STATE OF NORTH CAROLINA

Department of The Secretary of State

THE NORTH CAROLINA SECURITIES DIVISION, Petitioner, **vs.** **INTELLICASE CORPORATION; ROBERT GORDON GOODING; CHARLES ALLEN SMITH; and SEAN KEATING HELMS,** Respondents.	**TEMPORARY ORDER TO CEASE & DESIST** **FILE NO. 06-046-CC**

PURSUANT TO THE AUTHORITY granted by Chapter 78A of the North Carolina General Statutes, the North Carolina Securities Act (hereinafter the "Act"), and the rules promulgated thereunder, the Securities Division of the Department of the Secretary of State, hereinafter referred to as "the Division", has investigated the activities of **INTELLICASE CORPORATION, ROBERT GORDON GOODING, CHARLES ALLEN SMITH**, and **SEAN KEATING HELMS,**

hereinafter referred to as Respondents, to determine if these Respondents or any one of them, has engaged in, or is about to engage in, any act or practice constituting a violation of the Act or any rule or order thereunder.

THE DIVISION has filed an Administrative Petition against the above-named Respondents seeking, among other remedies, a temporary and summary Cease and Desist Order pursuant to the provisions of N.C.G.S. §78A-47(b)(2).

THE SECRETARY OF STATE, acting by and through her duly authorized Deputy Securities Administrator, from the investigation and the information derived therein, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

(1) Respondent **INTELLICASE CORPORATION** (hereinafter "Respondent IntelliCase") is a corporation apparently organized under the laws of the State of Delaware, with its principal office in the State of California. Respondent IntelliCase has never qualified to do business in North Carolina.

(2) Respondent **ROBERT GORDON GOODING** (hereinafter "Respondent Gooding") is a resident of the State of California. Respondent Gooding holds himself out to be, and acts as, the Chief Financial Officer of Respondent IntelliCase.

(3) Respondent **CHARLES ALLEN SMITH** (hereinafter "Respondent Smith") is a resident of Union County, North Carolina. At all times relevant herein, Respondent Smith was licensed as an insurance agent by the State of North Carolina and was affiliated with the insurance office operated by A. Douglas Ray (hereinafter "Mr. Ray") in Union County.

(4) Respondent **SEAN KEATING HELMS** (hereinafter "Respondent Helms") is a resident of Union County, North Carolina. At all times relevant herein, Respondent Helms was licensed as an insurance agent by the State of North Carolina and operated an office in Union County.

(5) Mr. Ray has in the past been registered with the Administrator as a securities salesman pursuant to the Act but was not registered with the Administrator at the times relevant herein. Respondents Smith and Helms have never been registered with the Administrator as a securities dealer or salesman pursuant to the Act.

(6) The Administrator, by administrative notice, finds as fact that in September 2002, the Division initiated an administrative petition in case number 01-016-NEWS before the Administrator and that Mr. Ray, on or about March 3, 2003, entered into a Consent Order approved by the Administrator in which Respondent Ray acknowledged that he had engaged in the sale of securities in North Carolina in violation of the Act, agreed to and was ordered to cease and desist from future violations of the Act and was specifically ordered to refrain from offering for sale, soliciting offers to purchase, or selling unregistered securities without first complying with the Act.

(7) Between December 2002 and August 2005, Mr. Ray, Smith and Helms offered for sale, solicited purchase orders from and sold to 18 residents of North Carolina, debentures issued by Respondent IntelliCase. These debentures are promissory notes for repayment of principal and interest and are securities as defined by N.C.G.S. §78A-2(11). Each of the debentures sold by Mr. Ray and Respondents Smith and Helms was executed on behalf of Respondent IntelliCase by Respondent Gooding.

(8) Respondent IntelliCase has failed to honor its debentures sold to North Carolina residents as those have become due. Mr. Ray, and Respondents Gooding, Smith and Helms, have, between 2006 and 2008 counseled the North Carolina residents who purchased these now-defaulted debentures to either exchange their defaulted debentures for stock in IntelliCase or to accept new debentures from IntelliCase in exchange for the defaulted debentures.

(9) The debentures issued by Respondent IntelliCase contain as a term or condition of the debenture a written claim that the repayment of the principal amount of the debenture is guaranteed by a surety bond obtained for that purpose. Mr. Ray and Respondents Smith and Helms each represented to their North Carolina investors that the repayment of principal was guaranteed by a valid surety bond. Respondent IntelliCase ceased making surety bond premium payments in September 2002 and there was no surety bond in effect for any debenture of Respondent IntelliCase on and after January 1, 2003. The representation made by Respondents IntelliCase and Gooding, in all debentures of Respondent IntelliCase, executed by Respondent Gooding, and sold to North Carolina residents on and after January 1, 2003, that repayment of the principal amount of each debenture was guaranteed by a surety bond, was false in violation of N.C.G.S. § 78A-8.

(10) Mr. Ray and Respondents Smith and Helms, in each of their respective sales of the debentures of Respondent IntelliCase to North Carolina residents between December 2002 and August 2005, failed to disclose to any North Carolina investor: (a) that none of the Respondents were licensed to sell securities in North Carolina as required

by the Act; and, (2) that the debentures of Respondent IntelliCase being offered and sold were not registered under the Act, thereby violating N.C.G.S. § 78A-8.

(11) Mr. Ray failed to disclose to any North Carolina investor who purchased debentures of Respondent IntelliCase in any of the offers to sell, solicitations of purchase offers, or sales of debentures that he made after March 3, 2003, the material fact that he had, by consent, been ordered to cease and desist from selling securities or offering unregistered securities in violation of the Act from and after March 3, 2003, in violation of N.C.G.S. § 78A-8.

(12) Mr. Ray and the Respondents are engaged in numerous violations of the Act. The debentures of Respondent IntelliCase, sold by Mr. Ray and Respondents Smith and Helms to North Carolina residents, were not registered under the Act in violation of N.C.G.S. §78A-24. Mr. Ray and Respondents Smith and Helms acted as securities dealers without registration in violation of N.C.G.S. §78A-36. These offers between 2006 and 2008 constitute separate violations of N.C.G.S. §78A-24 as each offer of stock of, and or any replacement debentures from, Respondent IntelliCase to replace or satisfy the defaulted debentures previously sold constitutes a new offer of unregistered securities in violation of the Act. Respondents IntelliCase and Gooding have directed and controlled the offer and sale of debentures to North Carolina residents knowing that those debentures sold on and after January 1, 2003, were not guaranteed by a surety bond as represented in the debentures and the sales presentations, all in violation of the Act.

(13) Mr. Ray and Respondents Smith and Helms presently continue to engage in the foregoing violations of the provisions of N.C.G.S. §78A-24 and N.C.G.S. §78A-36.

Respondents Gooding and IntelliCase continue to engage in the foregoing violations of N.C.G.S. §78A-24 and N.C.G.S. § 78A-8.

(14) It is necessary and appropriate for the protection and preservation of the public interest that each Respondent be summarily ordered to cease and desist from making offers and sales of securities in violation of the Act. The public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. §78A-47(b)(1).

CONCLUSIONS OF LAW

(1) The Secretary has statutory authority pursuant to N.C.G.S. §78A-47(b)(2) to enter and issue a temporary and summary Cease and Desist Order against each Respondent.

(2) There is reasonable cause to believe:

(a) Respondents Smith and Helms have engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §78A-24 and N.C.G.S. §78A-36;

(b) Respondents Gooding and IntelliCase have engaged in willful violations of the North Carolina Securities Act, specifically N.C.G.S. §78A-8 and N.C.G.S. §78A-24.

(3) There is reasonable cause to believe each Respondent may continue to commit acts and omissions in violation of the North Carolina Securities Act.

(4) It is necessary and appropriate for the protection and preservation of the public interest that each Respondent be summarily ordered to cease and desist from making offers and sales of securities in violation of the North Carolina Securities Act.

(5) The public interest would be irreparably harmed by the delay inherent in issuing an order under the provisions of N.C.G.S. §78A-47(b)(1).

NOW, THEREFORE, IT IS ORDERED, pursuant to the authority contained in N.C.G.S. §78A-47(b)(2) that:

a. Respondents Smith and Helms, and any person, employee, officer, director, entity or independent contractor under the direction or control of either said Respondent, shall immediately cease and desist offering for sale, soliciting offers to purchase, or selling, securities of Respondent IntelliCase or any other issuer, or otherwise holding themselves out to be or engaging in the business of securities dealers or salesmen, in or from North Carolina, for any securities of any issuer, howsoever denominated, unless and until Respondents Smith and Helms shall have first obtained the registration as securities dealers or salesmen necessary pursuant to the provisions of the North Carolina Securities Act;

b. Respondents Smith and Helms, and any person, employee, officer, director, entity or independent contractor under the direction or control of either said Respondent, shall immediately cease and desist offering for sale, soliciting offers to purchase, or selling in North Carolina any securities not first registered with the Administrator; and,

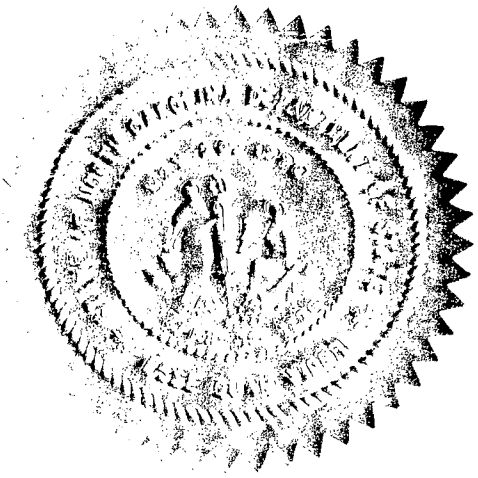
c. Respondents Gooding and IntelliCase and any person, employee, officer, director, entity or independent contractor under the direction or control of either said Respondent, shall immediately cease and desist offering for sale, soliciting offers to purchase, or selling in North Carolina any securities not first registered with the Administrator or engaging in any fraudulent conduct in violation of N.C.G.S. § 78A-8 in connection with the sale of any securities, registered or unregistered, in North Carolina.

NOTICE IS HEREBY GIVEN that each Respondent may request a hearing upon this matter by transmitting such request, in writing, to David S. Massey, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. A copy of any such request shall be served by first class mail upon Blackwell M. Brogden, Jr., Enforcement Attorney, Securities Division, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such a request is made, this matter shall be scheduled for hearing in accordance with Chapter 150B of the North Carolina General Statutes within twenty (20) days after receipt by the Deputy Securities Administrator of the written request. If no request for hearing, other responsive pleading, or submission is received by the Deputy Securities Administrator within thirty (30) business days of the receipt of service hereof, this Temporary Order To Cease and Desist shall become final and remain in effect as to each

Respondent that fails to request a hearing unless it is modified or vacated by the Secretary of State in her capacity as Administrator of the North Carolina Securities Act and the North Carolina Investment Advisers Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 5th day of June, 2008.

Time of entry: 10:16 A. M.



ELAINE F. MARSHALL
SECRETARY OF STATE
OF NORTH CAROLINA and
Securities Administrator

By:
David S. Massey
Deputy Securities Administrator