



### **III. FINDINGS OF FACT**

3. In or about June 2015, the Respondent began making general solicitations to individuals (individually, a "Solicitee"; collectively, the "Solicitees") regarding interests in Simple Systems Stimulus, an investment program offered by the Respondent.
4. In connection with offering the interests in Simple Systems Stimulus, the Respondent stated that a Solicitee could invest in Simple Systems Stimulus by sending the Respondent one hundred and twenty dollars (\$120).
5. The Respondent further stated that one hundred dollars (\$100) of each Solicitee's investment would be used to secure the Solicitee's interest in Simple Systems Stimulus, while the Respondent would keep the remaining twenty dollars (\$20) as an administrative fee.
6. The Respondent further stated that a Solicitee who invested in Simple Systems Stimulus would receive a package of flyers and postcards to help the Solicitee recruit more investors into Simple Systems Stimulus.
7. The Respondent further stated that if a Solicitee recruited two new members into Simple Systems Stimulus, that Solicitee would receive a payout of one hundred dollars (\$100).
8. The Respondent further stated that if the Solicitee's two recruits each recruited two more people, then the Solicitee would receive six hundred dollars (\$600) and be cycled back through the program.
9. The Respondent further stated that he would place all monies invested in Simple Systems Stimulus in a safe underneath his bed until that money was distributed as a payout.
10. Based on the Respondent's representations, at least twenty-eight (28) Solicitees invested one hundred and twenty dollars (\$120) each in Simple Systems Stimulus.
11. Contrary to the representations made by the Respondent in connection with the offer and

sale of the interests in Simple Systems Stimulus, the Respondent converted investor funds he claimed he placed in his safe for personal use.

12. Contrary to the representations made by the Respondent in connection with the offer and sale of the interests in Simple Systems Stimulus, by May 25, 2016, the Respondent had used the investor funds he allegedly placed in his safe for purposes other than Simple Systems Stimulus payouts.
13. In connection with the offer and sale of the interests in Simple Systems Stimulus, the Respondent omitted to state that the Utah Division of Consumer Protection sanctioned the Respondent on or about March 2, 2016, for promoting participation in Simple Systems Stimulus, which the Utah Division of Consumer Protection considers a pyramid scheme pursuant to U.C.A. 1953 § 76-6a.
14. At no time relevant to the events stated herein were the securities at issue registered with the Division or federal covered securities, and no exemption from registration has been claimed by the Respondent.

#### **IV. CONCLUSIONS OF LAW**

15. 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.
16. Pursuant to S.C. Code Ann. § 35-1-102(29), notes, stock, and certificates of interest or participation in profit-sharing agreements, *inter alia*, constitute securities.
17. 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.
18. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person, in connection with the offer, sale, or purchase 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.

19. The interests in Simple Systems Stimulus as offered and sold by the Respondent constitute securities as defined by the Act.
20. The securities offered and sold by the Respondent were not federal covered securities, exempt from registration, nor registered with the United States Securities and Exchange Commission or the Division and were therefore offered and sold in violation of S.C. Code Ann. § 35-1-301.
21. The Respondent, on at least twenty-eight occasions and in connection with the offer, sale, or purchase 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.
22. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondent be ordered to cease and desist from engaging in the above-enumerated practices, which constitute violations of the Act and pay an appropriate civil penalty for their wrongdoing.

**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 Robert “Buddy” Laverne Johnson, Jr. **CEASE AND DESIST** from transacting business in this State in violation of the Act, in particular, §§ 35-1-301 and 35-1-501 thereof; and
- b. Respondent Robert “Buddy” Laverne Johnson, Jr. pay a civil penalty in the amount of twenty thousand dollars (\$20,000) if this Order becomes effective by operation of law, or, if Johnson 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 Johnson, and the actual cost of investigation or proceeding.

**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 Respondent 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 **PERMANENTLY REVOKED**.

**VI. REQUIREMENT OF ANSWER AND NOTICE OF OPPORTUNITY FOR HEARING**

The 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 issue of this Order to Cease and Desist, a written Answer specifically requesting a hearing. If the Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record

from the Respondent, will schedule the hearing for the 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 the 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 the Respondent of the right to such a hearing. Failure by the 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 the Respondent by operation of law.

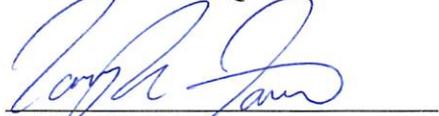
This Order does not prevent the Division or any other law enforcement agency from seeking additional civil or criminal remedies against the Respondent.

**ENTERED**, this the 23<sup>rd</sup> day of June, 2016.

ALAN WILSON  
SECURITIES COMMISSIONER

By: Tracy Meyers  
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 16027

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated June 23, 2016, 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 "Buddy" Laverne Johnson, Jr.  
430 Sherwood Drive  
Lexington, SC 29073

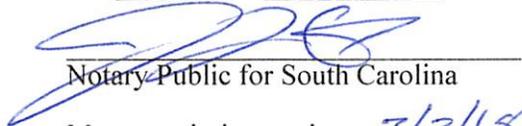
Document(s): Order to Cease and Desist

Mailed June 23, 2016 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:   
Thresechia P. Navarro  
South Carolina Attorney General's Office  
Securities Division  
Post Office Box 11549  
Columbia, SC 29211-1549  
(803) 734-4731

Subscribed and sworn to before me on  
this 23 day of June, 2016.

  
Notary Public for South Carolina

My commission expires: 7/2/18