

**ADMINISTRATIVE PROCEEDING**  
**BEFORE THE**  
**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

**IN THE MATTER OF:** ) **ORDER TO CEASE AND DESIST**  
John M. McIntyre and )  
Silver Oak Land Management, LLC, ) **File No. 12058**  
Respondents. )

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. 2012), received information regarding alleged activities of John M. McIntyre and Silver Oak Land Management, LLC (collectively “Respondents”), which, if true, could constitute violations of the Act; and

WHEREAS, the information led the Division to open and conduct an investigation of 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 John M. McIntyre (“McIntyre”) is a South Carolina resident with the last known address of 45 Percheron Lane, Hilton Head Island, South Carolina 29926.
  2. McIntyre is the registered agent of Silver Oak Land Management, LLC.
  3. Silver Oak Land Management, LLC (“SOLM”) is a South Carolina limited liability company with the last known address of 45 Percheron Lane, Hilton Head Island, South Carolina 29926.
  4. McIntyre was also the registered agent of Silver Oak Land Trust, LLC (“Land Trust I”), Silver Oak Land Trust II, LLC (“Land Trust II”), Silver Oak Land Trust III, LLC (“Land Trust III”), Silver Oak Land Trust IV, LLC (“Land Trust IV”), Silver Oak Land Trust V, LLC (“Land Trust V”), Silver Oak Land Trust VII, LLC (“Land Trust VII”), and Silver Oak Energy, LLC (“SOE”).

5. The Respondents represented, stated, and implied, in connection with the offer and sale of the securities at issue, that Land Trust I, Land Trust II, Land Trust III, Land Trust IV, Land Trust V, and Land Trust VII (collectively the “Land Trusts”) were being formed for the purpose of purchasing a parcel or parcels of land identified by the Respondents.
6. The Respondents represented, stated, and implied, in connection with the offer and sale of the securities at issue, that investors in the Land Trusts would profit from the managerial efforts of the Respondents to lease the land, sell timber, and put the land to higher and better use.
7. The Respondents represented, stated, and implied, in connection with the offer and sale of the securities at issue, that SOE was being formed to purchase land for farming and the cultivation of Miscanthus grass.
8. The Respondents represented, stated, and implied, in connection with the offer and sale of the securities at issue, that investors in SOE would profit from the managerial efforts of the Respondents to cultivate, harvest, and sell the grass as a renewable source of energy.
9. To fund the land purchase(s), operation, and administration of each entity, the Respondents solicited investors to purchase membership units in the corresponding entity.
10. The membership units offered and sold to South Carolina investors constitute securities as that term is defined in the Act.
11. The Respondents solicited investments in Land Trust I beginning in or around December, 2005 (“Land Trust I Initial Offering”). The Land Trust I Initial Offering was offered and/or sold, in or from the State of South Carolina.
12. The Respondents solicited investments in Land Trust II beginning in or around May, 2006 (“Land Trust II Offering”). The Land Trust II Offering was offered and/or sold in or from the State of South Carolina.
13. In or around January of 2007, members of Land Trust I were awarded interests in Land Trust III in proportion to their interests in Land Trust I via a transfer of capital from Land Trust I to Land Trust III.

14. The Respondents solicited investments in Land Trust IV beginning in or around August, 2007 (“Land Trust VI Offering”). The Land Trust IV Offering was offered and/or sold in or from the State of South Carolina.
15. The Respondents solicited investments in Land Trust V beginning in or around February, 2008 (“Land Trust V Offering”). The Land Trust V Offering was offered and/or sold in or from the State of South Carolina.
16. The Respondents solicited investments in Land Trust VII beginning in or around March, 2009 (“Land Trust VII Offering”). The Land Trust VII Offering was offered and/or sold in or from the State of South Carolina.
17. The Respondents solicited investments in SOE beginning in or around December, 2009 (“SOE Offering”). The SOE Offering was offered and/or sold in or from the State of South Carolina.
18. The Respondents conducted a second offering of Land Trust I membership units beginning in or around 2010 and continuing into 2011 (“Land Trust I Second Offering”). The Land Trust I Second Offering was offered and/or sold in or from the State of South Carolina.
19. In connection with the offer and sale of the membership interests in each of the Land Trusts and in SOE, the members and McIntyre or SOLM executed an operating agreement to control the management of the relevant entity.
20. The operating agreement of each Land Trust, except for Land Trust II and Land Trust III, does not provide for the payment of the manager, whether that was McIntyre or SOLM.
21. The operating agreements of Land Trust II and Land Trust III provide that the “Manager shall receive as a management fee fifteen percent (15%) of all revenue received by the Company.”
22. In connection with the offer and sale of the membership interests in Land Trusts I, IV, V, and VII, and in SOE, the Respondents represented to South Carolina investors that their compensation for the managerial services provided was only a stated and defined percent interest in the company.

23. In contradiction to the representations made to South Carolina investors in connection with the offer and sale of the membership interests, the Respondents used investor funds to pay for personal expenses of McIntyre and McIntyre's family.
24. Further, the Respondents paid themselves significant manager fees and other compensation despite representations to the contrary made in connection with the offer and sale of the securities at issue.
25. The Respondents began to misappropriate investor money from the Land Trust I bank account beginning at least by 2007.
26. The Respondents used Land Trust I investor money for personal expenditures such as dining, groceries, online retailers, clothing, wine and spirits, and pet hospital and kennel visits.
27. Further, the Respondents used Land Trust I investor money to make so called loans to themselves.
28. The Respondents also used Land Trust I investor money to pay themselves consulting fees in violation of the operating agreement and in contradiction to the representations made to investors in connection with the offer and sale of the securities at issue.
29. The Respondents encumbered the land purchased for Land Trust I with a \$500,000 mortgage in or around 2007. The Respondents eventually increased the mortgage to \$750,000.
30. In order to service the debt, the Respondents caused the other entities, including Land Trust VII and SOE, to transfer investor money to Land Trust I to make the payments.
31. Even as Land Trust I was struggling to make its mortgage loan payments, the Respondents were using investor money for personal expenses.
32. The Land Trust II operating agreement permitted the Respondents to take fifteen percent of all revenue received by the company as a management fee. However, the Respondents misappropriated Land Trust II investor funds by paying themselves significant consulting fees on top of taking the permitted distributions pursuant to the operating agreement.

33. The Respondents misappropriated Land Trust III investor funds by transferring thousands of dollars to SOLM from August, 2011, to December, 2011. Further, during this same time period, the Respondents caused thousands of dollars of Land Trust III investor funds to be transferred to Land Trust I.
34. The Respondents misappropriated Land Trust IV investor funds by transferring thousands of dollars to themselves and by causing smaller amounts to be transferred to the other entities under the Respondents' control.
35. The Respondents misappropriated Land Trust VII investor funds by paying themselves thousands of dollars in self-titled commissions, consulting fees, and loans between June 1, 2009, and May 31, 2011, in violation of the operating agreement and in contradiction to the representations made to investors in connection with the offer or sale of the Land Trust VII securities.
36. The Respondents misappropriated thousands of dollars of SOE investor funds for personal expenses such as ladies shoes, college applications, numerous restaurants, jewelry, pet care, and dentist bills.
37. Further, from December 9, 2009, through November 22, 2010, the Respondents wrongfully transferred approximately \$70,000 from SOE's operating account to SOLM's bank account.
38. The Respondents represented to investors in connection with the offer and sale of the securities of the various entities that the investors' money would be used in furtherance of the entity in which they invested. In contradiction to this representation, the Respondents made multiple transfers and so called loans between the various entities resulting in a comingling of funds among the various Land Trusts and SOE.
39. Further, expenditures were made from accounts in the name of one entity for the benefit of other entities, further comingling the funds.
40. In order to conceal the misuse of investor funds, the Respondents mislabeled several expenditures in the corporate QuickBooks accounting software. Specifically, to illustrate by example, the Respondents:

- a. On January 8, 2011, used Land Trust I investor money at Evergreen Pet Lodge and entered the transaction in QuickBooks as “Evergreen Buffet.”
- b. On December 27, 2010, used Land Trust I investor money at Victoria’s Secret and entered the transaction in QuickBooks as “Vic’s on the River” for dinner with “ip staff.”
- c. On September 15, 2011, used Land Trust I investor money at Plantation Animal Hospital and entered the transaction in QuickBooks as an advertising expense at “Plantation Deli.”
- d. On December 16, 2009, used SOE investor money at SteveMadden.com and Macy’s Department Store and labeled the purchases in QuickBooks as “Greenhouse Construction.”
- e. On December 20, 2009, used SOE investor money for college applications to Wake Forest University and Vanderbilt University and labeled the purchases in QuickBooks as “Home Depot.”
- f. On December 23, 2009, used SOE investor money at the Goldsmith Shop, Inc., a jewelry store on Hilton Head Island, and labeled the purchase in QuickBooks as “Jaderloon Greenhouse Co. Inc.”

41. The Division attempted to subpoena documents and testimony from the Respondents, but the Respondents refused to comply with the subpoena unless Respondent McIntyre was provided criminal immunity, which the Division cannot provide.
42. Pursuant to S.C. Code Section 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:
  - a. To employ a device, scheme, or artifice to defraud;
  - b. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
  - c. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

43. On at least 39 occasions, the Respondents, jointly and severally, in connection with the offer, sale, or purchase of a security, directly or indirectly,
- a. Employed a device, scheme, or artifice to defraud;
  - b. Made an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
  - c. Engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

**CEASE AND DESIST ORDER**

WHEREAS, pursuant to S.C. Code Ann. § 35-1-604(a)(1), if the Securities Commissioner determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act, the Securities Commissioner may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with the Act; and

WHEREAS, pursuant to S.C. Code Ann. § 35-1-604(b), an order issued under Section 35-1-604(a) is effective on the date of issuance and must include a statement of any civil penalty or costs of investigation the Division will seek, a statement of the reasons for the order, and notice that a hearing will be scheduled if one is requested;

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

- a. The Respondents immediately cease and desist from transacting business in this State in violation of the Act and, in particular, Section 35-1-501 thereof;
- b. Any exemption available to the Respondents under the Act is hereby permanently revoked prospectively; and
- c. The Respondents each pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act committed by that Respondent, and the actual cost of the investigation and proceedings. In the alternative, if a Respondent chooses to let this Order become effective by operation of law, that Respondent shall pay a civil penalty of \$50,000 for violating the Act as detailed in this Order.

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

The Respondents are hereby notified that they have 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 to Cease and Desist a written Answer specifically requesting a hearing. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from a Respondent, will schedule the hearing.

In the written Answer, the 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.

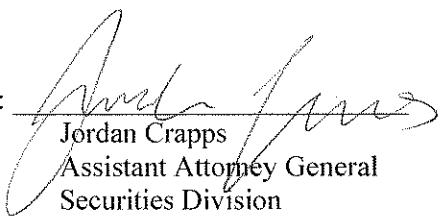
Failure by a Respondent to file a written request for a hearing in this matter within the thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure of a Respondent to file an Answer, including a request for a hearing, shall result in this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

including the stated civil penalty and any assessed fees, 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 PENALTIES UNDER S.C. CODE ANN. § 35-1-508 OF THE ACT.

**IT IS SO ORDERED,** This the 19 day of April, 2013.

By:

  
Jordan Crapps  
Assistant Attorney General  
Securities Division  
Rembert C. Dennis Building  
1000 Assembly Street  
Columbia, S. C. 29201

(803) 734-9916