

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
William Martin Fjeran, Jr.,)	
)	File No. 04070
)	
<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 Uniform Securities Act, S.C. Code Ann. § 35-1-10 to 35-1-1590 (Supp. 2004) (the "Prior Act"), and the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101 to 35-1-703 (Supp. 2006) (the "Act"), received information regarding alleged activities of William Martin Fjeran, Jr. ("Fjeran" or "Respondent") which could constitute violations of the Act;

WHEREAS, the information led the Division to open and conduct an investigation of Respondent pursuant to S.C. Code Ann. § 35-1-602 of the Act; and

NOW THEREFORE, in connection with the investigation, the Division determined that the Respondent has engaged in acts or practices constituting violations of the Act and hereby includes in this Order to Cease and Desist a statement of the reasons for this Order and a notice that a hearing will be scheduled if Respondent requests a hearing.

FACTUAL HISTORY

1. Fjeran was, at all times material herein, a resident of South Carolina and resided at 212 Harwood Road, Greenville, South Carolina 29607.

2. Fjeran was employed by US Allianz Securities (“Allianz”) from on or about July 10, 2001, to around October, 2004.
3. On the employment history portion of the National Association of Securities Dealers (“NASD”) Uniform Application for Securities Industry Registration or Transfer (“U-4”) submitted to indicate his employment with Allianz, Fjeran also noted employment with “FTF Financial Group” and “Med Stat Alert/Family to Family.”
4. On the same NASD U-4 document Fjeran indicated FTF Financial Group and Med Stat Alert/Family to Family (“Med Stat Alert”) were not investment-related businesses.
5. Fjeran’s terms of employment with Allianz were such that Fjeran couldn’t sell unlisted securities without first obtaining approval from Allianz.
6. Upon information and belief, neither FTF Financial Group nor Med Stat Alert has ever had a listed security.
7. During Fjeran’s employment period he never sought permission from Allianz to sell securities in FTF Financial Group or Med Stat Alert.
8. During the time period relevant herein, Respondent represented to potential investors he solicited that FTF Financial Group and Med Stat Alert were South Carolina corporations.
9. Upon information and belief, FTF Financial Group was never registered with the South Carolina Secretary of State’s Office either as a domestic or foreign corporation.
10. On or about October 6, 1999, Fjeran issued a “stock subscription agreement” for 150 shares of common stock in FTF Financial Group to South Carolina resident CB in exchange for receipt of \$12,000 from CB.
11. On or about October 30, 1999, Fjeran issued a “stock subscription agreement” for 150 shares of common stock in FTF Financial Group to South Carolina resident CB in exchange for \$12,000, \$5,000 of which was received from CB at the time of the transaction.

12. On or about December 2, 1999, Fjeran received a payment of \$2,500 from South Carolina resident CB. The \$2,500 was to be credited to the \$7,000 balance remaining on the stock purchased by CB pursuant to the October 30, 1999, "stock subscription agreement" between Respondent and CB for 150 shares of common stock in FTF Financial Group.
13. On or about January 16, 2000, Fjeran received another payment of \$2,500 from South Carolina resident CB. The \$2,500 was to be credited to the \$5,500 balance remaining on the stock purchased by CB pursuant to the October 30, 1999, "stock subscription agreement" between Respondent and CB for 150 shares of common stock in FTF Financial Group.
14. On or about January 20, 2000, Fjeran received a payment of \$3,000 from South Carolina resident CB. The \$3,000 was to be credited to the \$3,000 balance remaining on the stock purchased by CB pursuant to the October 30, 1999, "stock subscription agreement" between Respondent and CB for 150 shares of common stock in FTF Financial Group.
15. On or about March 6, 2000, South Carolina resident CB made a personal loan to Fjeran in the amount of \$2,000.
16. On or about May 3, 2000, South Carolina resident CB made a personal loan to Fjeran in the amount of \$2,000.
17. On or about April 17, 2002, Fjeran issued a "Non-Negotiable Promissory Note" verifying an investment in Med Stat Alert in the amount of \$16,548.64 to South Carolina resident GP.
18. On or about June 18, 2002, Fjeran issued a "Non-Negotiable Promissory Note" verifying an investment in Med Stat Alert in the amount of \$50,596.50 to South Carolina resident GP.
19. On or about April 1, 2002, Fjeran issued a "Non-Negotiable Promissory Note" verifying an investment in Med Stat Alert in the amount of \$20,058 to South Carolina resident HG.
20. On or about October 29, 2002, Fjeran issued a "Non-Negotiable Promissory Note" verifying an investment in Med Stat Alert in the amount of \$22,250 to South Carolina resident HG.

21. On or about April 9, 2002, Fjeran issued a "Non-Negotiable Promissory Note" verifying an investment in Med Stat Alert in the amount of \$20,000 to South Carolina resident DO.
22. On or about February 1, 2002, Fjeran issued a "Non-Negotiable Promissory Note" verifying an investment in Med Stat Alert in the amount of \$25,000 to South Carolina resident JH.
23. During 2002, South Carolina Resident JH made two investments in FTF Financial Group through Fjeran. The two investments total \$20,000.
24. On or about May 5, 2002, Fjeran issued a "Non-Negotiable Promissory Note" verifying an investment in Med Stat Alert in the amount of \$10,000 to South Carolina resident JJ.
25. Fjeran was terminated in October of 2004 for selling investment products not approved by Allianz.
26. The securities offered by Respondent were not registered for sale in or from the State of South Carolina.
27. Respondent is not now and during the time of the offerings described above was not registered to offer or sell the securities offered and sold in or from the State of South Carolina, Respondent's sole agent registration during the period of the offers and sales above having been with Allianz from July 10, 2001, to October of 2004.
28. Respondent Fjeran did not disclose to purchasers to whom he offered the Med Stat Alert and FTF Financial Group securities that the securities were not registered for sale with the Division.
29. Respondent Fjeran did not disclose to purchasers to whom he offered the Med Stat Alert and FTF Financial Group securities that when offering the investments he was selling away from his registered broker-dealer and violating State securities registration laws.

30. Respondent Fjeran did not disclose to purchasers to whom he offered the Med Stat Alert and FTF Financial Group securities that the securities were risky investments and that the investors could lose all or a portion of the funds they invested.

APPLICABLE LAW

31. Pursuant to S.C. Code Ann. § 35-1-703 of the Act, the Act took effect on January 1, 2006.
32. Pursuant to S.C. Code Ann. § 35-1-701 of the Act, the Prior Act exclusively governs all actions or proceedings that are instituted on the basis of conduct occurring before the effective date of the Act.
33. Pursuant to S.C. Code Ann. § 35-1-20(15) of the Prior Act, “security” means any note; stock; bond; debenture, evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; or investment contract.
34. Pursuant to S.C. Code Ann. § 35-1-810 of the Prior Act, it is unlawful for a person to offer or sell any security in this State unless (a) the security is registered under the Prior Act; (b) the security or transaction, is exempted from registration under Sections 35-1-310 or 35-1-320 of the Prior Act; or (c) the security is a federal covered security.
35. Pursuant to S.C. Code Ann. § 35-1-410 of the Prior Act, (a) it is unlawful for any person to transact business in this State as an agent unless the individual is registered pursuant to the Prior Act or exempt from registration under the Prior Act; and (b) the registration of an agent is not effective during any period when he is not associated with a particular broker-dealer registered under the Act, or a particular issuer.
36. Pursuant to S.C. Code Ann. § 35-1-340 of the Prior Act, in any proceeding under the Prior Act, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

37. Pursuant to S.C. Code Ann. § 35-1-1210 of the Prior Act, it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly to: (a) employ any device, scheme, or artifice to defraud; (b) make any 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) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.
38. Pursuant to S.C. Code Ann. §§ 35-1-1440 and 35-1-1450 of the Prior Act and § 35-1-602(a)(1) of the Act, the Securities Commissioner may conduct such public or private investigations within or outside the State of South Carolina which the Securities Commissioner considers necessary or appropriate to determine whether a person has violated, is violating, or is about to violate the Prior Act or the Act or a rule adopted or order issued under the Prior Act or the Act, or to aid in the enforcement of the Prior Act or the Act or in the adoption of rules and forms under the Act.
39. Regarding administrative remedies under the Prior Act, pursuant to S.C. Code Ann. § 35-1-60, the Securities Commissioner may make those orders, including cease and desist orders, as are necessary to carry out the provisions of the Prior Act provided that no order should be made unless the Securities Commissioner finds the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Prior Act.

DIVISION'S DETERMINATION

40. WHEREAS, based on the foregoing, the Division has determined that Fjeran has engaged in acts, practices, and a course of business constituting a violation of the Prior Act as follows:

- a. During the period on or around October 1, 1999, to December 31, 2002, while in the State of South Carolina, Respondent offered and sold two types of “investment opportunities” in and from the State of South Carolina.
- b. The stock represented by the stock subscription agreement is a security under South Carolina law.
- c. The “Non-Negotiable Promissory Note” is a security under South Carolina law.
- d. At the time of their offer and sale, the securities offered by Respondent were not registered for sale in or from the State of South Carolina.
- e. Respondent is not now and during the time of the offerings described above was not registered to offer or sell the securities offered and sold in or from the State of South Carolina, Respondent’s sole agent registration during the period of the offers and sales above having not been acquired until on or around July 10, 2001, and having been suspended by operation of law during the time he was selling away from Allianz.
- f. Respondent has not filed any claim of exemption from registration with the Division, either on his own behalf or on behalf of either of the securities.
- g. Respondent violated S.C. Code Ann. § 35-1-410 of the Prior Act when he transacted business in this State as an agent when he was not registered or exempt from licensing under the Act.
- h. Respondent violated S.C. Code Ann. § 35-1-810 of the Prior Act when he offered and sold securities in this State when the securities were not registered, exempt, or federal covered securities.
- i. Respondent violated S.C. Code Ann. § 35-1-1210 of the Prior Act, and engaged in securities fraud when he (1) made misrepresentations of one or more material

facts, and (2) omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer of the security to South Carolina residents.

41. WHEREAS, based on the foregoing facts and law, it is in the public interest, for the protection of investors, that Respondent be prohibited from offering and selling securities in and from this State.

CEASE AND DESIST ORDER

NOW THEREFORE, pursuant to S.C. Code Ann. § 35-1-604 of the Act, IT IS HEREBY **ORDERED** that Respondent cease and desist from offering and/or selling securities in South Carolina, in violation of S.C. Code Ann. §§ 35-1-402, 35-1-301, and 35-1-501 of the Act.

IT IS FURTHER **ORDERED** that any exemption to which any Respondent might otherwise be entitled under S.C. Code Ann. § 35-1-201(3)(c), (7) or (8) or 35-1-202 of the Act is HEREBY REVOKED.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Respondent is hereby notified that he has the right to a hearing on the matters contained herein. To schedule such a hearing, 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 of notification of the issuance of this Order to Cease and Desist a written Answer specifically requesting a hearing therein.


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. If Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

Failure by the Respondent to file a written request for a hearing in this matter within the thirty (30) day period stated above shall be deemed a waiver by the Respondent of his right to such a hearing. A failure of the Respondent to file an Answer, including a request for a hearing, shall result in this Order becoming final as to 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 ADMINISTRATIVE FINES. WILLFUL VIOLATION OF THIS ORDER COULD RESULT IN CRIMINAL PENALTIES UNDER S.C. CODE ANN. § 35-1-508. REGARDING MATTERS DESCRIBED HEREIN, THIS ORDER DOES NOT PRECLUDE THE FILING OF PRIVATE CAUSES OF ACTION OR THE FILING OF CRIMINAL CHARGES UNDER S.C. CODE ANN. § 35-1-508.

IT IS SO ORDERED.

This 7th day of November, 2007



Tracy A. Meyers
Assistant Attorney General
Securities Division
Office of the Attorney General
Rembert C. Dennis Building
1000 Assembly Street
Columbia, S. C. 29201
(803) 734-4731