STATE OF NORTH CAROLINA

Department of The Secretary of State

In the Matter of:	)	
THE NORTH CAROLINA SECURITIES DIVISION,	)	
Petitioner,	)	
	)	**FINAL ORDER**
	)	**TO CEASE AND DESIST**
vs.	)	
CAUSWAVE, INC.	)	
	)	**FILE NO. 14-SEC-005**
Respondent.	)	

THIS CAUSE coming before the undersigned, upon the record in the above-captioned matter, to consider the request made in the Administrative Petition, filed on March 12, 2015, for issuance of a Final Order to Cease and Desist against Respondent to cease and desist from all violations of Chapter 78A of the General Statutes ("North Carolina Securities Act"); and

BASED UPON the record in this administrative proceeding, the undersigned makes the following:

FINDINGS OF FACT

(1) On March 12, 2015, Petitioner, the Securities Division of the North Carolina Department of the Secretary of State, commenced this proceeding and filed the Administrative Petition containing certain allegations against Respondent, in which Petitioner requested both temporary and permanent relief pursuant to N.C.G.S. § 78A-47(b)(2).

(2) On March 12, 2015, the Securities Administrator, through her Deputy Securities Administrator, issued and entered a Temporary Order to Cease and Desist against Respondent in this matter.

(3) On March 16, 2015, the North Carolina Securities Division, by Special Agent-In-Charge John C. Curry, personally served Respondent a copy of the Temporary Order to Cease and Desist, Administrative Petition, Affidavit in Support of Administrative Petition, and the Notice of Rights and Opportunity for a Hearing. The personal service was accomplished by Special Agent-In-Charge John C. Curry personally serving said documents on Diane R. Baldwin. Diane R. Baldwin is both the Respondent's Registered Agent and its Corporate Secretary.

(4) The Notice of Rights and Opportunity for a Hearing notified Respondent that, after failure to request a hearing within the time prescribed by Chapter 78A, failure to file a responsive pleading, or failure to make any other submission, the Temporary Order to Cease and Desist will become final and remain in effect unless it is modified or vacated by the Securities Administrator.

(5) Respondent has, within the time prescribed by N.C.G.S. §78A-47(b)(2), failed to request a hearing, failed to file a responsive pleading, and failed to make any other submission.

(6) The Temporary Order to Cease and Desist issued on March 12, 2015, in this matter, including the Findings of Fact and Conclusions of Law therein, is hereby incorporated by

reference and is attached hereto as "EXHIBIT A."

(7) It is necessary for the protection of investors, in the public interest, and consistent with the purposes of the North Carolina Securities Act, that the Temporary Order to Cease and Desist issued in this matter be made permanent and final.

BASED ON THE FOREGOING Findings of Fact, the undersigned makes the following:

CONCLUSIONS OF LAW

(1) The Securities Administrator has jurisdiction pursuant to the North Carolina Securities Act over the person of Respondent and over the subject matter of this proceeding.

(2) The Securities Administrator has statutory authority pursuant to N.C.G.S. § 78A-47(b)(2) to enter and issue a Final Order making permanent the terms and conditions of the Temporary Order to Cease and Desist against Respondent because Respondent, within the time prescribed by N.C.G.S § 78A-47(b)(2), has failed to request a hearing, failed to file a responsive pleading, and failed to make any other submission.

(3) Respondent has violated N.C.G.S. §§78A-24 and 78A-36.

(4) The issuance and entry of this Final Order to Cease and Desist, making the terms and conditions of the Temporary Order to Cease and Desist permanent and final against Respondent, is necessary to protect investors, in the public interest, and consistent with the purposes of the North Carolina Securities Act.

(5) Pursuant to the entry of this Final Order to Cease and Desist by operation of law under N.C.G.S. § 78A-47(b)(2), Respondent is now subject to this Final Order to Cease and Desist.

BASED ON THE FOREGOING Findings of Fact and Conclusions of Law, the Securities Administrator hereby issues and enters the following Order:

IT IS HEREBY ORDERED, ADJUDGED AND DECREED pursuant to the authority contained in N.C.G.S §78A-47(b)(2), that Respondent be and hereby is permanently ORDERED as follows:

Respondent, and any person, employee, officer, director, entity, or independent contractor under the direction or control of Respondent, must cease and desist, in this State, the offer for sale, the solicitation of offers to purchase, or the sale of any security of any issuer, howsoever denominated, including but not limited to the securities of Respondent or other entities under its control, or otherwise holding itself out to be engaging in the business of a securities dealer or salesman, unless and until any such:

(a) Securities have been registered under the provisions of the North Carolina Securities Act; and

(b) Respondent, and any person or entity under the direction or control of Respondent, is properly registered as a securities dealer or salesman under the provisions of the North Carolina Securities Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this 4th day of May, 2015.

Time of Entry: 11:12 A.M.

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

By: [redacted]
DAVID S. MASSEY
DEPUTY SECURITIES ADMINISTRATOR

EXHIBIT

A

STATE OF NORTH CAROLINA

Department of The Secretary of State

In the Matter of:	
THE NORTH CAROLINA SECURITIES DIVISION,	
Petitioner,	**TEMPORARY ORDER TO CEASE AND DESIST**
vs.	
CAUSWAVE, INC.	**FILE NO. 14-SEC-005**
Respondent.	

PURSUANT TO THE AUTHORITY granted by Chapter 78A of the North Carolina General Statutes (the North Carolina Securities Act) ("Securities Act"), and the rules promulgated thereunder, the Securities Division ("Division") of the Department of the Secretary of State has investigated the activities of CAUSwave, Inc. ("Respondent") to determine if Respondent has engaged in or is about to engage in any act or practice constituting a violation of the Securities Act or any rule or order thereunder.

THE DIVISION has filed an Administrative Petition against the above-named Respondent 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 ("Securities Administrator"), from the investigation and the information derived therein, as shown in the Administrative Petition and supported by affidavit, and for the protection and preservation of the public welfare and in the public interest, makes the following:

FINDINGS OF FACT

(1) Respondent is a corporation formed under the laws of the State of North Carolina. It does business in North Carolina with its principal place of business in Chatham County, North Carolina, at 72 Hillsboro Street, Suite 205, Pittsboro, North Carolina, 27312. Its registered agent is Diane R. Baldwin, and its registered office is located at 72 Hillsboro Street, Pittsboro, North Carolina, 27312. In its most recent Annual Report filed January 18, 2015, Respondent lists its Principal Officers as: Jeffrey L. Riggs, PhD, President, and Diane R. Baldwin, Secretary.

(2) Jeffrey L. Riggs is a resident of North Carolina.

(3) Diane R. Baldwin is a resident of North Carolina.

(4) At no time has Respondent held registration as a dealer in or salesman of securities under Chapter 78A.

(5) Respondent purports to conduct business by developing and licensing energy, propulsion and medical technologies.

(6) On June 5, 2014, Respondent's President/CEO, Jeffrey L. Riggs, filed a Form D, *Notice of Exempt Offering of Securities*, with the United States Securities and Exchange Commission.

(7) In said filing, Respondent disclosed that Respondent began selling securities in 2009.

(8) Said filing claimed an exemption from registration under the federal securities laws requiring that it sell securities to only accredited investors.

(9) Said filing disclosed total securities sales by respondent of $4,427,575 to 298 non-accredited investors.

(10) The representations in said filing are inconsistent with the above-stated claim of exemption from registration of securities.

(11) Further, said filing stated that the total remaining offerings were "indefinite."

(12) The filing did clarify that Respondent is "only authorized to issue a total of 100,000 shares."

(13) The filing states that the minimum investment accepted from any outside (public) investor is six-hundred dollars ($600.00).

(14) With a minimum share price of six-hundred dollars ($600.00), a total of 100,000 shares would total at least $60,000,000.

(15) As a result, there is the potential for the Respondent to sell an additional $55,572,425 of its securities.

(16) Upon information and belief, approximately 289 people in North Carolina have invested in Respondent's investment opportunity.

(17) The offer or sale by Respondent of its investment opportunity as described herein constitutes the "offer" or "sale" of a "security" within the meaning of N.C.G.S. §§ 78A-2(8) and 78A-2(11).

(18) Respondent has failed to register such securities offering with the State of North Carolina, failed to file a claim for exemption from securities registration with the State of North Carolina, and failed to file a notice indicating that it was offering and selling securities covered under federal law.

(19) Upon information and belief, Respondent continues to offer and sell its securities to the investing public.

(20) At all relevant times herein, the securities offered by Respondent as described herein were not registered, as required by N.C.G.S. § 78A-24.

(21) By offering and selling the securities described herein to the public in this State, Respondent transacted business and acted as a "dealer" in, and/or a "salesman" of, securities, or both, within the meaning of N.C.G.S. §§ 78A-2(2) and 78A-2(9).

(22) At all relevant times herein, Respondent has held no registration as a dealer in, nor a salesman of, securities as required by N.C.G.S. § 78A-36.

(23) Respondent has the present ability to engage or attempt to engage in the foregoing violations of the provisions of N.C.G.S. §§ 78A-24 and 78A-36.

(24) It is in the public interest of the citizens of North Carolina and/or for the protection of the investing public and consistent with the purposes fairly intended by the policy and provisions of the Securities Act that Respondent, any person acting on behalf of Respondent, or any entity, officer, director, employee or agent of Respondent, be prohibited from violating the provisions of the Securities Act in connection with selling or making offers to sell securities, buying or soliciting offers to buy securities, or transacting business as a dealer in, or salesman of, securities including, but not limited to, being prohibited from offering to sell or selling the

unregistered securities of the Respondent or any other entities under its control and being prohibited from acting as unregistered securities dealer or salesman.

(25) Respondent's solicitation of the investing public poses an immediate and significant danger to the public welfare because the securities offered have not been registered with the Division and Respondent has not registered as a dealer in, or salesman of, securities. Proper registration of securities is an essential safeguard serving to protect the public from securities fraud. Further, the registration of dealers and salesmen, as required by the Securities Act, ensures that persons transacting business in North Carolina are competent and properly authorized to do so.

(26) An immediate Temporary Order to Cease and Desist is necessary and appropriate to address Respondent's violation of the Securities Act. Delay in issuing an order, under N.C.G.S. § 47(b)(1), will result in irreparable harm to the public interest by allowing Respondent to continue to transact business in North Carolina in violation of its laws, and will result in irreparable harm to its citizens in the form of economic loss resulting from investment in securities sold in violation of its laws.

CONCLUSIONS OF LAW

(1) The Securities Administrator 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 Respondent to halt further violations of the Securities Act.

(2) There is reasonable cause to believe Respondent has engaged, or is about to engage, in any act or practice constituting a willful violation of the Securities Act, specifically N.C.G.S. §§ 78A-24 and 78A-36.

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

(4) It is necessary and appropriate for the protection and preservation of the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Securities Act that Respondent be temporarily and summarily ordered to cease and desist from making offers and sales of securities in violation of the 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 Respondent, and any person, employee, officer, director, entity, or independent contractor under the direction or control of Respondent, immediately cease and desist, in this State, offering for sale, soliciting offers to purchase, or selling, any security of any issuer, howsoever denominated, including but not limited to the securities of Respondent or other entities under its control, or otherwise holding itself out to be or engaging in the business of securities dealer or salesman, unless and until any such:

a. Securities have been registered under the provisions of the Securities Act; and

b. Respondent, and any person or entity under the direction or control of Respondent, is properly registered as a securities dealer or salesman under the provisions of the Securities Act.

NOTICE IS HEREBY GIVEN that 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 Kristine M. Ricketts, 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 a 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 unless it is modified or vacated by the Secretary of State in her capacity as Securities Administrator of the Securities Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 12th day of March 2015.

Time of entry: 3:26 P.M.

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

By: [redacted]
DAVID S. MASSEY
Deputy Securities Administrator