

**STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE
SECURITIES DIVISION**

IN THE MATTER OF:)
) **CONSENT ORDER**
SMALL PEOPLE GROUP and)
STANLEY PATTERSON,) File No.: 12 SEC 015
)
 Respondents.)

The Secretary of State of the State of North Carolina (the “Administrator”), as Administrator of the North Carolina Securities Act, (N.C. Gen. Stat. Chapter 78A, the “Securities Act”) has considered the evidence, and finds that it is in the public interest to resolve this matter on the terms set forth in this Consent Order. With the consent of Small People Group (“SPG”) and Stanley Patterson (“Patterson”), individually and on behalf of SPG, the Administrator enters this Consent Order.

I. FINDINGS OF FACT

1. SPG is an investment club organized and operated by Patterson.
2. Patterson is an adult individual residing in Hoke County in North Carolina.
3. In 2010, SPG and Patterson offered an investment product to the SPG investment club members.
4. The offer stated:

**Question? Will You Pay \$100 One Time To Make \$10,000?
Financially Independent!!**

Hi Folks, I have exciting news!

I want to thank you for taking the time to read this site on our amazing opportunity. I our last placement I make over \$30, 000, and we are doing it again. So if you miss our last opportunity you may want to join this one.

I feel it is my responsibility to offer you the best assistance on this opportunity. I am a average person like others - the only difference is that I saw, and jump at this incredible opportunity that was created for us!

I have seen so many opportunity come and go. I have made, and lost money in many so called "systems" as the years went by.

It was for this reason that I thoroughly investigated any opportunity before putting it out on the web; therefore I'm here to answer any questions you may have whether you have any concerns or need help to better understand the opportunity.

My group is trying to raise \$12,000 to enter this trade, and now looking for new members to help raise the funds.

One unit will cost you \$100

The trade will start in May 2010

The paid out is in August 2010

All funds must be in ASAP!

Total paid to you \$10,000 +

* Note please don't send fund you need to pay bills. This is a offline investment.

If you would like to buy a unit please contact me ASAP!

Only 120 units left!

5. Several of the SPG investment club members invested in the opportunity by giving Patterson cash.

6. Patterson claims that he used their funds to invest in the above opportunity.

7. No one received a return for their investment or any of the principal they invested.

Offering of Unregistered Securities

8. Under the Securities Act, it is unlawful for any person to offer or sell any security in North Carolina unless the security is registered or it is subject to a perfected exemption. N.C. Gen. Stat. § 78A-24.

9. A "security," as defined by the Securities Act, means:

any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under a title or lease, viatical settlement contract or any fractional or pooled interest in a viatical settlement contract, or, in general, any interest or instrument commonly known as a "security," or any certificate of interest or participation in, temporary or interim certificate for, receipt for guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

N.C. Gen. Stat. § 78A-2(11).

10. The investment products offered by SPG and Patterson were securities.

11. Accordingly, the investment products were subject to the registration requirements of the Securities Act.

12. Neither Patterson nor SPG registered the investment products or perfected their exemption prior to offering them to the public.

Unregistered Persons Offering Securities

13. Under the Securities Act, it is unlawful for any person to effect transactions in securities unless he is registered as a dealer or salesman or is exempt from registration. N.C. Gen. Stat. § 78A-36.

14. Offering securities, like the investment products described above, effects transactions in securities. Therefore, in order to offer securities, like the investment products described above, the offeror must be registered as a dealer or salesman.

15. Neither Patterson nor SPG is or has ever been registered as a dealer or salesman in North Carolina.

II. CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over Patterson and SPG and the subject matter of this Consent Order.

2. The investment products offered by Patterson and SPG were securities under the Securities Act as defined by N.C. Gen. Stat. § 78A-2(11).

3. Patterson and SPG violated N.C. Gen. Stat. § 78A-24 when they offered unregistered securities.

4. Patterson and SPG violated N.C. Gen. Stat. § 78A-36 when they offered securities while they, Patterson and SPG, were unregistered.

5. The Administrator has the authority to enter this Consent Order and the entry of this Consent Order is in the public interest and is consistent with the purposes fairly intended by the policies and provisions of the Securities Act.

III. CONSENT AND WAIVER

Patterson and SPG, as evidenced by the authorized signatures below, affirmatively state and agree that:

1. Patterson and SPG voluntarily consent to the entry of this Consent Order and understand this is a public document.

2. Patterson and SPG have read the contents of this Consent Order and have had the opportunity to consult with an attorney prior to the signing of this Consent Order.

3. Patterson and SPG freely sign this Consent Order. No threats, promises or offers of any kind, other than as stated in this document, have been made by the Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent or employee of the North Carolina Department of the Secretary of State in connection with the signing of this Consent Order.

4. This Consent Order contains the entire agreement between the undersigned, and Patterson and SPG understand its effect.

5. Patterson and SPG permanently waive any and all rights under the Securities Act, the North Carolina Administrative Procedure Act (N.C. Gen. Stat. Chapter 150B) and any other law, and to a *Notice of Hearing*, a hearing, and any further proceedings before the Administrator or other entity to which it may be entitled related to the subject of this Consent Order, including any court of competent jurisdiction. Patterson and SPG also permanently waive their rights to seek judicial review of this Consent Order under N.C. Gen. Stat. Chapter 150B, to appeal this

Consent Order, or to otherwise challenge either the validity or entry of this Consent Order in any court or administrative agency.

6. The execution, delivery and performance of this Consent Order has been duly authorized and signed by a person who meets the statutory or other binding requirements to sign on behalf of the SPG as named in this Consent Order.

7. The presentation of this Consent Order to the Administrator and any subsequent discussion of the Consent Order prior to its entry without Patterson and SPG or their counsel being present shall not constitute an improper *ex parte* communication between the Administrator and the Securities Division or counsel for the Securities Division.

IV. ORDER

ACCORDINGLY, the Administrator orders and Patterson and SPG consent to the following:

1. Patterson and SPG shall immediately and permanently cease and desist from violating N.C. Gen. Stat. §78A-24.

2. Patterson and SPG shall immediately and permanently cease and desist from violating N.C. Gen. Stat. §78A-36.

3. Patterson and SPG shall immediately and permanently cease and desist from violating any other provisions of the Securities Act and any administrative rules promulgated under the Act.

4. Patterson and SPG shall pay to the Securities Division a civil penalty in the amount of \$5,000.00 within ten (10) days of the date of entry of this Order.

5. Patterson and SPG shall pay to the Securities Division \$7,000.00 as reimbursement for investigative costs associated with this matter within ten (10) days of the date of entry of this Order.

6. Patterson and SPG shall not take any action, or make, or permit to be made, any public statement, denying, directly or indirectly, any finding in this Consent Order or creating the impression that this Consent Order is without factual basis.

7. The Consent Order shall become final upon entry.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina

Department of the Secretary of State, this the 15th day of NOVEMBER 2017.

Time of entry: 10:28 A.M.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH
CAROLINA and SECURITIES
ADMINISTRATOR, by

[Redacted signature]

KEVIN M. HARRINGTON
Deputy Securities Administrator