

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:) File Number 09071
JGO Financial and Shawn Wheeland,) Cease and Desist Order
Respondents.)

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”), after receiving information and pursuant to authority granted in the South Carolina Uniform Securities Act, S.C. Code Ann. § 35-1-101 *et. seq.* (Supp. 2010) (the “Act”), initiated investigations into the activities of JGO Financial (“JGO”) and Shawn Wheeland (“Wheeland”)(collectively, “Respondents”) involving possible violations of the South Carolina Uniform Securities Act;

WHEREAS, in connection with its investigations, the Division determined certain acts or practices constituting violations of the Act had occurred; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings and conclusions:

1. JGO is a business which maintained a primary business address of 556 Kimball Pond Road, Aiken, SC 29803 during the relevant period.
2. JGO is not registered with the South Carolina Secretary of State.
3. Respondent Wheeland was a South Carolina resident during the relevant period, with a principal address of 556 Kimball Pond Road, Aiken, SC 29803.

4. The Respondents operate a website with the Uniform Resource Locator, or URL, <http://www.jgofinancial.com> (“JGO website”) which is accessible from within South Carolina.
5. The JGO website makes the following claims and statements, one or more of which is untrue or misleading:
 - i) “The JGO Folio is created and managed by Safe Management, LLC, a registered investment advisory firm.”
 - ii) “[JGO’s] method has been proven since October 2006 and has outperformed every major index through the worst economic conditions in history.”
 - iii) In a video featuring Respondent Wheeland:
 - (1) JGO’s portfolio performance has been outstanding compared to five major indices of market performance.
 - (2) JGO’s cash management system can help you maximize your personal retirement account.
 - (3) JGO has a track record that is proven.
 - (4) JGO’s system works.
 - iv) In a video titled: “Incredible Performance”:
 - (1) JGO’s exclusive cash portfolio is the most diversified and cash-rich portfolio available in the marketplace.
 - v) In a video titled “Why SAFE?”:
 - (1) JGO has contracted with SAFE management, a registered investment advisor, to manage the portfolios of JGO clients who do not want to self-manage their accounts.

(2) The proprietary software JGO uses runs thousands of algorithms on publicly traded companies to determine where JGO Cash Folio assets will be invested.

6. The statements made on the JGO website clearly indicate a contractual relationship with a registered investment company, SAFE Management.
7. Based on information and belief, no contractual relationship between the Respondents and SAFE Management exists as of the date of this order.
8. Respondent JGO is not registered with the Division as a broker-dealer or an investment advisor, nor has any exemption from registration been claimed on its behalf.
9. Neither Respondent Wheeland, nor any employee of JGO is registered with the Division as a broker-dealer agent or an investment advisor representative, nor has any exemption from registration been claimed on their behalf.
10. The JGO Cash Portfolio system discussed on JGO's website is not a federal covered security and is not registered with the Division, and no exemption from registration was claimed for this offering.

WHEREAS, the Commissioner has jurisdiction over this matter pursuant to Section 35-1-180 of the Act;

WHEREAS the JGO offering is a "security" as defined by S.C. Code Ann. § 35-1-102(29);

WHEREAS, in connection with the offer or sale of securities in or from South Carolina, the Respondents violated S.C. Code Ann. § 35-1-301 in that they failed to register securities which were not federal covered or exempt prior to offering them in or from South Carolina;

WHEREAS, in connection with the offer or sale of securities in or from South Carolina, the Respondents violated S.C. Code Ann. §§ 35-1-401 and 35-1-402 by failing to register as a

broker-dealer or as a broker-dealer agent prior to attempting to effect purchases or sales of securities in or from South Carolina;

WHEREAS, in connection with the offer or sale of securities in or from South Carolina, the Respondents violated S.C. Code Ann. §§ 35-1-403 and 35-1-404 by failing to register as an investment advisor or investment advisor representative prior to transacting business in South Carolina as an investment advisor or investment advisor representative; and

WHEREAS, in connection with the offer or sale of securities in or from South Carolina, the Respondents violated S.C. Code Ann. § 35-1-501 by making an untrue statement of material fact.

CEASE AND DESIST ORDER

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

- A. Effective immediately, the Respondents and all persons under the Respondents' direction or control involved in the offer or sale of securities in or from the State of South Carolina shall permanently cease and desist from violating the Act; and
- B. Specifically, the Respondents shall permanently cease offering securities to the public and transacting business as an investment advisor or representative until such time as both the Respondents and the securities are appropriately registered with the Division; and
- C. The Respondents shall, jointly and severally, pay reimbursement of costs of the investigation of five thousand dollars (\$5,000.00) to the Division in connection with the matters referenced above; and

D. The Respondents shall each pay a penalty of ten thousand dollars (\$10,000.00) to the Division in connection with the matters referenced above.

REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

The Respondents are hereby notified that they each 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 a written Answer specifically requesting that a hearing be held to consider rescinding the Order.

In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation of the 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 a Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, he shall so state.

Failure by a 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 that Respondent of his 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, 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 PROSECUTION. 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 OR OTHER APPLICABLE CODE SECTION.

IT IS SO ORDERED this 16th day of March, 2011.

By: 

Michael S. Traynham
Assistant Attorney General
Securities Division
Office of the Attorney General
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