THE NORTH CAROLINA SECURITIES DIVISION,	)	
Petitioner,	)	**FINAL ORDER**
vs.	)	
SHERWOOD RANDY SMITH and CONSOLIDATED WORK INDUSTRIES, INC.,	)	**FILE NO. 08-SEC-049**
Respondents.	)	

THIS CAUSE coming on to be heard and being heard before the Secretary of State of the State of North Carolina (the "Secretary of State"), as Administrator of the North Carolina Securities Act (the Securities Act); and

IT APPEARING to the Administrator that the undersigned Respondents, **SHERWOOD RANDY SMITH** (hereinafter "Respondent Smith"), a natural person residing in North Carolina. and **CONSOLIDATED WORK INDUSTRIES, INC.**, (hereinafter "Respondent CWI") a North Carolina corporation with its principal office in Greenville, North Carolina, without admitting or denying those Finding of Facts and Conclusions of Law so identified, have

consented to, and do not contest, the entry of a Final Order to resolve the matters described herein, as follows:

FINDINGS OF FACT

(1) Respondent Smith, a resident of North Carolina, and Respondent CWI, a North Carolina corporation of which Respondent Smith is president, are represented in this matter by counsel, F. Daniel Bell, III.

(2) The conduct of each Respondent in this matter is within the subject matter jurisdiction of the Administrator. Each Respondent is personally subject to the jurisdiction of the Administrator.

(3) In early 2005 Respondent Smith was introduced by a North Carolina resident (the "NC resident") to an enterprise operating under the name of Royal Swiss Bank ("RSB") which represented itself to be a private "off shore" bank. At the direction of the NC Resident, and as repayment to Respondent Smith of a loan guaranteed by the NC Resident, RSB purportedly established an account in Respondent Smith's name and allegedly transferred an initial deposit of $5,000,000.00 from the NC Resident's account at RSB to the new account of Respondent Smith. Thereafter RSB represented that it held good funds in an account for Respondent Smith but assessed assorted fees and charges as a condition to release these funds. The RSB account balance was allegedly increased to $60,000,000.00 and RSB demanded further fees and charges.

(4) "Royal Swiss Bank" or "RSB" was a fictitious entity at all times relevant to this matter and was apparently operated as a fraud, commonly known as a "Nigerian bank scam." The "Nigerian bank scam" operates by enticing persons to transfer money out of the United States to pay alleged costs, fees, taxes and other expenses in order to "clear", "transfer", "unfreeze" or otherwise "release" the balance in a bank account outside the United States when

in fact there is no such account, or that if such account actually exists, there is no legitimate claim to such account by any of the persons involved.

(5) Beginning in mid-2005 and continuing until early 2008, Respondent Smith, and Respondent CWI, under the direction and control of Respondent Smith, acting in and from North Carolina, solicited personal and business associates in North Carolina, including members of Respondent Smith's family, and other persons outside of North Carolina, raising additional amounts in excess of $2,000,000.00 as loans to, or investments with, Respondents all for the purpose of payment of assorted fees, taxes, and charges to effect the release of $60,000,000.00 allegedly held on deposit under Respondent Smith's name by RSB. Upon release of the account balance to Respondent Smith, he promised to repay the money loaned or invested together with a return that varied from person to person during the course of this conduct. Certain of these investors communicated directly with RSB and/or made payments directly to RSB through an independent escrow agent.

(6) Each Respondent, without admission or denial, does not contest, the Administrator finding that the activities of each Respondent in soliciting and obtaining funds from others in and outside of North Carolina with which to pay the assorted fees, taxes, and charges to effect the release of $60,000,000.00 from an "off shore" bank account constituted either participation in a profit-sharing plan or an investment contract, or both, under N.C.G.S. §78A-2(11).

(7) Each Respondent, without admission or denial, does not contest, the Administrator finding that the solicitations, offerings, and sale of interests in their effort to obtain release of the $60,000,000.00 constituted the offer and sale of a security for which registration was required under N.C.G.S. §78A-24.

(8) Respondents never registered their security offering under Chapter 78A, N.C.G.S., in violation of N.C.G.S. §78A-24.

(9) Each Respondent expressly waives any right to Notice of Rights and Opportunity for Hearing, a Notice of Hearing, a hearing, the making of findings of fact and conclusions of law, and all further proceedings before the Administrator or the Office of Administrative Hearings to which each may be entitled by law.

(10) Each Respondent expressly waives all rights to seek judicial review or otherwise challenge the validity of this Final Order.

(11) Action by the Administrator to halt further conduct by Respondents in North Carolina in violation of Chapter 78A, N.C.G.S., is in the public interest and is necessary for the protection of the public from further violations of the North Carolina Securities Act.

(12) This Final Order contains the entire agreement between the undersigned, there being no agreement of any kind, verbal or otherwise, which varies, alters, or adds to this Final Order. Each Respondent agrees that the presentation of this Final Order to the Administrator without the undersigned Respondents or any counsel for Respondent being present shall not constitute an improper *ex parte* communication between the Administrator and Petitioner or counsel for Petitioner. This Final Order shall be effective only after approval, issuance and entry by the Administrator.

(13) Each Respondent, by execution of this Final Order, affirmatively states that he has freely agreed to the signing of this Final Order, and that no threats, promises or offers of any kind, other than as stated in this document, have been made by the Securities Administrator, Deputy Securities Administrator, any member of the staff of the Securities Division, or any agent

or employee of the Department of the Secretary of State in connection with the signing of this Final Order.

BASED UPON THE FOREGOING Findings of Fact, the Administrator makes the following:

CONCLUSIONS OF LAW

(1) The offering and sale of interests in the $60,000,000.00 bank account by Respondents to persons who loaned or advanced money on behalf of Respondents to pay RSB its assorted fees, taxes, and charges to effect the release of $60,000,000.00 from RSB constituted participation in a profit-sharing plan and an investment contract, thus were securities under N.C.G.S. §78A-2(11).

(2) Respondents, by offering their securities to persons in and from North Carolina, violated N.C.G.S. §78A-24.

(3) The Administrator has jurisdiction of the subject matter of this proceeding and over the person of each Respondent.

(4) Action by the Administrator to halt further offers by each Respondent in violation of Chapter 78A, N.C.G.S., is in the public interest, is consistent with the purposes of the Securities Act and is necessary for the protection of the public from further violations of the Securities Act.

ORDER

NOW, THEREFORE, the Administrator, acting through her duly appointed Deputy Securities Administrator, pursuant to and under all authority granted by the North Carolina Securities Act, and with the consent of each Respondent, does hereby enter into this **FINAL ORDER**.

NOW, THEREFORE, with the consent of each Respondent, it is **HEREBY ORDERED** that each Respondent shall immediately cease and desist from offering to sell or selling securities of any kind in the State of North Carolina, including, but not limited to, participation in the expected proceeds from the release of funds from any "off shore" account, any promissory notes, stocks, any related programs, or the securities offered by any other entity, to persons residing or located in the State of North Carolina, without first complying with Chapter 78A, N.C.G.S., the North Carolina Securities Act.

This **FINAL ORDER** shall become final upon entry.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of Secretary of State, this the 22nd day of September, 2011.

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

By:
DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR

CONSENT TO ENTRY OF FINAL ORDER BY SHERWOOD RANDY SMITH

Sherwood Randy Smith hereby acknowledges that he has read, understands and consents to the entry of the foregoing **FINAL ORDER.** By agreeing to this **FINAL ORDER**, Respondent Smith neither admits nor denies the Findings of Fact or Conclusions of Law, but does not contest, the jurisdiction of the North Carolina Secretary of State, waives all objections to the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the North Carolina Secretary of State as settlement of the matters described in this Order.

Dated this the 14 day of September, 2011.

By: _____

Sherwood Randy Smith

State of North Carolina
Craven County

SUBSCRIBED AND SWORN TO before me this 14 day of September, 2011.

_____
Notary Public

My Commission expires: [redacted] 4-11-2014

CONSENT TO ENTRY OF FINAL ORDER BY CONSOLIDATED WORK INDUSTRIES, INC.

Consolidated Work Industries, Inc., hereby acknowledges that it has read, understands and consents to the entry of the foregoing **FINAL ORDER.** By agreeing to this **FINAL ORDER**, Respondent CWI neither admits or denies the Findings of Fact or Conclusions of Law, but does not contest, the jurisdiction of the North Carolina Secretary of State, waives all objections to the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the North Carolina Secretary of State as settlement of the matters described in this Order.

Dated this the 14 day of September, 2011.

Consolidated Work Industries, Inc.

By: _____

Title: President

State of North Carolina
Craven County

SUBSCRIBED AND SWORN TO before me this 14 day of September, 2011.

_____
Notary Public

My Commission expires: 4-11-2014

CONSENTED TO BY COUNSEL FOR RESPONDENTS

_____
F. Daniel Bell, III

Date: _____