ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:	)	
	)	**ORDER TO CEASE AND DESIST**
	)	
Mary Hackney, Hackney Consulting Group, Inc., d/b/a HCG, Inc., and Philip Curtis,	)	**File No. 14092**
	)	
Respondents.	)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the "Division") has been authorized and directed by the Securities Commissioner of South Carolina (the "Securities Commissioner") to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the "Act"); and

WHEREAS, the Division received information regarding alleged securities-related activities of Mary Hackney ("Hackney"), Hackney Consulting Group, Inc., d/b/a HCG, Inc. ("HCG"), and Philip Curtis ("Curtis") (collectively referred to as the "Respondents"); and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

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

I. JURISDICTION

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

II. RESPONDENTS

2. Respondent Hackney is an Ohio resident with a last known address of 1224 Fair Avenue, Columbus, Ohio 43205. At all times relevant to this Order, Hackney was the CEO and chief control person of HCG.

3. Respondent HCG is an Ohio corporation with a last known address of 1224 Fair Avenue, Columbus, Ohio 43205.

4. Respondent Curtis is a North Carolina resident with a last known address of 10116 Forest Landing Drive, Charlotte, North Carolina 28213.

III. FINDINGS OF FACT

A. HCG, Inc. and Philip Curtis

5. In or about February 2011, Hackney formed HCG in Columbus, Ohio.

6. Prior to meeting Hackney, Curtis placed various advertisements on CraigsList.com and other similar websites for credit repair services offered by his business, K and P Consultants.

7. In or about June 2011, Hackney and Curtis connected through CraigsList.com, and the two began communicating via telephone and email.

8. The Respondents developed a business arrangement whereby Curtis agreed to send clients to Hackney in exchange for a commission. Pursuant to this arrangement, Hackney authorized Curtis to act as a representative of HCG.

9. On or about October 13, 2011, Hackney incorporated HCG in Columbus, Ohio.

B. The Investor

10. In or about August 2011, a South Carolina resident (the "Investor") contacted Curtis in

response to an advertisement for credit repair services and business funding that Curtis had posted on CraigsList.com.

11. The Investor mentioned to Curtis that he was interested in credit repair services and would like to start and fund his own business.

12. During the course of their conversations, Curtis represented to the Investor that Curtis was a consultant for HCG and that the Respondents would be able to help the Investor establish a business and secure funding for the business.

13. In or about August 2011, Curtis provided the Investor's telephone number to Hackney, noting that the Investor was a potential client. Shortly thereafter, Hackney directly contacted the Investor.

14. The Investor told Hackney that he wished to clear his credit and obtain funding to establish his own business within a relatively short period of time.

15. Hackney informed the Investor that she could assist him with his funding needs and with establishing his own business.

C. The Credit and Corporation Packages

16. In order to secure financing for his business, the Respondents offered the Investor an opportunity to obtain funding through "Credit Packages" and "Corporation Packages" (collectively, the "Credit and Corporation Packages").

17. On or about September 12, 2011, the Investor procured two cashier's checks for $6,000 and $6,300 in anticipation of purchasing the Credit and Corporation Packages from the Respondents the next day.

18. On or about September 13, 2011, the Respondents and the Investor executed a Business Consulting Agreement for "Corporation Package #1A" (the "#1A Agreement").

19. The Investor purchased Corporation Package #1A from the Respondents for $2,800.

20. Corporation Package #1A included, *inter alia*, the following:

    a. The purchase of an eight- to ten-year-old "shelf corporation";

    b. Articles of Incorporation for said shelf corporation;

    c. Two years' worth of financial statements and tax returns for said shelf corporation; and

    d. Funding of $100,000-200,000.

21. The #1A Agreement stated that Corporation Package #1A had a sixty-day timeframe.

22. The #1A Agreement stated that the Investor was entitled to a refund if the Respondents were unable to fulfill the terms of the #1A Agreement.

23. On or about September 13, 2011, the Respondents and the Investor executed a Consulting Agreement for "Credit Package #1B" (the "#1B Agreement").

24. The Investor purchased Credit Package #1B from the Respondents for $3,800.

25. Credit Package #1B included, *inter alia*, the following:

    a. The purchase of a credit processing number; and

    b. Funding of $250,000.

26. The #1B Agreement stated that Credit Package #1B had a sixty-day timeframe.

27. The #1B Agreement stated that the Investor was entitled to a refund if the Respondents were unable to fulfill the terms of the #1B Agreement.

28. On or about September 13, 2011, the Respondents and the Investor executed two identical Funding Consulting Agreements, each for "Corporation Package #1C" (individually, the "#1C Agreement"; collectively, the "#1C Agreements").

29. The Investor purchased the two copies of Corporation Package #1C from the

Respondents for $3,000 each.

30. Corporation Package #1C included, *inter alia*, the following:

    a. The purchase of a business name and business address; and

    b. Funding of $30,000.

31. The #1C Agreements stated that Corporation Package #1C had a sixty-day timeframe.

32. The #1C Agreements stated that the Investor was entitled to a refund if the Respondents were unable to fulfill the terms of the #1C Agreement.

33. On or about September 13, 2011, the Investor delivered to Curtis the two cashier's checks the Investor had obtained to purchase the Credit and Corporation Packages. Curtis cashed the two cashier's checks the same day.

34. Between September 14, 2011 and September 21, 2011, Curtis made four cash deposits into an account he controlled (the "Curtis Account"). These cash deposits totaled $17,305. Upon information and belief, a substantial portion of the cash used for these deposits originated from the Investor.

35. On or about September 14, 2011, Curtis wired $7,025 from the Curtis Account to a bank account controlled by Hackney (the "HCG Account"), whereupon it was spent in a manner inconsistent with fulfilling the terms of the Credit and Corporation Packages for the Investor.

36. On or about September 20, 2011, Curtis withdrew $3,700 in cash from the Curtis Account. Upon information and belief, this money was spent in a manner inconsistent with fulfilling the terms of the Credit and Corporation Packages for the Investor.

37. On or about September 21, 2011, Curtis wired $5,975 from the Curtis Account to the HCG Account, whereupon it was spent in a manner inconsistent with fulfilling the terms

of the Credit and Corporation Packages.

38. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the $12,300 given to the Respondents by the Investor was not used to fulfill the terms of the Credit and Corporation Packages for the Investor.

D. The Investment Fund

39. In addition to the Credit and Corporation Packages, the Respondents suggested that the Investor join an investment pool (the "Investment Pool") with a company that purportedly offered financial instrument monetization services (the "Monetization Entity").

40. On or about November 19, 2011, Hackney sent an email to the Investor explaining that the Investment Pool consisted of sixteen positions that could be purchased for ten thousand dollars ($10,000) each (the "Investment Pool Email").

41. The Investment Pool Email further explained that the total payout of the investment would be two million dollars ($2,000,000). Of this, the investors would receive one hundred thousand dollars ($100,000) for each position they owned.

42. The Investment Pool Email further explained that the Investor and the Respondents would take six positions, which would result in a payout of six hundred thousand dollars ($600,000) within twenty-five (25) banking days.

43. The Investment Pool Email further explained that the Investor would invest twenty thousand dollars ($20,000) (the "Monetization Investment Funds") to secure two positions with the Investment Pool, and the Respondents would secure the four remaining positions with the Investment Pool.

44. On or about November 21, 2011, the Investor and the Respondents executed an agreement memorializing the terms of investing in the Investment Pool (the "Investor Agreement").

45. The Investor Agreement contained several material representations regarding the Investor's investment, including, but not limited to, the following:

a. The Investor would receive funding of one hundred thousand dollars ($100,000) with a minimum investment of ten thousand dollars ($10,000);

b. The time frame for the Investor receiving a return on his investment was twenty-five (25) banking days;

c. The Respondents would place the Monetization Investment Funds with the Monetization Entity;

d. If the Respondents were unable to perform the services outlined in the Investor Agreement, the Investor would receive a refund; and

e. The Monetization Investment Funds were backed by a 90-day certificate of deposit.

46. On or about November 21, 2011, the Investor wired the Monetization Investment Funds to the HCG Account in order to secure two positions with the Investment Pool.

47. Contrary to the representations made by the Respondents in connection with the offer and sale of the securities, the Monetization Investment Funds were not placed with the Monetization Entity.

48. Contrary to the representations made by the Respondents in connection with the offer and sale of the securities, the Respondents did not place any of their own funds with the Monetization Entity.

49. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the Monetization Investment Funds were used for the Respondents' personal expenses and the repayment of other clients' debts, including, but not limited to:

a. Two wire transfers effected on or about November 22, 2011 totaling $4,850 from the HCG Account to accounts controlled by other clients of HCG;

b. A first class travel package to Fort Worth, Texas for $2,250 using a debit card associated with the HCG Account; and

c. A wire transfer effected on or about November 23, 2011 for $2,200 from the HCG Account to an account controlled by another client of HCG.

50. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the Investor did not receive any funding within the 25-day timeframe.

51. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the Monetization Investment Funds were not backed by a 90-day certificate of deposit.

52. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the Investor did not receive a refund after the Respondents failed to provide funding for the Investor.

E. The Crude Oil Contract

53. On or about December 19, 2011, the Respondents sent two emails to the Investor regarding Corporation Package #1A and Credit Package #1B.

54. The emails stated that the credit processing companies would be unable to process new

orders for four to six weeks, which was unacceptable to the Respondents.

55. Because of the unacceptable processing time, the Respondents offered two alternatives to the Investor:

    a. A refund of the purchase price of Corporation Package #1A and Credit Package #1B; or

    b. Investing the Investor's refund in a new program related to crude oil contracts (the "Crude Oil Investment").

56. The Respondents stated that they worked with a single trader who invested in crude oil and Mini Russell Futures.

57. The Respondents further stated that the trader with whom they worked had invested successfully using his "ninja trading" system.

58. The Respondents promised a 50% monthly return on investment in the Crude Oil Investment.

59. On or about January 17, 2012, in order to further entice the Investor to invest in the Crude Oil Investment, the Respondents sent an email to the Investor reporting that the Crude Oil Investment was producing returns of forty percent (40%) per month.

60. Based upon the Respondents' representations, the Investor decided to invest in the Crude Oil Investment in lieu of requesting a refund.

61. In or about January 2012, the Investor authorized the Respondents to invest six thousand dollars ($6,000) into the Crude Oil Investment on the Investor's behalf.

62. On or about February 24, 2012, the Investor executed a Memorandum of Understanding regarding the Crude Oil Investment (the "Crude Oil Memorandum"). On or about February 29, 2012, the Respondents executed the Crude Oil Memorandum.

63. The Crude Oil Memorandum contained several material representations regarding the Investor's investment, including, but not limited to, the following:

a. The Respondents were providing the Investor with an opportunity to invest with the Quantum Universal Crude Oil Platform ("Quantum");

b. The Investor had invested a total of $6,000 with the Respondents for transfer to Quantum;

c. Along with the Investor's $6,000, the Investor had an additional $1,700 apparently obtained through Corporation Package #1C and the efforts of the Respondents. This additional $1,700 was deposited with Quantum in the Investor's name, bringing the value of the Investor's investment to $7,700 (the "Crude Oil Investment Funds"); and

d. If the Respondents were unable to produce a return on the Investor's investment within ninety (90) days of the date of the Crude Oil Memorandum, the Investor would be entitled to the return of the Crude Oil Investment Funds within fourteen (14) days of a written request therefor.

64. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the Respondents did not place the Crude Oil Investment Funds with Quantum.

65. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the Investor did not receive a 50% monthly return on his investment.

F. The Investor Requests a Refund

66. On or about April 2, 2012, the Investor emailed Hackney a formal written request for a

refund of all monies he had invested with the Respondents.

67. Contrary to the representations made to the Investor by the Respondents in connection with the offer and sale of the securities, the Investor did not receive a refund within fourteen (14) days of the Investor's written request therefor.

68. The Investor never received a refund of the Monetization Investment Funds, the Crude Oil Investment Funds, or the Investor's payment for the Credit and Corporation Packages; the Investor's investments with the Respondents were a total loss.

69. At no time relevant to the events stated herein was Respondent HCG registered with the Division as a broker-dealer, and no exemption from registration has been claimed.

70. At no time relevant to the events stated herein was Respondent Hackney registered with the Division as an agent, and no exemption from registration has been claimed.

71. At no time relevant to the events stated herein was Respondent Curtis registered with the Division as an agent, and no exemption from registration has been claimed.

72. At no time relevant to the events stated herein were the securities at issue registered with the Division or federal covered securities, and no exemption from registration has been claimed.

73. Respondents Hackney and Curtis represented Respondent HCG, Inc. in effecting or attempting to effect the transactions referenced above.

74. In connection with the offer and sale of the securities, the Respondents made numerous false and misleading statements and omissions, including, but not limited to, the following:

    a. Respondent Hackney omitting to disclose that she was unsure how the Investment Pool would actually generate any profits for the Investor or HCG;

b. The Respondents falsely stating that they would contribute their own funds to the Investment Pool;

c. The Respondents omitting to disclose to the Investor that they did not contribute any of their own money to the Investment Pool because the Respondents were tipped off that the Monetization Entity was a fraudulent company that was "taking people's money";

d. Respondent Hackney omitting to disclose that she was unsure how the Crude Oil Investment would actually generate any profits for the Investor or the Respondents; and

e. Respondent Hackney omitting to disclose that she had a past federal conviction for wire fraud.

IV. CONCLUSIONS OF LAW

75. The South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, governs the offer and sale of securities in this State.

76. Pursuant to S.C. Code Ann. § 35-1-102(29), investment contracts, stock, and certificates of interest or participation in profit-sharing agreements, *inter alia*, constitute securities.

77. Pursuant to S.C. Code Ann. § 35-1-301, it is unlawful for a person to offer or sell a security in this State unless that security is a federal covered security, exempt from registration, or registered.

78. Pursuant to S.C. Code Ann. § 35-1-102(2), an "agent" includes an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities.

79. Pursuant to S.C. Code Ann. § 35-1-102(4), a "broker-dealer" includes an individual

engaged in the business of effecting transactions in securities for the account of others or for the person's own account.

80. Pursuant to S.C. Code Ann. § 35-1-401(a), it is unlawful for an individual to transact business in this State as a broker-dealer unless that individual is registered or exempt from registration.

81. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business in this State as an agent unless that individual is registered or exempt from registration.

82. Pursuant to S.C. Code Ann. § 35-1-402(d), it is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this State, to employ or associate with an agent who transacts business in this State on behalf of broker-dealers or issuers unless the agent is registered or exempt from registration.

83. 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 an 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 (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

84. The Credit and Corporation Packages constitute investment contracts and are therefore securities as defined by the Act.

85. The Investment Pool constitutes an investment contract and is therefore a security as defined by the Act.

86. The Crude Oil Investment constitutes an investment contract and is therefore a security as defined by the Act.

87. The securities offered and sold by the Respondents were not federal covered securities, exempt from registration, nor registered with the United States Securities and Exchange Commission or the Division and were therefore offered and sold in violation of S.C. Code Ann. § 35-1-301.

88. Respondent HCG, Inc., on at least one occasion, transacted business in this State as an unregistered broker-dealer.

89. Respondent Mary Hackney, on at least one occasion, transacted business in this State as an unregistered agent.

90. Respondent Philip Curtis, on at least one occasion, transacted business in this State as an unregistered agent.

91. Respondent HCG, Inc., on at least one occasion, employed or associated with an unregistered agent who transacted business on behalf of HCG, Inc. while that agent was not registered.

92. The Respondents, on at least one occasion and in connection with the offer, sale, or purchase of a security, directly or indirectly (1) employed a device, scheme, or artifice to defraud; (2) made an untrue statement of a material fact or omitted 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) engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon another person, in violation of S.C. Code Ann. § 35-1-501.

93. It is in the public interest, for the protection of investors, and consistent with the purposes

of the Act that the Respondents be ordered to cease and desist from engaging in the above-enumerated practices, which constitute violations of the Act and pay an appropriate civil penalty for their wrongdoing.

V. CEASE AND DESIST ORDER

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

a. Respondent HCG, Inc. and every successor, affiliate, control person, agent, servant, and employee of HCG, Inc., and every entity owned, operated, or indirectly or directly controlled by or on behalf of HCG, Inc. **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-401, 35-1-402, and 35-1-501 thereof;

b. Respondent Mary Hackney **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;

c. Respondent Philip Curtis **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-402, and 35-1-501 thereof;

d. Respondent HCG, Inc. pay a civil penalty in the amount of twenty-five thousand dollars ($25,000) if this Order becomes effective by operation of law, or, if HCG, Inc. seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed $10,000 for each violation of the Act by HCG, Inc., and the actual cost of investigation or proceeding;

e. Respondent Mary Hackney pay a civil penalty in the amount of twenty-five thousand dollars ($25,000) if this Order becomes effective by operation of law, or, if Respondent

Hackney seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed $10,000 for each violation of the Act by Hackney, and the actual cost of investigation or proceeding;

f. Respondent Philip Curtis pay a civil penalty in the amount of twenty-five thousand dollars ($25,000) if this Order becomes effective by operation of law, or, if Respondent Curtis seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed $10,000 for each violation of the Act by Curtis, and the actual cost of investigation or proceeding.

VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING

Each Respondent is hereby notified that it has the right to a hearing on the matters contained herein. To schedule such a hearing, the 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. If a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from the Respondent, will schedule the hearing for that Respondent.

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 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 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 any assessed costs, becoming final as to that Respondent by operation of law.

This Order does not prevent the Division or any other law enforcement agency from seeking additional civil or criminal remedies as are available under the Act, including remedies related to the offers and sales of securities by the Respondent set forth above.

ENTERED, this the 20th day of March, 2015.

ALAN WILSON
SECURITIES COMMISSIONER

By: _____
TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:

for _____
TAYLOR FAW
Assistant Attorney General
Securities Division
Rembert C. Dennis Building
1000 Assembly Street
Columbia, South Carolina 29201