ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:	)	**COMPLAINT**
	)	
	)	
Infinity Business Group, Inc., Wade B. Cordell,	)	
Otis Bradshaw Cordell, John F. Blevins,	)	
Bryon K. Sturgill, and Haines Hargrett,	)	
	)	
	)	**File No. 09089**
Respondents.	)	

NOTICE: THE RESPONDENTS HAVE 30 DAYS TO REQUEST A HEARING. THE RESPONDENTS HAVE 30 DAYS TO FILE AN ANSWER.

The Securities Division of the South Carolina Office of the Attorney General ("the Division") alleges that Infinity Business Group, Inc., ("IBG"), Wade B. Cordell, ("Wade Cordell"), Otis Bradshaw Cordell ("Brad Cordell"), John F. Blevins ("Blevins"), Bryon K. Sturgill ("Sturgill"), and Haines Hargrett ("Hargrett") (collectively, the "Respondents") have engaged in acts, practices, and transactions, which constitute violations of the South Carolina Uniform Securities Act, S.C. Code Ann. § 35-1-101 *et seq.* (Supp. 2010) (the "Act") as set forth herein.

JURISDICTION

1. The Division has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

RESPONDENTS

2. IBG was formed in 2003 as a Nevada corporation, and is registered with the South Carolina Secretary of State's office as a foreign corporation.

a. IBG has or had numerous subsidiaries, affiliates, and purchased entities which are included in this order as part of IBG. These include: Federal Automated Recovery Systems, Inc. ("FARS"); FARS Marketing, Inc.; Infinity Business Assurance, LLC; BLG Collection Services, LLC; and Infinity Collections, Inc.

b. As of September 1, 2010, IBG is undergoing bankruptcy proceedings.

c. IBG has no registered agent or registered address listed with the South Carolina Secretary of State's Office as of May 26, 2011.

d. From its formation until early 2006, IBG maintained a physical office at 111 Tarrar Springs Road, Lexington, South Carolina. From early 2006 until approximately November 1, 2009, IBG maintained a physical office at 140 Gibson Road in Lexington, South Carolina. From approximately November 1, 2009, until September 1, 2010, IBG maintained a physical office at 407 West Main Street, Lexington, South Carolina.

3. Respondent Wade Cordell is a South Carolina resident with an address of 100 Birkdale Court, Lexington, South Carolina. Respondent Wade Cordell served as the President and Chairman of the Board of IBG, as well as one of its directors, from approximately October 2004 until mid-2009.

4. Respondent Brad Cordell is a South Carolina resident with an address of 1339 Hendrix Landing Road, Lexington, South Carolina. Respondent Brad Cordell served as the Chief Operations Officer ("COO") of IBG, as well as one of its directors, from approximately October 2004 until mid-2009.

5. Respondent Blevins is a Maryland resident with an address of 2906 Eaton Square, Ellicott, Maryland. Respondent Blevins served as the Corporate Counsel of IBG, as well as one of its directors, from approximately October 2004 until mid-2009.

6. Respondent Sturgill is a Kentucky resident with an address of 913 Star Gaze Lane, Lexington, Kentucky. Respondent Sturgill served as the Chief Executive Officer ("CEO") of IBG, as well as one of its directors, from its formation until September of 2009, and served as Chairman of the Board and Chief Executive Officer from approximately September of 2009 until August 2, 2010[1].

7. Respondent Hargrett is a South Carolina resident with an address of 1149 Davidson Road, Lexington, South Carolina. Respondent Hargrett served as the Chief Financial Officer ("CFO") of IBG, as well as one of its directors, from approximately September 2006 until July 21, 2010. Respondent Hargrett is expressly excluded from the collective "Respondents" for any factual allegations occurring prior to his role as CFO of IBG.

8. None of the above listed Respondents was at any time relevant to this Order registered with the Division as an investment advisor, an investment advisor representative, a broker-dealer, or a broker-dealer agent.

BACKGROUND

9. IBG was organized in 2003 in Nevada by Respondent Bryon Sturgill.

10. In October, 2004, IBG entered into an agreement to purchase the assets of FARS, Inc. and FARS Marketing, Inc.

[1] Respondent Sturgill requested a leave of absence as CEO on May 4, 2010, and formally resigned from the Board on August 2, 2010.

11. At the time of these acquisitions, the Board of Directors of IBG issued a Corporate Resolution agreeing to assume certain debts of FARS Marketing, Inc., as well as personal debts of Respondents Wade and Brad Cordell, and IBG's corporate secretary, all of which totaled $340,938.00.

12. FARS, Inc. was a Nevada corporation formed in December, 2003, with a principal office located at 9612 Sunbeam Centre Drive, Jacksonville, Florida. FARS, Inc. was organized by Respondent Sturgill.

13. FARS Marketing, Inc. was a South Carolina corporation formed in October, 2003, with a principal office located at 111 Tarrar Springs Road, Lexington, South Carolina. FARS Marketing, Inc. was organized by Respondents Wade and Brad Cordell.

14. IBG's business model was primarily that of an electronic check re-presentment processor. Generally, this model was designed to operate as follows:

    a. IBG would contract with merchants to re-present bad checks which had been initially presented by the merchants to their banking institutions.

    b. Either the merchant or the bank with which the merchant does business would forward returned checks directly to IBG.

    c. Through the use of specifically designed software, IBG would re-present the checks electronically.

    d. Upon successful re-presentment of the checks, IBG would place the face amount of the collected checks into a bank account (hereinafter "face accounts"), while the statutorily permitted returned check fees would be placed in a separate account (hereinafter "fee accounts").

e. The merchants would periodically receive payments out of IBG's face accounts for checks that had been successfully re-presented. These accounts were intended as a quasi-trust account in which all funds belonged to the client merchants.

f. IBG would finance its business operations from its fee accounts.

15. In reality, the Respondents frequently utilized funds from face accounts to pay IBG's operating expenses and other expenses.

16. During Respondent Hargrett's tenure as CFO of IBG, IBG's face accounts were commonly out of trust by about two million ($2,000,000) dollars.

17. During the period from late 2004 until approximately September, 2006, IBG's check processing took place in Jacksonville, Florida.

18. During the period from approximately September, 2006, until September, 2010, IBG's check processing took place in Barbourville, Kentucky.

19. At all times material herein, Respondent Sturgill maintained an office in Pikeville, Kentucky.

20. During the times material herein, IBG maintained corporate offices in Lexington, South Carolina, at the addresses referenced above (the "Lexington Office").

21. The Lexington Office housed the offices of Respondents Wade Cordell, Brad Cordell, John Blevins, and Haines Hargrett.

22. The Lexington Office also housed IBG's sales staff and coordinated sales and marketing functions.

23. Employee sales persons and independent contractors (hereinafter "sales agents") were utilized to perform sales and marketing functions for IBG. Those functions

included soliciting new merchant contracts for IBG's service, as well as selling investments in IBG.

24. Individual sales agents were compensated through salaries, commissions, bonuses, or some combination thereof.

25. Sales agents received a bonus ("Performance Bonus") based on their level of production for IBG. The Performance Bonus applied to both client business brought in by a sales agent as well as investor dollars brought in through a sales agent's efforts. The Performance Bonus, as applied to investor dollars brought in by a sales agent's efforts, was as much as ten percent of the amount brought in.

26. The Respondents, directly and through IBG's sales agents, sought out endorsements of IBG's services from various entities, including chambers of commerce, school districts, government agencies, and banks. In exchange for endorsing IBG's business to its members and customers, the endorsing entities would receive some agreed upon portion of the fee for each check IBG received through that endorsement.

27. In or about August, 2009, Respondents Wade and Brad Cordell and John Blevins were removed from their positions as officers and directors of IBG by a shareholder action prompted by Respondent Sturgill.[2]

28. This separation resulted in a settlement agreement which cost IBG in excess of $600,000 in compensation to certain individual Respondents and attorneys' fees.

29. IBG filed for bankruptcy on September 1, 2010.

[2] The details of this separation are not outlined herein.

30. During the period from October, 2004, until September, 2010, IBG was unable to maintain positive cash-flow from its operations and required regular infusions of investment capital to meet expenses.

INVESTMENT OFFERINGS

31. Beginning as early as 2004 and throughout the period of time IBG was in operation, sales agents for the company offered investment opportunities to individuals both in and outside of South Carolina.

32. The sales agents who directly offered investments to individuals included Respondents Wade and Brad Cordell, Sturgill, Blevins, and Hargrett, and all sales agents were managed and overseen by Respondent Wade Cordell.

33. At periodic meetings of the sales agents, Respondent Wade Cordell frequently pressed sales agents to bring in new capital through the sale of investments, while expressing an optimistic picture of IBG's future.

34. The Respondents, and particularly Respondent Wade Cordell, indicated to IBG's sales agents on multiple occasions that IBG would either be sold for a substantial profit or would be taken public in the near future. This information was disseminated by IBG's sales agents to individual investors and potential investors.

35. On information and belief, none of the sales agents employed to sell investment opportunities in IBG was registered with the Division in any capacity.

36. The sales agents who sold investments in IBG to individual investors received as much as ten percent (10%) of the funds they brought in as part of the Performance Bonus outlined above.

37. Funds raised from the sale of investments were used for purposes which were not disclosed to investors, including the payment of numerous personal expenses generated by individual Respondents, and the payment of promised returns to previous IBG investors. These expenses are discussed in greater detail in the "Actions of Individual Respondents" section below.

38. The investment opportunities offered by the Respondents through IBG's sales agents can be categorized into three distinct types of investments: territories, stock, and notes.

TERRITORIES

39. Beginning as early as 2004, sales agents for IBG actively sold investments in IBG "territories" (hereinafter, "Territories").

40. Territories were described in "Territory Agreements," which provided for an exclusive pecuniary benefit to the investor for each check received by IBG from a given geographic region (for example, Lexington County, South Carolina).

41. Territories were sold for amounts which varied depending on circumstances which included the specific geographic area involved. In general, Territories were sold for several thousand dollars. Some Territory purchasers also received shares of IBG stock at no additional cost.

42. Some of the Territory Agreements included a bonus compensation provision, which provided that, in the event of a future sale of IBG, those Territory investors would receive bonus compensation based on a formula. At a minimum, this provision would provide the investor with the purchase price of the Territory.

43. Pursuant to the Territory Agreements, investors who purchased a Territory were given the right to market IBG in the geographic area of their Territory in order to

increase the value of their investment. However, no investors were required to take these or any other actions to receive the pecuniary benefits outlined in the Territory Agreements.

44. The pecuniary benefit of any given Territory was stated as a dollar amount per check—typically, two dollars per check—collected from the geographic area of the Territory. The investor would receive this stated amount regardless of whether the business within the geographic area represented by that Territory was generated by the investor's own efforts or by the efforts of IBG's sales agents.

45. In point of fact, numerous Territory investors took no actions to market IBG's services in their geographic area, but relied instead on the efforts of IBG's sales agents.

46. In a letter dated December 12, 2007, from Respondent Wade Cordell to an individual investor recommending specific Territories having the best potential return, Respondent Wade Cordell stated that, "[i]t is important for me to state for the record that all *Areas* [i.e., Territories] come with a 'guaranteed return[.]'"

47. Despite the intended exclusivity of the Territories' benefits, numerous Territories were sold to more than one investor.

48. During 2004 and 2005, the Respondents sold at least $1.6 million in Territories to investors.

49. The Respondents did not register the Territories with the Division, and no exemption from registration was claimed on behalf of the Territories.

50. Sales agents responsible for selling Territories received Performance Bonuses of up to ten percent of the price of the Territories.

51. Pursuant to a May 16, 2005, email from Respondent Wade Cordell to Respondents Brad Cordell, Blevins, and other sales agents, the following additional provisions applied to the Performance Bonus on Territory sales:

a. "Should it become necessary for [Respondents Wade Cordell, Brad Cordell, Sturgill] or someone other than the person bringing the sale to the table to help close the sale, the person helping close the sale will receive 50% of the commission."

b. "A 5% BONUS COMMISSION will be paid on Territory License Sales in excess of $100,000 up to $249,999 made by any one individual during this (90) day period."

c. "An additional 5% BONUS COMMISSION will be added to sales made by one individual in excess of $250,000."

STOCK

52. Throughout 2004 and 2005, the Respondents and other IBG sales agents began offering IBG stock to investors directly. These purchases were made for one dollar per share, and no set minimum purchase was enforced.

53. At least four million (4,000,000) shares of stock were issued during 2004 and 2005 for at least four million ($4,000,000) dollars.

54. Additionally, numerous shares of stock were issued to certain individuals during 2004 and 2005 without any corresponding payment being made to IBG. See section on Gifted Stock below.

55. The stock sales in 2004 and 2005 were made pursuant to "Subscription Agreements" which indicated that the shares were being sold under Regulation D, Rule 506, of the Securities Act of 1933.

56. In reality, the Respondents failed to comply with numerous state and federal securities laws related to the sales of stock under the 2004 and 2005 Subscription Agreements. Specifically:

a. The Respondents failed to make required filings with the Division in a timely manner.

b. The Respondents sold stock to too many unaccredited investors.

c. The Respondents provided compensation to unregistered individuals who acted as agents by selling IBG stock to individual investors.

57. During or about September, 2006, IBG, through Respondents Sturgill, Blevins, Wade Cordell and others consulted with securities attorneys and with Morgan Keegan & Company, Inc. ("MK") regarding the creation of a private placement memorandum (the "PPM") to facilitate the sale of IBG stock to private investors[3].

58. IBG employed numerous sales agents to sell stock from the PPM offering. These sales agents received Performance Bonuses or other commissions for selling stock issued under the PPM. Additionally, many of these sales agents were salaried employees of IBG.

59. Stock issued under this PPM was intended to be offered pursuant to Regulation D, Rule 506, of the Securities Act of 1933.

60. Filings associated with this offering indicated that only individuals defined as "accredited investors" would be solicited to purchase stock under the PPM.

61. Based on statements made by Respondent Blevins to securities counsel, the filings associated with this offering also indicated that no individuals would be paid,

[3] It was at this time, and at the suggestion of an employee of MK, that Respondent Hargrett was hired as the CFO of IBG.

directly or indirectly, any commission for the solicitation of purchasers in connection with the stock offering.

62. The Respondents again failed to comply with federal and state securities laws related to the sales of stock under the PPM. Specifically:

    a. The Respondents failed to make required filings with the Division in a timely manner.

    b. The Respondents sold stock to too many unaccredited investors.

    c. The Respondents provided compensation to unregistered individuals who acted as agents by selling IBG stock to individual investors.

63. Between October, 2004, and March, 2010, the Respondents received at least thirteen million ($13,000,000) in cash from the sale of stock.

64. In connection with the stock offering under the PPM, the Respondents made a limited rescission offer to existing shareholders. Approximately $350,000 worth of stock was repurchased by IBG under this rescission offer.

PROMISSORY NOTES

65. The Respondents, directly and through sales agents, began offering promissory notes ("IBG Notes") to individual investors in 2008.

66. The terms of the IBG Notes varied widely, but most were issued for a term of two years at a rate of return of 12% per annum. A number of IBG Notes were issued for 120 days, with a stated return of 20% (an effective rate of return of over 60% per annum).

67. At least one IBG Note ("Note X") issued by the Respondents promised a 48% rate of return per annum. Note X also provided that the purchaser would receive 400,000 shares of IBG stock, and would receive, "beginning September 1, 2009,

... as a reduction in principal, 50% of all monies raised by [IBG] in any of its fund raising efforts."

68. A number of IBG Notes contained provisions for the issuance of shares of stock, although there was little consistency in the number of shares issued to particular note holders. For example:

    a. The majority of the IBG Notes which included "gifted" stock issued one share of IBG stock for every dollar of principal loaned to IBG.

    b. Certain IBG Notes provided for one-half, or some other fraction of a share of stock for every dollar of principal loaned to IBG.

    c. Certain IBG Notes provided for a set number of shares to be issued to the note holder, with no particular relationship between the face value of the notes and the number of shares outlined in the notes themselves (See, e.g., the terms of Note X, outlined above).

    d. At least one IBG Note, issued to the holder of Note X, was altered and initialed by Respondent Wade Cordell to provide for three shares of stock for every dollar of principal loaned to IBG.

69. The Respondents received over eight million ($8,000,000) dollars from sales of IBG Notes.

70. IBG employed numerous sales agents to sell IBG Notes. These sales agents received Performance Bonuses or other commissions of up to ten percent of the face value of the IBG Notes they sold.

71. The Respondents submitted a notice filing to the Division in June, 2009, indicating that IBG was making another offer of stock and promissory notes pursuant to Regulation D, Rule 506. The Respondents did not comply with federal

or state securities laws pertaining to the issuance of securities under Regulation D. Specifically:

a. The Respondents failed to make required filings with the Division in a timely manner.

b. The Respondents sold IBG Notes to too many unaccredited investors.

c. The Respondents provided compensation to unregistered individuals who acted as agents by selling IBG Notes to individual investors.

ACTIONS OF INDIVIDUAL RESPONDENTS

INVESTOR A

72. On or about October 5, 2005, Respondents Wade and Brad Cordell directed that stock certificates for 50,000 shares of IBG stock be issued to Investor A from the IBG treasury.

73. Respondents Wade and Brad Cordell indicated that the stock was a gift in consideration for contracting work Investor A had performed for the Respondent Brad Cordell personally.

74. No payment was made to IBG or any IBG bank account for the shares issued to Investor A.

75. On or about February 14, 2007, Investor A sold 40,000 of the 50,000 shares of IBG stock he had received back to the company for a payment of $48,000. This represented the largest single stock redemption during IBG's rescission offer.

76. Shortly thereafter, Investor A issued two checks, each written for $24,000 to Respondents Wade and Brad Cordell.

77. These actions were undertaken by Investor A at the instruction of Respondents Wade and Brad Cordell.

SALES OF INDIVIDUAL RESPONDENTS' STOCK

78. Throughout 2008, Respondent Wade Cordell frequently pressed sales agents to continue aggressively selling investments in IBG, citing the company's extreme need for an infusion of capital. See, e.g., examples of communications quoted below.

79. During this same period, Respondents Wade and Brad Cordell sold personal shares of IBG stock which were held in Cordell, LLC[4], rather than selling shares from the corporate treasury.

80. Respondent Brad Cordell admitted that most of the people to whom he sold his personal shares of IBG stock were not accredited investors.

81. On at least one occasion stock was issued by IBG, but the corresponding payment was deposited into accounts held by Cordell, LLC.

82. Between August, 2007, and November, 2008, approximately 1.4 million shares of IBG stock personally owned by Respondents Wade and Brad Cordell were redistributed to other investors out of Cordell, LLC.

83. Between November, 2007 and March, 2008, approximately 250,000 shares of IBG stock personally owned by Respondent Sturgill were redistributed to other investors out of Sturgill Enterprises, Inc.[5]

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[4] Cordell, LLC, is a South Carolina Limited Liability Company which served primarily as a vehicle to hold Respondent Wade and Brad Cordell's personally owned stock in IBG.

[5] Sturgill Enterprises, Inc., is a Kentucky Corporation which served, in part, to hold IBG stock personally owned by Respondent Sturgill.

84. Many individual IBG investors were not made aware that directors and principals of IBG were selling their personal shares of stock at the same time they were encouraging others to invest in the company.

GIFTED STOCK

85. At various times during the operation of IBG's business, stock was gifted to individuals or entities without corresponding deposits being made in IBG bank accounts. For example, the following parties and groups received "gifted stock":

a. Key employees, such as IT manager and sales managers;

b. Certain sales agents, in lieu of Performance Bonuses and other commissions;

c. Certain IBG Note Holders received gifted stock in conjunction with the purchase of IBG Notes;

d. Certain IBG Note Holders redeemed IBG Notes for IBG stock in lieu of receiving the principal on their notes;[6]

e. Certain IBG Territory Holders received gifted stock on a share-per-dollar basis;

f. Individual investors in Respondents Wade and Brad Cordell's prior businesses efforts also received gifted stock.

86. Additionally, Cordell, LLC received and held shares of stock which were not properly authorized by the Board of Directors of IBG.

87. Many individual IBG investors were not made aware that stock was gifted to certain individuals, or the extent to which such stock was gifted.

[6] Pursuant to corporate records, over eight million (8,000,000) shares of IBG stock were gifted to IBG Note holders or were issued to convert IBG Notes to shares of IBG stock.

MISUSE OF INVESTOR FUNDS

PERSONAL EXPENSES PAID FOR WITH INVESTOR FUNDS

88. Between 2004 and 2010, investor funds were used to pay company credit card bills on numerous occasions.

89. In several instances, credit card charges paid for with investor funds were personal expenses of individual Respondents or had little or no business purpose. Among those charges:

    a. A charge for over $3400 to Shadow Management Group, the billing name of a Columbia, South Carolina based gentlemen's club, was charged to the corporate credit card of Respondent Brad Cordell.

    b. Expenses associated with frequent—sometimes weekly—trips to Charlotte, North Carolina involving visits to gentlemen's clubs and bars were charged to the company credit cards belonging to Respondents Wade Cordell and John Blevins. According to testimony of Respondent Wade Cordell, these trips were sometimes for the primary purpose of "partying."

    c. Charges for car repair on Respondent Wade Cordell's personally leased vehicle.

    d. Expenses associated with attendance at Clemson University football games were charged to the company cards of Respondents Wade and Brad Cordell.

    e. Expenses associated with Respondent Brad Cordell's yacht were charged on his company credit card.

f. Over $900 in charges to liquor stores were charged to Respondent Brad Cordell's company credit card on a single day in May, 2008.

90. Additionally, company credit cards were utilized by individual Respondents in a questionable and excessive manner, as illustrated by the following charges:

a. Country club dues for key IBG employees and Directors.

b. Hotels in Lexington, South Carolina were charged to the corporate cards of Respondents Wade Cordell, Brad Cordell, Blevins[7], and Sturgill.[8]

c. Excessive food charges, including instances of multiple meals on the same day and several charges in excess of $500, were charged to the company credit card of Respondent Wade Cordell. In 2008 alone, Respondent Wade Cordell charged over $9,000 in restaurant related charges to his company credit card.

d. Gasoline was purchased in the vicinity of Lexington, South Carolina for Respondents Wade and Brad Cordell. Pursuant to their employment contract with IBG, both Respondents also received a $1000 monthly car allowance.

91. Additionally, money from IBG accounts was used for other questionable expenses, as illustrated by the following charges:

a. The mortgage on a Lexington, South Carolina, condominium personally owned by Debra Dear, the wife of Respondent Blevins;

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[7] Respondents Wade and Brad Cordell and Blevins all maintained residences in Lexington, South Carolina.

[8] Although testimony of certain Respondents suggest the charges associated with all of these individual Respondents credit cards were for hotel rooms used by IBG employees based in Florida or Kentucky while in South Carolina on business, the Respondents also maintained a corporate lease on a Lexington, South Carolina apartment and paid some or all of the mortgage on a Lexington, South Carolina condominium owned personally by the wife of Respondent Blevins. These two locations were intended to provide housing to IBG employees who travelled to South Carolina on business.

b. The rent on an apartment in Lexington, South Carolina, that was used for some period of time by one IBG employee exclusively;

c. Payments for landscaping services performed on the Gibson Commons property, which was owned personally by Respondent Brad Cordell;

d. Payments to the Lexington County Clemson Club;

e. Payments to Golden Hills Country Club.

92. These above referenced expenses, and the fact that investor funds would be used to pay these and similar expenses, were not disclosed to investors who were solicited to purchase stock, notes, or Territories from sales agents of IBG.

GIBSON COMMONS

93. IBG maintained its Lexington Office at 140 Gibson Commons from 2006 through 2009.

94. The Gibson Commons property was owned by Respondent Brad Cordell.

95. In total, Respondent Brad Cordell received over $400,000 in rent on the Gibson Commons property from IBG between January, 2007, and March, 2010.

96. Respondent Brad Cordell also took out a loan from IBG for $60,000 to help pay for the construction costs associated with the Gibson Commons property.

97. Approximately $42,000 of the principal on that loan was not paid back to IBG.

98. IBG accounts were used to pay for approximately $14,000 in landscaping services performed on the Gibson Commons property between 2008 and 2009.

99. On information and belief, the extent of Respondent Brad Cordell's pecuniary benefit from investor funds through Gibson Commons was not disclosed to all investors.

EXCESSIVE COMPENSATION AND PAYMENTS TO RESPONDENTS

100. In addition to receiving significant salaries from IBG[9], several Respondents were issued substantial bonus and commission payments from time to time.

101. Some of these bonus and commission payments appear to have been made without direct authorization from the Board of Directors, and in many cases in violation of state and federal securities laws.

102. Many of the bonus payments and other forms of compensation taken by individual Respondents coincided closely in time with communications to IBG sales agents which pressed the extreme financial need the company was then facing. For example:

a. On June 9, 2008, Respondent Wade Cordell wrote an email to Respondents Brad Cordell, Sturgill, Blevins, Hargrett, and others, stating that Respondent Wade Cordell and his wife were loaning an additional $50,000 to IBG, bringing their total loan to the company to $100,000.

b. The email further stated that Respondent Wade Cordell expected a return on this money of 10% within two weeks.

c. In the email, Respondent Wade Cordell stressed the importance of raising capital to make payroll and pushed the other individual Respondents to loan money to IBG.

d. On July 28, 2008, Respondent Wade Cordell's wife, Joyce Cordell, received a check from IBG's operating account for $110,000.00.[10]

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[9] Respondents Wade Cordell, Brad Cordell, and Sturgill were paid in excess of $250,000.00 per year in salary. Respondent Blevins received over $225,000.00 per year, and Respondent Hargrett received over $150,000.00 per year.

[10] Pursuant to Respondent Wade Cordell's testimony, this amount would have been to pay back their loan to IBG.

e. On September 29, 2008, Respondent Wade Cordell again wrote an email to the other individual Respondents and others regarding the importance of raising additional capital.

i. The email stated "[w]e must raise no less than $400,000 this week in order for IBG to meet its obligations."

ii. Among the obligations listed in this email were "Unpaid Current Bills - $400,000 (includes my $100,000.00 Joyce and I have loaned IBG weeks ago)" and "This week's payroll - $65,000.00 (many of us probably will not be paid this week)[.]"

iii. The email also stated that Respondent Wade Cordell was personally calling a potential investor and "encouraging him to put the money in now."

iv. Respondent Wade Cordell concluded that the additional funds needed to be raised immediately or IBG would not meet payroll, and further, "all of you are at risk."

f. On October 8, 2008, Respondent Wade Cordell received two checks written to him personally for $101,000.00 and $4,000.00 respectively from IBG's operating account. Additionally, on October 8, 2008, Respondent Wade Cordell received a $65,000.00 check from IBG's operating account that was described in corporate records as a "bonus."

103. As a further example of this issue:

a. In an email dated August 12, 2009, to an individual investor who also served as an IBG sales agent, Respondent Wade Cordell stated that IBG's finances were "tight because of schools being out until September" and

that management and independent agents were being asked to take a 50% pay cut until schools resumed. Respondent Wade Cordell stated that he and the sales agent the email was addressed to were both included in this pay cut.

b. The email went on to discuss IBG's need for additional funds.

c. At approximately the same time as this email, Respondent Wade Cordell stopped receiving regular direct deposit salary payments for his salary, but on August 21, 2009, and August 28, 2009, checks for $5,380.00 each were written to the Cordell Group, LLC,[11] out of IBG's operating accounts.

OTHER USES OF INVESTOR FUNDS

104. New investor funds were also raised in order to pay obligations to existing investors.

a. On November 12, 2008, Respondent Wade Cordell wrote an email to the other individual Respondents and others with the subject line "Fund Raising Efforts."

b. In that email, Respondent Wade Cordell stated, "I feel it is important that we all understand the importance of our continued efforts to raise funds[.]"

c. The email also included a list of "Upcoming Payments that will need to be made before January 1st," which included the item "Interest to Note Holders - $38,000.00[.]"

[11] The Cordell Group, LLC, is a South Carolina Limited Liability Company used in part as a vehicle for receiving Respondent Wade Cordell's salary from IBG.

d. Additionally, the terms of Note X (see the Promissory Notes Section above) required that 50% of all funds raised subsequent to the issuance of that note be used to repay the principal on Note X.

MISTATEMENTS, OMISSIONS, AND OTHER MATERIAL ERRORS COMMUNICATED TO INVESTORS

FINANCIAL STATEMENTS

105. Respondent Sturgill hired Grafton & Company, Inc. ("Grafton"), an accounting firm based in Laurel, Mississippi, to produce audited financial statements for IBG.

106. Grafton was not registered as a Certified Public Accounting firm in Mississippi, as required by Mississippi law.

107. Brent Grafton, the principal of Grafton and the primary accountant for IBG, forfeited his certification as a certified public accountant ("CPA") in January of 2008 for failure to comply with licensing requirements. He continued to perform duties for IBG as a CPA and audited financial statements even after his change in professional status.

108. Neither Grafton nor anyone on Grafton's behalf physically visited the Lexington office to perform an audit at any time material herein.

109. During 2006, several officers and advisors of IBG raised concerns to individual Respondents and directors of the company that the financial statements audited by Grafton were flawed in material respects, including a failure to comply with United States generally accepted accounting principles ("GAAP") and a failure to include numerous required disclosures.

110. The flaws in the Grafton-produced financial statements included:

a. Stated Revenue which had not yet been earned by IBG;

b. Significant overstatements in Accounts Receivable.

111. The Grafton-produced financial statements were also issued to MK during 2006, as part of an effort to obtain additional investment capital.

112. The Respondents also utilized the Grafton-audited financial statements in direct and indirect communications with investors and banking institutions. Some individual investors received copies of these financial statements.

113. On May 22, 2008, in an email exchange between Respondent Hargrett and a representative of MK, Respondent Hargrett stated "for all practical purposes, [IBG's Accounts Receivable] will be all written off."

114. On July 21, 2008, Respondent Sturgill wrote an email to the other individual Respondents regarding the auditors and GAAP. This email stated:

> We have spent years getting this company in it's (sic) current position. When speaking to people, conversations need to be clear and concise so there is (sic) no misunderstandings. We need to stop talking about our auditors and GAAP. They have signed off in the audit that we are in compliance with GAAP. We don't need to be talking about possible legal issues or concerns that revolve around the [Accounts Receivable], (potential liabilities from investors) the A/R issue is being delt (sic) with. All conversation about these matters will stay in house. There has been too much misunderstanding with outside people on these matters already. The bottom line here is we all need to be working to achieve the same goals. We have worked too hard and long to allow anything to happen that would jeopardize our futures.

115. The Respondents had access to all of IBG's bank records and financial information, and knew or should have known that the financial statements produced by Grafton were fraudulent or misleading.

MATERIAL FACTS NOT COMMUNICATED TO SHAREHOLDERS

116. On numerous occasions, individual Respondents Wade and Brad Cordell, Blevins, Sturgill, and Hargrett met or spoke with individual investors and potential investors to discuss IBG and its investment potential.

117. The Respondents frequently told these individuals that there was a substantial growth in cash-flow anticipated for IBG in the near future. Additional statements regarding the likelihood of IBG going public or being bought were frequently made by the Respondents in communications with individual investors and potential investors.

118. The Respondents did not discuss with all investors:

a. That shares of stock were "gifted" away to key employees, to some note purchasers, and to some Territory purchasers;

b. That investment funds would be used to pay personal expenses of officers and directors of IBG;

c. That investment funds would be used to pay substantial bonuses to sales agents, including the officers and directors of IBG;

d. That investment funds would be used to pay promised returns to prior investors in IBG;

e. That certain officers and directors of IBG were selling personal shares of IBG contemporaneous with encouraging other individuals to invest in IBG.

MATERIAL MISTATEMENTS COMMUNICATED TO INVESTORS

119. The Respondents also had numerous written communications with investors and potential investors, many of which included misstatements, misleading

statements, and profoundly optimistic projections of IBG's future prospects. For example:

a. In a letter dated July 13, 2005, from Respondent Sturgill to IBG Stockholders:

   i. "We decided to start the process of taking our company public a few months ago."

   ii. "There is an enormous amount of paperwork currently being filed with the SEC, NASDAQ, underwriters, and financial statements are being prepared."

   iii. "We are also filing to be traded on dual exchanges: NASDAQ and ARCA (all electronic exchange that will maximize the trading potential)."

b. In a letter dated September 12, 2005, from Respondent Wade Cordell to IBG staff, which was later shared with investors:

   i. "Morgan-Stanley (sic) informed [Respondent] Bryon Sturgill this morning that they intend to take us public. Their time frame is between 120 – 180 days."

   ii. "Any time a company with the magnitude of Morgan-Stanley (sic) takes on a client such as [IBG], they buy huge amounts of the stock for their current customers to purchase."

   iii. "The goal of our public offering is to raise between $35 million and $100 million. This money will be used for expansion and other projects in order to drive the stock to $50.00 per share."

c. In a letter dated August 25, 2008, from Respondent Wade Cordell to "All IBG Note Holders":

i. Respondent Wade Cordell projected that IBG would begin receiving as many as 2,100 additional NSF checks per day beginning by November 1, 2008, due to the business brought to IBG by U.S. Bank.

ii. Respondent Wade Cordell further projected that the revenues from these additional checks alone would produce over $1,000,000 monthly, which would exceed IBG's needed monthly revenues by $350,000.

iii. Respondent Wade Cordell stated, "IBG will be extending the promissory note offering to at least 15 more investors over the next couple of weeks. Once these funds are raised, IBG will have the needed funding to solidify our operations and marketing efforts and will be very solid financially due to all of the above mentioned US Bank numbers, plus the additional numbers listed below."

MATERIAL MISTATEMENTS IN SECURITIES FILINGS

120. IBG's various securities filings were prepared principally by IBG's securities counsel in reliance on information received from Respondent Blevins and other principals of IBG.

121. IBG's securities filings with the Division include a number of misstatements which can be directly attributed to information provided to securities counsel by Respondent Blevins and other principals of IBG. These include:

a. In IBG's Form D filed with the Division on June 23, 2009:

   i. Form indicated that the described securities offering has not been and will not be offered to any non-accredited investors;

   ii. Form indicated that no sales commissions or finders' fees were paid in association with the offering;

   iii. Form indicated that no amount of the proceeds from the offering would be used as payments to any person required to be named as executive officers, directors, or promoters.[12]

b. In IBG's Form D filed with the Division on April 4, 2007:

   i. Form indicated that the issuer had not sold, nor intended to sell to non-accredited investors;

   ii. Form indicated that no person would be "paid or given, directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with the sales of securities in the offering";

   iii. Form indicated that no amount of the proceeds from the offering would be used as payments to officers, directors, or affiliates.[13]

REQUEST FOR AN ORDER BARRING RESPONDENTS FROM REGISTRATION AND IMPOSING PENALTIES AND INVESTIGATIVE COSTS

WHEREAS, IBG's Territories are a common enterprise, into which individuals made an investment of money with the expectation of profits, solely or primarily from the efforts of

[12] The individual Respondents were all listed as executive officers, directors, or promoters in the same Form D.
[13] The individual Respondents were all listed as executive officers in the same Form D.

others, and as such constitute "investment contracts" under federal and South Carolina law; and

WHEREAS, said investment contracts are, by definition, "securities" within the meaning of the Act; and

WHEREAS, IBG's Territories were not registered with the Division, and no exemption from registration was claimed on their behalf; and

WHEREAS, IBG's Notes constitute "securities" within the meaning of the Act; and

WHEREAS, the Respondents purported to claim an exemption from registration for IBG's Notes, but through the Respondents' actions and the actions of others acting on the Respondents' behalf, the claimed exemption was lost, and the IBG Notes are unregistered securities; and

WHEREAS, IBG's shares of stock constitute "securities" within the meaning of the Act; and

WHEREAS, the Respondents purported to claim an exemption from registration for IBG's shares of stock, but through the Respondents' actions and the actions of others acting on the Respondents' behalf, the claimed exemption was lost, and the shares of IBG stock are unregistered securities; and

WHEREAS, IBG employed numerous sales agents to offer or sell securities in or from South Carolina; and

WHEREAS, those sales agents include Respondents Wade Cordell, Brad Cordell, Blevins, Sturgill, and Hargrett; and

WHEREAS, none of the sales agents employed by IBG to sell or offer securities were registered with the Division, and no exemption from registration was claimed on their behalf; and

WHEREAS, the Respondents in this matter, in connection with the offer, sale, or

purchase of a security, directly and indirectly, (1) made untrue statements of material facts or omitted to state material facts necessary in order to make statements made not misleading, and (2) engaged in acts, practices, or courses of business that operates or would operate as a fraud or deceit upon another person; and

WHEREAS, 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 seek to bar the Respondents from any and all registration with the Division in the State of South Carolina and to impose a civil penalty;

NOW THEREFORE, the Division requests that the Commissioner grant the following relief against the Respondents:

a. Pursuant to S.C. Code Ann. § 35-1-412(c), order the Respondents barred from registration with the Division for any purpose; and

b. Pursuant to S.C. Code Ann. § 35-1-412(c), order the individual Respondents to pay an administrative fine in an amount not exceeding ten thousand ($10,000) dollars for each violation of the Act and each violation of any rule or order promulgated by the Commissioner, but no less than one million ($1,000,000) dollars; and

c. Pursuant to S.C. Code Ann. § 35-1-604, order the individual Respondents to pay reimbursement of costs of the investigation and any proceeding in this matter, but no less than one hundred thousand ($100,000) dollars; and

d. Order any other relief that the Commissioner deems appropriate.

NOTICE AND OPPORTUNITY FOR A HEARING

NOTICE is hereby given that the Respondents shall have thirty (30) days from the date of receipt of this Notice of Intent to give written notice requesting a hearing on the matters

contained herein to Thresechia Navarro, Securities Division, Post Office Box 11549, Columbia, South Carolina, 29211-1549. In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this 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. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Within fifteen (15) days of receipt of a written notice requesting a hearing, this matter will be scheduled for a hearing. A Respondent may then appear, with or without the assistance of an attorney, at the hearing to present testimony, evidence, and argument relating to the matters contained herein. In the event such written notice requesting a hearing is not received within the above-stated thirty (30) day period of time, an order imposing a bar from registration, civil penalties, and reimbursement of costs may be entered in this proceeding without further notice.

By seeking to issue this order, the Division is not waiving any rights it may have to pursue additional remedies available to it for the above or other violations of the Act committed by the Respondents.

Executed and entered, this the 26th day of May, 2011.

SOUTH CAROLINA OFFICE OF THE ATTORNEY GENERAL

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