

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

IN THE MATTER OF:

**Stephen R. Bishop; Stephen Thomas
Bishop; Bishop Insurance & Financial
Services, Inc.; Atlantic Coast Wealth
Fund III, LLC; and Atlantic Coast
Wealth Advisors, LLC;**

Respondents.

CONSENT ORDER

Matter No. 20215245

I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. §35-1-101, *et seq.* and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Stephen R. Bishop (“SRB”), Stephen Thomas Bishop (“STB”) (collectively, SRB and STB are the “Bishops”), Bishop Insurance & Financial Services, Inc. (“Bishop Insurance”), Atlantic Coast Wealth Advisors, LLC (“Atlantic Coast Advisors”), and Atlantic Coast Wealth Fund III, LLC (“Atlantic Coast Fund”) (collectively, the “Respondents”). In connection with its investigation, the Division has determined that the Respondents violated the Act.

Without admitting or denying the Finding of Facts and Conclusions of Law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondents and the subject matter of this proceeding, which are admitted, the Respondents, having been advised of their right to counsel, expressly consent to the entry of this Consent Order, which resolves the allegations against them set forth herein. The Respondents elect to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order

II. JURISDICTION

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

III. RELEVANT PERIOD

2. Except as otherwise expressly stated, the conduct described herein occurred during the period of January 1, 2017, to December 31, 2022 (the “Relevant Period”).

IV. RESPONDENTS

3. SRB is a resident of the state of Georgia and the owner, president, and registered agent of Bishop Insurance. SRB was licensed as a South Carolina insurance producer between August 12, 2014, and October 31, 2020.

4. STB is a resident of the state of Georgia and an employee of Bishop Insurance. STB has been a licensed South Carolina insurance producer since August 19, 2015. Upon information and belief, STB is the son of SRB.

5. Bishop Insurance is a corporation located at 255 Racetrack Road, McDonough, Georgia 30252. Bishop Insurance purports to be an insurance agency. Bishop Insurance had a South Carolina office located at 110 Traders Cross, Bluffton, South Carolina 29909, and the Bishops transacted business at this location.

6. Atlantic Coast Advisors was a Texas manager-managed, limited liability company formed in April 2019, with a principal place of business located at 255 Racetrack Road, McDonough, Georgia 30252. The organizer and initial registered agent for Atlantic Coast Advisors was Rustin D. Brunson (“Brunson”) with the address of 2221 E. Lamar Boulevard, Suite 800, Arlington, Texas 76006. Thereafter, on May 9, 2019, Atlantic Coast Advisors was formed as a Georgia limited liability company located at 255 Racetrack Road, McDonough, Georgia 30252, and SRB is listed as the organizer and is the registered agent for Atlantic Coast Advisors. At all times relevant, SRB and STB were the managers of Atlantic Coast Advisors.

7. Atlantic Coast Fund was a Texas manager-managed, limited liability company formed in April 2019, with a principal place of business located at 255 Racetrack Road, McDonough, Georgia 30252. The organizer and initial registered agent for Atlantic Coast Fund was Brunson with the address of 2221 E. Lamar Boulevard, Suite 800, Arlington, Texas 76006. SRB and STB were the managers of Atlantic Coast Fund.¹ Thereafter, on May 9, 2019, Atlantic Coast Fund was formed as a Georgia limited liability company located at 255 Racetrack Road, McDonough, Georgia 30252, and SRB is listed as the organizer and is the registered agent for Atlantic Fund. STB is the director and “promoter” of Atlantic Fund.

8. None of the Respondents has ever been registered with the Division in any capacity.

V. FINDING OF FACTS

A. Heartland Group Ventures, LLC and Heartland Production and Recovery, LLC

9. Heartland Group Ventures, LLC, Heartland Production and Recovery, LLC, and related entities (collectively, “Heartland”) were Texas based companies initially operated by John

¹ In some documents obtained by the Division, Atlantic Coast Advisors is also represented as the manager of Atlantic Coast Fund.

Muratore and Thomas Brad Pearsey, and later James Ikey and Brunson (collectively, the “Heartland Principals”).

10. Between at least October 2018 and October 2021, Heartland and the Heartland Principals raised approximately \$122 million from more than 700 investors nationwide. Investor funds were raised through five unregistered securities offerings—three debt funds and two equity funds—purportedly in oil and gas ventures in Texas (the “Heartland Offerings”).²

11. Heartland and certain of the Heartland Principals solicited investors through “finders” with whom they had pre-existing relationships (the “Finders”). The Finders were typically insurance agents or financial advisors. The Finders earned commissions of up to 8%.

12. The Bishops and Bishop Insurance were Finders and received commissions during the Relevant Period.

13. Beginning in early 2019, Heartland and certain of the Heartland Principals shifted from raising investor funds using Finders to a “feeder fund” model, in which a “feeder fund manager”—typically an insurance agent or financial advisor, and often persons who had previously acted as a Finder—solicited prospective investors through new Texas based corporate entities (the “Feeder Funds”) formed for the purpose of soliciting investments in Heartland. Heartland provided the Feeder Funds with Heartland private placement memorandums (“PPMs”), which were prepared by Heartland and mirrored the Heartland Offerings, for use with prospective investors.

² In its own investigation of Heartland, the Securities and Exchange Commission (the “SEC”) alleged, among other things, that only about half of the investor funds were spent on oil and gas projects, which generated less than \$500,000 in revenue. The SEC alleged that, beginning in 2019, Heartland and the Heartland Principals used investor funds to make more than \$26 million in Ponzi-like payments to debt fund investors. *See SEC v. Heartland Group Ventures, LLC, et al.*, Case Number 4:21-cv-01310-O (N.D.C. TX, Dec. 1, 2021) <https://www.sec.gov/litigation/complaints/2021/comp25284.pdf>.

14. Atlantic Coast Advisors and Atlantic Coast Fund, at the direction of the Bishops and Bishop Insurance, were Feeder Funds.³

15. Under Heartland's feeder fund model, an investor executed investment paperwork with, and gave their fees to, a Feeder Fund. The Feeder Fund entered into a mirror transaction with Heartland and sent most of the investor funds to Heartland, keeping a portion, generally up to 8% of investor funds raised, as their commission.

16. In some instances, the Finders and the Feeder Funds, like the Respondents, directed investors with traditional retirement accounts that did not allow investments in unregistered oil and gas offerings, to companies that assisted the investors in opening and transferring their retirement funds to, self-directed individual retirement accounts ("SDIRA Accounts"). Investors then used those SDIRA Accounts to purchase the Heartland Offerings.

17. Brunson, an attorney licensed to practice in Texas, assisted in forming the Feeder Funds in Texas.

18. Brunson formed and was the initial registered agent for both Atlantic Wealth Advisors and Atlantic Wealth Fund.

19. The Respondents used Atlantic Coast Fund and Atlantic Coast Advisors as a simple pass-thru for their commissions. Once the Respondents had successfully solicited an investor, investor funds would be deposited into a Wells Fargo account in the name of Atlantic Coast Fund. From this Atlantic Coast Fund account, one check was written to Heartland—with the memo line containing the name of the investor—and a second check was written to Atlantic Coast Advisors—with the memo line containing some variation of the name of the investor and "finder fee" or "commission" or an abbreviation for the commission (e.g. "comm." or "com."). This second

³ Bishop Insurance continued to receive commissions directly from Heartland, presumably for the Bishop's work as Finders.

check—the commission check—was deposited into a Wells Fargo account in the name of Atlantic Coast Advisors.⁴ Immediately thereafter, from the Atlantic Coast Advisors Wells Fargo account, a check was written to STR—with the memo line containing the name of the investor and “finder fee” or “commission” or an abbreviation for the commission (e.g. “comm.” or “com.”), and a second check written to Bishop Insurance—with the memo line containing the name of the investor followed by “finder fee” or “commission” or an abbreviation for commission (e.g. “comm.” or “com.”) or simply “Steve’s Comm.” The check for Bishop Insurance went to pay SRB.⁵ These various checks were signed by SRB, STB, or SRB’s wife.

20. In most instances, the Respondents retained a commission of 7.5% for its role in these transactions.⁶

21. By way of example, a South Carolina investor (“SC Investor 1”) had a cashier’s check drawn from his account in the amount of \$250,000 in the name of Atlantic Coast Fund. The check was dated July 19, 2021. The check was endorsed on the back by STB and deposited into the Atlantic Coast Fund Wells Fargo account on July 20, 2021. The same day—July 20, 2021—a check was written from the Atlantic Coast Fund Wells Fargo account payable to the order of Heartland in the amount of \$232,500. SC Investor 1’s name was written on the memo line, and the check was signed by SRB’s wife. The next day, on July 21, 2021, \$17,500, which is 7% of the original cashier’s check amount, was electronically transferred to the Atlantic Coast Advisors Wells Fargo account. On July 22, 2021, a check was written from the Atlantic Coast Advisors Wells Fargo account payable to the order of Bishop Insurance in the amount of \$8,750—half of

⁴ In some instances, the Respondents simply completed an electronic transfer of the commission funds.

⁵ The Bishop Insurance bank account was used to pay SRB personal expenses.

⁶ Of note, the Division also found several bank account entries wherein Heartland transferred funds directly to Atlantic Wealth Fund with the notation “payroll.”

the \$17,500 commission transferred into the Atlantic Coast Advisors Wells Fargo account the day before. Written on the memo line of this check was “[SC Investor 1’s name] Com.”, and the check was signed by SRB’s wife. SRB endorsed the back of the check, and it was deposited into the Bishop Insurance bank account. On July 22, 2021, a second check was written from the Atlantic Coast Advisors Wells Fargo account payable to the order of STR in the amount of \$8,750—the other half of the \$17,500 commission transferred into the Atlantic Coast Advisors Wells Fargo account the day before. Similarly, written on the memo line of this check was “[SC Investor 1’s name] Com.”, and the check was signed by SRB’s wife. STB endorsed the back of the check, and it was deposited into his bank account. A few weeks later, on August 10, 2021, two more checks for \$625 each were drawn on the Atlantic Coast Advisors Wells Fargo account after \$1,250 was transferred into that account from the Atlantic Coast Fund Wells Fargo account the day before. One check was written payable to the order of Bishop Insurance, and the other was written payable to the order of STR. “Additional com. on [SC Investor 1]” was written in the memo line of each check, and these additional commission checks were endorsed by the respective Bishops and deposited into their respective bank accounts.

22. With the initial \$17,500 and additional \$1,250 that was paid to SRB and STB, the Bishops together received a commission of 7.5% from SC Investor 1’s investment.

23. A similar pattern of pass-thru fee money occurred in instances involving SDIRA Accounts. For example, for a second South Carolina investor (“SC Investor 2”), MainStar Trust company—a SDIRA Account custodian for several of the Respondents’ clients—wired \$418,392.65 to Atlantic Wealth Fund on September 11, 2020. On the same day, a check written out to Heartland was drawn on the Atlantic Wealth Fund Wells Fargo account in the amount of \$387,013.21, and \$31,350 was transferred to the Atlantic Coast Advisors Wells Fargo account.

The \$31,350 was then immediately split into two checks for \$15,675 each for the Bishops' respective commissions.

24. The Bishops received a commission of 7.5% from SC Investor 2's investment.

25. At no time did the Wells Fargo checking accounts for Atlantic Coast Fund or Atlantic Coast Advisors respective Wells Fargo checking accounts maintain more than the bare minimum required balance to avoid bank fees. In other words, while thousands of dollars flowed through the accounts each month, the monthly ending balances for these respective checking accounts were almost always at or well below the minimum \$500 balance requirement.

26. During the Relevant Period, the Respondents solicited investors around the country for Heartland.

27. On April 2, 2020, the State of Michigan Department of Licensing and Regulatory Affairs Corporations, Securities & Commercial Licensing Bureau (the "Michigan Securities Bureau") issued a Notice and Order to Cease and Desist against SRB (the "Michigan Order").⁷

28. The Michigan Securities Bureau determined that SRB "offered and sold [Heartland] securities to Michigan investors and that he received commission payments in connection with the sales." The Michigan Securities Bureau determined that SRB was "not registered or exempt from registration as an agent pursuant to the Securities Act in Michigan."

29. In light of these findings, SRB was ordered to pay a fine of \$10,000 to the Michigan Securities Bureau.

⁷ The Michigan Cease and Desist Order against SRB is available here: https://www.michigan.gov/lara/-/media/Project/Websites/lara/cscl/Folder7/Bishop_Stephen_CN_341634_CD_Order_4-2-2020_WEB.pdf?rev=cde7986275b64a22bcc4d88f02d52f5f&hash=BB9342BECB33AFE8EF6A9505C279C7AD. Of note, previously the Michigan Securities Bureau had issued a Notice and Order to Cease and Desist against Heartland. See, *In the Matter of Heartland Production and Recovery, LLC*, Complaint No. 340616 (Michigan Dep't of Securities (Jan. 31, 2020) https://www.michigan.gov/-/media/Project/Websites/lara/cscl/Folder6/Heartland_Production_and_Recovery_LLC_CN_340616_CD_Order_1-31-2020_WEB.pdf?rev=f417c0dc941840a4a71c3b9ca1e55c5a).

30. On July 2, 2020, Heartland wired \$10,000 to SRB to reimburse him for the fine money he had paid to the Michigan Securities Bureau.

31. Of note, with regard to SC Investor 1, SC Investor 2, and two other South Carolina investors, SRB was involved with and received commissions from these securities offerings and were effectuated *after* the Michigan Securities Bureau ordered SRB to cease and desist from engaging in these activities in the Michigan Cease and Desist Order.

32. During the Relevant Period, the Respondents engaged as Feeders and/or Feeder Funds for Heartland from and/or into South Carolina.

33. During the Relevant Period, the Respondents received at least \$65,555 in transaction-based compensation in the form of commissions for referring at least five South Carolina investors who collectively invested \$925,392.65 in the Heartland Offerings.

B. Resolute Capital Partners, LTD, LLC and Homebound Resources, LLC

34. Resolute Capital Partners LTD, LLC (“Resolute”) is a Nevada limited liability company with offices in Texas, California, and Minnesota. Resolute describes itself as a private equity firm that “gives smart investors access to beyond-Wall Street assets, such as oil and gas wells.”

35. Homebound Resources, LLC (“Homebound”) is a Texas limited liability company operating in Texas. Homebound is a subsidiary of Homebound Financial Group, LP (“Homebound Financial Group”).

36. PetroRock Mineral Holdings, LLC (“PetroRock”) is also a subsidiary of Homebound Financial Group.

37. Homebound and PetroRock, and their parent company, Homebound Financial Group, were founded by Stefan Tiberiu Toth (“Toth”). Toth is co-owner, chairman, and chief

executive officer of Homebound Financial Group, and also operates and controls its subsidiaries, including Homebound and PetroRock.

38. Resolute and its affiliates created numerous oil and gas debt and equity investment vehicles using wells identified by Homebound (the “Resolute and Homebound Offerings”). Homebound acted as project sponsor for the Resolute and Homebound Offerings and was responsible for identifying and purchasing the oil and gas wells in which the Resolute investment vehicles owned working interests.

39. Between 2016 and 2019, Resolute and Homebound sold more than \$250 million of debt and equity securities in unregistered Resolute and Homebound Offerings, based on working interests in oil and gas wells, to retail investors. Specifically, Resolute and Homebound sold equity securities to investors in the form of membership interests in certain pooled investment vehicles, and investors were supposed to receive monetary distributions based on oil and gas well revenue plus any subsequent sale of the wells. Resolute and Homebound also sold debt securities in the form of promissory notes issued by certain companies wholly owned by PetroRock, which raised money and lent it back to PetroRock.

40. Resolute and Homebound offered the Resolute and Homebound Offerings through general solicitation, including seminars, dinners, and paid radio shows.

41. Salespeople, acting on behalf of Resolute and Homebound, directed investors with traditional retirement accounts that did not allow investments in unregistered oil and gas offerings to companies that assisted the investors in opening and transferring their retirement funds to SDIRA Accounts. Investors then used these newly created SDIRA Accounts to purchase the Resolute and Homebound Offerings.

42. Resolute and Homebound paid transaction-based compensation in the form of commissions to salespeople who referred investors to the Resolute and Homebound Offerings.

43. The SEC issued an order instituting an administrative and cease-and-desist proceeding against Resolute, Homebound, Toth, and Resolute's owner, Thomas Powell, on September 24, 2021.⁸ The SEC alleged that Resolute, Homebound, Toth, and Powell, as well as salespeople acting on their behalf: (i) sold more than \$250 million in unregistered securities to retail investors; (ii) provided insufficiently supported projections of future oil production; (iii) made statements about potential tax benefits that were unavailable to certain investors; (iv) overstated cash reserves; and (v) made incomplete disclosures regarding potential uses of investor funds, including the amount of funds that would be used for payments to prior investors (and in that way, operated as a Ponzi scheme).

44. During the Relevant Period, the Bishops and Bishop Insurance engaged as salespeople acting on behalf of Resolute and Homebound.

45. During the Relevant Period, the Bishops and Bishop Insurance received at least \$101,991.57 in transaction-based compensation in the form of commissions for referring at least seven South Carolina investors who collectively invested \$1,877,458.48 in the Resolute and Homebound Offerings.

46. At least three South Carolina investors, based on the Bishops advice and direction, invested in both the Heartland Offering and the Resolute and Homebound Offering.

C. The Respondents' Cooperation

47. The Respondents cooperated fully with the Division's investigation.

⁸ See, Order Instituting Administrative and Cease-and-Desist Proceedings In the Matter of Resolute Capital Partners LTD, LLC, et al., Administrative Proceeding File No. 3-20597 (Sept. 24, 2021), which can be found here: <https://www.sec.gov/litigation/admin/2021/33-10987.pdf>.

VI. CONCLUSIONS OF LAW

48. Paragraphs 1 through 47 are incorporated by reference as though fully set forth herein.

49. The Heartland Offerings and the Resolute and Homebound Offerings are securities, pursuant to S.C. Code Ann. § 35-1-102(29).

50. The Respondents offered and sold securities, which were neither registered with the Division, nor exempt from such registration, in violation of S.C. Code Ann. § 35-1-301.

51. Each violation of S.C. Code Ann. § 35-1-301 is a separate violation of the Act.

52. SRB acted as an agent, as defined by S.C. Code Ann. § 35-1-102(2), in connection with the offer and sale of securities in South Carolina.

53. SRB was not registered as an agent with the Division or exempt from such registration in violation of S.C. Code Ann. § 35-1-402(a).

54. STB acted as an agent, , as defined by S.C. Code Ann. § 35-1-102(2), in connection with the offer and sale of securities in South Carolina.

55. STB was not registered as an agent with the Division or exempt from such registration in violation of S.C. Code Ann. § 35-1-402(a).

56. 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: (1) to employ a device, scheme, or artifice to defraud; (2) to make untrue statements 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 (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

57. The Respondents failed to disclose that they were not registered as agents to offer or to sell securities in or from South Carolina.

58. The Respondents failed to disclose that SRB was subject to an administrative cease and desist order regarding his sales of the Heartland Offerings to investors in the State of Michigan.

59. The Respondents' violations of the Act set forth above provide the basis for this Consent Order, pursuant to S.C. Code Ann. § 35-1-604(a)(1).

60. This Consent Order is appropriate and in the public interest, pursuant to the Act.

VII. ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604(a)(1), it is hereby **ORDERED** that:

- a. Each Respondent and every successor, affiliate, control person, agent, servant, and employee of each of the Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of each of the Respondents shall **CEASE AND DESIST** from transacting business in this State in violation of the Act;
- b. The Respondents shall jointly and severally pay a civil penalty in the amount of \$100,000 to the Division;
- c. Payment not received within thirty (30) days of the execution of this Consent Order will be considered past due and place the Respondents in default of this Consent Order. In the event of default, the Securities Commissioner will, in his discretion, have the ability to vacate this Consent Order. In addition, the Division will have the ability to pursue further action, including, but not limited to, the relief provided in S.C. Code Ann. § 35-1-604(g).

Upon execution by the Securities Commissioner, this Consent Order resolves Matter Number 20215245 as to the Respondents.

As part of this Consent Order, the Respondents agree that they: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order; or creating the impression that this Consent Order is without factual basis; and (ii) will not make or permit to be made any public statement to the effect that the Respondents do not admit the allegations of this Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that the Respondents do not deny the allegations. If the Respondents breach the agreement set forth in this paragraph, the Securities Commissioner may vacate this Consent Order. Nothing in this paragraph affects the Respondents': (i) testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceedings.

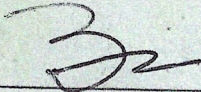
This Consent Order should not be interpreted to waive any (i) private cause of action that may have accrued to investors as a result of the activities detailed herein, or (iii) other causes of action that may result from activities of a Respondent not detailed in this Consent Order.

ENTERED, this the 29 day of August 2023.



ALAN WILSON
Securities Commissioner
State of South Carolina

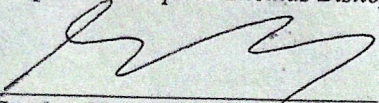
Respondent Stephen R. Bishop consents to the terms of the above Consent Order:



Stephen R. Bishop

Date: 8-27-23


Respondent Stephen Thomas Bishop consents to the terms of the above Consent Order:



Stephen Thomas Bishop

Date: 8-27-23

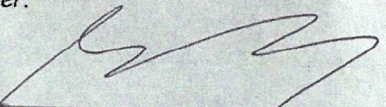
Respondent Bishop Insurance & Financial Services, Inc. consents to the terms of the above Consent Order:

By: 

Stephen R. Bishop

Date: 8-27-23

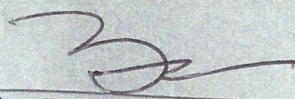
Respondent Atlantic Coast Wealth Fund III, LLC consents to the terms of the above Consent Order:

By: 

Stephen Thomas Bishop

Date: 8-27-23


Respondent Atlantic Coast Wealth Advisors, LLC consents to the terms of the above Consent Order:

By: 

Stephen R. Bishop

Date: 8-27-23

The Securities Division of the Office of the South Carolina Attorney General consents to the above Consent Order:

By: 
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 8/28/2023