

**ADMINISTRATIVE PROCEEDING**

**BEFORE THE**

**SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF: ) **COMPLAINT**  
)  
Stephen P. Richmond and )  
Great Nation Financial Corporation, )  
)  
) **File Number 11054**  
)  
Respondents.)

**NOTICE: EACH RESPONDENT HAS 30 DAYS TO REQUEST A HEARING.  
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER.**

The Securities Division of the South Carolina Office of the Attorney General (“the Division”) alleges that Respondents Stephen P. Richmond (“Richmond”) and Great Nation Financial Corporation (“Great Nation”) (collectively, “the Respondents”) have engaged in acts, practices, and transactions, which constitute violations of the South Carolina Uniform Securities Act, S.C. Code Ann. § 35-1-101 *et seq.* (Supp. 2011) (the “Act”) as set forth herein.

**I. Jurisdiction**

1. The Securities Commissioner of the State of South Carolina (the “Commissioner”) has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

**II. Respondents**

2. Respondent Richmond is a South Carolina resident with a last known business address of 4000 Faber Place, Suite 300, North Charleston, South Carolina 29405. Respondent Richmond is an executive officer and Director of Respondent Great Nation.

3. Respondent Great Nation is a South Carolina corporation with a registered address of 4000 Faber Place, Suite 300, North Charleston, South Carolina 29405.
4. At all times relevant herein, Respondent Richmond was in control of Respondent Great Nation.

### **III. Factual Allegations**

5. On or about August 13, 2010, Respondent Richmond, on behalf of Respondent Great Nation, notice filed with the Division a Form D (the "Initial Notice") indicating Great Nation intended to sell up to 1,750,000 shares of common stock, with a total offering value of \$175,000.
6. On or about September 21, 2010, Respondent Richmond, on behalf of Respondent Great Nation, notice filed with the Division a second Form D (the "New Notice") indicating Great Nation intended to sell up to 1,000,000 shares of common stock, with a total offering value of \$1,500,000.
7. At the time of the New Notice, Respondents represented Great Nation had not sold any shares of its common stock in or from South Carolina.
8. In the Private Placement Memorandum accompanying the New Notice, Respondents report shares of Respondent Great Nation are offered directly through Great Nation's officers, directors and employees, without payment of commissions or any other form of remuneration.
9. Neither the Initial Notice nor the New Notice indicated any type general advertising or general solicitation would be used to sell Great Nation shares.
10. As of May 6, 2011, Respondents had a website which was available for access by the general public. The website address was [www.greatnationfinancial.com](http://www.greatnationfinancial.com).

11. On multiple screens of the website the company name was placed above the phrase “creating jobs and investment opportunities in South Carolina.”
12. The website also indicated it was the company’s “Game Plan” to complete a \$1.5 million private placement resulting in over 150 founding shareholders and a \$12.75 million dollar public stock offering resulting in over 3,000 shareholders.
13. The website gave information about the private placement that was currently under way and represented “Your Opportunity is Now!”
14. The website had direct links on the pages to five places, including to the “Game Plan” and “Private Placement” pages.
15. Respondent Great Nation’s website constitutes general solicitation and/or general advertising.
16. To qualify for an exemption pursuant to Rule 506 of Regulation D, an offerer must meet certain standards. One such standard is the offerer may not use general solicitation or advertising to market the securities.
17. Respondents’ violation of the prohibition on advertising caused the Great Nation shares for which the New Notice was filed not to qualify for the federal Rule 506 exemption.
18. When the Great Nation shares failed to qualify for the federal Rule 506 exemption, they also failed to qualify as “covered securities,” both pursuant to the federal Securities Act of 1933 and Section 35-1-102(7) of the Act.
19. Following the company’s establishment of the web site, at least sixty-nine persons purchased shares of Great Nation stock in or from the State of South Carolina.
20. At the time of the offers and sales of the Great Nation shares referred to above, the security was not a federal covered security or registered for sale with the Division,

and no valid claim of exemption has been made that the security or the transactions involving the security are exempt from registration.

#### **IV. Applicable Law**

21. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for any person to offer or sell a security in South Carolina unless the security is a federal covered security; the security, transaction, or offer is exempted from registration; or the security is registered.
22. Pursuant to Regulation 17 C.F.R. §230.506(a) and (b) and 17 C.F.R. §230.502(c), to qualify for an exemption pursuant to Rule 506 of Regulation D, offers and sales of securities must satisfy certain conditions, including the condition that neither the offerer nor any person acting on its behalf will offer or sell the securities by any form of general solicitation or general advertising.

#### **V. Violations**

23. The Respondents' offers and sales of Great Nation shares, as set forth above, violated S.C. Code Ann. § 35-1-301.

#### **VI. Requested Relief**

The Division requests that the Commissioner grant the following relief against the Respondents:

- a. Order Respondents to permanently cease and desist from violating the Act;
- b. Impose upon the Respondents a penalty and costs in compliance with §35-1-604; and
- c. Order any other relief that the Commissioner deems appropriate.

## VII. Requirement of Answer and Notice of Opportunity for Hearing


Each 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 Office of the Securities Commissioner, Post Office Box 11549, Rembert C. Dennis Building, Columbia, South Carolina 29211-1549, attention: Thresechia Navarro, within thirty (30) days of receipt of this Complaint a written Answer specifically requesting a hearing therein.

The Answer shall admit or deny each factual allegation in the Complaint, shall set forth the 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 the 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 shall be deemed a waiver by that Respondent of his right to a hearing. If a request for a hearing is not timely made, the Commissioner may, without a hearing, enter an Order against a Respondent granting the relief requested by the Division in this Complaint.

Executed and entered, this the 2<sup>nd</sup> day of February, 2012.

SOUTH CAROLINA OFFICE OF THE  
ATTORNEY GENERAL

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