

## STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 19, 2003

DOCUMENT CONTROL

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

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v.

BRIGHT COVE SECURITIES, INC.,  
 21<sup>ST</sup> CENTURY TECHNOLOGIES ESCROW,  
 21<sup>ST</sup> CENTURY TECHNOLOGIES FUNDING, LLC,  
 21<sup>ST</sup> CENTURY TECHNOLOGIES FUNDING, LPs  
 ADVANTAGE REAL ESTATE MANAGEMENT LLC,  
 ADVANTAGE REAL ESTATE MATURITY FUND, LPs  
 INTEGRATED BROKERAGE SERVICES, INC., and  
 ALLEN DRAKE,

CASE NO. SEC-2001-00116  
CASE NO. SEC-2001-00111  
 CASE NO. SEC-2001-00112  
 CASE NO. SEC-2001-00117  
 CASE NO. SEC-2001-00114  
 CASE NO. SEC-2001-00119  
 CASE NO. SEC-2001-00120  
 CASE NO. SEC-2001-00115

Defendants

JUDGMENT ORDER

The Commission entered a Rule to Show Cause on March 15, 2002, on behalf of the Division of Securities and Retail Franchising ("Division") against the Defendants listed above, alleging the Defendants violated certain provisions of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia and certain of the applicable securities rules, Securities Rules ("Rule") 21 VAC 5-10-10 et seq. The Commission assigned this case to Michael D. Thomas, Hearing Examiner, to conduct a hearing for the Commission. The case was heard on November 18, 2002. The Hearing Examiner issued his Report setting forth his recommended findings of fact and conclusions of law on October 2, 2003. Defendant Allen Drake ("Drake") filed comments to the Hearing Examiner's Report on October 23, 2003. Upon consideration of the Report and the record in this case, the Commission is of the opinion and finds as follows:

1. The Commission specifically adopts and incorporates herein the factual findings of the Hearing Examiner's Report issued on October 2, 2003.
2. Drake, as principal of 21<sup>st</sup> Century Technologies LLC (the general partner of 21<sup>st</sup> Century Technologies Funding LPs, hereinafter "21<sup>st</sup> Century Technologies LPs"), violated

§ 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of 21<sup>st</sup> Century Technologies LPs partnership units.

3. Drake, as principal of Advantage Real Estate Management LLC (the general partner of Advantage Real Estate Maturity Fund, LPs, hereinafter "Advantage Real Estate LPs") violated § 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of Advantage Real Estate LPs' partnership units.

4. Drake violated § 13.1-507 of the Act by offering and selling unregistered securities, in the form of stock of 21<sup>st</sup> Century Technologies, Inc. ("21<sup>st</sup> Century Technologies").

5. Drake violated § 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of 21<sup>st</sup> Century Technologies stock.

6. Defendant Bright Cove Securities, Inc. ("Bright Cove") violated § 13.1-504 B of the Act by employing Drake as an agent when Drake was also employed as an agent for Defendant Integrated Brokerage Services, Inc. ("Integrated Brokerage").

7. Integrated Brokerage violated § 13.1-507 of the Act by offering and selling unregistered stock of 21<sup>st</sup> Century Technologies.

8. Integrated Brokerage violated § 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of 21<sup>st</sup> Century Technologies stock.

9. Integrated Brokerage violated § 13.1-504 B of the Act by employing at least three unregistered agents who offered and sold unregistered securities.

10. Integrated Brokerage violated § 13.1-504 B of the Act by employing Drake as an agent when he was also employed as an agent of Bright Cove.
11. Integrated Brokerage violated Rule 21 VAC 5-20-240 A and B by failing to maintain the books and records required by the Rule.
12. Integrated Brokerage violated Rule 21 VAC 5-20-250 A and B by failing to create, develop, or preserve the required records of a broker-dealer.
13. Integrated Brokerage violated Rule 21 VAC 5-20-280 A 9 by arbitrarily determining the sale price of 21<sup>st</sup> Century Technologies stock depending upon the customer.
14. Integrated Brokerage violated Rule 21 VAC 5-20-280 A 14 by selling restricted shares of 21<sup>st</sup> Century Technologies stock at a discount to the market price without telling purchasers the stock would not be freely tradable for at least twelve months after the date of sale.
15. Integrated Brokerage violated Rule 21 VAC 5-20-280 A 16 by routinely guaranteeing customers that 21<sup>st</sup> Century Technologies stock was going to be profitable.
16. Integrated Brokerage did not violate Rules 21 VAC 5-20-260 A through D, 21 VAC 5-20-270, 21 VAC 5-20-280 A 3, 21 VAC 5-20-280 A 20, and 21 VAC 5-20-280 A 22, in that the Division failed to provide evidence of the alleged violations of these securities rules at the hearing.
17. Integrated Brokerage did not violate Rules 21 VAC 5-20-289 A 1 and 21 VAC 5-20-289 A 2 in that the Division's counsel failed to reference the appropriate rule section in the Rule to Show Cause.
18. Defendant 21<sup>st</sup> Century Technologies Escrow, Case No. SEC-2001-00111, should be closed since Defendant is a doing business name of Integrated Brokerage. Case No. SEC-2001-00120 should be titled Integrated Brokerage Services, Inc. d/b/a 21st Century Technologies Escrow.

19. Defendant 21<sup>st</sup> Century Technologies Funding LLC (the general partner of 21<sup>st</sup> Century Technologies Funding, LPs, hereinafter "21<sup>st</sup> Century Technologies LPs") violated § 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of 21<sup>st</sup> Century Technologies LPs' partnership units.

20. Defendant 21<sup>st</sup> Century Technologies LPs violated § 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of 21<sup>st</sup> Century Technologies LPs' partnership units.

21. Defendant Advantage Real Estate Management LLC (the general partner of Advantage Real Estate LPs) violated § 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of Advantage Real Estate, LPs' partnership units.

22. Defendant Advantage Real Estate LPs violated § 13.1-502 (3) of the Act by engaging in transactions, practices, or a course of business which operated as a fraud or deceit upon the purchasers of Advantage Real Estate LPs' partnership units.

Accordingly, IT IS ADJUDGED AND ORDERED THAT:

(1) Drake is penalized, pursuant to § 13.1-521 of the Act, the sum of \$60,000 for 12 violations of § 13.1-502 (3) of the Act.

(2) Drake is penalized, pursuant to § 13.1-521 of the Act, the sum of \$340,000.00 for 340 violations of § 13.1-507 of the Act.

(3) Bright Cove is penalized, pursuant to § 13.1-521 of the Act, the sum of \$5,000.00 for 1 violation of § 13.1-507 of the Act.

(4) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, the sum of \$675,000.00 for 675 violations of § 13.1-507 of the Act.

- (5) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, the sum of \$55,000 for 11 violations of § 13.1-502 (3) of the Act.
- (6) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, the sum of \$20,000 for 4 violations of § 13.1-504 B of the Act.
- (7) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of Rule 21 VAC 5-20-240 A and B.
- (8) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of Rule 21 VAC 5-20-250 A and B.
- (9) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of Rule 21 VAC 5-20-280 A 9.
- (10) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of Rule 21 VAC 5-20-280 A 14.
- (11) Integrated Brokerage is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of Rule 21 VAC 5-20-280 A 16.
- (12) 21<sup>st</sup> Century Technologies LLC is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of § 13.1-502 (3) of the Act.
- (13) 21<sup>st</sup> Century Technologies Funding LPs is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of § 13.1-502 (3) of the Act.
- (14) Advantage Real Estate Management LLC is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of § 13.1-502 (3) of the Act.
- (15) Advantage Real Estate LPs is penalized, pursuant to § 13.1-521 of the Act, an aggregate sum of \$5,000 for multiple violations of § 13.1-502 (3) of the Act.
- (16) Drake is permanently enjoined, pursuant to § 13.1-519 of the Act, from future violations of the Act.

(17) Bright Cove is permanently enjoined, pursuant to § 13.1-519 of the Act, from future violations of the Act.

(18) Integrated Brokerage is permanently enjoined, pursuant to § 13.1-519 of the Act, from future violations of the Act. Case No. SEC-2001-00111 is closed and Case No. SEC-2001-00120 shall hereinafter be referred to as Integrated Brokerage Services, Inc., d/b/a 21<sup>st</sup> Century Technologies Escrow.

(19) Alleged violations of Rules 21 VAC 5-20-260 A through D, 21 VAC 5-20-270, 21 VAC 5-20-289 A 1 and 2, 21 VAC 5-20-280 A 3, A 20 and A 22, in the Commission's Rule to Show Cause, are hereby dismissed from this case.

(20) This case is dismissed from the docket, and the papers herein shall be placed among the ended causes.

AN ATTESTED COPY hereof shall be mailed by the Clerk of the Commission, CERTIFIED MAIL, RETURN RECEIPT REQUESTED, to: Defendants at 717 Independence Boulevard, Suite # 209-521, Virginia Beach, Virginia 23462 and John C. Warley, Jr., Esquire, DuretteBradshaw, PLC, Main Street Centre, 20<sup>th</sup> Floor, 600 East Main Street, Richmond, Virginia 23219.