

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
John W. Elkins)	
)	File Number 08009
and)	
)	
Asset Protection Systems, Inc.,)	
)	
)	
<u> Respondents.</u>)	

WHEREAS, the South Carolina Uniform Securities Act of 2005 (the "Act"), S.C. Code Ann. §§ 35-1-101 to 35-1-703 (Supp. 2008), governs all actions or proceedings initiated based on conduct concerning securities that occurred on or after January 1, 2006; and

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 Act, S.C. Code Ann § 35-1-602 (Supp. 2008), on or about March 31, 2008, initiated an investigation of the investment advisory activities of Asset Protection Systems, Inc. ("APS"), and John W. Elkins ("Elkins");

NOW THEREFORE, in connection with the investigation, the Division determined that APS and Elkins (collectively, the "Respondents") have engaged, are engaging, or are about to engage in acts, practices, or courses of business constituting violations of the Act or a rule adopted or order issued under the Act and hereby includes in this Order to Cease and Desist ("C&D Order") a statement of the civil penalty and costs of the investigation sought, a statement of the reasons for the Order, and a notice that a hearing will be scheduled if either Respondent requests a hearing.

FACTUAL HISTORY

1. Respondent APS is a domestic corporation registered with the South Carolina Secretary of State's office. Respondent Elkins is listed as the registered agent for Respondent APS. The address for the registered agent is listed as 100 Sunset Boulevard, #601, West Columbia, South Carolina, 29169.
2. The primary business address for Respondent APS during the time period of the violations alleged herein is 1055-B Sunset Boulevard, West Columbia, South Carolina, 29169.
3. Respondent Elkins incorporated Respondent APS on July 26, 2002.
4. Upon information and belief, Elkins owns and controls APS.
5. APS is not and has not been registered as an investment adviser ("IA") in South Carolina.
6. Respondent Elkins is a South Carolina resident.
7. Upon information and belief, Respondent Elkins's home and work addresses, at all times relevant hereto, are located within Lexington County, South Carolina.
8. Elkins is not and has not been registered as an investment adviser representative ("IAR") in South Carolina.
9. In response to an inquiry from the Division, Respondent Elkins by letter on or about April 4, 2007 stated, "I am a South Carolina licensed insurance agent and sell only fixed, no variable, products through numerous companies"
 - a. The letterhead included the following: the Certified Senior Advisor ("CSA") logo, which includes "CSA" and "Certified Senior Advisor (CSA)," "John W. Elkins, CSA," and "Certified Senior Advisor (CSA)."
 - b. Respondent Elkins stated that he has been a CSA since 2002.

- c. Respondent Elkins also stated, “Also, completed dozens of courses related to insurance and estate planning over the last 38 years.”
 - d. At the bottom of Respondent Elkins’ response, Elkins included the following:
Asset Protection Systems, Inc., 1055-B Sunset Boulevard, West Columbia, South Carolina, 29169.
9. On his business card, Respondent Elkins includes the following:
- a. The CSA logo.
 - b. “John W. Elkins, CSA.”
 - c. “Certified Senior Advisor (CSA).”
 - d. Asset Protection Systems, Inc., 1055-B Sunset Boulevard, West Columbia, South Carolina, 29169.
10. During a telephone conversation with the Division on March 14, 2008, Respondent Elkins stated the following:
- a. “I don’t believe that people should be in the market.”
 - b. There are only three places for people to invest for safety: government, banks, and insurance companies.
 - c. When potential customers come into his office, Respondent Elkins tells them what alternatives exist.
 - d. “If you don’t want to lose money, there are alternatives.”
 - e. Respondent Elkins referred to himself as a “financial planner.”
11. On March 17, 2008, Respondent Elkins stated the following to the Division:

- a. He sold the following insurance products: life insurance, single-premium life insurance, equity indexed life insurance, fixed annuities, indexed annuities, and single-premium immediate annuities.
 - b. Some of the persons who attend Respondents' free dinner workshops make appointments to meet with Respondent Elkins, and some of these people purchase insurance or annuity products from Respondents.
 - c. Obtaining the designation of CSA required attending a "weekend course," but it does not require any educational experience.
12. In March, 2008, a book titled "The Trouble with Mutual Funds" was available to visitors and clients in the lobby of APS' and Elkins' office. On the cover of this book was a sticker that included the CSA logo, "John W. Elkins, CSA," "Asset Protection Systems, Inc.," and contact information. In this book, the author included many criticisms of investing in mutual funds. The author stated, "This book looks at the trouble with mutual funds"; and he recommended that investors "move out" of mutual funds.
13. Respondent Elkins, on behalf of himself and Respondent APS, invited retirees to a "complimentary" "Dinner workshop," specifically on March 18 or 20, 2008, at the New Orleans Riverfront restaurant, 121 Alexander Street, West Columbia, South Carolina.
 - a. Respondents sent these invitations via the United States mail.
 - b. The return address on the mailed invitations was 1055-B Sunset Boulevard, West Columbia, South Carolina, 29169.
 - c. The invitations contained pre-printed "admission tickets" and a pre-printed RSVP card.

- d. The pre-printed RSVP card was addressed to Asset Protection Systems Inc, Attn John W. Elkins, 1055-B Sunset Boulevard, West Columbia SC 29169.
- e. In advertising material distributed in connection with the dinner workshops, Respondent Elkins, acting on behalf of himself and Respondent APS, represented the following to retirees:
 - i. “John W. Elkins of Asset Protection Systems is a well-known financial educator in the Richland and Lexington area. He presents in a fun, enjoyable, and informative style and thousands of investors and retirees have achieved their personal financial goals due to his informative workshops. You’ll have fun, enjoy a delicious meal and leave knowing how to better position yourself and your family for retirement. No specific products will be promoted or sold. Do not miss this unique opportunity.”
 - ii. “Hello! My name is JOHN W. ELKINS. My college major was business finance and I’ve been in the financial service business for the past 40 years.”
 - iii. “For the past NINE years I’ve given workshops in the Midlands to people in retirement, advising they move their money to safety. The stock market is now BELOW its level of seven years ago and history tells us we may not see new highs for another TEN years. If you have money you DON’T WANT TO LOSE I’m urging you to attend...”

- iv. "GET FACTS, GET ANSWERS, GET EDUCATED AND GET THE HONEST TRUTH ON WHAT IS HAPPENING RIGHT NOW WITH YOUR SAVINGS AND INVESTMENTS"
- v. "INFLATION...WAR...DOLLAR DECLINE... HOUSING DEFLATION...STOCK MARKET ROLLER COASTER ...SHRINKING INTERST EARNINGS...it's more important than ever to understand the facts so you can make informed decisions and avoid disastrous financial mistakes. You'll learn: . . . The ideal place for your retirement funds (what is 'ideal' anyway)."
- vi. "A FRESH LOOK AT YOUR SAVINGS AND INVESTMENTS MAY YIELD AT LEAST ONE NEW OPPORTUNITY AND OFFER YOU PEACE OF MIND."
- vii. In two places on the advertisement, Respondents stated that this seminar contains "time-sensitive information."

f. Respondent Elkins did not disclose in the mailed advertisement his profession and what insurance or other licenses he holds.

14. Respondent Elkins, on behalf of himself and Respondent APS, invited investors to a "FREE DINNER PRESENTATION," specifically on October 30, 2007, or November 1 or 6, 2007, at the New Orleans Riverfront restaurant, 121 Alexander Street, West Columbia, South Carolina, 29169.

a. The name and address on the bottom of the invitation was Asset Protection Systems, Inc., 1055-B, Sunset Boulevard, West Columbia, South Carolina, 29169.

- b. In advertising material distributed in connection with the dinner workshops, Respondent Elkins, acting on behalf of himself and Respondent APS, represented the following to retirees:
 - i. “John has a degree in Business Finance, has been a C.L.U. for over 30 years, and is a Certified Senior Advisor. Having given workshops to thousands of Midland seniors over the past few years, John knows most people do not plan very well (or at all) for retirement, so he has developed strategies to help seniors get past the major pitfalls and to uncomplicate the process.”
 - ii. The title of the presentation was “DON’T LOSE MONEY! ‘How to Survive and Prosper the Current Stock Market Roller Coaster Ride.’”
 - iii. “PROTECT YOUR MONEY”
 - 1. Alternatives to the stock market (reasonable returns without risk)
 - 2. The trouble with mutual funds
 - 3. Savings vs. investments... How to tell the difference”
 - c. Respondent Elkins did not disclose in the advertisement his profession and what insurance or other licenses he holds.
15. Respondent Elkins, on behalf of himself and Respondent APS, invited investors to a “FREE DINNER PRESENTATION,” specifically on October 24, 26, or 31, 2006, or November 2, 2006, at the New Orleans Riverfront restaurant, 121 Alexander Street, West Columbia, South Carolina.
- a. Respondents sent these invitations via the United States mail.

- b. The return address on the mailed invitations was 1055-B Sunset Boulevard, West Columbia, South Carolina, 29169.
- c. The name and address on the bottom of the invitation was Asset Protection Systems, Inc., 1055-B, Sunset Boulevard, West Columbia, South Carolina, 29169.
- d. In advertising material distributed in connection with the dinner workshops, Respondent Elkins, acting on behalf of himself and Respondent APS, represented the following to retirees:
 - i. “John has a degree in Business Finance, has been a C.L.U. for over 30 years, and is a Certified Senior Advisor who specializes in advising seniors like you. Having given workshops to thousands of Midland seniors over the past few years, John knows most people do not plan very well (or at all) for retirement, so he has developed strategies to help seniors get past the major pitfalls and to uncomplicate the process.”
 - ii. The title of the presentation was “DON’T LOSE MONEY! PLUS OTHER RULES FOR SENIORS TO LIVE BY.”
 - iii. “RULE #1: PROTECT YOUR MONEY
 - 1. Alternatives to the stock market (reasonable returns without risk)
 - 2. Understand your broker... some things you’re told really make no sense at all
 - 3. The trouble with mutual funds
 - 4. Savings vs. investments... How to tell the difference?”
- e. Respondent Elkins did not disclose in the mailed advertisement his profession and what insurance or other licenses he holds.

16. Respondent Elkins, on behalf of himself and Respondent APS, invited investors to a “FREE DINNER PRESENTATION,” specifically on August 22, 24, 29, or 31, 2006 at the New Orleans Riverfront restaurant, 121 Alexander Street, West Columbia, South Carolina.

- a. Respondents sent these invitations via the United States mail.
- b. The return address on the mailed invitations was 1055-B Sunset Boulevard, West Columbia, South Carolina, 29169 and that is the address of Respondent APS.
- c. The name and address on the bottom of the invitation was Asset Protection Systems, Inc., 1055-B, Sunset Boulevard, West Columbia, South Carolina, 29169.
- d. In advertising material distributed in connection with the dinner workshops, Respondent Elkins, acting on behalf of himself and Respondent APS, represented the following to retirees:
 - i. “John has a degree in Business Finance, has been a C.L.U. for over 30 years, and is a Certified Senior Advisor who specializes in advising seniors like you. Having given workshops to thousands of Midland seniors over the past few years, John knows most people do not plan very well (or at all) for retirement, so he has developed strategies to help seniors get past the major pitfalls and to uncomplicate the process.”
 - ii. “[Investor], are you confused with recent economic ups and downs...wild stock market swings...bankruptcy of brand name companies...inflation returning...Wall Street crooks...etc...etc... etc?”
 - iii. “This is a Retirement Planning Seminar designed for seniors (55 and above) to address their concerns, such as:

1. How to achieve a sense of true financial security. . . .
 2. How to choose the ideal legacy advisor (not simply financial advisor). . . .
 3. How to secure a reasonable return on your investments AND NEVER LOSE MONEY AGAIN. . . .
 4. Ideas you can use TODAY to better manage your assets. . . .”
- e. Respondent Elkins did not disclose in the mailed advertisement his profession and what insurance or other licenses he holds.
17. In sales material provided by Elkins from one of the providers of fixed index annuities sold by APS and Elkins, it is stated, “Compare a stock or mutual fund vehicle (where the investor bears the market risk) with a fixed index annuity. You will note that a North American fixed index annuity insulates you from the risk of market downturn.” This sales material also included a chart comparing the benefits of a fixed index annuity to the benefits of a mutual fund.
18. In other sales material provided by Elkins from one of the providers of fixed index annuities sold by APS and Elkins, it is stated, “Unlike most securities or mutual funds where your account balance can fluctuate due to market performance, premium deposited into a fixed index annuity is guaranteed to never go down due to market downturns. A contract owner of a fixed index annuity from North American participates in market-related growth without market-type loss.”
19. Respondents receive compensation from the sale of various insurance and fixed annuity products.

20. In 2006 and 2007, Elkins reported as income on APS' income tax return the majority of the commissions from the sale of insurance products, including fixed annuities, but Elkins reported as income on his individual income tax return some commissions from the sale of insurance products, including fixed annuities.
21. In 2007, Elkins received a salary of \$28,000 from APS.
22. In 2008, APS and Elkins sold fixed annuities to at least three persons who attended one of APS' and Elkins' free dinner seminars and received commissions from these sales.
23. Upon information and belief, APS received commissions in 2006 through 2008 from the sale of fixed index annuities by Elkins and disbursed part of the commission to Elkins.
24. Pursuant to the Code of Professional Responsibility of the Society of Certified Senior Advisors ("SCSA"), effective March 7, 2007, CSAs who present themselves as CSAs must give the following written disclosure statement to consumers prior to the purchase of a product or service:

"Certified Senior Advisors (CSAs) have supplemented their individual professional licenses, credentials and education with knowledge about aging and working with seniors. Know what those licenses, credentials and education signify. The CSA designation alone does not imply expertise in financial, health or social matters. Details: www.csa.us."
25. Pursuant to a document titled "CSA Disclosure Statement FAQ" published by the SCSA, the SCSA adopted the above-mentioned disclosure statement "to distinguish the CSA designation from others, and we want consumers to understand better what the CSA designation is. This will also reduce the potential for the designation to be misused or misunderstood."

26. Respondents have included the “CSA” designation on the front door of their office but have excluded from the front door the more rigorous Chartered Life Underwriter (“CLU”) designation.
27. Regarding a brochure prominently displayed and available on March 17, 2008, in the lobby of APS’ office:
- a. The following statements were included in the brochure:
 - i. “A Certified Senior Advisor is a professional who has completed a rigorous course of instruction in the concerns facing seniors.”
 - ii. “Upon completion of the course, candidates for the designation must pass a comprehensive exam to demonstrate their knowledge of the issues”
 - b. “John W. Elkins, CSA,” “Certified Senior Advisor (CSA),” Respondent APS’ name and address, and the uniform resource locator for Respondent Elkins’ web site (i.e., <http://www.johnwelkins.com>) are printed on this brochure.
 - c. This brochure does not include the written disclosure statement included in SCSA’s Code of Professional Responsibility.
28. Regarding the Standard and Poors 500 Index (“S&P 500”):
- a. The S&P 500 is an index made up of 500 different stocks. It is commonly used as the benchmark for the overall stock market in the United States.
 - b. The closing balances of the S&P 500 at the end of the last trading day in February, 2008 (1330.63), January, 2008 (1378.55), and December, 2007 (1468.36) were greater than the closing balances at the end of the last trading day in February, 2001 (1239.94), January, 2001 (1366.01), and December, 2000 (1320.28), respectively.

- c. The highest closing balance of the S&P 500 in 2007 was 1565.15 on October 9, 2007; the lowest closing balance of the S&P 500 in 2007 was 1374.12 on March 5, 2007.
- d. The S&P 500's highest closing balance was 1565.15 on October 9, 2007.

APPLICABLE LAW

Definitions

- 29. Pursuant to S.C. Code Ann. § 35-1-102(15) of the Act, an IA is a person that, for compensation, engages in the business of advising others as to the value of securities or the advisability of investing in, purchasing, or selling securities, or that, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. The term includes a financial planner or other person that, as an integral component of other financially related services, provides investment advice regarding securities to others for compensation as part of a business or that holds itself out as providing investment advice regarding securities to others for compensation.
- 30. In interpreting South Carolina securities laws, an examination of federal law may be helpful and interpretation of federal securities laws may be applied. *See, e.g., Atlanta Skin & Cancer Clinic, P.C. v. Hallmark General Partners, Inc.*, 320 S.C. 113, 122-23, 463 S.E.2d 600, 606 (S.C. 1995).
- 31. Pursuant to 52 Fed. Reg. 38,400 (1987) (S.E.C. Rel. No. IA-1092 titled "Applicability of the Investment Advisers Act to Financial Planners, Pension Consultants, and Other Persons Who Provide Investment Advisory Services as a Component of Other Financial Services"), a person is an IA if he satisfies the following three elements: (1) provides advice, or issues

reports or analysis, regarding securities; (2) is in the business of providing such services; and (3) provides such services for compensation.

- a. Pursuant to 52 Fed. Reg. 38,400 (1987), a person satisfies the first element, providing advice regarding securities, of the definition of being an IA when:
 - i. That person provides advice, or issues or promulgates reports or analyses, concerning securities, even when the advice does not relate to specific securities;
 - ii. That person advises others concerning the relative advantages and disadvantages of investing in securities in general as compared to other investments; or
 - iii. That person, in course of developing a financial program for another, advises a client as to the desirability of investing in, purchasing, or selling securities, as opposed to, or in relation to, any non-securities investment or financial vehicle.
- b. Pursuant to 52 Fed. Reg. 38,400 (1987), giving advice does not need to be the principal business activity or any particular portion of the business activities of a person in order for the person to be in the business of providing advisory services, the second element. One way in which a person would be “in the business” of providing investment advice is if the person holds himself out as an investment adviser or as one who provides investment advice or provides specific investment advice.
- c. Pursuant to 52 Fed. Reg. 38,400 (1987), one way in which a person can satisfy the third element, providing advice for compensation, is to receive any economic

benefit from providing a variety of services to a client, including investment advisory services. Such economic benefit may include receipt of a single fee or commission upon the sale to the client of insurance products or investments.

32. Pursuant to S.C. Code Ann. § 35-1-102(16) of the Act, an IAR is an individual employed by or associated with an IA or a federal covered investment adviser and who, among other activities, makes any recommendations or otherwise gives investment advice regarding securities; manages securities accounts or portfolios of clients; determines which recommendation or advice regarding securities should be given; provides investment advice regarding securities; holds himself out as providing investment advice regarding securities; receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice regarding securities; or supervises employees who perform any of the foregoing.

Registration

33. Pursuant to S.C. Code Ann. § 35-1-406(a) of the Act, a person who seeks to register as an IAR in South Carolina must file “a uniform application”.
34. Pursuant to S.C. Code Ann. § 35-1-503(a), in a civil or administrative proceeding under the Act, a person claiming an exemption has the burden to prove the applicability of the claim.

Unlawful Acts

35. Pursuant to S.C. Code Ann. § 35-1-403(a) of the Act, it is unlawful for a person to transact business in South Carolina as an IA unless the person is registered under the Act as an IA or is exempt from registration as an IA under Section 35-1-403(b).
36. Pursuant to S.C. Code Ann. § 35-1-403(d) of the Act, it is unlawful for an IA to employ or associate with an individual required to be registered under the Act as an IAR who

transacts business in South Carolina on behalf of the IA unless the individual is registered under Section 35-1-404(a) or is exempt from registration under Section 35-1-404(b).

37. Pursuant to S.C. Code Ann. § 35-1-404(a) of the Act, it is unlawful for an individual to transact business in South Carolina as an IAR unless the individual is registered as an IAR under the Act or is exempt from registration as an IAR under Section 35-1-404(b).

38. Pursuant to S.C. Code Ann. § 35-1-502(a) of the Act, it is unlawful for a person that advises others for compensation, either directly or indirectly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities:

- a. To employ a devise, scheme, or artifice to defraud another person; or
- b. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

39. Pursuant to S.C. Code Ann. § 35-1-505 of the Act, it is unlawful for a person to make or cause to be made, in a record that is used in an action or proceeding or filed under the Act, a statement that, at the time and in the light of the circumstances under which it is made, is false or misleading in a material respect, or, in connection with the statement, to omit to state a material fact necessary to make the statement made, in the light of the circumstances under which it was made, not false or misleading.

Administrative Remedies

40. Pursuant to S.C. Code Ann. § 35-1-604(a)(1) of the Act, 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 this Act or a rule adopted or order issued under this 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.

41. Pursuant to S.C. Code Ann. § 35-1-604(b) of the Act, 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.

DIVISION'S DETERMINATION

42. WHEREAS, based on the foregoing, the Division has determined that Respondents have engaged, are engaging, or are 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 as follows:
- a. Respondent APS provided investment advice regarding securities by, among other actions, advising others concerning the relative advantages or disadvantages of investing in securities in general as compared to other investments.
 - b. Respondent APS held itself out as providing investment advice regarding securities to others for compensation by, among other actions, stating the advantages or disadvantages of investing in securities in his advertisements, seminars, and materials made available to visitors and clients.
 - c. Respondent APS engaged in an investment-related business and as part of that business held itself out as an investment adviser or provided investment advice.

- d. Respondent APS received compensation for providing investment advice by receiving commissions on the sale of fixed annuities.
- e. Respondent APS is an IA pursuant to S.C. Code Ann. § 35-1-102(15) and is not exempt from registration in South Carolina under S.C. Code Ann. § 35-1-403(b).
- f. Elkins is an individual employed by or associated with an IA and made recommendations or otherwise gave investment advice regarding securities or held himself out as providing investment advice regarding securities.
- g. Respondent Elkins is an IAR pursuant to S.C. Code Ann. § 35-1-102(16) and is not exempt from registration in South Carolina under S.C. Code Ann. § 35-1-404(b).
- h. Respondents are not registered in South Carolina as an IA or an IAR.
- i. The Respondents have not asserted to the Division any claim of exemption from registration.
- j. Respondent APS has violated S.C. Code Ann. § 35-1-403(a) by transacting business in South Carolina as an IA without being registered or without being exempt from such registration.
- k. Respondent APS has violated S.C. Code Ann. § 35-1-403(d) by employing or associating with an unregistered or non-exempt IAR who transacts business in South Carolina on behalf of the IA.
- l. Respondent Elkins has violated S.C. Code Ann. § 35-1-404(a) by transacting business in South Carolina as an IAR without being registered or without being exempt from such registration.

m. Respondents have violated S.C. Code Ann. § 35-1-502(a) and S.C. Regulation 13-502(A) by employing a device, scheme, or artifice to defraud another person and by engaging in an act, practice, or course of business that operates and would operate as a fraud or deceit upon another person. Such violations include, but are not limited to, the following:

- i. Using advertising materials to get retirees to attend free-dinner workshops with the intent to sell insurance or annuity products without fully and fairly disclosing all material facts to the retirees who received the advertising materials;
- ii. Misrepresenting the qualifications of Respondents and omitting to state a material fact about Respondents' qualifications, that Respondents are not registered as an IA or an IAR in South Carolina or with the United States Securities and Exchange Commission;
- iii. Stating in the advertising material that retirees could invest without risk and would not lose any money; and
- iv. Publishing, circulating, and distributing advertising materials which contain untrue statements of material fact or which are otherwise false or misleading.

43. If this Order becomes effective by operation of law, the Division seeks a civil penalty of \$1,000 from Asset Protection Systems, Inc., reimbursement for the costs of this investigation of \$1,000 from Asset Protection Systems, Inc., a civil penalty of \$1,000 from Elkins, and reimbursement for the costs of this investigation of \$1,000 from Elkins. However, if a Respondent(s) seeks a hearing and a hearing officer or any other legal authority resolves this

matter, the Division seeks an amount not to exceed \$10,000 for each violation of the Act by the Respondent(s) and the actual cost of the investigation.

ORDER CEASE AND DESIST

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

- a. Cease and desist from violating S.C. Code Ann. § 35-1-403(d) of the Act;
- b. Cease and desist from violating S.C. Code Ann. § 35-1-403(a) of the Act;
- c. Cease and desist from violating S.C. Code Ann. § 35-1-404(a) of the Act;
- d. Cease and desist from violating S.C. Code Ann. § 35-1-502(a) of the Act;
- e. Cease and desist from violating S.C. Code Ann. § 35-1-502(b) of the Act;
- f. Cease and desist from violating S.C. Reg. § 13-502(A);
- g. Cease and desist from violating S.C. Reg. § 13-502(B); and
- h. Pay total civil penalties of \$2,000 as allocated above, and reimbursements of certain costs of the investigation of \$2,000, as allocated above, if this Order becomes effective by operation of law, or, if Respondents seek a hearing and a hearing officer or any other legal authority resolves this matter, pay an amount not to exceed \$10,000 for each violation of the Act by Respondents and the actual cost of the investigation.

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

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 therein. 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.

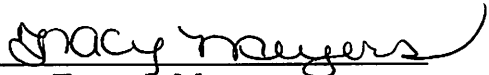
In the written Answer; Respondent(s), in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth specific facts on which the Respondent(s) relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent(s) 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 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.

Executed and entered, this the 5th day of April, 2010.

By: 
Tracy A. Meyers
Assistant Attorney General/Securities Division
1000 Assembly Street
Columbia, S. C. 29201
(803) 734-4731