

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	
Gregory C. Priester (a/k/a "Greg Priester"))	ORDER TO CEASE AND DESIST
)	File No. 11047
<u>Respondent.</u>)	

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, et seq. (Supp. 2012), received information regarding alleged activities of Gregory C. Priester ("Priester" or "Respondent"), which, if true, could constitute violations of the Act; and

WHEREAS, the information led the Division to open and conduct an investigation of the Respondent 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. The Respondent is a North Carolina resident with the last known address of 3406 Ann Franklin Court, Charlotte, North Carolina 28216.
2. During the period beginning no later than October of 2009 and ending no earlier than December of 2010, the Respondent offered and sold various investment opportunities and financial products to persons in the State of South Carolina.
3. During the time period herein, the Respondent offered and sold a Registered Bond Promissory Note (the "Bond") to one or more South Carolina investors (the "Bond Offering").
4. In November of 2009, a South Carolina investor (the "Investor") purchased from the Respondent a Bond with a face value of ten million dollars (\$10,000,000) for twenty-five dollars (\$25).

5. In connection with the offer and sale of the Bond to the Investor, the Respondent stated that the Bond would be mailed to the United States Treasury Secretary “Timothy S. Geithner” (sic) and the Investor would receive regular interest payments from the United States Department of the Treasury.
6. In connection with the offer and sale of the Bond to the Investor, the Respondent stated that the Bond would provide seven percent annual return until December 11, 2038.
7. Further, the Bond stated that upon maturity on December 11, 2038, the Bond would pay the full face amount of ten million dollars (\$10,000,000) to the Investor.
8. The Investor has not received any interest payments as promised, and the bond does not now and never will have a face value of ten million dollars.
9. In addition to the sale to the Investor detailed above, during the time period herein, the Respondent sold similar bonds (collectively the “Bonds”) to at least ten South Carolina investors (the “South Carolina Investors”).
10. In connection with his offer and sale of the Bonds, the Respondent promised the South Carolina Investors significant returns on their investment(s).
11. The Respondent further told the South Carolina Investors that all they had to do to invest with the Respondent was to provide the Respondent with a sum of money.
12. Further, the Respondent represented to the South Carolina Investors that no further effort was required of the South Carolina Investors in order to receive the return the Respondent promised.
13. One or more of the Respondent’s representations made to the South Carolina Investors in connection with the offer and sale of the Bonds were false with respect to a material fact.
14. The Bonds sold to the South Carolina Investors were neither created by nor obligations of the United States Department of the Treasury.
15. In connection with the offer and sale of the Bonds, the Respondent employed a device, scheme, or artifice to defraud.

16. In connection with the offer and sale of the Bonds, the Respondent engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.
17. The Bonds constitute securities as that term is defined by the Act.
18. At the time of the offer and sale of securities in or from the State of South Carolina, the securities were not registered with the Division, were not federal covered, and no exemption from registration has been claimed.
19. At the time the Respondent offered and sold securities in or from the State of South Carolina, the Respondent was not registered with the Division as an agent and no exemption from registration has been claimed.
20. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless the security is a federal covered security, the security, transaction, or offer is exempted from registration under S.C. Code Ann. §§ 35-1-201 through 35-1-203, or the security is registered.
21. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business in this State as an agent unless the individual is registered as an agent or is exempt from registration as an agent.
22. Pursuant to S.C. Code Ann. § 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 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.
23. The Respondent offered or sold securities in or from the State of South Carolina, in violation of S.C. Code Ann. §35-1-301.

24. The Respondent transacted business in the State of South Carolina as an agent, in violation of S.C. Code Ann. § 35-1-402(a).
25. The Respondent, in connection with the offer or sale of a security, directly or indirectly employed a device, scheme, or artifice to defraud, made an untrue statement of 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 engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person, in violation of S.C. Code Ann. § 35-1-501.

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 Gregory C. Priester:

- 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 35-1-501 thereof;

- b. Any exemption available to the Respondent under the Act is hereby permanently revoked prospectively; and
- c. Pay a civil penalty in an amount not to exceed \$10,000 for each violation of the Act committed by the Respondent, and the actual cost of the investigation and proceedings. In the alternative, if the Respondent chooses to let this Order become effective by operation of law, the Respondent shall pay a civil penalty of \$25,000 for violating the Act as detailed in this Order.

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

The Respondent is hereby notified that he has the right to a hearing on the matters contained herein. To schedule such 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 to Cease and Desist a written Answer specifically requesting a hearing. If the 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.

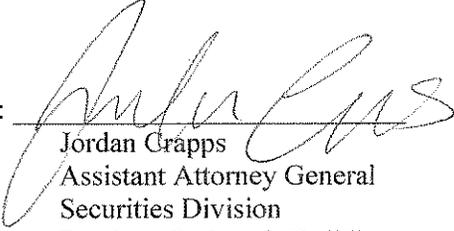
In the written Answer, the Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. A Respondent without knowledge or information sufficient to form a belief as to the truth of an allegation shall so state.

Failure by the 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 the Respondent of the 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 and any assessed fees, 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 PENALTIES UNDER S.C. CODE ANN. § 35-1-508 OF THE ACT.

IT IS SO ORDERED, This the 6 day of May, 2013.

By:


Jordan Crapps
Assistant Attorney General
Securities Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, S. C. 29201
(803) 734-9916