

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:

Robert Dunnell House,

Respondent.

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ORDER TO CEASE AND DESIST

File No. 10067

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. 2011), on or about December 10, 2010, received information regarding alleged activities involving Robert D. House ("House" or the "Respondent") which could constitute violations of the Act;

WHEREAS, the information led the Division to open and conduct an investigation into the activities of the Respondent pursuant to S.C. Code Ann. § 35-1-602 and this investigation is ongoing;

WHEREAS, the Act became effective on January 1, 2006;

WHEREAS, the Uniform Securities Act (the "Prior Act"), S.C. Code Ann. §§ 35-1-10 to 35-1-590 (Supp. 2004), governs all actions or proceedings initiated based on conduct occurring before January 1, 2006;

NOW THEREFORE, in connection with the investigation, the Division has determined that the Respondent has engaged in and may be about to engage in acts or practices constituting violations of the Act and the Prior Act and hereby includes in this Order to Cease and Desist

(“Order”) a statement of the reasons for the Order, a statement of the civil penalty sought as a result, and a notice that a hearing will be scheduled if Respondent requests a hearing.

FACTUAL HISTORY

1. Respondent House is a Georgia resident with a last known home address of 2525 Banegher Way, Duluth, Georgia 30097.
2. During the relevant time period Respondent represented that he maintained a place of business at 2525 Banegher Way, Suite 100, Duluth, Georgia 30097.
3. During the period beginning no later than on or about August, 1999, and ending no earlier than on or about December, 2001, Respondent offered investments in InterBank Funding Corporation (“IBF”), and its two wholly-owned subsidiaries, to South Carolina residents.
4. The investments offered in IBF were evidenced by “notes,” pursuant to which IBF promised to pay the investors returns in exchange for the use of the investors’ money for a specified period of time.
5. In connection with the offers, Respondent told potential investors that IBF would invest their money in commercial real estate and use it as collateral on loans made to clients.
6. Among the persons Respondent solicited were a number of retirees from the Owens Corning manufacturing facility in the Anderson, South Carolina area.
7. These Owens Corning retirees already had established and funded company retirement plans.
8. In his solicitations, Respondent told potential Owens Corning investors the IBF investment would greatly increase their retirement savings, was “safe and secured,” and was insured “up to \$500,000.”

9. Respondent also told potential investors that if they invested with him for five years they would earn a 12% return which was guaranteed.
10. Respondent further promised investors they would be repaid their entire principal investment at the end of a five-year term.
11. Respondent was aware many of the individuals he solicited were unsophisticated investors who did not qualify under the offering terms to purchase IBF notes and/or who were persons for whom the IBF notes were not suitable investments.
12. At least seventeen of the Owens Corning retirees invested with Respondent by moving some or all of their company retirement plan funds after being given the representations above.
13. Respondent did not disclose to investors that the notes he was offering had a high risk of loss associated with them.
14. Respondent did not disclose to investors that the notes he was offering actually were not safe, secure, or guaranteed.
15. Respondent led investors to believe their investments were backed up by commercial real estate holdings when, in fact, they were not.
16. Respondent failed to provide one or more investors with a prospectus, private placement memorandum, or similar document prior to his receipt of funds from the investor(s).
17. Prior to investing, Respondent required one or more individuals to sign a Subscription Agreement (“Agreement”) indicating the individual’s experience.
18. Respondent submitted one or more applications to purchase IBF notes which were refused because the applying investor failed to meet income, net worth and/or suitability standards.

19. Respondent then falsified information, including information relating to investor income, assets, and experience on one or more of the Agreements in order to qualify investors who would not otherwise qualify to purchase the IBF investment.
20. One or more investors represent that had they known the statements Respondent made in his sales presentation about the safety of the investment and its secured nature were false, they would not have invested in the IBF notes.
21. For a period of time after investing money with Respondent, investors received timely monthly interest payments in the proper amounts.
22. In or around the spring of 2002, the interest payments from IBF to the investors stopped.
23. Shortly thereafter, IBF advised investors that the company was bankrupt.
24. The investments in IBF evidenced by notes and offered and sold by Respondent House constitute "securities."

APPLICABLE LAW AND DETERMINATION

1. The Commissioner has jurisdiction over this matter pursuant to Section 35-1-180 of the Act.
2. In connection with the offer or sale of securities in or from South Carolina, the Respondent violated Section 35-1-1210 of the Prior Act by making untrue statements of material fact.
3. Based on the foregoing, the Division has determined that Respondent has engaged, is engaging, and/or is about to engage in an act, practice, or course of business constituting a violation of the Act or the Prior Act.

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1) of the Act, IT IS HEREBY **ORDERED** that the Respondent:

- a. Cease and desist from engaging in any aspect of securities business in or from the State of South Carolina; and

- b. Pay a civil penalty in the amount of forty thousand (\$40,000.00) dollars if this Order becomes effective by operation of law, or, if Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed five thousand (\$5,000.00) dollars for each violation of the Prior Act by the Respondent, and the actual cost of the investigation or proceeding.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Respondent is hereby notified that he has the right to a hearing on the matters contained herein. To schedule a hearing, the 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.

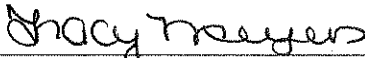
In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation of the Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. 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 the 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 the Respondent of his right to such a hearing. Failure of the 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 the 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 ANY OTHER APPLICABLE CODE SECTION.

SO ORDERED, this 24th day of August, 2011.



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