

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
Redworc Technologies, LLC and)	
Robert L. Crowder Jr.,)	File No. 16036
)	
<u>Respondents.</u>)	

WHEREAS, the Securities Commissioner has authorized and directed the Securities Division (the "Division") 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 Redworc Technologies, LLC ("Redworc") and Robert L. Crowder Jr. ("Crowder") (collectively, the "Respondents"); and

WHEREAS, based on the information received, the Division determined it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to ascertain 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 Redworc is a Georgia corporation with a last known address of 6001 The Plaza, Charlotte, North Carolina 28215.
3. Respondent Crowder incorporated Respondent Redworc on or about February 14, 2011.
4. Respondent Crowder is a Georgia resident with a last known address of 2119 Lake Park Drive SE, Apartment F, Smyrna, Georgia 30080.

III. FINDINGS OF FACT

5. At all times relevant to this Order, Respondent Crowder was the president, chair, registered agent, and chief control person of Respondent Redworc.
6. In early 2016, Respondent Crowder began soliciting an employee of a Rock Hill branch of a financial institution to purchase a bond issued by the Respondents and in the name of Respondent Redworc (the "Redworc Bond").
7. Respondent Crowder continued making such solicitations until at least May 1, 2016.
8. In connection with the offer of the Redworc Bond, the Respondents provided a private placement memorandum dated December 31, 2015 and containing certain misrepresentations of material fact, including, but not limited to, the following:
 - a. Respondent Crowder contributed twenty million dollars (\$20,000,000) of his personal money to initially capitalize Respondent Redworc;
 - b. The Respondents expected an annual profit of twelve million dollars (\$12,000,000) in 2016; and
 - c. Respondent Redworc employed an attorney who also served as a company director.
9. In connection with the offer of the Redworc Bond, the Respondents omitted to disclose certain material facts, including, but not limited to, the following:
 - a. On or about May 10, 2002, Respondent Crowder was convicted of felony possession of drugs and served six (6) years in prison;
 - b. On or about December 10, 2012, Respondent Crowder was convicted of felony telecommunications fraud and felony identity theft and served ten (10) months in prison;
 - c. During the Respondents' solicitations, Respondent Crowder had an unsatisfied tax lien with the State of Ohio in the approximate amount of three thousand dollars (\$3,000); and
 - d. On or about February 29, 2016, the purported executive assistant of Respondent Redworc was arrested for three counts of obtaining property under false pretenses.
10. Respondent Crowder represented Respondent Redworc in effecting the offer referenced above.
11. At no time relevant to the events stated herein was Respondent Crowder registered with

the Division as an agent, and no exemption from registration has been claimed by Respondent Crowder.

12. At no time relevant to the events stated herein was the security at issue registered with the Division or a federal covered security, and no exemption from registration has been claimed by the Respondents.

IV. CONCLUSIONS OF LAW

13. 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.
14. Pursuant to S.C. Code Ann. § 35-1-102(29), investment contracts, stock, and bonds, *inter alia*, constitute securities.
15. 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.
16. Pursuant to S.C. Code Ann. § 35-1-102(4), an “issuer” is a person who issues or proposes to issue a security.
17. Pursuant to S.C. Code Ann. § 35-1-102(2), an “agent” includes an individual, other than an issuer, who represents an issuer in effecting or attempting to effect purchases or sales of the issuer’s securities.
18. 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.
19. Pursuant to S.C. Code Ann. § 35-1-402(d), it is unlawful for an issuer engaged in offering or selling securities in this State to employ or associate with an agent who transacts business in this State unless the agent is registered or exempt from registration.
20. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer or sale 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.

21. The security offered by the Respondents was offered and sold in violation of S.C. Code Ann. § 35-1-301.
22. Respondent Crowder, on at least one occasion, transacted business in this State as an unregistered agent in violation of S.C. Code Ann. § 35-1-402.
23. Respondent Redworc, on at least one occasion, employed or associated with an unregistered agent who transacted business on behalf of Respondent Redworc while that agent was not registered in violation of S.C. Code Ann. § 35-1-402.
24. The Respondents, on at least one occasion and in connection with the offer 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.
25. 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, pay an appropriate civil penalty for their wrongdoing, and be barred from conducting securities business in this State in the future.

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 Redworc Technologies, LLC and every successor, affiliate, control person, agent, servant, and employee of Redworc Technologies, LLC and every entity owned, operated, or indirectly or directly controlled by or on behalf of Redworc Technologies, LLC shall **CEASE AND DESIST** any and all attempts to offer or sell the Redworc Bond in or from the State of South Carolina;
- b. Respondent Robert L. Crowder Jr. shall **CEASE AND DESIST** any and all attempts to offer or sell the Redworc Bond in or from the State of South Carolina;
- c. Respondent Redworc Technologies, LLC pay a civil penalty in the amount of thirty

thousand dollars (\$30,000) if this Order becomes effective by operation of law, or, if Redworc 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 Redworc and the actual cost of investigation or proceeding;

- d. Respondent Robert L. Crowder Jr. pay a civil penalty in the amount of thirty thousand dollars (\$30,000) if this Order becomes effective by operation of law, or, if Crowder 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 Crowder, and the actual cost of investigation or proceeding;
- e. Respondent Redworc Technologies, LLC and every successor, affiliate, control person, agent, servant, and employee of Redworc Technologies, LLC and every entity owned, operated, or indirectly or directly controlled by or on behalf of Redworc Technologies, LLC are **PERMANENTLY BARRED** from participating in any aspect of the securities industry in or from the State of South Carolina beginning on the date of execution of this order; and
- f. Respondent Robert L. Crowder Jr. is **PERMANENTLY BARRED** from participating in any aspect of the securities industry in or from the State of South Carolina beginning on the date of execution of this order.

IT IS FURTHER ORDERED that, pursuant to S.C. Code Ann. §§ 35-1-604(a)(2) and (3), any exemption from registration with the Division upon which the Respondents may claim to rely under S.C. Code Ann. §§ 35-1-201(3)(C), (7), or (8); 35-1-202; 35-1-401(b)(1)(D) or (F); or 35-1-403(b)(1)(C), has been and is **REVOKED**.

VI. 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 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 issuance 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 a 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 agency, including, without limitation, civil and criminal 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 Respondents set forth above.

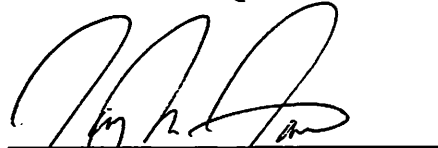
ENTERED, this the 9th day of August, 2017.

ALAN WILSON
SECURITIES COMMISSIONER

By:


TRACY A. MEYERS
Deputy Securities Commissioner

ISSUANCE REQUESTED BY:


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

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE

File Number 16036

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated August 9, 2017, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Redworc Technologies, LLC
6001 The Plaza
Charlotte, NC 28215

Document(s): Order to Cease and Desist

Mailed August 9, 2017 from Columbia, South Carolina.

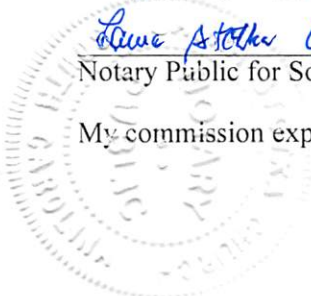
I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: *Lisa Lomas*
Lisa Lomas
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-9936

Subscribed and sworn to before me on
this 9th day of August, 2017.

Liane Stecker Clark
Notary Public for South Carolina

My commission expires: 3-10-18



THE UNITED STATES OF AMERICA
DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Washington, D. C. 20535
February 10, 1964

Dear Sir: This is to advise you that the following information was received from the Bureau of the Internal Security - Communist Party, U.S.A. on February 10, 1964.

Internal Security - Communist Party, U.S.A.
Reference is made to the report of the Bureau of the Internal Security - Communist Party, U.S.A. dated February 10, 1964.

The following information was received from the Bureau of the Internal Security - Communist Party, U.S.A. on February 10, 1964.

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Handwritten signature

Special Agent in Charge
Washington, D. C. 20535



STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE

File Number 16036

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated August 9, 2017, by serving a copy of said document upon the Securities Commissioner of the State of South Carolina and by placing a copy of said document in the United States mail, certified mail, return receipt requested, first class postage prepaid and addressed to:

Robert L. Crowder, Jr.
2119 Lake Park Drive SE
Apartment F
Smyrna, GA 30080

Document(s): Order to Cease and Desist

Mailed August 9, 2017 from Columbia, South Carolina.

I further hereby certify, swear and affirm that, service of the above-listed entity is in compliance with Section 35-1-611, Code of Laws of South Carolina.

By: Lisa Lomas
Lisa Lomas
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-9936

Subscribed and sworn to before me on
this 9th day of August, 2017.

Laura Attkin Clark
Notary Public for South Carolina

My commission expires: 3-10-18

