk, and would be returned to him in about 30 days, whether the land purchase was completed or not.
27. Investor PB was also promised by Kalpak and Heller that he would receive a 5% interest in the Antebellum development for the use of his funds.
28. In or about late September 2006, Investor PB began communicating with a Columbia, South Carolina based attorney, who was to assist in the transfer of Investor PB's funds to Ace.
29. Upon information and belief, the Columbia, South Carolina based attorney also prepared from samples provided by Respondent Morey the investment agreement presented to Investor PB on behalf of Ace and other Respondents.
30. On or about September 28, 2006 Investor PB authorized a wire transfer of \$200,000 to the account of the Columbia, South Carolina law firm that was serving as the Escrow Agent for the purchase of the property for Antebellum.
31. On or about September 29, 2006, a document was transmitted by facsimile machine from Respondent Morey to Chuck Whittal of Unicorp. In this document, Respondent Morey acknowledged that the \$200,000 earnest money was at risk and would not be returned if the real estate purchase could not be consummated by the agreed upon date of December 6, 2006.
32. On or about September 29, 2006, an "Earnest Money Agreement Contract" was signed by Investor PB and by Respondent Brown on behalf of Respondent Ace. This document states that Investor PB's funds will be repaid if the project is not fully funded.

33. On or about October 6, 2006, Rodney T. Berg, Jr., President of Respondent Ace, signed a \$31.5 million contract for the purchase of land for Antebellum. \$200,000 was due immediately and the balance was due at closing, which was to be within sixty days. Page 1 of the contract clearly shows that the \$200,000 earnest money is “non-refundable.”
34. On or about December 6, 2006, the land purchase contract expired. Upon information and belief, the expiration occurred when representatives of Respondent Ace failed to secure the funding necessary to complete the transaction.
35. As specified in the purchase contract, the \$200,000 earnest money was not refunded to Respondent Ace.
36. At the time the contract failed, Respondents did not notify Investor PB that the contract had failed or that his investment had been lost.
37. The Respondents used Investor PB’s investment in a manner materially different from what was represented to the Investor.
38. In or around October 2006, Kalpak and Heller solicited a friend of Investor PB. Kalpak and Heller solicited Utah Resident MB (“Investor MB”) by electronic mail and by telephone.
39. Investor MB was verbally promised there was no risk and that money would be returned if funding was not obtained for the purchase of the land needed for Antebellum.
40. Kalpak and Heller told Investor MB her investment funds would be put into an escrow account to show there was money available to make payments on a line of credit that would be used to obtain funds to complete the purchase of the land for Antebellum.
41. Kalpak and Heller told Investor MB she would get her principal investment back, plus

interest, once the line of credit was obtained, something they represented should take no longer than 30 days.

42. Kalpak and Heller also told Investor MB she would get an interest in the equity of the real estate project once the project was complete, something they represented would take about three to seven years.
43. On or about October 2006, Investor MB signed a “Funding Agreement Contract” with Respondent Ace. The contract states that the investment is to help fund a short term \$500,000 capital contribution by Respondent Ace, after which Ace is to receive \$60 million dollar line of credit from financial institutions in Europe.
44. The “Funding Agreement Contract” given to Investor MB indicates twice that Samuel O. Thompson (“Thompson”), a representative of Respondent Ace, will go to Luxembourg “to conduct the due diligence necessary.”
45. On or about November 1, 2006, Investor MB wire transferred \$50,000 to an account controlled by Thompson in South Carolina.
46. Despite what Investor MB had been told, Thompson did not travel to Luxemburg. Furthermore, the line of credit referred to in the Funding Agreement Contract was not obtained.
47. The Respondents did not tell Investor MB that the line of credit funding was not obtained.
48. Investor MB’s \$50,000 investment was not used in the manner in which Respondent represented to her it would be used.

49. Respondent Morey was subpoenaed by the Division to provide documentation relevant to his participation in this matter. Respondent Morey responded that he had no documentation whatsoever to provide.

WHEREAS, the investments described in Respondent Ace's promotional materials are "securities" within the meaning of S.C. Code Ann. § 35-1-102(29); and

WHEREAS, the Respondents offered and sold the securities in and from the State of South Carolina; and

WHEREAS, the securities were not registered, federally covered, or exempt from registration in this State; and

WHEREAS, the Respondents themselves were not registered or exempt from registration in this State; and

WHEREAS, the Respondents, in connection with the offer and sale of the investment described in Respondent Ace's promotional materials employed a device, scheme, or artifice to defraud and/or made untrue statements of material facts and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

WHEREAS, based on the foregoing, the Division has determined that the Respondents have engaged, are engaging, and/or are about to engage in acts and practices which violate S.C. Code Ann. §§ 35-1-301, 35-1-402(a) and (d) and 35-1-501; and

WHEREAS, after due deliberation, the Division finds that it is necessary and appropriate, in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act to issue the following Order:

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), IT IS HEREBY ORDERED that Respondents Morey, Brown, and Ace and every successor, affiliate, control person, agent, servant, and employee of any of them, and every entity owned, operated, or indirectly or directly controlled by or on behalf of any of them:

- a. Immediately cease and desist from transacting business in this State in violation of the Act, and in particular, Sections 35-1-301, 35-1-402(a) and (d), and 35-1-501 thereof; and
- b. Pay a civil penalty in the amount of ten thousand dollars (\$10,000.00) per Respondent if this Order becomes effective by operation of law, or, if any Respondent seeks a hearing and a hearing officer or any other legal authority resolves this matter, said Respondent shall pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by that Respondent, and the actual cost of the investigation or proceeding.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Respondents are hereby notified that each of them has the right to a hearing on the matters 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 29211-1549, attention: Thresechia Navarro, within thirty (30) days after the date of service of this Order a written Answer specifically requesting that a hearing be held to consider rescinding the Order.

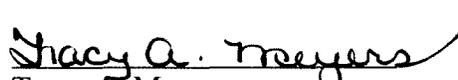
In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation of the Order, shall set forth specific facts on which the Respondent

relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If the Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

Failure by a Respondent to file a written request for a hearing in this matter within the thirty (30) day period stated above shall be deemed a waiver by that Respondent of his right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this Order, including the stated civil penalty, becoming final as to that Respondent by operation of law.

CONTINUING TO ENGAGE IN ACTS DETAILED BY THIS ORDER AND/OR SIMILAR ACTS MAY RESULT IN THE DIVISION'S FILING ADDITIONAL ADMINISTRATIVE ACTIONS AND/OR SEEKING FURTHER ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PROSECUTION. REGARDING MATTERS DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL CHARGES UNDER S.C. CODE ANN. § 35-1-508 OR OTHER APPLICABLE CODE SECTION.

SO ORDERED, this 10th day of June, 2010.


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