

ADMINISTRATIVE PROCEEDING

BEFORE THE

SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)	
)	ORDER TO CEASE AND DESIST
Vicki G. Folk and Variety Shop,)	
)	File No. 16022
<u>Respondent.</u>)	

WHEREAS, the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) has been authorized and directed by the Securities Commissioner of South Carolina (the “Securities Commissioner”) to administer the provisions of S.C. Code Ann. § 35-1-101, *et seq.*, the South Carolina Uniform Securities Act of 2005 (the “Act”); and

WHEREAS, the Division received information regarding alleged securities-related activities of Vicki Folk and Variety Shop (collectively, the “Respondents”); and

WHEREAS, based on the information received, the Division decided it was necessary and appropriate to open an investigation pursuant to S.C. Code Ann. § 35-1-602 to determine whether the Respondents had violated, were violating, or were about to violate the Act; and

WHEREAS, in connection with the investigation, the Division has determined that evidence exists to support the following findings of fact and conclusions of law:

I. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

II. RESPONDENTS

2. Respondent Vicki Folk is a South Carolina resident with a last known address of 6899

Highway 395, Newberry, South Carolina 29108.

3. Respondent Variety Shop is a South Carolina corporation with a last known address of 101 Service Drive, Newberry, South Carolina 29108.
4. At all times relevant to this Order, Respondent Vicki Folk was the owner and chief control person of Respondent Variety Shop.

III. FINDINGS OF FACT

Investor A

5. In or about June 2015, the Respondents approached a South Carolina resident (“Investor A”) about an opportunity to invest with the Respondents.
6. In connection with the offer of the investment opportunity, the Respondents stated that the Respondents would use Investor A’s investment to purchase three shipments of furniture.
7. In connection with the offer of the investment opportunity, the Respondents stated that Investor A would receive a one hundred percent (100%) return on his investment with the Respondents.
8. In connection with the offer of the investment opportunity, the Respondents stated that Investor A would receive his profits within thirty (30) days of the date of Investor A’s investment.
9. Based on the representations made by the Respondents, on or about July 20, 2015, Investor A invested eighteen thousand dollars (\$18,000) with the Respondents.
10. The Respondents, in connection with the sale of the investment opportunity, provided Investor A with a check for twenty thousand dollars (\$20,000) post-dated for thirty-one (31) days from the date of the investment.
11. Contrary to representations made by the Respondents in connection with the investment

opportunity, the Respondents made no substantial attempt to purchase furniture using Investor A's investment.

12. On or about September 8, 2015, Investor A attempted to negotiate the twenty-thousand-dollar (\$20,000) check given to him by the Respondents, but the check was returned for non-sufficient funds.
13. Contrary to representations made by the Respondents in connection with the investment opportunity, the Respondents used Investor A's investment for various personal expenses and other expenses unrelated to purchasing furniture for Investor A's benefit.
14. Contrary to representations made by the Respondents in connection with the investment opportunity, Investor A did not receive a one hundred percent (100%) return on his investment.
15. Contrary to representations made by the Respondents in connection with the investment opportunity, Investor A did not receive a return on investment within thirty (30) days of Investor A's investment.

Investors B and C

16. On or about March 1, 2014, the Respondents approached a South Carolina couple ("Investors B and C") about an opportunity to invest with the Respondents.
17. The Respondents, in connection with the offer of the investment opportunity, stated that Investors B and C's investment would be used to purchase furniture, which would be sold for a profit, and that Investors B and C would receive shares of this profit.
18. The Respondents, in connection with the offer of the investment opportunity, stated that Investors B and C would receive their share of the profits within thirty (30) days of the date of their investment.

19. Based on the Respondents' representations, on or about January 16, 2015, Investors B and C invested fifteen thousand dollars (\$15,000) with the Respondents.
20. Contrary to representations made by the Respondents in connection with the investment opportunity, the Respondents made no substantial attempt to purchase furniture using Investors B and C's investment.
21. Contrary to representations made by the Respondents in connection with the investment opportunity, the Respondents used Investors B and C's investment for various personal expenses and other expenses unrelated to purchasing furniture for Investors B and C's benefit.
22. Contrary to representations made by the Respondents in connection with the investment opportunity, Investors B and C did not receive a return on investment within thirty (30) days of Investor B and C's investment.

Registration and Other Activity

23. Respondent Vicki Folk represented Respondent Variety Shop in effecting or attempting to effect the above transactions.
24. At no time relevant to the events stated herein was Respondent Variety Shop registered with the Division as a broker-dealer, and no exemption from registration has been claimed by Respondent Variety Shop.
25. At no time relevant to the events stated herein was Respondent Vick Folk registered with the Division as an agent, and no exemption from registration has been claimed by Respondent Vicki Folk.
26. 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 Respondents.

IV. CONCLUSIONS OF LAW

27. 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.
28. Pursuant to S.C. Code Ann. § 35-1-102(29), notes, stock, and investment contracts, *inter alia*, constitute securities.
29. 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.
30. Pursuant to S.C. Code Ann. § 35-1-102(2), an “agent” includes an individual who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities.
31. Pursuant to S.C. Code Ann. § 35-1-102(4), a “broker-dealer” includes a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account.
32. Pursuant to S.C. Code Ann. § 35-1-401(a), it is unlawful for a person to transact business in this State as a broker-dealer unless that person is registered or exempt from registration.
33. Pursuant to S.C. Code Ann. § 35-1-402(a), it is unlawful for an individual to transact business in this State as an agent unless that individual is registered or exempt from registration.
34. Pursuant to S.C. Code Ann. § 35-1-402(d), it is unlawful for a broker-dealer, or an issuer engaged in offering, selling, or purchasing securities in this State, to employ or associate with an agent who transacts business in this State on behalf of broker-dealers or issuers

unless the agent is registered or exempt from registration.

35. 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.
36. The investment opportunities offered and sold by the Respondents constitute investment contracts and are thus securities as defined by the Act.
37. Respondent Variety Shop, on at least two occasions, transacted business in this State as an unregistered broker-dealer.
38. The Respondent Vicki Folk, on at least two occasions, transacted business in the State as an unregistered agent.
39. Respondent Variety Shop, on at least two occasions, employed or associated with an unregistered agent who transacted business on behalf of Variety Shop while that agent was not registered.
40. The securities offered and sold by the Respondents 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.
41. The Respondents, on at least two 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.

42. It is in the public interest, for the protection of investors, and consistent with the purposes of the Act that the Respondents 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 Variety Shop and every successor, affiliate, control person, agent, servant, and employee of Variety Shop, and every entity owned, operated, or indirectly or directly controlled by or on behalf of Variety Shop **CEASE AND DESIST** from transacting business in this State in violation of the Act, and, in particular, §§ 35-1-301, 35-1-401(a), 35-1-402(d), and 35-1-501 thereof;
- b. Respondent Vicki Folk **CEASE AND DESIST** from transacting business in this State in violation of the Act, in particular, §§ 35-1-301, 35-1-402(a), and 35-1-501 thereof;
- c. Respondent Variety Shop pay a civil penalty in the amount of eighty thousand (\$80,000) if this Order becomes effective by operation of law, or, if Variety Shop 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 Variety Shop, and the actual cost of investigation or proceeding; and

- d. Respondent Vicki Folk pay a civil penalty in the amount of sixty thousand dollars (\$60,000) if this Order becomes effective by operation of law, or, if Folk 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 Folk, 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 Respondents 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

Each Respondent is hereby notified that they have 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 a Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a request in a record from that Respondent, will schedule a hearing for that Respondent.

In the Respondent's 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 a Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, that Respondent shall so state.

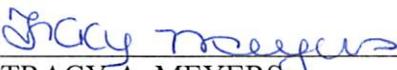
Failure by a Respondent to file a written request for a hearing in this matter within the

thirty-day (30) period stated above shall be deemed a waiver by that Respondent of the right to such a hearing. Failure by a 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 that 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 either Respondent.

ENTERED, this the 8th day of September, 2016.

ALAN WILSON
SECURITIES COMMISSIONER

By: 
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 16022

I hereby certify that I served upon the individual/entity listed below a copy of the document indicated below and dated September 8, 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:

Vicki G. Folk
Individually & as Owner of
Variety Shop
6899 Highway 395
Newberry, SC 29108

Document(s): Order to Cease and Desist

Mailed September 9, 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
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 9 day of September, 2016.

[Signature]
Notary Public for South Carolina

My commission expires: 7/2/18

STATE OF SOUTH CAROLINA
OFFICE OF THE ATTORNEY GENERAL
SECURITIES DIVISION

CERTIFICATE OF SERVICE AND
AFFIDAVIT OF COMPLIANCE

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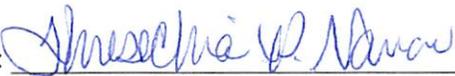
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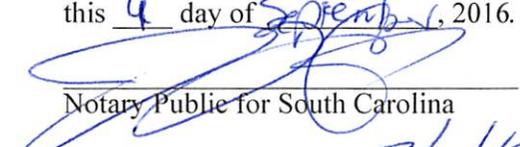
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By: 
Thresechia P. Navarro
South Carolina Attorney General's Office
Securities Division
Post Office Box 11549
Columbia, SC 29211-1549
(803) 734-4731

Subscribed and sworn to before me on
this 9 day of September, 2016.


Notary Public for South Carolina

My commission expires: 7/2/18