



2. Upon information and belief, Respondent McAdams' last known home address is 611 8<sup>th</sup> Avenue North, Surfside Beach, South Carolina 29575.
3. Respondent McAdams was a founding member of Respondent Global and he was also its Registered Agent.
4. Respondent Freeman is a North Carolina resident.
5. Upon information and belief, Respondent Freeman's last known home address is 73 Covered Bridge Drive, Flat Rock, North Carolina 28731.
6. Respondent Freeman was a founding member of Respondent Global.
7. Respondent Global was organized as South Carolina LLC in or about December 2007 and was dissolved in or about October 2008.
8. In or about the first nine months of 2008, McAdams and Freeman solicited investors in South Carolina and other states for investment through Global. Certain of the solicitations were made from the State of South Carolina.
9. McAdams and Freeman told investors that Global was "in the business of locating and securing high return investment opportunities for investors on international trading platforms."
10. Typically, an investment with Respondents was evidenced by the execution of one of several documents, each titled a "joint venture agreement" (individually, "Agreement" and collectively, the "Agreements").
11. The Agreements were prepared by McAdams and, when executed, were signed by either McAdams or Freeman.
12. The Agreements represented that Global would utilize investors' funds "for the purpose of buying and selling Standard and Poor's AAA or AA rated bonds and/or Medium Term Notes" on an "overseas trading platform."

13. Some Agreements represented that investors who invested \$20,000.00 would receive \$1,000,000.00 after 60 days, a return of 4,900%.
14. Another Agreement stated that an investor's \$500,000.00 would grow to \$1,500,000.00 after 60 days, a 200% rate of return.
15. Investors were told that these fantastic returns could be achieved by buying bonds or notes directly from the issuer at a discount and quickly reselling them for a profit.
16. The earliest Agreements represented that a German entity ("German Entity") would trade the bonds or notes, while later Agreements represented that Global would do the trading.
17. None of the offerees were instructed they needed to do anything other than provide Respondents with money and execute an Agreement to receive the promised returns.
18. The investment opportunities offered by Respondents constitute "securities" pursuant to the Act.
19. Neither the Agreements nor the investment opportunity they represent were registered for sale in or from the State of South Carolina, nor were they exempt from registration or federal covered securities.
20. Respondents McAdams and Freeman, during the time period of the transactions complained of, were not licensed to sell securities in or from the State of South Carolina.
21. No exemption from securities or agent registration has been filed or claimed by Respondents or anyone acting on Respondents' behalf.
22. As a result of McAdams' and Freeman's solicitations, over \$3,500,000.00 was invested with Global during the first nine months of 2008. This money was deposited into an account controlled by Freeman. Based on representations to investors, approximately \$2,100,000.00 of the money was supposed to be transferred to the German Entity.

23. Bank records show, however, that only \$1,300,000.00 of the intended \$2,100,000.00 was transferred to the German Entity.
24. The bank records show that Freeman commingled the remaining investors' funds with his personal funds, and used investor money for purposes other than the investment described in the Agreements. Specifically:
  - a. More than \$500,000.00 was transferred to accounts controlled by Freeman and his family;
  - b. At least \$150,000.00 was used to pay a personal debt owed by Freeman;
  - c. Approximately \$93,000.00 was transferred to a girlfriend of one of Freeman's colleagues;
  - d. Approximately \$48,000.00 was given to another promoter of Global; and
  - e. Approximately \$10,903.00 was transferred to a friend of Freeman.
25. McAdams admitted under oath in another civil proceeding that neither the German Entity nor Global ever bought or sold any bonds or notes with investor funds.
26. At one point, McAdams and Freeman represented to an investor ("Investor") that, upon the Investor's execution of the Agreement and a deposit of \$500,000.00, Global would deposit the sum of \$3,000,000.00 in a bank account designated by Global and that all of the money would be used for the purchase and sale of bonds and/or medium term notes as described in the Agreement.
27. After the Investor deposited his requisite \$500,000.00, his funds were transferred to an account controlled by the German Entity. Global never deposited the corresponding \$3,000,000.00 sum as Respondents had represented to the Investor. Respondents also did not utilize the Investor's \$500,000.00 investment to purchase and resell bonds and/or medium term notes.

28. Freeman misrepresented the success of the investment program to investors and potential investors in his solicitations by making statements indicating Global's members had (a) invested a total of \$2 million of their own funds in the trading program; (b) made at least \$200 million; and (c) distributed \$50 million to themselves and reinvested the rest, when none of these statements were true.
29. McAdams misrepresented the success of the investment program to investors and potential investors when, in soliciting an investment, he represented that Global had participated in "hundreds" of similar transactions that had already produced "hundreds of millions" of dollars for "dozens" of investors, when this statement was not true.
30. Additionally, Respondents McAdams and Freeman, in connection with the offer and sale of the opportunity, made untrue statements of other material facts and omitted to state other material facts necessary in order to make the statements made not misleading.
31. The Agreements for the first group of Global investors, a group which collectively invested a total of approximately \$1,450,000.00, indicated the investors were to receive their principal back and a 200% return on or about June 15, 2008.
32. The first group of Global investors did not receive their principal and interest on the investment, as promised.
33. McAdams and Freeman continued to accept investments after Global failed to meet its obligations to the first investors as they came due. Between June 16, 2008 and July 31, 2008, McAdams and Freeman raised approximately \$ 970,000.00 from 18 investors. These investor's Agreements were prepared by McAdams and signed by Freeman and McAdams, who represented that the investors would receive their principal and returns of as much as 4900% in 60 days.

34. McAdams and Freeman failed to disclose to the later investors that Global, at the time of the solicitation of funds from the later investors, had already failed to return principal and promised returns to the earlier investors.

WHEREAS, the investments described in the Agreements are “securities” within the meaning of S.C. Code Ann. § 35-1-102(29); and

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

WHEREAS, the securities were not registered, federal covered securities, or exempt from registration under the Act; and

WHEREAS, Respondents McAdams and Freeman were not registered or exempt from registration as agents authorized to offer and sell securities in and from this State; and

WHEREAS, the Respondents, in connection with the offer and sale of the securities in and from this State 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 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 McAdams, Freeman and Global:

- a. Immediately cease and desist from transacting business in this State in violation of the Act, and in particular, Sections 35-1-301, 25-1-402(2) 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 a Respondent seeks a hearing and a hearing officer or any other legal authority resolves this matter, said Respondent pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by the Respondent, and the actual cost of the investigation or proceeding.

#### **REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING**

The Respondents are hereby notified that they each have the right to a hearing on the matters contained herein. To schedule 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 \_18th\_day of March, 2010.

\_\_\_\_/S/ Tracy A. Meyers\_\_\_\_  
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